## ANNUAL FINANCIAL STATEMENTS

Year 2016-17



## MADHYA PRADESH PASCHIM KSHETRA VIDYUT VITARAN COMPANY LIMITED

(Wholly Owned By Government of Madhya Pradesh)
(A Subsidiary of M.P Power Management Company Limited, Jabalpur)
Registered Office: GPH Compound, Polo Ground, Indore
Website: www.mpwz.co.in, CIN: U40109MP2002SGC015121, E-Mail ID: DDACTWZ@Gmail.Com
Ph. No: 0731-2426110, 2426105, FAX: 0731-2423300

#### M.P. PASCHIM KSHETRA VIDYUT VITARAN COMPANY LTD.

G.P.H. COMPOUND, POLOGROUND, INDORE (M.P.)

#### NOTICE OF 15th ADJOURNED ANNUAL GENERAL MEETING

NOTICE is hereby given that the 15<sup>th</sup> Adjourned Annual General Meeting of Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore will be held on Saturday the 29<sup>th</sup> day of September, 2018 at 05:00 P.M. at the registered office of the company situated at GPH Compound, Pologround, Indore, to transact the following businesses:

#### **ORDINARY BUSINESS:**

(1) To receive consider and adopt the Audited Financial Statement, Statement of Profit and
Loss for the year ended on 31<sup>st</sup> March 2017, Cash Flow statement and Board's and
Auditor's report thereon.

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

"RESOLVED THAT the Audited Financial Statements as at 31<sup>st</sup> March, 2017, Statement of Profit and Loss & Cash Flow Statement of the Company for the year ended on 31<sup>st</sup> March, 2017 together with the Board's Report, the Auditor's Report and the comments of the Comptroller and Auditor General of India along with replies thereon be and are hereby received, considered, approved and adopted."

(2) To take note of the appointment of Statutory Auditor of the company for the year 2017-18

by the Comptroller and Auditor General of India and to fix remueneration of the Statutory

Auditor.

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 provision of section 139 of the Companies Act, 2013, and other applicable provisions, if any, of the Companies Act, 2013, the appointment of M/s Fadnis & Gupte, Chartered Accountants, Indore as statutory Auditors of the company for the financial year 2017-18 by the Comptroller and Auditor General of India be and is hereby noted.

**RESOLVED FURTHER THAT** pursuant to the provisions of Section 142 and other applicable provisions, if any, of the Companiess Act, 2013, the Board of Directors of the Company be and are hereby authorized to fix the remuneration of the Statutory Auditors and to provide for reimbursement of their actual out-of-pocket expenses for the Financial Year 2017-18."

**SPECIAL BUSINESS:** 

(3) Ratification of Remuneration of Cost Auditor.

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary

Resolution:

"RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act,

2013 (including any statutory modification or re-enactment thereof for the time being in force) and the

Rules made there under, as amended from time to time, the Company hereby ratifies the remuneration of

Rs. 95,000/- (Ninty Five Thousand Only plus Service tax as applicable) payable to M/s Vijay P. Joshi and

Associates, Cost Accountants, Indore, who are appointed as Cost Auditors to conduct the audit of cost

records maintained by the Company for the Financial Year 2017-18.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all

act and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Place: INDORE

By order of the Board of Directors

Date: 29.09.2018

Company Secretary (I/C)

**NOTES**:

1. A Member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to

attend And vote at the meeting instead of himself and proxy need not be a member of the

company. Proxies in order to be effective must be received by the Company not less than 48 hours

before the meeting. A Proxy Form is enclosed.

2. Documents referred to in the accompanying notice are open for inspection at Registered Office of

the Company during office hours on all working days except Sundays and holidays between 11.00

A.M. to 5.00 P.M. up to the day of Annual General Meeting.

3. Pursuant to Section 139 of the Companies Act, 2013 the Statutory Auditors for the Government

Company are to be appointed or re-appointed by the Comptroller and Auditor General of India (C&AG) and in terms of Section 142 of the Companies Act, 2013 the remuneration of the Auditors

appointed by the C&AG of India under Section 139 of the Act shall be fixed by the Company in

General Meeting or In such manner as the Company in General Meeting may determine.

The members may authorize the Board to fix up an appropriate remuneration of Auditors for the

Year F.Y. 2017-18.

4. Pursuant to Section 101 (1) of the Companies Act, 2013 consent to hold the Annual General

Meeting at a shorter notice has been given by the requisite number of members of the company in

writing.

5. Members are requested to notify the change if any in their address at the Registered Office of the

Company.

6. Statement pursuant to the provisions of Section 102 of the Companies Act, 2013 is annexed hereto

as "Annexure to the notice"

## MADHYA PRADESH PASHCHIM KSHETRA VIDYUT VITARAN COMPANY LIMITED ANNEXURE TO THE NOTICE

A Statement in respect of the special business pursuant to the provisions of Section 102 of the Companies Act, 2013

#### Item no. 3

The Board has approved the appointment and remuneration of the Cost Auditor to conduct the audit of the cost records of the company for the financial year 2017-18 as per the following details:

| Name of the Cost Auditor                                     | Audit Fees   |
|--|--|
| M/s Vijay P. Joshi & Associates, Cost<br>Accountants, Indore | Rs. 95,000/- (Ninety Five Thousand only) plus applicable tax |

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 for ratification of the remuneration payable to the Cost Auditor for the financial year 2017-18.

None of the Directors/Key Managerial Personnel of the Company /their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

Your directors recommend this ordinary Resolution for your approval.

Place: INDORE By order of the Board of Directors

Date: 29.09.2018

Company Secretary (I/C)



## MADHYA PRADESH PASHCHIM KSHETRA VIDYUT VITARAN COMPANY LIMITED FORM NO. MGT-11

**Proxy form** 

[Pursuant to Section 105 (6) of the Companies Act, 2013 and rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

CIN:U40109MP2002SGC015121

G.P.H. COMPOUND POLO GROUND, INDORE

Name of the company:

Registered Office:

MADHYA PRADESH PASCHIM KSHETRA VIDYUT VITARAN COMPANY LTD.

| Nan       | ne of the memb   | er(s) : |                    |       |       |       |       |     |      |      |       |       |                 |      |      |      |       |       |      |       |     |
|-----------|--|---------|--------------------|-------|-------|-------|-------|-----|------|------|-------|-------|-----------------|------|------|------|-------|-------|------|-------|-----|
| Reg       | istered address  | :       |                    |       |       |       |       |     |      |      |       |       |                 |      |      |      |       |       |      |       |     |
| E-m       | nail ID :  |         |                    |       |       |       |       |     |      |      |       |       |                 |      |      |      |       |       |      |       |     |
| Foli      | o No. :  |         |                    |       |       |       |       |     |      |      |       |       |                 |      |      |      |       |       |      |       |     |
|           | e, being the mo  | ember   | (s) c              | of    |       |       |       |     |      |      | share | es of | the             | abo  | ve r | name | ed co | ompa  | any, | hereb | У   |
| 1.        | Name   | :       |                    |       |       |       |       |     |      |      |       |       |                 |      |      |      |       |       |      |       |     |
|           | Address  | :       |                    |       |       |       |       |     |      |      |       |       |                 |      |      |      |       |       |      |       |     |
|           | Email ID   | :       |                    |       |       |       |       |     |      |      |       |       |                 |      |      |      |       |       |      |       |     |
|           | Signature  | :       |                    |       | or f  | ailin | g hir | n   |      |      |       |       |                 |      |      |      |       |       |      |       |     |
| 2.        | Name   | :       |                    |       |       |       |       |     |      |      |       |       |                 |      |      |      |       |       |      |       |     |
|           | Address  | :       |                    |       |       |       |       |     |      |      |       |       |                 |      |      |      |       |       |      |       |     |
|           | Email ID   | :       |                    |       |       |       |       |     |      |      |       |       |                 |      |      |      |       |       |      |       |     |
|           | Signature  | :       |                    |       | or f  | ailin | g hir | n   |      |      |       |       |                 |      |      |      |       |       |      |       |     |
| 3.        | Name   | :       |                    |       |       |       |       |     |      |      |       |       |                 |      |      |      |       |       |      |       |     |
|           | Address  | :       |                    |       |       |       |       |     |      |      |       |       |                 |      |      |      |       |       |      |       |     |
|           | Email ID   | :       |                    |       |       |       |       |     |      |      |       |       |                 |      |      |      |       |       |      |       |     |
|           | Signature  | :       |                    |       |       |       |       |     |      |      |       |       |                 |      |      |      |       |       |      |       |     |
| Ann<br>PM | my/our proxy to<br>ual General Med<br>at GPH Compou<br>are indicated bel | eting o | f the              | e Co  | mpa   | ny, t | o be  | hel | d on | Satı | urday | , the | 29 <sup>t</sup> | h da | y of | Sept | emb   | er, 2 | 2018 | at 05 | .00 |
|           | Ordinary Busi  | ness    |                    |       |       |       |       |     |      |      |       |       |                 |      |      |      |       |       |      |       |     |
| (1)       | To receive con<br>the year ende<br>and Board's ar                        | d on 3  | B1 <sup>st</sup> I | Marc  | h 20  | 17,   | the   |     |      |      |       | -     |                 |      |      |      |       |       |      |       |     |
| (2)       | To take note of<br>18 by the Con<br>Auditor.                             | -       | -                  |       |       |       |       | -   |      |      |       |       | -               | -    |      |      |       | -     |      |       |     |
|           | Special Busin  | ess     |                    |       |       |       |       |     |      |      |       |       |                 |      |      |      |       |       |      |       |     |
| (3)       | Ratification of F  | Remun   | erat               | ion c | of Co | ost A | udit  | or. |      |      |       |       |                 |      |      |      |       |       |      |       |     |
|           |  |         |                    |       |       |       |       |     |      |      |       |       |                 |      |      |      |       |       |      |       |     |



## MADHYA PRADESH PASHCHIM KSHETRA VIDYUT VITARAN COMPANY LIMITED M.P. PASCHIM KSHETRA VIDYUT VITARAN COMPANY LTD.

G.P.H. COMPOUND, POLO GROUND, INDORE (M.P.)

#### **NOTICE OF 15<sup>TH</sup> ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 15<sup>th</sup> Annual General Meeting of Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore will be held on Saturday the 30<sup>th</sup> day of December, 2017 at 05:00 P.M. at the registered office of the company GPH Compound, Polo Ground Indore, to transact the following businesses:

#### **ORDINARY BUSINESS:**

(1) <u>To receive consider and adopt the Audited Financial Statement, Statement of Profit and Loss</u> for the year ended on 31<sup>st</sup> March 2017, the Balance Sheet as at that date & Cash Flow statement and Directors and Auditors report thereon.

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

**"RESOLVED THAT** the Financial Statements, the audited Balance Sheet as at 31<sup>st</sup> March, 2017 and Statement of Profit and Loss & Cash Flow statement of the Company for the year ended on 31<sup>st</sup> March, 2017 together with the Directors' Report, the Auditors Report and the comments of the Comptroller and Auditor General of India thereon be and are hereby received, considered, approved and adopted."

(2) To take note of the appointment of statutory Auditors of the company for the year 2017-18 by the Comptroller and Auditor General of India.

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 provision of section 139 of the Companies Act, 2013, and other applicable provisions, if any of the Companies Act, 2013 the appointment of M/s Fadnis & Gupte, Chartered Accountants, Indore as statutory Auditors of the company for the year 2017-18 by the Comptroller and Auditor General of India be and is hereby noted."

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 142 and other applicable provisions, if any of the companies act, 2013 the Board of Directors of the Company be and is hereby authorized to fix the remuneration of the statutory Auditors and to provide for reimbursement of their actual out-of-pocket expenses for the Financial year 2017-18."

#### **Special Business**

#### (1) Ratification of Remuneration of Cost Auditor's.

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

"RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and the Rules made there under, as amended from time to time, the Company hereby ratifies the remuneration of Rs. 95000/- (Ninty Five Thousand Only plus Service tax applicable) payable to M/s Vijay P. Joshi and Associates, Cost Accountants, Indore, who are appointed as Cost Auditors to conduct the audit of cost records maintained by the Company for the Financial Year 2017-18.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all act and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Place: INDORE By order of the Board of Directors

Date: 30.12.2017

Company Secretary (I/C)

#### **NOTES:**

- 1. A Member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend And vote at the meeting instead of himself and proxy need not be a member of the company. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting. A Proxy Form is enclosed.
- 2. Documents referred to in the accompanying notice are open for inspection at Registered Office of the Company during office hours on all working days except Sundays and holidays between 11.00 A.M. to 5.00 P.M. up to the day of Annual General Meeting.
- 3. Pursuant to Section 139 of the Companies Act, 2013 the Statutory Auditors for the Government Company are to be appointed or re-appointed by the Comptroller and Auditor General of India (C&AG) and in terms of Section 142 of the Companies Act, 2013 the remuneration of the Auditors appointed by the C&AG of India under Section 139 of the Act shall be fixed by the Company in General Meeting or In such manner as the Company in General Meeting may determine.
  - The members may authorize the Board to fix up an appropriate remuneration of Auditors for the F.Y. 2017-18
- 4. Pursuant to Section 101 (1) of the Companies Act, 2013 consent to hold the Annual General Meeting at a shorter notice has been given by the requisite number of members of the company in writing.
- 5. Members are requested to notify the change if any in their address at the Registered Office of the Company.
- 6. The Explanatory Statement pursuant to the provisions of Section 102 of the Companies Act, 2013 is annexed hereto as "Annexure to the notice"

#### **ANNEXURE TO THE NOTICE**

Explanatory Statement in respect of the special business pursuant to the provisions of Section 102 of the Companies Act, 2013

#### Item no. 1

The Board has approved the appointment and remuneration of the Cost Auditor to conduct the audit of the cost records of the company for the financial year 2017-18 as per the following details:

| Name of the Cost Auditor                                     | Audit Fees   |
|--|--|
| M/s Vijay P. Joshi & Associates, Cost<br>Accountants, Indore | Rs. 95,000/- (Ninety Five Thousand only) plus applicable tax |

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 for ratification of the remuneration payable to the Cost Auditor for the financial year 2017-18.

None of the Directors/Key Managerial Personnel of the Company /their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

Your directors recommend this ordinary Resolution for your approval.

Place: INDORE By order of the Board of Directors

Date: 30.12.2017

Company Secretary (I/C)



## MADHYA PRADESH PASHCHIM KSHETRA VIDYUT VITARAN COMPANY LIMITED FORM NO. MGT-11

#### **Proxy form**

[Pursuant to Section 105 (6) of the Companies Act, 2013 and rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

CIN:U40109MP2002SGC015121

G.P.H. COMPOUND POLO GROUND, INDORE

Name of the company:

Registered Office :

MADHYA PRADESH PASCHIM KSHETRA VIDYUT VITARAN COMPANY LTD.

| Nam          | e of the memb                                    | er(s):                  |                     |       |       |       |       |      |       |      |      |                   |       |       |      |       |                  |            |
|--------------|--|-------------------------|---------------------|-------|-------|-------|-------|------|-------|------|------|-------------------|-------|-------|------|-------|------------------|------------|
| Regi         | stered address                                   | :                       |                     |       |       |       |       |      |       |      |      |                   |       |       |      |       |                  |            |
| E-ma         | ail ID :   |                         |                     |       |       |       |       |      |       |      |      |                   |       |       |      |       |                  |            |
| Folio        | No.:   |                         |                     |       |       |       |       |      |       |      |      |                   |       |       |      |       |                  |            |
| I/We         | , being the m<br>int                             | ember(s)                | ) of                |       |       |       |       |      | . sha | ares | of t | he a              | bove  | nar   | med  | com   | pany             | , hereby   |
| 1.           | Name<br>Address<br>Email ID<br>Signature         | :                       |                     |       | ing l | nim   |       |      |       |      |      |                   |       |       |      |       |                  |            |
| 2.           | Name<br>Address<br>Email ID<br>Signature         | ::                      |                     | •     | ing l | nim   |       |      |       |      |      |                   |       |       |      |       |                  |            |
| 3.<br>as m   | Name Address Email ID Signature ny/our proxy t   | :<br>:                  |                     | or fa | _     |       |       | me   | /us a | and  | on r | mv/o              | ur b  | ehali | f at | the   | 15 <sup>th</sup> | Adiourned  |
| Annı<br>PM a | ial General Me<br>t GPH Compou<br>e indicated be | eting of t<br>und, Polo | the Com             | pany  | , to  | be h  | eld c | n Sa | iturd | ay t | he 2 | 9 <sup>th</sup> c | lay o | f Se  | pten | nber, | 201              | 8 at 05.00 |
|              | Ordinary Bus                                     | iness                   |                     |       |       |       |       |      |       |      |      |                   |       |       |      |       |                  |            |
| (1)          | To receive co<br>for the year<br>Statement ar    | ended o                 | on 31 <sup>st</sup> | Marc  | h 20  | 17,   | the   | Bala |       |      |      |                   |       |       |      |       |                  |            |
| (2)          | To take note<br>2017-18 by<br>Statutory Aud      | the Com                 |                     |       |       |       |       |      |       |      |      |                   |       |       |      |       |                  |            |
|              | Special Busin                                    | ness                    |                     |       |       |       |       |      |       |      |      |                   |       |       |      |       |                  |            |
| (3)          | Ratification o                                   | f Remune                | eration o           | of Co | st Aı | udito | r.    |      |       |      |      |                   |       |       |      |       |                  |            |
| Sign         | ed this  | day of                  |                     | . 201 | 7     |       |       |      |       |      |      |                   |       |       |      |       |                  |            |

#### M.P. PASCHIM KSHETRA VIDYUT VITRAN COMPANY LTD.

#### **G.P.H. COMPOUND, POLOGROUND, INDORE (M.P.)**

#### **BOARD'S REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting their 15<sup>th</sup> Annual Report together with Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2017.

#### (1) **HIGH LIGHTS OF FINANCIAL RESULTS:**

(Rs. In Crores)

|   | Year Ended 31/03/2017 | Year Ended 31/03/2016 |
|---|-----------------------|-----------------------|
| Total Income  | 12,305.01             | 9,918.73              |
| Total expenditure   | 11,752.12             | 11,071.88             |
| Profit / (Loss) Before Exceptional Items and Tax (III-IV) | 552.89                | (1,153.15)            |
| Exceptional Items (Income) / Expenses                     | -                     | -                     |
| Profit (Loss) Before Tax (V-VI)                           | 552.89                | (1,153.15)            |
| Tax Expense:  |                       | -                     |
| Profit (Loss) For The Period                              | 552.89                | (1,153.15)            |

#### (2) **REVIEW OF OPERATIONS:**

During the year under review, the Company has earned a total income of Rs.12,305.01 Crore as against the total income of Rs. 9,918.73 Crore in the previous year. The Company during the year under review has incurred a Profit of Rs. 552.89 Crore as against the loss of Rs.(1,153.15) Crore in the previous year.

#### Operations cell and Discom Control Centre activities:

- (a) The Operations cell O/o MDWZ does various tasks for the improvements of the Discom's performance in the area of power supply reliability, outage management and network maintenance activities etc.
- (b) The Operations cell regularly monitors the supply hours and loading of all 33 kV and 11 kV feeders of Discom through MDAS, Web-SCADA and SHMS. The operation cell also provides fortnightly loading data of all 33 kV & 11 kV feeders to the planning cell and according to the load growth of the system advises to the planning cell for enhancement of power transfer capacity and system strengthening to deliver the uninterrupted quality electricity supply to consumers.
- (c) Discom Control Centre headed by CE (Operation) forecasts the day ahead, month ahead and year ahead requirement of power of the company with consideration of the weather & field conditions and submit the same to the Power Management Company for the arrangement of power accordingly. The DCC in coordination with SLDC, Jabalpur controls the load in real time for maintaining the grid stability and reliability in such a manner that uninterrupted 24 hrs power supply to Non-irrigation and 10 hrs to Irrigation consumers could be delivered.
- (d) Operation cell does the various activities of Energy-Audit also. The input to the company from Ex-bus generator to 33kV Interface point of Discom (i.e. 33kV incoming points of EHV transformer of Transco)& injection of RE received from Solar, Wind & Biomass. The Power purchase bills, Transmission Charges bills, SLDC charges bills etc. are verified for Payment/Adjustment to Finance Section of the Company. The Energy input at 33/11kV S/s & feeder wise input on 11kV is also audited.



Your Company has been executing, several projects for strengthening electricity distribution net work some of important projects are mentioned below:

#### **DDUGJY Scheme**

The DDUGJY Scheme is launched by Govt. of India and subsumed RGGVY Scheme for intensive village electrification system strengthening, meterization and Feeder Separation work. The scheme covers all rural areas of 15 Districts of the Company. The scheme has already been sanctioned for the Discom. Awards for 15 Districts have already been placed and work is in progress.

#### R-APDRP scheme

The Company is implementing R-APDRP scheme for reduction in AT & C losses up to 15% in selected towns of the company. The RAPDRP scheme is being implemented in two parts as Part-A and Part-B. Part-A includes the projects for establishment of baseline data and IT applications for energy accounting/auditing and IT based consumer care centers. Whereas Part-B includes regular distribution strengthening projects. The capital investment towards implementations of Part A & Part-B of the scheme is being availed from PFC, the nodal agency and counter funding from REC New Delhi.

#### Feeder Separation scheme

In order to provide 24 hours supply of power to the non agriculture consumers and 10 hrs. regulated power supply to the agriculture consumers with improved voltage profile and reduction in transmission and distribution losses, your company has implemented feeder separation scheme in company area for which financial assistance has been provided by the ADB and REC New Delhi.

#### <u>Integrated Power Development Scheme (IPDS)</u>

The Govt. of India has launched Integrated Power Development Scheme (IPDS) for the Urban areas having population above 5000 where Power Finance Corporation Limited (PFC) shall be the Nodal Agency for operationalization and implementation of the scheme under the overall guidance of the Ministry of Power (MoP), the main objective of scheme is:

- (i) 24x7 power supply for consumers in urban area
- (ii) Reduction of AT&C losses as per trajectory (discom-wise) finalized by the Ministry of Power in consultation with States.
- (iii) Providing access to all urban household.

The main Components of Integrated power Development Scheme (IPDS) are detailed as under:

- (i) Strengthening of Sub-transmission and Distribution network in urban areas,
- (ii) Metering of feeders/distribution transformers/consumers in urban areas and,
- (iii) IT enablement of distribution sector and strengthening of distribution network.

#### **ERP Project**

The Company has implemented the Enterprise Resource Planning (ERP) application systems. This implementation is across key offices in the company under loan facility of Asian Development Bank (ADB) for the Company. The purpose of this project is to implement a state-of-the-art integrated application system so as to be able to carry out the tasks in the Project Planning, Procurement, Material Management/Stores, Human Resource Management and Finance/Accounting in a more streamlined manner.

#### **ADB Loan Projects**

The Company has been executing projects through ADB Loan for system strengthening, loss reduction, & voltage improvement.

#### (3) **SHARE CAPITAL:**

During the year under review, the company in its 23rd Extra Ordinary General Meeting held on Tuesday 17th January, 2017, increased the Authorized Capital of the Company from Rs. 3000/- Crore (Rupees Three Thousand Crores) divided into 30 Cr (Thirty Crores) equity shares of Rs.100/- each to Rs. 5500/- Crore(Rupees Five Thousand Five Hundred Crores) divided into 55 Cr (Fifty Five Crores) equity shares of Rs.100/- (Rupees One Hundred) each ranking paripassu in all respect with the existing equity shares.

During the year under review, 4,007,000 equity shares on 07/05/2016 and 2,439,000 equity shares on 07/09/2016 were allotted to holding company and existing shareholder M/s M.P. Power Management Company Limited, Jabalpur a wholly owned Government of M.P., as such, the issued and paid up share capital of the Company as on 31<sup>st</sup> March, 2017 was Rs. 21298406100 divided into 212984061equity shares of Rs.100/- each against the Authorized Share Capital of Rs. 5500 Crore divided into 55 Crore equity shares of Rs.100/- each.

The entire issued and paid up Share Capital of the company is held by the holding company MP Power Management Company Limited, Jabalpur (Undertaking of Govt. of Madhya Pradesh) and its nominees.

#### (4) **DIVIDEND:**

During the year no dividend was declared by the Company.

#### (5) **DEPOSITS:**

During the Financial Year 2016-2017 the Company has not accepted any deposit within the meaning of Section 73 and 74 of the Companies Act 2013 and rules made there under.

#### (6) RESERVES:

During the year under review no amount was transferred to General Reserve.

#### (7) **SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:**

The Company does not have any subsidiaries, joint ventures or associate companies. However the Company is the subsidiary company of M/s M.P. Power Management Company Limited, Jabalpur a wholly owned Government of M.P. Company, since 1.04.2012.

#### (8) **DIRECTORS**:

As per order of GoMP Finance Department dated 12/05/2016 Shri Ajeet Kumar, (DIN:07585807) Director Budget & Additional Secretary GoMP, Finance Department was appointed as Nominee Director of the Company in place of Dr. Sh. Navneet Mohan Kothari, I.A.S. the then Director Budget & Additional Secretary, GoMP, Finance Department.

As per order of GoMP Finance Departmentdate10/08/2016 Shri Ajay Choubey (DIN: 07622546) Deputy Secretary GoMP, Finance Department has been appointed as Nominee Director of the Company, in place of Shri Ajeet Kumar, I.A.S., the Director Budget & Additional Secretary, GoMP, Finance Department.

The Company at the 22<sup>nd</sup> Extra Ordinary General Meeting held on 27/07/2016 has appointed Shri Rakesh Saxena, (DIN: 07570628) Director Shri Govindram Seksaria Institute of Technology & Science, Indore as an Independent Director.

The members of the Board of Directors of the Company as on 31st March 2017 are as follows:

| Sr.<br>No | Name of Director  | Designation             | From       | DIN      |
|-----------|---|-------------------------|------------|----------|
| 1         | Shri Sanjay Kumar Shukla, IAS, MD MPPMCL  | Chairman                | 28.04.2015 | 00606392 |
| 2         | Shri Akash Tripathi, IAS  | Managing Director       | 10/06/2015 | 05276428 |
| 3         | Shri Sanjay Dubey, IAS, Commissioner Indore   | Nominee Director        | 10/01/2014 | 00618163 |
| 4         | Shri Rishikesha T. Krishnan, Director Indian<br>Institute of Management, Indore                     | Independent<br>Director | 12/03/2014 | 00064067 |
| 5         | Shri Ajay Choubey, Deputy Secretary Finance<br>Department, GoMP                                     | Nominee Director        | 10/08/2016 | 07622546 |
| 6         | Shri Mukul Dhariwal, Officer On Special Duty Energy Department, GoMP                                | Nominee Director        | 21/07/2011 | 03589876 |
| 7         | Dr. Smt. Trapti Jain, Assistant. Professor,<br>Indian Institute of Technology, Indore.              | Independent<br>Director | 23/05/2015 | 07182298 |
| 8         | Sh. Rakesh Saxena, Director Shri Govindram<br>Seksaria Institute of Technology & Science,<br>Indore | Independent<br>Director | 27/07/2016 | 07570628 |
| 9         | Sh. Manoj Kumar Jhawar, Director<br>(Commercial)  | Whole Time Director     | 05/10/2015 | 07306454 |
| 10        | Dr. Murhari Sopanrao Kele, Director<br>(Technical)  | Whole Time Director     | 26/11/2015 | 07323280 |

The Key Managerial Personnel of the Company as on 31st March 2017 are as follows:

| Name of Key Managerial Personnel | Designation             | From       | DIN/PAN    |
|----------------------------------|-------------------------|------------|------------|
| Akash Tripathi, IAS              | Managing Director       | 10/06/2015 | 05276428   |
| Shri Sanjay Vatsa                | Chief Financial Officer | 05/10/2015 | ABLPV8999H |
| Shri Lalit Kumar Sharma          | Company Secretary       | 11/09/2008 | ACYPS8078A |

#### Particulars of Change in director(s) Key managerial personnel during the year

| Name   | DIN/PAN                  | Designation at<br>the beginning<br>/ during the<br>financial year | Date of appointment / change in designation / cessation | Nature of<br>change<br>(Appointment<br>/ Change in<br>designation /<br>Cessation) |
|--|--------------------------|---|---|---|
| Dr. Shri Navneet Mohan Kothari,<br>IAS, Additional Secretary &<br>Director Budget GoMP Finance<br>Department | 02651712                 | Nominee<br>Director   | 12/05/2016  | Cessation   |
| Shri Ajeet Kumar, IAS, Additional<br>Secretary & Director Budget GoMP<br>Finance Department                  | 07585807                 | Nominee<br>Director   | 12/05/2016  | Appointment   |
| Sh. Rakesh Saxena ,Director Shri<br>Govindram Seksaria Institute of<br>Technology & Science, Indore          | 07570628                 | Independent<br>Director   | 27/07/2016  | Appointment   |
| Shri Ajeet Kumar, IAS, Additional<br>Secretary & Director Budget GoMP<br>Finance Department                  | tor Budget GoMP 07585807 |   | 10/08/2016  | Cessation   |
| Shri Ajay Choubey,Deputy<br>Secretary GoMP, Finance<br>Department  | 07622546                 | Nominee<br>Director   | 10/08/2016  | Appointment   |

#### (9) <u>DECLARATION BY INDEPENDENT DIRECTOR(S):</u>

All Independent Directors have given declaration that they meet the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013.

#### (10) NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

The following Meetings of the Board of Directors were held during the Financial Year 2016-17:

|      |                   |                    |   | Attenda                            | ance                               |
|------|-------------------|--------------------|---|------------------------------------|------------------------------------|
| S.No | No. of<br>Meeting | Date of<br>Meeting | Total Number of directors as on the date of meeting | Number of<br>directors<br>attended | As % age of<br>total<br>Attendance |
| 1    | 66                | 07/05/2016         | 9   | 7                                  | 77.78                              |
| 2    | 67                | 17/06/2016         | 9   | 3                                  | 33.33                              |
| 3    | 68                | 20/07/2016         | 9   | 5                                  | 55.56                              |
| 4    | 69                | 07/09/2016         | 10  | 8                                  | 80                                 |
| 5    | 70                | 21/12/2016         | 10  | 7                                  | 70                                 |
| 6    | 71                | 25/03/2017         | 10  | 3                                  | Adjourned                          |

#### **COMMITTEE MEETINGS**

The details of number of Committee Meetings attended by the Directors during the FY 2016-17 are tabulated below:

|      |  |                    |   | Attenda                          | ance                            |
|------|--|--------------------|---|----------------------------------|---------------------------------|
| S.No | Type of<br>Meeting                                 | Date of<br>Meeting | Total Number of members as on the date of meeting | Number of<br>members<br>attended | As % age of<br>total<br>members |
| 1    | 29 <sup>th</sup> Audit<br>Committee                | 07/05/2016         | 3   | 3                                | 100                             |
| 2    | Nomination & Remuneration Committee                | 20/07/2016         | 4   | 2                                | 50                              |
| 2    | 30 <sup>th</sup> Audit<br>Committee                | 07/09/2016         | 3   | 3                                | 100                             |
| 4    | Corporate<br>Social<br>Responsibility<br>Committee | 07/09/2016         | 4   | 4                                | 100                             |
| 5    | 31 <sup>st</sup> Audit<br>Committee                | 21/12/2016         | 5   | 3                                | 60                              |

#### **Attendance of Directors**

|           |   | Воа  | ard Meetings                         | 5                      | Con   | tings                             |                 |   |
|-----------|---|--|--------------------------------------|------------------------|---|-----------------------------------|-----------------|---|
| Sr.<br>No | Name of Directors   | Number<br>of<br>Meetings<br>which<br>director<br>was<br>entitle to<br>attend | Number<br>of<br>Meetings<br>attended | % of<br>attend<br>ance | Number<br>of<br>Meetings<br>which<br>director<br>was<br>entitled<br>to attend | Number of<br>Meetings<br>attended | % of attendance | Whether<br>attended<br>AGM<br>held on<br>26/12/2016 |
| 1         | Shri Sanjay Kumar Shukla,<br>IAS,Chairman, MD, MPPMCL                               | 6  | 4                                    | 66.67                  | 5   | 5                                 | 100             | No  |
| 2         | Shri Akash Tripathi, IAS,<br>Managing Director                                      | 6  | 5                                    | 83.33                  | 2   | 2                                 | 100             | Yes   |
| 3         | Shri Rishikesha T. Krishnan,<br>Director, Indian Institute of<br>Management, Indore | 6  | 2                                    | 33.33                  | 5   | 2                                 | 40              | No  |
| 4         | Shri Sanjay Dubey, IAS,<br>Commissioner, Indore                                     | 6  | 2                                    | 33.33                  | -   | -                                 | -               | No  |

| 5  | Shri Navneet Mohan Kothari,<br>IAS, Addl. Secretary, Finance<br>Department, GoMP                       | 1 | 0 | 0     | - | - | -   | No  |
|----|--|---|---|-------|---|---|-----|-----|
| 6  | Shri Ajeet Kumar   | 2 | 0 | 0     | 1 | 0 | 0   | No  |
| 7  | Shri Ajay Choubey  | 3 | 0 |       | 4 | 3 | 75  | No  |
| 8  | Shri Mukul Dhariwal, Officer<br>On Special Duty<br>Energy Department, GoMP.                            | 6 | 3 | 50    | 1 | 1 | 100 | No  |
| 9  | Sh. Rakesh Saxena, Director<br>Shri Govindram Seksaria<br>Institute of Technology &<br>Science, Indore | 3 | 2 | 66.67 | 1 | 1 | 100 | No  |
| 10 | Dr. Smt. Trapti Jain,<br>Assistant. Professor<br>IIT, Indore.  | 6 | 5 | 83.33 | 4 | 3 | 75  | No  |
| 11 | Sh. Manoj Kumar Jhawar,<br>Director (Commercial)   | 6 | 6 | 100   | - | - | -   | Yes |
| 12 | Dr. Murhari Sopanrao Kele,<br>Director (Technical)   | 6 | 4 | 66.67 | - | - | -   | Yes |

#### (11) COMMITTEES OF BOARD OF DIRECTORS DURING THE FINANCIAL YEAR 2016-17

|        | Corporate Social Responsibility Committee             |             |  |  |  |  |  |
|--------|---|-------------|--|--|--|--|--|
| Sr. No | Name of Director                                      | Designation |  |  |  |  |  |
| 1.     | Shri Sanjay Kumar Shukla, IAS,MD, MPPMCL              | Chairman    |  |  |  |  |  |
| 2.     | Shri Akash Tripathi, IAS, Managing Director           | Member      |  |  |  |  |  |
| 3.     | Shri Rishikesha T. Krishnan, Director, IIM,<br>Indore | Member      |  |  |  |  |  |
| 4.     | Shri Mukul Dhariwal, OSD, GoMP, Energy<br>Department  | Member      |  |  |  |  |  |

|        | Audit committee   |             |  |  |  |  |  |
|--------|---|-------------|--|--|--|--|--|
| Sr. No | Name of Director  | Designation |  |  |  |  |  |
| 1.     | Shri Sanjay Kumar Shukla, IAS,MD, MPPMCL  | Chairman    |  |  |  |  |  |
| 2.     | Shri Rishikesha T. Krishnan, Director, Indian Institute of<br>Management, Indore                  | Member      |  |  |  |  |  |
| 3.     | Shri Akash Tripathi, IAS, Managing Director   | Member      |  |  |  |  |  |
| 4.     | Shri Rakesh Saxena, Director Shri Govindram Seksaria<br>Institute of Technology & Science, Indore | Member      |  |  |  |  |  |
| 5.     | Dr. Smt. Trapti Jain, Associate Professor, Indian Institute of Technology, Indore.                | Member      |  |  |  |  |  |

|        | Nomination and Remuneration Committee  |             |  |  |  |  |  |  |
|--------|--|-------------|--|--|--|--|--|--|
| Sr. No | Name of Director   | Designation |  |  |  |  |  |  |
| 1.     | Shri Sanjay Kumar Shukla, IAS,MD, MPPMCL   | Member      |  |  |  |  |  |  |
| 2.     | Shri Navneet Mohan Kothari IAS, Addl. Secretary, Finance Department, GoMP From (31.12.15 to 11.5.2016) | Member      |  |  |  |  |  |  |
| 3.     | Shri Ajeet Kumar IAS,Director Budget & Addl. Secy. Finance Department, GoMP(12.5.2016 to 09.8.2016)    | Member      |  |  |  |  |  |  |
| 4.     | Shri Ajay Choubey, Deputy Secretary, Finance Department, GoMP.(From 10.08.2016)                        | Member      |  |  |  |  |  |  |
| 5.     | Shri Rishikesha T. Krishnan, Director, Indian Institute of<br>Management, Indore                       | Member      |  |  |  |  |  |  |
| 6.     | Dr. Smt. Trapti Jain, Associate Professor, Indian Institute of Technology, Indore.                     | Member      |  |  |  |  |  |  |

|        | Business Committee   |             |  |  |  |  |  |
|--------|--|-------------|--|--|--|--|--|
| Sr. No | Name of Director   | Designation |  |  |  |  |  |
| 1.     | Shri Sanjay Kumar Shukla, IAS,MD, MPPMCL   | Chairman    |  |  |  |  |  |
| 2.     | Shri Akash Tripathi, IAS, Managing Director  | Member      |  |  |  |  |  |
| 3.     | Shri Navneet Mohan Kothari IAS, Addl. Secretary, Finance Department, GoMP From (31.12.15 to 11.5.2016) | Member      |  |  |  |  |  |
| 4.     | Shri Ajeet Kumar IAS,Director Budget & Addl. Secy. Finance Department, GoMP(12.5.2016 to 09.8.2016)    | Member      |  |  |  |  |  |
| 5.     | Shri Ajay Choubey, Deputy Secretary, Finance Department, GoMP (From 10.08.2016)                        | Member      |  |  |  |  |  |
| 6.     | Shri Mukul Dhariwal, OSD, GoMP, Energy Department.   | Member      |  |  |  |  |  |

|        | Management Committee   |             |  |  |  |  |  |
|--------|--|-------------|--|--|--|--|--|
| Sr. No | Name of Director   | Designation |  |  |  |  |  |
| 1.     | Shri Sanjay Kumar Shukla, IAS,MD, MPPMCL   | Chairman    |  |  |  |  |  |
| 2.     | Shri Akash Tripathi, IAS, Managing Director  | Member      |  |  |  |  |  |
| 3.     | Shri Navneet Mohan Kothari IAS, Addl. Secretary, Finance Department, GoMP From (31.12.15 to 11.5.2016) | Member      |  |  |  |  |  |
| 4.     | Shri Ajeet Kumar IAS,Director Budget & Addl. Secy. Finance Department, GoMP(12.5.2016 to 09.8.2016)    | Member      |  |  |  |  |  |
| 5.     | Shri Ajay Choubey, Deputy Secretary, Finance Department, GoMP  | Member      |  |  |  |  |  |
| 6.     | Shri Mukul Dhariwal, OSD, GoMP, Energy Department.   | Member      |  |  |  |  |  |

#### (12) **DIRECTORS' RESPONSIBILITY STATEMENT:**

As required by clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013 your directors confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards had 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;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act 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; and
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### (13) CORPORATE SOCIAL RESPONSIBILITY (CSR):

As per requirement of the provision of section 135 of the Companies Act, 2013 company should spend in every financial year, at least two percent of the average net profits of the company made during the three immediate preceding financial years, in pursuance of its CSR policy. But, since, there has not been any profit made during three immediate preceding financial years, hence, the Company is not required to spend any amount towards Corporate Social Responsibility activities.

#### (14) EXTRACT OF THE ANNUAL RETURN:

The extract of the annual return in Form No. MGT- 9 is annexed in the Board's report.

#### (15) RELATED PARTY TRANSACTIONS:

Particular of contracts and arrangements with related parties as per provisions of the Companies Act, 2013 are disclosed in Form AOC-2, annexed hereto and form part of this Report.

#### (16) PARTICULARS OF LOAN, GUARANTEE OR INVETMENTS U/S 186:

During the Financial Year 2016-17 the Company has not given any loan, guarantee or made investments as referred to in section 186 of the Companies Act, 2013.

#### (17) **AUDITORS**:

Pursuant to Section 139 of the Companies Act,2013 the Comptroller and Auditor General of India has appointed M/s Fadnis & Gupte, Chartered Accountants, Indore as Statutory Auditors to audit the accounts of the Company for the period ended on  $31^{\rm st}$  March 2018

## (18) EXPLANATIONS OR COMMENTS BY THE BOARD ON EVERY QUALIFICATION RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE BY THE STATUTORY AUDITOR:

Replies to Statutory Auditors Report, are annexed hereto and form part of this Report.

#### (19) SECRETARIAL AUDIT REPORT:

Messrs M. Maheshwari & Associates, Practicing Company Secretaries, Indore were appointed as Secretarial Auditors to conduct Secretarial Audit of the records and documents of the Company for FY 2016-17. The Secretarial Auditor Report confirms that the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines etc. Secretarial Audit Report, is annexed hereto and form part of this Report.

#### (20) COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA:

Comments of the Comptroller and Auditor General of India (CAG) are awaited and shall be forming part of this Report.

#### (21) COST AUDITOR:

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time the Company has been carrying out audit of cost records.

The Board of Directors, on recommendation of Audit Committee has appointed Messrs Vijay P. Joshi & Associates, Cost Accountants as Cost Auditor to audit Cost Accounting Records of the Company for the Financial Year commencing on  $1^{st}$  April, 2017 at the remuneration of Rs. 95,000/- only (plus Service Tax).

The Cost Audit Report for the Financial Year 2016-17 was filed with the Ministry of Corporate Affairs on 30/12/2017.

#### (22) RISK MANAGEMENT POLICY:

The company has a risk management policy. This policy includes review of periodic assessment of risks, their probable impact on profitability, operational activities, action taken for mitigation and their effectiveness.

#### (23) <u>DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES:</u>

The Company has established a Vigil Mechanism Policy to report genuine concerns of grievances. The Vigil Mechanism Policy has been posted on the website of the Company.

#### (24) RIGHT TO INFORMATION:

In order to promote transparency and accountability, an appropriate mechanism has been setup in the company in line with, Right to Information Act, 2005. The Company has nominated Joint Secretary II as Public Information officer at its Corporate Office to provide required information to the Citizens under the provision of Act.

## (25) DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT 2013:

In Line with the provisions of sexual Harassment of Women at Workplace (Prevention, Prohibition & redressal) Act 2013', an 'Internal Complaints Committee' has been constituted in the Company for redressal of complaint(s) against sexual harassment of women employees. The Committee is headed by a senior level woman official of the Company. During the Financial Year 2016-2017 there was no complaint of sexual harassment in the Company.

#### (26) CHANGES IN THE NATURE OF BUSINESS, IF ANY:

Here is no change in the nature of business.

## (27) MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:

There is no Material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.

## (28) <u>DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:</u>

No significant and material order has been passed by any regulators or courts or tribunals impacting the going concern status and company's operations in future.

#### (29) INTERNAL FINANCIAL CONTROL:

The Company has its own internal audit department. Company has adequate internal financial control system in place and operative effectiveness of such control. However, the Company is attempting for further strengthening of internal financial control system.

#### (30) GENERAL MEETINGS:

The last three Annual General Meetings (AGM) were held as under:

| AGM                           | For the Financial Year | Venue                               | Date                            | Time            |
|-------------------------------|------------------------|-------------------------------------|---------------------------------|-----------------|
| 12 <sup>th</sup>              | 2013-14                | GPH Compound<br>Polo Ground, Indore | 14 <sup>th</sup> November, 2014 | 12.30 P.M.      |
| 13 <sup>th</sup>              | 2014-15                | GPH Compound<br>Polo Ground, Indore | 31 <sup>st</sup> December, 2015 | 11.30 A.M.      |
| 13 <sup>th</sup><br>Adjourned | 2014-15                | GPH Compound<br>Polo Ground, Indore | 22 <sup>nd</sup> March, 2016    | 12.00<br>(Noon) |
| 14 <sup>th</sup>              | 2015-16                | GPH Compound<br>Polo Ground, Indore | 26 <sup>th</sup> December 2016  | 12.30<br>(Noon) |

The 22<sup>nd</sup> Extra Ordinary General Meeting was held on Wednesday 27<sup>th</sup> July, 2016 at the registered office of the Company at GPH Compound Polo Ground, Indore.

The 23<sup>rd</sup> Extra Ordinary General Meeting was held on Tuesday 17<sup>th</sup> January, 2017 at the registered office of the Company at GPH Compound Polo Ground, Indore.

#### (31) PARTICULARS OF EMPLOYEES:

There is no employee who falls under the category defined under the sub-rule(2) of Rule-5 of (Appointment and Remuneration of Managerial Personnel) Rules 2014 in Chapter-XIII of Companies Act, 2013.

## (32) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:

The information in respect of Conservation of Energy, Technology Absorption is not applicable being not engaged in production activities.

There is no foreign exchange earning or out go during the period under review.

#### (33) ACKNOWLEDGEMENT:

The Board wishes to thank to the Members employees, Banks, Government Authorities, Business Associates and others for their valuable contribution and support. Your Directors also take this opportunity to place on record the valuable contribution support received from the associates of the Company.

For and on behalf of the Board of Directors

Place : Indore Manoj Kumar Jhawar Akash Tripathi, IAS

Date: 01.06.2018 Director (Commercial) Managing Director

Annexure to the Board's Report 2016-17

## Particulars of contracts/arrangements entered into by the company with related parties Form AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014) for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.

| 1. Details o  | f contracts or a                                    | rrangements or   | transactions no  | ot at arm's len   | gth basis                                     |                                     |  |
|---|---|--|--|---|---|-------------------------------------|--|
| Name(s) of the related party and nature of relationship (a) | Nature of contracts/ arrangements/ transactions (b) | Duration of<br>the contracts /<br>arrangements/<br>transactions<br>(c) | Salient terms of the contracts or arrangements or transactions including the value, if any (d) | Justification<br>for entering<br>into such<br>contracts or<br>arrangements<br>or<br>transactions<br>(e) | Date of<br>approval<br>by the<br>Board<br>(f) | Amount paid as advances, if any (g) | Date on which the special resolution was passed in general meeting as required under first proviso to section 188  (h) |
| Nil   | Nil   | Nil  | Nil  | Nil   | Nil   | Nil                                 | Nil  |
| 2. Details o  | f material contr                                    | acts or arrange  | ment or transac  | ctions at arm's   | length ba                                     | asis                                |  |

| Name(s) of the<br>related party and<br>nature of relationship<br>(a) | Nature of contracts/ arrangements /transactions (b) | Duration of<br>the contracts/<br>arrangements<br>/transactions<br>(c) | Salient terms of the contracts or arrangements or transactions including the value, if any  (d)  (Rs.in Crores) | Date(s) of<br>approval by<br>the Board, if<br>any<br>(e) | Amount<br>paid as<br>advances, if<br>any<br>(f) |
|--|---|---|---|--|---|
| M.P. Power<br>Management<br>Company Limited<br>Holding Company       | Purchase of<br>Power                                | Continuous  | 8602.98   | Not applicable   | Nil   |

#### FORM NO. MGT - 9

#### **EXTRACT OF ANNUAL RETURN**

As on the financial year ended on 31<sup>st</sup> March, 2017 [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  | U40109MP2002SGC015121  |
|-------|--|--|
| (ii)  | Registration Date  | 31/05/2002   |
| (iii) | Name of the Company  | MADHYA PRADESH PASCHIM<br>KSHETRA VIDYUT VITARAN<br>COMPANY LTD. |
| (iv)  | Category / Sub-Category of the Company                                       | PUBLIC LIMITED (STATE GOVT. COMPANY)                             |
| (v)   | Address of the Registered Office and contact details                         | GPH COMPOUND POLO GROUND INDORE Madhya Pradesh-452003            |
| (vi)  | Whether listed company   | No   |
| (vii) | Name, address and contact details of Registrar and<br>Transfer Agent, if any | Not Applicable   |

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the Business Activities contributing 10% or more of the total turnover of the Company is as stated below:

| SI.<br>No | Name and Description of main Products /<br>Services | NIC Code of the<br>Product /<br>Service | % to total turnover of the Company |
|-----------|---|---|------------------------------------|
| 1         | Distribution of electricity                         | 99691120                                | 100%                               |

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| SI.<br>No | Name and address of the company  | CIN/GLN               | Holding/<br>Subsidiary/<br>Associate | % of<br>shares<br>held | Applica<br>ble<br>section |
|-----------|--|-----------------------|--------------------------------------|------------------------|---------------------------|
| 1         | M.P. Power Management<br>Company Limited, Shakti<br>Bhavan, Rampur, Jabalpur | U40109MP2006SGC018637 | Holding                              | 100                    | 2(46)                     |

## MADHYA PRADESH PASHCHIM KSHETRA VIDYUT VITARAN COMPANY LIMITED IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of total Equity)

#### i) Category-wise Shareholding

| Category of<br>Shareholders                           | No. of |           | at the begi<br>year | nning of                | No. o | of Shares held a | nt the end of t | he year                 | %<br>Change           |
|---|--------|-----------|---------------------|-------------------------|-------|------------------|-----------------|-------------------------|-----------------------|
|   | Demat  | Physical  | Total               | % of<br>Total<br>Shares | Demat | Physical         | Total           | % of<br>Total<br>Shares | during<br>the<br>year |
| (A) Promoters   |        |           |                     |                         |       |                  |                 |                         |                       |
| (1) Indian  |        |           |                     |                         |       |                  |                 |                         |                       |
| a) Individual /<br>HUF                                | -      | -         | -                   | -                       | -     | -                | -               | -                       | -                     |
| b) Central Govt.                                      | -      | -         | -                   | -                       | -     | -                | -               | -                       | -                     |
| c) State<br>Govt.(s)                                  | -      | -         | -                   | -                       | -     | -                | -               | -                       | -                     |
| d) Bodies<br>Corporate                                | -      | 206538061 | 206538061           | 100%                    | NIL   | 212984061        | 212984061       | 100%                    | 0                     |
| e) Banks / FI   | -      | -         | -                   | -                       | -     | -                | -               | -                       | -                     |
| f) Any Other  | -      | -         | -                   | -                       | -     | -                | -               | -                       | -                     |
| Sub-Total<br>(A)(1):                                  |        | 206538061 | 206538061           | 100%                    | NIL   | 212984061        | 212984061       | 100%                    | 0                     |
| (2) Foreign   | -      | -         | -                   | -                       | -     | -                | -               | -                       | -                     |
| a) NRIs –<br>Individuals                              | -      | -         | -                   | -                       | -     | -                | -               | -                       | -                     |
| b) Other –<br>Individuals                             | -      | -         | -                   | -                       | -     | -                | -               | -                       | -                     |
| c) Bodies<br>Corporate                                | -      | -         | -                   | -                       | -     | -                | -               | -                       | -                     |
| d) Banks / FI   | -      | -         | -                   | -                       | -     | -                | -               | =.                      | -                     |
| e) Any Other  | -      | -         | -                   | -                       | -     | -                | -               | -                       | -                     |
| Sub-Total(A)(2):                                      | -      | 0         | 0                   | 0                       | 0     | 0                |                 |                         | 0                     |
| Total Shareholding of Promoters (A) = (A)(1) + (A)(2) |        | 206538061 | 206538061           | 100%                    | NIL   | 212984061        | 212984061       | 100%                    | 0                     |
| (B) Public<br>Shareholding                            | -      | -         | -                   | -                       | -     | -                | -               | -                       | -                     |

|   |   | _ |   |   |   |   |   | 1 |   |
|---|---|---|---|---|---|---|---|---|---|
| (1) Institutions  | - | - | - | - | - | - | - | - | - |
| a) Mutual Funds   | - | - | - | - | - | - | - | - | - |
| b) Banks / FI   | - | - | - | - | - | - | - | - | • |
| c) Central Govt.  | - | - | - | - | - | - | - | - | - |
| d) State<br>Govt.(s)  | - | - | - | - | - | - | - | - | - |
| e) Venture<br>Capital Funds   | - | - | - | - | - | - | - | - | - |
| f) Insurance<br>Companies   | - | - | - | - | - | - | - | - | - |
| g) FIIs   | - | - | - | - | - | - | - | - | - |
| h) Foreign<br>Venture<br>Capital Funds  | - | - | - | - | - | - | - | - | - |
| i) Others<br>(specify)  | - | - | - | - | - | - | - | - | - |
| Sub-Total(B)(1):  | - | - | - | - | - | - | - | - | - |
| (2) Non-<br>Institutions  | - | - | - | - | - | - | - | - | ı |
| a) Bodies<br>Corporate  | - | - | - | - | - | - | - | - | - |
| i) Indian   | - | - | - | - | • | - | - | - | ı |
| ii) Overseas  | - | - | 1 | 1 | ı | 1 | - | - | ı |
| b) Individuals  | - | - | 1 | 1 | ı | 1 | - | - | ı |
| i) Individual Share holders holding nominal share capital upto Rs.1 lakh          | - | - | - | - | - | - | - | - | - |
| ii) Individual Share holders holding nominal share capital in excess of Rs.1 lakh | - | - | - | - | - | - | - | - | - |

| c) Others<br>(specify)                                | - | -         | -         | -    | -   | -         | -         | -    | - |
|---|---|-----------|-----------|------|-----|-----------|-----------|------|---|
| Sub-Total<br>(B)(2):                                  | - | -         | -         | -    | -   | -         | -         | -    | - |
| Total Public Share holding (B)=(B) (1)+ (B)(2)        | - | -         | -         | -    | -   | -         | -         | -    | - |
| (C) Shares<br>held by<br>Custodian for<br>GDRs & ADRs |   |           |           |      |     |           |           |      |   |
| Grand Total<br>(A+B+C)                                | - | 206538061 | 206538061 | 100% | NIL | 212984061 | 212984061 | 100% | 0 |

#### ii) Shareholding of Promoters

100% of the Paid-up Share Capital of the Company is held by M.P. Power Management Company Ltd., Jabalpur and its Nominees. MPPMCL is under the Administrative control of Government of M.P. Energy Department.

|          |  | Shareholdin      | g at the be<br>the year                      | ginning of  | Sharehold        | ing at the year                              | end of the  | %<br>chang  |
|----------|--|------------------|--|---|------------------|--|---|---|
| SI<br>No | Shareholders Name                        | No. of<br>Shares | % of<br>total<br>Shares<br>of the<br>Company | % of<br>Shares<br>Pledged /<br>encumbered<br>to total<br>shares | No. of<br>Shares | % of<br>total<br>shares<br>of the<br>Company | % of<br>Shares<br>Pledged /<br>encumbered<br>to total<br>shares | e in<br>Share<br>holding<br>during<br>the<br>year |
| 1        | M.P. Power<br>Management<br>Company Ltd. | 206538051        | 100.00%                                      | Nil   | 212984051        | 100.00%                                      | Nil   | 0   |
| 2        | Shri Akash Tripathi,                     | 1                |  | Nil   | 1                |  | Nil   | 0   |
| 3        | Shri Manoj Pushp                         | 1                |  | Nil   | 1                |  | Nil   | 0   |
| 4        | Shri Nagendra<br>Tiwary                  | 1                |  | Nil   | 1                |  | Nil   | 0   |
| 5        | Shri Sanjay Mohase                       | 1                |  | Nil   | 1                |  | Nil   | 0   |
| 6        | Shri Kailash Shiva                       | 1                |  | Nil   | 1                |  | Nil   | 0   |
| 7        | Shri Gajra Mehta                         | 1                |  | Nil   | 1                |  | Nil   | 0   |
| 8        | Shri Manoj Jhawar                        | 1                |  | Nil   | 1                |  | Nil   | 0   |
| 9        | Shri Giriraj Kishore<br>Sharma           | 1                |  | Nil   | 1                |  | Nil   | 0   |
| 10       | Shri Dileep Dandvate                     | 1                |  | Nil   | 1                |  | Nil   | 0   |
| 11       | Shri Sanjay Vatsa                        | 1                |  | Nil   | 1                |  | Nil   | 0   |
|          | Total                                    | 206538061        | 100.00%                                      | Nil   | 212984061        | 100.00%                                      | Nil   | 0   |

## MADHYA PRADESH PASHCHIM KSHETRA VIDYUT VITARAN COMPANY LIMITED iii) Change in Promoters' Shareholding (Please specify, if there is no change) – No Change

| SI.<br>No |   | Shareholding at the beginning of the year   |   | Cumulative Shareholding during the year |                                  |  |
|-----------|---|---|---|---|----------------------------------|--|
|           |   | No. of<br>Shares  | % of total<br>shares of<br>the<br>Company | No. of<br>Shares                        | % of total shares of the Company |  |
|           | At the beginning of the year  | 206538061   | 100%                                      |   |                                  |  |
|           | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.): | Date of<br>Allotment<br>07/05/2016<br>4,007,000<br>and<br>07/09/2016<br>2,439,000 | 100%                                      |   | 100%                             |  |
|           | At the end of the year  |   |   | 212984061                               | 100%                             |  |

#### iv) Shareholding Pattern of top ten Shareholders:

Nil (100% of the Paid-up Share Capital of the Company is held by M.P. Power Management Company Ltd., Jabalpur and its Nominees. MPPMCL is under the Administrative control of Government of M.P. Energy Department.

#### (Other than Directors, Promoters and Holders of GDRs and ADRs):

|            |  | Sharehold<br>beginning o | _                                | Cumulative Shareholding during the year |                                  |
|------------|--|--------------------------|----------------------------------|---|----------------------------------|
| SI.<br>No. | For Each of the Top 10 Shareholders  | No. of<br>shares         | % of total shares of the company | No. of<br>shares                        | % of total shares of the company |
|            | At the beginning of the year   |                          |                                  |   |                                  |
|            | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc): |                          |                                  |   |                                  |
|            | At the end of the year (or on the date of separation, if separated during the year)  |                          |                                  |   |                                  |

#### v) Shareholding of Directors and Key Managerial Personnel

| SI. |   | Shareholding at the beginning of the year  We of total shares of the Company |  | Cumulative<br>Shareholding<br>during the year |                                  |  |  |
|-----|---|--|--|---|----------------------------------|--|--|
| No  | For Each of the Directors and KMP   |  |  | No. of<br>Shares                              | % of total shares of the Company |  |  |
| 1   | Shri Sanjay Kumar Shukla, IAS, Chairman   |  |  |   |                                  |  |  |
|     | At the beginning of the year  |  |  |   |                                  |  |  |
|     | Date wise Increase/Decrease in share holding during the year specifying the reasons for increase/decrease(e.g.allotment/transfer/bonus/sweat equity etc): |  |  |   |                                  |  |  |
|     | At the end of the year  |  |  |   |                                  |  |  |

| 2 | Shri Akash Tripathi, IAS, Managing Director   |   |  |   |  |  |  |
|---|---|---|--|---|--|--|--|
|   | At the beginning of the year  | 1 |  |   |  |  |  |
|   | Date wise Increase/Decrease in share holding during the year specifying the reasons for increase/decrease(e.g.allotment/transfer/bonus/sweat equity etc): |   |  |   |  |  |  |
|   | At the end of the year  |   |  | 1 |  |  |  |

| 3 | Shri Sanjay Dubey, IAS, Nominee Director  |  |  |  |  |  |
|---|---|--|--|--|--|--|
|   | At the beginning of the year  |  |  |  |  |  |
|   | Date wise Increase/Decrease in share holding during the year specifying the reasons for increase/decrease(e.g.allotment/transfer/bonus/sweat equity etc): |  |  |  |  |  |
|   | At the end of the year  |  |  |  |  |  |

| 4 | Shri Ajay Choubey, Deputy Secretary, Finance Department, GoMP  Nominee Director   |  |  |  |  |
|---|---|--|--|--|--|
|   | At the beginning of the year  |  |  |  |  |
|   | Date wise Increase/Decrease in share holding during the year specifying the reasons for increase/ decrease(e.g. allotment/transfer/ bonus/ sweat equity etc): |  |  |  |  |
|   | At the end of the year  |  |  |  |  |

# Shri Mukul Dhariwal, Nominee Director At the beginning of the year ---- ---- --- Date wise Increase/Decrease in share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc):

At the end of the year

----

| 6 | Shri Rishikesha T. Krishnan, Independent Director  |  |  |  |  |  |
|---|--|--|--|--|--|--|
|   | At the beginning of the year   |  |  |  |  |  |
|   | Date wise Increase/Decrease in share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc): |  |  |  |  |  |
|   | At the end of the year   |  |  |  |  |  |

| 7 | Shri Rakesh Saxena, Independent Director   |  |  |  |  |  |
|---|--|--|--|--|--|--|
|   | At the beginning of the year   |  |  |  |  |  |
|   | Date wise Increase/Decrease in share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc): |  |  |  |  |  |
|   | At the end of the year   |  |  |  |  |  |

| 8 | Dr. Smt. Trapti Jain, Independent Director   |  |  |   |  |  |  |
|---|--|--|--|---|--|--|--|
|   | At the beginning of the year   |  |  |   |  |  |  |
|   | Date wise Increase/Decrease in share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc): |  |  |   |  |  |  |
|   | At the end of the year   |  |  | - |  |  |  |

| 9. | Shri Manoj Kumar Jhawar, Director (Commercial)   |  |  |   |  |  |  |  |
|----|--|--|--|---|--|--|--|--|
|    | At the beginning of the year 1   |  |  |   |  |  |  |  |
|    | Date wise Increase/Decrease in share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc): |  |  |   |  |  |  |  |
|    | At the end of the year   |  |  | 1 |  |  |  |  |

| 10. | Shri Murhari Sopanrao Kele, Director (Technical)   |  |  |  |  |  |  |  |  |
|-----|--|--|--|--|--|--|--|--|--|
|     | At the beginning of the year   |  |  |  |  |  |  |  |  |
|     | Date wise Increase/Decrease in share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc): |  |  |  |  |  |  |  |  |
|     | At the end of the year   |  |  |  |  |  |  |  |  |

| 1 | Shri Sanjay Vatsa Chief Financial Officer (KMP)  |  |  |   |  |  |  |  |
|---|--|--|--|---|--|--|--|--|
|   | At the beginning of the year 1   |  |  |   |  |  |  |  |
|   | Date wise Increase/Decrease in share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc): |  |  |   |  |  |  |  |
|   | At the end of the year   |  |  | 1 |  |  |  |  |

| 2 | Shri Lalit Kumar Sharma, Company Secretary (KMP)   |  |  |  |  |  |  |  |
|---|--|--|--|--|--|--|--|--|
|   | At the beginning of the year   |  |  |  |  |  |  |  |
|   | Date wise Increase/Decrease in share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc): |  |  |  |  |  |  |  |
|   | At the end of the year   |  |  |  |  |  |  |  |

## MADHYA PRADESH PASHCHIM KSHETRA VIDYUT VITARAN COMPANY LIMITED V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs.in Crore)

|   | Secured<br>Loans<br>excluding<br>deposits | Unsecured<br>Loans | Deposits | Total<br>Indebtedness |
|---|---|--------------------|----------|-----------------------|
| Indebtedness at the beginning of the financial year 2016-17 |   |                    |          |                       |
| i) Principal Amount   | 699.11                                    | 10000.65           | -        | 10699.76              |
| ii) Interest due but not paid                               | 8.45                                      | 214.31             | -        | 222.76                |
| iii) Interest accrued but not due                           | 56.12                                     | 30.35              | -        | 86.47                 |
| Total (i+ii+iii)  | 763.68                                    | 10245.31           | -        | 11008.99              |
| Change in Indebtedness during the financial year 2016-17    |   |                    |          |                       |
| Addition  | 109.04                                    | 2413.04            | -        | 2522.08               |
| Reduction   | 619.00                                    | 2385.16            | -        | 3004.16               |
| Net Change  | 509.96                                    | 27.88              | -        | 482.08                |
| Indebtedness at the end of the financial year               |   |                    |          |                       |
| i) Principal Amount   | 181.57                                    | 9923.5             | -        | 10105.07              |
| ii) Interest due but not paid                               | 6.83                                      | 315.2              | -        | 322.03                |
| iii) Interest accrued but not due                           | 65.32                                     | 34.49              | -        | 99.81                 |
| Total (i+ii+iii)  | 253.72                                    | 10273.19           | -        | 10526.91              |

Reduction includes conversion of GoMP loans and interest liability into perpetual loans.

#### VI. REMUNERATION OF DIRECTOR AND KEY MANAGERIAL PERSONNEL

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

|       |   | Nam   | e of MD/WTD/ Mar                             | nager                                     |                 |
|-------|---|---|--|---|-----------------|
| S.No. | Particular of<br>Remuneration   | Mr. Akash<br>Tripathi, IAS,<br>Managing<br>Director | Mr. Manoj Kumar<br>Jhawar Director<br>(Comm) | Dr. Mr. M. S.<br>Kele, Director<br>(Tech) | Total<br>Amount |
|       | Gross Salary  | Rs.   | Rs.  | Rs.                                       | Rs.             |
|       | (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | 2008394.00  | 2050549.00                                   | 2035702.00                                | 6094645.00      |
| 1     | (b) Value of perquisites u/s 17(2) Income Tax Act, 1961                             | 163140.00   | 216611.00                                    | -   | 379751.00       |
|       | (c) Profits in lieu of<br>salary under Section<br>17(3) Income Tax Act,<br>1961     |   |  |   |                 |
| 2     | Stock Options   |   |  |   |                 |
| 3     | Sweat Equity  |   |  |   |                 |
| 4     | Commission  |   |  |   |                 |
|       | - as % of profit  |   |  |   |                 |
|       | - others, specify   |   |  |   |                 |
| 5     | Others, please specify  | thers, please specify                               |  |   |                 |
|       | Total (A)   | 2171534.00  | 2267160.00                                   | 2035702.00                                | 6474396.00      |
|       | Ceiling as per the Act  |   |  |   |                 |

#### **B.** Remuneration to other Directors:-

| S.<br>No. | Particular of Remuneration  |   | Name of Directors |   |   |   |  |  |
|-----------|---|---|-------------------|---|---|---|--|--|
| 1         | Independent Directors: - Fee for attending Board/ Committee Meetings          | - | -                 | - | - | - |  |  |
|           | - Commission  | - | -                 | - | - | - |  |  |
|           | - Others, please specify  | - | -                 | - | - | - |  |  |
|           | Total (1)   | - | -                 | - | - | - |  |  |
| 2         | Other Non Executive Directors:  - Fee for attending Board/ Committee Meetings |   |                   | - |   |   |  |  |
|           | - Commission  |   |                   | - |   | - |  |  |
|           | - Others, please specify  |   |                   | - |   | - |  |  |
|           | Total (2)   |   |                   | 0 |   | 0 |  |  |
|           | Total (B1+B2)   |   |                   | 0 |   | 0 |  |  |
|           | Total Managerial Remuneration   |   |                   | 0 |   | 0 |  |  |
|           | Overall Ceiling as per the Act  |   |                   | 0 |   | 0 |  |  |

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

|       |   | CEO         | CEO Company Secretary CFO    |                     |            |
|-------|---|-------------|------------------------------|---------------------|------------|
| S.No. | Particulars of Remuneration   | Nil         | Mr. Lalit<br>Kumar<br>Sharma | Mr. Sanjay<br>Vatsa | Total      |
|       | Gross Salary  | -           | Rs.                          | Rs.                 | Rs.        |
| 1     | (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | -           | 804692.00                    | 1858143.00          | 2662835.00 |
| _     | (b) Value of perquisites u/s 17(2) Income Tax Act, 1961                             | - 0 9000.00 |                              | 9000.00             | 9000.00    |
|       | (c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961              | -           | -                            | -                   | -          |
| 2     | Stock Option  | -           | -                            | -                   | -          |
| 3     | Sweat Equity  | -           | -                            | -                   | -          |
| 4     | Commission  | -           | -                            | -                   | -          |
|       | - as % of profit  | -           | -                            | -                   | -          |
|       | - others, specify   | -           |                              |                     | -          |
| 5     | Others, please specify  | -           | -                            | -                   | -          |
|       | Total   | 0           | 804692.00                    | 1867143.00          | 2671835.00 |



#### VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

| Туре        | Section of<br>the<br>Companies<br>Act | Brief<br>Description | Details of Penalty/ Punishment/ Compounding fees imposed | AUTHORITY<br>[RD / NCLT /<br>COURT] | Appeal<br>made, if<br>any<br>(give<br>details) |  |  |  |  |
|-------------|---------------------------------------|----------------------|--|-------------------------------------|--|--|--|--|--|
| A. COMPANY  |                                       |                      |  |                                     |  |  |  |  |  |
| Penalty     | NIL                                   | NIL                  | NIL  | NIL                                 | NIL  |  |  |  |  |
| Punishment  | NIL                                   | NIL                  | NIL  | NIL                                 | NIL  |  |  |  |  |
| Compounding | NIL                                   | NIL                  | NIL  | NIL                                 | NIL  |  |  |  |  |
| B. DIRE     | CTORS                                 |                      |  |                                     |  |  |  |  |  |
| Penalty     | NIL                                   | NIL                  | NIL  | NIL                                 | NIL  |  |  |  |  |
| Punishment  | NIL                                   | NIL                  | NIL  | NIL                                 | NIL  |  |  |  |  |
| Compounding | NIL                                   | NIL                  | NIL  | NIL                                 | NIL  |  |  |  |  |
| C. OTHE     | C. OTHER OFFICERS IN DEFAULT          |                      |  |                                     |  |  |  |  |  |
| Penalty     | NIL                                   | NIL                  | NIL  | NIL                                 | NIL  |  |  |  |  |
| Punishment  | NIL                                   | NIL                  | NIL  | NIL                                 | NIL  |  |  |  |  |
| Compounding | NIL                                   | NIL                  | NIL  | NIL                                 | NIL  |  |  |  |  |

For and on behalf of the Board of Directors

Place : Indore Manoj Kumar Jhawar Akash Tripathi, IAS

Date : 01.06.2018 Director (Commercial) Managing Director



M. Maheshwari & Associates Practicing Company Secretaries

Manish Maheshwari M. Com, LLB, FCS 02-C Kanchan Sagar 18/1, Old Palasia, A.B.Road, , Indore - 452018 Ph.: 0731-3014869, 4068730 Mobile: 98260 40473

e-mail: mmaheshwarics@gmail.com

#### Form No. MR-3

#### **SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

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

Τo,

The Members,

### MADHYA PRADESH PASCHIM KSHETRA VIDYUT VITARAN COMPANY LIMITED

CIN: U40109MP2002SGC015121

Plot No. GPH COMPOUND POLOGROUND

INDORE, MP, 452003

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **MADHYA PRADESH PASCHIM KSHETRA VIDYUT VITARAN COMPANY LIMITED** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the MADHYA PRADESH PASCHIM KSHETRA VIDYUT VITARAN COMPANY LIMITED 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 secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2017 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on **March 31, 2017** according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under read with notifications, exemptions and clarifications thereto;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under; However, Company is not a Listed entity hence provisions of this regulation are not applicable to the Company.
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under; However, Company is not a Listed entity hence provisions of this regulation are not applicable to the Company.
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; However the Company has not entered into any transaction with foreign countries and has not deal in foreign currency during the Audit period, hence these regulations have not been considered for the purpose of this report.
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended from time to time; However, Company is not a Listed entity hence provisions of this regulation are not applicable to the Company.

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and The Securities Exchange Board and of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time; However, Company is not a Listed entity hence provisions of this regulation are not applicable to the Company.
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time. However, Company is not a Listed entity hence provisions of this regulation are not applicable to the Company.
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014. However, Company is not a Listed entity hence provisions of this regulation are not applicable to the Company.;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008- However, Company is not a Listed entity hence provisions of this regulation are not applicable to the Company;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 as amended from time to time regarding the Companies Act and dealing with client; However, Company is not a Listed entity hence provisions of this regulation are not applicable to the Company
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 as amended from time to time;- However, Company is not a Listed entity hence provisions of this regulation are not applicable to the Company
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1999- However, Company is not a Listed entity hence provisions of this regulation are not applicable to the Company However, Company is not a Listed entity hence provisions of this regulation are not applicable to the Company
- vi Following Specifically laws applicable to the Company as per representation made by the Management:-
  - 1. MPERC (Guide Lines for reporting Regulatory Compliance) Regulations-2005.
  - 2. M.P. Electricity Supply Code-2004.
  - 3. MPERC (Establishment of Forum and Electricity Ombudsman for Redressal of Grievance of the Consumers) Regulation-2004.
  - 4. MPERC (Distribution Performance Standards) Regulations-2004.
  - 5. MP Electricity Distribution Code.
  - MPERC (Monitoring of Performance of Licensees and Generating Companied) MIS Regulations-2004.
  - 7. MPERC (Security deposit) Regulation-2004.
  - 8. MPERC (Treatment of Income of other business of Licensee) Regulation-2004.
  - 9. The Condition of Distribution licensee for Distribution Licensee (including deemed Licensee)-2004.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board and General Meetings.
- (ii) The Listing Agreements entered into by the Company with the Exchanges read with SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. However, Company is not a Listed entity hence provisions of this regulation are not applicable to the Company.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

We rely on Statutory Auditor's Report in relation to the financial statements and accuracy of financial figures for Sales Tax, Wealth Tax, Value Added Tax, Related Party Transactions, Provident Fund, ESIC, etc. as disclosed under Financial Statements, Accounting Standard 18 and note on foreign currency transactions during our audit period.

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.

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.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We 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.

We further report that during the Audit period the Company has no specific events / actions that having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, quidelines, standard, etc.

Note: This Report is to be read with our letter dated 30<sup>th</sup> December, 2017 which is annexed as Annexure A and forms and integral part of this report.

For M Maheshwari & Associates Company Secretaries Firms U.C.N. 12001MP213000

**MANISH MAHESHWARI** 

FCS 5174 C.P. No.3860

Date: 30<sup>th</sup> December 2017

Place : Indore



M. Maheshwari & Associates Practicing Company Secretaries Manish Maheshwari M. Com, LLB, FCS 202 - C Kanchan Sagar 18/1, Old Palasia, A.B. Road, Indore - 452 018 Ph. : 0731 -3014869, 4068730 Mobile : 98260 40473

e-mail: mmaheshwarics@gmail.com

To,

The Members,

MADHYA PRADESH PASCHIM KSHETRA VIDYUT VITARAN COMPANY LIMITED

CIN: U40109MP2002SGC015121 GPH Compound, Polo Ground Indore-452003

Our 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. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
- 3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- 4. Where ever required, we have obtained the Management representation about the compliances of laws, rules, regulations and happening of events etc.
- 5. The compliances of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our 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 of effectiveness with which the management has conducted the affairs of the company.

For M. Maheshwari & Associates Company Secretaries Firms U.C.N. 12001MP213000

Manish Maheshwari FCS - 5174 CP - 3860

Date: 30th December 2017

Place: Indore

भारतीय लेखा एवं लेखापरीक्षा विभाग महालेखाकार का कार्यालय (आर्थिक एवं राजस्व क्षेत्र लेखापरीक्षा) मध्य प्रदेश

पत्र सं./आ.क्षे.तृतीय/सी.ए.डबल्यु—III/2016—17/जा.न. 2254

दिनांक 06 / 08 / 18

प्रति,

प्रबंध संचालक मध्य प्रदेश पश्चिम क्षेत्र वि. वि. कं. लि., इन्दौर

विषय:— मध्य प्रदेश पश्चिम क्षेत्र वि. वि. कं. लि., इन्दौर के 31 मार्च 2017 को समाप्त वर्ष के लेखाओं पर कंपनी अधिनियम 2013 की धारा 143 (6) (बी) के अधीन भारत के नियंत्रक महालेखापरीक्षक की टिप्पणियाँ ।

महोदय,

मै अंशदाताओं की वार्षिक साधारण सभा में प्रस्तुत करने हेतु मध्यप्रदेश पश्चिम क्षेत्र विद्युत वितरण कंपनी लिमिटेड, इन्दौर के 31 मार्च 2017 को समाप्त वर्ष के लेखाओं पर कम्पनी अधिनियम 2013 की धारा 143 (6) (बी) के अधीन टिप्पणी (comment) का प्रमाण पत्र भेज रहा हूँ। जिसे आप संचालकों के प्रतिवेदन के साथ अनुलग्नक के रूप में प्रकाशित करें।

संलग्न:- उपरोक्तानुसार

भवदीय उपमहालेखाकार (आर्थिक क्षेत्र—तृतीय)

53, अरेरा हिल्स होशंगाबाद रोड भोपाल 462011 फोन पीएबीएक्स — 0755 2551077, 2552988 फेक्स—0755 2550379 इमेल <u>- agaumadhyapradesh2@cag.gov.in</u>

# COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (b) OF THE COMPANIES ACT, 2013 ON THE ACCOUNTS OF MADHYA PRADESH PASHCHIM KSHETRA VIDYUT VITARAN COMPANY LIMITED, INDORE FOR THE YEAR ENDED 31 MARCH 2017.

The preparation of financial statements of MADHYA PRADESH PASHCHIM KSHETRA VIDYUT VITARAN COMPANY LIMITED, INDORE for the year ended 31 March 2017 in accordance with financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act is responsible for expressing opinion on these Financial Statements under Section 143 of the Act based on independent audit in accordance with the Standards on auditing prescribed under section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 30 December, 2017.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143 (6) (a) of the Companies Act, 2013 of the financial statements of MADHYA PRADESH PASHCHIM KSHETRA VIDYUT VITARAN COMPANY LIMITED, INDORE for the year ended 31 March 2017. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under Section 143 (6) (a) of the Act which have come to my attention and which is my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.

## A. Balance Sheet

## Non-Current Liabilities- Provisions (Note - 21) - Rs. 1290.75 crore

1. The company is making provision for leave encashment and gratuity on basis of percentage (0.59% and 4.67%, respectively) of salary expenditure for the year which is significantly less than the actual expenditure incurred on this account in the last three years. The average expenditure on leave encashment during last three years was Rs. 18.98 crore as against average provision of Rs. 3.26 crore. Similarly, the average expenditure on gratuity during last three years was Rs. 59.77 crore as against average provision of Rs. 25.02 crore made in accounts during this period.

Thus, the Company has not made provisions as per the actual liability for leave encashment and gratuity nor actuarial valuation for these liabilities has been made during the year as required under Ind AS 19. This has resulted in understatement of provision and corresponding overstatement of Profit by Rs. 15.81 Crore (Rs.18.98 Crore- Rs. 3.17 Crore) in respect of leave encashment and Rs. 34.75 crore (Rs. 59.77 crore- Rs. 25.02crore) in respect of gratuity.

## Non-Current Liabilities- Provisions (Note-21)- Rs. 1290.75 crore

2. Ind AS-1 on 'Presentation of Financial Statements' requires that all liabilities which are expected to be settled within twelve months after the reporting period are to be classified as current liabilities.

Accordingly, the amount of retirement benefits payable to the employees who are going to retire in next twelve months from the Balance Sheet date should be treated as current liability.

However, the company has classified all the retirement benefits liability of Rs. 1290.75 crore for all employees (10212 nos.) as non-current liability including that of 566 employees which are going to retire will next 12 months. Which is not correct. Hence, the Non-Current Liabilities are overstated and Current Liabilities are understated.Impact of which could not be quantified in the absence of details.

## B. Statement of Profit and Loss Other Income Rs. 1783.11 crore (Note 25)

3. The above amount includes Rs. 1246.71 crore, towards debt taken over by the Government of Madhya Pradesh under the UDAY scheme. The income had arisen due to financial restructuring of power distribution companies under UDAY and not from the normal course of business.

Hence, the same should have been shown under exceptional income. Thus, 'Other Income (Note 25)' is overstated by Rs. 1246.71 crore and 'Exceptional Items – Income' is understated by the same extent.

## Earnings per share (Note 31) -Rs. 25.59 per share

4. As per Ind AS 33, while calculating Diluted Earnings Per Share (DEPS), an entity shall adjust profit or loss to the weighted average number of shares outstanding (shares pending allotment for which amount has been received) besides the existing shares. Therefore, to arrive at DEPS. Company should give effect of dilutive potential shares, which on conversion to shares would decrease increase earning/loss per share.

MADHYA PRADESH PASHCHIM KSHETRA VIDYUT VITARAN COMPANY LIMITED

It was noticed that Company had received the money from GOMP in respect of 24.39 lakh number of shares on 08 July 2016 and shares were allotted on 07 September 2016. For calculating the weightage of these dilutive potential share, the period between the receipt of money and allotment of shares (from 08 July 2016 to 07 September 2016) should have been considered (i.e. 61 days). However, the company has considered a weightage of 267 days (from the date of receipt of money i.e. 08 July 2016 to 31 March 2017) for this purpose.

Thus, due to wrong weightage given, the diluted EPS was worked out to Rs. 25.59 per share in the place of Rs. 25.75 per share (Details vide Annexure).

## C. Comment on Disclosure

## Employee Benefit Expense (Note 27)- Rs. 864.81 crore.

5. Government of MP vide letter dated 31 October 2017 accorded its approval for the pay revision as per 7th pay commission in the Electricity Companies from 01 January2016 subject to approval by the Board of Directors (BoD) of the concerned Company.

of the Company approved the pay revision in the meeting 30 December 2017 and also approved the financial statements in the same meeting. As the Company was already aware of the liability for the payment of arrears of pay for the period from 01 January 2016 to 31 March 2017, the factual position should have been disclosed in the Notes to the Financial Statements. Thus, Notes to the Financial Statements are deficient to that extent.

## **Capital Commitment**

Schedule IIICompanies Act, 2013 requires disclosure Capital i.e., future liability for capital expenditure in respect of which contracts have been made. Company has not disclosed any capital commitments in the financial statements. The financial statements are deficient to that extent.

## **Independent Auditors' Report**

- 7. During review of Independent Auditors' Report, it was noticed that Statutory Auditor has not commented on the following matters given at sub clause (c) and (f) of Section 143 (3) of Companies Act 2013, in their Independent Auditors' Report.
  - (c) Whether the report on the accounts of any branch office of the Company audited under sub section (8) by a person other than the company's auditor has been sent to him under the proviso to that Sub-Section and the manner in which he has dealt with it in preparing his report.
  - (f) The observations or comments of the auditors on financial statements or matters which have any adverse effect on the functioning of the company.

The Independent Auditors' Report does not include opinion on above and is incomplete to that extent.

For and on the behalf of the COMPTROLLER AND AUDITOR GENERAL OF INDIA

Place : Bhopal (Bhawani Shankar)
Date : Accountant General,
(Economic & Revenue Sector Audit),

Madhya Pradesh, Bhopal

## Annexure (to comment no.- 4)

| Particulars  | SL.                                   | No. of<br>Shares                          | No. of days     | _                                | no. of shares (No. of remained/365days) |
|--|---------------------------------------|---|-----------------|----------------------------------|---|
| Particulars  | No.                                   | No. (In no. of lakhs) remained in Company |                 | Actual Calculation<br>to be done | Company's calculation                   |
| Calculation of Ba  |                                       |   |                 |                                  |   |
| Opening Share<br>Capital   | 1                                     | 2065.38                                   | 365             | 2065.38                          | 2065.38                                 |
| Shared issued  | 2                                     | 40.07                                     | 329             | 36.12                            | 36.12                                   |
| during YEear   | 3                                     | 24.39                                     | 206             | 13.77                            | 13.77                                   |
| Total  |                                       |   |                 | 2115.27                          | 2115.27                                 |
| Earnings (Rs.<br>in lakh   | 5578U                                 |   |                 |                                  | 55289                                   |
| Basic EPS  |                                       | 5528                                      | 39/2115.27=2    | 6.14                             | 26.14                                   |
| Calculation of Dil<br>BEPS)  | uted Earn                             | ings Per Share                            | e (by adding th | ne effect of dilutive poter      | itial ordinary shared in                |
| Amount in respect of shares at SL. 3 remained un allotted for the period from 08.07.16 to 07.09.2016 |                                       | 24.39                                     | 61              | 24.39*61/365=4.07                | 24.39*267/365=17.84                     |
| Amount   | 4                                     | 161.11                                    | 58              | 25.60                            | 25.60                                   |
| received<br>pending<br>allotment at<br>the end of FY<br>2016-17                                      | 5                                     | 758.48                                    | 1               | 2.08                             | 2.08                                    |
|  |                                       |   |                 | 31.75                            | 45.52                                   |
| Diluted no   | Diluted no. of shares (2115.27+31.75) |   |                 |                                  | 2160.78                                 |
|  | Dilute                                | d EPS                                     |                 | 55289/2147.02=25.72              | 55289/2160.78=25.59                     |

Sr. Audit Officer/ES-III



## REPLIES OF COMPANY ON FINAL COMMENTS OF THE CAG, INDIA UNDER SECTION 143 (6) (b) OF THE COMPANIES ACT, 2013 ON THE ANNUAL FINANCIAL STATEMENTS FOR FY 2016-17

| S.NO. | CAG COMMENTS / OBSERVATION  | REPLY OF MPPKVVCL, INDORE   |
|-------|---|---|
| 1     | Non - Current Liabilities - Provisions<br>(Note - 21) - Rs. 1290.75 crore   |   |
|       | The company is making provision for leave encashment and gratuity on basis of percentage (0.59% and 4.67%, respectively) of salary expenditure for the year which is significantly less than the actual expenditure incurred on this account in the last three years. The average expenditure on leave encashment during last three years was Rs. 18.98 crore as against average provision of Rs. 3.26 crore. Similarly, the average expenditure on gratuity during last three years was Rs. 59.77 crore as against average provision of Rs. 25.02 crore made in accounts during this period.  Thus, the Company has not made provisions as per the actual liability for leave encashment and gratuity nor actuarial valuation for these liabilities has been made during the year as required under Ind AS 19. This has resulted in understatement of provision and corresponding overstatement of Profit by Rs. 15.81 Crore (Rs.18.98 Crore- Rs. 3.17 Crore) in respect of leave encashment and Rs. 34.75 crore (Rs. 59.77 crore- Rs. 25.02crore) in respect of gratuity. | The Company has obtained Acturial Valuation report in year 2009. Accordingly, following the directions of such report, the Company regularly makes the provisions towards terminal benefits – Gratuity Pension and Leave Encashment at the rates prescribed in actuarial valuation report from FY 2009-10 onwards to maintain the consistency from previous years.  Further, the Company has already appointed an Actuary Firm for conducting Acturial Valuation of employees of MPPMCL, Jabalpur and it's all Subsidiaries Companies for five years vide letter no: 24313, dated 15-12-17. It is expected that the Company would receive latest Actuarial Valuation report in current financial year i.e. 2017-18 and accordingly, the percentages for making provision towards terminal benefits shall be revised on basis of new Actuarial Valuation report. |
| 2     | Non - Current Liabilities - Provisions<br>(Note - 21) - Rs. 1290.75 crore   |   |
|       | Ind AS-1 on 'Presentation of Financial Statements' requires that all liabilities which are expected to be settled within twelve months after the reporting period are to be classified as current liabilities.  Accordingly, the amount of retirement benefits payable to the employees who are going to retire in next twelve months from the Balance Sheet date should be treated as current liability.   | The suggestion of CAG, India for disclosing the amount of Retirement Benefits liability as Current and Non Current shall be complied in the next year's Financial Statements.   |
|       | However, the company has classified all the retirement benefits liability of Rs. 1290.75 crore for all employees (10212 nos.) as non-current liability including that of 566 employees which are going to retire in next 12 months. Which is not correct. Hence, the Non-Current Liabilities are overstated and Current Liabilities are understated. Impact of which could not be quantified in the absence of details.   |   |

| M     | MADHYA PRADESH PASHCHIM KSHETRA VIDYUT VITARAN COMPANY LIMITED  |   |  |  |  |  |
|-------|---|---|--|--|--|--|
| S.NO. | CAG COMMENTS / OBSERVATION  | REPLY OF MPPKVVCL, INDORE   |  |  |  |  |
| 3     | Other Income Rs. 1783.11 crore (Note - 25)  The above amount includes Rs. 1246.71 crore, towards debt taken over by the Government of Madhya Pradesh under the UDAY scheme. The income had arisen due to financial restructuring of power distribution companies under UDAY and not from the normal course of business.  Hence, the same should have been shown under exceptional income. Thus, 'Other Income (Note 25)' is overstated by Rs. 1246.71 crore and 'Exceptional Items – Income' is understated by the same extent.   | The suggestion of CAG, India for showing income arisen due to UDAY scheme as Exceptional Income shall be complied in the next year's Financial Statements after discussion with the holding Company MPPMCL, Jabalpur and Co-Subsidiary Companies MPPoKVVCL, Jabalpur & MPMKVVCL, Bhopal |  |  |  |  |
| 4     | Earnings per share (Note - 31) - Rs. 25.59 per share  As per Ind AS 33, while calculating Diluted Earnings Per Share (DEPS), an entity shall adjust profit or loss to the weighted average number of shares outstanding (shares pending allotment for which amount has been received) besides the existing shares.  Therefore to arrvie at DEPS. Company should give effect of dilutive potential shares, which on conversion to shares would decrease/increase earning/loss per share.  It was noticed that Company had received the money from GOMP in respect of 24.39 lakh number of shares on 08 July 2016 and shares were allotted on 07 September 2016. For calculating the weightage of these dilutive potential share, the period between the receipt of money and allotment of shares (from 08 July 2016 to 07 September 2016) should have been considered (i.e. 61 days). However, the company has considered a weightage of 267 days (from the date of receipt of money i.e. 08 July 2016 to 31 March 2017) for this purpose.  Thus, due to wrong weightage given, the diluted EPS was worked out to Rs. 25.59 per share in the place of Rs. 25.75 per share (Details vide Annexure). | The suggestion of CAG, India in this regard shall be complied in the next year's Financial Statements.  |  |  |  |  |
| 5     | Employee Benefit Expense (Note - 27) - Rs. 864.81 crore.  Government of MP vide letter dated 31 October 2017 accorded its approval for the pay revision as per 7 <sup>th</sup> pay commission in the Electricity Companies from 01 January2016 subject to approval by the Board of Directors (BoD) of the concerned Company.  | The suggestion of CAG, India in this regard shall be complied in the next year's Financial Statements   |  |  |  |  |

| S.NO. | CAG COMMENTS / OBSERVATION   | REPLY OF MPPKVVCL, INDORE  |
|-------|--|--|
|       | The BoD of the Company approved the pay revision in the meeting held on 30 December 2017 and also approved the financial statements in the same meeting. As the Company was already aware of the liability for the payment of arrears of pay for the period from 01 January 2016 to 31 March 2017, the factual position should have been disclosed in the Notes to the Financial Statements. Thus, Notes to the Financial Statements are deficient to that extent.   |  |
| 6     | Capital Commitment  Schedule III to the Companies Act, 2013 requires disclosure of Capital commitment i.e., future liability for capital expenditure in respect of which contracts have been made. However, the Company has not disclosed any capital commitments in the financial statements. The financial statements are deficient to that extent.  | The suggestion of CAG, India for disclosing the Capital Commitments shall be complied in the next year's Financial Statements  |
| 7     | Independent Auditors' Report  During review of Independent Auditors' Report, it was noticed that Statutory Auditor has not commented on the following matters given at sub clause (c) and (f) of Section143 (3) of Companies Act 2013, in their Independent Auditors' Report.  (c) Whether the report on the accounts of any branch office of the Company audited under sub section (8) by a person other than the company's auditor has been sent to him under the proviso to that Sub-Section and the manner in which he has dealt with it in preparing his report.  (f) The observations or comments of the auditors on financial statements or matters which have any adverse effect on the functioning of the company. The Independent Auditors' Report does not include opinion on above and is incomplete to that extent. | The suggestion of CAG, India for commenting on the above matters has been communicated to Statutory Auditor M/S Fadnis & Gupte, Chartered Accountant Vide this office letter no.:17897 dated 31-08-2018. |

Chief Financial Officer MPPKVVCL, Indore

Managing Director MPPKVVCL, Indore



## MADHYA PRADESH PASHCHIM KSHETRA VIDYUT VITARAN COMPANY LIMITED Replies on Observations of Statutory Auditors on Annual Financial Statements FY 2016-17

| S.   | Heading/S.No. in  | Auditoulo de cometico  | Dowley of MDDIGO(C)  |  |  |  |
|------|---|--|--|--|--|--|
| NO   | Auditor's Report  | Auditor's observation  | Reply of MPPKVVCL  |  |  |  |
| 1    | Basis for Qualified<br>Opinion  |  |  |  |  |  |
| (i)  | (i)   | In the preparation and presentation of the financial statements the events upto 30th April, 2017 have been considered and not the events upto the date when the financial statements are authorized for issue. This is not in accordance with Indian Accounting Standard (Ind AS-10) "Events After the Reporting Period".    | The Company is in the process of gradually evolving and modifying its existing Accounting policies to be in line with Indian Accounting Standards.   |  |  |  |
| (ii) | (ii)  | The Company has not carried out actuarial valuation for ascertaining its liability towards employee benefits in respect of Gratuity and Leave encashment. This is not in accordance with the requirement of Indian Accounting Standard (Ind AS) - 19 "Employee Benefits", Also, the required disclosures have not been made. | The Company has already appointed an Actuary Firm for conducting Acturial Valuation of employees of MPPMCL, Jabalpur and it's all Subsidiaries Companies for five years vide letter no: 24313, dated 15-12-17. It is expected that the Company shall receive latest Actuarial Valuation report in current financial year i.e. 2017-18 and accordingly, the provisions towards terminal benefits shall be made on basis of new Actuarial Valuation report and also required disclosures shall be given in the financial statements. |  |  |  |
| 2    | Emphasis of matter<br>& Other Matter<br>paragraph                           | In these paragraphs, attention of members are invited by the Auditor on some items of Significant Accounting Policies in Note No. 41 of the Annual Financial Statements of the company without qualifying his Audit opinion, hence replies for such items is not required to be provided.                                    |  |  |  |  |
| 3    | Report on Other<br>Legal and<br>Regulatory<br>Requirements as<br>per (CARO) | In this section, the Auditor report on Other Legal and Regulatory Requirements under the Companies Act, hence replies for such items is not required to be provided.   |  |  |  |  |
| (i)  | Annexure-"A" To<br>The Auditor's<br>Report (CARO)                           |  |  |  |  |  |

## -----

|          | MADHYA PRADESH PASHCHIM KSHETRA VIDYUT VITARAN COMPANY LIMITED      |   |  |  |  |
|----------|---|---|--|--|--|
| S.<br>NO | Heading/S.No. in<br>Auditor's Report                                | Auditor's observation   | Reply of MPPKVVCL  |  |  |
| (ii)     | The Companies<br>(Auditor's Report)<br>Order, 2016<br>(CARO) - 1(b) | As informed and explained to us, the management, during the year, has physically verified the items of the fixed assets of the company at reasonable intervals. However, item wise and location wise details of assets physically verified were not provided to us. Therefore, we are unable to comment on the efficacy of physical verification and discrepancies, if any, between the physical balance and book records.              | Commercial operation of the company commenced from 01.06.2005 after unbundling of erstwhile MPSEB. GoMP vide notification dated 31st May 2005 notified provisional opening balance of the Company, subsequently GoMP vide notification 12th June 2008 notified final opening balances belonging to Company. However Justification/ explanation of some of the items of opening balances in respect of Fixed Assets are still awaited from MPSEB/ MPPMCL. Further, the Company has duly submitted physical verification certificate to auditor containing item wise and location wise details of fixed assets up to division level received from some of the field offices. However, all field offices have been directed to conduct physical verification of fixed assets and to submit the item wise and location wise details of assets / report to this office. |  |  |
| (iii)    | CARO<br>1(c)  | As informed and explained to us, the Company does not have title deeds in respect of land & building transferred to the Company by erstwhile MPSEB. Further, as per the information provided to us title deeds are in the name of the Company for 55.366 hectares only out of total area of land admeasuring 404.791 hectares.  | Commercial operation of the company commenced from 01.06.2005&after unbundling of erstwhile MPSEB. GoMP vide notification dated 31st May, 2005 notified provisional opening balance of the Company, subsequently GoMP vide notification 12th June, 2008 notified final opening balances belonging to Company. However Justification/ explanation of some of the items of opening balances in respect of fixed assets (land & building) are still awaited from MPSEB/ MPPMCL. The Company is in the process of transfer of title deed in the name of Company.   |  |  |
| 4        | 2 (d) Section 143<br>(3) Reporting                                  | In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act read with relevant rules issued thereunder; except for the effects of the matter described in the Basis for Qualified Opinion paragraph, Emphasis of Matter paragraph as above in so far as it relates to:  o Ind AS-10: Events after the Reporting Period o Ind AS-19: Employee Benefits | The Company is in the process of gradually evolving and modifying its existing Accounting policies to be in line with Accounting Standards referred to in Section 133 of the Act.  |  |  |

|    | Haradina (C.N.)                                      |  |  |  |  |
|----|--|--|--|--|--|
| S. | Heading/S.No. in                                     | Auditor's observation  | Reply of MPPKVVCL  |  |  |
| NO | Auditor's Report                                     | 7.00.00.00.00.00.00.00.00.00.00.00.00.00   |  |  |  |
| 5  | internal financial controls over financial reporting | According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2017:  (i) The Company did not have an appropriate internal control system for reconciliation of balances as per Consumer Subsidiary Ledger and Sundry Debtors for Sale of Power.  A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. | Due to difference in billing cycle/collection and accounting procedures, there is a difference in the balances between the amounts of receivables shown as per Consumer Subsidiary Ledgers and Sundry Debtor for sale of Power in Financial Statements is amounting to Rs. 5.0 Crore (approx.) as on Balance Sheet date which does not have any material impact on the financial statement.  However, All field offices have been directed to conduct reconciliation of balances as per Consumer Subsidiary Ledgers (i.e. R-15) vis-à-vis amount appearing in Sundry Debtor for sale of Power in financial Statement of the Company. |  |  |

Chief Financial Officer MPPKVVCL, Indore

Managing Director MPPKVVCL, Indore



## **BALANCE SHEET AS AT MARCH 31, 2017**

Amount in Rs. Crores

|      |  |          | As at As at As at                 |                                   |                                   |  |
|------|--|----------|-----------------------------------|-----------------------------------|-----------------------------------|--|
| S.No | Particulars  | Notes    | 31.03.2017                        | 31.03.2016                        | As at<br>01.04.2015               |  |
|      | ASSETS   |          | 31.03.2017                        | 31.03.2010                        | 01.04.2015                        |  |
| (1)  | Non-Current Assets   |          |                                   |                                   |                                   |  |
| (-)  | (a) Property, plant and equipment                                | 6        | 3,291.26                          | 3,294.37                          | 3,062.49                          |  |
|      | (b) Capital work-in-progress                                     | 6        | 2,173.11                          | 1,635.09                          | 1,303.39                          |  |
|      | (c) Other intangible assets                                      | 7        | 32.48                             | 27.81                             | 15.52                             |  |
|      | (d) Intangible assets under development                          | 7.1      | - 32.10                           | -                                 | 9.31                              |  |
|      | (e) Financial assets   | 7.1      |                                   |                                   | 5.51                              |  |
|      | (i) Investments  |          |                                   |                                   |                                   |  |
|      | (ii) Trade receivables   | 9        | _                                 | _                                 |                                   |  |
|      | (iii) Loans  | 10       | 0.01                              | 0.02                              | 3.78                              |  |
|      | (iv) Other financial assets                                      | 11       | 0.22                              | 0.19                              | 0.58                              |  |
|      | (f) Non-current tax assets                                       | 12       | 9.92                              | 10.39                             | 8.79                              |  |
|      | (q) Other non-current assets                                     | 13       | 121.55                            | 188.91                            | 226.18                            |  |
|      | Total Non-Current Assets   | 13       | 5,628.55                          | 5,156.77                          | 4,630.04                          |  |
| (2)  | Current Assets   |          | 3,028.33                          | 3,130.77                          | 4,030.04                          |  |
| (2)  | (a) Inventories  | 14       | 94.75                             | 126.58                            | 154.20                            |  |
|      |  | 14       | 94.73                             | 120.36                            | 134.20                            |  |
|      | (b) Financial assets   |          | 1 021 65                          | 1 620 06                          | 1 522 20                          |  |
|      | (i) Trade receivables  | 9        | 1,821.65                          | 1,629.86                          | 1,523.29                          |  |
|      | (ii) Cash and cash equivalents                                   | 15       | 558.56                            | 356.92                            | 390.65                            |  |
|      | (iii) Bank balances other than (ii) above                        | 15       | 189.86                            | 331.81                            | 309.12                            |  |
|      | (iv) Loans   | 10       | 0.01                              |                                   | -                                 |  |
|      | (v) Other financial assets                                       | 11       | 284.63                            | 349.03                            | 300.84                            |  |
|      | (c) Current tax assets   | 12       | - 1 220 01                        | -                                 | -                                 |  |
|      | (d) Other current assets   | 13       | 1,220.81                          | 394.80                            | 715.90                            |  |
|      | Total Current Assets   |          | 4,170.27                          | 3,189.00                          | 3,394.00                          |  |
|      | Total Assets   |          | 9,798.82                          | 8,345.77                          | 8,024.04                          |  |
| (1)  | EQUITY AND LIABILITIES   |          |                                   |                                   |                                   |  |
| (1)  | Equity   | 16       | 2 120 94                          | 2.065.20                          | 1 04F 20                          |  |
|      | (a) Equity share capital   | 17       | 2,129.84                          | 2,065.38                          | 1,945.38                          |  |
|      | (b) Other equity  Total Equity                                   | 17       | (8,346.01)<br>( <b>6,216.16</b> ) | (9,778.41)<br>( <b>7,713.03</b> ) | (8,545.33)<br>( <b>6,599.95</b> ) |  |
|      | Liabilities  |          | (6,216.16)                        | (7,713.03)                        | (0,599.95)                        |  |
| (2)  | Non-Current Liabilities  |          |                                   |                                   |                                   |  |
| (2)  |  |          |                                   |                                   |                                   |  |
|      | (a) Financial liabilities  | 10       | 0.000.00                          | 0.025.24                          | 0.400 F6                          |  |
|      | (i) Borrowings   | 18       | 9,890.98                          | 9,835.24                          | 9,400.56                          |  |
|      | (ii) Trade payables  | 19<br>20 | 914.95                            | 814.06                            | 779.55                            |  |
|      | (iii) Other financial liabilities (b) Provisions                 | 21       |                                   |                                   |                                   |  |
|      |  |          | 1,290.75                          | 1,177.49                          | 1,057.84                          |  |
|      | (c) Deferred income  | 22       | 1,631.83                          | 1,409.75                          | 1,175.84                          |  |
|      | (d) Other non-current liabilities  Total Non-Current Liabilities | 23       | 332.08                            | 258.49                            | 94.06                             |  |
| (2)  |  |          | 14,060.59                         | 13,495.03                         | 12,507.84                         |  |
| (3)  | Current Liabilities  |          |                                   |                                   |                                   |  |
|      | (a) Financial liabilities  |          |                                   | 050.00                            |                                   |  |
|      | (i) Borrowings   | 18       | - 1 000 00                        | 350.00                            | - 404 50                          |  |
|      | (ii) Trade payables  | 19       | 1,008.82                          | 1,069.04                          | 1,184.59                          |  |
|      | (iii) Other financial liabilities                                | 20       | 791.40                            | 968.04                            | 652.98                            |  |
|      | (b) Provisions   | 21       |                                   | -                                 | -                                 |  |
|      | (c) Deferred income  | 22       | -                                 | -                                 | -                                 |  |
|      | (d) Current tax liabilities                                      | 12       | -                                 | -                                 | -                                 |  |
|      | (e) Other current liabilities                                    | 23       | 154.16                            | 176.68                            | 278.58                            |  |
|      | Total Current Liabilities  |          | 1,954.38                          | 2,563.77                          | 2,116.15                          |  |
|      | Total Liabilities  |          | 16,014.98                         | 16,058.80                         | 14,623.99                         |  |
|      | Total Equity and Liabilities                                     |          | 9,798.82                          | 8,345.77                          | 8,024.04                          |  |

Significant Accounting Policies And Notes on Financial Statements (Note 01 To 41) forming an integral part of the Financial Statements

As Per Our Report of Even Date
For FADNIS & GUPTE
CHARTERED ACCOUNTANTS
FRN: 006600C

FOR AND ON BEHALF OF THE BOARD

CA: SUDHIR JOSHI

PARTNER M NO: 012368 PLACE: INDORE

DATE : 30 DECEMBER 2017

(AKASH TRIPATHI)
MANAGING DIRECTOR

(M.K. JHAWAR) (SANJAY VATSA)

DIRECTOR (COMMERCIAL) CHIEF FINANCIAL OFFICER COMPANY SECRETARY

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

**Amount in Rs. Crores** 

| S.No | Particulars   | Note | Year ended<br>31.03.2017 | Year ended<br>31.03.2016 |
|------|---|------|--------------------------|--------------------------|
| I    | Revenue From Operations                                   | 24   | 10,521.90                | 9,333.64                 |
| II   | Other Income  | 25   | 1,783.11                 | 585.10                   |
| III  | Total Revenue (I + II)                                    |      | 12,305.01                | 9,918.73                 |
|      |   |      |                          |                          |
| IV   | Expenses  |      |                          |                          |
|      | (1) Power Purchase and Transmission Charges               | 26   | 9,752.57                 | 9,367.45                 |
|      | (2) Employee Benefits Expense                             | 27   | 864.81                   | 767.98                   |
|      | (3) Finance Costs   | 28   | 378.39                   | 265.65                   |
|      | (4) Depreciation and Amortisation Expense                 | 29   | 234.57                   | 226.56                   |
|      | (5) Other Expenses  | 30   | 521.78                   | 444.24                   |
| IV   | Total Expenses (IV)                                       |      | 11,752.12                | 11,071.88                |
| V    | Profit / (Loss) Before Tax (III - IV)                     |      | 552.89                   | (1,153.15)               |
|      | Less: Exceptional Items                                   |      | -                        | -                        |
| VI   | Profit / (Loss) Before Tax But After<br>Exceptional items |      | 552.89                   | (1,153.15)               |
| VII  | Tax Expense   |      |                          |                          |
|      | (1) Current tax   |      | -                        | -                        |
|      | (2) Deferred tax  |      | -                        | -                        |
|      | Total Tax Expense   |      | -                        | -                        |
| VIII | Profit / (Loss) For The Year (VI - VII)                   |      | 552.89                   | (1,153.15)               |
| IX   | Other Comprehensive Income                                |      | -                        | -                        |
| X    | Total Comprehensive Income For The Period (VIII + IX)     |      | 552.89                   | (1,153.15)               |
| ΧI   | Earnings Per Equity Share:                                |      |                          |                          |
|      | (1) Basic EPS   | 31   | 26.14                    | (57.20)                  |
|      | (2) Diluted EPS   | 31   | 25.59                    | (56.95)                  |

Significant Accounting Policies And Notes on Financial Statements (Note 01 To 41) forming an integral part of the Financial Statements

As Per Our Report of Even Date For FADNIS & GUPTE CHARTERED ACCOUNTANTS FRN: 006600C

FOR AND ON BEHALF OF THE BOARD

**CA: SUDHIR JOSHI** 

(AKASH TRIPATHI) MANAGING DIRECTOR PARTNER M NO: 012368

PLACE: INDORE

DATE: 30 DECEMBER 2017

(M.K. JHAWAR) (SANJAY VATSA)

DIRECTOR (COMMERCIAL) CHIEF FINANCIAL OFFICER COMPANY SECRETARY



## MADHYA PRADESH PASHCHIM KSHETRA VIDYUT VITRAN COMPANY LIMITED, INDORE **ANNUAL FINANCIAL STATEMENTS- FY 2016-17** STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED MARCH 31, 2017

Amount in Rs. Crores

| S.No | Particulars  | Year ended<br>31.03.2017  | Year ended<br>31.03.2016  |
|------|--|---|---|
| Α.   | Cash Flows From Operating Activities   |   |   |
|      | Profit for the period  | 552.89  | (1,153.15)  |
|      | Adjustments for:   | 332.33  | (=,====,  |
|      | (1) Income tax expense recognised in profit or loss  | -   | -   |
|      | (2) Allowance for Expected Credit Loss   | 93.14   | (74.32)   |
|      | (3) Provision for Employee Benefit Expenses     (4) Depreciation and amortisation of non-current assets  | 113.26<br>234.57  | 119.65<br>226.56  |
|      | (5) Finance costs recognised in profit or loss   | 153.15  | 265.65  |
|      | (6) Interest income recognised in profit or loss   | (30.67)   | (74.01)   |
|      | (7) Net (gain) / loss on disposal of scrap materials (8) Sundrty Creditor written off  | (6.38)<br>(190.77)  | (9.15)<br>(209.44)  |
|      | (9) Income from Consumer contribution recognised in profit or loss   | (128.20)  | (106.48)  |
|      | (10) Impairment of Loans   | -   | (3.74)  |
|      | Cash Flows From Operating Activities  Movements in working capital:  | 790.99  | (1,018.44)  |
|      | (1) (Increase) / decrease in inventories   | 31.83   | 27.62   |
|      | (2) (Increase) / decrease in trade receivables   | (277.68)  | (32.81)   |
|      | (3) (Increase) / decrease in loans and other financial asset   | 57.14   | (47.63)   |
|      | (4) (Increase) / decrease in other assets  | (826.01)  | 321.10  |
|      | (5) Increase / (decrease) in Borrowings  | (350.00)  | 350.00  |
|      | (6) Increase / (decrease) in trade payables  | 130.55  | 93.88   |
|      | (7) Increase / (decrease) in other financial liabilities   | (176.64)  | 315.07  |
|      | (8) Increase / (decrease) in other liabilities   | (22.52)   | (101.90)  |
|      | Cash (Used In) / Generated From Operations   | (642.33)  | (93.12)   |
|      | Income taxes paid  | 0.47  | (1.60)  |
|      | Net Cash (Used In) / Generated By Operating Activities   | (0.00.00)   | (0.00)  |
|      | Net Cash (Osed III) / Generated by Operating Activities  | (641.86)  | (94.72)   |
|      | Net Cash (Osed III) / Generated by Operating Activities  | (641.86)  | (94.72)   |
| В.   | Cash Flows From Investing Activities   |   | ,   |
| В.   | Cash Flows From Investing Activities (1) Interest received from banks and others   | 30.67   | 74.01   |
| В.   | Cash Flows From Investing Activities (1) Interest received from banks and others (2) Proceeds from sale of scrap material  | 30.67<br>6.38   | 74.01<br>9.15   |
| В.   | Cash Flows From Investing Activities (1) Interest received from banks and others (2) Proceeds from sale of scrap material (3) Payment made to the government authorities   | 30.67<br>6.38<br>1.95   | 74.01<br>9.15<br>(0.54)   |
| В.   | Cash Flows From Investing Activities (1) Interest received from banks and others (2) Proceeds from sale of scrap material (3) Payment made to the government authorities (4) Receipts/(Deposits) made with Banks   | 30.67<br>6.38<br>1.95<br>141.96   | 74.01<br>9.15<br>(0.54)<br>(22.70)  |
| В.   | Cash Flows From Investing Activities  (1) Interest received from banks and others (2) Proceeds from sale of scrap material (3) Payment made to the government authorities (4) Receipts/(Deposits) made with Banks (5) Proceeds from deposits against temporary service connections   | 30.67<br>6.38<br>1.95<br>141.96<br>12.18  | 74.01<br>9.15<br>(0.54)<br>(22.70)<br>12.91   |
| В.   | Cash Flows From Investing Activities  (1) Interest received from banks and others (2) Proceeds from sale of scrap material (3) Payment made to the government authorities (4) Receipts/(Deposits) made with Banks (5) Proceeds from deposits against temporary service connections (6) Payments for property, plant and equipments (including capital advances)  | 30.67<br>6.38<br>1.95<br>141.96<br>12.18<br>(699.29)  | 74.01<br>9.15<br>(0.54)<br>(22.70)<br>12.91<br>(749.35)   |
| В.   | Cash Flows From Investing Activities  (1) Interest received from banks and others (2) Proceeds from sale of scrap material (3) Payment made to the government authorities (4) Receipts/(Deposits) made with Banks (5) Proceeds from deposits against temporary service connections (6) Payments for property, plant and equipments (including capital advances) (7) Payments to acquire financial assets   | 30.67<br>6.38<br>1.95<br>141.96<br>12.18<br>(699.29)<br>(0.02)  | 74.01<br>9.15<br>(0.54)<br>(22.70)<br>12.91<br>(749.35)<br>7.89   |
| В.   | Cash Flows From Investing Activities  (1) Interest received from banks and others (2) Proceeds from sale of scrap material (3) Payment made to the government authorities (4) Receipts/(Deposits) made with Banks (5) Proceeds from deposits against temporary service connections (6) Payments for property, plant and equipments (including capital advances) (7) Payments to acquire financial assets (8) Payments for intangible assets  | 30.67<br>6.38<br>1.95<br>141.96<br>12.18<br>(699.29)<br>(0.02)<br>(9.45)  | 74.01<br>9.15<br>(0.54)<br>(22.70)<br>12.91<br>(749.35)<br>7.89<br>(5.92)   |
| В.   | Cash Flows From Investing Activities  (1) Interest received from banks and others (2) Proceeds from sale of scrap material (3) Payment made to the government authorities (4) Receipts/(Deposits) made with Banks (5) Proceeds from deposits against temporary service connections (6) Payments for property, plant and equipments (including capital advances) (7) Payments to acquire financial assets   | 30.67<br>6.38<br>1.95<br>141.96<br>12.18<br>(699.29)<br>(0.02)  | 74.01<br>9.15<br>(0.54)<br>(22.70)<br>12.91<br>(749.35)<br>7.89   |
|      | Cash Flows From Investing Activities  (1) Interest received from banks and others (2) Proceeds from sale of scrap material (3) Payment made to the government authorities (4) Receipts/(Deposits) made with Banks (5) Proceeds from deposits against temporary service connections (6) Payments for property, plant and equipments (including capital advances) (7) Payments to acquire financial assets (8) Payments for intangible assets  Net Cash (Used In) / Generated By Investing Activities  | 30.67<br>6.38<br>1.95<br>141.96<br>12.18<br>(699.29)<br>(0.02)<br>(9.45)  | 74.01<br>9.15<br>(0.54)<br>(22.70)<br>12.91<br>(749.35)<br>7.89<br>(5.92)   |
| в.   | Cash Flows From Investing Activities  (1) Interest received from banks and others (2) Proceeds from sale of scrap material (3) Payment made to the government authorities (4) Receipts/(Deposits) made with Banks (5) Proceeds from deposits against temporary service connections (6) Payments for property, plant and equipments (including capital advances) (7) Payments to acquire financial assets (8) Payments for intangible assets  Net Cash (Used In) / Generated By Investing Activities  Cash Flows From Financing Activities  | 30.67<br>6.38<br>1.95<br>141.96<br>12.18<br>(699.29)<br>(0.02)<br>(9.45)<br>(515.62)  | 74.01<br>9.15<br>(0.54)<br>(22.70)<br>12.91<br>(749.35)<br>7.89<br>(5.92)   |
|      | Cash Flows From Investing Activities  (1) Interest received from banks and others (2) Proceeds from sale of scrap material (3) Payment made to the government authorities (4) Receipts/(Deposits) made with Banks (5) Proceeds from deposits against temporary service connections (6) Payments for property, plant and equipments (including capital advances) (7) Payments to acquire financial assets (8) Payments for intangible assets  Net Cash (Used In) / Generated By Investing Activities  Cash Flows From Financing Activities (1) Proceeds/(Allotment) of Share Application  | 30.67<br>6.38<br>1.95<br>141.96<br>12.18<br>(699.29)<br>(0.02)<br>(9.45)<br>(515.62)  | 74.01<br>9.15<br>(0.54)<br>(22.70)<br>12.91<br>(749.35)<br>7.89<br>(5.92)<br>(674.54)   |
|      | Cash Flows From Investing Activities  (1) Interest received from banks and others (2) Proceeds from sale of scrap material (3) Payment made to the government authorities (4) Receipts/(Deposits) made with Banks (5) Proceeds from deposits against temporary service connections (6) Payments for property, plant and equipments (including capital advances) (7) Payments to acquire financial assets (8) Payments for intangible assets  Net Cash (Used In) / Generated By Investing Activities  Cash Flows From Financing Activities (1) Proceeds/(Allotment) of Share Application (2) Proceeds from Grants and Consumer Contributions  | 30.67<br>6.38<br>1.95<br>141.96<br>12.18<br>(699.29)<br>(0.02)<br>(9.45)<br>(515.62)  | 74.01<br>9.15<br>(0.54)<br>(22.70)<br>12.91<br>(749.35)<br>7.89<br>(5.92)<br>(674.54)<br>40.07<br>491.90                                |
|      | Cash Flows From Investing Activities  (1) Interest received from banks and others (2) Proceeds from sale of scrap material (3) Payment made to the government authorities (4) Receipts/(Deposits) made with Banks (5) Proceeds from deposits against temporary service connections (6) Payments for property, plant and equipments (including capital advances) (7) Payments to acquire financial assets (8) Payments for intangible assets  Net Cash (Used In) / Generated By Investing Activities  Cash Flows From Financing Activities (1) Proceeds/(Allotment) of Share Application (2) Proceeds from Grants and Consumer Contributions (3) Proceeds from borrowings   | 30.67<br>6.38<br>1.95<br>141.96<br>12.18<br>(699.29)<br>(0.02)<br>(9.45)<br>(515.62)<br>943.98<br>411.67<br>55.74                       | 74.01<br>9.15<br>(0.54)<br>(22.70)<br>12.91<br>(749.35)<br>7.89<br>(5.92)<br>(674.54)<br>40.07<br>491.90<br>434.68                      |
|      | Cash Flows From Investing Activities  (1) Interest received from banks and others (2) Proceeds from sale of scrap material (3) Payment made to the government authorities (4) Receipts/(Deposits) made with Banks (5) Proceeds from deposits against temporary service connections (6) Payments for property, plant and equipments (including capital advances) (7) Payments to acquire financial assets (8) Payments for intangible assets  Net Cash (Used In) / Generated By Investing Activities  Cash Flows From Financing Activities (1) Proceeds/(Allotment) of Share Application (2) Proceeds from Grants and Consumer Contributions (3) Proceeds from borrowings (4) Proceeds from of Deposits   | 30.67<br>6.38<br>1.95<br>141.96<br>12.18<br>(699.29)<br>(0.02)<br>(9.45)<br>(515.62)<br>943.98<br>411.67<br>55.74<br>100.89             | 74.01<br>9.15<br>(0.54)<br>(22.70)<br>12.91<br>(749.35)<br>7.89<br>(5.92)<br>(674.54)<br>40.07<br>491.90<br>434.68<br>34.52             |
|      | Cash Flows From Investing Activities  (1) Interest received from banks and others (2) Proceeds from sale of scrap material (3) Payment made to the government authorities (4) Receipts/(Deposits) made with Banks (5) Proceeds from deposits against temporary service connections (6) Payments for property, plant and equipments (including capital advances) (7) Payments to acquire financial assets (8) Payments for intangible assets  Net Cash (Used In) / Generated By Investing Activities  Cash Flows From Financing Activities (1) Proceeds/(Allotment) of Share Application (2) Proceeds from Grants and Consumer Contributions (3) Proceeds from borrowings (4) Proceeds from of Deposits (5) Finance cost paid   | 30.67<br>6.38<br>1.95<br>141.96<br>12.18<br>(699.29)<br>(0.02)<br>(9.45)<br>(515.62)<br>943.98<br>411.67<br>55.74<br>100.89<br>(153.15) | 74.01<br>9.15<br>(0.54)<br>(22.70)<br>12.91<br>(749.35)<br>7.89<br>(5.92)<br>(674.54)<br>40.07<br>491.90<br>434.68<br>34.52<br>(265.65) |
|      | Cash Flows From Investing Activities  (1) Interest received from banks and others (2) Proceeds from sale of scrap material (3) Payment made to the government authorities (4) Receipts/(Deposits) made with Banks (5) Proceeds from deposits against temporary service connections (6) Payments for property, plant and equipments (including capital advances) (7) Payments to acquire financial assets (8) Payments for intangible assets  Net Cash (Used In) / Generated By Investing Activities  Cash Flows From Financing Activities (1) Proceeds/(Allotment) of Share Application (2) Proceeds from Grants and Consumer Contributions (3) Proceeds from borrowings (4) Proceeds from of Deposits (5) Finance cost paid  Net Cash (Used In) / Generated By Financing Activities   | 30.67<br>6.38<br>1.95<br>141.96<br>12.18<br>(699.29)<br>(0.02)<br>(9.45)<br>(515.62)<br>943.98<br>411.67<br>55.74<br>100.89             | 74.01<br>9.15<br>(0.54)<br>(22.70)<br>12.91<br>(749.35)<br>7.89<br>(5.92)<br>(674.54)<br>40.07<br>491.90<br>434.68<br>34.52             |
|      | Cash Flows From Investing Activities  (1) Interest received from banks and others (2) Proceeds from sale of scrap material (3) Payment made to the government authorities (4) Receipts/(Deposits) made with Banks (5) Proceeds from deposits against temporary service connections (6) Payments for property, plant and equipments (including capital advances) (7) Payments to acquire financial assets (8) Payments for intangible assets  Net Cash (Used In) / Generated By Investing Activities  Cash Flows From Financing Activities (1) Proceeds/(Allotment) of Share Application (2) Proceeds from Grants and Consumer Contributions (3) Proceeds from borrowings (4) Proceeds from of Deposits (5) Finance cost paid  Net Cash (Used In) / Generated By Financing Activities  Net Increase Or (Decrease) In Cash Or Cash Equivalents | 30.67<br>6.38<br>1.95<br>141.96<br>12.18<br>(699.29)<br>(0.02)<br>(9.45)<br>(515.62)<br>943.98<br>411.67<br>55.74<br>100.89<br>(153.15) | 74.01<br>9.15<br>(0.54)<br>(22.70)<br>12.91<br>(749.35)<br>7.89<br>(5.92)<br>(674.54)<br>40.07<br>491.90<br>434.68<br>34.52<br>(265.65) |
|      | Cash Flows From Investing Activities  (1) Interest received from banks and others (2) Proceeds from sale of scrap material (3) Payment made to the government authorities (4) Receipts/(Deposits) made with Banks (5) Proceeds from deposits against temporary service connections (6) Payments for property, plant and equipments (including capital advances) (7) Payments to acquire financial assets (8) Payments for intangible assets  Net Cash (Used In) / Generated By Investing Activities  Cash Flows From Financing Activities (1) Proceeds/(Allotment) of Share Application (2) Proceeds from Grants and Consumer Contributions (3) Proceeds from borrowings (4) Proceeds from of Deposits (5) Finance cost paid  Net Cash (Used In) / Generated By Financing Activities   | 30.67<br>6.38<br>1.95<br>141.96<br>12.18<br>(699.29)<br>(0.02)<br>(9.45)<br>(515.62)<br>943.98<br>411.67<br>55.74<br>100.89<br>(153.15) | 74.01 9.15 (0.54) (22.70) 12.91 (749.35) 7.89 (5.92) (674.54)  40.07 491.90 434.68 34.52 (265.65) 735.52                                |

Significant Accounting Policies And Notes on Financial Statements (Note 01 To 41) forming an integral part of the Financial Statements

As Per Our Report of Even Date For FADNIS & GUPTE CHARTERED ACCOUNTANTS FRN: 006600C

FOR AND ON BEHALF OF THE BOARD

CA: SUDHIR JOSHI

PARTNER M NO: 012368 PLACE: INDORE

DATE: 30 DECEMBER 2017

(AKASH TRIPATHI) MANAGING DIRECTOR

(M.K. JHAWAR) (SANJAY VATSA)
DIRECTOR (COMMERCIAL) CHIEF FINANCIAL OFFICER COMPANY SECRETARY

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

**Amount in Rs. Crores** 

| A. EQUITY SHARE CAPITAL  |          |
|--|----------|
| Particulars Partic | Amount   |
| Balance As At 01.04.2015   | 1,945.38 |
| Changes In Equity Share Capital During The Year  |          |
| - Issue Of Equity Share Capital  | 120.00   |
| Balance As At 31.03.2016   | 2,065.38 |
| Changes In Equity Share Capital During The Year  | 64.46    |
| Balance As At 31.03.2017   | 2,129.84 |

## **B. OTHER EQUITY**

Amount in Rs. Crores

|  |                                 | Other Equity                              |                   |            |  |
|--|---------------------------------|---|-------------------|------------|--|
|  |                                 |   | Retained Earnings |            |  |
| Particulars                                      | General Reserves<br>(Insurance) | Share Application Money Pending Allotment | Profit and Loss   | Total      |  |
| Balance As At 01.04.2015                         | 79.22                           | 120.00                                    | (8,744.55)        | (8,545.33) |  |
| Transfer to reserves                             | -                               | -   | -                 | -          |  |
| Transfer from reserves                           | -                               | -   | -                 | -          |  |
| Profit for the year                              | -                               | -   | (1,153.15)        | (1,153.15) |  |
| Share Application Money Received during the year | -                               | 40.07                                     | -                 | 40.07      |  |
| Share Alloted during the year                    | -                               | (120.00)                                  | -                 | (120.00)   |  |
| Balance As At 31.03.2016                         | 79.22                           | 40.07                                     | (9,897.70)        | (9,778.41) |  |
| Profit for the year                              |                                 |   | 552.89            | 552.89     |  |
| Balance As At 31.03.2017                         | 79.22                           | 40.07                                     | (9,344.81)        | (9,225.53) |  |

Significant Accounting Policies And Notes on Financial Statements (Note 01 To 41) forming an integral part of the Financial Statements

As Per Our Report of Even Date For FADNIS & GUPTE CHARTERED ACCOUNTANTS FRN: 006600C

FOR AND ON BEHALF OF THE BOARD

**CA: SUDHIR JOSHI** 

PARTNER M NO: 012368 PLACE: INDORE

DATE: 30 DECEMBER 2017

(AKASH TRIPATHI)
MANAGING DIRECTOR

(M.K. JHAWAR)
DIRECTOR (COMMERCIAL)

(SANJAY VATSA)

CHIEF FINANCIAL OFFICER COMPANY SECRETARY



## NOTES TO THE FINANCIAL STATEMENTS

6 - PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

## 6.1 - PROPERTY, PLANT AND EQUIPMENT

Amount in Rs. Crores

| Particulars                                     |                  |                   |           |                      |                        |                               |          |                        |                     |                               | Ailloui                    | it in Rs. Crores            |
|---|------------------|-------------------|-----------|----------------------|------------------------|-------------------------------|----------|------------------------|---------------------|-------------------------------|----------------------------|-----------------------------|
| FY 2016-17                                      | Freehold<br>Land | Leasehold<br>Land | Buildings | Other Civil<br>Works | Plant and<br>Machinery | Lines &<br>Cables<br>Networks | Vehicles | Furniture and Fixtures | Office<br>Equipment | Capital<br>Stores &<br>Spares | Total RGGVY<br>/ CC Assets | Total<br>Tangible<br>Assets |
| A) Cost or Deemed Cost                          |                  |                   |           |                      |                        |                               |          |                        |                     |                               |                            | 1                           |
| Balance As At April 01, 2016                    | 4.25             | 1.05              | 64.74     | 4.04                 | 1,103.99               | 1,498.61                      | 0.46     | 3.65                   | 40.24               | 141.69                        | 654.58                     | 3,517.29                    |
| Additions                                       | -                | -                 | 0.49      | 1.00                 | 117.10                 | 69.13                         | 1.19     | 0.71                   | 7.12                | -                             | 44.33                      | 241.06                      |
| Disposals                                       |                  |                   |           |                      | (1.01)                 | (3.04)                        | (0.03)   |                        |                     | -                             | -                          | (4.08)                      |
| Transferred To Project                          | -                | -                 | -         | -                    | -                      | -                             | -        | -                      | -                   | (12.41)                       | -                          | (12.41)                     |
| Balance As At March 31, 2017                    | 4.25             | 1.05              | 65.24     | 5.04                 | 1,220.08               | 1,564.70                      | 1.62     | 4.35                   | 47.35               | 129.28                        | 698.91                     | 3,741.86                    |
| B) Accumulated Depreciation As At April 1, 2016 | -                | 0.04              | 3.19      | 0.40                 | 80.76                  | 88.40                         | (0.00)   | 0.16                   | 3.94                | 15.00                         | 31.04                      | 222.94                      |
| Charge for the period                           |                  | 0.04              | 3.28      | 0.41                 | 78.22                  | 87.87                         | 0.10     | 0.19                   | 6.72                | 13.69                         | 39.24                      | 229.76                      |
| Disposals                                       |                  |                   |           |                      | (0.52)                 | (1.56)                        | (0.02)   |                        |                     | -                             | -                          | (2.10)                      |
| Other re-classifications                        |                  |                   |           |                      | 1.31                   |                               |          |                        |                     | (1.31)                        | -                          | -                           |
| Accumulated Depreciation As At March 31, 2017   | -                | 0.09              | 6.46      | 0.81                 | 159.78                 | 174.71                        | 0.08     | 0.35                   | 10.66               | 27.38                         | 70.28                      | 450.61                      |
| C) Net carrying value as at March 31, 2016      | 4.25             | 1.01              | 61.56     | 3.63                 | 1,023.22               | 1,410.22                      | 0.46     | 3.48                   | 36.29               | 126.69                        | 623.57                     | 3,294.38                    |
| D) Net Carrying Value As At March 31, 2017      | 4.25             | 0.96              | 58.77     | 4.23                 | 1,060.30               | 1,389.98                      | 1.54     | 4.00                   | 36.69               | 101.91                        | 628.63                     | 3,291.26                    |

| Particulars FY 2015-16                          | Freehold<br>Land | Leasehold<br>Land | Buildings | Other Civil<br>Works | Plant and<br>Machinery | Lines &<br>Cables<br>Networks | Vehicles | Furniture and Fixtures | Office<br>Equipment | Capital<br>Stores &<br>Spares | Total RGGVY<br>/ CC Assets | Total<br>Tangible<br>Assets |
|---|------------------|-------------------|-----------|----------------------|------------------------|-------------------------------|----------|------------------------|---------------------|-------------------------------|----------------------------|-----------------------------|
| A) Cost or Deemed Cost                          |                  |                   |           |                      |                        |                               |          |                        |                     |                               |                            |                             |
| Balance As At April 01, 2015                    | 4.25             | 1.05              | 59.06     | 4.00                 | 1,002.72               | 1,298.15                      | 0.52     | 3.44                   | 16.62               | 155.27                        | 517.41                     | 3,062.49                    |
| Additions                                       | -                | -                 | 5.68      | 0.04                 | 102.38                 | 201.11                        | (0.06)   | 0.28                   | 23.61               | -                             | 137.18                     | 470.22                      |
| Disposals                                       | -                | -                 | -         | -                    | (1.11)                 | (0.65)                        |          | (0.07)                 | -                   | -                             | -                          | (1.83)                      |
| Transferred To Project                          | -                | -                 | -         | -                    | -                      | -                             | -        | -                      | -                   | (13.58)                       | -                          | (13.58)                     |
| Balance As At March 31, 2016                    | 4.25             | 1.05              | 64.74     | 4.04                 | 1,103.99               | 1,498.61                      | 0.46     | 3.65                   | 40.24               | 141.69                        | 654.58                     | 3,517.29                    |
| B) Accumulated Depreciation As At April 1, 2015 | -                | -                 | -         | -                    | -                      | -                             | -        | -                      | -                   | -                             | -                          | -                           |
| Charge for the period                           | -                | 0.04              | 3.19      | 0.40                 | 81.14                  | 88.62                         | 0.04     | 0.16                   | 3.94                | 15.00                         | 31.05                      | 223.59                      |
| Disposals                                       | -                | -                 | -         | -                    | (0.38)                 | (0.22)                        | (0.04)   | -                      | -                   | -                             | -                          | (0.64)                      |
| Other re-classifications                        | -                | -                 | -         | -                    | -                      | -                             | -        | -                      | -                   | -                             | -                          | -                           |
| Accumulated depreciation As At March 31, 2016   | -                | 0.04              | 3.19      | 0.40                 | 80.76                  | 88.40                         | (0.00)   | 0.16                   | 3.94                | 15.00                         | 31.04                      | 222.94                      |
| C) Net carrying value As At April 1, 2015       | 4.25             | 1.05              | 59.06     | 4.00                 | 1,002.72               | 1,298.14                      | 0.52     | 3.44                   | 16.62               | 155.27                        | 517.41                     | 3,062.48                    |
| D) Net carrying value As At March 31, 2016      | 4.25             | 1.01              | 61.56     | 3.63                 | 1,023.22               | 1,410.22                      | 0.46     | 3.48                   | 36.29               | 126.69                        | 623.56                     | 3,294.37                    |



### NOTES TO THE FINANCIAL STATEMENTS

## 6 - PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

6.2. CAPITAL WORK-IN-PROGRESS

| Particulars                      | As at<br>31.03.2017 |          |          |
|----------------------------------|---------------------|----------|----------|
|                                  |                     |          |          |
| Capital Work-In-Progress At Cost | 2,173.11            | 1,635.09 | 1,303.39 |
| Total Capital Work-In-Progress   | 2,173.11            | 1,635.09 | 1,303.39 |

Amount in Rs. Crores

| Carrying Amount              | Total CWIP<br>Amount |
|------------------------------|----------------------|
| Balance As At April 01, 2015 | 1,303.39             |
| Additions                    | 800.89               |
| Other adjustments            | -                    |
| Capitalised during the year  | (469.20)             |
| Balance As At March 31, 2016 | 1,635.09             |
| Additions                    | 774.59               |
| Other adjustments            | -                    |
| Capitalised during the year  | (236.58)             |
| Balance As At March 31, 2017 | 2,173.11             |

### Notes:

## **Capital Work in Progress Includes:**

| Particulars                  | As at 31.03.2017 | As at<br>31.03.2016 | As at 01.04.2015 |
|------------------------------|------------------|---------------------|------------------|
| Material Pending Inspection  | 9.04             | 5.58                | 1.73             |
| Stock of materials at stores | 28.13            | 11.37               | 22.73            |

(DR. SHAILESH KARDAM)

DY. DIRECTOR (A/C, TAX & TARIF

(SANJAY VATSA)

## **NOTES TO THE FINANCIAL STATEMENTS**

## 7 - OTHER INTANGIBLE ASSETS

## A) Carrying Amount of:

**Amount in Rs. Crores** 

| Particulars           | As at<br>31.03.2017 | As at<br>31.03.2016 | As at<br>01.04.2015 |
|-----------------------|---------------------|---------------------|---------------------|
| (a) Computer Software | 32.48               | 27.81               | 15.52               |
| Total                 | 32.48               | 27.81               | 15.52               |

## **B) Cost or Deemed Cost of Computer Software**

**Amount in Rs. Crores** 

| Particulars                             | Computer software |
|---|-------------------|
| Balance As At 01.04.2015                | 15.52             |
| Additions                               | 15.23             |
| Disposals                               | -                 |
| Balance As At 31.03.2016                | 30.75             |
| Additions                               | 9.45              |
| Disposals                               | -                 |
| Net Carrying Value As At March 31, 2017 | 40.21             |

## **C) Accumulated Depreciation**

| Particulars              | Computer software |
|--------------------------|-------------------|
| Balance As At 01.04.2015 | -                 |
| Depreciation Expense     | 2.94              |
| Disposals                | -                 |
| Balance As At 31.03.2016 | 2.94              |
| Depreciation Expense     | 4.79              |
| Disposals                | -                 |
| Balance As At 31.03.2017 | 7.73              |

## D) Net Carrying amount (B-C)

| Particulars                             | Computer software |
|---|-------------------|
| Balance As At 01.04.2015                | 15.52             |
| Additions/Adjustments                   |                   |
| Disposals                               | -                 |
| Depreciation Expense                    | 2.94              |
| Balance As At 31.03.2016                | 27.81             |
| Additions                               | 9.45              |
| Disposals                               | -                 |
| Depreciation Expense                    | 4.79              |
| Net Carrying Value As At March 31, 2017 | 32.48             |

## **NOTES TO THE FINANCIAL STATEMENTS**

## 7 - OTHER INTANGIBLE ASSETS

## 7.1. INTANGIBLE ASSETS UNDER DEVELOPMENT

**Amount in Rs. Crores** 

| Particulars                               | As at<br>31.03.2017 | As at<br>31.03.2016 | As at<br>01.04.2015 |
|---|---------------------|---------------------|---------------------|
|   |                     |                     |                     |
| Intangible Assets Under Development       | -                   | -                   | 9.31                |
| Total Intangible Assets Under Development | -                   | -                   | 9.31                |

**Additional Information Amount in Rs. Crores** Intangible **Carrying amount Assets Under** Development Balance As At 01.04.2015 9.31 Additions 5.92 Other adjustments Capitalised during the year (15.23)Balance As At 31.03.2016 Additions Other adjustments Capitalised during the year

(DR. SHAILESH KARDAM)

Balance As At 31.03.2017

DY. DIRECTOR (A/C, TAX & TARIFF)

(SANJAY VATSA)
CHIEF FINANCIAL OFFICER



## **8 - INVESTMENTS - NON CURRENT**

I. Other Investments Amount in Rs. Crores

|   | As at 81.03.2017 |               | As at 81.03.2016 |               | As at 01.04.2015 |               |
|---|------------------|---------------|------------------|---------------|------------------|---------------|
| Particulars Particulars Particulars         | Quantity         | Amount        | Quantity         | Amount        | Quantity         | Amount        |
|   | Units            | Rs. in crores | Units            | Rs. in crores | Units            | Rs. in crores |
| Unquoted Investments                        |                  |               |                  |               |                  |               |
| Investments in Equity                       |                  |               |                  |               |                  |               |
| - Investments In R.E. Co-Operative Society  | -                | 1.37          | -                | 1.37          | -                | 1.37          |
| Less: Provision For Dimunition In The Value | -                | (1.37)        | 1                | (1.37)        | 1                | (1.37)        |
| Total - Investments                         | -                | -             | ı                | -             | ı                | -             |
| Total - Other Non-Current Investments       | -                | -             | -                | -             | -                | -             |

Additional Information Amount in Rs. Crores

|  | As at B1.             | 03.2017              | As at B1.0            | 03.2016              | As at 01.04.2015      |                      |
|--|-----------------------|----------------------|-----------------------|----------------------|-----------------------|----------------------|
| Particulars Particulars Particulars Particulars Particular Particu | <b>Quantity Units</b> | Amount Rs. in crores | <b>Quantity Units</b> | Amount Rs. in crores | <b>Quantity Units</b> | Amount Rs. in crores |
| a) Aggregate Amount Of Investments And Market Value  | -                     | -                    | -                     | -                    | -                     | -                    |
| b) Aggregate Amount Of Unquoted Investments  | -                     | 1.37                 | 1                     | 1.37                 | 1                     | 1.37                 |
| c) Aggregate Amount Of Impairment In Value   | -                     | (1.37)               | 1                     | (1.37)               | -                     | (1.37)               |

(DR. SHAILESH KARDAM)

DY. DIRECTOR (A/C, TAX & TARIFF)

(SANJAY VATSA)

## **NOTES TO THE FINANCIAL STATEMENTS**

## 9 - TRADE RECEIVABLES

A. Non-Current Amount in Rs. Crores

| Particulars Particulars Particulars        | As at 31.03.2017 | As at<br>31.03.2016 | As at 01.04.2015 |
|--|------------------|---------------------|------------------|
|  |                  |                     |                  |
| (a) Unsecured, considered good             | -                | ī                   | -                |
| (b) Unsecured, considered doubtful         | -                | 1                   | 1                |
| Less: Allowance for Expected Credit Losses | -                | -                   | -                |
| Total Non Current Trade Receivables -NET   | -                | -                   | -                |

B. Current Amount in Rs. Crores

| Particulars                                 | As at<br>31.03.2017 | As at<br>31.03.2016 | As at<br>01.04.2015 |
|---|---------------------|---------------------|---------------------|
| Receivable from Consumers for Sale of Power |                     |                     |                     |
|   |                     |                     |                     |
| Outstanding for more than six months        |                     |                     |                     |
| (a) Unsecured, considered good              | 2,151.76            | 1,936.46            | 1,609.22            |
| (b) Unsecured, considered doubtful          | 515.63              | 558.10              | 609.24              |
| Less: Allowance for Expected Credit Losses  | (1,079.64)          | (993.75)            | (1,067.51)          |
|   |                     |                     |                     |
| II) Outstanding for less than six months    |                     |                     |                     |
| (a) Unsecured, considered good              | 233.90              | 129.05              | 372.33              |
| (b) Unsecured, considered doubtful          | -                   | -                   | -                   |
| Total Non Current Trade Receivables -NET    | 1,821.65            | 1,629.86            | 1,523.29            |

(DR. SHAILESH KARDAM)

DY. DIRECTOR (A/C, TAX & TARIFF)

(SANJAY VATSA)

## **NOTES TO THE FINANCIAL STATEMENTS**

## **10 - LOANS**

A. Non-Current Amount in Rs. Crores

| Particulars                       | As at 31.03.2017 | As at 31.03.2016 | As at 01.04.2015 |
|-----------------------------------|------------------|------------------|------------------|
| I) Loans to Employees             |                  |                  |                  |
| a) Secured, considered good       | 0.01             | 0.02             | 0.04             |
| b) Secured, considered doubtful   | -                | -                | -                |
| c) Less: Impairment of Loans      | -                | -                | -                |
| II) Loans to REC Society          |                  |                  |                  |
| a) Unsecured, considered good     | -                | -                | -                |
| b) Unsecured, considered doubtful | 3.74             | 3.74             | 3.74             |
| c) Less: Impairment of Loans      | (3.74)           | (3.74)           | -                |
| III) Loans to Related Parties     |                  |                  |                  |
| a) Unsecured, considered good     | -                | -                | -                |
| b) Unsecured, considered doubtful | -                | -                | -                |
| c) Less: Impairment of Loans      | -                | -                | -                |
| Total Non-Current Loans           | 0.01             | 0.02             | 3.78             |

B. Current Amount in Rs. Crores

|     | Particulars                   | As at<br>31.03.2017 | As at<br>31.03.2016 | As at<br>01.04.2015 |
|-----|-------------------------------|---------------------|---------------------|---------------------|
| I)  | Loans to Employees            |                     |                     |                     |
|     | a) Unsecured, considered good | 0.01                | 1                   | 1                   |
|     | b) Less: Impairment of Loans  | -                   | -                   | -                   |
| (b) | Other Loans and Advances      |                     |                     |                     |
|     | a) Unsecured, considered good | -                   | -                   | 1                   |
|     | b) Less: Impairment of Loans  | -                   | -                   | -                   |
|     | Total Current Loans           | 0.01                | -                   | -                   |

## Note:

1) The fair value of investment in REC society (Unlisted) is not ascertainable due to non-availability of its financial statement. However, due to huge losses incurred by the society, the Company has made full provision against the Investment in such REC society.

(DR. SHAILESH KARDAM)

(SANJAY VATSA)

DY. DIRECTOR (A/C, TAX & TARIFF)

## **NOTES TO THE FINANCIAL STATEMENTS**

## 11 - OTHER FINANCIAL ASSETS

A. Non-Current Amount in Rs. Crores

| Particulars                              | As at<br>31.03.2017 | As at<br>31.03.2016 | As at<br>01.04.2015 |
|--|---------------------|---------------------|---------------------|
| (a) Security Deposits                    | 0.22                | 0.19                | 0.58                |
| Total Other Non-Current Financial Assets | 0.22                | 0.19                | 0.58                |

B. Current Amount in Rs. Crores

| Particulars                                 | As at<br>31.03.2017 | As at<br>31.03.2016 | As at<br>01.04.2015 |
|---|---------------------|---------------------|---------------------|
| (a) Interest accrued and due                | 9.87                | -                   | -                   |
| (b) Interest accrued and but not due        | -                   | -                   | 1                   |
| (c) Amount recoverable from employees       | 0.19                | 0.19                | 0.12                |
| (d) Other claims & Receivables              | 57.16               | 20.60               | 18.27               |
| (e) Provision for Unbilled Revenue          | 209.66              | 299.63              | 251.36              |
| (f) Receivable from Franchise               | 19.36               | 32.97               | 35.22               |
| (g) Other receivables                       | 0.03                | 0.01                | 0.81                |
| Less: Impairment on Receivable              | (11.63)             | (4.38)              | (4.94)              |
| <b>Total Other Current Financial Assets</b> | 284.63              | 349.03              | 300.84              |

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DY. DIRECTOR (A/C, TAX & TARIFF)

(SANJAY VATSA)

## **NOTES TO THE FINANCIAL STATEMENTS**

## 12 - TAX ASSETS

## A. Non-current

**Amount in Rs. Crores** 

| Particulars                    | As at 31.03.2017 | As at 31.03.2016 | As at 01.04.2015 |
|--------------------------------|------------------|------------------|------------------|
| TDS Receivable and Advance Tax | 9.92             | 10.39            | 8.79             |
| Total Non Current Tax Assets   | 9.92             | 10.39            | 8.79             |

B. Current Amount in Rs. Crores

| Particulars                    | As at 31.03.2017 | As at 31.03.2016 | As at 01.04.2015 |
|--------------------------------|------------------|------------------|------------------|
| TDS Receivable and Advance Tax | -                | -                | -                |
| Total Current Tax Assets       | -                | -                | 1                |

(DR. SHAILESH KARDAM)

DY. DIRECTOR (A/C, TAX & TARIFF)

(SANJAY VATSA)



## 13 - OTHER ASSETS

## A. Non-Current Amount in Rs. Crores

| 711 11011 0411 0111                              | 754 1.5. 6.0     |                     |                     |
|--|------------------|---------------------|---------------------|
| Particulars                                      | As at 31.03.2017 | As at<br>31.03.2016 | As at<br>01.04.2015 |
| (a) Captial Advance (Unsecured, considered good) | 115.95           | 181.36              | 219.16              |
| (b) Balances with government authorities         | 2.74             | 2.96                | 2.91                |
| (c) Input tax Rebate/VAT Receivable              | 2.87             | 4.60                | 4.11                |
| Gross Other Non-Current Assets                   | 121.55           | 188.91              | 226.18              |
| Less: Allowance for Bad and Doubtful             | -                | -                   | -                   |
| Total Other Non-Current Assets                   | 121.55           | 188.91              | 226.18              |
| Classification:                                  |                  |                     |                     |
| (a) Secured, considered good                     | -                | -                   | -                   |
| (b) Unsecured, considered good                   | 121.55           | 188.91              | 226.18              |
| (c)Doubtful                                      | -                | -                   | -                   |
| Gross Other Non-Current Assets                   | 121.55           | 188.91              | 226.18              |

B. Current Amount in Rs. Crores

| Particulars                                  | As at 31.03.2017 | As at 31.03.2016 | As at 01.04.2015 |
|--|------------------|------------------|------------------|
| (a) Advances to staff                        | 0.42             | 0.47             | 0.33             |
| (b) Advances for O&M Supplies/Works          |                  |                  |                  |
| (Secured, considered good)                   | 1.53             | 1.56             | 75.42            |
| (c) Advance payment made to MPSEB/MPPMCL     | 1,114.70         | -                | ı                |
| (d) Prepaid expenses                         | 0.17             | 0.19             | 0.19             |
| (e) Receivable from Govt. For Tariff Subsidy |                  |                  |                  |
| (Unsecured, considered good)                 | 103.98           | 392.58           | 639.96           |
| Total Other Current Assets                   | 1,220.81         | 394.80           | 715.90           |
| Classification Of Other Current Assets:      |                  |                  |                  |
| (a) Secured, considered good                 | 1.53             | 1.56             | 75.42            |
| (b) Unsecured, considered good               | 1,219.28         | 393.24           | 640.48           |
| (c)Doubtful                                  | -                | -                | -                |
| Gross Other Current Assets                   | 1,220.81         | 394.80           | 715.90           |

(DR. SHAILESH KARDAM)

DY. DIRECTOR (A/C, TAX & TARIFF)

(SANJAY VATSA)



## **14 - INVENTORIES**

(Lower Of Cost And Net Realisable Value)

**Amount in Rs. Crores** 

|     | Particulars   | As at 31.03.2017 | As at 31.03.2016 | As at 01.04.2015 |
|-----|---|------------------|------------------|------------------|
| (a) | Stock of materials at stores                        | 58.95            | 91.30            | 122.78           |
| (b) | Material pending inspection                         | 13.74            | 15.16            | 10.39            |
| (c) | Other Material Accounts                             | 14.55            | 15.00            | 12.57            |
| (d) | Material stock exces/shortage pending investigation | -                | 1                | 0.02             |
| (e) | Scrap material held for sale                        | 5.22             | 5.12             | 8.44             |
| (f) | Material at site (O&M)                              | -                | -                | 1                |
| (g) | Material pending inspection (O&M)                   | -                | -                | 1                |
| (h) | Material at site                                    | 134.64           | 185.33           | 172.21           |
|     | Less: Liability of suppliers for material at site   | (134.64)         | (185.33)         | (172.21)         |
| (i) | Materials in transit                                | -                | -                | -                |
| (j) | Other Balances                                      | -                | -                | -                |
| (f) | Sundry Debtors - Trading account                    | 2.29             | 0.00             | 0.00             |
|     | Total Inventories                                   | 94.75            | 126.58           | 154.20           |

(DR. SHAILESH KARDAM)

DY. DIRECTOR (A/C, TAX & TARIFF)

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## **15 - CASH AND CASH EQUIVALENTS**

**Amount in Rs. Crores** 

| Particulars   | As at<br>31.03.2017 | As at<br>31.03.2016 | As at<br>01.04.2015 |
|---|---------------------|---------------------|---------------------|
| Cash and Cash Equivalents   |                     |                     |                     |
| (a) Balances with banks   | 240.38              | 137.46              | 151.61              |
| (b) Cheque, Drafts in hand  | -                   | -                   | -                   |
| (c) Cash in hand  | 0.07                | 0.02                | 0.05                |
| (d) Cash in transit   | 0.00                | 0.11                | 0.22                |
| (e) Collection suspense account                                   | 0.01                | -                   | -                   |
| (f) Balances with banks in form of FDR                            | 318.10              | 219.33              | 238.76              |
| (FDRs having maturity less than 3 months)                         |                     |                     |                     |
| (g) Other bank balances   | -                   | -                   | -                   |
| Total Cash And Cash Equivalents                                   | 558.56              | 356.92              | 390.65              |
| Other Bank Balances   |                     |                     |                     |
| (h) Balances with banks in form of FDR                            | 189.86              | 331.81              | 309.12              |
| (FDRs having maturity more than 3 months but less than 12 months) |                     |                     |                     |
| Total Cash And Bank Balance                                       | 748.42              | 688.73              | 699.77              |

(DR. SHAILESH KARDAM)

DY. DIRECTOR (A/C, TAX & TARIFF)

(SANJAY VATSA)

## **NOTES TO THE FINANCIAL STATEMENTS**

## **16 - EQUITY SHARE CAPITAL**

**Amount in Rs. Crores** 

| Particulars  | As at<br>31.03.2017 | As at<br>31.03.2016 | As at<br>01.04.2015 |  |
|--|---------------------|---------------------|---------------------|--|
|  |                     |                     |                     |  |
| Authorised Share Capital:  |                     |                     |                     |  |
| 55,00,00,000 Fully Paid-Up Equity Shares Of Rs. 100 Each (As At 31.03.2016: 30,00,00,000 Fully Paid-Up Equity Shares Of Rs. 100 Each And, At 01.04.2015: 30,00,00,000 Fully Paid-Up Equity Shares Of Rs. 100 Each) | 5,500.00            | 3,000.00            | 3,000.00            |  |
| Total Authorised Share Capital   | 5,500.00            | 3,000.00            | 3,000.00            |  |
|  |                     |                     |                     |  |
| Issued And Subscribed Capital Comprises:   |                     |                     |                     |  |
| 21,29,84,061 Fully Paid-Up Equity Shares Of Rs. 100 Each (As At 31.03.2016: 20,65,38,061 Fully Paid-Up Equity Shares Of Rs. 100 Each And 01.04.2015: 19,45,38,061 Fully Paid-Up Equity Shares Of Rs. 100 Each)     | 2,129.84            | 2,065.38            | 1,945.38            |  |
| Total Issued And Subscribed Capital  | 2,129.84            | 2,065.38            | 1,945.38            |  |

## 16.1 Fully Paid Equity Shares

| Particulars              | Number of shares | Amount in Rs. Crores |
|--------------------------|------------------|----------------------|
| Balance as at 01.04.2015 | 194,538,061      | 1,945.38             |
| Issue of shares          | 12,000,000       | 120.00               |
| Balance as at 31.03.2016 | 206,538,061      | 2,065.38             |
| Issue of shares          | 6,446,000.00     | 64.46                |
| Balance as at 31.03.2017 | 212,984,061      | 2,129.84             |

### **NOTES TO THE FINANCIAL STATEMENTS**

## **16 - EQUITY SHARE CAPITAL**

## **16.2 Rights Attached To Equity Shares**

The Company has one class of equity shares having a par value of Rs. 100 per share. Each shareholder is eligible for one vote per share held. During the year ended March 31, 2017 no dividend has been declared or paid by the Company. There are no shares reserved for issue under options and contracts/commitments for the sale of shares/disinvestment.

As per the directions issued by GoMP vide order number: 6071/13/12/02 dated 20/03/2012 the shares held by GoMP have been transferred to MP Power Management Company Limited. Accordingly, w.e.f. 01/04/2012, MP Power Management Company Limited is the holding Company. The entire share capital of MP Power Management Company Limited is held by the Government of Madhya Pradesh.

## 16.3 Details Of Shares Held By Each Shareholder Holding More Than 5% Of Shares

### Amount in Rs. Crores

|                                  | As at <b>B1.0</b> 3 | 2017 As at B1.         |                       | 3.2016                 | As at 01.0            | 4.2015                 |  |
|----------------------------------|---------------------|------------------------|-----------------------|------------------------|-----------------------|------------------------|--|
|                                  | No. of shares held  | % of holding of shares | No. of shares<br>held | % of holding of shares | No. of shares<br>held | % of holding of shares |  |
| Fully Paid Equity Shares         |                     |                        |                       |                        |                       |                        |  |
| (a) MP Power Management Co. Ltd. | 212,984,061         | 100.00%                | 206,538,061           | 100.00%                | 194,538,061           | 100.00%                |  |
| Total                            | 212,984,061         | 100.00%                | 206,538,061           | 100.00%                | 194,538,061           | 100.00%                |  |

(DR. SHAILESH KARDAM)

DY. DIRECTOR (A/C, TAX & TARIFF)

(SANJAY VATSA)



## 17 - OTHER EQUITY

**Amount in Rs. Crores** 

| Particulars                                      | As at 31.03.2017 | As at 31.03.2016 | As at<br>01.04.2015 |
|--|------------------|------------------|---------------------|
| a) General Reserves - Other Reserves (Insurance) | 79.22            | 79.22            | 79.22               |
| b) Share Application Money Pending Allotment     | 919.59           | 40.07            | 120.00              |
| c) Other Comprehensive Income                    | -                | -                | -                   |
| d) Surplus - Profit and loss                     | (9,344.81)       | (9,897.70)       | (8,744.55)          |
| e) Other Balances                                | -                |                  | -                   |
| Total  | (8,346.01)       | (9,778.41)       | (8,545.33)          |

**ANNUAL FINANCIAL STATEMENTS- FY 2016-17** 

17.1: Additional Details Amount in Rs. Crores

|    | Particulars                      | General                                | Share App. |     | <b>Retained Earning</b> | gs | Total      |
|----|----------------------------------|--|------------|-----|-------------------------|----|------------|
|    | rarticulars                      | Reserves - Pending Insurance Allotment |            | OCI | OCI Profit and Loss     |    | Total      |
| a) | Balance as at 01.04.2015         | 79.22                                  | 120.00     | -   | (8,744.55)              | -  | (8,545.33) |
| b) | Profit for the year              | -                                      | -          | -   | (1,153.15)              | -  | (1,153.15) |
| c) | Share Application Money Received | -                                      | 40.07      | -   | -                       | -  | 40.07      |
| d) | Share Alloted during the year    | -                                      | (120.00)   | -   | -                       | -  | (120.00)   |
| e) | Balance as at 31.03.2016         | 79.22                                  | 40.07      | -   | (9,897.70)              | -  | (9,778.41) |
| f) | Profit for the year              | -                                      | -          | -   | 552.89                  |    | 552.89     |
| g) | Share Application Money Received | -                                      | 943.98     | -   | -                       | -  | 943.98     |
| h) | Share Alloted during the year    | -                                      | (64.46)    | -   | -                       | -  | (64.46)    |
| i) | Balance as at 31.03.2017         | 79.22                                  | 919.59     | -   | (9,344.81)              | -  | (8,346.01) |

#### Note:

1) During current year, Share Application Money amounting to Rs. 943.98 Crores (Rs. 40.07 crores for the year ended March 31, 2016 and Rs.120 crores as on April 01, 2015) have been received from the Government of Madhya Pradesh, which is pending allotment as on the Balance Sheet date which would be issued to the MPPMCL - Number of Shares would be 9,19,59,185 at par of Rs. 100.

(DR. SHAILESH KARDAM)
DY. DIRECTOR (A/C, TAX & TARIFF)

(SANJAY VATSA)



## **18 - BORROWINGS**

**Amount in Rs. Crores** 

| Particulars                          | As at      | As at      | As at      |
|--------------------------------------|------------|------------|------------|
|                                      | 31.03.2017 | 31.03.2016 | 01.04.2015 |
| I. Non-Current Borrowings            |            |            |            |
| A) Unsecured - At Amortised Cost     |            |            |            |
| a) Term Loan from PFC                | -          | 1.15       | 3.45       |
| b) Term Loan from REC                | -          | 169.99     | 359.29     |
| c) Term Loan from GoMP               | 1,146.25   | 1,131.15   | 1,070.92   |
| d) Working Capital from GoMP         | -          | -          | -          |
| B) Secured - At Amortised Cost       |            |            |            |
| a) Term Loan from PFC                | 123.17     | 149.70     | 164.42     |
| b) Term Loan from REC                | 52.12      | 468.62     | 473.45     |
| C) Perpetual Loan From GoMP          |            |            |            |
| Amount at the beginning of the year  | 7,914.62   | 7,329.02   | 5,345.89   |
| Add: Amount received during the year | 654.82     | 585.60     | 1,983.13   |
| Amount at the End of the year        | 8,569.44   | 7,914.62   | 7,329.02   |
| Total Non-Current Borrowings         | 9,890.98   | 9,835.24   | 9,400.56   |
| II. Current Borrowings               |            |            |            |
| A) Unsecured - At Amortised Cost     |            |            |            |
| a) Working Capital Loan from PFC     | -          | 200.00     | -          |
| b) Working Capital Loan from REC     | -          | 150.00     | -          |
| c) Other - Working Capital Loan      | -          | -          | -          |
| Total Current Borrowings             | -          | 350.00     | -          |

## III. Details of Perpetual Loan Received During Year

## **Amount in Rs. Crores**

| _  |                                      |            |                             |         |
|----|--------------------------------------|------------|-----------------------------|---------|
|    | GoMP, Energy Department Order Number | Order Date | Туре                        | Amounts |
| a) | F-5-6/2015/13                        | 7/23/2016  | ED/Cess                     | 56.62   |
| b) | F-5-4/2012/13                        | 8/22/2016  | ED/Cess                     | 40.54   |
| c) | F-5-6/2015/13                        | 9/23/2016  | ED/Cess                     | 44.65   |
| d) | F-5-6/2015/13                        | 9/20/2016  | ED/Cess                     | 50.41   |
| e) | F-5-6/2015/13                        | 10/7/2016  | ED/Cess                     | 42.45   |
| f) | F-5-6/2015/13                        | 2/15/2017  | ED/Cess                     | 152.34  |
| g) | F-5-4/2012/13                        | 2/25/2017  | Sardar Sarovar<br>laibility | 116.71  |
| h) | F-5-6/2015/13                        | 3/25/2017  | ED/Cess                     | 151.10  |
|    | Total                                |            |                             | 654.82  |

Note:

(DR. SHAILESH KARDAM)
DY. DIRECTOR (A/C, TAX & TARIFF)

(SANJAY VATSA) CHIEF FINANCIAL OFFICER

<sup>1)</sup> During current year FY 2016-17, the GoMP vide its various orders have converted certain balances due to them into perpetual Loan. This Loan is perpetual in nature with no maturity or repayment. The Rate of interest on the above perpetual loan is equivalent to the base rate of SBI payable from FY 2020-21 after moratorium period of three year (From 01/04/17 to 31/03/2020).

## NOTES TO THE FINANCIAL STATEMENTS

### 18.1 - TERMS & CONDITIONS OF LONG TERMS BORROWINGS

| Lending<br>Agency | Loan / Scheme<br>Name                       | Loan<br>Amount<br>Sanctioned | Balance as<br>on<br>31/03/17 | Balance as<br>on<br>31/03/16 | Interest Rate  | 1  | erms and Conditions for Repa  | yment  | Details of Security   | Government<br>Guarantee   |
|-------------------|---|------------------------------|------------------------------|------------------------------|--|--|---|--|---|---|
| 3.1               |   | (In Rs Crs)                  | Principal<br>Not Due         | Principal<br>Not Due         |  | Moratorium Period  | Principal Repayment Period  | Interest Repayment   |   |   |
| 1) SECURI         | ED LOAN                                     |                              |                              |                              |  |  |   |  |   |   |
|                   | ADB Counter Part<br>Funding 20806002        | 117.82                       | -                            | 41.45                        | 11.25% To 12.75%   | Up to 31 Dec 2014  | Quarterly 15th April, 15th July,<br>15th Oct & 15th Jan every year  | Same as Principal  | Hypothecation of future<br>movable assets to the extent<br>Rs. 117.82 Crs.  | -   |
|                   | ADB-III counterpart<br>20806003             | 74.13                        | -                            | -                            | Prevailing of<br>disbursement<br>date12.50%                    | Up to 15 Oct 2016  | Quarterly 15th April, 15th July,<br>15th Oct & 15th Jan every year  | Same as Principal  | Hypothecation of future movable assets to the extent Rs. 74.13 Crs.   | -   |
|                   | Capacitor Bank<br>Project 20806001          | 24.49                        | -                            | 10.82                        | 12.00%   | Up to 15 Jul 2009  | Quarterly 15th April, 15th July,<br>15th Oct & 15th Jan every year  | Same as Principal  | Hypothecation of movable assets to the extent of Rs. 24.49 Crs.   | -   |
| PFC               | RAPDRP Part-A<br>Including SCADA Part-<br>A | 86.16                        | 44.82                        | 31.63                        | As Notified by<br>Ministry of Finance<br>(Currently 9%)        | Up to 31/03/18. Further depend up on RAPDRP steering committee decision.   | Annual Installment will pay in 10<br>Monthly Installment (except<br>April and May month) starting<br>from 15 June every year. | Interest will accrue from the date of release of loan by MoP to PFC. However payment will be due with principal installment. | Hypothecation of future assets shall be created to the extent of Rs. 86.16 Crs.   | -   |
|                   | RAPDRP Part-B<br>Including SCADA Part-<br>B | 135.17                       | 79.36                        | 80.30                        | As Notified by<br>Ministry of Finance<br>(Currently 9%)        | Up to 15/05/15 (i.e. 5<br>years from the sanction<br>date 19/03/10 &<br>06/07/10). Further depend<br>up on RAPDRP steering<br>committee decision | Annual Installment will pay in 10<br>Monthly Installment starting<br>from 15 June to 15 March every<br>year.                  | Interest will accrue from the date of release of loan by MoP to PFC. However payment will be due with principal installment. | Hypothecation of future assets shall be created to the extent of Rs. 135.17 Crs.  | -   |
| 9                 | Sub Total-A                                 | 437.77                       | 124.18                       | 164.20                       |  |  |   |  |   |   |
|                   | Feeder Separation                           | 708.23                       | -                            | 235.63                       | Prevailing at the time of Disbursement (11.5 To 12.5%)         | Up to 15/01/2015   | 10 Equal Annual installments  | QUATERLY on 20 March, June,<br>Sept and Dec.   | Hypothecation of future assets to be created out of sanctioned project loan of Company to the extent of Rs. 708.23 Crs.   | Maximum amount of<br>Govt. Guarantee, 120%<br>of Sanction amount i.e.<br>Rs. 849.89 Crs.      |
| REC               | JBIC  | 95.29                        | -                            | 67.71                        | Prevailing at the time of Disbursement (9% To 12.5%)           | JBIC-I up to 15/03/14 & JBIC-II up to 15/09/15   | 10 Equal Annual installments  | QUATERLY on 20 March, June,<br>Sept and Dec.   | Hypothecation of future assets to be created out of sanctioned project loan of Company to the extent of Rs. 95.29 Crs.  | Maximum amount of Govt. Guarantee Rs.28.43 Crores.  |
|                   | RAPDRP Part-B                               | 405.44                       | 55.92                        | 224.71                       | Prevailing at the<br>time of<br>Disbursement<br>(11% To 12.5%) | Up to 15/12/2015   | 10 Equal Annual installments  | QUATERLY on 20 March, June,<br>Sept and Dec.   | Hypothecation of all the future<br>movables and stocks to the<br>extent Rs. 405.44 Crs to be<br>created on paripassu basis<br>under RAPDRP part-B project<br>procured out of this loan. | Maximum amount of<br>Govt. Guarantee, 120%<br>of Loan sanction amount<br>i.e. Rs. 486.54 Crs. |
|                   | ub Total - B                                | 1208.96                      | 55.92                        | 528.05                       |  |  |   |  |   |   |
| Total Se          | cured Loans (A+B)                           | 1646.73                      | 180.10                       | 692.25                       |  |  |   |  |   |   |

## NOTES TO THE FINANCIAL STATEMENTS

## 18.1 - TERMS & CONDITIONS OF LONG TERMS BORROWINGS

| Lending<br>Agency | Loan / Scheme<br>Name  | Loan<br>Amount<br>Sanctioned | Balance as<br>on<br>31/03/17 | Balance as<br>on<br>31/03/16 | Interest Rate                                     | 1                        | Terms and Conditions for Repay                                     | yment   | Details of Security | Government<br>Guarantee                       |
|-------------------|--|------------------------------|------------------------------|------------------------------|---|--------------------------|--|---|---------------------|---|
|                   |  | (In Rs Crs)                  | Principal<br>Not Due         | Principal<br>Not Due         |   | Moratorium Period        | Principal Repayment Period   | Interest Repayment  |                     |   |
|                   |  |                              |                              |                              |   |                          |  |   |                     |   |
| 2) UNSEC          | URED LOANS   |                              |                              |                              |   |                          |  |   |                     |   |
| PFC               | RTL (Transferred by MPSEB in FOBS)                           | 55.08                        | -                            | 3.45                         | 12.75%  | -                        | Quarterly 15th April, 15th July,<br>15th Oct & 15th Jan every year | Same as Principal   | -                   | Government Guarantee Taken by erstwhile MPSEB |
| PFC               | TL Loan  | 1000.00                      | -                            | -                            |   | Upto 15/09/17            | 24 EMI's after moratorium period                                   | 15 <sup>th</sup> of Every Month                                   | -                   | -   |
|                   | MTL Loan   | 350.00                       | -                            | 306.25                       | 12.00%  | 12 Months up to 31/12/15 | 24 Equal monthly installment                                       | Monthly   | -                   | Government Guarantee<br>Amt Rs. 350.00 Crore  |
| REC               | Term Loan<br>(Transferred by<br>MPSEB in FOBS)               | 80.05                        | i                            | 30.84                        | 8%  | -                        | Monthly EMI  | Same as Principal   | -                   | Government Guarantee taken by erstwhile MPSEB |
|                   | Term Loan<br>(Transferred by<br>MPSEB as Addl.<br>Liability) | 55.50                        | -                            | 22.20                        | 11.75%  |                          | Monthly EMI  | Same as Principal   | -                   | Government Guarantee taken by erstwhile MPSEB |
|                   | Sub Total - A  | 1540.63                      | 0.00                         | 362.74                       |   |                          |  |   |                     |   |
|                   | ADB -2347  | 235 (Approx)                 | 185.63                       | 192.13                       | ADB Rates (Sum of LIBOR + 0.60%)+1%               | Up to 25 March 2014      | 40 Equal Half Yearly Installments                                  | Half Yearly 30 Sep and 31 Mar.                                    | -                   | -   |
|                   | ADB -2520  | 250 (Approx)                 | 181.75                       | 184.61                       | ADB Rates (Sum of LIBOR + 0.60%40%)+1%            | Up to 03 May 2015        | 40 Equal Half Yearly Installments                                  | Half Yearly 30 Sep and 31 Mar.                                    | -                   | -   |
|                   | ADB -2764  | 270 (Approx)                 | 209.12                       | 194.68                       | ADB Rates (Sum of LIBOR + 0.60%30%)+1%            | Up to 15 July 2016       | 40 Equal Half Yearly Installments                                  | Half Yearly 30 Sep and 31 Mar.                                    | -                   | -   |
| ADB               | ADB -2732  | 21.11<br>(Approx)            | 27.91                        | 27.92                        | do  | Up to 09 Dec 2016        | do   | do  | -                   | -   |
|                   | ADB -OLD<br>(Transferred by<br>MPSEB in FOBS)                | 110.24                       | 52.16                        | 58.84                        | (9% To 12%)                                       | -                        | 20 Equal Annual Installments                                       | Annually on 15 March or the date of order (Varies order to order) | -                   | -   |
|                   | ADB -2820  | 285 (Approx)                 | 216.35                       | 196.36                       | ADB Rates (Sum of LIBOR + 0.60%20%)+1%            | Up to 01 June 2017       | 40 Equal Half Yearly Installments                                  | Half Yearly 30 Sep and 31 Mar.                                    | -                   | -   |
|                   | ADB-3066   | 203 (Approx)                 | 115.09                       | 62.01                        | ADB Rate(Sum of<br>LIBOR+0.60%-<br>0.20%+0.10%)+1 | Up to 30 April 2019      | 40 Equal Half Yearly Installment                                   | Half Yearly30 Sep and 31 Mar                                      | -                   | -   |
| Term<br>Loan      | Term Loan (Plan<br>Fund)                                     | 370.02                       | 256.94                       | 314.72                       | 14.50% to 16.50%                                  | -                        | 5 Equal Annual Installments  | Annual Installments   | -                   | -   |
| LUGII             | IPDS Loan  | 19.25                        | 19.25                        | -                            | 14.50%  | -                        | 5 Equal Annual Installments  | Annual Installments   |                     | -   |
| T-4-111           | Sub Total - B  | 1744.37                      | 1264.2                       | 1231.27                      |   |                          |  |   |                     |   |
| iotai Uns         | ecured Loans (A+B)   | 3285.00                      | 1264.20                      | 1594.01                      |   |                          |  |   |                     | -   |

## NOTES TO THE FINANCIAL STATEMENTS

### 18.1 - TERMS & CONDITIONS OF LONG TERMS BORROWINGS

| Lending<br>Agency | Loan / Scheme<br>Name | Amount<br>Sanctioned | on<br>31/03/17       | Balance as<br>on<br>31/03/16 | on<br>/03/16 Interest Rate |   | Terms and Conditions for Repayment |                                 |   | Government<br>Guarantee                      |
|-------------------|-----------------------|----------------------|----------------------|------------------------------|----------------------------|---|------------------------------------|---------------------------------|---|--|
|                   |                       | (In Rs Crs)          | Principal<br>Not Due | Principal<br>Not Due         |                            | Moratorium Period                         | Principal Repayment Period         | Interest Repayment              |   |  |
|                   |                       |                      |                      |                              |                            |   |                                    |                                 |   |  |
| 3) SHORT          | TERM WORKING CAR      | PITAL LOANS          |                      |                              |                            |   |                                    |                                 |   |  |
| REC               | STL                   | 150                  | -                    | 150                          | 12%                        | Upto Jun-16                               | 6 Equal Monthly Installment        | 15 <sup>th</sup> of Every Month | - | Government Guarantee<br>Amt Rs. 150.00 Crore |
| PFC               | STL                   | 200                  | -                    | 200                          | 11.25%                     | Upto Aug-16                               | 6 EMI after moratorium period      | 15 <sup>th</sup> of Every Month | - | Government Guarantee<br>Amt Rs. 200.00 Crore |
| PFC               | STL                   | 300                  | -                    | -                            | 11.50%                     | Upto Dec-16                               | 6 EMI after moratorium period      | 15 <sup>th</sup> of Every Month |   | -  |
| Total Wo          | rking Capital Loans   | 650                  | -                    | 350                          |                            |   |                                    |                                 | - |  |
| 4) PP BON         | ID                    | -                    | -                    | -                            | 13.70% To 17%              | - Overdue for Payment Overdue for Payment |                                    | Overdue for Payment             | - | -  |
|                   | Total                 | -                    | -                    | -                            |                            |   |                                    |                                 |   |  |

(DR. SHAILESH KARDAM)

DY. DIRECTOR (A/C, TAX & TARIFF)

(SANJAY VATSA)



### **19 - TRADE PAYABLES**

A. Non-Current Amount in Rs. Crores

| 7    |  |                  |                     |                  |
|------|--|------------------|---------------------|------------------|
|      | Particulars                              | As at 31.03.2017 | As at<br>31.03.2016 | As at 01.04.2015 |
| (a)  | Creditors for capital supplies           |                  |                     |                  |
|      | - Dues to micro and small enterprises    | -                | -                   | -                |
|      | - Others                                 | -                | -                   | -                |
| (b)  | Creditors for supplies and services      |                  |                     |                  |
|      | - Dues to micro and small enterprises    | -                | -                   | -                |
|      | - Others                                 | -                | -                   | -                |
| (c`) | Creditors for accrued wages and salaries | -                | -                   | -                |
|      | Total Non-Current Trade Payables         | -                | -                   | -                |

#### **B.** Current

|      | Particulars                              | As at 31.03.2017 | As at<br>31.03.2016 | As at<br>01.04.2015 |
|------|--|------------------|---------------------|---------------------|
| (a)  | Creditors for capital supplies           |                  |                     |                     |
|      | - Dues to micro and small enterprises    | -                | -                   | -                   |
|      | - Others                                 | -                | -                   | -                   |
| (b)  | Creditors for supplies and services      |                  |                     |                     |
|      | - Dues to micro and small enterprises    | -                | -                   | -                   |
|      | - Liability to supplier/contractors      | 347.57           | 281.14              | 376.79              |
|      | - Liability for purchase of power        | 0.00             | 261.25              | 322.69              |
|      | - Liability for Transmission charges     | 619.39           | 490.86              | 454.32              |
|      | - Other liabilities towards MPPMCL       | -                | -                   | -                   |
|      | - Other liabilities towards MPSEB        | -                | -                   | -                   |
|      | - Others                                 | -                | -                   | -                   |
| (c`) | Creditors for accrued wages and salaries | 41.85            | 35.79               | 30.79               |
| (3)  | Acceptances                              |                  |                     |                     |
|      | Total Current Trade Payables             | 1,008.82         | 1,069.04            | 1,184.59            |

#### Notes:

- 1) Dues payable to Micro and Small Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 have been determined to the extent such parties have been identified on the basis of information available with the Company.
- 2) The Company has not received any information from the "Suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure, if any, relating to the outstanding amounts as at year end together with interest paid/payables as required under the said Act, have not been given.

(DR. SHAILESH KARDAM)

(SANJAY VATSA)

DY. DIRECTOR (A/C, TAX & TARIFF)



# **20 - OTHER FINANCIAL LIABILITIES**

(Classified At Amortised Cost)

A. Non current Amount in Rs. Crores

| Particulars                                   | As at<br>31.03.2017 | As at<br>31.03.2016 | As at 01.04.2015 |
|---|---------------------|---------------------|------------------|
| a) Security Deposit From Consumers            | 914.95              | 814.06              | 779.55           |
| Total Other Non-Current Financial Liabilities | 914.95              | 814.06              | 779.55           |

B. Current Amount in Rs. Crores

|     | Current   | rent Amount in Rs. Crore As at As at As at As at |            |            |
|-----|---|--|------------|------------|
|     | Particulars                                     | 31.03.2017                                       | 31.03.2016 | 01.04.2015 |
| (a) | Current Maturity Of Long-Term Loans             |  |            |            |
|     | A. Secured                                      |  |            |            |
|     | (i) Term Loan from PFC                          | 1.01   | 14.51      | 11.73      |
|     | (ii) Term Loan from REC                         | 3.80   | 59.42      | 56.77      |
|     | B. Unsecured                                    |  |            |            |
|     | (i) Term Loan from PFC                          | -  | 2.30       | 3.59       |
|     | (ii) Term Loan from REC                         | -  | 189.30     | 57.44      |
|     | (iii) Term Loan from GoMP                       | 117.95   | 100.11     | 66.27      |
| (b) | Deposits from suppliers/contractors             | 48.69  | 43.74      | 40.06      |
| (c) | Principal Re-payment overdue                    |  |            |            |
|     | (i) Bonds (SLR)                                 | -  | -          | -          |
|     | (ii) Debenture (PP Bond)                        | 5.12   | 29.03      | 29.03      |
|     | (iii) Loans from PFC                            | 1.47   | 6.86       | -          |
|     | (iv) On GoMP Loans                              | 84.74  | 112.99     | 46.59      |
| (d) | Interest accrued but not due on borrowings      | 99.81  | 86.48      | 76.75      |
| (e) | Interest accrued and due on borrowings          |  |            |            |
|     | (i) Bonds (SLR)                                 | -  | -          | -          |
|     | (ii) Debenture (PP Bond)                        | 0.70   | 5.49       | 5.49       |
|     | (iii) Loans from PFC                            | 6.83   | 8.45       | -          |
|     | (iv) On GoMP Loans                              | 314.50   | 208.82     | 129.93     |
| (f) | Staff related liability including wage revision | 85.15  | 80.54      | 113.48     |
| (g) | Deposit - Registration charges                  | 13.52  | 10.48      | 6.48       |
| (h) | Other liabilities                               | 6.07   | 5.25       | 2.28       |
| (i) | Other miscellaneous liabilities                 | 2.04   | 4.27       | 7.09       |
| Т   | otal Other Current Financial Liabilities        | 791.40   | 968.04     | 652.98     |

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(SANJAY VATSA)

#### **NOTES TO THE FINANCIAL STATEMENTS**

#### 21 - PROVISIONS

A. Non current Amount in Rs. Crores

| Particulars                           | As at 31.03.2017 | As at<br>31.03.2016 | As at<br>01.04.2015 |
|---------------------------------------|------------------|---------------------|---------------------|
| (a) Provision for employee benefits   |                  |                     |                     |
| (i) Retirement benefits obligations   |                  |                     |                     |
| - Pension obligation                  | 1,069.69         | 980.14              | 885.46              |
| - Retirement Gratuity                 | 217.89           | 194.18              | 168.94              |
| (i) Other long-term employee benefits |                  |                     |                     |
| - Leave Encashment                    | 3.17             | 3.17                | 3.45                |
|                                       |                  |                     |                     |
| Total Non Current Provisions          | 1,290.75         | 1,177.49            | 1,057.84            |

B. Current Amount in Rs. Crores

| Particulars                         | As at<br>31.03.2017 | As at<br>31.03.2016 | As at<br>01.04.2015 |
|-------------------------------------|---------------------|---------------------|---------------------|
| (a) Provision for employee benefits | -                   | -                   | -                   |
|                                     |                     |                     |                     |
| Total Current Provisions            | -                   | -                   | -                   |

#### Notes:

- 1) The liabilities for leave encashment, gratuity & pension are accounted-for on accrual basis for the period after 31st May 2005 as per actuarial valuation report obtained by the Company. However, the Company has not set aside the aforesaid liability in favor of any trust/fund. The method and assumption considered by the actuary for valuation are as follows:
- a) Valuation Date is 31st March, 2009.
- b)Retirement Age 58 yrs for Class-I, II & III Employees and 60 yrs for Class-IV Employees.
- c) Attrition Rate is 0.25% p.a.
- d) Future Salary Rise is 6% p.a.
- e) Rate of Discounting is 7% p.a.
- f) LIC (1994-96) Ultimate Mortality Table is considered.
- 2) Further, during FY 2015-16, the Company has appointed an Actuarial firm for conducting Actuarial Valuation of Employees / Pensioners of the Company as on 31-03-2015 which is under process as on Balance sheet date. After obtaining Actuarial Valuation report from the actuary firm, necessary provisions shall be made in books of accounts of the Company.

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DY. DIRECTOR (A/C, TAX & TARIFF)



### 22 - DEFERRED INCOME

# A. Non-current Amount in Rs. Crores

| Particulars  | As at<br>31.03.2017 | As at<br>31.03.2016 | As at<br>01.04.2015 |
|--|---------------------|---------------------|---------------------|
| (a) Supply Affording And Other Charges                         |                     |                     |                     |
| Amount at the beginning of the year                            | -                   | -                   | -                   |
| Add: Amount received during the year                           | 28.04               | 33.04               | 29.52               |
| Less: Trnsfrd to Deferred Income -CC /Grant                    | (28.04)             | (33.04)             | (29.52)             |
| Amount At The End Of The Year                                  | -                   | -                   | -                   |
| (b) Grants Towards Cost Of Capital Assets                      |                     |                     |                     |
| Amount at the beginning of the year                            | 706.63              | 602.30              | 473.09              |
| Add: Amount received during the year (See note 41(n))          | 174.77              | 174.85              | 129.21              |
| Less: Trnsfrd to Deferred Income -CC /Grant                    | (881.42)            | (70.52)             | -                   |
| Amount At The End Of The Year                                  | -                   | 706.63              | 602.30              |
| (c) Grants For Electrification (Various Schemes (RGGVY, Etc.)) |                     |                     |                     |
| Amount at the beginning of the year                            | 93.74               | 115.38              | 170.41              |
| Add: Amount received during the year                           | 125.08              | 125.30              | 77.10               |
| Less: Trnsfrd to Deferred Income -CC /Grant                    | (95.77)             | (146.93)            | (132.14)            |
| Amount At The End Of The Year                                  | 123.06              | 93.74               | 115.38              |
| (d) Deferred Income-Consumer Contribution/Grant                |                     |                     |                     |
| Amount at the beginning of the year                            | 609.38              | 458.16              | 513.52              |
| Add: Amount received / adjusted during the year                | 1,027.59            | 257.69              | 144.60              |
| <u>Less:</u> Transferred to P&L                                | (128.20)            | (106.48)            | (199.96)            |
| Amount At The End Of The Year                                  | 1,508.77            | 609.38              | 458.16              |
| Total Non Current Deferred Income                              | 1,631.83            | 1,409.75            | 1,175.84            |

# B. Current Amount in Rs. Crores

|     | Particulars   | As at<br>31.03.2017 | As at 31.03.2016 | As at 01.04.2015 |
|-----|---|---------------------|------------------|------------------|
| (a) | Supply affording and other charges                        | -                   | -                | -                |
| (b) | Grants towards cost of Capital Assets                     | -                   | -                | -                |
| (c) | Grants for Electrification -various schemes (RGGVY, etc.) |                     |                  |                  |
| (d) | Deferred Income-Consumer Contribution/Gran                | -                   | 1                | -                |
|     | Total Current Deferred Income                             | -                   | -                | -                |

#### Note:

(DR. SHAILESH KARDAM)

(SANJAY VATSA)

DY. DIRECTOR (A/C, TAX & TARIFF)

<sup>1)</sup> The deferred revenue arises as a result of the benefit received against property, plant and equipment which has been received from the customers and the revenue is recognised as other income in proportion to the depreciation of the asset.



### 23 - OTHER LIABILITIES

# A. Non-current Amount in Rs. Crores

| / induiting the control of the contr |  |                     |                     |                     |
|--|--|---------------------|---------------------|---------------------|
|  | Particulars                                    | As at<br>31.03.2017 | As at<br>31.03.2016 | As at<br>01.04.2015 |
|  |  |                     |                     |                     |
| (a)  | Deposit Against Services                       | 106.70              | 94.51               | 81.60               |
|  |  |                     |                     |                     |
| (b)  | Electrification Charges/ Consumer Contribution |                     |                     |                     |
|  | Amount at the beginning of the year            | 163.98              | 12.46               | 9.46                |
|  | Add: Amount received during the year           | 83.77               | 158.72              | 12.98               |
|  | Less: Trnsfrd to Deferred Income -CC /Grant    | (22.36)             | (7.20)              | (9.98)              |
|  | Amount at the end of the year                  | 225.38              | 163.98              | 12.46               |
| T  | otal Other Non-Current Liabilities (a+b)       | 332.08              | 258.49              | 94.06               |

# B. Current Amount in Rs. Crores

| Particulars                                   | As at 31.03.2017 | As at<br>31.03.2016 | As at 01.04.2015 |
|---|------------------|---------------------|------------------|
| (i) Statutory dues                            | -                | -                   | -                |
| (ii) Liability related to other various taxes | 2.23             | 2.26                | 13.40            |
| (iii) ED / Cess Payable to Government         | 39.68            | 56.62               | 33.50            |
| (iv) Deposit from consumer for work           | -                | -                   | 82.19            |
| (v) Diff. due to Final Op. Balance Sheet      | 69.94            | 69.94               | 69.92            |
| (vi) Subsidy Received in Advance from GoMP    | 13.77            | 0.02                | 13.59            |
| (vii) Other income received in advance        | 1.03             | 0.69                | 0.68             |
| (viii) Other current liabilities              | 27.50            | 47.14               | 65.30            |
| Total Other Current Liabilities               | 154.16           | 176.68              | 278.58           |

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DY. DIRECTOR (A/C, TAX & TARIFF)

(SANJAY VATSA)



#### **24 - REVENUE FROM OPERATIONS**

Amount in Rs. Crores

| Amount in Rs. Crore                          |                          |                          |  |
|--|--------------------------|--------------------------|--|
| Particulars                                  | Year ended<br>31.03.2017 | Year ended<br>31.03.2016 |  |
| I. REVENUE FROM SALE OF PRODUCT              |                          |                          |  |
| (a) Revenue From Sale Of Power               |                          |                          |  |
| (i) Domestic light and fan                   | 2,113.27                 | 1,847.15                 |  |
| (ii) Commercial light and fan                | 782.54                   | 656.54                   |  |
| (iii) Industrial medium and low voltage      | 405.01                   | 354.17                   |  |
| (iv) Industrial power: High Tension          | 2,289.56                 | 2,163.48                 |  |
| (v) Public lighting                          | 98.49                    | 70.78                    |  |
| (vi) Irrigation and Agricultural Dewatering  | 601.11                   | 440.98                   |  |
| (vii) Public water works & Sewerage Pumping  | 341.24                   | 280.23                   |  |
| (viii) Supplies in bulk                      | 20.49                    | 138.70                   |  |
| (ix) Traction, Railways                      | 0.02                     | 243.34                   |  |
| (x) Other Revenue from consumers             | 66.27                    | 58.57                    |  |
| (xi) Other Revenue                           | -                        | 1                        |  |
| Sub Total (a)                                | 6,718.01                 | 6,253.93                 |  |
| (b) Revenue Subsidy From GoMP                |                          |                          |  |
| (i) Income from Subsidy against free supply  | 1,532.78                 | 1,253.53                 |  |
| (ii) Income from tariff subsidy              | 2,191.81                 | 1,746.84                 |  |
| Sub Total (b)                                | 3,724.58                 | 3,000.37                 |  |
| Total (a+b)                                  | 10,442.59                | 9,254.30                 |  |
| ADD:   |                          |                          |  |
| (c) Electricity Duty Recovery                |                          |                          |  |
| (i) Electricity duty Recovery                | 485.54                   | 487.59                   |  |
| (ii) Other state levies recovery             | -                        | -                        |  |
| Total (c)                                    | 10,928.13                | 9,741.89                 |  |
| LESS:  |                          |                          |  |
| (d) Electricity Duty Payable                 |                          |                          |  |
| (i) Electricity duty Payable (Contra)        | 485.54                   | 487.59                   |  |
| (ii) Other state levies Payable (Contra)     | -                        | -                        |  |
| Total Revenue From Sale of Product (a+b+c-d) | 10,442.59                | 9,254.30                 |  |
| II. REVENUE FROM SALE OF SERVICES            |                          |                          |  |
| (i) Metering charges                         | 61.72                    | 57.14                    |  |
| (ii) Wheeling/ U.I. Charges recovery         | 3.12                     | 3.02                     |  |
| (iii) Supervision charges                    | 14.46                    | 19.17                    |  |
| Total  | 79.31                    | 79.34                    |  |
| Total Revenue From Operations (a+b+c)        | 10,521.90                | 9,333.64                 |  |

(DR. SHAILESH KARDAM)

(SANJAY VATSA)

DY. DIRECTOR (A/C, TAX & TARIFF)

CHIEF FINANCIAL OFFICER

# **NOTES TO THE FINANCIAL STATEMENTS**

# **25 - OTHER INCOME**

**Amount in Rs. Crores** 

|       | Particulars   | Year ended<br>31.03.2017 | Year ended<br>31.03.2016 |
|-------|---|--------------------------|--------------------------|
|       |   |                          |                          |
| (a)   | Interest Income   |                          |                          |
| (i)   | Interest on staff loans and advances                          | 0.28                     | 0.31                     |
| (ii)  | Interest on FDR in Banks                                      | 30.32                    | 39.84                    |
| (iii) | Interest on loans and advances to licensee                    | -                        | -                        |
| (iv)  | Interest on advances to suppliers/contractors                 | 0.00                     | 33.62                    |
| (v)   | Interest from banks (Other than fixed deposit)                | -                        | -                        |
| (vi)  | Other Income  | 0.35                     | 0.24                     |
|       | Total- (a)  | 30.95                    | 74.01                    |
|       |   |                          |                          |
| (b)   | Other Non-Operating Income                                    |                          |                          |
| (i)   | Income from trading (Other than power)                        | 6.18                     | 7.17                     |
| (ii)  | Income from staff welfare activities                          | -                        | -                        |
| (iii) | Amount written off by MP TRANSCO                              | 190.77                   | 209.44                   |
| (iv)  | Other Income  | -                        | -                        |
|       | Total- (b)  | 196.96                   | 216.62                   |
|       |   |                          |                          |
| (c)   | Revenue Grant Under Uday Scheme (see Note 41(n))              | 1,246.71                 | -                        |
|       | Total- (c)  | 1,246.71                 | -                        |
| (d)   | Other Non-Operating Revenue                                   |                          |                          |
| (i)   | Miscellaneous receipts  | 13.10                    | 42.30                    |
| (ii)  | Profit on sale of Scrap                                       | 6.38                     | 9.15                     |
| (iii) | Delayed payment charges from consumers                        | 160.81                   | 136.54                   |
| (iv)  | Income/ Amortisation from Consumer Contribution & Govt. Grant | 128.20                   | 106.47                   |
|       | Total- (d)  | 308.49                   | 294.47                   |
|       | Total Other Income (a+b+c+d)                                  | 1,783.11                 | 585.10                   |

(DR. SHAILESH KARDAM)

DY. DIRECTOR (A/C, TAX & TARIFF)

(SANJAY VATSA)

# **NOTES TO THE FINANCIAL STATEMENTS**

# 26 - POWER PURCHASE AND TRANSMISSION CHARGES

#### **Amount in Rs. Crores**

|     | Particulars                    | Year ended<br>31.03.2017 | Year ended<br>31.03.2016 |
|-----|--------------------------------|--------------------------|--------------------------|
| A.  | Power Purchase                 |                          |                          |
| (i) | Power purchase from MPPMCL     | 8,602.98                 | 8,429.87                 |
|     |                                |                          |                          |
| В.  | Transmission Charges           |                          |                          |
| (i) | Transmission charges to MPPTCL | 1,149.59                 | 937.59                   |
|     |                                |                          |                          |
|     | Total                          | 9,752.57                 | 9,367.45                 |

(DR. SHAILESH KARDAM)

(SANJAY VATSA)

DY. DIRECTOR (A/C, TAX & TARIFF) CHIEF FINANCIAL OFFICER

# **NOTES TO THE FINANCIAL STATEMENTS**

# 27 - EMPLOYEE BENEFIT EXPENSE

# **Amount in Rs. Crores**

| Particulars                             | Year ended<br>31.03.2017 | Year ended<br>31.03.2016 |
|---|--------------------------|--------------------------|
| (a) Salaries And Wages, Including Bonus | 712.76                   | 653.67                   |
| (b) Staff Welfare Expenses              | 0.58                     | 0.62                     |
| (c) Terminal Benefits                   | 131.12                   | 133.29                   |
| (d) Earned Leave Encashment             | 38.77                    | 7.21                     |
| (e) Other Employee Related Expense      | 8.31                     | 5.15                     |
| Gross Total                             | 891.53                   | 799.95                   |
| Less: Employee Cost Capitalised         | (26.72)                  | (31.97)                  |
| Total Employee Benefit Expense-Net      | 864.81                   | 767.98                   |

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DY. DIRECTOR (A/C, TAX & TARIFF)

CHIEF FINANCIAL OFFICER

(SANJAY VATSA)

# **NOTES TO THE FINANCIAL STATEMENTS**

# 28 - FINANCE COSTS

# **Amount in Rs. Crores**

| Particulars   | Year ended<br>31.03.2017 | Year ended<br>31.03.2016 |
|---|--------------------------|--------------------------|
| (a) Interest cost on Loans                            |                          |                          |
| (i) REC Loans   | 71.63                    | 72.30                    |
| (ii) PFC Loans  | 16.74                    | 19.94                    |
| (iii) Loan from MPSEB                                 | -                        | -                        |
| (iv) Bonds (SLR)                                      | -                        | -                        |
| (v) Debenture (PP)                                    | 19.87                    | -                        |
| (vi) JBIC - REC Loan                                  | -                        | -                        |
| (b) Interest on state government loans                | 99.80                    | 77.59                    |
| (c) Penal Interest in respect of capital liabilities  | 4.75                     | 3.01                     |
| (d) Interest to consumers                             | 62.99                    | 62.28                    |
| (e) Interest on borrowings for working capital        | 147.40                   | 49.04                    |
| (f) Other interest & Finance charges                  | -                        | -                        |
| (g) Discount to consumers for timely payment of bills | 0.55                     | 1.16                     |
| (h) Interest to suppliers/contractors                 | -                        | -                        |
| (i) Interest on fixed deposits                        | -                        | -                        |
| (j) Interest on contributory provident fund           | -                        | -                        |
| (k) Interest on General provident fund                | -                        | -                        |
| (I) Interest on security deposit from staff           | -                        | -                        |
| (m) Other interest                                    | -                        | -                        |
| (n) Cost of raising finance                           | -                        | -                        |
| (o) Other charges                                     | 14.29                    | 8.95                     |
| (p) Interest on sums paid by GoMP under guarantees    | _                        | -                        |
| Gross Total   | 438.03                   | 294.26                   |
| Less: Rebate in interest on timely payment            | (1.88)                   | (0.19)                   |
| Less: Interest & Finance expense capitalised          | (57.75)                  | (28.42)                  |
| Total Finance Costs - NET                             | 378.39                   | 265.65                   |

(DR. SHAILESH KARDAM)

DY. DIRECTOR (A/C, TAX & TARIFF)

(SANJAY VATSA)



#### 29 - DEPRECIATION AND AMORTISATION EXPENSE

**Amount in Rs. Crores** 

| Particulars                                      | Year ended<br>31.03.2017 | Year ended<br>31.03.2016 |
|--|--------------------------|--------------------------|
|  |                          |                          |
| a) Depreciation of plant, property and equipment | 229.76                   | 223.60                   |
| b) Amortisation of intangible assets             | 4.80                     | 2.94                     |
| c) Small and low value written off               | 0.00                     | 0.02                     |
|  |                          |                          |
| Total Depreciation And Amortisation              | 234.57                   | 226.56                   |

(DR. SHAILESH KARDAM)
DY. DIRECTOR (A/C, TAX & TARIFF)

(SANJAY VATSA)
CHIEF FINANCIAL OFFICER



# **30 - OTHER EXPENSES**

| Particulars   | Year ended<br>31.03.2017 | Year ended<br>31.03.2016 |
|---|--------------------------|--------------------------|
|   |                          |                          |
| (a) Repairs And Maintenance Expenses                    |                          |                          |
| (i) Building  | 11.37                    | 7.12                     |
| (ii) Plant and machinery                                | 124.13                   | 96.16                    |
| (iii) Lines cables and network assets                   | 5.79                     | 8.97                     |
| (iv) Station supplies and distribution and transmission | -                        | <u>-</u>                 |
| (v) Vehicle   | 1.27                     | 1.50                     |
| (vi) Furniture and fixtures                             | 0.15                     | 0.15                     |
| (vii) Hydraulic works                                   | -                        | -                        |
| (viii) Office equipments                                | 5.36                     | 1.79                     |
| (ix) Other civil works                                  | 0.85                     | 0.62                     |
| Less: Repair and Maintenance charges Capitalised        | (1.04)                   | (0.44)                   |
| Total Repairs And Maintenance Expenses- NET             | 147.89                   | 115.86                   |
|   |                          |                          |
| (b) Administrative And General Expenses                 |                          |                          |
| i. Rent   | 0.48                     | 0.30                     |
| ii. Rates & Taxes                                       | 11.66                    | 9.53                     |
| iii. Entry tax  | 2.22                     | 2.70                     |
| iv. Commercial tax                                      | -                        | -                        |
| v. Professional tax                                     | -                        | -                        |
| vi. Insurance   | 0.03                     | 0.01                     |
| vii. Communication expenses                             | 7.39                     | 5.95                     |
| viii. Legal charges                                     | 2.18                     | 2.23                     |
| ix. Audit fees  | 0.55                     | 0.82                     |
| x. Consultancy charges                                  | 3.18                     | 2.89                     |
| xi. Technical fees                                      | 0.11                     | -                        |
| xii. Other professional charges                         | 9.46                     | 2.27                     |
| xiii. Conveyance & travel expenses                      | 23.95                    | 25.51                    |
| xiv. Servicing and contract work                        | 30.29                    | 57.58                    |
| xv. Electricity charges                                 | 18.22                    | 21.29                    |
| xvi. Freight  | 0.34                     | 0.30                     |
| xvii. Other expenses                                    | 21.86                    | 14.63                    |
| Less: Administrative general expenses capitalised       | (10.55)                  | (8.84)                   |
| Total Administrative And General Expenses - NET         | 121.37                   | 137.17                   |

# **NOTES TO THE FINANCIAL STATEMENTS**

# **30 - OTHER EXPENSES**

# **Amount in Rs. Crores**

| Particulars   | Year ended<br>31.03.2017 | Year ended<br>31.03.2016 |
|---|--------------------------|--------------------------|
|   |                          |                          |
| (c) Miscellaneous Expenses                          |                          |                          |
| i. Bad and doubtful debts written-off               | 158.51                   | 261.25                   |
| ii. Provision for bad and doubtful debts - Net      | 93.14                    | (70.58)                  |
| iii. Sundry Expenses                                | 0.51                     | 0.45                     |
| iv. Other miscellaneous expenses/Losses written off | 0.36                     | 0.09                     |
| Total Miscellaneous Expenses                        | 252.52                   | 191.21                   |
| (d) Other Expenses                                  | 0.00                     |                          |
| Total Other Expenses (a+b+c+d)                      | 521.78                   | 444.24                   |

(DR. SHAILESH KARDAM)

(SANJAY VATSA)

DY. DIRECTOR (A/C, TAX & TARIFF)



#### 31 - EARNINGS PER SHARE

| Particulars |                                      | Year ended<br>31.03.2017 | Year ended<br>31.03.2016 |  |
|-------------|--------------------------------------|--------------------------|--------------------------|--|
|             |                                      | (Rs. Per Share)          | (Rs. Per Share)          |  |
| a)          | Basic Earnings Per Share             | 26.14                    | (57.20)                  |  |
| b)          | Basic And Diluted Earnings Per Share | 25.59                    | (56.95)                  |  |

# 31.(1) BASIC AND DILUTED EARNINGS PER SHARE

The Earnings and Weighted Average Number of Equity Shares used in the calculation of Basic and Diluted Earnings Per Share are as follows:-

|    | Particulars   | Year ended<br>31.03.2017<br>(In Crores) | Year ended<br>31.03.2016<br>(In Crores) |
|----|---|---|---|
| a) | Earnings used in the calculation of Basic and diluted EPS | 552.89                                  | (1,153.15)                              |
| b) | Weighted Average Number Of Outstanding Equity Shares      | 21.15                                   | 20.16                                   |
| c) | Basic and Diluted Earning Per Share                       | 26.14                                   | (57.20)                                 |

# 31.(2) DILUTED EARNINGS PER SHARE

The earnings used in the calculation of diluted earnings per share are as follows:

|    | Particulars  | Year ended<br>31.03.2017 | Year ended<br>31.03.2016 |
|----|--|--------------------------|--------------------------|
| a) | Earnings used in the calculation of Basic EPS        | 552.89                   | (1,153.15)               |
| b) | Weighted Average Number Of Outstanding Equity Shares | 21.61                    | 20.25                    |
| c) | Diluted Earning Per Share                            | 25.59                    | (56.95)                  |

(DR. SHAILESH KARDAM)
DY. DIRECTOR (A/C, TAX & TARIFF)

(SANJAY VATSA)



# **32 - FINANCIAL INSTRUMENTS**

# **32.1 Categories Of Financial Instruments**

| Particulars Particular | As at 31.03.2017 | As at 31.03.2016 | As at 01.04.2015 |
|--|------------------|------------------|------------------|
| Financial assets   |                  |                  |                  |
| (i) Mandatorily measured at fair value through profit and loss   |                  |                  |                  |
| (a) Investments  | -                | -                | 1                |
| (ii) Measured at amortised cost  |                  |                  |                  |
| (a) Cash and bank balances   | 748.42           | 688.73           | 699.77           |
| (b) Loans  | 0.02             | 0.02             | 3.78             |
| (c) Trade receivables  | 1,821.65         | 1,629.86         | 1,523.29         |
| (d) Other financial assets   | 284.85           | 349.21           | 301.42           |
| (iii) Financial assets carried at cost   |                  |                  |                  |
| Sub-Total  | 2,854.93         | 2,667.82         | 2,528.25         |
| Financial liabilites   |                  |                  |                  |
| Measured at amortised cost   |                  |                  |                  |
| (a) Borrowings   | 9,890.98         | 10,185.24        | 9,400.56         |
| (b) Trade payables   | 1,008.82         | 1,069.04         | 1,184.59         |
| (c) Other financial liabilities  | 1,706.35         | 1,782.10         | 1,432.52         |
| Sub-Total  | 12,606.15        | 13,036.38        | 12,017.67        |



#### 32 - FINANCIAL INSTRUMENTS

### 32.2 Capital Management

The company's objectives when managing capital are to

- · maximize the shareholder value;
- safeguard its ability to continue as a going concern; and
- maintain an optimal capital structure to reduce the cost of capital.

For the purpose of the company's capital management, equity capital includes issued equity capital, share application money pending allotment and all other equity reserves attributable to the equity holders of the company. The company manages its capital structure and makes adjustments in light of changes in economic conditions, regulatory framework. The Company is not subject to any externally imposed capital requirements.

#### 32.3 Financial Risk Management

The Company's principal financial liabilities comprise loans and borrowings denominated in Indian rupees, trade payables and other payables. The main purpose of these financial liabilities is to finance the Company's capital investments and operations.

The Company's principal financial assets include trade and other receivables, and cash and cash equivalents that are generated from its operations and other financial assets measured at amortised cost.

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk.

| Risk                           | Exposure arising from   | Measurement                    | Management  |
|--------------------------------|---|--------------------------------|---|
| Credit Risk                    | Cash and cash equivalents, trade receivables, financial assets measured at amortised cost | Aging analysis                 | Diversification of bank deposits. Cash flow mechanism notified by Government of Madhya Pradesh.                       |
| Liquidity Risk                 | Borrowings and other liabilities  | Rolling cash flow<br>forecasts | Availability of committed credit lines and borrowing facilities   |
| Market risk – interest<br>rate | Long-term borrowings at variable rates  | Sensitivity<br>analysis        | Monitoring of interest rates. Mix portfolio of fixed and floating interest bearing loans. Interest rates are unhedged |



# NOTES TO THE FINANCIAL STATEMENTS 32 - FINANCIAL INSTRUMENTS

#### **Risk management framework**

Managing director and chief financial officer of the Company evaluates and manages the uncertainties in the Company. They conduct meetings at regular intervals involving other high level officers of the company and provides updates to the Audit Committee/Board.

The management of financial risks by the Company is summarized below:-

#### 31.3.1 Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities on account of accounts receivable balances on sale of electricity is based on tariff rate approved by electricity regulator, loans and advances and from its financing activities due to deposits with banks and financial institutions and other financial instruments.

#### A. Credit Risk Management:

A default on a financial asset is when the counterparty fails to make contractual payments for HT customers within 1 year of when they fall due for LT customers within 15 days of when they fall due. This definition of default is determined considering the business environment in which the Company operates and other macro-economic factors.

Assets are written-off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in the statement of profit and loss.

#### I. Trade Receivables

The Company primarily provides electricity distribution facilities to general public in Madhya Pradesh, broadly divided in two groups namely, high tension consumers and low tension consumers. Company has a receivable security mechanism in the form of security deposits obtained at the time of issuing connections to its consumers. Considering the volume and nature of trade receivables, management believes that trade receivables do not have significant credit risk if it is outstanding for not more than 1 year, management provides for credit loss based on lifetime expected credit loss model.

#### II. Cash and cash equivalents

The cash and cash equivalents are held with public sector banks and high rated private sector banks and do not have any significant credit risk.



#### 32 - FINANCIAL INSTRUMENTS

#### III. Deposits with banks and financial institutions

Term deposits are placed with public sector banks and have negligible credit risk.

#### **IV. Loans To Employees**

The erstwhile MPSEB /Company has given loans to its Employees. The risk of default in respect of these loans is considered negligible.

#### V. Other financial assets

The Company has given advances to various other parties. Management believes that these are current in nature and are collectible in full. The risk of default in respect of these advances is considered insignificant.

#### C. Provision for expected credit losses

### (A) Financial Assets For Which Loss Allowance Is Measured Using 12 Month Expected Credit Losses

The Company has assets where the counter-parties have sufficient capacity to meet the obligations and where the risk of default is very low. At initial recognition, financial assets (excluding trade receivables) are considered as having negligible credit risk and the risk has not increased from initial recognition. Therefore expected credit loss provision is not required.

# (B) Financial Assets For Which Loss Allowance Is Measured Using Life Time Expected Credit Losses

The Company has a receivable security mechanism in the form of security deposits obtained at the time of issuing connections to its consumers. For trade receivables outstanding for more than 1 year, management provides for credit loss based on lifetime expected credit loss model.

### 32.3.2 Liquidity Risk

Liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due.

Management monitors rolling forecasts of the Company's liquidity position comprising the undrawn borrowing facilities and cash andcash equivalents on the basis of expected cash flowsand matching the maturity profiles of financial assets and liabilities.



#### 32 - FINANCIAL INSTRUMENTS

The Company depends on Cash Flow Mechanism notified by Government of Madhya Pradesh dated March 29, 2012 and external sources of liquidity to provide working capital and to fund capital expenditure. As per the Cash Flow Mechanism, the revenue collections of the Company are remitted to the Madhya Pradesh Power Management Company Limited ("the Holding Company") and in turn the Holding Company remits funds to the Company for meeting working capital and other liquidity requirements, as per the requests raised by the Company from time to time.

The Company's capital management is intended to create value for shareholders by facilitating the meeting of its long-term and short-term goals. Its Capital structure consists of net debt and total equity, including perpetual loan from Government of Madhya Pradesh.

# A) Expected Maturity For Non-Derivative Financial Assets

| Particulars               | Less than 1 month | 1-3 months | 3 months to 1<br>year | 1-5 years | 5+ years | Total    | Carrying<br>Amount |
|---------------------------|-------------------|------------|-----------------------|-----------|----------|----------|--------------------|
| March 31, 2017            |                   |            |                       |           |          |          |                    |
| Non-interest bearing      |                   |            |                       |           |          |          |                    |
| a) Trade receivables      | 922.65            | 243.08     | 655.91                | -         | -        | 1,821.64 | 1,821.65           |
| b) Loans                  | -                 | -          | 0.01                  | 0.01      | -        | 0.02     | 0.02               |
| c) Other financial assets | 211.22            | 54.64      | 18.77                 | 0.22      | -        | 284.85   | 284.85             |
| March 31, 2016            |                   |            |                       |           |          |          |                    |
| Non-interest bearing      |                   |            |                       |           |          |          |                    |
| a) Trade receivables      | 777.51            | 187.40     | 664.96                | -         | -        | 1,629.87 | 1,629.86           |
| b) Loans                  | -                 | -          | -                     | 0.02      | -        | 0.02     | 0.02               |
| c) Other financial assets | 299.63            | 13.14      | 36.25                 | 0.19      | -        | 349.21   | 349.21             |
| April 1, 2015             |                   |            |                       |           |          |          |                    |
| Non-interest bearing      |                   |            |                       |           |          |          |                    |
| a) Trade receivables      | 666.58            | 152.45     | 704.26                | -         | -        | 1,523.29 | 1,523.29           |
| b) Loans                  | -                 | -          | -                     | 3.78      | -        | 3.78     | 3.78               |
| c) Other financial assets | 251.36            | 10.06      | 39.42                 | 0.58      | -        | 301.42   | 301.42             |



# NOTES TO THE FINANCIAL STATEMENTS 32 - FINANCIAL INSTRUMENTS

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn based on the undiscounted cashflows of financial liabilities based on the earliest date on which the Company can be required to pay. The table include both interest and principal cashflows. The contractual maturity is based on the earliest date on which the Company may be required to pay.

### B) Expected maturity for Non-derivative financial liabilities

| Particulars                    | Less than 1 month | 1-3 months | 3 months to 1<br>year | 1-5 years | 5+ years | Total     | Carrying<br>Amount |
|--------------------------------|-------------------|------------|-----------------------|-----------|----------|-----------|--------------------|
| March 31, 2017                 |                   |            |                       |           |          |           |                    |
| a) Borrowings                  | -                 | -          | -                     | 491.18    | 9,399.80 | 9,890.98  | 9,890.98           |
| b) Trade payables              | 180.88            | 607.36     | 220.58                | -         | -        | 1,008.82  | 1,008.82           |
| c) Other financial liabilities | 521.45            | 101.09     | 168.87                | -         | 914.95   | 1,706.36  | 1,706.35           |
| March 31, 2016                 |                   |            |                       |           |          |           |                    |
| a) Borrowings                  | -                 | 1          | 350.00                | 909.11    | 8,926.13 | 10,185.24 | 10,185.24          |
| b) Trade payables              | 148.25            | 745.42     | 175.37                | -         | 1        | 1,069.04  | 1,069.04           |
| c) Other financial liabilities | 477.39            | 141.44     | 349.21                | -         | 814.06   | 1,782.10  | 1,782.10           |
| April 1, 2015                  |                   |            |                       |           |          |           |                    |
| a) Borrowings                  | -                 | -          | -                     | 1,048.73  | 8,351.83 | 9,400.56  | 9,400.56           |
| b) Trade payables              | 181.508           | 829.112    | 173.975               | -         | -        | 1,184.59  | 1,184.59           |
| c) Other financial liabilities | 292.75            | 141.32     | 218.90                | -         | 779.55   | 1,432.52  | 1,432.52           |

#### **NOTES TO THE FINANCIAL STATEMENTS**

#### **32 - FINANCIAL INSTRUMENTS**

#### 32.3.3 Market Risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

#### i) Foreign currency risk

The Company is not exposed to foreign currency risk since all of its financial assets and financial liabilities are denominated in INR.

#### ii) Interest rate risk

The Company is exposed to interest rate risk arising mainly from long term borrowings with floating interest rates. The Company isexposed to interest rate risk because the cash flows associated with floating rate borrowings will fluctuate with changes in interestrates. The Company manages the interest rate risks by maintaining a debt portfolio comprising a mix of fixed and floating rateborrowings in INR.

### iii) Other price risk

The Company's exposure to equity securities price risk arises from investments held by the Company in listed securities. However, at the reporting date since the company does not holds quoted securities. It is not exposed to price risk.

#### 33. FAIR VALUE MEASURMENTS

# 33.1 Fair Value of Compaines financial asset that are measured at Fair Value on a Recuuring Basis

The Company has no such financial asset.

# 33.2 Fair value disclosures of the financial assets and liabilities that are not measured at fair value (but fair value disclosures are required):-

The disclosure relating to the fair values of financial assets and financial liabilities that ae measured at other than fair value are not required as the management of the Company has determined the carrying amount of such financial assets and liabilities appoximates the fair value.

(DR. SHAILESH KARDAM)
DY. DIRECTOR (A/C, TAX & TARIFF)

(SANJAY VATSA)
CHIEF FINANCIAL OFFICER

#### **NOTES TO THE FINANCIAL STATEMENTS**

#### 34 - RELATED PARTY TRANSACTIONS

As per the directions issued by the GoMP vide order no: 6071/13/12/02 dated 20/03/2012 the share hold by Government of MP have been transferred to MP Power Management Company Limited. Accordingly w.e.f. 01/04/2012, MP Power Management Company Limited become the Holding Company. The entire Share Capital of MP Power Management Company is held by the Government of MP. Information regarding related parties as required by IND-AS-24 are as given below:

#### A) Holding Company

i) MP Power Management Company Limited (MPPMCL), Jabalpur

#### **B) Co- Subsidiaries**

- i) M.P. Poorv Kshetra Vidyut Vitaran Company Limited, Jabalpur
- ii) M.P. Madhya Kshetra Vidyut Vitaran Company Limited, Bhopal

#### B) Directors & Key Managerial Personnel:

#### a) Directors & Key Managerial Personnel of the Company:

- i) Shri Akash Tripathi, IAS, Managing Director
- ii) Shri Manoj Jhawar, Director (Commercial)
- iii) Dr. M.S. Kele, Director (Technical)
- iv) Shri Sanjay Vatsa, Chief Financial Officer, KMP
- v) Late Shri Lalit Sharma, Company Secretary, KMP

# b) Directors & Key Managerial Personnel of the holding Company:

- i) Shri Sanjay Kumar Shukla, IAS Managing Director (w.e.f 28/04/2015)
- ii) Shri Manu Srivastav, IAS Managing Director (till 25/04/2015)
- iii) Shri Akshay Kumar Verma Director Commercial
- iv) Shri Shishir Kumar Tiwari Chief Financial Officer) (w.e.f 01/01/2016)
- v) Shri D. K. Gupta E. D. (F&RM) and Chief Financial Officer (till 31/12/2015)
- vi) Shri Ashish Kumar Shrivastava Company Secretary (w.e.f 20/07/2015)
- vii) Kumari Vineeta Shriwani Company Secretary (till 05/06/2015)

# NOTES TO THE FINANCIAL STATEMENTS 34 - RELATED PARTY TRANSACTIONS

# 34.(1) Remuneration Of Directors & Key Management Personnel

The remuneration of directors and other members of key management personnel during the year are as follows:

| Particulars Partic | Year ended 31.03.2017 | Year ended 31.03.2016 |
|--|-----------------------|-----------------------|
| Remuneratio to Director & KMP  |                       |                       |
| i) Salary / Remuneration   | 0.88                  | 0.62                  |
| ii) Other Expenses & Perquisites   | 0.04                  | 0.03                  |
|  |                       |                       |
| Total  | 0.91                  | 0.65                  |

# 34.(2) Details of Outstanding Balance

During the financial year, there have been Inter-Company transactions amongst the unbundled entities on account of Operational Requirements. The Receivable/ (Payable) from each of the Companies as on 31st March for the repective years are as tabulated below:

| Related party                                 | Nature of transaction | Amounts owed by/owed to Related parties as at |                  |                     |  |
|---|-----------------------|---|------------------|---------------------|--|
|   | Nature of transaction | As at 31.03.2017                              | As at 31.03.2016 | As at<br>01.04.2015 |  |
| i) M.P. Poorv Kshetra V.V. Co. Ltd , Jabalpur |                       | 5.58  | 5.58             | 5.58                |  |
| ii) M.P. Madhya Kshetra V.V. Co. Ltd , Bhopal |                       | 1.16  | 1.16             | 1.16                |  |
| ii) MP Power Management Co. Ltd., Jabalpur    |                       | 1,114.70                                      | (261.25)         | (322.69)            |  |
| MP Power Transmission Co. Ltd., Jabalpur      |                       | (625.47)                                      | (496.12)         | (454.32)            |  |
| ii) MP Power Generation Co. Ltd., Jabalpur    |                       | 0.11  | 0.06             | 0.11                |  |

<sup>\*(</sup>The above amounts are subject to confirmation/ reconciliation with MPMCL and its other subsidiary Companies)

# NOTES TO THE FINANCIAL STATEMENTS 34 - RELATED PARTY TRANSACTIONS

# 34.(3) Loans to Related Parties/ KMP

Details of Loans to Related Parties given / paid during the financial year are as below:-

| Particulars  | As at 31.03.2017 | As at 31.03.2016 | As at 01.04.2015 |
|--|------------------|------------------|------------------|
| i) M.P. Poorv Kshetra Vidyut Vitaran Company Limited, Jabalpur | 1                | 1                | -                |
| ii) M.P. Madhya Kshetra Vidyut Vitaran Company Limited, Bhopal | -                | -                | -                |
| ii) MP Power Management Co. Ltd., Jabalpur                     | 1                | 1                | -                |

# 34.(4) Details of Transaction with Related Parties

Details of Transaction with Related Parties during the financial year are as below:-

| Particulars  | As at 31.03.2017 | As at 31.03.2016 | As at 01.04.2015 |
|--|------------------|------------------|------------------|
| i) M.P. Poorv Kshetra Vidyut Vitaran Company Limited, Jabalpur | 1                | 1                | -                |
| ii) M.P. Madhya Kshetra Vidyut Vitaran Company Limited, Bhopal | -                | 1                | -                |
| ii) MP Power Management Co. Ltd., Jabalpur                     | 8,602.98         | 8,429.87         | 7,285.35         |
| iii) MP Power Transmission Co. Ltd., Jabalpur                  | 1,149.59         | 937.59           | 807.89           |
| iv) MP Power Generation Co. Ltd., Jabalpur                     | -                | -                | -                |

(DR. SHAILESH KARDAM)
DY. DIRECTOR (A/C, TAX & TARIFF)

(SANJAY VATSA)
CHIEF FINANCIAL OFFICER

#### **NOTES TO THE FINANCIAL STATEMENTS**

#### **35 - CONTINGENT LIABILITIES**

As per the management policy, Contingent liabilities are not recognised but for material amount of Rs. 1.00 Crs or more are disclosed in the financial statements of the Company. Accordingly, the contingent liabilities exceeding Rs 1.00 Crore as on date are as under:

# 35.(1) Contingent Liabilities

#### a) Claims against the Company not acknowledged as debts

Nil

| S.No | Particulars   | As at 31.03.2017 | As at 31.03.2016 | As at 01.04.2015 |
|------|---|------------------|------------------|------------------|
| a)   | Demand for TDS on Transmission Charges (including interest) raised by DCIT(TDS) Indore for the period from FY 2014-15, the Company has filed appeal against the same before ITAT. However, during the year previous pending demand has been dropped by virtue of order of Hon'ble ITAT and Hon'ble CITA.                      | Nil              | 36.15            | 153.52           |
| b)   | Joint Contingent Liability, as informed by MPSEB for all the group companies. However, Company wise detail is not made available by MPSEB.  | 448.00           | 448.00           | 448.00           |
| c)   | In view of pending final settlement of PP Debenture interest liability, the interest liability on PP Debentures may arise in future, however the amount of same is not ascertainable as on date.  | 0.70             | 5.49             | 5.49             |
| d)   | During previous years MP Power Transmission Company (MPPTCL) have raised the bills for Carrying Cost (after wave off by MP TRANSCO). However, the same are not approved by MPERC, hence they have not been accounted-for in books of accounts of the Company till issuance of any further clarification/ guidelines of MPERC. | 85.34            | 52.88            | 107.30           |
|      | Total   | 534.04           | 542.52           | 714.31           |

#### Note: Claims against the Company not acknowleged as debt includes:

Demand from various statutory authorities towards above mentioned taxes is contesting by the Company at appellate authorities. It is expected that the ultimate outcome of these proceedings will be in favour of the Company and will not have any material adverse effect on the Company's financial position and results of operation.

Claims of Tranmission Company for supply of electricity pending for clarification from MPERC those have arisen in the ordinary course of business. The Company reasoably expect that these legal actions when ultimately concluded and determined will be in favour of the Company and will not have material adverse effect on the Company's results of operation or financial position.

(DR. SHAILESH KARDAM)

(SANJAY VATSA)

DY. DIRECTOR (A/C, TAX & TARIFF)

CHIEF FINANCIAL OFFICER



# 36 - CORRECTION OF ERRORS IDENTIFIED DURING THE YEAR ENDED MARCH 31, 2017

36.(1) Adjustments For Error Corrections In The Balance Sheet As At March 31, 2016 And April 01, 2015

|  |       | As at 31.03.2016 As at 3          |  |   |                                   |  | L5                                   |
|--|-------|-----------------------------------|--|---|-----------------------------------|--|--------------------------------------|
| Particulars                              | Notes | Previous<br>GAAP (As<br>Reported) | Adjustment<br>For Prior<br>Period Errors | Revised<br>Previous<br>GAAP<br>Balances | Previous<br>GAAP (As<br>Reported) | Adjustment<br>For Prior<br>Period Errors | Revised<br>Previous GAAP<br>Balances |
| I. Non-Current Assets                    |       |                                   |  |   |                                   |  |                                      |
| (i) Property, plant and equipment        |       | 2,977.91                          | 140.57                                   | 3,118.48                                | 2,710.14                          | 197.08                                   | 2,907.22                             |
| (ii) Capital work-in-progress            |       | 1,816.17                          | (146.45)                                 | 1,669.72                                | 1,491.16                          | (212.22)                                 | 1,278.94                             |
| (iii) Intangible assets                  |       | 27.81                             | -  | 27.81                                   | 15.52                             | -  | 15.52                                |
| (iv) Intangible assets under development |       | -                                 | -  | -                                       | 9.31                              | -  | 9.31                                 |
| (v) Financial assets:-                   |       |                                   |  |   |                                   |  |                                      |
| I. Investments                           |       | -                                 | -  | -                                       | -                                 | -  | -                                    |
| II. Trade receivables                    |       | -                                 | -  | -                                       | -                                 | -  | -                                    |
| III. Loans                               |       | 199.50                            | -  | 199.50                                  | 239.33                            | -  | 239.33                               |
| IV. Other financial assets               |       | -                                 | -  | -                                       | -                                 | -  | -                                    |
| (vi) Other non-current assets            |       | -                                 | -  | -                                       | -                                 | -  | -                                    |
| Total Non-Current Assets                 |       | 5,021.39                          | (5.88)                                   | 5,015.51                                | 4,465.46                          | (15.14)                                  | 4,450.32                             |
| II. Current Assets                       |       |                                   |  |   |                                   |  |                                      |
| (i) Financial assets:-                   |       |                                   |  |   |                                   |  |                                      |
| a. Investments                           |       | -                                 | -  | -                                       | -                                 | -  | -                                    |
| b. Trade receivables                     |       | 2,050.06                          | -  | 2,050.06                                | 2,275.41                          | -  | 2,275.41                             |
| c. Cash and cash equivalents             |       | 688.73                            | -  | 688.73                                  | 699.77                            | -  | 699.77                               |
| d. Bank balance other than cash          |       | -                                 | -  | -                                       | -                                 | -  | -                                    |
| e. Loans                                 |       | 2.21                              | -  | 2.21                                    | 75.94                             | -  | 75.94                                |
| f. Other financial assets                |       | -                                 | -  | -                                       | -                                 | -  | -                                    |
| (ii) Inventories                         |       | 453.86                            | -  | 453.86                                  | 485.20                            |  | 485.20                               |
| (iii) Other current assets               |       | 339.61                            | -  | 339.61                                  | 296.95                            | -  | 296.95                               |
| Total Current Assets                     |       | 3,534.47                          | -  | 3,534.47                                | 3,833.27                          | -  | 3,833.27                             |
| Total Assets                             |       | 8,555.88                          | (5.88)                                   | 8,550.00                                | 8,298.73                          | (15.14)                                  | 8,283.59                             |



# 36 - CORRECTION OF ERRORS IDENTIFIED DURING THE YEAR ENDED MARCH 31, 2017

| Amount in Ks.   |       |                                   |  |   |                                   |  |                                      |
|---|-------|-----------------------------------|--|---|-----------------------------------|--|--------------------------------------|
| Particulars   | Notes | Previous<br>GAAP (As<br>Reported) | Adjustment<br>For Prior<br>Period Errors | Revised<br>Previous<br>GAAP<br>Balances | Previous<br>GAAP (As<br>Reported) | Adjustment<br>For Prior<br>Period Errors | Revised<br>Previous GAAP<br>Balances |
| A. Equity   |       |                                   |  |   |                                   |  |                                      |
| (i) Share capital                                     |       | 2,065.38                          | -  | 2,065.38                                | 1,945.38                          | -  | 1,945.38                             |
| (ii) Reserve and surplus                              |       | (8,214.71)                        | (5.88)                                   | (8,220.59)                              | (7,372.41)                        | (15.01)                                  | (7,387.42)                           |
| (iii) Share application money pending allotment       |       | 40.07                             | -  | 40.07                                   | 120.00                            | -  | 120.00                               |
| Total Equity (Shareholders Funds Under Previous GAAP) |       | (6,109.26)                        | (5.88)                                   | (6,115.14)                              | (5,307.03)                        | (15.01)                                  | (5,322.04)                           |
| B. Non-Current Liabilities                            |       |                                   |  |   |                                   |  |                                      |
| (i) Financial liabilities                             |       |                                   |  |   |                                   |  |                                      |
| a. Borrowings   |       | 9,835.23                          | -  | 9,835.23                                | 9,400.56                          | -  | 9,400.56                             |
| b. Trade payables                                     |       | -                                 | -  | -                                       | -                                 | -  | -                                    |
| c. Other financial liabilities                        |       | -                                 | -  | -                                       | -                                 | (0.13)                                   | (0.13)                               |
| (ii) Provisions                                       |       | 1,177.49                          | -  | 1,177.49                                | 1,057.84                          | -  | 1,057.84                             |
| (iv) Other non-current liabilities                    |       | 908.58                            | -  | 908.58                                  | 861.15                            | -  | 861.15                               |
| Total Non-Current Liabilities                         |       | 11,921.30                         | -  | 11,921.30                               | 11,319.55                         | (0.13)                                   | 11,319.42                            |
| C. Current Liabilities                                |       |                                   |  |   |                                   |  |                                      |
| (i) Financial liabilites                              |       |                                   |  |   |                                   |  |                                      |
| a. Borrowings   |       | 350.00                            | -  | 350.00                                  | -                                 | -  | -                                    |
| b. Trade payable                                      |       | 1,218.59                          | -  | 1,218.59                                | 1,326.01                          | -  | 1,326.01                             |
| c. Other financial liabilities                        |       | -                                 | -  | -                                       | -                                 | -  | -                                    |
| (ii) Provisions                                       |       | -                                 | -  | -                                       | -                                 | -  | -                                    |
| (iii) Other current liabilities                       |       | 1,175.25                          | -  | 1,175.25                                | 960.20                            | -  | 960.20                               |
| Total Current Liabilities                             |       | 2,743.84                          | -  | 2,743.84                                | 2,286.21                          | -  | 2,286.21                             |
| Total Liabilities                                     |       | 14,665.14                         | -  | 14,665.14                               | 13,605.76                         | (0.13)                                   | 13,605.63                            |
| Total Equity And Liabilities                          |       | 8,555.88                          | (5.88)                                   | 8,550.00                                | 8,298.73                          | (15.14)                                  | 8,283.59                             |

#### **NOTES TO THE FINANCIAL STATEMENTS**

# 36 - CORRECTION OF ERRORS IDENTIFIED DURING THE YEAR ENDED MARCH 31, 2017

# 36.(2) Adjustments For Error Corrections In The Statement Of Profit And Loss For The Year Ended

**Amount in Rs. Crores** 

|   |  | For the year ended 31.03.2016 |                                      |                                |  |
|---|--|-------------------------------|--------------------------------------|--------------------------------|--|
| Particulars   |  | Previous<br>GAAP              | Effect of<br>Transition to<br>Ind AS | Revised Prev.<br>GAAP Balances |  |
| Revenue from operations                                 |  | 9,333.64                      | -                                    | 9,333.64                       |  |
| Other income  |  | 605.82                        | 9.43                                 | 615.25                         |  |
| Total Income (A)  |  | 9,939.46                      | 9.43                                 | 9,948.89                       |  |
|   |  |                               |                                      |                                |  |
| Purchase of power and transmission charges              |  | 9,367.45                      | -                                    | 9,367.45                       |  |
| Employee benefits expense                               |  | 767.98                        | -                                    | 767.98                         |  |
| Finance costs   |  | 265.65                        | -                                    | 265.65                         |  |
| Depreciation and amortisation expenses                  |  | 205.67                        | 5.88                                 | 211.55                         |  |
| Other expenses  |  | 539.72                        | -                                    | 539.72                         |  |
| Total Expenses (B)                                      |  | 11,146.47                     | 5.88                                 | 11,152.35                      |  |
| Profit/(loss) before prior period items and tax (C=A-B) |  | (1,207.01)                    | 3.55                                 | (1,203.46)                     |  |
| Profit/(loss) before tax ( C )                          |  | (1,207.01)                    | 3.55                                 | (1,203.46)                     |  |
| Tax expense   |  | -                             | -                                    | -                              |  |
| Total Tax (H)   |  | -                             | -                                    | -                              |  |
| Profit For The Year (G-H)                               |  | (1,207.01)                    | 3.55                                 | (1,203.46)                     |  |

(DR. SHAILESH KARDAM)
DY. DIRECTOR (A/C, TAX & TARIFF)

(SANJAY VATSA)
CHIEF FINANCIAL OFFICER



# 37 - EFFECT OF IND AS ADOPTION ON THE FINANCIAL STATEMENT AS AT MARCH 31, 2016 AND APRIL 1, 2015

# 37.(1) Effect Of Ind As Adoption On The Balance Sheet As At March 31, 2016 And April 1, 2015

|  |       | As at 31.03.2016               |                                      |                                |                                | As at 31.03.2015                     |                                |  |  |
|--|-------|--------------------------------|--------------------------------------|--------------------------------|--------------------------------|--------------------------------------|--------------------------------|--|--|
| Particulars                              | Notes | Revised Prev.<br>GAAP Balances | Effect of<br>Transition to<br>Ind AS | As per Ind AS<br>Balance sheet | Revised Prev.<br>GAAP Balances | Effect of<br>Transition to<br>Ind AS | As per Ind AS<br>Balance sheet |  |  |
| I. Non-Current Assets                    |       |                                |                                      |                                |                                |                                      |                                |  |  |
| (i) Property, plant and equipment        | (a)   | 3,118.48                       | 175.88                               | 3,294.37                       | 2,907.22                       | 155.27                               | 3,062.49                       |  |  |
| (ii) Capital work-in-progress            | (a)   | 1,669.72                       | (34.63)                              | 1,635.09                       | 1,278.94                       | 24.46                                | 1,303.39                       |  |  |
| (iii) Intangible assets                  | (a)   | 27.81                          | ı                                    | 27.81                          | 15.52                          | ı                                    | 15.52                          |  |  |
| (iv) Intangible assets under development |       | -                              | ı                                    | ı                              | 9.31                           | ı                                    | 9.31                           |  |  |
| (v) Financial assets:-                   |       |                                |                                      |                                |                                |                                      |                                |  |  |
| I. Investments                           | (a)   | -                              | -                                    | -                              | -                              | -                                    | -                              |  |  |
| II. Trade receivables                    | (a)   | -                              | ı                                    | 1                              | -                              | -                                    | -                              |  |  |
| III. Loans                               | (a)   | 199.50                         | (199.48)                             | 0.02                           | 239.33                         | (235.55)                             | 3.78                           |  |  |
| IV. Other financial assets               | (a)   | -                              | 0.19                                 | 0.19                           | -                              | 0.58                                 | 0.58                           |  |  |
| (iv) Non-current tax assets              | (a)   | -                              | 10.39                                | 10.39                          | -                              | 8.79                                 | 8.79                           |  |  |
| (v) Other non-current assets             | (a)   | -                              | 188.91                               | 188.91                         | -                              | 226.18                               | 226.18                         |  |  |
| Total Non-Current Assets                 |       | 5,015.51                       | 141.26                               | 5,156.77                       | 4,450.32                       | 179.72                               | 4,630.04                       |  |  |
| II. Current assets                       |       |                                |                                      |                                |                                |                                      |                                |  |  |
| (i) Financial assets:-                   |       |                                |                                      |                                |                                |                                      |                                |  |  |
| a. Investments                           |       | -                              | ı                                    | ı                              | -                              | ı                                    | -                              |  |  |
| b. Trade receivables                     | (a)   | 2,050.06                       | (420.20)                             | 1,629.86                       | 2,275.41                       | (752.12)                             | 1,523.29                       |  |  |
| c. Cash and cash equivalents             | (a)   | 688.73                         | (331.81)                             | 356.92                         | 699.77                         | (309.12)                             | 390.65                         |  |  |
| d. Bank balance other than cash          | (a)   | -                              | 331.81                               | 331.81                         | -                              | 309.12                               | 309.12                         |  |  |
| e. Loans                                 | (a)   | 2.21                           | (2.21)                               | ı                              | 75.94                          | (75.94)                              | -                              |  |  |
| f. Other financial assets                | (a)   | -                              | 349.03                               | 349.03                         | -                              | 300.84                               | 300.84                         |  |  |
| (ii) Inventories                         | (a)   | 453.86                         | (327.28)                             | 126.58                         | 485.20                         | (331.00)                             | 154.20                         |  |  |
| (iii) Other current assets               | (a)   | 339.61                         | 55.19                                | 394.80                         | 296.95                         | 418.95                               | 715.90                         |  |  |
| Total Current Assets                     |       | 3,534.47                       | (345.48)                             | 3,189.00                       | 3,833.27                       | (439.28)                             | 3,393.99                       |  |  |
| Total Assets                             |       | 8,550.00                       | (204.22)                             | 8,345.77                       | 8,283.59                       | (259.56)                             | 8,024.03                       |  |  |



# 37 - EFFECT OF IND AS ADOPTION ON THE FINANCIAL STATEMENT AS AT MARCH 31, 2016 AND APRIL 1, 2015

# 37.(1) Effect Of Ind As Adoption On The Balance Sheet As At March 31, 2016 And April 1, 2015 "Contd...

| Particulars                                     | Notes | Revised Prev.<br>GAAP Balances | Effect of<br>Transition to<br>Ind AS | As per Ind AS balance sheet | Revised Prev.<br>GAAP Balances | Effect of<br>Transition to<br>Ind AS | As per Ind AS balance sheet |
|---|-------|--------------------------------|--------------------------------------|-----------------------------|--------------------------------|--------------------------------------|-----------------------------|
| A. Equity                                       |       |                                |                                      |                             |                                |                                      |                             |
| (i) Share capital                               | (a)   | 2,065.38                       | 0.00                                 | 2,065.38                    | 1,945.38                       | 0.00                                 | 1,945.38                    |
| (ii) Reserve and surplus                        | (a)   | (8,220.59)                     | (1,557.82)                           | (9,778.41)                  | (7,387.42)                     | (1,157.92)                           | (8,545.33)                  |
| (iii) Share application money pending allotment |       | 40.07                          | (40.07)                              | ı                           | 120.00                         | (120.00)                             | -                           |
| Total Equity                                    |       | (6,115.14)                     | (1,597.89)                           | (7,713.03)                  | (5,322.04)                     | (1,277.91)                           | (6,599.95)                  |
| B. Non-current liabilities                      |       |                                |                                      |                             |                                |                                      |                             |
| (i) Financial liabilities                       |       |                                |                                      |                             |                                |                                      |                             |
| a. Borrowings                                   | (a)   | 9,835.23                       | 0.01                                 | 9,835.24                    | 9,400.56                       | (0.00)                               | 9,400.56                    |
| b. Trade payables                               | (a)   | -                              | ı                                    | ı                           | -                              | ı                                    | -                           |
| c. Other financial liabilities                  | (a)   | -                              | 814.06                               | 814.06                      | (0.13)                         | 779.68                               | 779.55                      |
| (ii) Provisions                                 | (a)   | 1,177.49                       | (0.00)                               | 1,177.49                    | 1,057.84                       | (0.00)                               | 1,057.84                    |
| (iii) Deferred Income                           |       | -                              | 1,409.75                             | 1,409.75                    | -                              | 1,175.84                             | 1,175.84                    |
| (iv) Other non-current liabilities              | (a)   | 908.58                         | (650.09)                             | 258.49                      | 861.15                         | (767.09)                             | 94.06                       |
| Total Non-Current Liabilities                   |       | 11,921.30                      | 1,573.73                             | 13,495.03                   | 11,319.42                      | 1,188.42                             | 12,507.84                   |
| C. Current liabilities                          |       |                                |                                      |                             |                                |                                      |                             |
| (i) Financial liabilites                        |       |                                |                                      |                             |                                |                                      |                             |
| a. Borrowings                                   | (a)   | 350.00                         | ı                                    | 350.00                      | -                              | ı                                    | -                           |
| b. Trade payable                                | (a)   | 1,218.59                       | (149.55)                             | 1,069.04                    | 1,326.01                       | (141.42)                             | 1,184.59                    |
| c. Other financial liabilities                  | (a)   | -                              | 968.04                               | 968.04                      | -                              | 652.98                               | 652.98                      |
| (ii) Provisions                                 | (a)   | -                              | -                                    | -                           | -                              | -                                    | -                           |
| (iii) Deferred Income                           |       | -                              | -                                    | -                           | -                              | -                                    | -                           |
| (iv) Other current liabilities                  | (a)   | 1,175.25                       | (998.57)                             | 176.68                      | 960.20                         | (681.62)                             | 278.58                      |
| Total Current Liabilities                       |       | 2,743.84                       | (180.09)                             | 2,563.76                    | 2,286.21                       | (170.06)                             | 2,116.15                    |
| Total Liabilities                               |       | 14,665.14                      | 1,393.64                             | 16,058.79                   | 13,605.63                      | 1,018.36                             | 14,623.99                   |
| Total Equity And Liabilities                    |       | 8,550.00                       | (204.25)                             | 8,345.76                    | 8,283.59                       | (259.56)                             | 8,024.04                    |



#### 37 - EFFECT OF IND AS ADOPTION ON THE FINANCIAL STATEMENT AS AT MARCH 31, 2016 AND APRIL 1, 2015

### 37.(2) Reconciliation Of Total Equity As At March 31, 2016 And April 1, 2015

Amount in Rs. Crores

|  |       | AIIIU            | unt in RS. Crores |
|--|-------|------------------|-------------------|
| Particulars Particulars Particulars Particulars Particulars Particulars Particulars Particulars Particular Par | Notes | As at 31.03.2016 | As at 31.03.2015  |
| Total equity (shareholders funds) under revised previous GAAP  |       | (6,115.14)       | (5,322.04)        |
| Government grant/Amount received from customers re-classified to Deferred Income under Liability (Non-Current/Current)   | А     | (1,707.48)       | (1,339.59)        |
| Asset that had been created from government grant have been amortised from the date the asset was put to use   | В     | 133.75           | 151.29            |
| Impairment of Trade Receivables as per ECL Model   | С     | (6.77)           | (89.62)           |
| Depreciation charged on Capital Spares   | D     | (15.00)          | -                 |
| Depreciation on Assets capitalised in correct reporting Period   | Е     | (2.39)           | -                 |
| Total Adjustment To Equity   |       | (1,597.89)       | (1,277.92)        |
| Total equity under Ind AS  |       | (7,713.03)       | (6,599.95)        |

### **Notes to Equity& Profit Reconciliation**

# A) Government grant/Amount received from customers re-classified to Deferred Income under Liability (Non-Current/Current)

Under Indian GAAP, the amount received by the Company from the Consumers/government for the purpose of developing the asset were being recorded under Reserves and Surplus. However, under Ind AS, the amount received from consumers/government is to be recorded under Deferred Income under Liabilities.

Once the asset is developed, this would be taken as an Income to the Statement of Profit and loss in the ratio of the depreciation charged on the respective asset.



#### 37 - EFFECT OF IND AS ADOPTION ON THE FINANCIAL STATEMENT AS AT MARCH 31, 2016 AND APRIL 1, 2015

# B)Asset that had been created from government grant have been amortised from the date the asset was put to use

The Company had received a grant from the government to develop an asset and such receipt was recorded under Reserves and Surplus under the Indian GAAP and these amount were not being taken to statement of profit and loss in the ratio of depreciation till 2015.

However, as per Ind AS 20, the grant that has been received to develop an asset is to be amortised in proportion to the depreciation charged for the asset for which the grant had been received. Therefore, the amount to be taken to Statement of profit and loss from the date the asset was put to use till the transition date has been taken to Other Equity.

#### C) Impairment of Trade Receivables as per ECL Model

Under Indian GAAP, the Company used to provide for bad and doubtful debts on an incurred loss model. However, as per Ind AS 109, the Company is to apply the Expected Credit Loss (ECL) model for the purpose of Impairment of the receivables. Therefore the impairment as per the ECL Model has been computed on the transition date and the excess has been provided for in the Other Equity.

#### D) Depreciation charged on Capital Spares

Under Indian GAAP, the Company had been recording the Capital Spares under Inventory. However, as per the Provisions of Ind AS 16, the Company is required to capitalise the major spare parts and charge depreciation on the same once the spare is put to use.

On transition date the Company has identified the Capital spares that have been put to use, and were recorded under Inventories after retirement from active use. Under Ind AS, these spares have been capitalised and depreciation has been charged on the remaining useful life.

# E) Depreciation on Assets capitalised in correct reporting Period

Under Indian GAAP, the Company had charged certain prior period depreciation in the Statement of Profit and Loss. However, under Ind AS the prior period errors have to be rectified and recorded in the period to which it pertains.

Hence, on transition to Ind AS, the prior period depreciation charged under Indian GAAP have been rectified on the transition date.



# 37 - EFFECT OF IND AS ADOPTION ON THE FINANCIAL STATEMENT AS AT MARCH 31, 2016 AND APRIL 1, 2015

37.(3) Effect Of Ind As Adoption On The Statement Of Profit And Loss For The Year Ended March 31, 2016

| Particulars Particulars Particulars Particulars Particulars Particulars Particulars Particular Part |       | For the year ended 31.03.2016 |                                      |                             |  |
|--|-------|-------------------------------|--------------------------------------|-----------------------------|--|
|  | Notes | Revised previous GAAP         | Effect of<br>Transition to<br>Ind AS | As per Ind AS balance sheet |  |
| Revenue from operations  |       | 9,333.64                      | (0.00)                               | 9,333.64                    |  |
| Other income   | (a)   | 615.25                        | (30.16)                              | 585.10                      |  |
| Total Income (A)   |       | 9,948.89                      | (30.16)                              | 9,918.73                    |  |
|  |       |                               |                                      |                             |  |
| Purchase of power and transmission charges   | (a)   | 9,367.45                      | 0.00                                 | 9,367.45                    |  |
| Employee benefits expense  |       | 767.98                        | (0.00)                               | 767.98                      |  |
| Finance costs  | (a)   | 265.65                        | (0.00)                               | 265.65                      |  |
| Depreciation and amortisation expense  | (a)   | 211.55                        | 15.01                                | 226.56                      |  |
| Other expenses   | (a)   | 539.72                        | (95.48)                              | 444.24                      |  |
| Total Expenses (B)   |       | 11,152.35                     | (80.47)                              | 11,071.88                   |  |
| Profit/(Loss) Before Tax (C = A-B)   |       | (1,203.46)                    | 50.31                                | (1,153.15)                  |  |
| Exceptional Items (D)  |       | -                             | 1                                    | -                           |  |
| Profit/(Loss) Before Tax (E=C-D)   |       | (1,203.46)                    | 50.31                                | (1,153.15)                  |  |
| Tax expense  |       | -                             | -                                    | -                           |  |
| Total Tax (F)  |       | -                             | 1                                    | -                           |  |
| Profit For The Year (E-F)  |       | (1,203.46)                    | 50.31                                | (1,153.15)                  |  |

#### **NOTES TO THE FINANCIAL STATEMENTS**

# 37 - EFFECT OF IND AS ADOPTION ON THE FINANCIAL STATEMENT AS AT MARCH 31, 2016 AND APRIL 1, 2015

**Amount in Rs. Crores** 

|  |       | For the year ended 31.03.2016 |                                      |                             |
|--|-------|-------------------------------|--------------------------------------|-----------------------------|
| Particulars Particulars Particulars Particulars Particular Particu | Notes | Previous GAAP                 | Effect of<br>Transition to<br>Ind AS | As per Ind AS balance sheet |
| Other comprehensive income   |       |                               |                                      |                             |
| Total other comprehensive income   |       | -                             | -                                    | -                           |
| Total comprehensive income   |       | (1,203.46)                    | 50.31                                | (1,153.15)                  |

# 37.(4) Reconciliation Of Total Comprehensive Income For The Year Ended March 31, 2016

| Particulars Particulars Particulars Particulars Particulars Particulars Particular Parti | Notes | Details | For the year<br>ended<br>31.03.2016 |
|--|-------|---------|-------------------------------------|
| Revised profit as per previous GAAP  |       |         | (1,203.46)                          |
| Adjustments :  |       |         |                                     |
| i. Income recognised with respect to the RGGVY/Consumer contribution asset   | В     |         | (17.54)                             |
| ii. Impairment of Trade receivables as per ECL Model   | С     |         | 82.86                               |
| iii. Depreciation on Capital Spares  | D     |         | (15.00)                             |
| Total effect of transition to Ind AS   |       |         | 50.31                               |
| Profit for the year as per Ind AS  |       |         | (1,153.15)                          |
| Other comprehensive income for the year (net of tax)   |       |         | -                                   |
| Total comprehensive income under Ind AS  |       |         | (1,153.15)                          |

#### **NOTES TO THE FINANCIAL STATEMENTS**

#### 37 - EFFECT OF IND AS ADOPTION ON THE FINANCIAL STATEMENT AS AT MARCH 31, 2016 AND APRIL 1, 2015

# 37.(5) Effect Of Ind As Adoption On The Statement Of Cash Flows For The Year Ended March 31, 2016

**Amount in Rs. Crores** 

| Particulars  | Notes | For the year ended 31.03.2016 |                                      |                             |
|--|-------|-------------------------------|--------------------------------------|-----------------------------|
|  |       | Previous GAAP                 | Effect of<br>Transition to<br>Ind AS | As per Ind AS balance sheet |
|  |       |                               |                                      |                             |
| Net cash flows from operating activities               |       | 212.26                        | (306.98)                             | (94.72)                     |
| Net cash flows from investing activities               |       | (723.76)                      | 49.22                                | (674.54)                    |
| Net cash flows from financing activities               |       | 500.47                        | 235.05                               | 735.52                      |
| Net increase/(decrease) in cash and cash equivalents   |       | (11.04)                       | (22.69)                              | (33.73)                     |
| Cash and cash equivalents at the beginning of the year |       | 699.77                        | (309.12)                             | 390.65                      |
| Cash and cash equivalents at the end of the year       |       | 688.73                        | (331.81)                             | 356.92                      |

#### Note:

- 1) Reclassification entry is passed in the figures with IGAAP balances in order to make better presentation in terms of Ind AS Figures. However, no adjustment entry has been passed which may effect the total equity or the profit for the year of the Company.
- 2) As per IGAAP Bank balances were also included in cash flow, and effect of same has not been considered as per IND-AS

(DR. SHAILESH KARDAM)
DY. DIRECTOR (A/C, TAX & TARIFF)

(SANJAY VATSA) CHIEF FINANCIAL OFFICER

# NOTES TO THE FINANCIAL STATEMENTS 38- SPECIFIED BANK NOTES (SBNS)

# 38.(1): Disclosure As Per G.S.R.307(E) Issued by MCA, GOI

The details of Specified Bank Notes (SBN) held and transacted during the period 8th November, 2016 to 30th December, 2016, the denomination wiss SBNs and other notes as per the notification is given below:

| Particulars                           | Specified Bank<br>Notes (SBNs) | Other Denomination Notes | Total                  |
|---------------------------------------|--------------------------------|--------------------------|------------------------|
|                                       | Total<br>(In Rs. Crs)          | Total<br>(In Rs. Crs)    | Amount<br>(In Rs. Crs) |
| Closing Cash In Hand As On 08.11.2016 | Nil                            | Nil                      | Nil                    |
| (Add:) Permitted Receipts             | 397.26                         | 156.18                   | 553.43                 |
| (-) Non-Permitted Receipts            | -                              | ı                        | ı                      |
| (Less:) Permitted Payments            | Nil                            | Nil                      | Nil                    |
| (Less:) Amount Deposited in Banks     | 397.26                         | 156.18                   | 553.43                 |
| Closing Cash In Hand As On 30.12.2016 | Nil                            | Nil                      | Nil                    |

#### Note:

1) During the period from 10th November, 2016 to 15th December, 2016, the Company was allowed to receive SBNs as a legal tender from its customers towards payment of their Electricity Dues. The Company has designated collection centres, which are permitted to receive cash from its customers. Cash collected at these centres is directly deposited into Company's Bank accounts. The Company has received details of SBNs deposited from respective banks, and has considered amount collected as equivalent to amount deposited.

(DR. SHAILESH KARDAM)
DY. DIRECTOR (A/C, TAX & TARIFF)

(SANJAY VATSA)
CHIEF FINANCIAL OFFICER

### **NOTES TO THE FINANCIAL STATEMENTS**

### 39- DISCLOSURE OF ADDITIONAL INFORMATION AS REQUIRED BY THE SCHEDULE III:

### (A) As At And For The Year Ended March 31, 2017

| Name of the entity in the Group | Net Assets i.e total<br>assets minus total<br>liabilities |        | Share in profit and loss        |        | Share in other comprehensive income |        | Share in total comprehensive income |        |
|---------------------------------|---|--------|---------------------------------|--------|-------------------------------------|--------|-------------------------------------|--------|
|                                 | As % of consolidated net assets                           | Amount | As % of consolidated net assets | Amount | As % of consolidated net assets     | Amount | As % of consolidated net assets     | Amount |
| Subsidiaries<br>Indian          |   |        |                                 |        |                                     |        |                                     |        |
| Total                           | -   | -      | -                               | -      | -                                   | -      | -                                   | -      |

### (A) As At And For The Year Ended March 31, 2016

|                                 | assets minus total              |        | Share in profit and loss        |        | Share in other comprehensive income |        | Share in total comprehensive income |        |
|---------------------------------|---------------------------------|--------|---------------------------------|--------|-------------------------------------|--------|-------------------------------------|--------|
| Name of the entity in the Group | As % of consolidated net assets | Amount | As % of consolidated net assets | Amount | As % of consolidated net assets     | Amount | As % of consolidated net assets     | Amount |
| Subsidiaries<br>Indian          |                                 |        |                                 |        |                                     |        |                                     |        |
| Total                           | -                               | -      | -                               | -      | -                                   | -      | -                                   | -      |

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(SANJAY VATSA)
CHIEF FINANCIAL OFFICER



### NOTES TO THE FINANCIAL STATEMENTS

# 40- DISCLOSURE OF ADDITIONAL INFORMATION AS REQUIRED BY CEA, MOP, GOVT. OF INDIA A)-REVISED METHODOLOGY FOR COMPUTATION OF AT&C LOSSES:

| S.No | Particulars  | Methodolgy  | Year ended<br>31.03.2017 |
|------|--|---|--------------------------|
| А    | Input Energy (MKwh)  | Energy Generated-Auxiliary Consumption +<br>Energy Purchased (Gross)*-Energy<br>traded/Inter-state sales.   | 21387.4                  |
| В    | Transmission Losses (MKwh)   |   | -                        |
| С    | Net input Energy at Discom<br>Pheriphery                                     | A-B   | 21387.4                  |
| D    | Energy Sold (MKwh)   | Energy sold to all categories of consumers excluding units of Energy Traded/ Inter-state sales.   | 17565.2                  |
| E    | Revenue from sale of energy<br>(Rs.Cr)                                       | Revenue from sale of Energy to categories of consumers (Including Subsidy Booked) but excluding Revenue from Energy Traded/ Interstate sales.                                 | 10,665.13                |
| F    | Adjusted Revenue from sale of<br>Energy on Subsidy received basis<br>(Rs.Cr) | Revenue from sale of Energy (same as E above) <b>minus</b> Subsidy Booked <b>plus</b> Subsidy received against subsidy booked during the year.                                | 10,609.47                |
| G    | Opening Debtors for sale of Energy (Rs.Cr)                                   | Opening Debtors for sale of Energy as shown in receivables Schedule (Without deducting Provisions for Doubtful debtors). Unbilled Revenue shall not be considered as debtors. | 3,016.20                 |
| Н    | Closing Debtors for sale of Energy<br>(Rs.Cr)                                | I) Closing Debtors for sale of Energy as shown in receivables Schedule (Without deducting Provisions for Doubtful debts Unbilled Revenue shall not be considered as debtors.  | 3,005.27                 |
|      | (RS.Cr)  | II)Any Amount written off during the year<br>directly from (i)  | 158.51                   |
| I    | Adjusted Closing Debtors for sale of Energy (Rs.Cr)                          | H (I+II)  | 3,163.78                 |
| J    | Collection Efficiency (%)  | (F+G-I)/E*100   | 98.09%                   |
| К    | Units realized (MKwh) = [Energy sold*Collection efficiency]                  | D*J/100   | 17,230.47                |
| L    | Units unrealized (MKwh) = [Net input Energy – Units Realized]                | C-K   | 4,156.93                 |
| М    | AT &C Losses (%) = [{Units<br>Unrealized/Net input<br>Energy}*100]           | L/C*100   | 19.44%                   |

### **NOTES TO THE FINANCIAL STATEMENTS**

## 40- DISCLOSURE OF ADDITIONAL INFORMATION AS REQUIRED BY CEA, MOP, GOVT. OF INDIA

### **B) DETAILS OF SUBSIDY BOOKED AND RECEIVED**

| S.No | Particulars   | Amount<br>(In Rs. Crs) |
|------|---|------------------------|
|      |   |                        |
| 1    | Subsidy Booked during the year                                    | 3,724.58               |
| 2    | Subsidy received during the year (Rs.Cr)                          |                        |
| a)   | Subsidy received against subsidy booked for current year (Rs.Cr)  | 3,668.93               |
| b)   | Subsidy received against subsidy booked for Previous year (Rs.Cr) | 344.26                 |

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(SANJAY VATSA)
CHIEF FINANCIAL OFFICER



### **NOTES TO THE FINANCIAL STATEMENTS**

### 1) GENERAL CORPORATE INFORMATION

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited (hereinafter also known as West DISCOM or The Company, CIN-U40109MP2002SGC015121) was incorporated under the Companies Act, 1956 through an order of the Government of Madhya Pradesh dated July 01, 2002 as a wholly owned Government of Madhya Pradesh undertaking. Subsequently, the Government of Madhya Pradesh appointed Madhya Pradesh Power Management Company Limited as the parent company of all three distribution companies through a notification order and transferred the shares of West DISCOM held by it to Madhya Pradesh Power Management Company Limited. The Company is engaged in the business of distribution or retail supply of electricity with in the areas of Indore and Ujjain Commissionaire in the State of Madhya Pradesh and is governed by the provisions of the Electricity Act, 2003. The commercial operation of the company has been started from FY 2005.

### 2) SIGNIFICANT ACCOUNTING POLICIES

### 2.01: Statement of Compliance

The financial statements have been prepared in accordance with IND-ASs notified under the Companies (Indian Accounting Standards) Rules, 2015& 16 except IND AS 10: Event after the Reporting Period & IND-AS:19: Employee Benefits .

Upto the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first IND-AS financial statements. The date of transition to IND-AS is April 1, 2015. Refer Note:-3 for the details of first-time adoption exemptions availed by the Company.

### 2.02: Basis of Preparation and Presentation

The financial statements of the Company have been prepared in all material aspects with the relevant provisions of the Companies Act, 2013, Indian Accounting Standards (IND-AS) prescribed under section 133 of the Companies Act, 2013 and Companies (Indian Accounting Standards) Rules, 2015 &2016 and other relevant provision of the Act. Further, as the Company is governed by the Electricity Act, 2003, the Company has followed the provisions of this Act read with rules made to the extent they are inconsistent with the provisions of the Companies Act, 2013.

All assets and liabilities have been classified as current or non-current as per Company's operating cycle and other criteria set out in Schedule-III of the Companies Act 2013. Based on the nature of business, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The Company has adopted all the issued IND-AS and such adoption was carried out in accordance with IND-AS 101 – First Time Adoption of Indian Accounting Standards. The Company has transited from Indian GAAP which is its previous GAAP as at April 01, 2015, as defined in IND-AS 101.

The effect on reported financial position and financial performance of the Company on transition to IND-AS has been provided in Note: 38, which also includes reconciliations of total equity and total



### **NOTES TO THE FINANCIAL STATEMENTS**

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comprehensive income for comparative years under Indian GAAP to those reported for respective years under IND-AS.

The financial statements have been prepared on historical cost basis, except for financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosures in these financial statements is determined on such a basis, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IND-AS 2 – Inventories or value in use in IND-AS 36 – Impairment of Assets.

#### 2.03: Use of Estimates

The preparation of these financial statements are in conformity with the recognition and measurement principles of IND-AS which requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

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.

Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of, fair value of unquoted securities and impairment of investments, valuation of current and deferred tax expense, valuation of defined benefit obligations, regulatory deferral accounts and provisions and contingent liabilities.

#### 2.04: Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Unserviceable / damaged stores and spares are identified and written down based on the rates specified under the technical assessment.

2.05: Property, Plant and Equipment



### **NOTES TO THE FINANCIAL STATEMENTS**

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Property, plant and equipment are stated at cost less depreciation. The cost comprises the purchase price and any other applicable costs attributable in bringing the assets to their working condition for their intended use, including borrowing costs and other overheads attributable to Property, Plant and Equipment. Depreciation commences when the assets are ready for their intended use. Although, Freehold land are not depreciated.

In the case of commissioned assets, deposit work / cost plus contracts where final settlement of bills with contractors is yet to be effected; capitalization is done on provisional basis subject to necessary adjustment in the year of final settlement. Capitalisation from Capital work in progress (CWIP) is being done only on receipt of Technical Certificate from the respective field officers.

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.

Spares parts, standby equipment and servicing equipment which meets the recognition criteria of Property, Plant and Equipment are capitalized. The carrying amount of those spare parts, standby equipment and servicing equipment that are replaced is derecognized when no future economic benefits are expected from their use or upon disposal. Other spare parts, standby equipment and servicing equipment are treated as Stores and spares and are classified as Inventory.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values (up to 90% of the original cost of assets and at the rates notified by the CERC vide notification no. L-1/144/2013-CERC dated 21/02/2014 from 01/04/2010 onwards) using the straight-line method, over their useful lives of respective assets as estimated by the Management and where the rates are not prescribed by CERC, at the rates prescribed by CEA. In any case rates for any specific asset is also not prescribed by CERC or CEA, the rates given under schedule II of the Companies Act, 2013 is used.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### 2.06: Intangible Assets or Internally Generated Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as



#### **NOTES TO THE FINANCIAL STATEMENTS**

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the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported—at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

### 2.07: Capital Work In Progress

In respect of supply-cum erection contracts, the value of supplies received at site and accepted as liable to be paid, is treated as capital work in progress.

Incidental expenditure prior to construction, preliminary project expenditure on identification, survey/feasibility studies of the project, etc. is apportioned to capital work in progress on the basis of accretion thereto. These expenses, however, are charged to Statement of profit and loss in case the project is abandoned.

Deposit work or cost plus contracts are accounted for on the basis of statement of account received from concerned office.

Corporate office expenses, expenses of divisions/ offices catering to operation and maintenance (O&M) as well as capital works and stores expenses are booked to capital works to the extent identified, the rest are booked to operation and maintenance (O&M).

Expenses including employee cost in respect of construction divisions and offices identified in assisting the construction activity are fully capitalised and accounted as cost of capital assets.

Borrowing costs attributable to the qualifying assets during their construction are capitalised based on the weighted average interest rate.

Claims for Price variations in the form of escalation in contracts are accrued for on acceptance basis.

#### 2.08: Assets Transferred From Customers

In accordance with Appendix C-'Transfer of Asset from Customers' to Ind As-18 Revenue Recognition, assets transferred from customers are recognized at their fair value when they meet the definition of an asset and all attached conditions are complied with. Assets received from customers or assets constructed on receipt of amounts from the customers and on obtaining the control over the asset, the Company recognises them as property, plant and equipment and depreciate over their expected useful lives on the same basis as the owned assets.

Amount received from the customer towards construction of a property, plant and equipment are included in non-current liabilities as consumer's contribution towards capital assets and are credited to



### **NOTES TO THE FINANCIAL STATEMENTS**

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Statement of Profit or Loss on a systematic basis over the expected lives of the related assets and presented within other income.

### 2.09: Impairment

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss, if any. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount and the difference between the carrying amount and recoverable amount is recognised as impairment loss in the statement of profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### **2.10:** Leasing

At the inception of a lease, the lease arrangement is classified as either a Finance lease or an operating lease, based on the substance of the lease arrangement. Leases are classified as finance leases whenever the terms of the lease transfers substantially all the risks and rewards incidental to the ownership of an asset to the lessee. All other leases are classified as operating leases.

### A) The Company as Lessor:

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

### B) The Company as Lessee:

Rental expense from operating leases is recognised on a straight-line basis over the term of the relevant lease.

### **2.11:** Government Grants

Grants and subsidies from the government are not recognized at their fair value until there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be compiled with.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate and presented within other income. Specifically, government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are



### **NOTES TO THE FINANCIAL STATEMENTS**

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credited to profit or loss on a systematic basis over the expected lives of the related assets and presented within other income.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

### 2.12: Borrowing Costs

General and specific borrowing cost directly related to a particular project under construction or acquisition of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

All other borrowing costs are expensed in the period they occur. The borrowing cost is measured at amortized cost using the effective interest method.

### 2.13: Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made based on technical valuation and past experience. No provision is recognized for liabilities whose future outcome cannot be ascertained with reasonable certainty.

If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects current market assessments of the time value of money in that jurisdiction and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Contingent liabilities are not recognised but for material amount of Rs. 1.00 Crs or more are disclosed unless the possibility of outflow of resources are remote. These are reviewed at each balance sheet date and adjusted to reflect the current management estimate. Contingent assets are generally not recognized but are disclosed when inflow of economic benefit is probable.

### 2.14: Cash And Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term deposits which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having an original maturity of three months or less.

### 2.15: Cash Flow Statement

Cash flows are reported using the indirect method, where by profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash



### **NOTES TO THE FINANCIAL STATEMENTS**

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flows. The cash flows from operating, investing and financing activities of the Company are segregated.

For the purposes of the Cash Flow Statement, cash and cash equivalents is as defined above, net of outstanding bank overdrafts or cash credit liabilities. In the balance sheet, bank overdrafts or cash credit liabilities are shown within borrowings in current liabilities.

### 2.16: Income Taxes

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

### **Current Tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The current income tax charge is calculated by using tax rates that have been enacted or substantively enacted by the end of the reporting period.

### **Deferred Tax**

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Tax relating to items recognized directly in other comprehensive income forms part of the statement of comprehensive income.

Deferred tax is provided, using the balance sheet method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred tax assets is reviewed at each reporting date 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 asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

A deferred tax asset arising from unused tax losses or tax credits are recognized only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised by the entity.

2.17: Employee Benefits

2.17.1: Defined Benefit Plans

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(SANJAY VATSA)
CHIEF FINANCIAL OFFICER



### **NOTES TO THE FINANCIAL STATEMENTS**

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The liability to pay defined benefits to the personnel who retired from the service of the board on or before 31st May 2005 is vested with Madhya Pradesh Power Transmission Co. Ltd (MP Transco). However, the liability to pay defined benefit to the personnel who retire after 31st May 2005 is vested with respective transferee Company.

Further, the contribution towards the pension and other terminal benefits for the past service rendered by the personnel up to 31st May 2005 in MPSEB/MPEB shall be made by MP Transco and contributions for the part of service rendered under the transferee shall be provided by the respective transferee Company.

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period from April 01, 2015 onwards. Re-measurement, comprising actuarial gains and losses is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability.

The retirement benefit obligation recognised in the balance sheet represents the actual obligation in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans. A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

### 2.18.2: Defined Contribution Plans

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have renderedservice entitling them to the contributions.

### 2.18.3: Short-Term And Other Long-Term Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employee's upto the reporting date.

### 2.19: Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value.



#### **NOTES TO THE FINANCIAL STATEMENTS**

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Transaction cost 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 measured on initial recognition of financial asset or financial liabilities.

### A) Financial Assets

### **Financial Assets At Amortised Cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model 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 AtFair Value Through Other Comprehensive Income (OCI)

Financial assets are measured at fair value through OCI if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and contractual term of the financial assets give rise on specified days to cash flows that are solely payment of principals and interest on principal amount outstanding. the principal amount outstanding. During the year the Company did not have any such financial asset.

### Financial Assets At Fair Value Through Profit Or Loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive item on initial recognition. The transaction cost directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in the statement of profit or loss, the principal amount outstanding. During the year the Company did not have any such financial asset.

### **Derecognition Of Financial Assets**

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the assets and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing of the proceeds received.

### **Impairment Of Financial Assets**

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. IND-AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

B) Financial Liabilities And Equity Instruments (Classification As Debt Or Equity)



### **NOTES TO THE FINANCIAL STATEMENTS**

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Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

### **Equity Instruments**

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

### **Financial Liabilities**

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method. Other financial liabilities are measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the Other income line item.

### **De-recognition Of Financial Liabilities**

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

### **Offsetting Financial Instruments**

Financial assets and liabilities of the Company are offset and the net amount reported in the balance sheet, when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

### 2.20: 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 net of trade discount and volume rebates.

The revenue from sale of power is accounted for on accrual basis. At the year end, the provisions are made if no bills are issued or raised till date of closing of the respective financial year.

Income such as supervision charges are recorded as Revenue on rendering of Services.



### **NOTES TO THE FINANCIAL STATEMENTS**

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Revenue income is recognized as and when accrued by written communication from any Regulatory or Statutory authority, unless the same is under litigation or process of litigation. Further Income Receivable through Regulatory Mechanism in respect of additional cost incurred during the period over and above cost allowed in prevailing tariff order is recognized based on the applicable available orders and regulations of Regulatory Authorities.

Sale of electricity does not Include Electricity Duty as the same is not the income of the company. Electricity Duty payable to Government of Madhya Pradesh is accounted for on the amount of Electricity Duty collected during the year.

Revenue from other works in the nature of Consultancy/Contract Services is accounted for on the basis of actual progress/technical assessment of work executed.

Receipts for liquidated damage & warranty claims are accounted for when it is ascertained and the collection of the amount is confirmed.

Delayed payment surcharge is recognised as income on accrual basis till the time of permanent disconnection of consumers.

Bills against theft of electricity, Surcharge and any other dues of permanently disconnected consumers are raised when such theft has been detected.

The property, plant and equipment created by the Beneficiaries have been capitalized after obtaining the ownership along with the control with matching credit to Deferred Revenue. This deferred revenue account will be debited and Revenue will be recognized over the useful life of the asset.

Sale of scrap are accounted for when sale take place. Rebate allowed to Distribution Companies on realization of bills are accounted for when it is ascertained and confirmed.

Contributions by consumers towards items of property, plant and equipment, which require an obligation to provide electricity connectivity to the consumers, are recognised as a credit to deferred revenue. Such revenue is recognised over the useful life of the property, plant and equipment.

Revenue Subsidies received from State Government are accounted to statement of Profit and Loss Account

### **Other Income**

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.



### **NOTES TO THE FINANCIAL STATEMENTS**

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### 2.21: Expense Recognition

All expenses are recognised in the Statement of Profit and Loss on accrual basis as per the necessary terms of the contracts entered into with suppliers and service providers.

Expenses such as, Medical reimbursement to the employees Annuity Pension, Payment of Travelling Expenses, Payment of Accident compensation and Price escalation in purchase of materials for fixed asset, revenue stores and Projects are recorded as and when claims are admitted.

The Interest on security deposits from consumer recognised in the year in which actual bill of power raised to the consumer.

### 2.22: Earning Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus Issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period, are adjusted for the effects of all dilutive potential equity shares.

### 2.23: Rounding Of Amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Crore as per the requirement of Schedule III of the Companies Act, 2013, unless otherwise stated.

### 3) First-Time Adoption - Mandatory Exceptions, Optional Exemptions

### **Overall Principle**

The Company has prepared the opening balance sheet as per IND-AS as of April 01, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by IND-AS, not recognising items of assets or liabilities which are not permitted by IND-AS, by reclassifying items from previous GAAP to IND-AS as required under IND-AS, and applying IND-AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exceptions and certain optional exemptions availed by the Company as detailed below.

### **Classification And Measurement Of Financial Assets**

The Company has followed classification and measurement of financial assets in accordance with IND-AS 109 Financial Instruments on the basis of facts and circumstances that existed at the date of transition to IND-AS.



#### **NOTES TO THE FINANCIAL STATEMENTS**

### **Impairment Of Financial Assets**

The Company has applied the impairment requirements of IND-AS 109 retrospectively; however, as permitted by IND-AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk as at the date that financial instruments were initially recognised in order to compare it with the credit risk as at the transition date.

However, as permitted by IND-AS 101, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to IND-ASs, whether there have been significant increases in credit risk since initial recognition.

### Deemed Cost ForProperty, Plant And Equipment And Intangible Assets

The Company has elected to continue with the carrying value of all its plant and equipment and intangible assets recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and used that carrying value as its deemed cost as of the transition date.

### 4: NEW AMENDMENT THAT IS NOT YET EFFECTIVE AND HAVE NOT BEEN EARLY ADOPTED

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to IND-AS 7, 'Statement of cash flows' and IND-AS 102, 'Share-based payment'. The amendments are applicable to the Company from 1st April, 2017.

### **Amendment to IND-AS 7:**

The amendment to IND-AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The Company is evaluating the requirements of the amendment and its impact on its cash flows, which are not expected to be material.

### 5: CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts 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. Such estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period, if the revision affects current and future periods.

### **Critical Judgments In Applying Accounting Policies:**

The following are the critical judgments, apart from those involving estimations (see point ii below), that the management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.



### **NOTES TO THE FINANCIAL STATEMENTS**

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The management has reviewed the Company's financial assets at amortized cost in the light of its business model and have confirmed the Company's positive intention and ability to hold these financial assets to collect contractual cash flows. Details of these assets are set out in note 32.

### **II) Regulatory Deferral Accounts**

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.

### III) Depreciation Rates, Method And Residual Value Of Property, Plant And Equipment

In terms of Part B of Schedule II of the Companies Act, 2013, the Company has followed the depreciation rates, depreciation method and residual value of the items of property, plant and equipment as notified by the respective regulators in accordance with the Electricity Act, 2003 with respect to the assets falling under regulated business.

### IV) ServiceConcession Arrangements

The Company has assessed applicability of Appendix A of IND-AS - 11 Service Concession Arrangements with respect to its distribution assets portfolio. In assessing the applicability, the Company have exercised judgment in relation to the provisions of the Electricity Act, 2003, distribution license and / or agreements etc. Based on such assessment, it has concluded that Appendix A of IND-AS 11 is not applicable.

### **Key Sources Of Estimation Uncertainty:**

### I) Deferred Tax Assets

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.

### II) Provisions

Provisions (excluding provision for salary) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates.



#### **NOTES TO THE FINANCIAL STATEMENTS**

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### **III) Contingent Liabilities**

Contingent liabilities arising from past events the existence of which would be confirmed only on occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Company or contingent liabilities where there is a present obligations but it is not probable that economic benefits would be required to settle the obligations are disclosed in the financial statements unless the possibility of any outflow in settlement is remote.

### **IV) Impairment Of Property Plant And Equipment**

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

### V) Fair Value Measurements And Valuation Processes

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability

## 41: OTHER NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDING 31<sup>ST</sup>MARCH, 2017

- **a.** GoMP vide notification no. 292 dated 12th June 2008 advised final opening balances belonging to Companywhich were accounted for the first time in the financial statements for FY 2008-09. The Company is in the process of obtaining justification / explanation for some of the items of the opening balances which are still under reconciliation with erstwhile MPSEB / MPPMC. The cumulative balance of such items amounting to Rs. 69.94Crs[Cr] (Previous year Rs. 69.92Crs [Cr]) are mentioned in Account Code 469470 and shown under the head "Other Current Liabilities".
- **b.** The provision for interest on staff loans has been made on actual loan balances available with the Company as per policy followed by the erstwhile MPSEB.
- **c.** The Company's share of interest on loan taken by MPSEB/MPPMCL for its working capital has been accounted for under the head interest and finance charges, if any. This is as per prevailing cash flow mechanism notified by GoMP.
- **d.** Depreciation on addition/deletion of assets during the year is provided on prorate basis.
- **e.** Opening balances as transferred to the Company vide GoMP notification no. 292 dated 12<sup>th</sup> June, 2008 includes balances of fixed assets in the form of land and buildings for which Company does not have Title deeds /legal documents which are yet to be executed in the Company's favour.



### **NOTES TO THE FINANCIAL STATEMENTS**

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### f. Remuneration to Auditors

The remunerations paid to/provided for various Auditorsof Company during the year are as below:

| S. No. | Particulars Particulars Particulars | FY 2016-17     | FY 2015-16     |
|--------|-------------------------------------|----------------|----------------|
| 1      | Statutory Audit Fee                 | Rs. 0.0600 Crs | Rs. 0.0600 Crs |
| 2      | Tax Audit Fee                       | Rs. 0.0089 Crs | Rs. 0.0089 Crs |
| 3      | Cost Audit Fee                      | Rs. 0.0084 Crs | Rs. 0.0084 Crs |
| 4      | VAT Audit Fee                       | Rs. 0.0099 Crs | Rs. 0.0099 Crs |

<sup>\*\*(</sup>Excluding applicable Taxes & Reimbursement of Out of Pocket Expenses, if any)

- g. As a part of the accepted operational arrangement between the unbundled entities and MPSEB, MPSEB (w.e.f. 13/04/2012, MP Power Management Company Ltd) has been entrusted with the task of cash management function for all the Companies. This methodology of retaining centralized Cash Control has been in operation for the current financial year and will be in operation till further Orders of the State Government.
- **h.** Due to difference in billing cycle/collection, there is a difference in the balances between the amounts of receivables shown as per Consumer Subsidiary Ledgers & Sundry Debtor for Sale of Power Financial Statements is amounting to Rs.5.0 Crore (approx.) as on March, 17.As per Management the difference will not have any material impact on the financial statement.
- i. In accordance with directions issued by the ICAI on 'Impairment of Assets' the Management is in the process of carrying out a review of its assets with respect to economic performance. The Management is of the opinion that economic performance of the Fixed Assets of the Company is not worse than expected and therefore there is no impairment as on the date of the Balance Sheet.
- **j.** The Company has identifying non-moving and obsolete stock & spares & value the same on Cost or NRV whichever is less.
- **k.** During the year 2006-07 the Company had appointed franchisee under section-14 of the Electricity Act 2003 for distribution of electricity and maintenance of 12 distribution centres (9 in Dewas and 3 in Ratlam). Most of these franchisees have become in-operative and amount receivable from them (Rs 3.80Crs) is still appearing in Sundry Debtors which has been fully provided for. Further, during FY 2014-15, the Company had appointed franchisee in Ujjain City Circle, however as on the balance sheet date it is not operative. Transactions related with franchisee are properly accounted for in books of accounts of the Company.
- **I.** The Power Purchase Expenses and Transmission Charges (Including Re-active Charges & UI Charges) have been considered on the rates approved by the MPERC and up to the extent of bills/advices received.

### **NOTES TO THE FINANCIAL STATEMENTS**

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- **m.** During the year, MP Power Transmission Company Limited, Jabalpur has written off the amount of Rs. 190.77Crs (Previous year Rs. 209.44 Crs) from outstanding payable towards Transmission charges to them. The same has been classified under Other Non-Operating Income.
- n. UjwalDiscom Assurance Yojana(UDAY) has been launched for Operational and financial turnaround of Power Distribution Companies by Government of India, Ministry of Power on 20th November 2015. In this scheme, Madhya Pradesh Discoms have joined the UDAY scheme and entered into Memorandum of Understanding (MoU)with Government of India on 10.08.16. MPPKVVCL has loan/debt of Rs.9764.96 Crore outstanding as at September-2015. As per the MoU, GoMP shall take over 75% of the above debt in a five years period from 2016-17 to 2020-21 in a phased manner which would reduce the interest burden of the Company. During the year, the debt taken over by the Government of India amount to Rs.1416.71 crores. Out of this Rs.1246.71 Crores were revenue in nature & have been credited to revenue grant, classified under the head other Income in the statement of profit & loss. The remaining debts relating to acquisition of fixed asset amounting to RS. 170 Crore have been classified as Deferred Income.
- **o.** Interest of Rs. 57.75 Crs has been capitalized at the rate of 8.77% and shown as part of the cost of capital assets during the year (Refer note-28).
- **p.** Interest on Consumer Security Deposits has been paid at the rate of 7.75% per annum during FY 2016-17.
- **q.** Expenditure in Foreign Currency during the year NIL. (Previous year NIL)
- **r.** C.I.F. value of imports NIL. (Previous year NIL)
- s. In view of large number of meter items in the fixed assets due to non identification of exact cost and year of acquisition at the time of disposal, the Gross Block is reduced with the estimated cost and accumulated depreciation is adjusted as if the asset is fully depreciated to the extent of 90% of the cost. All gains & losses on sale of fixed assets are credited to or charged to Profit & loss A/c.
- **t.** Earning in Foreign exchange NIL. (Previous year NIL)
- **u.** Sitting fees paid to Directors NIL.(Previous year NIL)



### **NOTES TO THE FINANCIAL STATEMENTS**

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- **v.** Company's share of common costs, if any pertaining to the departments serving the unbundled entities has been charged to the Company on the basis of advice received from MPPMCL.
- **w.** The Company has computed the Impairment of trade receivables on the basis of the Expected Credit Loss (ECL) model which is based on the past trend of provisions made by the Company in previous years under the Indian GAAP and not on the actual bad debt .While Computing the ECL model effect of impairment on provision for Unbilled revenue has also been taken into account.

As Per Our Report of Even Date For FADNIS&GUPTE CHARTERED ACCOUNTANTS FRN:006600C

FOR AND ON BEHALF OF THE BOARD

**CA: SUDHIR JOSHI** 

PARTNER M NO: 012368 PLACE: INDORE

**DATE** 

(M.K. JHAWAR)
DIRECTOR (COMMERCIAL)

(SANJAY VATSA) CHIEF FINANCIAL OFFICER

(AKASH TRIPATHI) MANAGING DIRECTOR

> (SUDHIR ACHARYA) COMPANY SECRETARY (I/C)

### INDEPENDENT AUDITOR'S REPORT

To,
The Shareholders of
Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited,
Indore

### **Report on the Financial Statements**

We have audited the accompanying Ind AS Financial Statements of **Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited**, ("the Company"), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit & Loss (including other comprehensive income), and the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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 and presentation 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 Statement of Changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards prescribed under Section 133 of the Act, read with relevant rules issued there under. 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**

Our responsibility is to express an opinion on these Ind AS financial statements based on 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 there under.

We conducted our audit 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 are free from material misstatement.

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 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 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 financial statements.

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

### **Basis for Qualified Opinion**

- i. In the preparation and presentation of the financial statements the events upto 30<sup>th</sup> April, 2017 have been considered and not the events upto the date when the financial statements are authorized for issue. This is not in accordance with Indian Accounting Standard (Ind AS-10) "Events After the Reporting Period".
- ii. The Company has not carried out actuarial valuation for ascertaining its liability towards employee benefits in respect of Gratuity and Leave encashment. This is not in accordance with the requirement of Indian Accounting Standard (Ind AS) 19 "Employee Benefits", Also, the required disclosures have not been made.

### **Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, 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, of the state of affairs of the Company as at 31 March, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### **Emphasis of matter**

Further, attention is invited to the following items of Significant Accounting Policies in Note Number 41 of the company. Our opinion is not qualified in respect of the following matters:-

- Note 41(a) in respect of items of opening balances carried forward from F.Y. 2008-09, pending for reconciliation with the erstwhile MPSEB/MPPMCL.
- Note 41(e) regarding non-availability of title deeds in respect of land & building transferred to the Company by erstwhile MPSEB.
- Note 41(h) regarding differences in the balances between the amount of receivables as per Consumer Subsidiary Ledgers and Sundry Debtors for Sale of Power.
- Note 41(S) regarding non identification of exact cost and year of acquisition of meters due to large number of such items.

### Report on Other Legal and Regulatory Requirements

- 1. As required by the Companies (Auditor's Report) Order, 2016 ("the order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we give in the "Annexure-A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2. As required by Section 143 (3) of the Act, 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 including Other Comprehensive Income, the Cash Flow Statement 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 Indian Accounting Standards prescribed under section 133 of the Act read with relevant rules issued thereunder; except for the effects of the matter described in the Basis for Qualified Opinion paragraph, Emphasis of Matter paragraph as above in so far as it relates to:
    - Ind AS-10: Events after the Reporting Period
    - Ind AS-19: Employee Benefits
  - (e) Since the Company is a Government Company the provisions of Section 164(2) of the Act are not applicable.
  - (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-B"; and
  - (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, 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 (in excess of Rs. 1 crore) on its financial position in its financial statements Refer Note 35 to the financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. The provisions relating to be transfer to the Investor Education and Protection Fund are not applicable to the Company.
- iv. The Company has provided the requisite disclosures in its financial statements as to holding as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November 2016 to 30<sup>th</sup> December 2016 and that the same are in accordance with the books of accounts maintained by the company.

For Fadnis & Gupte Chartered Accountants FRN 006600C

Place: Indore Partner
Date: 30<sup>th</sup> December 2017 M No. 012368

### Annexure - A to the Auditors' Report

As referred to in our Independent Auditor's Report of even date to the members of Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited for the year ended March 31, 2017

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets up to divisions level.
  - (b) As informed and explained to us, the management, during the year, has physically verified the items of the fixed assets of the company at reasonable intervals. However, item wise and location wise details of assets physically verified were not provided to us. Therefore, we are unable to comment on the efficacy of physical verification and discrepancies, if any, between the physical balance and book records.
  - (c) As informed and explained to us, the Company does not have title deeds in respect of land & building transferred to the Company by erstwhile MPSEB. Further, as per the information provided to us title deeds are in the name of the Company for 55.366 hectares only out of total area of land admeasuring 404.791 hectares.
- (ii) As informed and explained to us the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - (b) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account
- (iii) 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 Act. Accordingly, the provisions of clause 3 (iii) (a) to (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) According to the information and explanations given to us, the company has not accepted any deposits under sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under.

- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (vii) (a) According to the books of accounts and records examined by us according to generally accepted auditing practices in India, in our opinion, the company has been regular in depositing undisputed statutory dues. According to the information and explanations given to us, there were no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income tax, Sales Tax, Customs Duty, Excise Duty, Service Tax, Cess and other material statutory dues which have remained outstanding as at 31<sup>st</sup> March 2017 for a period of more than six months from the date they became payable.
  - (b) There are no disputed dues on account of Custom Duty/ Wealth Tax/Cess, Sales Tax/ Income Tax/ Excise Duty/ Service Tax that have not been deposited.
- (viii) According to the information and explanations given to us, the company has defaulted in repayment of dues amounting to Rs.14.12 Crores to financial institutions, banks or debenture holders as enumerated below;

| S.N. | Particulars                                 | Default Since                   | Principal<br>Overdue | Interest accrued |
|------|---|---------------------------------|----------------------|------------------|
|      |   |                                 | Amount               | in Rs. Crores    |
| 1.   | Debenture (PP Bond)                         | Since the date of Incorporation | 5.12                 | 0.70             |
| 2.   | Loan from Power<br>Financial<br>Corporation | 01.06.2016                      | 1.47                 | 6.83             |
|      | Total                                       |                                 |                      | 7.53             |

- (ix) Paragraph 3(ix) of the Order is not applicable to the Company in respect of initial public offer or further public offer.
- (x) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year under audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

- (xii) In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/ society. Therefore, the provisions of clause (xii) of Para 3 of the said order are not applicable to the company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) The Company has made preferential allotment of shares during the year to its existing shareholders. As per our information and explanations given to us the requirement of Section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Fadnis & Gupte Chartered Accountants FRN 006600C

Place: Indore

Date: 30<sup>th</sup> December 2017

(CA. Sudhir Joshi)
Partner
M No. 012368

### **Annexure - B to the Auditors' Report**

Report on the Internal Financial Controls 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 Pradesh Paschim Kshetra Vidyut Vitaran Company Limited**, ("the Company"), as of 31 March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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.

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 financial statements, whether due to fraud or error.

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

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 Ind AS 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 Ind AS 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 Ind AS financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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.

### **Qualified** opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2017:

(i) The Company did not have an appropriate internal control system for reconciliation of balances as per Consumer Subsidiary Ledger and Sundry Debtors for Sale of Power.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.



### **Opinion**

In our opinion, except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company has in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2017, based on the internal control over financial reporting criteria established by the Company.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2017 financial statements of the Company, and these material weaknesses do not affect our opinion on the financial statements of the Company.

For Fadnis & Gupte Chartered Accountants FRN 006600C

Place: Indore

Date: 30<sup>th</sup> December 2017

(CA. Sudhir Joshi) Partner M No. 012368