

24th Annual Report 2018-19



GRIDCO Limited
(A Government of Odisha Undertaking)
Regd. Office: Janapath, Bhubaneswar-751 022

CONTENTS

Sl. No.	Subject	Page
1.	Board of Directors (As on date of Adjourned AGM)	03
2.	Directors' Report	04
3.	Corporate Governance Report	18
4.	Management Discussion and Analysis	20
5.	Extract of Annual Return	21
6.	Secretarial Auditor's Report	28
7.	Replies of the Management to the comments of Statutory Auditor	37
8.	Replies of the Management to the Comments of the Comptroller & Auditor General of India	49
9.	Auditor's Report	51
10.	Balance Sheet	71
11.	Profit & Loss Account	72
12.	Cash Flow Statement	73
13.	Notes to Accounts	74
14.	Comments of the Comptroller & Auditor General of India	108

BOARD OF DIRECTORS

(As on 06.03.2020)

Dr. S. Garg, IAS	Chairman-cum-Managing Director
Sri B. Sethi, IAS	Director
Sri. Y. Nayak, OAS	Director
Dr. S. P. Rath	Director
Sri D. K. Roy	Director
Dr. K. K. Das	Director
Sri C. R. Pradhan	Director
Dr. P. Mishra	Director
Sri G. B. Swain	Director ((Finance & Corporate Affairs)

Company Secretary

Smt. Susmita Dash

Chief Financial Officer

Sri S. Mahapatra, CGM (Finance) & CFO

Statutory Auditors

JBMT & ASSOCIATES
Chartered Accountants
Flat No-203, Second Floor,
Ratna Tower-II, Cuttack Road,
Bhubaneswar-751 006

Secretarial Auditors

M/s DEBA MOHAPATRA & CO.
Company Secretaries.
Plot No.VIM-79,
Sailashree Vihar,
Bhubaneswar-751021

Bankers

Union Bank of India

Registered Office:

Janpath, Bhubnaeswar-751022, Odisha

DIRECTORS' REPORT

To,

The Members,

GRIDCO Limited.

Your Directors have great pleasure to present the 24th Annual Report together with the Audited Financial Statements and Auditor's Report for the Financial Year ended 31st March, 2019.

1. Financial Highlights:

The financial results of the Company for the year ended 31st March, 2019 vis-à-vis 31st March, 2018 are:

Particulars	(Rs. in lakhs)	
	For the Financial Year ended on 31.03.2019	For the Financial Year ended on 31.03.2018
Total Revenue	7,97,499.88	7,85,121.98
Total Expenses	8,25,604.40	8,04,872.12
Profit/(Loss) before Exceptional & Extraordinary Items & Taxes	(28,104.52)	(19,750.15)
Exceptional Items	NIL	NIL
Profit/(Loss) Before Taxes	(28,104.52)	(19,750.15)
Tax Expenses	NIL	NIL
Profit/(Loss) after Tax	(28,104.52)	(19,750.15)
Earning per Share		
Basic	(487.32)	(342.46)
Diluted	(487.32)	(342.46)

1. Summary of Operations:

GRIDCO was incorporated on 20th April, 1995 under the Companies Act, 1956 as a wholly owned Government of Odisha Undertaking pursuant to the restructuring of the power sector in Odisha. GRIDCO was the Transmission Company and the Bulk Supplier of Electricity in the State of Odisha and carried out its business under a license from the Odisha Electricity Regulatory Commission (OERC). Consequent upon the enactment of the Electricity Act, 2003, the transmission related activities of GRIDCO was transferred and vested with the Odisha Power Transmission Corporation Ltd. (OPTCL), a wholly owned Undertaking of the Government of Odisha through the Odisha Electricity Reforms (Transfer of Transmission and Related Activities) Schemes, 2005 with effect from 01-04-2005. After this separation, GRIDCO is presently engaged in the business of bulk purchase and bulk sale of power to the four Distribution Companies (DISCOMs) inside the State of Odisha and trading of surplus power.

3. Dividend and Appropriations:

During the financial year the Corporation has incurred Rs.28,104.52 lakhs loss, therefore the Board of Directors has not recommended any dividend.

4. Other Equity:

Like previous year the Board of Directors of your Corporation has transferred Rs.28,104.52 lakhs being the net loss for the year 2018-19 to other equity.

5. Awards and Recognition:

Your Company has not received any award during the period under review.

6. Business Review/State of the Company's affairs:

Your Directors on behalf of the Corporation have reviewed the reason of loss sustained during the financial year and observed that the loss is mainly due to;

Less supply of power by IPPs like M/s Vedanta Ltd & M/s JITPL which are cheaper in comparison to ER-NTPC Power, less BSP approved by OERC by keeping revenue gap to the tune of Rs 184.32 Crore, non-consideration of some of genuine expenses like interest on loan so availed from FY 2016-17 and onwards and payment of the arrear guarantee commission etc.

Your Directors on behalf of the Corporation expecting significant improvement in the performance of DISCOM Utilities in near future. With the growth of industrial power demand and reduction of AT&C loss, DISCOM's financial performance is expected to improve in near future and they will be able to clear their past dues along with the current dues. Further ongoing revival of the Power Trading Market would help GRIDCO to sell its surplus power to earn additional revenue. As such GRIDCO is expecting to generate profit in future.

Your Directors on behalf of the Corporation were interested not only to increase the earnings of the Corporation but also to provide qualitative services to its customers and society, they further continue taking effort on achieving both the objectives of protecting the interest of the shareholders as well as its customers & society as a whole.

i. Changes in the nature of the Business:

During the year under review, there is no changes in nature of business of the company.

ii. Material Changes and Commitments affecting the Financial Position of the Company:

There are no material changes and commitments affecting the financial position of the Company from the date of the Balance Sheet till the date of the Board's Report.

7. External Risk Factors to the Corporation:

Power industry is a high risk industry. The Industrial Recession caused less drawl of power by Industries. Further, the industries prefer to go for open access instead of availing power from their Distribution Licensees for better price. The above are having negative impact on the performance of Distribution Companies/Utilities which is in turn affecting the financial health of GRIDCO. Also trading of surplus power is now decreasing day by day. There is exponential increase in the supply of power whereas Demand has witnessed a slow progress. This has resulted in sharp fall of open market price.

Your Corporation is committed to overcome all such challenges.

8. 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.

No significant and material orders have been passed during the year under review by the regulators or courts or tribunals impacting the going concern status and Company's operation in future.

9. Details in Respect of Adequacy of Internal Financial Controls With Reference to the Financial Statements:

Your Corporation has an Internal Control System, commensurate with the size, scale and complexity of its operations. To maintain its objectivity and independence, the Internal Audit function is closely overseen by Audit Committee. The Audit Committee monitors and evaluates the efficiency and adequacy of internal control system in the Corporation, its compliance, accounting procedures and policies of the Corporation. Based on the report of internal auditor, corrective actions are undertaken in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board for its review and to advice for taking remedial measures.

10. Management Discussion and Analysis:

Management Discussion and Analysis comprising an overview of the financial results, operations/performance and the future prospects of the Company form a part of this Annual Report.

11. Industries Scenario:

Your Corporation is a Deemed Trading Licensee under 5th Proviso to Section 14 of the Electricity Act, 2003. It is engaged in the business of purchase of electricity in bulk from various generators located inside Odisha and the State share of power from the Central Generators for supply in bulk to the four Electricity Distribution Utilities in the State of Odisha. The Govt. of Odisha notified your Corporation as the "State Designated Entity" to sign the Power Purchase Agreements (PPAs) for procurement of all forms of power from different generators.

12. Power Management:

A. Power Scenario:

GRIDCO, on behalf of the State of Odisha, meets the electricity demand of the State by procuring its shares of power from various sources. Present allocation of power in favour of the State is furnished below:

<u>Present power availability</u>	<u>Allocation (MW)</u>
State Hydro	: 1,864
OPGC Thermal	: 420
OPGC Thermal Expansion Project	: 990
IPP (Vedanta, GMR & JITPL)	: 1,007
New & Renewable Energy sources	: 611
TTPS, NTPC (Dedicated to the State)	: 460
Sub-total (State)	: 5,352
Central allocation (Hydro)	: 268
Central allocation (Thermal)	: 1,008
Sub-total (Central Allocation)	: 1,276
Total	: 6,628

In addition to procuring power from the above mentioned sources, GRIDCO explores to procure power through Power Exchanges depending on additional requirement of power on real time basis. During 2018-19 GRIDCO has procured 79.65 MW, on an average, through the Power Exchanges. GRIDCO also avails power through Power Banking, which is returned to the supplying agencies during surplus power availability period. During 2018-19 GRIDCO has availed about 62.89 MW, on an average, through Power Banking, out of which 10.74 MW was availed towards return obligation for the power supplied by GRIDCO to other utilities in the FY 2017-18. Further, the Captive Generating Plants (CGPs) of different industries in the State inject inadvertent power to the Grid, which is also consumed in the State. Such inadvertent power injection in 2018-19 amounts to about 53.50 MW, on an average.

With the above arrangement GRIDCO has met the electricity demand of around 4,400 MW during peak load hours and 27,632 MU (3,154 MW on average) of electricity during FY 2018-19.

During 2018-19, GRIDCO purchased about 27,632 MU of energy against Hon'ble OERC approval of 26,804 MU. For the current FY 2019-20 Hon'ble Commission has approved 28,731 MU (2,394 MU/month) against which GRIDCO has purchased about 14,476 MU (2,413 MU/month) up to September-2019.

B. Capacity Addition:

(a) Independent Power Producers (IPPs):

Govt. of Odisha had signed MoUs with 30 numbers of IPPs to set up coal fired thermal power stations at different locations in the State. Out of these, the MoUs with M/s. Essar Power (Orissa) Ltd., M/s. Kalinga Power Ltd., M/s. Vijaya Ferro & Power Ltd., M/s. BGR Energy System Ltd., M/s. CESC Ltd., M/s. Chambal Infrastructure Ventures Limited. M/s. JR Powergen Pvt. Ltd. and M/s. Visaka Thermal Power Ltd. have been cancelled. During the period from Nov-2010 to July-2016 five numbers of IPPs, viz., M/s. Vedanta Ltd. (2,400 MW), M/s. GMR Kamalanga Energy Ltd. (1,050 MW), M/s. Jindal India Thermal Power Ltd. (1,200 MW), M/s. Nava Bharat Ventures Ltd. (1x60 MW) and M/s. Ind-Barath Energy (Utkal) Ltd. (1x350 MW) have commissioned their power plants. Subsequently, Unit-1, 3 & 4 of 600 MW capacity each of M/s. Vedanta Ltd. have been converted to CGP Units w.e.f. 01-04-2015. However, the entitlement of power from M/s. Vedanta Ltd. remains unaltered. Accordingly, GRIDCO is entitled for 1,386 MW from IPPs as per the PPAs executed with them. Though, M/s. Nava Bharat Ventures Ltd. and M/s. Ind-Barath Energy (Utkal) Ltd. have achieved COD in November, 2015 and July, 2016 respectively, generation from these projects has not yet been commenced.

Regarding the other IPPs, it is to state that the Task Force on power projects held on 12-03-2015 has recommended for cancellation of the MoUs executed with 16 numbers IPPs. Fresh MoUs with these IPPs shall be signed after verification of progress on ground.

(b) State PSU projects:

GRIDCO has signed PPAs to procure Odisha shares from the proposed 2x660 MW, 1b TPS Expansion Project of OPGC (Unit 3 & 4) at Banharpalli, Jharsuguda and 3x800 MW thermal power project of Odisha Thermal Power Corporation Ltd. (OTPCL) at Kamakhya Nagar, Dhenkanal. Units-3 & 4 of OPGC Expansion Project have achieved COD on 03.07.2019 and 20.08.2019 respectively. Odisha has a share of 75%, i.e., 990 MW up to 31.03.2023 and 100% thereafter from the said project of OPGC. Regarding the OTPCL project it is to state that the entire capacity is dedicated to the State and implementation of the same is under consideration of Government.

(c) Central PSU projects:

In addition to the above, GRIDCO has signed PPAs with NTPC and its JV companies for procurement of Odisha shares. Out of these 3 numbers of thermal power projects, viz., 1x250 MW, NSPCL, Rourkela, 2x800 MW (in Phase-1), Integrated Thermal Power Station, Darlipalli, 2x660 MW, TTPS Expansion Project, are being set up in the State. Odisha has been allocated with a total share of 1,485 MW (consisting of 25 MW from NSPCL, 800 MW from Darlipalli and 660 MW from TTPS Expansion Project) out of the total installed capacity of 3,170 MW. The NSPCL unit is expected to be commissioned by the end of FY 2019-20. The first Unit of NTPC, Darlipalli is expected to achieve COD in December, 2019 and the second Unit in June, 2020. Commissioning of the TTPS Expansion Project has not yet been finalised.

GRIDCO has requested for de-allocation of shares from different thermal power projects proposed by NTPC & its JV companies located outside the State.

(d) Odisha UMPP:

GRIDCO has a share of 1,300 MW from the proposed 4,000 MW Odisha UMPP at Bedhabahal, Sundargarh being developed through a SPV, viz., M/s. Orissa Integrated Power Ltd. (OIPL), a subsidiary of PFC Ltd., New Delhi. GRIDCO is designated as the Lead Utility of the project to act for & on behalf of all the Individual Utilities and to exercise the rights and discharge the obligations of the Utility under the PPA. The land for plant, including MGR & waterline corridors, and Coal Blocks, viz., Meenakshi, Dip-side Meenakshi and Meenakshi-B shall be transferred to M/s. Odisha Infrapower Ltd. (OINPL), a subsidiary of PFC Ltd., New Delhi. International bidding process for selection of the Concessionaire for the Odisha UMPP at Bedhabahal, Sundargarh has been terminated and fresh bidding process shall be started after necessary modifications in the Standard Bid Documents (RfQ & RfP).

So far, GRIDCO has paid the following amounts in connection with the UMPP on receipt from Govt. of Odisha:

- i) Rs. 13 Crore towards share of 1,300 MW from the UMPP
- ii) Rs. 233.56 Crore towards Odisha share of cost of land in the UMPP
- iii) Rs. 47.25 Crore towards Odisha share of additional cost of land
- iv) Rs. 8.16 Crore towards Odisha share of Land License fees/Land Premium together with IDCO's administration charges, ground rent, cess, incidental charges and forest royalty etc. and for keeping safe unencumbered custody of land
- v) Rs. 48.75 Crore to carry out all preliminary project related activities for power plant, corridors and coal block for the Odisha UMPP
- vi) With payment of Rs. 63.27 Crore during FY 2019-20, towards Additional Advance and cost of private land for construction of MGR corridor and to meet the expenditure for ongoing activities including Land Acquisition etc. a total amount of Rs. 414.00 Crore has been paid to OIPL in connection with development of the project.

- (e)** Considering the upcoming projects along with existing sources, the availability of power for the State along with demand of electricity during the current Five Year Plan, i.e., up to FY 2021-22 is furnished in the table given below:

Financial Year	Electricity demand as per OPTCL forecast		Projected availability of electrical power	
	Peak demand (MW)	Annual Energy (MU)	Peak power (MW)	Annual Energy (MU)
2019-20	4,727	27,025	4,419	32,806
2020-21	4,903	28,093	5,656	44,010
2021-22	5,077	29,293	5,798	45,254

C. Development of Renewable Energy sources in Odisha & meeting the RPO:

- At present GRIDCO has 611 MW to its credit from different New & Renewable sources of Energy, out of which 57 MW is from Small Hydro Electric Projects, 412 MW from Solar PV Projects, 20 MW from one no. of Bio-mass Power Project and 122 MW from Wind sources.
- Following 2 nos. of SHEPs with total installed capacity of 42 MW are under different stages of implementation and are likely to be commissioned in FY 2019-20:
 - Sri Avantika Projects Pvt. Ltd. (18 MW) in March, 2020,
 - Baitarani Power Project Pvt. Ltd. (24 MW) in December, 2019.
- GRIDCO has also executed PSA with SECI to avail another 250 MW wind power under MNRE Scheme, Phase-II, Phase-III & Phase-IV, to be made available within next two years, out of which 72 MW is already being scheduled in favour of GRIDCO and 32 MW is expected in 2019-20 in Phase-II.
- GRIDCO has also in-principle agreed to procure the total power from the proposed 275 MW Solar Park Project, Phase-I to be implemented by GEDCOL, out of the total allocated project of 1,000 MW.
- GRIDCO as an intermediary procurer through e-bidding Reverse Auction process floated the tender to procure 200 MW solar PV power in the state and subsequently PPA has been executed with M/s. Aditya Birla Renewables Pvt. Ltd., Mumbai on 28-12-2018 for implementation of 75 MW solar project under the said scheme.
- GRIDCO has signed PSA with SECI on dated 21.08.2018 to avail 300 MW solar power under ISTS - connected Solar power project scheme, expected to be available by October 2020.
- GRIDCO has issued in-principle approval in favour of NHPC Ltd. for procuring total power from their proposed 40 MW solar power at Jagannath prasad, Ganjam.
- GRIDCO shall avail the entire solar power from the 8 MW Solar PV project to be implemented in the un-utilised lands available at OPTCL Grid Substations to be implemented by GEDCOL.
- GEDCOL is Implementing 19 MW Roof-top solar project in the non-residential Government Buildings in 15 other cities of Odisha replicating the scheme done for 4 MW Bhubaneswar- Cuttack twin city Roof-top project on gross metering basis.

D. Power trading:

GRIDCO has been doing bilateral trading of power through Interstate Traders since 2003 and through Power Exchanges since 2008 which is helping in mitigating the annual revenue gap (left by OERC in the respective year's ARR). The sale volume vis-à-vis the revenue for last six years are as follows:

<u>Financial Year</u>	<u>Quantum (in MU)</u>	<u>Revenue (Rs. Cr.)</u>
2013-14	1,665.42	664.60
2014-15	974.71	456.32
2015-16	551.54	164.63
2016-17	401.15	123.90
2017-18	306.91	142.26
2018-19	731.09	379.21
2019-20 (up to Sept'19)	218.45	116.49

13. Odisha Power Sector Outlook:**Development in respect of erstwhile RIL Managed 3 DISCOMs (WESCO, NESCO & SOUTHCO:**

Hon'ble OERC, vide Order dated 04.03.2015 in Case No. 55/2013, revoked the license of RIL (Reliance Infrastructure Limited) managed 3 DISCOMs i.e. WESCO, NESCO & SOUTHCO under Section 19 of Electricity Act 2003 w.e.f. 04.03.2015. In an Order of the same date 04.03.2015, the esteemed Commission also appointed Chairman-cum-Managing Director, GRIDCO, as the Administrator of the above 3 DISCOM Utilities under Section 20(d) of the Electricity Act, 2003 and vested the management & control of the said 3 Utilities along with their assets, interests and rights with him immediately to ensure continued supply of electricity in the area of the said 3 DISCOM Utilities in public interest. As per the OERC Order dated 04.03.2015, the CMD, GRIDCO would function under the supervision and control of the Principal Secretary, Department of Energy, Govt. of Odisha as far as the administration of the Distribution Utilities are concerned. This is an Interim Arrangement under Section 20(d) of the Electricity Act 2003.

14. Statutory Auditors:

M/s. JBMT & Associates, Chartered Accountants, Bhubaneswar were appointed as Statutory Auditors of the Corporation for the Financial Year 2018-19 by the Comptroller and Auditor General of India.

15. Explanations or Comments by the Board on Every Qualification, Reservation Made by the Auditors:

The comments of Management on the observations of Statutory Auditor and C&AG of India on annual accounts of GRIDCO Limited for the FY 2018-19 as per the provisions of section 134(3) of the Companies Act, 2013 are annexed as part of this report.

16. Fixed Deposits:

Your Company has not accepted any deposits from the public in terms of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

17. Share Capital:

The authorized equity share capital of your Corporation remained at Rs.1,000 Crore and the paid-up equity share capital at Rs.576.71 Crore as on date of this report. The Government of Odisha and their nominees hold the entire equity share capital of the Corporation.

18. Listing and Rating of GRIDCO:

I. Listing of GRIDCO in B.S.E. Limited:

GRIDCO floated bonds through private placement during the FY 2013-14. The Bonds were allotted **ISIN No. INE610F08020** by the National Securities Depository Limited (NSDL) and were listed with the Bombay Stock Exchange (BSE). The Securities of GRIDCO are being traded in the Wholesale Debt Market (WDM) of the B.S.E.

II. Rating of GRIDCO:

As per SEBI guidelines, rating was required for issue of Bonds. GRIDCO has been rated by the Rating Agencies as under

(a) India Rating Research Pvt. Ltd.: - **"IND A- (SO)/ Stable"**

(b) Brickwork Ratings India Pvt. Limited :- **"BWR A- (CE) / (Out look: Stable)"**

Similarly, for compliances to requirement of RBI guidelines, GRIDCO has been assigned the rating grade **"IND BBB+/ Stable"** for fund based bank loan facilities and **"IND A2"** for non-fund based bank facilities by India Rating & Research Pvt. Ltd.

19. Corporate Social Responsibility (CSR):

GRIDCO plays an important role in the social development in course of its business operations. Your Corporation could be able to satisfy the needs of the consumers of the state by making available, quality and reliable power at most competitive price. As a socially responsible corporate citizen your corporation has supported directly and/or indirectly to the social, economic, education, health and other welfare activities.

20. Measures Taken for Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo:

Considering the nature of business, the information relating to the provisions of Section 134(3)(m) of the Companies Act, 2013 and the rule 8 of the Companies (Accounts) Rules, 2014 made there under in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo during FY 2018-19 is nil.

21. Board's Composition, Category of Directors and their Meetings:

The Board is collectively responsible for the sustainable success of the Corporation under the leadership of Chairman. The Corporation's Board has an optimum combination of Executive, Non-Executive and Independent Directors and reflects diversity in terms of

disciplines, professions, social groups and stakeholder interest.

The strength of the Board as on 31st March, 2019 is nine (9) directors. They are as follows:

- | | |
|--------------------------------|--|
| 1. Sri Hemant Sharma, IAS | Chairman-cum-Managing Director |
| 2. Sri Pravat Kumar Lenka, IAS | Director |
| 3. Dr. Satya Priya Rath | Director |
| 4. Sri Dharendra Kumar Roy | Independent Director |
| 5. Sri Chittaranjan Pradhan | Independent Director |
| 6. Dr. Kamala Kanta Das | Independent Director |
| 7. Dr. Padmaja Mishra | Independent Director |
| 8. Sri Bibhu Prasad Mahapatra | Director (Finance & Corporate Affairs) |
| 9. Sri Manas Kumar Das | Director (Commercial) |

Sri Hemant Sharma, IAS continued as Chairman-Cum-Managing Director of the Corporation during the period under report. Dr. Satya Priya Rath, Joint Secretary, Finance Department and Sri Pravat Kumar Lenka, IAS, Additional Secretary to Govt., P.E. Department are continuing in the post of Director of the Corporation as Govt. Nominees.

Sri D.K. Roy, Sri C.R. Pradhan, Dr. K.K. Das and Dr. Padmaja Mishra, Vice-Chancellor Ramadevi Women's University are continuing as Independent Directors of the Corporation.

Further Sri B.P. Mahapatra, Director (F&CA) and Sri M.K. Das, Director (Commercial) are continued as Executive Directors of the Corporation during the period under report.

Number of Meetings of the Board of Directors:

During the year Six (6) number of Board meetings were held, details of which are given below:

Date of Meetings	Serial No. of Meeting	No. of Directors entitled to attend the meeting	No. of Directors attended the meeting
09.05.2018	175 th	9	7
06.08.2018	176 th	9	9
14.11.2018	177 th	9	6
15.12.2018	178 th	9	9
22.01.2019	179 th	9	7
27.03.2019	180 th	9	8

Name of Director	No. of Meetings entitled to attend	No. of Meetings attended	Meetings Remained Absent
Sri Hemant Sharma, IAS	6	6	Nil
Sri Pravat Kumar Lenka, IAS	6	4	2
Dr. Satya Priya Rath	6	3	3
Sri Dharendra Kumar Roy	6	6	Nil
Sri Chittaranjan Pradhan	6	6	Nil
Dr. Kamala Kanta Das	6	6	Nil
Dr. Mrs. Padmaja Mishra	6	4	2
Sri Bibhu Prasad Mahapatra	6	6	Nil
Sri Manas Kumar Das	6	5	1

The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

22. Committees of the Board:

The details of composition of the Committees of the Board of Directors are as under:-

a) Audit Committee:

The Audit Committee of GRIDCO has been constituted by the Board of Directors since 1996. The terms of reference, role, powers and functions of the committee have also been approved by the Board of Directors covering all matters specified under the Companies Act, 2013 and guidelines of the Corporate Governance Manual of P.E. Department, Govt of Odisha. As on 31st March, 2019, the Audit Committee comprised of four Non-Executive Directors and one Whole-time Director of the Corporation as under:

1.	Sri D. K. Roy	Chairman
2.	Dr. S.P. Rath	Member
3.	Sri C. R. Pradhan	Member
4.	Dr. K. K. Das	Member
5.	Sri M.K. Das	Member

The Director (F & CA) as a permanent invitee attended the committee meetings and Company Secretary acted as Secretary to the Committee.

The committee has reviewed the Audit observations/comments made by the Internal Auditors, Statutory Auditors, Cost Auditors and C&AG Auditors along with the Annual Financial Statement of the Corporation for the FY 2018-19 before submission of the same to the Board in accordance with the provisions of the Companies Act, 2013.

b) Human Resource Committee (HR Committee):

The Board of Directors of the Company has constituted the **Human Resource Committee (HR Committee)** Committee in compliance to the provisions of Corporate Governance Manual of P.E. Department, Government of Odisha and this committee was reconstituted by the Board of Directors in their 166th Meeting held on 3rd December, 2016 and following are the members of the Committee as on 31.03.2019:

1.	Sri D.K. Roy	Member
2.	Sri B.P. Mahapatra	Member
3.	Sri M.K. Das	Member

The Company Secretary acted as Convenor to the Committee.

No HR Committee Meeting was held during the year under review.

c) Corporate Social Responsibility (CSR) Committee:

The Companies Act, 2013, section 135(1) read with Companies (Corporate Social Responsibility Policy) Rules, 2014 mandates constitution of Corporate Social Responsibility Committee. This Committee is empowered to look into the matters related to CSR activities and sustainability development programme. As on 31st March, 2019, the Committee consisted of the following Directors as its member:

1.	Sri C.R. Pradhan	Member
2.	Dr. K.K. Das	Member
3.	Sri M.K. Das	Member

The Company Secretary acted as Convenor to the Committee.

No CSR Committee Meeting was held during the year under review.

d) Nomination and Remuneration Committee (NRC) :

The Board of Directors of the Company has constituted Nomination and Remuneration Committee (NRC) in compliance to the provisions of section 178 of the Companies, Act, 2013 read with rule 6 of the Companies (Meeting of Board and it's Power) Rule, 2014 by the Board of Directors in their 157th Meeting held on 27th February, 2015 and following are members of the Committee as on 31.03.2019:

1.	Sri D.K. Roy	Chairman
2.	Dr. S.P. Rath	Member
3.	Sri C.R. Pradhan	Member
4.	Dr. K.K. Das	Member

The Company Secretary acted as Convenor to the Committee.

No Nomination and Remuneration Committee (NRC) meeting was held during the year under review.

23. Declaration by Independent Directors:

All Independent Directors have met the requirements specified under section 149(6) of the Companies Act, 2013, so far as holding the position of the "Independent Director" and necessary declaration from each independent director under section 149(7) has been received for the year 2018-19.

24. Performance Evaluation of Directors:

The requirement of performance evaluation of Directors under section 178(2) of the Companies Act, 2013 has been done away with for the Government Companies vide Ministry of Corporate Affairs, Notification dated 5th June, 2015. Further, the appointment, tenure and

remuneration of Directors are decided by the State Government. Remuneration paid to Chairman-cum-Managing Director and Functional Directors are as per terms and conditions determined by the State Government. Independent Directors are paid only sitting fee per Board/Committee meeting attended by them.

25. Key Managerial Personnel:

During the year Sri Hemant Sharma, IAS, Chairman-cum-Managing Director, Sri B.B. Sahoo, Chief Financial Officer and Smt. Susmita Dash, Company Secretary continued as Key Managerial Personnel of the Corporation pursuant to the provisions of section 203 (1) of the Companies Act, 2013.

26. General:

No disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under report:

- Details relating to deposits covered under Chapter V of the Companies, Act, 2013.
- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- Issue of Shares, sweat equity Shares and ESOS to employees of the Company.
- Neither CMD nor the Whole-time Directors of the Company receive any commission from the Company.

27. Details of Establishment of Vigil Mechanism for Directors and Employees:

The Corporation focuses more on preventive and proactive vigilance from detective, predictive and punitive vigilance. Aiming at better transparency in working of the organization and to inculcate a sense of ethics, integrity and sound corporate governance, several steps are being taken for improving the system and vigilance administration. As per provisions of Section 177(9) of the Companies Act, 2013 and rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, the Vigil Mechanism Policy of the Corporation was approved by the Board of Directors in their 175th meeting held on 09.05.2018.

28. Particulars of Employees:

There were no employees during the period in respect of whom the particulars prescribed under provisions of Section 197 of the Companies Act, 2013, read with the rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are to be furnished.

29. Subsidiary Companies, Joint Venture or Associate Companies:

The Company has the following four (4) Associate Companies:

- a) Central Electricity Supply Company of Orissa Limited
- b) Western Electricity Supply Company of Odisha Limited
- c) North Eastern Electricity Supply Company of Odisha Limited
- d) Southern Electricity Supply Company of Odisha Limited

30. Particulars of Loans, Guarantees or Investments under Section 186:

During the year under review, your Corporation has not given any loan or guarantee which is covered under the provisions of section 186 of the Companies Act, 2013.

31. Directors' Responsibility Statement:

Pursuant to the provisions of Section 134(3)(c) and 134(5) of the Companies Act, 2013, your Directors hereby confirm that:

- (a) in the preparation of 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;
- (c) the Directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts for the financial year ended on 31st March, 2019 on a going concern basis;
- (e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- (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.

32. Cost Auditors:

As per the provision of Section 148 and all other applicable provisions of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rule, 2014, M/s. Ashutosh & Co., Cost Accountants, Bhubaneswar, were appointed as the Cost Auditors of the Corporation to conduct the audit of cost records of your Corporation for the Financial Year 2018-19.

33. Secretarial Auditors:

In terms of Section 204 of the Companies Act, 2013, and Rules framed there under M/s. Deba Mohapatra & Co., Company Secretaries, Bhubaneswar, have been appointed as the Secretarial Auditors of the Corporation for the Financial Year 2018-19. The report of the Secretarial Auditors is enclosed as **ANNEXURE-4** to this report.

34. Extract of the Annual Return:

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014, the extract of Annual Return in Form MGT-9 is attached as **ANNEXURE-3** to this Report.

35. Corporate Governance:

Your Corporation follows the principle of fairness, transparency, disclosure and accountability in all areas of its operation in the best interest of various stakeholders. The State Government has issued Corporate Governance Manual enumerating Comprehensive guidelines which are being followed by the Corporation. The Corporate Governance Compliance Report has been submitted to P.E Deptt., Govt. of Odisha for the year 2018-19. A separate section on Corporate Governance forming part of the Director's Report is at **ANNEXURE-1**.

36. Particulars or Contracts with Related Party Transactions:

The Corporation has not entered into any contracts or arrangements with related parties during the year under report. Any transaction by a Government Company in respect of contracts and arrangement entered into with any other Government Company is exempted under section 188 of the Companies Act, 2013 as notified by the Ministry of Corporate Affairs vide Notification 05.06.2015. Accordingly, the disclosure of Related Party transaction in form AOC-2 is not applicable.

37. Signing of MOU with Administrative Department.

In line with the guidelines prescribed under Corporate Governance Manual of P.E Department, your Corporation, for the 8th successive year, has signed the Memorandum of Understanding (MOU) with the Department of Energy, Government of Odisha for the year 2018-19 on 11th July, 2018 as per guidelines prescribed under Corporate Governance Manual issued by P.E. Deptt, Govt. of Odisha.

38. Right to Information Act, 2005:

An appropriate mechanism has been set up in line with the Right to Information Act, 2005 in order to promote transparency and accountability. Your Corporation has nominated APIOs, PIO and Appellate Authority to provide and address issues relating to information sought by the citizens under the provisions of the RTI Act, 2005.

39. Management Discussion and Analysis:

A separate section on Management Discussion and Analysis forming part of the Director's Report is at **ANNEXURE-2**.

40. Acknowledgments:

Your Directors wish to place on record their deep appreciation for the continuous guidance and co-operation received from the Government of Odisha especially, from the Department of Energy, Finance Department, Public Enterprises Department, OERC, CEA, CERC, Appellate Tribunal for Electricity, Planning Commission and other concerned Departments/ organizations at the State and the Centre. The Board also extends its sincere appreciation to OPTCL, OHPC, OPGC, NTPC, NHPC, PGCIL, other IPPs and CGPs who have supported the Corporation during the year under review.

Your Directors express their sincere thanks for the constructive suggestions received from the Comptroller & Auditor General of India, Statutory Auditors, Cost Auditors and Secretarial Auditors during their audit for the year under review. The Board also conveys its sincere thanks to various financial institutions/banks for their timely assistance, continued trust and confidence reposed by them on GRIDCO.

Your Directors further wish to place on record their appreciation for the untiring efforts and contribution made by the employees of the Corporation at all levels to ensure that the Corporation continues to grow and excel.

For & on behalf of the Board of Directors

Place: Bhubaneswar

Date: 29.02.2020

Sd/-

**(Dr. Saurabh Garg, IAS)
Chairman & Managing Director**

ANNEXURE-1**CORPORATE GOVERNANCE REPORT****Company's Philosophy:**

GRIDCO strongly believes that adoption of good Corporate Governance practices enable the organisations to create value, improve accountability, develop internal control to safeguard the integrity in the business processes and foster confidence of the stakeholders and the public at large. With this belief, the management is taking measures to move closer towards its vision to become one of the leading Power Trading Utility in the country which will foster healthy competition and facilitate power trading at a competitive price to the benefit of the consumers at large. It shall also be the constant endeavour of the management to inculcate a culture of ethical and honest conduct, empowerment of employees and collective decision making.

Board of Directors:

As per the Articles of Association of the Corporation, the number of Directors shall not be less than four and not more than fifteen. As on 31st March, 2019 the Board comprised of 3 Whole-time (Executive) Directors including Chairman-cum-Managing Director, 2 Part-time Government nominee Directors representing Public Enterprises Department and Finance Department and 4 Part-time (Non-official) Directors (Independent Directors including one Woman Director). The composition of the Board is in line with the guidelines of Corporate Governance Manual issued by the P.E. Department, Government of Odisha.

Board Meetings:

Six Board Meetings were held during the Financial Year 2018-19 i.e. on 09th May 2018, 06th August 2018, 14th November 2018, 15th December 2018, 22nd January 2019 and 27th March 2019. All Board Meetings were held at the Registered Office of the Corporation. Notice and Agenda papers for the meetings were circulated to the Directors in advance to enable them to go through the proposals and participate in the discussion for effective decision making at the meetings.

Board Committees:**A. Audit Committee:**

GRIDCO has constituted the Audit Committee on 13.09.1996. The terms of reference, role, powers and functions of the Audit Committee were approved by the Board covering all matters specified under Section 177 of the Companies Act, 2013 and Guidelines of the Corporate Governance Manual of P.E. Department, Govt. of Odisha.

As on 31st March, 2019, the Audit Committee comprised of four Non-Executive Directors and One Whole-time Director of the Corporation. The Members possess the requisite knowledge of Finance & Accounting for effective functioning of the Audit Committee. The Director (Finance & Corporate Affairs) and Chief Financial Officer attended and participated in all the Audit Committee meetings as a special invitee. The Statutory Auditors also attended the meeting on invitation. During the year Five Audit Committee meetings were held i.e. on 08th May 2018, 22nd June 2018, 04th August 2018, 12th November 2018 and 06th December 2018.

B. Corporate Social Responsibility (CSR) Committee:

The Board of Directors of the Corporation has constituted a CSR Committee under section 135(1) of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014. No CSR Committee meeting was held during the year under review.

C. Nomination and Remuneration Committee (NRC):

The Board of Directors of the Corporation has constituted Nomination and Remuneration Committee (NRC) in compliance to the provisions of section 178 of the Companies, Act, 2013 read with rule 6 of the Companies (Meeting of Board and its Power) Rule, 2014. No Nomination and Remuneration Committee (NRC) meeting was held during the year under review.

D. Human Resource Committee (HR Committee):

The Board of Directors of the Company has constituted the HR Committee in compliance to the provisions of Corporate Governance Manual of P.E. Department, Government of Odisha. No Human Resource Committee (HR Committee) meeting was held during the year under review.

Annual General Meetings during the last three years:

No. of Meeting	Venue	Date	Time
21 st	Registered Office at Janpath, Bhubaneswar-751022	28.09.2016	1.00 PM
22 nd	Registered Office at Janpath, Bhubaneswar-751022	25.09.2017	3.30 PM
23 rd	Registered Office at Janpath, Bhubaneswar-751022	29.09.2018	4.30 PM

Remuneration to Directors:

Being a State Public Sector Undertaking, the appointment of the Whole-Time Directors and the terms & conditions thereof including remuneration are determined by the administrative department i.e. Department of Energy, Govt. of Odisha. The Independent Directors are being paid sitting fee of Rs.5,000/- (Five thousand) only per sitting per Director for attending Board Meeting and Board level Committee Meetings.

Means of Communication:

The Corporation has a website www.gridco.co.in. All important information's are shared with the stakeholders and outsiders through its website. The Corporation also disseminates information through various publications, press releases and Annual Reports periodically.

Corporate Governance Compliance Report:

Pursuant to clause 12.1 of the Corporate Governance Manual, the Corporate Governance Compliance Report for the year 2018-19 has been submitted to the Administrative Department and P.E. Department in the prescribed format.

MANAGEMENT DISCUSSION AND ANALYSIS

Forward-Looking Statements:

Statements in this “Management's Discussion and Analysis” describing the Company's objective, projections, estimates and expectations may be “forward looking statements” within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand supply conditions, changes in the government regulations, tax regimes, economic developments within India and the countries within which the company conducts business and other factors such as litigation and labour relations.

Forward-looking statements are based on certain assumptions and expectations of future events. The company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

Internal Control Systems and their Adequacy:

The philosophy we have with regard to internal control systems and their adequacy has been formulated for effective systems and their strict implementation to ensure that assets and interest of the company are safeguarded, checks and balances are in place to determine the accuracy and reliability of accounting data.

The Internal Audit, an independent appraisal function to examine and evaluate the adequacy and effectiveness of the internal controls system, apprises periodically about activities and audit findings to the audit committee, statutory auditors and the top management.

Internal Audit ensures that systems are designed and implemented with adequate internal controls commensurate with the size and operations, transactions are executed and assets are safeguarded and deployed in accordance with the policies, existence of adequacy of internal controls in all existing policies and procedures.

The Audit Committee of the board consists of majority of the members independent and non-executives directors. It investigates any matter relating to the internal control systems and reviews the Internal Audit. The Committee also reviews the quarterly and half- yearly financial report before they are submitted to the Board of Directors.

Human Resources:

Your Company's industrial relations continued to be harmonious during the year under review. This year company could able to perform better due to continuous efforts of the employees at every stage of work. As on 31st March, 2019 the employee strength of your company is 54 which includes 44 Executives and 10 Non-Executives.

Conclusion

Your Corporation is taking all-out effort to achieve better performance than its earlier years with continued trust, confidence and new innovative ideas even though there is lot of constraints like heavy financial burden, continuous hydrological failure and steep increase in cost of coal etc. to grow and excel.

FORM NO. MGT – 9
**EXTRACT OF ANNUAL RETURN
AS ON THE FINANCIAL YEAR ENDED ON 31st MARCH, 2019**

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

I. REGISTRATION & OTHER DETAILS:

(i)	CIN	L40109OR1995SGC003960
(ii)	Registration Date	20.04.1995
(iii)	Name of the Company	GRIDCO LIMITED
(iv)	Category / Sub-Category of the Company	Company limited by shares State Government Company.
(v)	Address of the Registered office & contact details	Janpath, Bhubaneswar, Khurda, Odisha-751022, India. Email Id : gridcofca@gridco.co.in
(vi)	Whether listed company	Listed
(vi)	Name, Address and contact details of the Registrar and Transfer Agent, if any.	Niche Technologies Private Limited Address: D 511, Bagree Market 71, BRBB RD, Kolkata, West Bengal- 700001, India

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Electric Power Generation, Transmission and Distribution.	40	100

III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and Address of the Company	CIN / GNL	Holding / Subsidiary/ Associate	% of shares held	Applicable Section
1.	Central Electricity Supply Company of Orissa Limited.	U40109OR1997 PLC005105	Associate	49	2(6)
2.	Western Electricity Supply Company of Odisha Limited.	U40109OR1997 PLC005104	Associate	49	2(6)
3.	North Eastern Electricity Supply Company of Odisha Limited.	U40109OR1997 PLC005106	Associate	49	2(6)
4.	Southern Electricity Supply Company of Odisha Limited.	U40109OR1997 PLC005107	Associate	49	2(6)

IV SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity):

(I) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year[As on 1 st April 2018]				No. of Shares held at the end of the year[As on 31 st March 2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	0	7	7	0.0001	0	7	7	0.0001	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	5,767,107	5,767,107	100	0	5,767,107	5,767,107	100	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A)	0	5,767,114	5,767,114	100	0	5,767,114	5,767,114	100	0
B. Public Shareholding									
1. Institutions	0	0	0	0	0	0	0	0	0
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt.(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	0	0	0	0	0	0	0	0	0
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	0	0	0	0	0	0	0	0	0
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	0	0	0	0	0	0	0	0
c) Others (specify)	0	0	0	0	0	0	0	0	0
Non Resident Indians	0	0	0	0	0	0	0	0	0
Overseas Corporate Bodies	0	0	0	0	0	0	0	0	0
Foreign Nationals	0	0	0	0	0	0	0	0	0
Clearing Members	0	0	0	0	0	0	0	0	0
Trusts	0	0	0	0	0	0	0	0	0
Foreign Bodies D R	0	0	0	0	0	0	0	0	0
Sub-total (B)(2):-	0	0	0	0	0	0	0	0	0
Total Public Share holding (B) = (B)(1) + (B)(2)	0	0	0	0	0	0	0	0	0
C. Shares held by Custodian for GDRs & DRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	0	5,767,114	5,767,114	100	0	5,767,114	5,767,114	100	0

(ii) Shareholding of Promoter:

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	Governor of Odisha	57,67,107	100	0	57,67,107	100	0	No change
2.	Sri Hemant Sharma, IAS	1	0	0	1	0	0	No change
3.	Sri Debendra Kumar Jena, IAS	1	0	0	1	0	0	No change
4.	Sri Bibhu Prasad Mahapatra	1	0	0	1	0	0	No change
5.	Sri Manas Kumar Das	1	0	0	1	0	0	No change
6.	Sri Sangram Keshari Swain	1	0	0	1	0	0	No change
7.	Sri Vijay Arora, IAS	1	0	0	1	0	0	No change
8.	Smt. Susmita Dash	1	0	0	1	0	0	No change

(iii) Change in Promoters' Shareholding:

SN	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1. Governor of Odisha					
	i) At the beginning of the year	57,67,107	100	-	-
	ii) Date wise Increase / Decrease	-	-	No change	No change
	iii) At the end of the year	-	-	57,67,107	100
2. Sri Hemant Sharma, IAS					
	i) At the beginning of the year	1	0	-	-
	ii) Date wise Increase / Decrease	-	-	No change	No change
	iii) At the end of the year	-	-	1	0
3. Sri Debendra Kumar Jena, IAS					
	i) At the beginning of the year	1	0	-	-
	ii) Date wise Increase / Decrease	-	-	No change	No change
	iii) At the end of the year	-	-	1	0
4. Sri Bibhu Prasad Mahapatra					
	i) At the beginning of the year	1	0	-	-
	ii) Date wise Increase / Decrease	-	-	No change	No change
	iii) At the end of the year	-	-	1	0
5. Sri Manas Kumar Das					
	i) At the beginning of the year	1	0	-	-
	ii) Date wise Increase / Decrease	-	-	No change	No change
	iii) At the end of the year	-	-	1	0
6. Sri Sangram Keshari Swain					
	i) At the beginning of the year	1	0	-	-
	ii) Date wise Increase / Decrease	-	-	No change	No change
	iii) At the end of the year	-	-	1	0

7. Sri Vijay Arora, IAS					
	i) At the beginning of the year	1	0	-	-
	ii) Date wise Increase / Decrease	-	-	No change	No change
	iii) At the end of the year	-	-	1	0
8. Mrs. Susmita Dash					
	i) At the beginning of the year	1	0	-	-
	ii) Date wise Increase / Decrease	-	-	No change	No change
	iii) At the end of the year	-	-	1	0

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

(v) **Shareholding of Directors and Key Managerial Personnel:**

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1. Sri Hemant Sharma, IAS					
	i) At the beginning of the year	1	0	-	-
	ii) Date wise Increase / Decrease	-	-	No Change	No Change
	iii) At the end of the year	-	-	1	0
2. Sri Bibhu Prasad Mahapatra					
	i) At the beginning of the year	1	0	-	-
	ii) Date wise Increase / Decrease	-	-	No Change	No Change
	iii) At the end of the year	-	-	1	0
3. Sri Dharendra Kumar Roy					
	i) At the beginning of the year	-	-	-	-
	ii) Date wise Increase / Decrease	-	-	-	-
	iii) At the end of the year	-	-	-	-
4. Dr. Kamala Kanta Das					
	i) At the beginning of the year	-	-	-	-
	ii) Date wise Increase / Decrease	-	-	-	-
	iii) At the end of the year	-	-	-	-
5. Sri Chittaranjan Pradhan					
	i) At the beginning of the year	-	-	-	-
	ii) Date wise Increase / Decrease	-	-	-	-
	iii) At the end of the year	-	-	-	-
6. Prof. Padmaja Mishra					
	i) At the beginning of the year	-	-	-	-
	ii) Date wise Increase / Decrease	-	-	-	-
	iii) At the end of the year	-	-	-	-
7. Sri Manas Kumar Das					
	i) At the beginning of the year	1	0	-	-
	ii) Date wise Increase / Decrease	-	-	No Change	No Change
	iii) At the end of the year	-	-	1	0

8. Smt. Susmita Dash					
i) At the beginning of the year	1	0	-	-	
ii) Date wise Increase / Decrease	-	-	No Change	No Change	
iii) At the end of the year	-	-	1	0	
9. Dr. Satya Priya Rath					
i) At the beginning of the year	-	-	-	-	
ii) Date wise Increase / Decrease	-	-	-	-	
iii) At the end of the year	-	-	-	-	
10. Sri Pravat Kumar Lenka					
i) At the beginning of the year	-	-	-	-	
ii) Date wise Increase / Decrease	-	-	-	-	
iii) At the end of the year	-	-	-	-	

V. INDEBTEDNESS:

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

(In Rupees)

	Secured Loans excluding deposits	Unsecured Loans	Deposits/ Bonds	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	41,03,50,87,924	13,69,31,73,959	10,29,06,18,134	65,01,88,80,017
ii) Interest due but not paid	24,60,44,146	3,76,04,35,182	4,91,62,27,393	8,92,27,06,721
iii) Interest accrued but not due	0	0	48,10,70,397	48,10,70,397
Total (i+ii+iii)	41,28,11,32,070	17,45,36,09,141	15,68,79,15,924	74,42,26,57,135
Change in Indebtedness during the financial year				
* Addition	9,35,00,00,000	0	0	9,35,00,00,000
* Reduction	-8,12,07,97,758	-2,74,73,90,896	-26,86,94,277	-11,13,68,82,931
Net Change	1,22,92,02,242	-2,74,73,90,896	-26,86,94,277	-1,78,68,82,931
Indebtedness at the end of the financial year				
i) Principal Amount	42,26,42,90,166	10,94,57,83,063	10,02,19,23,857	63,23,19,97,086
ii) Interest due but not paid	51,86,301	3,96,11,04,072	5,77,66,80,848	9,74,29,71,221
iii) Interest accrued but not due	0	26,02,29,12	48,10,70,397	50,70,93,309
Total (i+ii+iii)	42,26,94,76,467	14,93,29,10,047	16,27,96,75,102	73,48,20,61,616

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

S.N	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Sri Manas Kumar Das, Director (Commercial)	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	28,52,905.00	28,52,905.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1,62,834.00	1,62,834.00
	(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, please specify	- - -	- - -
5	Other Retiral Benefits	-	-
	Total (A)	30,15,739.00	30,15,739.00
	Ceiling as per the Act (5% of Net Profit)		

B. Remuneration to other directors: NIL

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

SN	Particulars of Remuneration	Key Managerial Personnel (KMP)		
		Sri Braja Bandhu Sahoo (CFO)	Smt. Susmita Dash (CS)	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income -tax Act, 1961	27,53,357.00	11,37,833.00	38,91,190.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify...	- - -	- - -	- - -
5	Others, please specify	-	-	-
	Total	27,53,357.00	11,37,833.00	38,91,190.00

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	0	0	0	0	0
Punishment	0	0	0	0	0
Compounding	0	0	0	0	0
B. DIRECTORS					
Penalty	0	0	0	0	0
Punishment	0	0	0	0	0
Compounding	0	0	0	0	0
C. OTHER OFFICERS IN DEFAULT					
Penalty	0	0	0	0	0
Punishment	0	0	0	0	0
Compounding	0	0	0	0	0

DEBA MOHAPATRA & CO.
COMPANY SECRETARIES

ANNEXURE-4

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR 2018-19

[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]

To

The Members

GRIDCO Limited

Janpath, Bhubaneswar-751022, Odisha

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. GRIDCO Limited** (hereinafter called 'the Company') for the financial year ended **31st March, 2019**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers 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 31st March, 2019, 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 the Company for the financial year ended on 31st March, 2019, according to the provisions of:

- i. The Companies Act, 2013 (the Act), and Rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under; **(Not applicable to the Company during the Audit Period)**
- 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; **(Not applicable to the Company during the Audit Period)**
- v. The following Agreement, Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. Simplified Listing Agreement for Debt Securities;

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 Ph: 9437503765 (M) 9861073815 (M), e-mail: cs_deba@yahoo.co.in

**DEBA MOHAPATRA & CO.
COMPANY SECRETARIES**
Continuation Sheet...

- b. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended;
 - c. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not applicable to the Company during the Audit Period)**
 - d. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **(Not applicable to the Company during the Audit Period)**
 - e. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable to the Company during the Audit Period)**
 - f. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not applicable to the Company during the Audit Period)**
 - g. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - h. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client; **(Not applicable to the Company during the Audit Period)**
 - i. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the Audit Period)**
 - j. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during the Audit Period)**
- (vi) The other laws as may be applicable specifically to the Company are:
- a. The Electricity Act, 2003;
 - b. Environmental and Protection Act, 1986;

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI).
- (ii) The Uniform Debt Listing Agreement entered into by the Company with the BSE Limited.

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

(A) COMPOSITION OF BOARD OF DIRECTORS:

During the financial year under review, the Board of Directors of the Company consists of the following Directors, as detailed below:

DEBA MOHAPATRA & CO.
COMPANY SECRETARIES

Continuation Sheet...

LIST OF DIRECTORS DURING THE FINANCIAL YEAR 2018-19				
Sl. No	Name of the Directors	Positions Held	Date of Appointment	Date of Cessation
EXECUTIVE AND FUNCTIONAL DIRECTORS				
1.	Sri Hemant Sharma, IAS	Chairman-cum-Managing Director	16. 07.2013	-
2.	Sri Bibhu Prasad Mahapatra	Director (Finance & CA)	15. 07.2016	-
3.	Sri Manas Kumar Das	Director (Commercial)	16.11.2016	-
NON- EXECUTIVE DIRECTORS				
4.	Dr. Satya Priya Rath	Director	21.02.2018	-
5.	Sri Pravat Kumar Lenka, IAS	Director	09.03.2018	-
INDEPENDENT DIRECTORS				
6.	Sri Dhirendra Kumar Roy	Director	04.10.2005	-
7.	Dr. Kamala Kanta Das	Director	03.03.2012	-
8.	Sri Chittaranjan Pradhan	Director	03.03.2012	-
9.	Dr. Padmaja Mishra	Director	17.10.2015	-

LIST OF KEY MANAGERIAL PERSONNEL (KMPs) DURING THE FINANCIAL YEAR 2018-19				
Sl. No	Name of the KMPs	Positions Held	Date of Appointment	Date of Cessation
EXECUTIVE AND FUNCTIONAL DIRECTORS				
1.	Sri Hemant Sharma, IAS	Managing Director	16.07.2013	-
2.	Sri Braja Bandhu Sahoo	Chief Financial Officer	26.02.2016	-
3.	Smt. Susmita Dash	Company Secretary	10.04.2007	-

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors, Independent Directors & a Woman Director in compliance with the provisions of Section 149 of the Companies Act, 2013.

(B) MEETINGS OF THE BOARD OF DIRECTORS:

During the financial year under review, Six (6) meetings of the Board of Directors i.e. from 175th to 180th were held on 9th May 2018, 6th August 2018, 14th November 2018, 15th December 2018, 22nd January 2019 & 27th March 2019 respectively.

For all the Board meetings, adequate notice was given to all Directors. Agenda and detailed notes on agenda were sent in advance of the meetings to all the Directors, in compliance with the provisions of the Companies Act and the Secretarial Standards and the Company has a system existing, for seeking and obtaining further information and clarifications on the agenda items placed before the meetings for the meaningful participation at the meetings.

DEBA MOHAPATRA & CO. COMPANY SECRETARIES

Continuation Sheet...

All the meetings were convened as per the provisions of the Companies Act, 2013. The requisite Quorum was present in all the Board Meetings held during the financial year as per provisions of the Companies Act, 2013 and as per the requirements of the Articles of Association of the Company. All decisions at the Board Meetings were carried out unanimously and recorded in the minute's book of the meetings of the Board of Directors.

The Attendance of the Directors in Board Meetings held during the year was as follows.

Board Meeting No.	Date of Board Meeting	Name of Directors present	Name of Director Absent
175 th	09.05.2018	1. Sri Hemant Sharma, IAS 2. Dr. Satya Priya Rath 3. Sri Dharendra Kumar Roy 4. Sri Chittaranjan Pradhan 5. Dr. Kamala Kanta Das 6. Sri Bibhu Prasad Mahapatra 7. Sri Manas Kumar Das	1. Sri Pravat Kumar Lenka, IAS 2. Dr. Padmaja Mishra
176 th	06.08.2018	1. Sri Hemant Sharma, IAS 2. Sri Pravat Kumar Lenka, IAS 3. Dr. Satya Priya Rath 4. Sri Dharendra Kumar Roy 5. Sri Chittaranjan Pradhan 6. Dr. Kamala Kanta Das 7. Dr. Padmaja Mishra 8. Sri Bibhu Prasad Mahapatra 9. Sri Manas Kumar Das	None
177 th	14.11.2018	1. Sri Hemant Sharma, IAS 2. Sri Pravat Kumar Lenka, IAS 3. Sri Dharendra Kumar Roy 4. Sri Chittaranjan Pradhan 5. Dr. Kamala Kanta Das 6. Sri Bibhu Prasad Mahapatra	1. Dr. Satya Priya Rath 2. Dr. Padmaja Mishra 3. Sri Manas Kumar Das
178 th	15.12.2018	1. Sri Hemant Sharma, IAS 2. Sri Pravat Kumar Lenka, IAS 3. Dr. Satya Priya Rath 4. Sri Dharendra Kumar Roy 5. Sri Chittaranjan Pradhan 6. Dr. Kamala Kanta Das 7. Dr. Padmaja Mishra 8. Sri Bibhu Prasad Mahapatra 9. Sri Manas Kumar Das	None
179 th	22.01.2019	1. Sri Hemant Sharma, IAS 2. Sri Dharendra Kumar Roy 3. Sri Chittaranjan Pradhan 4. Dr. Kamala Kanta Das 5. Dr. Padmaja Mishra 6. Sri Bibhu Prasad Mahapatra 7. Sri Manas Kumar Das	1. Sri Pravat Kumar Lenka, IAS 2. Dr. Satya Priya Rath
180 th	27.03.2019	1. Sri Hemant Sharma, IAS 2. Sri Pravat Kumar Lenka, IAS 3. Sri Dharendra Kumar Roy 4. Sri Chittaranjan Pradhan 5. Dr. Kamala Kanta Das 6. Dr. Padmaja Mishra 7. Sri Bibhu Prasad Mahapatra 8. Sri Manas Kumar Das	1. Dr. Satya Priya Rath

(C) SEPARATE MEETING OF THE INDEPENDENT DIRECTORS:

As per the provisions of Section 149(8) read with Clause VII of Schedule IV of the Companies Act, 2013, a separate meeting of Independent Directors of the Company i.e. 4th meeting was held on 27th March 2019.

The meeting of the Independent Directors of the Company consists of the following members:

- Sri Dharendra Kumar Roy, Independent Director
- Sri Chittaranjan Pradhan, Independent Director
- Dr. Kamala Kanta Das, Independent Director
- Dr. Padmaja Mishra, Independent Director

(D) STATUTORY COMMITTEES OF THE BOARD:
i. AUDIT COMMITTEE:

The Audit Committee of the Company has been constituted as per the provisions of Section 177 of the Companies Act, 2013 and the Rules made there under, Guidelines, Regulations and Standards.

The Audit Committee of the Board of Directors of the Company consists of the following members:

- Sri Dharendra Kumar Roy, Director (Chairman)
- Sri Chittaranjan Pradhan, Director
- Dr. Kamala Kanta Das, Director
- Dr. Satya Priya Rath, Director
- Sri Manas Kumar Das, Director (Commercial)

During the financial year, Five (5) meetings of the Audit Committee i.e. from 77th to 81st were held on 8th May 2018, 22nd June 2018, 4th August 2018, 12th November 2018, 6th December 2018.

Adequate Notice for the Audit Committee Meetings was sent to all the Members of the Committee. Agenda and detailed notes on agenda were sent in advance. 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.

The Attendance of the Members in the Audit Committee Meeting of the Board of Directors held during the years as follows:

**DEBA MOHAPATRA & CO.
COMPANY SECRETARIES**

Continuation Sheet...

Board Meeting No.	Date of Board Meeting	Name of Directors present	Name of Directors Absent
77 th	08.05.2018	1. Sri Dharendra Kumar Roy 2. Sri Chittaranjan Pradhan 3. Dr. Kamala Kanta Das 4. Dr. Satya Priya Rath 5. Sri Manas Kumar Das	None
78 th	22.06.2018	1. Sri Chittaranjan Pradhan 2. Dr. Kamala Kanta Das 3. Sri Manas Kumar Das	1. Sri Dharendra Kumar Roy 2. Dr. Satya Priya Rath
79 th	04.08.2018	1. Sri Dharendra Kumar Roy 2. Sri Chittaranjan Pradhan 3. Dr. Kamala Kanta Das 4. Sri Manas Kumar Das	1. Dr. Satya Priya Rath
80 th	12.11.2018	1. Sri Dharendra Kumar Roy 2. Sri Chittaranjan Pradhan 3. Dr. Kamala Kanta Das 4. Sri Manas Kumar Das	1. Dr. Satya Priya Rath
81 st	06.12.2018	1. Sri Chittaranjan Pradhan 2. Dr. Kamala Kanta Das 3. Sri Manas Kumar Das	1. Sri Dharendra Kumar Roy 2. Dr. Satya Priya Rath

All decisions at the Committee Meetings were carried out unanimously and recorded in the minutes book of the respective Committee Meetings.

(ii) NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee of the Company has been constituted as per the provisions of Section 178 of the Companies Act, 2013 and the Rules made there under, Guidelines, Regulations and Standards.

The Nomination and Remuneration Committee of the Board of Directors of the Company consists of the following members:

- Sri Dharendra Kumar Roy, Director (Chairman)
- Sri Chittaranjan Pradhan, Director
- Dr. Kamala Kanta Das, Director

During the financial year under review, no meeting of the Nomination and Remuneration Committee was held.

(iii) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

The Corporate Social Responsibility Committee of the Company has been constituted as per the provisions of Section 135 of the Companies Act, 2013 and the Rules made there under, Guidelines, Regulations and Standards.

The Corporate Social Responsibility Committee of the Board of Directors of the Company consists of the following members:

**DEBA MOHAPATRA & CO.
COMPANY SECRETARIES**
Continuation Sheet...

- Sri Chittaranjan Pradhan, Director
- Dr. Kamala Kanta Das, Director
- Sri Manas Kumar Das, Director (Commercial)

During the financial year under review, no meeting of the Corporate Social Responsibility Committee was held. The Company has formulated the CSR policy. The Company has not spent any amount under CSR Head, as it is suffering from losses in the last three preceding financial years.

(E) BOND ISSUE:

The Company had issued and listed 1275 number of 8.79% Unsecured Redeemable Non Convertible Taxable Bonds (Series -I -2013) of face value of Rs. 10,00,000 each with half yearly interest rests on 15th June and 15th December every year from the deemed date of allotment on 28.08.2013, fully redeemable after expiry of 10 years on 27.08.2023.

These Bonds were listed on Bombay Stock Exchange Limited on 24.09.2013 and the intimation of the same was given to the ROC as required under the Companies Act 2013. M/s Niche Technologies Private Limited was appointed by the Company as the Registrar to the issue and M/s Vistra ITCL (India) Limited (formerly known as IL & FS Trust Company Limited) was appointed by the Company as the Debenture Trustees. The Company has complied with all the statutory requirements of Debt Listing Agreement relating to these Bonds.

During the financial year under report, the half yearly interest and/or principal amount on these Bonds has been paid as per the terms and conditions of the issue.

During the financial year under report, the Company has obtained Credit Ratings from India Ratings & Research Private Limited and Brickworks Ratings India Private limited with respect to its aforesaid Bonds.

The Company has complied with all the clauses of Debt Listing Agreement relating to documents and information which are needed to be given to the Debenture Trustees.

The Company has complied with the provisions of timely publication of half-yearly financial results and annual financial results in at least one English daily newspaper circulating in the whole of India.

(F) MAINTENANCE OF STATUTORY RECORDS:

All Statutory Registers, records and other registers as prescribed under various provisions of the Companies Act, 2013, the Depositories Act, 1996 and the rules made there under were kept and maintained by the Company properly with all necessary entries made therein. Provisions of these Acts were duly complied with during the period under report.

(G) FILING OF STATUTORY RETURNS:

All provisions of the Act and other statutes were duly complied with regard to filing of various e-forms and returns with the Registrar of Companies within the prescribed time limit with payment of requisite fees.

**DEBA MOHAPATRA & CO.
COMPANY SECRETARIES****Continuation Sheet...**

All documents/intimations under various Statutes/Listing Regulations/ Business Rules were also regularly filed with the Stock Exchanges and Depositories (NSDL and CDSL) within the prescribed due dates.

(H) EVENTS THAT HAVE A MAJOR BEARING ON THE AFFAIRS OF THE COMPANY:

We further report that during the audit period, the Company has taken following actions, which have a major bearing on the affairs of the Company.

- 1) The Company has availed Term Loan of Rs. 35 Crore from Odisha Gramya Bank, Cuttack Branch, Cuttack.
- 2) The Company has availed Term Loan of Rs. 200 Crore from Andhra Bank, Bhubaneswar Main Branch, Bhubaneswar.
- 3) The Company has availed Term Loan of Rs. 300 Crore from Bank Of India, Bhubaneswar Branch, Bhubaneswar.

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.

**Place: Bhubaneswar
Date: 06.09.2019**

**For Deba Mohapatra & Co.
Company Secretaries**

**Sd/-
CS Debadatta Mohapatra, FCS
Partner
CP No. 4583, FCS No. 5474**

**(This report is to be read with our letter of even date which is annexed as Annexure - A
and forms an integral part of this report)**

**DEBA MOHAPATRA & CO.
COMPANY SECRETARIES****Annexure A**

To,
The Members,
GRIDCO Limited,
Janpath, Bhubaneswar-751022, Odisha.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records 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 processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verifications were done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, followed by the Company 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. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the 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 or effectiveness with which the management has conducted the affairs of the Company.

Place: Bhubaneswar
Date: 06.09.2019

For Deba Mohapatra & Co.
Company Secretaries
Sd/-
CS Debadatta Mohapatra, FCS
Partner
CP No. 4583, FCS No. 5474

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Replies of Management to the Comments of Statutory Auditor on the Financial Statements for the year ending 31-03-2019.

SL.No.	Observations of Statutory Auditor	Replies of the Management
01.	We have requested the management of GRIDCO Ltd. to obtain external confirmation of balances from the generator companies and DISCOMs. We have not received any confirmation from any of them and are unable to quantify the total effect, if any, in this regard.	Under direct confirmation procedure GRIDCO requested all the debtors and creditors at the year-end to confirm the outstanding dues directly to statutory auditors. Reconciliation of trade receivables / trade payables is being done at regular intervals considering balances in respective books of accounts & records.
02.	The statement of reconciliation of receivables of GRIDCO from WESCO as on 31/03/2019, shows that receivables by GRIDCO Ltd. is more than the agreed payables by WESCO to the tune of Rs. 142.24 crores. This amount of Rs. 142.24 crores consists of Rs. 137.67 crores against year-end adjustment bills raised by GRIDCO Ltd. during the financial years 2007-08, 2009-10 and 2010-11, Rs. 4.57 crores against rebate disallowed by GRIDCO Ltd. during the financial years from 2011-12 and April'2007. The company has already made a provision for Rs. 137.67 crores in the accounts against the year-end adjustment bill. In our opinion provision for the balance amount of Rs. 4.57 crores is required to be made in the accounts.	Against the decision of Board to withdraw the rebate of Rs 6.94 crore, WESCO Utility further requested to allow rebate of Rs 4.58 Crore citing the OERC and ATE orders. The request of WESCO Utility was reviewed by Audit Committee in its 83 rd meeting held on 29 th June'2019. Based on the recommendation of Audit Committee, Board in its 182 nd meeting held on 26 th July'2019 has approved for allowing further rebate of Rs 4.58 Crore. Accounts for the FY 2018-19 have also been authenticated in the same meeting. As the liability to allow further rebate of Rs 4.58 crore arised on the date of authentication of accounts for FY 2018-19, necessary accounting entry have been passed during FY 2019-20 vide JV No. 201.
03.	Reconciliation of Accounts with CESU, one of the DISCOMs and major purchasers of power, for the year 2018-19 has not been completed. We are unable to quantify the effect on account of non-reconciliation of the Accounts with CESU.	The reconciliation with CESU up to 31-03-2019 has since been completed and signed on dated 13 th Dec 2019.
04.	Reconciliation of accounts for the year 2018-19 with some generator companies like OHPC, Vedanta, GKEL, PTC and JITPL are not yet done. In respect of OHPC the reconciliation for the period FY 2018-19 and reimbursement of statutory dues from the beginning is not yet done. In view of the above we are unable to quantify the effect on this count.	<ul style="list-style-type: none"> The reconciliation with PTC for FY 18-19 has since been completed and signed on dated 26.11.2019. In respect of M/s. Vedanta Ltd, it is to state that, based on the tariff order dated 26.02.2019 (Case No. 38 of 2016) and 29.06.2018 (Case No. 95 of 2013) of OERC for the period 2010-11 to 2013-14 and 2014-15 to 2018-19, the calculation of quantum and cost thereof has been completed.

Sl.No.	Observations of Statutory Auditor	Replies of the Management
		<p>As per the calculation, the revised liability for cost of firm power for the period up to 31-03-2019 is coming to Rs 4313.08 Crore. GRIDCO has already settled the power purchase dues to the tune of Rs 3902.36 Crore.</p> <p>Based on principles decided vide MoM dated 01.11.2016, total compensation claimed up to 31.03.2019 on Vedanta IPP towards non-supply of entitled power as per OERC Order dated 27.01.2016 worked out to Rs 1901.42 Crore. After adjusting Rs 410.72 Crore towards balance power purchase dues, Rs 1490.69 Crore is recoverable from M/s Vedanta Ltd towards compensation. It may be stated that M/s Vedanta Ltd disputed the principles of compensation for which revised PPA could not be signed. Thus, GRIDCO filed the matter vide Case No 68/2018 before OERC raising all issues including compensation clause. The order of OERC is awaited.</p> <ul style="list-style-type: none"> • In respect of M/s. GKEL, it is to state that, the reconciliation of quantum of energy supplied by the IPP to GRIDCO for the period 2012-13 to 2016-17 has been completed and signed on 30.05.2018. The reconciliation of quantum of power for FY: 2017-18 and 18-19 has been completed on 11.06.2019. In view of cases pending before Hon'ble APTEL/Supreme Court of India (Appeal No. 54 of 2019, 135 of 2018, 326 of 2018, 228 of 2018, CA No.2228 of 2017 and 494 of 2017) and CERC (Petition NO.115/MP/2019) in the matter of energy charges and fixed charges respectively, the cost of power is yet to be reconciled. • In respect of M/s. JITPL, it is to state that, In view of various cases going on before Hon'ble Odisha High Court (W.P. (C) No. 18150 of 2018), APTEL (Appeal No. 250/2018 , 297 of 2019) and CERC (Petition no. 276/GT/2018) in the matter authenticity of PPA, tariff matters,

Sl.No.	Observations of Statutory Auditor	Replies of the Management
		<p>jurisdiction of determination of tariff etc reconciliation of both quantum of power supplied and cost thereof is pending. However, once an attempt was made through request letter by GRIDCO to JITPL in March, 2019 for joint reconciliation of quantum of power supplied to the State, but after first meeting the representatives of JITPL did not turn up with further data of total energy sent out from their power plant during the past financial years. Finally, in June, 2019 GRIDCO has forwarded its statement to JITPL with request to come for joint reconciliation.</p> <p>It is to state that, GRIDCO has settled the power purchase dues up to April'2018 and as JITPL did not supply the entitled power to GRIDCO, GRIDCO has considered payment of 75% of power purchase dues w.e.f May'2018. Further, based on OERC order dated 04.06.2019 in Case No 01 of 2017 GRIDCO has claimed compensation from JITPL amounting to Rs343.37 Crore for the period up to Mar'2019. However, JITPL has challenged the order of OERC at ATE and the matter is sub-judice.</p> <ul style="list-style-type: none"> In respect of OHPC, the reconciliation of energy and cost of power for the period FY 2018-19 is in process. In respect of Electricity Duty, the reconciliation for the period up to FY 2014-15 was verified and submitted to OHPC for acceptance. Regarding other reimbursement, the reconciliation is in process.
05.	Other Current Assets includes Rs. 46.46 lakhs under Note 11 (Other Current Assets) receivable from DISCOMs towards material accounts. As the amount is pending since long and no records are available with the management, realization of this amount seems remote. In our opinion a provision of Rs. 46. 46 lakhs should have been made in the accounts.	<p>This current asset has been carried forward since inception of GRIDCO.</p> <p>Adjustment/Provision will be made after due verification and confirmation of such transactions.</p>

Sl.No.	Observations of Statutory Auditor	Replies of the Management
06.	GRIDCO has invested in equity shares of four DISCOMs amounting to Rs. 110.22 crores and classified the same as long term investments. In compliance with the Ind AS 109, a provision of Rs. 110.22 crores is required to be made in the account.	These investments have been made in the Associate Companies of GRIDCO Ltd which are public companies. OERC has initiated action for sale of these companies. It is not expected to have any significant change in the value of these investments and has not yet experienced any impairment losses in respect of these investments. So, no provision is required.
07.	Paragraph 7.2 (Investment – Current) of Notes to Accounts shows that default has been made by DISCOMs of Rs. 195.36 crores by violating the order of OERC and the default continues for five years as on 31/03/2018 out of which a provision of Rs.150.00 Crores has already been made in the accounts. In our opinion, a further provision of Rs.45.36 crores is required to be made in the accounts.	Management has considered provision of Rs.25.00 crores in accounts during the F.Y2018-19 in line with the provision considered in the accounts for the F.Y 2013-14 to F.Y. 2017-18 as advised by the then statutory auditors during FY 2013-14. Till date, the cumulative provision up to 31st March 2019 is Rs150.00crore. As suggested by AG Audit further provision of Rs. 45.36 Crores being the balance amount will be made in the accounts for the FY 2019-20.
08.	GRIDCO has entered into Bulk Supply agreements with the Distribution Companies (DISCOMs) for the supply of bulk electricity. For smooth receipt of dues from DISCOMs, GRIDCO has entered into separate Escrow Agreement with the DISCOMs appointing Union Bank of India as the ESCROW Agent to maintain the ESCROW Account on terms and conditions contained in the ESCROW Agreement. At the beginning, the management of the DISCOMs were under the private sector partners. Subsequently, vide Order dated 4th March 2015, OERC revoked the licenses issued to the three DISCOMs, namely NESCO, WESCO and SOUTHCO, and the assets belonging to the companies were vested with the administrator appointed by OERC. In case of CESCO, the undertaking was vested by OERC with an Administrator w.e.f 27.08.2001 and with a Board of Management w.e.f 08 th Sept'2006. The administration/management of the distribution business is not yet changed.	1. As per the provisions of Escrow agreement, DISCOMs are required to deposit all the revenue in the designated Escrow Account and there from pay towards BSP bill/Transmission Charges/SLDC Charges. Further as per the directives of OERC, DISCOMs are supposed to draw their employees cost, R&M expenses, License Fees and some other expenses as allowed by OERC from time to time from the Escrow account in the form of escrow relaxation allowed by GRIDCO. Since OERC is silent on the matter of escrow relaxation in favour of Utilities from FY2015-16, GRIDCO has been allowing them escrow relaxation towards employees cost and other purposes as approved by OERC in the ARR/RST order basing on the principles approved by BoD GRIDCO. However, OERC vide its letter no.205 dated 29.08.2018 has communicated the decision taken in the meeting dtd.16.08.2018 on escrow relaxation, wherein it has been decided that, GRIDCO would allow DISCOMs

Sl.No.	Observations of Statutory Auditor	Replies of the Management										
	<p>There has been outflow of funds from Escrow Account to the DISCOMs for meeting DISCOMs' salary, other administrative expenses with the approval of GRIDCO and meeting interest on SOD. While the company is paying interest on availing loans from banks to make the timely payment to the generators (supplier of power), sales proceeds from the DISCOMs could not be recovered fully in spite of the Escrow arrangement. In the circumstances, allowing drawal of money by DISCOMs from Escrow Account to the tune of Rs. 1282 crore for the year 2018-19 towards their salary, Repair and maintenance and Franchise payment and other administrative expenses is not in the interest of the Company. Further, utilization of Rs. 28 crore from Escrow Account to meet interest on SOD by DISCOMs except CESU during the year 2018-19 is not as per Escrow agreement and not in the interest of GRIDCO.</p>	<p>escrow relaxation towards employees cost and R&M expenses as approved by OERC in the ARR/RST order.</p> <p>2. Consequent upon subsequent developments and poor performance of DISCOMs, GRIDCO has allowed DISCOMs to operate SoD for opening of LC towards payment of BSP bill/Trans. Charges/SLDC charges and loan so availed is to be recouped from revenue deposited in the Escrow account. SoD is a fund based limit availed by DISCOMs at their own arrangement to pay the BSP bill/Trans. Charges/SLDC Charges each month since their revenue income is not adequate enough to meet the above statutory payments. The interest charged on SoD is also met from the revenue deposited in the escrow account along with principal.</p> <p>However revision of ESCROW agreement with DISCOMs is under process.</p>										
09.	<p>The statement attached to the financial statements containing salient features of the financial statements of associate companies in form AOC-1 (see Note 35) pursuant to the first proviso to subsection 3 of section 129 of the Companies Act, 2013 is deficient in as much as row No. 6 of the statement meant for disclosing profit or loss for the year has been filled in with the words "consolidation not prepared". On account of this, there is a deficiency in complying with the provisions of section 129(3) of Companies Act, 2013.</p>	<p>Reason for the word"consolidation not prepared" are mainly as under:</p> <p>1. There is no commercial operation of these four companies during FY 2018-19;</p> <p>2. The annual/provisional accounts for FY 2018-19 of these four companies are not yet prepared by the associated companies and so not submitted to GRIDCO even after request from time to time.</p> <p>3. The responsibility of preparation of financial statements of these four Associate Companies rests with the management of the concerned companies. Which is beyond the control of GRIDCO.</p> <p>The above fact is cited in part "B"of the Form AOC-1, attached to the Annual Report.</p>										
10.	<p>On account of our observations the loss and the resultant negative Reserve and Surplus stands overstated as mentioned below:</p> <table><tr><td>Para 2 of this report</td><td>Rs. 4.57 crores</td></tr><tr><td>Para 5 of this report</td><td>Rs. 0.46 crore</td></tr><tr><td>Para 6 of this report</td><td>Rs. 110.22 crores</td></tr><tr><td>Para 7 of this report</td><td>Rs. 45.36crores</td></tr><tr><td>TOTAL</td><td>Rs. 160.61 crores</td></tr></table>	Para 2 of this report	Rs. 4.57 crores	Para 5 of this report	Rs. 0.46 crore	Para 6 of this report	Rs. 110.22 crores	Para 7 of this report	Rs. 45.36crores	TOTAL	Rs. 160.61 crores	<p>The impact on the Reserve & Surplus is subject to recognition of those transactions relating to para 2,5, 6, &7 of the books of accounts as described above.</p>
Para 2 of this report	Rs. 4.57 crores											
Para 5 of this report	Rs. 0.46 crore											
Para 6 of this report	Rs. 110.22 crores											
Para 7 of this report	Rs. 45.36crores											
TOTAL	Rs. 160.61 crores											

Replies to the annexure “A” of the Independent Auditors Report

Sl.No.	Auditor's observations	Replies of the management
I	<p>The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets. Fixed Assets of the company mainly comprises of furniture, equipment, computers, peripherals and vehicles.</p> <p>The Fixed Assets have been physically verified once in a year by the management and no material discrepancies between the books records and the physical fixed assets have been noticed.</p> <p>The company does not own any immovable property.</p>	No Comments
II	The company is not carrying any inventory, hence not commented upon	No Comments
III	<p>The company has not granted any loan except CAPEX loan as per the direction of the Government of Odisha, and the deemed loan to DISCOMs, which are considered under securitization by Odisha Electricity Regulatory Commission (OERC) in their order dated 01/12/2008.</p> <p>a) The terms and conditions of these loans are not prejudicial to the interest of the company.</p> <p>b) The repayment of deemed loan is not regular as per the stipulated schedule.</p> <p>c) The securitization dues from DISCOMs are about Rs. 1413.10 crores as on 31/03/2018 as per Notes 09 to Financial Statements. As explained, the company management has brought the situation to the notice of the OERC for recovery.</p>	Noted
IV	There are no transactions attracting provisions of section 185 of the companies Act, 2013.	No Comments
V	The Company has not accepted any deposits from the public and hence the directives by the RBI and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.	No Comments
VI	The maintenance of Cost Records has been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company and the company has been maintaining the required record.	No Comments

Sl.No.	Auditor's observations	Replies of the management												
VII	<p>According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, sales tax and any other statutory dues with the appropriate authorities.</p> <p>a) According to the information and explanations given to us, ED amounting to Rs. 1.15 crores relating to Government PSUs and Urban Local Bodies is outstanding for more than six months as on 31/03/2019.</p> <p>b) According to the information and explanation given to us, the particulars of dues of tax and other tariff dues at the last day of the financial year which have not been deposited on account of dispute as per the record of the company are as follows:</p> <table><tr><th>Sl No</th><th>Name of the Statute</th><th>Nature of the dues</th><th>Amount in Crores</th><th>Period to which the amount relates</th><th>Authority, where the dispute is pending</th></tr><tr><td>1</td><td>Sales Tax Act</td><td>Claim of sales tax u/s 12(8) of OST Act</td><td>271.29</td><td></td><td>Appellate Authority, Sales Tax, Bhubaneswar</td></tr></table>	Sl No	Name of the Statute	Nature of the dues	Amount in Crores	Period to which the amount relates	Authority, where the dispute is pending	1	Sales Tax Act	Claim of sales tax u/s 12(8) of OST Act	271.29		Appellate Authority, Sales Tax, Bhubaneswar	Noted
Sl No	Name of the Statute	Nature of the dues	Amount in Crores	Period to which the amount relates	Authority, where the dispute is pending									
1	Sales Tax Act	Claim of sales tax u/s 12(8) of OST Act	271.29		Appellate Authority, Sales Tax, Bhubaneswar									
VIII	<p>In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institution or banks. But the Company has defaulted in the repayment of loans to Govt. of Odisha as described below:</p> <p>a) 8.5% Tax free unsecured State Government Special Bonds since 01/04/2009 – Principal of Rs. 818.81 crores and interest thereon of Rs. 577.59 crores as on 31/03/2019</p> <p>b) 13% Unsecured State Government Loan, Principal of Rs. 120 crore and interest thereon of Rs. 312.21 crores as on 31/03/2019.</p> <p>c) 10.5% Unsecured State Government Loan, Principal of Rs. 42.54 crore and interest thereon of Rs. 83.89 crores as on 31/03/2019.</p>	Noted												

Sl.No.	Auditor's observations	Replies of the management
IX	Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon	No Comments
X	According to the information and explanations given to us, no fraud has been reported.	No Comments
XI	Being a Government company, GRIDCO LIMITED is not subjected to the provision of clause No. Xi of section 197 of the Companies Act, 2013 relating to managerial remuneration as per notification No. G.S.R. 463(E) dated 05/06/2015.	No Comments
XII	The Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.	No Comments
XIII	As informed by the management there are transactions attracting provisions of clause No. xiii regarding related party transactions which are noted in the note – 32 to the Financial Statements.	No Comments
XIV	The company has not made any preferential allotment or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.	No Comments
XV	Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.	No Comments
XVI	In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.	No Comments

Replies to the Annexure “B” of to the Independent Auditors Report

Sl.No.	Auditor's observations	Replies of the management
01.	<p>The company has made Escrow account arrangements for the unhindered receipt of dues from four DISCOMs against sale of power to them, bank being the Escrow Agent. There has been both inflow and outflow from the Escrow account to the SOD loan account of the DISCOMs. GRIDCO has been allowing DISCOMs to draw money from Escrow account to meet the expenses like salaries, repair and maintenance and other administrative expenses incurred by DISCOMs which has an adverse effect on the recovery of dues from the DISCOMs. Further interest on SOD has also been recovered from the Escrow account in derogation to the provision of the Escrow agreement. It is also understood that the amount of revenue deposited in the Escrow Accounts via collection accounts of DISCOMs are based on the bills issued by the DISCOMs to their consumers. The amount payable as per the bills issued by the DISCOMs in some cases, are the net-off amount after deducting 'security deposit refund' or interest on security deposit which are kept by the consumer with the DISCOMs. This has resulted in less deposit of revenue in the Escrow Account to the extent of security deposit refund and interest on security deposit. Audit of the Escrow Accounts are being conducted by GRIDCO for the year 2018-19 but the report has not been received.</p> <p>In our opinion, the scope of the audit of Escrow account should be broaden to cover to find out above aspect and the net-off amount of security deposit refund and interest on security deposit if any, need to be deposited back by the DISCOMs in the Escrow Account in compliance to the Escrow Agreement.</p>	<p>The issue relating to “Interest on Security Deposit” adjusted against consumer bills by DISCOMs, has been broadly deliberated and accordingly it has been covered under the scope of Escrow Audit for FY2018-19.</p>
02.	<p>It is observed that some positive steps have been taken by the management of GRIDCO in the reconciliation of accounts with DISCOMs and Generator companies for the year 2018-19. However, reconciliation of accounts with CESU, one of the major DISCOMs and generators like GMR, Vedanta, OHPC, PTC and others are not reconciled. Confirmations are also not obtained from the parties. Non-reconciliation of such vital accounts and non-confirmation of balances in our opinion, are material weakness in the</p>	<ul style="list-style-type: none"> • The reconciliation with CESU up to 31.03.2019 has since been completed and signed on dated 13th Dec'2019. • The reconciliation with PTC for FY 18-19 has since been completed and signed on dated 26.11.2019. • In respect of M/s. Vedanta Ltd, it is to state that, based on the tariff order dated 26.02.2019 (Case No. 38 of

Sl.No.	Auditor's observations	Replies of the management
	<p>internal control. It is very much essential that periodic reconciliation of accounts with all DISCOMs and Generators should be done in a time-bound manner.</p>	<p>2016) and 29.06.2018 (Case No. 95 of 2013) of OERC for the period 2010-11 to 2013-14 and 2014-15 to 2018-19, the calculation of quantum and cost thereof has been completed.</p> <p>As per the calculation, the revised liability for cost of firm power for the period up to 31-03-2019 is coming to Rs 4313.08 Crore. GRIDCO has already settled the power purchase dues to the tune of Rs 3902.36 Crore.</p> <p>Based on principles decided vide MoM dated 01.11.2016, total compensation claimed up to 31.03.2019 on Vedanta IPP towards non-supply of entitled power as per OERC Order dated 27.01.2016 worked out to Rs 1901.42 Crore. After adjusting Rs 410.72 Crore towards balance power purchase dues, Rs 1490.69 Crore is recoverable from M/s Vedanta Ltd towards compensation. It may be stated that M/s Vedanta Ltd disputed the principles of compensation for which revised PPA could not be signed. Thus, GRIDCO filed the matter vide Case No 68/2018 before OERC raising all issues including compensation clause. The order of OERC is awaited.</p> <ul style="list-style-type: none"> • In respect of M/s. GKEL, it is to state that, the reconciliation of quantum of energy supplied by the IPP to GRIDCO for the period 2012-13 to 2016-17 has been completed and signed on 30.05.2018. The reconciliation of quantum of power for FY: 2017-18 and 18-19 has been completed on 11.06.2019. In view of cases pending before Hon'ble APTEL/Supreme Court of India (Appeal No. 54 of 2019, 135 of 2018, 326 of 2018, 228 of 2018, CA No.2228 of 2017 and 494 of 2017) and CERC (Petition NO.115/MP/2019) in the matter of energy charges and fixed charges respectively, the cost of power is yet to be reconciled.

Sl.No.	Auditor's observations	Replies of the management
		<ul style="list-style-type: none"> In respect of M/s. JITPL, it is to state that, in view of various cases going on before Hon'ble Odisha High Court (W.P. (C) No. 18150 of 2018) , APTEL (Appeal No. 250/2018, 297 of 2019) and CERC (Petition no. 276/GT/2018) in the matter authenticity of PPA, tariff matters, jurisdiction of determination of tariff etc. reconciliation of both quantum of power supplied and cost thereof is pending. However, once an attempt was made through request letter by GRIDCO to JITPL in March,2019 for joint reconciliation of quantum of power supplied to the State, but after first meeting the representatives of JITPL did not turn up with further data of total energy sent out from their power plant during the past financial years. Finally, in June, 2019 GRIDCO has forwarded its statement to JITPL with request to come for joint reconciliation. <p>It is to state that, GRIDCO has settled the power purchase dues up to April'2018 and as JITPL did not supply the entitled power to GRIDCO, GRIDCO has considered payment of 75% of power purchase dues w.e.f May'2018. Further, based on OERC order dated 04.06.2019 in Case No 01 of 2017 GRIDCO has claimed compensation from JITPL amounting to Rs343.37 Crore for the period up to Mar'2019. However, JITPL has challenged the order of OERC at ATE and the matter is sub-judice.</p> <ul style="list-style-type: none"> In respect of OHPC, the reconciliation of energy and cost of power for the period FY 2018-19 is in process. In respect of Electricity Duty, the reconciliation for the period up to FY 2014-15 was verified and submitted to OHPC for acceptance. Regarding other reimbursement, the reconciliation is in process.

Sl.No.	Auditor's observations	Replies of the management
03.	<p>GRIDCO is conducting internal audit. The scope of the internal audit is quite exhaustive but the report of the audit needs to be improved a lot for improving the internal control system. This can be achieved by obtaining internal audit report in specified format containing periodic key data relating to purchase, sales, dues, payment and recovery for taking necessary steps by the management for prompt recovery of dues, availing rebate and charging UI and DPS.</p>	<p>The observation is noted.</p> <p>The fact has been discussed with Internal Auditors for further improvement in reporting.</p>
04.	<p>It is noticed that GRIDCO has to improve upon its bill verification process. In our opinion this is lapse on the internal control system which may lead to avoidable losses and disputes. Verification of bill and release of payment within a specified time period need to be ensured through a standard operating procedure. This will help GRIDCO in availing maximum rebate and early settlement of disputes in many cases in addition to preparation of financial information in time.</p> <p>In our opinion, except for the effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.</p>	<p>The observation is noted for developing Standard Operating Process (SoP).</p> <p>However, the bill of generators are being processed and verified within the rebate dated to ensure timely payment to generators and availing rebate.</p>

Replies to the Comments of the Comptroller and Auditor General of India u/s 143(6)(b) of the Companies Act, 2013 on the Financial Statement of GRIDCO Ltd. for the F.Y. 2018-19.

Sl.No.	Observation of AG Auditors	Replies of the management
01.	Comment on Profitability Statement of profit and loss Revenue from operation (Note-21) UI Charges : Rs. 0.81 crore	
	<p>The above is understated by Rs 42.94 crore due to non- accounting of Unscheduled Intercharge (UI) charges receivable from Western Electricity Company of Odisha (WESCO) Utility, North Eastern Electricity Supply Company of Odisha (NESCO) Utility and Southern Electricity Supply Company of Odisha (SOUTHCO) Utility for the period 1 April 2012 to 16 February 2019 agreed in March 2018. This has resulted in Understatement of Trade Receivable and overstatement of loss for the year to the same extent.</p>	<p>The understatement of SLDC UI Charges of Rs.42.94 Cr. for the period from 01.04.2012 to 16.02.2019 as commented by CAG is a typographical error which is in fact Rs.425.23 Cr. for the period 01.04.2012 to 16.02.2014 as the Intra-State UI is applicable upto 16.02.2014.</p> <p>Out of total UI charges receivable from SLDC for the period 01.04.2012 to 16.02.2014 amounting to Rs.425.23 Cr. an amount of Rs.223.65 Cr. was recognised as revenue during the year 2012-13 and provision for the equivalent amount has also been made subsequently. The balance amount of SLDC UI charges of Rs.201.57 Cr. for FY 2013-14 was duly disclosed in the account of FY 2013-14 vide note-20, which read as follows:</p> <p>“Looking into the past trend of nil collectability of U.I. charges from DISCOMs, it has been decided as a matter of conservative policy not to recognize any revenue arising out of U.I. charges in line with AS 9 issued by ICAI”</p> <p>Therefore, no further action for the period from 01.04.2012 to 16.02.2014 is required.</p>
02.	Comments on Profitability Statement of Profit & Loss Expenses Other Expenses (note -27): Rebate & DPS : Rs.0.36 Crore	
	<p>The above is understated by Rs 4.58 crore due to non-adjustment of rebate allowable to WESCO as per order of Odisha Electricity Regularity Commission (OERC). This has also resulted in overstatement of Trade Receivables and understatement of loss for the year to the same extent.</p>	<p>On request by WESCO Utility to allow additional rebate of Rs 4.58 Crore citing the OERC and ATE orders, the matter was subsequently approved by Board in its 182nd meeting held on 26th July 2019 after due recommendation by the Audit committee.</p>

Sl.No.	Observation of AG Auditors	Replies of the management
		As the decision of Board for allowing further rebate of Rs 4.58 Crore and the authentication of accounts for the F.Y. 2018-19 were approved in the same meeting of the Board of Directors i.e. 26th July, 2019, necessary accounting entry have been passed during FY 2019-20 vide JV No 201.
03.	Expenses: Cost of Power (Note-23): Rs 7597.04 crore	
	The above is overstated by Rs 2.09 crore due to non-reduction of provision of the amount of reduction in the supplementary energy bill of OPGC for the year 2017-18 revised as per OERC order dated 28 march 2019. This has also resulted in overstatement of Current Liabilities and loss for the year by Rs. 2.09 crore each.	Provision of Rs. 85.99 Cr. was made for the FY 2017-18 based on claim of OPGC considering the order of Hon'ble OERC. Subsequently, OPGC revised the energy bill for the said financial year by reducing the claim marginally by Rs. 2.09 Cr. Necessary accounting entries shall be passed on verification of total claim in the accounts during the FY 2019-20.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GRIDCO LIMITED

Bhubaneswar

Report on the Standalone Indian Accounting Standard (Ind AS) Financial Statements

We have audited the accompanying standalone Ind AS financial statements of GRIDCO LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss including the Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS 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 of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 standalone 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 standalone 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 thereunder.

We conducted our audit of standalone Ind AS financial statements in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS 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 standalone Ind AS financial statements.

Basis for qualified opinion

1. We have requested the management of GRIDCO Ltd. to obtain external confirmation of balances from the generator companies and DISCOMs. We have not received any confirmation from any of them and are **unable to quantify the total effect, if any, in this regard.**
2. The statement of reconciliation of receivables of GRIDCO from WESCO as on 31/03/2019, shows that receivables by GRIDCO Ltd. is more than the agreed payables by WESCO to the tune of Rs. 142.24crores. This amount of Rs. 142.24 crores consists of Rs. 137.67crores against year-end adjustment bills raised by GRIDCO Ltd. during the financial years 2007-08, 2009-10 and 2010-11, Rs. 4.57crores against rebate disallowed by GRIDCO Ltd. during the financial years from 2011-12 and April'2007. The company has already made a provision for Rs. 137.67 crores in the accounts against the year-end adjustment bill. **In our opinion provision for the balance amount of Rs. 4.57crores is required to be made in the accounts.**
3. Reconciliation of Accounts with CESU, one of the DISCOMs and major purchasers of power, for the year 2018-19 has not been completed. We are **unable to quantify the effect** on account of non-reconciliation of the Accounts with CESU.
4. Reconciliation of accounts for the year 2018-19 with some generator companies like OHPC, Vedanta, GKEL, PTC and JITPL are not yet done. In respect of OHPC the reconciliation for the period FY 2018-19 and reimbursement of statutory dues from the beginning is not yet done. In view of the above we are **unable to quantify the effect** on this count.
5. Other Current Assets includes Rs. 46.46 lakhs under Note 11 (Other Current Assets) receivable from DISCOMs towards material accounts. As the amount is pending since long and no records are available with the management, realization of this amount seems remote. **In our opinion a provision of Rs. 46. 46 lakhs should have been made in the accounts.**
6. GRIDCO has invested in equity shares of four DISCOMs amounting to Rs. 110.22 crores and classified the same as long term investments. **In compliance with the Ind AS 109, a provision of Rs. 110.22 crores is required to be made in the account.**
7. Paragraph 7.2(Investment – Current) of Notes to Accounts shows that default has been made by DISCOMs of Rs. 195.36 crores by violating the order of OERC and the default continues for five years as on 31/03/2018 out of which a provision of Rs.150.00 Crores has already been made in the accounts. **In our opinion, a further provision of Rs.45.36 crores is required to be made in the accounts.**

8. GRIDCO has entered into Bulk Supply agreements with the Distribution Companies (DISCOMs) for the supply of bulk electricity. For smooth receipt of dues from DISCOMs, GRIDCO has entered into separate Escrow Agreement with the DISCOMs appointing Union Bank of India as the ESCROW Agent to maintain the ESCROW Account on terms and conditions contained in the ESCROW Agreement.

At the beginning, the management of the DISCOMs were under the private sector partners. Subsequently, vide Order dated 4th March 2015, OERC revoked the licenses issued to the three DISCOMs, namely NESCO, WESCO and SOUTHCO, and the assets belonging to the companies were vested with the administrator appointed by OERC. In case of CESCO, the undertaking was vested by OERC with an Administrator w.e.f 27.08.2001 and with a Board of Management w.e.f 08th Sept'2006. The administration/management of the distribution business is not yet changed.

There has been outflow of funds from Escrow Account to the DISCOMs for meeting DISCOMs' salary, other administrative expenses with the approval of GRIDCO and meeting interest on SOD. While the company is paying interest on availing loans from banks to make the timely payment to the generators (supplier of power), sales proceeds from the DISCOMs could not be recovered fully in spite of the Escrow arrangement. In the circumstances, allowing drawal of money by DISCOMs from Escrow Account to the tune of Rs. 1282 crore for the year 2018-19 towards their salary, Repair and maintenance and Franchise payment and other administrative expenses **is not in the interest of the Company. Further, utilization of Rs. 28 crore from Escrow Account to meet interest on SOD by DISCOMs except CESU during the year 2018-19 is not as per Escrow agreement and not in the interest of GRIDCO.**

1. The statement attached to the financial statements containing salient features of the financial statements of associate companies in form AOC-1 (see Note 35) pursuant to the first proviso to subsection 3 of section 129 of the Companies Act, 2013 is deficient in as much as row No. 6 of the statement meant for disclosing profit or loss for the year has been filled in with the words "consolidation not prepared". On account of this, there is a **deficiency in complying with the provisions of section 129(3) of Companies Act, 2013.**
2. On account of our observations the loss and the resultant negative Reserve and Surplus stands **overstated** as mentioned below:

Para 2 of this report	Rs. 4.57 crores
Para 5 of this report	Rs. 0.46 crore
Para 6 of this report	Rs. 110.22 crores
Para 7 of this report	Rs. 45.36 crores
TOTAL	Rs. 160.61 crores

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except in the Basis for Qualified Opinion paragraph, the aforesaid standalone 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 31st March, 2019, and its profit/loss including comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matters

1. Attention is drawn to paragraph 3.10(Revenue Recognition) of Significant Accounting Policies regarding **Non Accounting of income** like surcharge on late payment/non-payment of dues by the debtors for sale of energy on accrual basis in case of significant uncertainty as to the measurability or collectability exists.
2. Attention is drawn to Note-18 (Other Financial Liabilities) regarding **default of repayment** by GRIDCO of the entire amount of Rs. 818.81 crores 8.5% Tax free Unsecured Government of Odisha Special Bonds w.e.f. 01/04/2009.
3. Attention is also drawn to Note-7.1 (Investment – non-current) regarding **non-transfer** of ordinary equity shares in DISCOMS to the tune of Rs. 2249 lakhs to the trustees of the 'Employees Share Trusts' for the benefit of the employees of the DISCOMs.
4. Attention is also drawn to Note-9 (Loans) regarding non-securitization of delayed payment surcharge of Rs. 704.35 crores and the default by DISCOMs in the repayment of Rs. 1413.10 crores by 31/03/2019 towards securitization dues.
5. Attention is also drawn to Note No. 21(Revenue from operation) regarding recognition of penalty amount of Rs. 135.88crores(previous year Rs. 466.89 crore)only as against claimed penalty of Rs. 946.26 crores towards less schedule and under injunction.
6. Attention is drawn to Note-34 regarding order of OERC by which licenses of NESCO, WESCO and SOUTHCO have been revoked and management and control along with their assets, interests, and rights is vested with the CMD, GRIDCO in order to ensure maintenance of continued supply of electricity in the interest of the consumers and public at large.
7. As explained in Note 38 of Notes to Accounts of the accounts the company has not prepared Consolidated Financial Statements despite having four Associate companies where in each of these companies GRIDCO holds 49% equity shares.

Our report is not qualified in respect of these matters.

OTHER MATTER

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act and on the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of audit, we set out in the **Annexure A** statement on the matters specified in paragraph 3 and 4 of the order to extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - a) Subject to our observations in the Basis for Qualified Opinion paragraph 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) Subject to the matter described in the Basis for Qualified Opinion paragraph above, 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 company, as informed, does not have any branch office;
 - d) The Balance Sheet, the Statement of Profit & Loss including the Statement of Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the Books of Accounts;
 - e) Subject to the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - f) In our Opinion, the matter described in the Basis for Qualified Opinion paragraph above, may have adverse effect on the functioning of the company;
 - g) Disclosure as per the terms of section 164(2) of the Act is not required for Government companies as per Notification No GST 463(E) dated June 5th, 2015 issued by the Ministry of Corporate Affairs;
 - h) The qualification as to the maintenance of the accounts and other matters connected therewith are as stated in the basis for Qualified Opinion paragraph above;
 - i) 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**";
 - j) With respect to other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors') Rules 2014, as amended, in our opinion, and to the best of our information and according to the explanation given to us:
 - i) The company has disclosed the impact, if any, of pending litigations on its Ind AS financial statements as of 31/03/2019 refer Note no. 33 to the Notes to Financial Statements;
 - ii) As per information and explanations given to us there are long term contracts with generators & DISCOMs and the company has made provisions against foreseeable losses against such contracts.
 - iii) As per information and explanation given to us the provision regarding transfer of amount to the investor education and protection fund are not applicable to the Company.
3. As required by section 143(5) of the Act, we have considered the directions indicating the areas to be examined by the statutory auditors during the course of audit of annual accounts of GRIDCO for the year 2018-19 issued by the Comptroller and Auditor General of India. The observation and findings against each of the points as required by the C&AG is tabulated below.

Sl No	Area Examined	Observations and findings
1	Whether the company has clear title/lease deeds for freehold and leasehold respectively? If not please state the area of freehold and leasehold and for which title/lease deeds are not available?	The company does not own leasehold or freehold land.
2	Whether there are any cases of waiver/writeoff of debts/loans/interest etc. if yes, the reasons there for and amount involved.	There are no cases of waiver/write off of debts/ loans/interest etc.
3	Whether proper records are maintained for inventories lying with third parties and assets received as gift/grant(s) from the government or other authorities.	As informed, the company has no inventories lying with third parties and also no assets received as gift/grants from the Government or other authorities.
4	Whether the company has an effective system for recovery of dues in respect of its sales activities and the dues outstanding and recoveries there against have been properly recorded in the books of accounts.	The company has an effective system of recovery of dues in respect of its sales activities. The DISCOMs are the major receiver of power from the company. The company has made Escrow Account arrangements for receipt of dues from DISCOMs, bank being the Escrow Agent. The entire collection received from the consumers by DISCOMs are deposited into the Escrow Account. The amount deposited in the said account is transferred to GRIDCO against the dues from DISCOMs. No fund from the said account can be used by DISCOMs without the approval of GRIDCO. However GRIDCO is allowing DISCOMs to draw money from the said account to meet their salary, repair and maintenance and other administrative expenses and SOD interest despite the huge unrecovered outstanding dues from them. GRIDCO has been conducting independent audit of the Escrow Accounts. Results of the audit has not been made available to us, hence we are unable to comment on this. Dues outstanding and recoveries thereof have been properly recorded in the books of the company.
5	Whether the company has effective system of physical verification, valuation of stocks, treatment of non-moving items and accounting the effect of shortages/excess noticed during physical verification.	As informed, the company does not carry any stocks. The company deals in electric power only.
6	The effectiveness of the system followed in recovery of dues in respect of sales activities may be examined and reported	As mentioned in paragraph 4 above.

"Annexure A" to the Independent Auditors' Report

(Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the company GRIDCO for the year ended March 31, 2019)

- I. The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets. Fixed Assets of the company mainly comprises of furniture, equipment, computers, peripherals and vehicles.

The Fixed Assets have been physically verified once in a year by the management and no material discrepancies between the books records and the physical fixed assets have been noticed.

The company does not own any immovable property.

- II. The company is not carrying any inventory, hence not commented upon.
- III. The company has not granted any loan except CAPEX loan as per the direction of the Government of Odisha, and the deemed loan to DISCOMs, which are considered under securitization by Odisha Electricity Regulatory Commission (OERC) in their order dated 01/12/2008.
- i) The terms and conditions of these loans are not prejudicial to the interest of the company.
 - ii) The repayment of deemed loan is not regular as per the stipulated schedule.
 - iii) The securitization dues from DISCOMs are about Rs. 1413.10 crores as on 31/03/2019 as per Notes 09 to Financial Statements. As explained, the company management has brought the situation to the notice of the OERC for recovery.
- IV. There are no transactions attracting provisions of section 185 of the companies Act, 2013.
- V. The Company has not accepted any deposits from the public and hence the directives by the RBI and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- VI. The maintenance of Cost Records has been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company and the company has been maintaining the required record.
- VII. According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, sales tax and any other statutory dues with the appropriate authorities.
- a) According to the information and explanations given to us, ED amounting to Rs. 1.15 crores relating to Government PSUs and Urban Local Bodies is outstanding for more than six months as on 31/03/2019.
 - b) According to the information and explanation given to us, the particulars of dues of tax and other tariff dues at the last day of the financial year which have not been deposited on account of dispute as per the record of the company are as follows:

Sl No	Name of the Statute	Nature of the dues	Amount Rs. (in Crores)	Period to which the amount relates	Authority, where the dispute is pending
1	Sales Tax Act	Claim of sales tax u/s 12(8) of OST Act	271.29		Appellate Authority, Sales Tax, Bhubaneswar

- VIII. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institution or banks. But the Company has defaulted in the repayment of loans to Govt. of Odisha as described below:
- 8.5% Tax free unsecured State Government Special Bonds since 01/04/2009 – Principal of Rs. 818.81 crores and interest thereon of Rs. 577.59crores as on 31/03/2019
 - 13% Unsecured State Government Loan, Principal of Rs. 120 crore and interest thereon of Rs. 312.21crores as on 31/03/2019
 - 10.5% Unsecured State Government Loan, Principal of Rs. 42.54 crore and interest thereon of Rs. 83.89crores as on 31/03/2019
- IX. Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- X. According to the information and explanations given to us, no fraud has been reported.
- XI. Being a Government company, GRIDCO is not subjected to the provision of clause No. Xi of section 197 of the Companies Act, 2013 relating to managerial remuneration as per notification No. G.S.R. 463(E) dated 05/06/2015.
- XII. The Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- XIII. As informed by the management there are transactions attracting provisions of clause No. xiii regarding related party transactions which are noted in the note – 32 to the Financial Statements.
- XIV. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- XV. Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- XVI. In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

Bhubaneswar
Date: 28/10/2019

For JBMT & Associates
Chartered Accountants
[FRN: 320232E]

Sd/-
(Rajendra Kumar Kar, FCA)
Partner
Membership No: 067393

"Annexure B" to the Independent Auditor's Report of even dates on the Standalone Ind AS Financial Statements of GRIDCO LIMITED

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 **GRIDCO LIMITED** ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone 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. 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 financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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 explanation given to us and based on our audit, followings are our observations.

1. The company has made Escrow account arrangements for the unhindered receipt of dues from four DISCOMs against sale of power to them, bank being the Escrow Agent. There has been both inflow and outflow from the Escrow account to the SOD loan account of the DISCOMs. GRIDCO has been allowing DISCOMs to draw money from Escrow account to meet the expenses like salaries, repair and maintenance and other administrative expenses incurred by DISCOMs which has an adverse effect on the recovery of dues from the DISCOMs. Further interest on SOD has also been recovered from the Escrow account in derogation to the provision of the Escrow agreement. It is also understood that the amount of revenue deposited in the Escrow Accounts via collection accounts of DISCOMs are based on the bills issued by the DISCOMs to their consumers. The amount payable as per the bills issued by the DISCOMs in some cases, are the net-off amount after deducting 'security deposit refund' or interest on security deposit which are kept by the consumer with the DISCOMs. This has resulted in less deposit of revenue in the Escrow Account to the extent of security deposit refund and interest on security deposit. Audit of the Escrow Accounts are being conducted by GRIDCO for the year 2018-19 but the report has not been received.

In our opinion, the scope of the audit of Escrow account should be broaden to cover to find out above aspect and the net-off amount of security deposit refund and interest on security deposit if any, need to be deposited back by the DISCOMs in the Escrow Account in compliance to the Escrow Agreement.

2. It is observed that some positive steps have been taken by the management of GRIDCO in the reconciliation of accounts with DISCOMs and Generator companies for the year 2018-19. However, reconciliation of accounts with CESU, one of the major DISCOMs and generators like GMR, Vedanta, OHPC, PTC and others are not reconciled. Confirmations are also not obtained from the parties. Non-reconciliation of such vital accounts and non-confirmation of balances in our opinion, are material weakness in the internal control. It is very much essential that periodic reconciliation of accounts with all DISCOMs and Generators should be done in a time-bound manner.
3. GRIDCO is conducting internal audit. The scope of the internal audit is quite exhaustive but the report of the audit needs to be improved a lot for improving the internal control system. This can be achieved by obtaining internal audit report in specified format containing periodic key data relating to purchase, sales, dues, payment and recovery for taking necessary steps by the management for prompt recovery of dues, availing rebate and charging UI and DPS.
4. It is noticed that GRIDCO has to improve upon its bill verification process. In our opinion this is lapse on the internal control system which may lead to avoidable losses and disputes. Verification of bill and release of payment within a specified time period need to be ensured through a standard operating procedure. This will help GRIDCO in availing maximum rebate and early settlement of disputes in many cases in addition to preparation of financial information in time.

In our opinion, except for the effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, 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.

Bhubaneswar
Date: 28/10/2019

For JBMT & Associates
Chartered Accountants
[FRN: 320232E]

Sd/-
(Rajendra Kumar Kar, FCA)
Partner
Membership No: 067393
UDIN -19067393AAAAAG5526

GRIDCO LIMITED

Annual Accounts for the FY 2018-19

1. General Corporate Information

GRIDCO was incorporated on April 20, 1995, under the Companies Act, 1956 as a wholly owned Government of Odisha Undertaking pursuant to the restructuring of the power sector in Odisha. GRIDCO was the transmission Company and the bulk supplier of Electricity in the State of Odisha and carried out its business under a license from the Odisha Electricity Regulatory Commission (OERC). Consequent upon the enactment of the Electricity Act, 2003, the transmission related activities of GRIDCO were transferred and vested with the Odisha Power Transmission Corporation Ltd. (OPTCL), a wholly owned Undertaking of the Government of Odisha through the Odisha Electricity Reforms (Transfer of Transmission and Related activities) Schemes, 2005 with effect from April 01, 2005. After this separation, GRIDCO is presently engaged in the business of bulk purchase and bulk sale of power to the four Distribution Companies (DISCOMs) inside the State of Odisha and trading of surplus power.

As on March 31, 2019 & March 31, 2018, The State Government of Orissa holds 99.99% of the Company, and has the ability to influence the Company operations.

Significant Accounting Policies

2. Statement of Compliance

The financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015 & 2016.

3. 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.

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.

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 value in use in Ind AS 36 – Impairment of Assets.

3.1 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, provisions and contingent liabilities.

3.2 Property, Plant and Equipment

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.

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; otherwise, these costs are recognised in profit or loss as incurred.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method at the rates specified in the Schedule II of the Companies Act, 2013. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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.

S.No	Class of Assets	Rates of Depreciation
1	Property, Plant and Equipment	Based on life of the Asset
2	Office Equipment	Based on life of the Asset
3	Furniture and Fittings	Based on life of the Asset
4	Vehicles	Based on life of the Asset
5	Computer	Based on life of the Asset

3.3 Intangible Assets

Intangible assets with finite useful life 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 life. 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 de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

3.4 Impairment of Assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets and intangible 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.

3.5 Borrowing Costs

General and specific borrowing cost directly related to 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.

3.6 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 are disclosed for material amount 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.

3.7 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.

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

3.9 Income Taxes

3.9.1 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.

3.9.2 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 Profit and Loss.

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.

3.10 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 price approved by Orissa Electricity Regulatory Commission (OERC) and does not include electricity duty. At the year end, the provisions are made if no bills are received or raised till date of closing of the respective financial year.

The surcharge on late payment / non-payment of dues, by the debtors for sale of energy is recognized on accrual basis unless significant uncertainty as to the measurability or collectability exists.

3.11 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.

However, generation based incentives receivable from IREDA (Indian Renewable Energy Development Agency) is netted off against the cost of power.

3.12 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.

3.13 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.

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.

3.14 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. 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 at Fair 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.

Financial Assets at Fair Value through Profit and 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.

De-recognition 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 financial assets whose credit risk has not significantly increased since the initial recognition, loss allowance equal to

twelve months credit losses is recognised. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since the initial recognition.

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

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 the Statement of Profit and 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 financial liabilities of the Company are offset and the net amount is included 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.

3.15 Employee Benefits

Defined Benefit plans

The majority of the employees working in the Company are on deputation from Orissa Power Transmission Corporation Limited (OPTCL), therefore the liabilities in respect of pension contribution and gratuity of these employees are accounted on the basis of the claims raised by OPTCL. The employees appointed by the Company are estimated and

recognised on the basis of the service conditions. In view of less number of employees in this category and because of lack of materiality, actuarial valuation of such benefits has not been made during the year.

Defined Contribution Plans

Payments to the defined contribution retirement benefit plans i.e. provident fund are recognised as an expense when employees have rendered the service entitling them to the contributions. These are measured as per the provisions of EPF and MP Act, 1952.

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 employees' up to the reporting date.

3.16 Rounding of Amounts

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

4. Critical Accounting Judgments

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.

Financial Assets at Amortized Cost

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 30.

5. 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 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.

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) 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

GRIDCO Limited

Balance Sheet as at March 31, 2019

Amount in Rs. Lakhs

Particulars	Notes	As at 31.03.2019	As at 31.03.2018
Assets			
(1) Non-current assets			
(a) Property, plant and equipment	6	182.53	281.24
(b) Financial assets			
(i) Investments			
(a) Investments in Associates	7.1	11,022.06	11,022.06
(b) Other investments	7.1	-	-
(ii) Trade receivables	8	-	-
(iii) Loans	9	2.38	3.62
(iv) Other financial assets	10	420.35	143.40
(c) Other non-current assets	11	36,113.82	36,113.82
(d) Non-current tax assets	12	3,578.09	1,792.84
Total non-current assets		51,319.23	49,356.98
(2) Current assets			
(a) Financial assets			
(i) Investments	7.2	2,891.31	5,391.31
(ii) Trade receivables	8	3,17,831.28	3,13,885.14
(iii) Cash and cash equivalents	13	32,620.02	22,190.38
(iv) Loans	9	1,41,310.44	1,41,312.12
(v) Other financial assets	10	10,238.05	1,960.57
(b) Other current assets	11	82,953.99	80,801.80
(c) Current tax assets	13	-	-
Total current assets		5,87,845.09	5,65,541.32
Total assets		6,39,164.32	6,14,898.30
Equity and liabilities			
(1) Equity			
(a) Equity share capital	14	57,671.14	57,671.14
(b) Other equity	15	(4,71,150.95)	(4,43,046.43)
Total equity		(4,13,479.81)	(3,85,375.29)
Liabilities			
(2) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	3,65,551.94	3,85,210.26
(ii) Trade payables	17	-	-
(iii) Other financial liabilities	18	25.88	25.88
(b) Provisions	19	-	-
(c) Other non-current liabilities	20	1,35,249.75	1,32,699.01
Total non-current liabilities		5,00,827.57	5,17,935.15
(3) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	40,178.03	57,513.23
(ii) Trade payables	17	1,16,295.66	89,369.17
(iii) Other financial liabilities	18	3,38,695.38	3,08,174.24
(b) Provisions	19	52,888.87	23,362.60
(c) Other current liabilities	20	3,758.62	3,919.20
Total current liabilities		5,51,816.56	4,82,338.44
Total liabilities		10,52,644.13	10,00,273.59
Total equity and liabilities		6,39,164.32	6,14,898.30

See accompanying notes 1-35 forming an integral part of the financial statements

For JBMT & Associates
Chartered Accountants
Sd/-
(Rajendra Kumar Kar)
Partner
M-067393

Sd/-
(B. P. Mahapatra)
Director (F & CA)

Sd/-
(H. Sharma)
Chairman-Cum-Managing Director

Place: Bhubaneswar
Date: 26.07.2019

Sd/-
(S. Dash)
Company Secretary

Sd/-
(B.B. Sahoo)
Chief Financial Officer

GRIDCO Limited

Statement of profit and loss for the year ended March 31, 2019

		Amount in Rs. Lakhs	
Particulars	Note	Year ended 31.03.2019	Year ended 31.03.2018
I Revenue from operations	21	7,90,078.83	7,84,512.39
II Other income	22	7,421.05	609.58
III Total revenue (I + II)		7,97,499.88	7,85,121.98
IV Expenses			
(a) Cost of Power	23	7,59,704.82	7,36,031.57
(b) Employee benefits expense	24	1,022.89	734.20
(c) Finance costs	25	54,237.26	52,101.52
(d) Depreciation and amortisation expense	26	112.44	81.77
(e) Other expenses	27	10,526.99	15,923.06
Total expenses (IV)		8,25,604.40	8,04,872.12
V Profit/(loss) before tax (III - IV)		(28,104.52)	(19,750.15)
Less: Exceptional Items	28	-	-
VI Profit/(loss) before tax but after exceptional items		(28,104.52)	(19,750.15)
VII Tax expense			
(1) Current tax		-	-
(2) Deferred tax		-	-
Total tax expense (VII)		-	-
VIII Profit/(loss) after tax (VI - VII)		(28,104.52)	(19,750.15)
IX Other comprehensive income			
(i) Items that will not be recycled to profit or loss			
- Remeasurement gains / (losses) on defined benefit plans		-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
Total comprehensive income for the period (VIII)		-	-
Profit for the period should mention		(28,104.52)	(19,750.15)
X Earnings per equity share:			
Basic and Diluted	29	(487.32)	(342.46)

See accompanying notes 1-35 forming an integral part of the financial statements

For JBMT & Associates
Chartered Accountants
Sd/-
(Rajendra Kumar Kar)
Partner
M-067393

Place: Bhubaneswar
Date: 26.07.2019

Sd/-
(B. P. Mahapatra)
Director (F & CA)

Sd/-
(S. Dash)
Company Secretary

Sd/-
(H. Sharma)
Chairman-Cum-Managing Director

Sd/-
(B.B. Sahoo)
Chief Financial Officer

GRIDCO Limited

Statement of Cash Flows for the period ended March 31, 2019

Amount in Rs. Lakhs

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
A. Cash flows from operating activities		
Profit for the period	(28,104.52)	(19,750.15)
Adjustments for:		
Income tax expense recognised in profit or loss	-	-
Finance costs recognised in profit or loss	54,103.76	52,020.64
Interest income recognised in profit or loss	(141.05)	(124.15)
Impairment loss recognised on financial assets	9,678.15	15,004.13
Reversal of Impairment loss recognised on financial assets	(7,178.15)	-
Sundry Creditors written off	-	(0.41)
Net (gain) / loss on disposal of property, plant and equipment	-	-
Depreciation and amortisation of non-current assets	112.44	81.77
	28,470.63	47,231.83
Movements in working capital:		
(Increase) / decrease in trade receivables	(3,946.15)	(40,080.73)
(Increase) / decrease in loans and other financial asset	(8,551.52)	1,602.24
(Increase) / decrease in other assets	(2,152.19)	(6,827.08)
Increase / (decrease) in trade payables	26,926.49	6,131.21
Increase / (decrease) in deferred revenue	-	-
Increase / (decrease) in other financial liabilities	8,552.89	11,443.34
Increase / (decrease) in other liabilities	2,390.17	2,114.25
Increase / (decrease) in provisions	29,526.26	2,484.50
Cash (used in) / generated from operations	81,216.59	24,099.56
Income taxes (paid)/Received	(1,785.25)	(23.87)
Net cash (used in) / generated by operating activities	79,431.34	24,075.69
B. Cash flows from investing activities		
Proceeds on sale of financial assets	-	-
Interest received from banks and others	141.05	124.15
Payments for property, plant and equipments (including capital advances)	-	-
Proceeds from disposal of property, plant and equipments	-	-
Payments to acquire Property, Plant and Equipment	(13.74)	(188.11)
Net cash (used in) / generated by investing activities	127.31	(63.95)
C. Cash flows from financing activities		
Proceeds from long term borrowings	2,309.94	13,059.41
Proceeds from short term borrowings	(17,335.20)	10,764.35
Finance cost paid	(54,103.76)	(52,020.64)
Net cash (used in) / generated by financing activities	(69,129.02)	(28,196.89)
Net increase or (decrease) in cash or cash equivalents	10,429.64	(4,185.15)
Cash and cash equivalents at the beginning of the year	22,190.38	26,375.53
Cash and cash equivalents at the end of the year	32,620.02	22,190.38

See accompanying notes 1-35 forming an integral part of the financial statements

For JBMT & Associates
Chartered Accountants
Sd/-
(Rajendra Kumar Kar)
Partner
M-067393

Place: Bhubaneswar
Date: 26.07.2019

Sd/-
(B. P. Mahapatra)
Director (F & CA)

Sd/-
(S. Dash)
Company Secretary

Sd/-
(H. Sharma)
Chairman-Cum-Managing Director

Sd/-
(B.B. Sahoo)
Chief Financial Officer

GRIDCO Limited

Statement of changes in equity for the year ended March 31, 2019

A. Equity share capital

Amount in Rs. Lakhs

Balance as at 31.03.2018	57,671.14
Changes in equity share capital during the year	-
Balance as at 31.03.2019	57,671.14

B. Other equity

Amount in Rs. Lakhs

Other equity	Retained Earnings		Total
	Profit and loss	Other Comprehensive Income	
Balance as at 31.03.2018	(4,43,046.43)	-	(4,43,046.43)
Profit for the year	(28,104.52)	-	(28,104.52)
Other comprehensive income for the year	-	-	-
Balance as at 31.03.2019	(4,71,150.95)	-	(4,71,150.95)

GRIDCO Limited

Notes to the Financial Statements

6 - Property, plant and equipment

Amount in Rs. Lakhs

	As at 31.03.2019	As at 31.03.2018
Carrying amount of:		
Plant and Machinery	7.40	9.57
Office Equipment	4.17	5.46
Furniture and fixtures	22.12	12.29
Vehicles	14.25	18.01
Computers	134.59	235.91
Total tangible assets	182.53	281.24

	Amount in Rs. Lakhs					
	Plant and Machinery	Office Equipment	Furniture and Fixtures	Vehicles	Computers	Total Tangible Assets
Cost or deemed cost						
Balance as at April 01, 2018	37.64	15.52	14.56	47.47	438.83	554.02
Additions	1.30	-	12.28	-	0.16	13.74
Disposals	-	-	-	-	-	-
Cost as at March 31, 2019	38.94	15.52	26.84	47.47	438.99	567.76
Accumulated depreciation as at March 31, 2018	28.07	10.06	2.27	29.46	202.92	272.78
Charge for the period	3.46	1.28	2.46	3.76	101.48	112.44
Disposals	-	-	-	-	-	-
Accumulated depreciation as at March 31, 2019	31.53	11.34	4.73	33.22	304.40	385.22
Net carrying value as at March 31, 2018	9.57	5.46	12.29	18.01	235.91	281.24
Net carrying value as at March 31, 2019	7.40	4.17	22.12	14.25	134.59	182.53

GRIDCO Limited

Notes to the Financial Statements

Amount in Rs. Lakhs

7.1 - Investments - non current

I. Investment in Associates

Non-current		As at 31.03.2019	As at 31.03.2018
Unquoted investments (all fully paid)			
Investments in equity instruments - (classified as at cost)			
Equity Shares of CESCO (3,53,32,800 equity shares of Rs.10 each)	*	3,563.28	3,563.28
Equity Shares of NESCO (3,22,95,900 equity shares of Rs.10 each)	*	3,229.59	3,229.59
Equity Shares of WESCO (2,38,38,500 equity shares of Rs.10 each)	*	2,383.85	2,383.85
Equity Shares of SOUTHCO (1,84,53,400 equity shares of Rs.10 each)	*	1,845.34	1,845.34
Total investment in Associates		11,022.06	11,022.06
Additional information			
Aggregate carrying value of unquoted investments		11,022.06	11,022.06
Aggregate amount of impairment in value of investments		-	-

II. Other investments

Non-current	As at 31.03.2019		As at 31.03.2018	
Unquoted investments	Quantity Units	Amount Rs. in Lakhs	Quantity Units	Amount Rs. in Lakhs
Investments in Equity				
Investments in share capital of ARCS Athagarh	-	15.00	-	15.00
Less: Provision for diminution in the value of such invetments	-	(15.00)	-	(15.00)
Total - investments				
Total - other non-current investments	-	-	-	-
Additional information				
Aggregate amount of quoted investments and market value thereof	-	-	-	-
Aggregate amount of unquoted investments	-	11,037.06	-	11,037.06
Aggregate amount of impairment in value of investments	-	(15.00)	-	(15.00)

* In the opinion of the management, the value of non current investment will be the value at which these are stated in the Balance sheet. GRIDCO invested Rs.22,494 lakhs in its Subsidiary Companies (CESCO, NESCO, WESCO & SOUTHCO) in the year 1998-99 in the form of Equity Shares. During the year 1999-00; 51% of investment was divested. GRIDCO's investment stands at Rs.11,022.06 lakhs as on 31-03-2019. This includes Rs.2,249 lakhs transferable to the 'Trustees of the Employees Share Trusts' to be established for the benefits of the employees of respective DISCOMs; in terms of Share Acquisition Agreement (Clause No.3.2.2) read with Share Holder Agreement Clause-(i). Pending, compliance of the transfer formalities by the respective DISCOMs, the shares are presently held by GRIDCO.

Regarding status of DISCOMs refer note 37(3)

GRIDCO Limited

Notes to the Financial Statements

7.2 - Investments - current

I. Other investments

Amount in Rs. Lakhs

Current	As at 31.03.2019	As at 31.03.2018
Unquoted investments *		
12.50% Secured Non-Convertible Redeemable NESCO Bonds, Series - 1/2000, 2007 (16,700 bonds)	4,891.31	4,891.31
12.50% Secured Non-Convertible Redeemable SOUTHCO Bonds, Series - 1/2000, 2007 (13,000 bonds)	13,000.00	13,000.00
Less: Provision for Investment	(15,000.00)	(12,500.00)
Total - other current investments	2,891.31	5,391.31

Additional information

Aggregate amount of unquoted investments	2,891.31	5,391.31
Aggregate amount of impairment in value of investments	-	-

7.2.I.a Category-wise other investments - as per Ind AS 109 classification

	As at 31.03.2019	As at 31.03.2018
Financial assets carried at amortised cost	13,928.37	16,428.37
Financial assets carried at Fair value through Statement of Profit and loss	-	-
	13,928.37	16,428.37

Pursuant to OERC order dated 29-03-2012, the dues payable against Rs.40,000 lakhs NTPC bonds issued by DISCOMs shall be settled by 31-03-2013. The DISCOMs had defaulted payment of Rs.19,536.31 lakhs arising under the settlement. An additional provision of Rs.2,500 lakhs has been considered against these bonds during the F.Y 2018-19. Interest on these bonds are not accounted for during the current financial year as the recovery of principal amount is doubtful.

GRIDCO Limited

Notes to the Financial Statements

8 - Trade receivables

Amount in Rs. Lakhs

A. Non-current	As at 31.03.2019	As at 31.03.2018
(a) Unsecured, considered good	-	-
(b) Unsecured, considered doubtful	-	-
Less: Allowance for doubtful trade receivables	-	-
Net trade receivables	-	-

B. Current	As at 31.03.2019	As at 31.03.2018
Receivable from Consumers for Sale of Power		
Outstanding for more than six months from the date it became due		
(a) Secured, considered good	151,613.64	121,358.30
(b) Unsecured, considered good	-	3,786.20
(c) Unsecured, considered doubtful	96,739.99	103,918.14
Less: Allowance for doubtful trade receivables	(96,739.99)	(103,918.14)
Outstanding for less than six months from the date it became due		
(a) Secured, considered good	166,217.65	187,273.63
(b) Unsecured, considered good	-	1,467.01
Net trade receivables	317,831.28	313,885.14

In determining the allowances for credit losses of trade receivables, the company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix. In addition to this Company provides for credit loss based on increase in credit risk on case to case basis.

i) Movements in allowance for credit losses of receivables is as below:

	As at 31 Mar 2019	As at 31 Mar 2018
Balance at the beginning of the year	1,03,918.14	91,414.01
Allowances made during the year	-	12,504.13
Release to statement of profit and loss	7,178.15	-
Balance at the end of the year	96,739.99	1,03,918.14

ii) Out of the Trade receivables, Rs. 3,74,346.82 Lakhs as at 31 March 2019 (as at 31 March 2018: Rs. Rs.3,68,323.76 lakhs) is due from the Company's major customers i.e. having more than 5% of total outstanding trade receivables. There are no other customers who represent more than 5% of the total balance of trade receivables.

iii) **There is no outstanding debts due from directors or other officers of the Company.**

iv) Ageing of trade receivables and credit risk arising there form as below:

	As at 31 Mar 2019	As at 31 Mar 2018
Amounts not yet due	63,150.90	92,985.96
Between upto six months overdue	1,03,066.74	2,764.23
Greater than six months overdues	2,48,353.63	3,22,053.08
	4,14,571.27	4,17,803.27

- V. Realization of trade receivables from DISCOMs are regulated by the orders of OERC, read with the BSP agreement and the ESCROW arrangement entered between GRIDCO and DISCOMs. Moreover, the entire receivables of DISCOMs are deposited in ESCROW account maintained with ESCROW agent in favour of GRIDCO.
- VI. The trade receivables as on 31-03-2019, from NESCO, WESCO and SOUTHCO have been reconciled. Specific provisions wherever necessary has been considered in the accounts. GRIDCO maintains full provision against receivables from PSUs/ ULBs.
- VII. **Vedanta IPP:** Based on the minutes of meeting dated 01.11.2016 (effective from dated 24.10.2016), an amount of Rs. 1588.23 Crore has been claimed after adjustment of cost of power towards compensation for non-supply of State entitlement of power to GRIDCO by M/s Vedanta Ltd as per the OERC order dated 27.01.2016 in case no 21 of 2015. Subsequently, minutes of meeting was signed on dated 03.09.2018 between GRIDCO & M/s Vedanta Limited and filed before OERC in case no. 68 of 2018 in the matter of dispute regarding execution of revised PPA in compliance to OERC order dated 27.01.2016. Based on direction of honourable OERC another minutes of meeting was signed on 07.06.2019. The recasting of dues receivable / payable based on the said minutes of meeting is yet to be quantified.

GRIDCO Limited

Notes to the Financial Statements

9 - Loans

Amount in Rs. Lakhs

A. Non-current	As at 31.03.2019	As at 31.03.2018
(a) Loans to employees		
Secured, considered good	2.38	3.62
Total non-current loans	2.38	3.62
B. Current	As at 31.03.2019	As at 31.03.2018
(a) Loans to employees		
Unsecured, considered good	(0.00)	1.68
(b) Other Loans and Advances		
Unsecured Considered Doubtful		
Loan to CESCO #	17,400.00	17,400.00
Unsecured Considered good		
Dues from CESCO *	75,078.40	75,078.40
Dues from NESCO *	20,767.47	20,767.47
Dues from WESCO *	22,668.96	22,668.96
Dues from SOUTHCO *	22,795.61	22,795.61
Less: Allowance for bad and doubtful loans *	(17,400.00)	(17,400.00)
Total current loans	1,41,310.44	1,41,312.12

GRIDCO extended Rs.17,400.00 lakhs to CESCO, the Company taken over and managed by AES consortium towards deferred credit/ cash support during September, 1999 to July, 2000; to be repaid in 12 quarterly installments starting from December, 2002 and ending with September, 2005. A provision against the aforesaid receivables has been considered during the F.Y 2014-15.

* In terms of OERC order dated 01-12-2008 in Case No.115/2004, the outstanding dues from the DISCOMs, aggregating to Rs.2,15,990.67 lakhs, excluding delayed payment surcharge of Rs.70,435 lakhs were securitized. The securitized amount is receivable in 120 monthly installments starting from F.Y 2006-07. The DISCOMs have defaulted in repayment of Rs.1,41,310.44 lakhs by 31-03-2019.

GRIDCO Limited

Notes to the Financial Statements

10 - Other financial assets

Amount in Rs. Lakhs

A. Non current	As at 31.03.2019	As at 31.03.2018
(a) Deposit with utilities	420.35	143.40
(b) Other receivables	-	-
Total other non-current financial assets	420.35	143.40
B. Current	As at 31.03.2019	As at 31.03.2018
(a) Interest accrued and due	1,654.92	1,645.00
(b) Interest accrued and but not due	274.99	307.37
(c) Other receivables	8,308.15	8.20
Total other current financial assets	10,238.05	1,960.57

GRIDCO Limited

Notes to the Financial Statements

11 - Other assets

Amount in Rs. Lakhs

A. Non-current	As at 31.03.2019	As at 31.03.2018
(a) Capital Advance	36,113.82	36,113.82
Total allowance for bad and doubtful other non-current assets	-	-
Total other non-current assets	36,113.82	36,113.82
Classification of other non-current assets:		
Secured, considered good	-	-
Unsecured, considered good *	36,113.82	36,113.82
Doubtful	-	-
Gross other non-current assets	36,113.82	36,113.82
B. Current	As at 31.03.2019	As at 31.03.2018
(a) Advances to Employees	9.72	32.14
(b) Receivable from DISCOM - CAPEX ***	82,191.43	78,640.37
(c) Receivable from DISCOM - Material Account	46.46	46.46
(d) Subsidy grant receivable	331.84	1,264.50
(e) Prepaid expenses	-	453.96
(f) Receivable from Transfer Scheme **		
CESCO	11,884.83	11,884.83
NESCO	673.98	673.98
WESCO	1,210.09	1,210.09
SOUTHCO	2,990.83	2,990.83
Less: Allowance for doubtful trade receivables	(16,759.72)	(16,759.72)
(g) Other Receivable	374.54	364.37
Total other current assets	82,953.99	80,801.80

Classification of other current assets:

Secured, considered good	341.56	1,296.64
Unsecured, considered good	82,612.43	79,051.20
Doubtful	16,759.72	16,759.72
Provided	(16,759.72)	(16,759.72)
Gross other current assets	82,953.99	80,347.84

- * Pursuant to the decision of Govt. of India, GRIDCO is entitled to get 1300 MW of power from the Ultra Mega Power Project (UMPP) promoted by Power Finance Corporation (PFC) in the state of Odisha. GRIDCO being beneficiary for 1300 MW power has contributed Rs.1,300 lakhs towards commitment advance @ Rs.100 lakhs per 100 MW of allocated power. Further, Govt. of Odisha has paid Rs.33,773.24 lakhs (Previous year Rs.33,773.24 lakhs) to GRIDCO for deposit towards land cost for the aforesaid project. Pending communication of terms and conditions thereto, the amount has been considered as payable to Govt. of Odisha (Note-20)
- ** Pursuant to Orissa Electricity Reform Rules, the Distribution undertakings of erstwhile GRIDCO was transferred to DISCOMs in the year 1999, along with all assets and liabilities as notified by Govt. of Odisha. The difference between current asset and current liability amounting to Rs.16,759.72 lakhs was also shown as receivable from DISCOMs. As the DISCOMs have been ambivalent over the years to confirm the transfer scheme receivables, equivalent provision is maintained in the accounts.
- *** GRIDCO received funds from Govt. of Odisha for on lending to DISCOMs towards CAPEX and has disbursed Rs.74,248.33 lakhs (Previous year Rs.72,213.65 lakhs) to DISCOMs by 31-03-2019.

GRIDCO Limited**Notes to the Financial Statements****12 - Tax assets****Amount in Rs. Lakhs**

A. Non-current	As at 31.03.2019	As at 31.03.2018
(a) TDS receivable and advance tax	3,578.09	1,792.84
Total	3,578.09	1,792.84
B. Current		
(a) TDS receivable and advance tax	-	-
Total	-	-

13 - Cash and cash equivalents**Amount in Rs. Lakhs**

Particulars	As at 31.03.2019	As at 31.03.2018
Cash and Cash Equivalents		
(a) Cash in hand	0.02	0.16
(b) Balances with banks - Current Account	13,951.81	2,690.68
(c) Short Term Deposits with Banks	18,668.19	19,499.54
Total cash and cash equivalents	32,620.02	22,190.38
Other Bank Balances		
Total cash and bank balance	32,620.02	22,190.38

The short term deposits include the amount received from Govt. of Odisha for on lending to DISCOMs towards CAPEX & unutilised till date. It also includes Rs.2,457.97 lakhs provided to Union Bank of India towards margin money against Secured Over-Draft (SOD).

GRIDCO Limited

Notes to the Financial Statements

14 - Share Capital

Amount in Rs. Lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
Equity share capital		
Equity share capital	57,671.14	57,671.14
Authorised share capital:	57,671.14	57,671.14

1,00,00,000 fully paid-up equity shares of Rs. 1,000 each

(As at 31.03.2019 1,00,00,000 fully paid-up equity shares of Rs. 1,000 each and 31.03.2018: 1,00,00,000 fully paid-up equity shares of Rs. 1,000 each)

Issued and subscribed capital comprises: 100,000.00 100,000.00

57,67,114 fully paid-up equity shares of Rs. 1,000 each

(As at 31.03.2019 57,67,114 fully paid-up equity shares of Rs. 1,000 each and 31.03.2018: 57,67,114 fully paid-up equity shares of Rs. 1,000 each)

57,671.14 57,671.14

14.1 Fully paid equity shares

Particulars	Number of shares	Amount in Rs. Lakhs
Balance as at 31.03.2018	5,767,114	57,671.14
Issue of shares	-	-
Balance as at 31.03.2019	5,767,114	57,671.14

14.2 Rights attached to equity shares

The Company has one class of equity shares having a par value of Rs. 1,000 per share. Each shareholder is eligible for one vote per share held. During the year ended March 31, 2019 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.

14.3 Details of shares held by each shareholder holding more than 5% of shares

Particulars	As at 31.03.2019		As at 31.03.2018	
	No. of shares held	% of holding of shares	No. of shares held	% of holding of shares
Fully paid equity shares				
Subscribed by Governor of Odisha	5,767,107	99.99%	5,767,107	99.99%
Total	5,767,107	99.99%	5,767,107	99.99%

GRIDCO Limited
Notes to the Financial Statements
15 - Other equity

Amount in Rs. Lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
(a) Surplus - Profit and loss	(4,43,046.43)	(4,43,046.43)
(b) Profit for the year	(28,104.52)	-
Total	(4,71,150.96)	(4,43,046.43)

Amount in Rs. Lakhs

Other equity	Retained Earnings		Total
	Profit and loss	Other Comprehensive Income	
Balance as at 31.03.2018	(4,43,046.43)	-	(4,43,046.43)
Profit for the year	(28,104.52)	-	(28,104.52)
Balance as at 31.03.2019	(4,71,150.95)	-	(4,71,150.95)

GRIDCO Limited
Notes to the Financial Statements
16 - Borrowings

Amount in Rs. Lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
I. Non-Current Borrowings		
A. Unsecured - at amortised cost		
(i) Loan from state government (13%)	-	-
(ii) Loan from state government (12.5%)	-	-
(iii) OHPC Loan	34,202.56	42,296.31
(iv) Term Loan from OMC Limited	17,271.84	31,346.16
(v) Bonds	12,818.86	18,086.33
B. Secured - at amortised cost		
(i) Loan from Banks [Refer Note 1]	3,01,258.67	2,93,481.46
Total non-current borrowings	3,65,551.92	3,85,210.26
II. Current Borrowings		
A. Secured - at amortised cost		
(i) Short term loan from bank	10,000.00	10,000.00
(ii) Loan from Others	30,178.03	47,513.23
Total current borrowings	40,178.03	57,513.23

16.1 - Borrowings - Disclosures

Notes:

Details of Loans A. Bonds	Amount in Rs. Lakhs			Amount in Rs. Lakhs			Details of Security	Coupon Rate	Moratorium Period	
	Particulars	Non-Current Portion	Current Portion	Interest accrued and due	Non-Current Portion	Current Portion				
			31-Mar-19			31-Mar-18				
	8.5% Tax-free un-secured state government special bonds	-	81,881.18	57,759.80	-	81,881.18	49,162.27	Payable in 20 half yearly installments commencing from October 2005.	Unsecured	8.50% -
	10.5% GRIDCO Bond 2012	-	83.34	0.74	-	1,000.00	-	Repayable over 7 years from FY 2012-13	Secured with government guarantee	10.50% 2 Years
	11% Bond 2012	75.00	595.84	6.27	336.33	1,750.00	-	Repayable over 8 years from FY 2012-13	Unsecured bonds	11.00% 2 Years
	10.40% Rs.50 crore Bond 2012	-	4,840.02	-	5,000.00	-	-	Repayable in the 10th Year that is in FY 2022	Secured bonds with government guarantee	10.40% -
	8.79% GRIDCO Bond 2013	12,743.85	-	-	12,750.00	-	-	Repayable from 7th year in 4 equal installments from FY 2021-22	Secured bonds with government guarantee	8.79% -
	Total	12,818.85	87,400.38	57,766.81	18,086.33	84,631.18	49,162.27			
B. Term Loans										
	Particulars	Non-Current Portion	Current Portion	Interest accrued and due	Non-Current Portion	Current Portion	Interest accrued and due	Repayment Term	Details of Security	Interest Rate
	Union Bank of India - Rs.300 Crore Loan 380806390009223	12,000.00	6,000.00	-	18,000.00	6,500.00	174.79	60 Monthly	Secured through charge over receivable and State Govt. guarantee	8.45% 2 Year
	Union Bank of India - Rs.100 Crore Loan - Short Term Loan	-	10,000.00	-	-	10,000.00	2.47	-	-	-
	Union Bank of India - Rs.500 Crore Loan 380806390009226	34,998.04	10,000.00	-	45,831.38	4,166.67	348.22	60 Monthly	Secured through charge over receivable and State Govt. guarantee	8.65% 2 year
	Allahabad Bank-200 crore loan 50046366539	-	-	-	-	2,462.30	19.70	72 Monthly	Secured through charge over receivable and State Govt. guarantee	8.45% 2 year
	Allahabad Bank-150 crore loan 50426410387	11,994.60	3,000.00	-	15,000.00	-	105.22	60 Monthly	Secured through charge over receivable and State Govt. guarantee	8.65% 1 years and 4 months

Particulars	31-Mar-19			31-Mar-18			Repayment Term	Details of Security	Interest Rate	Moratorium Period
	Non-Current Portion	Current Portion	Interest accrued and due	Non-Current Portion	Current Portion	Interest accrued and due				
UCO Bank - Rs.300 Crore Loan 17850610025666	19,951.73	6,000.00	-	25,934.03	4,000.00	215.30	60 Monthly	Secured through charge over receivable and State Govt. guarantee	8.55%	2 Years
Andhra Bank - Rs.200 Crore Loan 004830100002397	-	-	-	-	4,168.08	30.56	60 Monthly	Secured through charge over receivable and State Govt. guarantee	8.65%	3 Years
Andhra Bank - Rs.200 Crore Loan 004830100010518	2,499.26	5,000.00	-	7,500.03	5,416.67	94.89	48 Monthly	Secured through charge over receivable and State Govt. guarantee	8.65%	1 Year
Andhra Bank - Rs.200 Crore Loan 004830100015018	15,575.44	4,000.00	-	19,663.28	333.33	146.93	60 Monthly	Secured through charge over receivable and State Govt. guarantee	8.65%	2 Years
Andhra Bank - Rs.100 Crore Loan 004830100016044	7,716.55	2,000.00	-	9,828.82	166.67	69.64	60 Monthly	Secured through charge over receivable and State Govt. guarantee	8.65%	17 Months
Andhra Bank - Rs.200 Crore Loan 004830100018796	16,000.00	4,000.00	14.38	-	-	-	60 Monthly	Secured through charge over receivable and State Govt. guarantee	8.75%	NIL
Canara Bank - Rs.200 Crore Loan 4920773000003	13,540.83	4,020.00	-	17,990.00	2,010.00	145.56	60 Monthly	Secured through charge over receivable and State Govt. guarantee	8.30%	2 Years
Canara Bank - Rs.200 Crore Loan 1617773004256	-	-	-	-	2,198.09	15.69	60 Monthly	Secured through charge over receivable and State Govt. guarantee	8.40%	3 Years
Canara Bank - Rs.200 Crore Loan 1617773004258	-	-	-	-	3,546.10	25.26	60 Monthly	Secured through charge over receivable and State Govt. guarantee	8.40%	3 Years
Canara Bank - Rs.100 Crore Loan 4920773000002	2,137.36	1,999.20	-	4,161.17	2,165.80	45.19	60 Monthly	Secured through charge over receivable and State Govt. guarantee	8.40%	1 Year
Canara Bank - Rs.200 Crore Loan 4920773000005	16,000.00	4,000.00	28.11	-	-	-	60 Monthly	Secured through charge over receivable and State Govt. guarantee	8.55%	NIL
Canara Bank - Rs.200 Crore Loan 4920773000007	16,000.00	4,000.00	9.37	-	-	-	60 Monthly	Secured through charge over receivable and State Govt. guarantee	8.55%	NIL
Odisha Gramya Bank - Rs.25 Crore Loan 4121113056000002	2,206.46	270.00	-	2,457.17	41.67	18.36	120 Monthly	Secured through paripassu charge on tangible movable assets	8.65%	2 Years
Odisha Gramya Bank - Rs.136 Crore Loan 4121113056000001	2,669.15	2,724.00	-	5,392.87	2,951.00	61.56	60 Monthly	Secured through charge over receivable and State Govt. guarantee	8.65%	2 Years
Odisha Gramya Bank - Rs.40 Crore Loan 4121113056000003	3,598.19	402.00	-	3,998.05	-	27.86	60 monthly	Secured through charge over receivable and State Govt. guarantee	8.20%	2 Years
Odisha Gramya Bank - Rs.35 Crore Loan 4121113056000004	3,496.33	-	-	-	-	-	60 Monthly	Secured through charge over receivable and State Govt. guarantee	8.70%	2 Years

Particulars	31-Mar-19			31-Mar-18			Repayment Term	Details of Security	Interest Rate	Moratorium Period
	Non-Current Portion	Current Portion	Interest accrued and due	Non-Current Portion	Current Portion	Interest accrued and due				
Bank of India - Rs.200 crore loan 555065410000024	-	-	-	-	691.81	4.99	72 Monthly	Secured through charge over receivable and State Govt. guarantee	8.70%	2 Years
Bank of India - Rs.100 crore loan 555065410000031	1,913.19	2,004.00	-	3,987.69	2,171.00	29.02	60 Monthly	Secured through charge over receivable and State Govt. guarantee	8.70%	2 Years
Bank of India - Rs.300 crore loan 555065410000035	11,490.55	6,000.00	-	17,476.15	6,500.00	188.69	60 Monthly	Secured through charge over receivable and State Govt. guarantee	8.70%	2 Years
Bank of India - Rs.500 crore loan 555065410000036	34,775.34	6,252.00	-	41,094.20	6,773.00	345.92	96 Monthly	Secured through charge over receivable and State Govt. guarantee	8.70%	2 Years
Bank of India - Rs.300 crore loans555065410000041	29,985.66	-	-	-	-	-	60 Monthly	Secured through charge over receivable and State Govt. guarantee	8.50%	2 Years
Indian Overseas Bank - Rs.200 crore loan 015903271100003	2,309.87	2,856.00	-	5,167.14	3,094.00	60.92	84 Monthly	Secured through charge over receivable and State Govt. guarantee	8.50%	2 Years
Indian Overseas Bank - Rs.300 crore loan 015903305000002	22,078.44	5,004.00	-	29,999.48	-	145.23	72 Monthly	Secured through charge over receivable and State Govt. guarantee	8.65%	2 Years
Canara Bank - Rs.200 Crore Loan 4920773000004	18,321.70	1,675.00	-	20,000.00	-	138.47	60 Monthly	Secured through charge over receivable and State Govt. guarantee	8.55%	2 Years
13% un-secured state government loan	-	12,000.00	31,221.37	-	12,000.00	29,661.37	Payable in 12 annual installments commencing from March 2002	-	13.00%	-
10.50% un-secured state government loan	-	4,254.18	8,389.67	-	4,254.18	7,942.98	Payable annually commencing from March 2000	-	10.50%	-
OHPC Loan	34,202.56	21,689.26	-	42,296.30	14,320.21	-	Payable from 01-Apr-2014 over a period of 10 years	-	8.00%	Including 3 years moratorium
Term Loan from OMC Limited	17,271.84	20,040.00	-	31,346.16	30,060.00	-	Payable in 60 monthly installments	-	SBI Fixed Deposit Rate + 1.5%	-
Total	352,733.07	149,189.64	39,662.90	367,123.92	129,990.58	40,064.79				

GRIDCO Limited

Notes to the Financial Statements

17 - Trade payables

Amount in Rs. Lakhs

A. Non-current	As at 31.03.2019	As at 31.03.2018
(1) Creditors for capital supplies		
- Dues to micro and small enterprises	-	-
- Others	-	-
(2) Creditors for supplies and services		
- Dues to micro and small enterprises	-	-
- Others	-	-
(3) Creditors for accrued wages and salaries	-	-
Total non-current trade payables	-	-
B. Current	As at 31.03.2019	As at 31.03.2018
(1) Creditors for supplies and services		
- Cost of Power	1,07,570.95	82,358.55
- Transmission charges	8,614.62	6,974.11
- Trading of Power	65.22	0.00
(2) Creditors for accrued wages and salaries	44.87	36.51
Total current trade payables	1,16,295.66	89,369.17

Notes:

17.1. Dues of MSMEs:

The Company does not owe any dues to any Micro, Small and Medium enterprises as defined in "The Micro, Small and Medium Enterprises Development Act, 2006".

17.2. Creditor of cost of power(NTPC):

Consequent to the APTEL Order dated 25.01.2019 in IA No.840 of 2017 in Appeal No. 330 of 2017 in the matter of re-determination of COD of Barh II station of NTPC which deferred from 15.11.2014 to 08.03.2016, GRIDCO has computed an amount of Rs.359.69 crore (Rs. 243.30 Cr. towards amount already billed and paid and Rs.116.39 Cr. towards interest) to be refundable by NTPC. The same has been adjusted against the payable of NTPC pertaining to Dec'18 and Jan'19 after availing rebate as applicable. NTPC has not agreed to the same and has not served any credit note in this regard. As the modality of implementation of above order of CERC is subjudice and NTPC has not yet raised any credit bill, GRIDCO has not considered the expected receivable on account of revision of COD by CERC. Also, GRIDCO has recognised income on account of rebate provisionally limiting to rebate so allowed by NTPC based on the principle of conservatism.

GRIDCO Limited

Notes to the Financial Statements

18 - Other financial liabilities (Classified at amortised cost)

Amount in Rs. Lakhs

A. Non current	As at 31.03.2019	As at 31.03.2018
(a) Other liabilities *	25.88	25.88
Total other non-current financial liabilities	25.88	25.88
B. Current	As at 31.03.2019	As at 31.03.2018
(a) Current maturity of long-term borrowings		
(i) Bonds - Tax Free**	81,881.18	81,881.18
(ii) Loan from Bank	81,206.20	59,356.19
(iii) Loan from state government (13%)	12,000.00	12,000.00
(iv) Loan from state government (10.5%)	4,254.18	4,254.18
(v) Loan from OHPC	21,689.26	14,320.21
(vi) Term Loan from OMC	20,040.00	30,060.00
(vii) Other Bonds	5,519.20	2,750.00
(b) Deposits and EMD	408.31	239.88
(c) Gurantee fees payable	3,721.53	3,793.76
(d) Interest accrued but not due on borrowings	5,070.93	4,810.70
(e) Interest accrued and due on loans	39,662.90	40,064.79
(f) Interest accrued and due on bonds	57,766.81	49,162.27
(g) Audit Fee Payable	16.05	16.08
(h) Unclaimed bonds	14.92	14.92
(i) Payable to OPTCL	5,422.17	5,433.90
(j) Other liabilities	21.76	16.18
Total other current financial liabilities	3,38,695.40	3,08,174.24

* Govt. of Odisha vide Notification No.6892 dated 09-06-2005 made a Transfer Scheme called "The Orissa Electricity Reforms (Transfer of Transmission and Related Activities) Scheme 2005" and vested the transmission undertaking of GRIDCO with Odisha Power Transmission Corporation Limited (OPTCL). The amount under reference is payable to OPTCL under the said transfer, as adjusted by the amount payable towards terminal benefits.

** GRIDCO defaulted in re-payment of Principal amount of Rs. 81,881.18 lakh (March 31, 2018 - Rs. 81,881.18 lakhs), 8.5% Tax Free Unsecured Government of Odisha special bonds to Government of Odisha, w.e.f. 01-Apr-2009. Interest accrued and due on the same bond is not paid, though accounted on accrual basis.

GRIDCO Limited

Notes to the Financial Statements

19 - Provisions

Amount in Rs. Lakhs

A. Non-current	As at 31.03.2019	As at 31.03.2018
(a) Provision towards cost of power	-	-
Total non current provisions	-	-

B. Current	As at 31.03.2019	As at 31.03.2018
(a) Provision towards cost of power *	52,888.87	23,362.60
Total current provisions	52,888.87	23,362.60

- * Keeping in view the Order of OERC dated 28.03.2019 in case No.33/2018 pronounced in conformity with the judgment of the Hon'ble Supreme Court of India dated 19.04.2018 in Civil Appeal No. 9485 of 2017 in the matter of Re-determination of Generation Tariff for FY 2016-17, 2017-18 and 2018-19, M/s OPGC has raised differential bills totaling to Rs.203.46 Cr. Pending verification of bills, provision has been created for the same amount in the accounts for the F.Y.2018-19.

GRIDCO Limited

Notes to the Financial Statements

20 - Other liabilities

Amount in Rs. Lakhs

A. Non-current	As at 31.03.2019	As at 31.03.2018
(i) Payable to government of Odisha *	135,243.59	132,692.84
(ii) Other Payables **	6.17	6.17
Total other non-current liabilities	135,249.75	132,699.01
B. Current	As at 31.03.2019	As at 31.03.2018
(i) Statutory dues - Income Tax	7.84	47.96
(ii) Electricity Duty Payable to Government	715.90	226.13
(iii) Payable to the government of Odisha	2,860.50	3,453.43
(iv) Deferred Income - Amortisation of Bonds	166.12	188.67
(v) GST Liability	8.26	3.01
(vi) Other current liabilities	-	-
Total other current liabilities	3,758.62	3,919.20

- * Payable to Govt. of Odisha includes Rs.87,749.00 lakhs received for on lending to DISCOMs. It also includes interest for Rs.7,943.70 lakhs receivable on fund disbursed to DISCOMs for CAPEX programme. As per the terms of the agreement dated 29-03-2011, Cl. 5.2, GRIDCO shall have no liability of its own for repayment of the aforesaid amount and payment of interest thereon, hence the amount is considered as payable to Govt. of Odisha with corresponding receivable from DISCOMs.

Further, the payables include Rs.33,773.24 lakhs (March 31, 2018 - Rs. 33,773.24 lakhs) received from Govt. of Odisha for lending to Odisha Integrated Power Limited (OIPL) towards land cost of UMPP (Ultra Mega Power Project).

- ** Govt. of Odisha vide Notification No.6892 dated 09-06-2005 made a Transfer Scheme called "The Orissa Electricity Reforms (Transfer of Transmission and Related Activities) Scheme 2005" and vested the transmission undertaking of GRIDCO with Odisha Power Transmission Corporation Limited (OPTCL). The amount under reference is payable to OPTCL under the said transfer, as adjusted by the amount payable towards terminal benefits.

GRIDCO Limited

Notes to the Financial Statements

21 - Revenue from operations

Amount in Rs. Lakhs

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
I. Revenue from sale of power		
(a) Bulk Supply of Licencees	7,25,518.59	7,10,340.62
(b) Sale of Power through trading	37,927.56	14,322.60
(c) UI Charges	80.79	1,409.35
(d) Supplies to Others *	19,711.86	51,182.91
(e) Others	-	-
II. Other Operating Income		
(a) Rebate from generators	6,831.24	7,240.04
(b) Miscellaneous Revenue	8.78	16.88
Total revenue from operations	7,90,078.83	7,84,512.39

* Out of total penalty claimed to M/s Vedanta Ltd. upto 31st Mar, 19 amounting to Rs.94,626.23 lakhs towards less schedule & under injection, income to the extent of amount recovered / adjusted against the power purchase dues of Rs. 13,587.89 lakh (previous year Rs. 46,688.39 lakhs) is recognised as revenue. Balance penalty amount shall be recognised as and when the same will be recovered/paid by M/s Vedanta Ltd.

GRIDCO Limited

Notes to the Financial Statements

22 - Other income

Amount in Rs. Lakhs

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
(a) Interest income from Short term deposits and Flexi Deposits	141.05	124.15
(b) Miscellaneous Income	46.65	372.71
(c) Fair Value Changes for Bonds and Debentures	55.21	112.31
(d) Sundry Creditors written off	-	0.41
(e) Bad Debt written back	7,178.15	-
(f) Others	-	-
Total other income	7,421.05	609.58

Pursuant to Govt. of Odisha Notification No.9230 dated 21-10-2010, GRIDCO being the Nodal Agency for ensuing CAPEX program is entitled for a fee of 0.5% of the total financial assistance received and utilised for the purpose. Till 31.03.2019 GRIDCO has received and utilised through DISOMs an amount of Rs.74,248.33 lakhs. So 0.5% of the fund utilised i.e Rs.371.00 lakhs is recognised as income during the year.

GRIDCO Limited
Notes to the Financial Statements
23 - Power Purchase and Transmission Charges
Amount in Rs. Lakhs

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
A. Power Purchase		
i. Purchase from Generators	6,79,371.35	6,61,395.55
ii. UI Charges	22,660.79	26,747.25
iii. Power Banking Charges	111.57	-
iv. Wheeling charges	57,561.11	47,888.77
Total	7,59,704.82	7,36,031.57

Periodic reconciliations are being made with major generators like NTPC, NHPC, PGCIL, OHPC etc.

The regulator OERC allows carry forward of Renewable Power Obligation (RPO) if there is shortfall in any financial year. Hence, no provision has been considered in the accounts for shortfall in complying with the RPO.

GBI (generation based incentive) receivable from IREDA is adjusted against power purchase cost.

GRIDCO Limited
Notes to the Financial Statements
24 - Employee benefit expense
Amount in Rs. Lakhs

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
(a) Salaries, Allowances & Benefits	847.15	595.16
(b) Staff Welfare Expenses	1.59	0.64
(c) Pension, Gratuity *	104.73	77.51
(d) Leave Encashment and NPS *	7.94	5.75
(e) Salary paid to contractual persons	61.48	55.13
(f) Other	-	-
Total employee benefit expense	1,022.89	734.20

* The employees of GRIDCO are on deputation from OPTCL. The liability in respect of their terminal benefits have been accounted for as per the claims preferred by OPTCL on deputation terms.

GRIDCO Limited
Notes to the Financial Statements
25 - Finance costs
Amount in Rs. Lakhs

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
(a) Interest on Loans	39,279.96	39,293.11
(b) Interest on Bonds and Debentures	10,457.52	10,755.18
(c) Guarantee fees *	3,561.97	1,013.93
(d) Fair Value Changes for Loan	749.11	846.12
(e) Fair Value Changes for Bonds and Debentures	55.21	112.31
(f) Bank charges	133.49	80.88
(g) Others	-	-
Total finance costs	54,237.26	52,101.52

- * GRIDCO has paid the guarantee fee on maximum exposure upto FY 2015-16 and on reducing balance for FY 2016-17 & 2017-18 as per Department of Energy letter No. 838 dt 25-09-2019.

Further the Guarantee commission for the FY 2018-19 has been accounted on reducing balance.

Interest on OHPC loan during current financial year for Rs 4,668.02 Lakh is not accounted for as the same is not allowed as expenditure by OERC in its tariff order.

GRIDCO Limited

Notes to the Financial Statements

26 - Depreciation and amortisation expense

Amount in Rs. Lakhs

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Depreciation of plant, property and equipment	112.44	81.77
Total depreciation and amortisation	112.44	81.77

GRIDCO Limited

Notes to the Financial Statements

27 - Other expenses

Amount in Rs. Lakhs

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
(a) Rent, Rates & Taxes	7.86	7.94
(b) Repair & Maintenance	30.67	24.42
(c) Licence Fees	190.00	150.00
(d) Audit Fees	19.00	21.76
(e) Legal Charges	157.59	235.86
(f) Professional Fees	102.90	35.21
(g) Rebate & DPS	35.76	140.84
(h) Bad and doubtful debts	9,678.15	15,004.13
(i) Communication Expenses	4.30	5.08
(j) Vehicle running Expense	53.48	47.64
(k) Loss on sale of asset	-	-
(l) Miscellaneous Expenses	247.29	250.19
(m) Other Expense	-	-
Total other expenses	10,526.99	15,923.06

27.1 Notes

GRIDCO recognises DPS on cash basis as per the accounting policy consistently followed. As per the orders of OERC, rebate is allowable if the current bill is paid within stipulated time and if it is not paid in time then DPS is levied as per the terms of tariff order. While DPS is having its own leviability in case of default in payment, the rebate is also allowable as incentive for prompt payment. Keeping in view the orders of OERC rebate has been allowed wherever the payment is received in time.

Auditor's Remuneration

Other Expenses include payment of remuneration to auditors as detailed below and including GST as applicable from time to time.

Particulars	31-Mar-19	31-Mar-18
Statutory Audit	380,000.00	354,000.00
Internal Audit	150,000.00	177,000.00
Cost Audit	111,220.00	105,544.00
Tax Audit	95,000.00	88,500.00
Escrow Audit	1,102,289.00	800,000.00
Secreterial Audit	61,200.00	83,600.00
	1,899,709.00	1,608,644.00
Audit Fees - Others		154,652.00
Total	1,899,709.00	1,763,296.00

Notes to the Financial Statements

Amount in Rs. Lakhs

28 - Exceptional Items

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Receivables/Claims written off	-	-
Total	-	-

NOTES TO THE FINANCIAL STATEMENTS

29 - EARNINGS PER SHARE

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
	(Rs. Per Share)	(Rs. Per Share)
Basic and Diluted Earnings Per Share	(487.32)	(342.46)

29 (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 31.03.2019 (In Lakhs)	Year ended 31.03.2018 (In Lakhs)
a) Earnings used in the calculation of Basic and diluted EPS	(28,104.52)	(19,750.15)
b) Weighted Average Number Of Outstanding Equity Shares	57.67	57.67
c) Basic and Diluted Earning Per Share	(487.32)	(342.46)

NOTES TO THE FINANCIAL STATEMENTS

30 - FINANCIAL INSTRUMENTS

30.1 Categories Of Financial Instruments

Amount in Rs. Lakhs

Particulars	As at 31.03.2019		As at 31.03.2018
Financial assets			
(i) Measured at fair value through profit and loss			
(a) Investments in equity investment	-		-
(ii) Measured at amortised cost			
(a) Investment in Bonds	2,891.31		5,391.31
(b) Cash and cash equivalents	32,620.02		22,190.38
(c) Loans	141,312.82		141,315.74
(d) Trade receivables	317,831.28		313,885.14
(e) Other financial assets	10,658.40		2,103.98
(iii) Financial assets measured at fair value through other comprehensive income	-		-
Total	505,313.84		484,886.54
Financial liabilities			
(i) Measured at amortised cost			
(a) Borrowings	349,838.16		386,106.97
(b) Trade payables	116,295.66		89,369.17
(c) Other financial liabilities	338,721.27		308,200.12
(ii) Measured at Fair Value through profit and loss			
(a) Borrowings from OHPC	55,891.81		56,616.52
Total	860,746.90		840,292.78

30.2 Capital Management

"The Company's objectives when managing capital are to

- To facilitate the purchase of power in the state of Odisha for its associate DISCOMs;
- safeguard its ability to continue as a going concern; and
- maintain an optimal capital structure to reduce the cost of capital. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and regulatory framework and requirements of financial covenants with creditors/lenders. The company monitors capital on the basis of requirements of funds and borrows money to manage its capital needs in the future. The Company is not subject to any externally imposed capital requirements. At present the company has a negative debt equity ratio with debt being very high as compared to equity. The company includes within long term debt, interest bearing loans and borrowings and current maturities of long term debt."

The debt – equity ratio of the Company was as follows :-

Amount in Rs. Lakhs

Particulars	As at 31.03.2019		As at 31.03.2018
Non-Current Borrowings	365,551.94		385,210.26
Current Borrowings	40,178.03		57,513.23
Current Maturities of Long term Borrowings	226,590.02		204,621.76
Total Debt (A)	6,32,319.99		6,47,345.25
Equity	57,671.14		57,671.14
Other Equity	(471,150.95)		(443,046.43)
Total Equity (B)	(413,479.81)		(385,375.29)
Net Debt To Equity Ratio (A/B)	(1.53)		(1.68)

Under the terms of the major borrowing facilities, the company is required to comply with the financial covenants. Breaches in meeting the financial covenants would permit the lenders to immediately call loans and borrowings. The company has defaulted in payment of principal and interest on loan taken from State Government. No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2018 and March 31, 2017.

30.3 Financial Risk Management

"The Company's principal financial liabilities comprise loans and borrowings, trade payables and other payables denominated in Indian rupees. The main purpose of these financial liabilities is to finance the Company's capital investments and operations. The Company's principal financial assets include loans and advances, trade and other receivables, and cash and cash equivalents that are generated from its operations. 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 Odisha
Liquidity Risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Monitoring of interest rates. Mix portfolio of fixed and floating interest bearing loans. Interest rates are unhedged

"Risk management framework Managing director and chief financial officer of the Company evaluates and manages the uncertainties in the Company. They conduct meetings committee meets 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:-"

"30.3.1 Credit Risk

Credit risk is the risk that counter party 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 trade receivable balances on sale of electricity, which is based on tariff rate approved by OERC, 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 counter party fails to make contractual payments when they fall due as per the terms of relevant contract. This definition of default is determined considering the business environment in which the Company operates and other macro-economic factors. Assets are written-off after the prior approval of board of directors, 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 supply facilities to its associate DISCOM companies and Power Exchange India Limited and India Energy Exchange. Sales to associate companies are being done under bulk power supply agreements. Trade receivables arising out of sales to associate companies are secured through cash flow mechanism notified by the Government of Odisha. Trade receivables from Power Exchange of India and Indian Energy Exchange are settled within 3 days of transaction. Considering above factors, management believes that there is no credit risk in case of its current trade receivables.

Other long term trade receivables are due majorly from public sector entities which have sufficient capacity to meet the obligations, hence management believes that there is no significant credit risk involved.

Disclosure regarding major parties in trade receivables and aging of trade receivables is given in Note no. 8 to the financial statements.

II. Cash and cash equivalents

The Company held cash and cash equivalents of Rs. 32,620.02 lakhs as on March 31, 2019 (March 31, 2018 : Rs. 22,190.38 lakhs). The cash and cash equivalents are held with scheduled banks and do not have any significant credit risk.

III. Deposits with banks and financial institutions

The Company held deposits with banks and financial institutions of Rs. 18,668.19 lakhs (March 31, 2018: Rs. 19,499.54 lakhs). Term deposits are placed with scheduled banks and do not have any significant credit risk.

IV. Investments

The Company holds investment of Rs.13,913.37 lakhs (March 31, 2018 : Rs.16,413.37 lakhs.) These investments are majorly in Associates of the company which are public companies fully backed and guaranteed by the Government of Odisha and as such the company does not expect any significant change in the value of its investments and has not experienced any impairment losses in respect of these investments.

"B. Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:"

Particulars	As at 31.03.2019		As at 31.03.2018
Non-current investments	-		-
Non-current loans	2.38		3.62
Other non-current financial assets	420.35		143.40
Current investments	2,891.31		5,391.31
Cash and cash equivalents	13,951.84		2,690.84
Deposits with banks and financial institutions	18,668.19		19,499.54
Current loans	141,310.44		141,312.12
Other current financial assets	10,238.05		1,960.57
Total	187,482.56		171,001.41
Trade Receivables	317,831.28		313,885.14

C. Allowance 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 are considered as having negligible credit risk and the risk has not increased from initial recognition. Therefore expected credit loss allowance is not required.

(b) Financial assets for which loss allowance is measured using life time expected credit losses

The Company has customers who are state government utilities with capacity to meet the obligations and therefore the risk of default is negligible. Further, management believes that the unimpaired amounts that are 6 months past due date are still collectible in full. Considering the above factors and the prevalent regulations, the trade receivables continue to have a negligible credit risk on initial recognition and thereafter on each reporting date.

(c) Reconciliation of impairment loss provisions

Based on historic default rates, the Company believes that impairment allowance is necessary in respect of any assets. Accordingly the entity has computed the impairment provisions."

30.3.2 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 and cash equivalents on the basis of expected cash flows and matching the maturity profiles of financial assets and liabilities.

The Company depends on both internal and external sources of liquidity to provide working capital and to fund capital expenditure.

The Company's capital management is intended to optimize the cost of power purchase by facilitating the meeting of its long-term and short-term goals. Its Capital structure consists of net debt and total equity.

i) Financial arrangement

The Company has access to financing facilities as described below which has been remaining unused in its entirety at the end of the reporting period. The Company expects to meet its other obligation from operating cash flows and proceeds of maturity of financial assets.

ii) Maturities of financial liabilities

The following table details the Company's expected maturity for its non-derivative financial assets with agreed repayment periods. The table has been drawn based on the undiscounted contractual maturities of financial assets including interest that will be earned on those assets. the inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

A) Expected Maturity For Non-Derivative Financial Assets

Amount in Rs. Lakhs

Particulars	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total	Carrying Amount
March 31, 2019							
Non-interest bearing							
a) Trade receivables	254,680.38	63,150.90				317,831.28	317,831.28
b) Loans	141,312.82					141,312.82	141,312.82
c) Other financial assets	9,963.06	-	274.99	-	420.35	10,658.40	10,658.40
March 31, 2018							
Non-interest bearing							
a) Trade receivables	251,572.52	62,312.62	-	-	-	313,885.14	313,885.14
b) Loans	-	0.76	141,311.36	3.62	-	141,315.74	141,315.74
c) Other financial assets	1,960.57	-	-	-	143.40	2,103.98	2,103.98

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 cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table include both interest and principal cash flows. The contractual maturity is based on the earliest date on which the Company may be required to pay.

NOTES TO THE FINANCIAL STATEMENTS

30 - FINANCIAL INSTRUMENTS

B) Expected maturity for Non-derivative financial liabilities

Amount in Rs. Lakhs

Particulars	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total	Carrying Amount
March 31, 2019							
a) Borrowings	30,178.03	-	10,000.00	317,942.26	47,609.68	405,729.97	405,729.97
b) Trade payables	85,415.25	30,835.55				116,250.80	116,250.80
c) Other financial liabilities	206,541.02	20,150.75	112,003.62	25.88	-	338,721.27	338,721.27
March 31, 2018							
a) Borrowings	-	-	57,513.23	328,065.79	57,144.47	442,723.49	442,723.49
b) Trade payables	36.51	89,332.65	-	-	-	89,369.17	89,369.17
c) Other financial liabilities	209,534.72	15,114.48	83,525.04	25.88	-	308,200.12	308,200.12

30.3.3 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 fixed interest rates. The Company is exposed to interest rate risk because the cash flows associated with floating rate borrowings will fluctuate with changes in interest rates. The Company manages the interest rate risks by maintaining a debt portfolio comprising a mix of fixed and floating rate borrowings in INR. At the reporting date, the interest rate profile of the Company's fixed interest rate-bearing financial instruments is as follows:"

Particulars

Amount in Rs. Lakhs

Long Term Debt with floating rate of interest	As at 31.03.2019	As at 31.03.2018
- Domestic	71,133.18	102,182.90
- Foreign	-	-
Sub Total	71,133.18	102,182.90
Long Term Debt with fixed rate of interest		
- Domestic	531,008.76	497,649.11
- Foreign	-	-
Sub Total	531,008.76	497,649.11
Total Long Term Debt	602,141.94	599,832.01
% of Fixed Interest Rate Debt to Total Long Term Debt	88.19	82.96

iii) Other price risk

The Company's exposure to equity securities price risk arises from investments held by the Company in listed securities and classified in the balance sheet as at fair value through profit or loss. However, at the reporting date since it does not holds quoted securities. Accordingly, Company is not exposed to significant market price risk."

31. Fair value measurements

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

The Company's investment in equity shares share capital of ARCS Athagarh are classified as the financial assets that are mandatorily measured at fair value through profit or loss and Investment in Bonds issued by NESCO and SOUTHCO are measured at Amortised Cost at the end of each reporting period:-

Amount in Rs. lakhs

Financial assets	Fair value		Fair value hierarchy levels	Valuation techniques and key inputs
	As at 31.03.2019	As at 31.03.2018		
Investments in equity instruments	-	-	Level - III	Unquoted equity shares classified at Fair value through profit and loss. However, the management expects that it would not be recovering the amount hence the entire amount has been provided for.
Investments in Bonds	2,891.31	5,391.31	Level - III	Unquoted Bonds are classified at Amortised cost. However, the management expects that it would not be recovering the amount hence the management is providing for these investments over the period.

31.2 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 value of financial assets and financial liabilities that are measured at other than fair value are not required as the management of the Company has determined that the carrying amount of such financial assets and liabilities approximates their fair value.

NOTES TO THE FINANCIAL STATEMENTS

32 - RELATED PARTY TRANSACTIONS

A) Associates

The following are the Associate entities over which the Company has a significant influence:

Name of the entity	% of ownership in the Entity
i.) CESU	49%
ii) WESCO	49%
iii) NESCO	49%
iv) SOUTHCO	49%

B) Directors & Key Managerial Personnel:

a) Directors & Key Managerial Personnel of the Company :

Name	Designation	Date of Appointment	Date of Resignation
i) Sri Hemant Sharma, IAS	Chairman-cum-Managing Director	16-Jul-13	-
ii) Sri P.K. Lenka, IAS	Additional Director	9-Mar-18	-
iii) Dr. S.P. Rath, IAS	Additional Director	21-Feb-18	-
iv) Sri D.K. Roy	Director	4-Oct-05	-
v) Sri C.R. Pradhan	Director	3-Mar-12	-
vi) Dr. K.K. Das	Director	3-Mar-12	-
vii) Prof. Dr (Ms) P. Mishra	Director	17-Oct-15	-
viii) Sri B.P. Mahapatra	Director (F&CA)	5-Jul-16	-
ix) Sri Manas kumar Das	Director (Commercial)	16-Nov-16	-
x) Sri Brajabandhu Sahoo	Chief Financial Officer	26-Feb-16	-
xi) Smt. Susmita Dash	Company Secretary	10-Apr-07	-

32.(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	Year ended 31.03.2019	Year ended 31.03.2018
Remuneratio to Director & KMP		
i) Salary / Remuneration	63.56	43.74
ii) Other Expenses & Perquisites	3.75	2.41
Total	67.31	46.15

32.(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 at year end for the repective years are as tabulated below:

Related party	Nature of transaction	Amounts owed by/owed to Related parties as at	
		As at 31.03.2019	As at 31.03.2018
CESU	Supply of Power	107,592.43	98,086.34
WESCO	Supply of Power	112,025.53	133,543.62
NESCO	Supply of Power	83,316.41	81,833.90
SOUTHCO	Supply of Power	71,412.46	60,237.90
Total		374,346.82	373,701.76

* The above amounts are subject to confirmation/ reconciliation with its other Companies.

** The above amount outstanding from the related parties include Rs. 87,108 Lakhs (As on 31-Mar-2018 - 87,108 lakhs) which have been provided for in the books.

32.(3) Loans to Related Parties/ KMP

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

Amount in Rs. Lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
CESU	92,478.40	92,478.40
WESCO	22,668.96	22,668.96
NESCO	20,767.47	20,767.46
SOUTHCO	22,795.61	22,795.61
Total	158,710.44	158,710.43

32.(4) Details of Transaction with Related Parties

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

Particulars	Nature of transaction	As at 31.03.2019	As at 31.03.2018
CESU	Supply of Power	249,213.54	248,511.84
WESCO	Supply of Power	230,547.65	225,021.12
NESCO	Supply of Power	172,832.09	165,740.83
SOUTHCO	Supply of Power	72,925.32	71,066.82
Total		725,518.59	710,340.61

NOTES TO THE FINANCIAL STATEMENTS

33 - CONTINGENT LIABILITIES

Claims against the Company not acknowledged as debts

S.No	Particulars	As at 31.03.2019	As at 31.03.2018
a)	Payable to ICCL/ IMFA pursuant to Arbitration Award dated 23 - 07-2008, contested by Company in District Judge Court, Khordha.	97.66	97.66
b)	Claim by IMFA towards energy bill along with interest for the period from March 2009 to March 2015 pending finalisation before OERC.	3,463.00	3,463.00
c)	Claims of Sales Tax Authorities u/s 12(8) of OST Act, pending appeal before 1st Appellate Authority, Sales Tax, Bhubaneswar.	271.29	271.29
d)	Claimed by M/S SREI Capital- claiming fees with interest @ 18% per annum regarding Syndication of loan facilities for a loan of 600 crores.	980.49	980.49
e)	Claimed by M/S Joy Iron & Steel Ltd.- Payment of arrears dues towards power purchase till Dec, 2014	773.79	773.79
f)	Claimed by AES- Challenging the award dt.03.03.2010 passed by the Arbitral Tribunal regarding Arbitral cost with with interest @ 7.5% per annum.	US\$870,366.39	US\$870,366.39
g)	Claimed by Jindal Ltd. - Payment of supply of power to Gridco from Jan13 to August 14 on the basis of OERC order.	2,995.45	2,995.45
h)	The DPS of Rs 23.26 Crore claimed by PGCIL towards delay in procurement of differential POCV Charges is not accepted by GRIDCO. The mechanism of POC charges is disputed by GRIDCO and is pending at Delhi High Court.	2,326.01	2,326.01
i)	Realisation of arrear dues from M/s Naba Bharat Ventures Ltd. Against execution case no 230/2016	2,582.89	-

Notes forming part of the financial statements

34 - Additional Information

1 Segment Reporting (Ind AS 108)

"The Company's Chairman cum Managing Director take decisions in regards to the operations of the Company and thereafter assesses the Company's performance. Presently, the Company is engaged in only one segment viz 'Purchase and Sale of Power' and as such, there is no separate reportable segment as per Ind AS 108 'Operating Segments'. Presently, the Company's operations are predominantly confined to India in the State of Odisha."

2 Employee Benefits (Ind AS 19)

"a. Liability in respect of pension contribution, gratuity and leave encashment of employees on deputation from Odisha Power Transmission Corporation Limited (OPTCL) are accounted for on the basis of claims raised by OPTCL. b. In respect of other employees, contribution towards provident fund is made as per the provisions of EPF & MP Act, 1952. Estimate has been made for other benefits like gratuity & leave salary, on the basis of the service conditions, and provided in the accounts. In view of less number of employees in this category and because of lack of materiality, actuarial valuation of such benefits has not been made during the year."

3 Status of DISCOMs

Orissa Electricity Regulatory Commission (OERC) revoked the Distribution and Retail Supply License of CESCO with effect from 01-04-2005 u/s 19 of the Electricity Act, 2003 and vested the management & operation of the Central Zone Electricity Distribution and Retail Supply Utility; with an Administrator. OERC went through a process of sale of the Central zone utility u/s 20 of the Electricity Act 2003, which could not be materialized. Pursuant to section 22 of the Electricity Act 2003, OERC has formulated a Scheme called the Central Electricity Supply Utility of Orissa (Operation and Management) Scheme, 2006 vide Notification dated 8th September 2006 as amended from time to time by which all assets, liabilities, rights, proceedings and manpower as well as the license of the Utility has been vested with the Central Electricity Supply Utility of Orissa (CESU) with effect from 08-09-2006.

OERC in its order dated 4th March, 2015 (Case No.55/2013) revoked the license of NESCO, WESCO & SOUTHCO u/s 19 of Electricity Act, 2003 and vests the management and control of these utilities along with their assets, interests and rights with the CMD, GRIDCO in order to ensure maintenance of continued supply of electricity in the interest of the consumers and the public at large. By the process, artificial judicial entities have been created and the assets and liabilities have been transferred to these entities.

4 Non-preparation of Consolidated Financial Statements:

"GRIDCO is not able to prepare the consolidated financial statement for the F.Y 2018-19 due the reasons or circumstances beyond its control, the details of which are stated below:

- 1) GRIDCO Ltd. have four associated Companies. The name and address of these Companies are
 - (I) Central Electricity Supply Company of Orissa Ltd : 2nd Floor, IDCO Towers, Janpath, Bhubaneswar - 751022

- (ii) Western Electricity Supply Company of Odisha Ltd: Plot No –N-1/22, IRC Village, Nayapalli, Bhubaneswar- 751015
 - (iii) North Eastern Electricity Supply Company of Odisha Ltd: Plot No –N-1/22, IRC Village, Nayapalli, Bhubaneswar- 751015
 - (iv) Southern Electricity Supply Company of Orissa Ltd: Plot No –N-1/22, IRC Village, Nayapalli, Bhubaneswar- 751015
- 2) GRIDCO Ltd., holds 49% shareholding in the four Companies, viz. NESCO Ltd., WESCO Ltd., SOUTHCO Ltd. and CESCO Ltd.,
 - 3) REL Utility Engineers Ltd and its associates hold 51% of the shares of the three Companies viz. NESCO Ltd., WESCO Ltd. and SOUTHCO Ltd. whereas for CESCO Ltd., it is with AES Ltd.,
 - 4) The management and control of the Companies (NESCO Ltd., WESCO Ltd., & SOUTHCO Ltd.,) are with REL and that of CESCO Ltd., is with AES Ltd.,
 - 5) The Distribution and Retail supply licence of CESCO Ltd. was revoked w.e.f. 01-04-2005 and in respect of other three Companies w.e.f. 04-03-2015 by Odisha Electricity Regulatory Commission. Refer to notes -37(3)
 - 6) There is no commercial operation of these four associated companies during F.Y 2018-19.
 - 7) The annual final/provisional accounts for F.Y 2018-19 of these four companies have not been prepared by the associated companies and so not submitted to GRIDCO even after request from GRIDCO
 - 8) The responsibility of preparation of financial statements of these four Associate Companies rests with the management of the concerned companies. Non-preparation of the financial statement by the Associate Companies is outside the control of GRIDCO

Based on the above facts and due to operational and practical difficulties, GRIDCO is unable to prepare the consolidated financial statements for the F.Y 2018-19 as required by section 129(3) of the Companies Act, 2013. "

5 Deferred Tax Liabilities / Assets:

Deferred tax liability has not been considered in the accounts on prudent basis as the Company is not certain about the future availment of such benefits.

6 Quantitative information

The Company is a Public Utility Company engaged in bulk purchase and bulk sale of power. The quantitative details of Purchases and Sales of Electricity in Units (MU) are as under:

Particulars	2018-19	2018-19
Units purchased during the year	27,438	26,077
Units sold during the year	26,510	25,130
Transmission loss	928	947

7. Previous Year's figures have been regrouped and reclassified, wherever necessary.
8. The cut-off date for recognizing regular transactions are taken as 31st, May 2019.
9. Figures have been rounded off to nearest rupee in lakhs.

GRIDCO Limited**Notes forming part of the financial statements****35 - Form AOC- I**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures
Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	Not applicable
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	
4.	Share capital	
5.	Reserves & surplus	
6.	Total assets	
7.	Total Liabilities	
8.	Investments	
9.	Turnover	
10.	Profit before taxation	
11.	Provision for taxation	
12.	Profit after taxation	
13.	Proposed Dividend	
14.	% of shareholding	

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations
- Names of subsidiaries which have been liquidated or sold during the year.

Part “B”: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of associates/Joint Ventures	CESCO Ltd.	NESCO Ltd.	WESCO Ltd.	SOUTHCO Ltd.
1. Latest audited Balance Sheet Date	2005-06	2013-14	2013-14	2013-14
2. Shares of Associate/Joint Ventures held by the company on the year end				
(a) Number	35,632,800	32,295,900	23,838,500	18,453,400
(b) Amount of Investment in Associates/ Joint Venture (Rs. In lakhs)	3,563.28	3,229.59	2,383.85	1,845.34
(c) Extend of Holding%	49%	49%	49%	49%
3. Description of how there is significant influence	Holding more than 20% Equity			
4. Reason why the associate/joint venture is not consolidated	Below**			
5. Net worth attributable to shareholding as per latest audited Balance Sheet. (Rs. in lakhs)	24,116.63	-35,822.92	-38,189.42	-48,321.74
6. Profit/Loss for the year				
i. Considered in Consolidation	Consolidation not prepared.	Consolidation not prepared.	Consolidation not prepared.	Consolidation not prepared.
ii. Not Considered in Consolidation	Consolidation not prepared.	Consolidation not prepared.	Consolidation not prepared.	Consolidation not prepared.

1. Names of associates or joint ventures which are yet to commence operations – Not applicable.

2. Names of associates or joint ventures which have been liquidated or sold during the year – Not applicable.

** Refer Item No.4 above –

- GRIDCO Ltd., holds 49% shareholding in the four Companies, viz. NESCO Ltd., WESCO Ltd., SOUTHCO Ltd. and CESCO Ltd.,
- REL Utility Engineers Ltd and its associates hold 51% of the shares of the three Companies viz. NESCO Ltd., WESCO Ltd. and SOUTHCO Ltd. whereas for CESCO Ltd., it is with AES Ltd.,
- The management and control of the Companies (NESCO Ltd., WESCO Ltd., & SOUTHCO Ltd.,) are with REL and that of CESCO Ltd., is with AES Ltd.,
- The Distribution and Retail supply licence of CESCO Ltd. was revoked w.e.f. 01.04.2005 and in respect of other three Companies w.e.f. 04.03.2015 by Odisha Electricity Regulatory Commission. Refer to notes -37(3)

5. There is no commercial operation of these four associated companies during FY 2018-19
6. The annual final/provisional accounts for FY 2018-19 of these four companies are not prepared by the associated companies and so not submitted to GRIDCO even after request from GRIDCO.
7. The responsibility of preparation of financial statements of these four Associate Companies rests with the management of the concerned companies. Non-preparation of the financial statement by the Associate Companies is outside the control of GRIDCO.

Based on the above facts and due to operational and practical difficulties, GRIDCO is unable to prepare the consolidated financial statements for the FY 2018-19 as required by section 129(3) of the Companies Act, 2013.

For JBMT & Associates
Chartered Accountants
Sd/-
(Rajendra Kumar Kar)
Partner
M-067393

Place: Bhubaneswar
Date: 26.07.2019

Sd/-
(B. P. Mahapatra)
Director (F & CA)

Sd/-
(S. Dash)
Company Secretary

Sd/-
(H. Sharma)
Chairman-Cum-Managing Director

Sd/-
(B.B. Sahoo)
Chief Financial Officer



प्रधान महालेखकार (आर्थिक एवं राजस्व क्षेत्र लेखा परीक्षा) कार्यालय
ओड़िशा, भुवनेस्वर - 751001
OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL
(Economic and Revenue Sector Audit)
Odisha, Bhubaneswar
No. ES-I (T)/Accts/GRIDCO/18-19/38/19-20/50
दिनांक / Date : 22 January 2020

To

**The Chairman-cum-Managing Director,
GRIDCO Limited
Bhubaneswar.**

Sub: Comments of the Comptroller and Auditor General of India Under Section 143(6)(b) of the Companies Act, 2013 on the accounts of GRIDCO Limited for the year 2018-19.

Sir,

I enclose Comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the accounts of GRIDCO Limited for the year 2018-19.

Three copies of the Annual Reports placed before the Annual General Meeting of the Company may please be furnished to this office indicating the date of the meeting.

Yours faithfully,

Sd/-

PRINCIPAL ACCOUNTANT GENERAL

Comments of the Comptroller and Auditor General of India under Section 143(6)(b) of The Companies Act, 2013 on the Standalone Financial Statements of GRIDCO Limited for the year ended 31 March 2019.

The preparation of financial statements of GRIDCO Limited for the year ended 31 March 2019 in accordance with financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act, is responsible for expressing opinion on the 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: 28 October 2019.

I, on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under Section 143(6)(a) of the Act of the financial statements of GRIDCO Limited for the year ended 31 March 2019. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matter under Section 143(6)(b) of the Act, which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.

A. Comment on Profitability

Revenue from operations (Note-21)

UI Charges: ₹ 0.81 Crore

1. The above is understated by ₹ 42.94 crore due to non-accounting of Unscheduled Interchange (UI) charges receivable from Western Electricity Company of Odisha (WESCO) Utility, North Eastern Electricity supply company of Odisha (NESCO) Utility, Southern Electricity supply company of Odisha (SOUTHCO) Utility for the period 1st April 2012 to 16 February 2019 agreed in March 2018. This has resulted in understatement of trade receivable and over statement of loss for the year to the same extent.

Comment on Profitability

Statement of Profit & Loss

Expenses:

Other expenses (Note-27)

Rebate and DPS:: ₹ 0.36 Crore

2. The above is understated by ₹ 4.58 crore due to non-adjustment of rebate allowable to WESCO as per order of Odisha Electricity regularity commission (OERC). This has also resulted in overstatement of trade receivable and understatement of loss for the year to the same extent.

Expense

Cost of Power (Note-23): ₹ 7597.04 Crore

3. The above is overstated by ₹ 2.09 crore due to non-reduction of provision of the amount of reduction in supplementary energy being of OPGC for the year 2017-18 revised as per OERC order dated 28 March 2019. This has also resulted in overstatement of current liabilities and loss for the year by ₹ 2.09 crore each.

**For and on behalf of
Comptroller and Auditor General of India**

Place: Bhubaneswar

Date : 22.01.2020

**Sd/-
PRINCIPAL ACCOUNTANT GENERAL**