7th ANNUAL REPORT

2012-2013

GIRAL LIGNITE POWER LIMITED

(A wholly owned subsidiary of Rajasthan Rajya Vidyut Utpadan Nigam Ltd.)

BOARD OF DIRECTORS
(As on AGM)

1. Shri N. M. Mathur, Chairman
2. Shri Alok - IAS, Director
3. Shri P. C. Jain, Director
4. Shri Hemant Singhal, Managing Director

AUDITORS
S. MISRA & ASSOCIATES
Chartered Accountants
3-C, IIIrd Floor, Tilak Bhawan,
Tilak Marg, C-Scheme,
Jaipur-302 005

BANKER
STATE BANK OF BIKANER & JAIPUR

REGD. OFFICE & HEAD OFFICE
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JANPATH, JYOTI NAGAR, JAIPUR-302005
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DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the **7th Annual Report** on the business and affairs of the Company together with the Audited statement of Accounts for the financial year ended **31st March, 2013.**

Operational Highlights

A. Financial Results

The summarised financial results of the Company for the year ended **31.3.2013** are given below:

(₹ in Crores)

	Current Year 2012-13	Previous Year 2011-12
Revenue from Sale of Power*	**49.520**	28.511
Revenue Subsidies & Grants and other Income	**0.295**	2.354
Total Income	**49.815**	30.865
Cost of Generation of Power*	**31.087**	22.813
Other Expenditure*	**15.697**	16.731
Profit before depreciation, interest and tax	**3.031**	(8.679)
Less: i) Depreciation	**37.899**	17.400
ii) Interest, finance charge and lease rentals*	**35.506**	39.601
Profit/ (Loss) for the period (Profit before tax)	**(70.374)**	(65.680)
Less: Provision for Tax (Fringe Benefit Tax)	**-**	Rs.3,016
Profit/ (Loss) after tax	**(70.374)**	(65.680)
Add/Less: Prior period credits/ expenses	**(2.020)**	Rs.2,596
Appropriations	**(72.394)**	(65.680)

*The figures are net of the amount capitalized during the year.

No profits being available for appropriation, the Board is unable to recommend payment of dividend for the year.

B. Operational Highlights

The 125 MW Unit-1 of GLPL was first commissioned on trial basis on 28.02.07. It is the first lignite based power plant of the Rajasthan and first power plant of the world in operation using lignite having sulphur content in the range of 6%. As the technology for using the lignite having sulphur content 6% for power generation is not yet fully proven, matured & optimized for smooth and efficient operation, it continues to face many design problem in main equipment and other equipments/ systems, such as choking of back pass with deposits of fly ash, Lignite chain feeders failure, ash evacuation problem due to clinker/ big pieces of ash coming out from economizer hoppers & the unit is still to achieve full load operation & run on sustained basis keeping SOx level within the permissible limits.

The Gross Generation of the Unit was increased in year 2012-13 to 2619.77 LU as against 1968.76 LU in the year 2011-12. The PLF which was 17.93% during 2011-12 has improved to 23.92% in year 2012-13. Auxiliary Power Consumption was reduced to 22.38% during 2012-13 against 23.87% in the year 2011-12.

Unit has recorded 932.16 Hrs. (~ 39 days) of continuous operation from 20.03.2009 to 28.04.2009. The continuous intensifying collaborative efforts have been made / are being made by the RVUN & BHEL engineers to obtain Power generation on optimum capacity on sustained basis with SOx level within permissible limits. The Declaration of Commercial Operation (COD) of the Unit was done on 18.10.2011.

2. Fuel & Technology

The fuel for the plant is mined lignite available from mines adjacent to the plant & limestone requirement of the plant are being met from the mines at Sanu village in district Jaisalmer. The water requirement of the plant area being met from the IGNP by laying 165 Kms of pipe line from Mohangarh. The sulphur content in the lignite is in the range of 6% and the technology used for power generation is CFBC.

3. Share Capital

The Authorized Share Capital of the Company is Rs.200 crores divided into 20,00,00,000 Equity Shares of Rs.10/-.

The paid-up Share Capital of the Company is 50,000 fully paid-up Equity Shares of Rs.10/- each aggregating to Rs.5,00,000/- held by the holding company, Rajasthan Rajya Vidyut Utpadan Nigam, Ltd. and seven other members as nominees of the holding company.

4. Directors

As per Articles of Association of the Company, Rajasthan Rajya Vidyut Utpadan Nigam Ltd., (RVUN), being the Holding Company is empowered to appoint / replace / remove all Directors of the Company.

Shri N.M. Mathur has been appointed as the Director and Ex-officio Chairman of the Company on 4th June, 2013. Sh. P.N. Singhal, earlier nominated as the Ex-officio Director & Chairman of the Board of Directors of the Company w.e.f. 23.4.2011, in place of Dr. S.K. Calla. He ceases to be Director and Chairman of the Company with effect from 22nd April, 2013. The Board places on record its appreciation of the services of Sh. Singhal during his tenure.

Besides, following changes have been made on the Board of Directors of the Company during the period under review:

Name of Director	Designation	Appointment	Cessation
Shri Alok, IAS	Director	26.02.2014	-
Shri Shailendra Agarwal, IAS	Director	28.12.2010	26.02.2014
Shri P.C. Jain	Director	30.06.2014	-
Shri O.P. Khandelwal	Director	30.06.2014	-
Shri J.C. Detwal	Managing Director	24.11.2010	21.12.2012
Shri N.C. Gupta	Managing Director	21.12.2012	27.09.2013
Shri A.B. Agrawal	Managing Director	27.09.2013	28.02.2014
Shri Hemant Kumar Singhal	Managing Director	28.02.2014	-
Shri M.C. Gaur	Director	17.06.2009	28.03.2013
Shri B. S. Joshi	Director	28.03.2013	26.02.2014
Shri Arun Joshi	Director	26.02.2014	15.08.2014
Shri Naresh Pal Gangwar, IAS	Director	15.06.2009	10.05.2013

The present constitution of the Board is given below –

1.	Shri N.M. Mathur	Chairman
2.	Shri Alok, IAS	Director
3.	Shri P.C. Jain	Director
4.	Shri O.P. Khandelwal	Director
5.	Shri Hemant Kumar Singhal	Managing Director

5. Auditors

The Comptroller & Auditor General of India appointed M/s S Mishra & Associates, Chartered Accountants, Jaipur have been appointed as the Statutory Auditors of the Company, for the financial years from 2009-10 to 2012-13 (Four years). The replies of the Management to the observations of the Statutory Auditors on the Annual Accounts for the financial year ended 31.3.2013, are attached hereto. The Supplementary Audit Report of the Comptroller & Auditor General of India is also placed below alongwith Management's response thereto.

6. Public Deposits

The Company has not accepted any public deposits in terms of Section 58A of the Companies Act, 1956, since its incorporation.

7. Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm that:

i) in the preparation of the annual accounts, the applicable accounting standards have been followed by the Company;

ii) appropriate accounting policies have been selected and applied and such judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at end of financial year;

iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

iv) the annual accounts have been prepared on a going concern basis.

8. Disclosure of additional particulars under Section 217.

i) The Company is making continuous efforts for conservation of energy by reducing the Auxiliary Consumption at its Power Station by installation of modern state of the art Power Plant equipment, by optimizing the same through timely maintenance and various other methods to increase efficiency;

ii) As regards technology absorption and foreign exchange earnings & outgo, the information required under this Section may be treated as nil;

iii) None of the employees of the Corporation is covered under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended.

9. Acknowledgement

The Directors wish to place on record their appreciation of the support received from the Government of Rajasthan, especially the Departments of Energy, Finance, etc. apart from the holding company, Rajasthan Rajya Vidyut Utpadan Nigam Ltd.

On behalf of the Board of Directors

Shri N. M. Mathur
DIN-03033375
Chairman

Date : 18.09.2014
Place : Jaipur

MANAGEMENT'S RESPONSE TO THE STATUTORY AUDITOR'S REPORT ON THE ACCOUNTS OF GLPL FOR THE FINANCIAL YEAR 2012-13

Main Report : MANAGEMENT'S RESPOINSBILITY FOR FINANCIAL STATEMENT & OPINION.

As required by Auditing Standard (SA) 260 "Communication with those charged with governance" prescribed by the Institute of Chartered Accountants of India, the auditors have not communicated the significant matters to Managing Director or Board of Directors of the Company regarding material misstatement which auditors considered for disclaimer of opinion. Had this communication with draft report received by the Managing Director or Board of Directors, corrective actions in regard to providing information and explanation, necessary corrections in financial statements explanatory notes etc. would have taken.

Basis of Disclaimer of Opinion : The matters pointed out by the auditors are being replied while giving point wise replies of the annexure-I of the Auditor's Report.

Report on other legal & regulatory requirements.

Para (1) : This has been dealt while replying point wise of Annexure-II.

Para 2(b) & (d) : Companies are required to keep proper books of account as per provision of the Section 209 of Companies Act, 1956. Sub section (1) of Section 209 States that company shall keep proper books of accounts with respect to :-

a) All sums of money received and expended by the company and the matters in respect of which receipt and expenditure take place.

b) All sales and purchase of goods by the company.

c) Assets and liabilities of the company.

Company has complied with the provisions of sub section (1) of section 209 of the Companies Act, 1956 as the company has kept the books and recorded all the transaction in relation to the matters mentioned above. Further the company has kept the books on accrual basis and double entry system was followed as required by sub section (3) of section 209 of the Companies Act, 1956. Further more in recording the transaction, the Auditor has not pointed out which are the matters effected the maintenance of proper books of accounts.

Annexure-I of The Auditors Report

1. Fixed Assets and Deprecitation

A major portion of assets were shown as Capital work in progress as on 31.03.2010. Although the unit was synchronized on 28.02.2007, trial operation were on to stabilize the unit and ensure required parameters relating to SOX/NOX etc. The unit can be stated ready for commercial operation only after such stabilization. Pending readiness for commercial operations, the unit was not taken over from M/s BHEL, the expenditure incurred was being treated as capital work in progress and hence no depreciation was provided for. Now the commercial operation of this unit has been started w.e.f. 18.10.11 as such capitalization of expenditure & depreciation thereon are being charged from the date of COD i.e. dated 18.10.2011 while finalizing annual accounts for the year 2011-12 & onwards.

Further deviation regarding depreciation has already been disclosed vide point No.2 (b) of the Significant Accounting Policies.

2. Impairement of Assets

Since we have transferred major part of fixed assets from capital work-in progress in the year 2011-12 & old balances of fixed assets pertains to transferred balances from RVUNL. Therefore under such circumstance no question of impairment of asset arises as defined in AS-28 of ICAI.

3. Accounting for Net Consideration for Assets Transferred by RVUNL

Authorized capital of the company has been increased to the tune of ₹ 200 crore on 31.12.2009 in the Shareholders' Meeting and allotment of equity shares of ₹ 185 crore will be made towards promoter contribution.

4. Formal Agreement Between Two Companies for Transfer of Unit-I of GLTPP

M/s GLPL is a wholly owned subsidiary of M/s RRVUNL and all transactions relating to Unit # 1 were transferred to M/s GLPL. The consideration has been worked out based on the audit balance sheet of GLTP-1 of RVUN for the year ended 31.12.2008. The exact position of purchase consideration as net of assets and liabilities as on 01.01.2009, the date of transfer of business of unit 1 of M/s GLTPP under RVUN into its subsidiary M/s GLPL, has been shown in agreement and detail of assets and liabilities as on dt. 01.01.2009 is available separately in records for further reference.

5. Use of Assets by Unit-II of GLTPP

Certain facilities like admn. Building, rest house, residential colony, water supply system, vehicles, furniture & fixture, office equipments etc, were being used commonly for both the units. Since the administration of both the units is being taken care of by the same team using the same facilities, both the units were under trial operations having same capacity, the overheads have been apportioned equally. This system of apportionment of expenses has been accepted by both the companies (holding and subsidiary). However, for apportionment of common expenses as suggested by auditors, the matter will be reviewed by the management.

6. Pricing of Power

The power sector companies in Rajasthan are governed by the Rajasthan Electricity Regulatory Commission. As per the regulation, a unit is allowed to recover only direct cost till unit is running under trial run. Formal tariff fixation is awarded by the RERC only upon declaration of commercial operation of the unit. Thus, no under realization has been made by the company. The company has recovered the costs as was allowed under the regulation. After provisional billing, fuel price adjustment bills are also being raised time to time.

7. Valuation of Inventory

Deviation regarding inventory valuation as per AS-2 of ICAI has already been disclosed vide point no. 4 of the Accounting Policies. Based on Materiality concept of accounting consumable Items are being charged to revenue.

8. Actuarial Valuation of Provision for Retirement Benefits of the Emplyees

Deviation regarding employee benefits as per AS-15 of ICAI has already been disclosed vide point no. 6 of the Accounting Policies.

9. Construction Store and Advances

Efforts are going on to adjust the advance paid to the suppliers and contractors after getting verified invoices from the concerned authorities duly reconciled with advances paid. Generally advances are adjusted on completion of supplies/contract. Such accounts are decreasing year by year.

10. Current Liabilities And Current Assets

a. Efforts are being made to get confirmed/reconciled the balances appearing under the liabilities for supply of Material.

b. Efforts are being made to get confirmed/reconciled the balances appearing under the liabilities for supply of Material.

c. Liability on account of superannuation and gratuity fund is being discharged regularly as per norms.

d. Efforts are being made to get confirmed/reconciled the balances appearing under the head Loans & Advances and Other Receivables.

e. Efforts are being made to get confirmed/reconciled the balances appearing under the head Sundry Debtors.

f. All major purchases were from large scale industries only, which are not covered by MSME Act, 2006. However, there were a few purchase from SME's and their dues have been settled with due dates. However, till now we have not received any claim for interest on the delayed payments from any SME's. In future, we will maintain the required records separately to avoid any liability of interest.

g. Noted for implementation.

h. Deduction will be transferred after due reconciliation.

11. Consent of Lenders for Transfer of Loans From RRVUNL to Company

The matter has already been taken up with Canara Bank regarding transfer of loan from RVUNL to GLPL. Further formalities shall be completed as soon as the consent is received.

12. Borrowing Powers of Company

Borrowing power under section 292 and 293 of companies act 1956 is not a pre-requisite for transfer of business/unit from holding company to a company. Under the status of wholly owned subsidiary on a going concern basis, as in the case of transfer of GLTPP-I unit of RVUNL to GLPL (Subsidiary). However the requirement of increasing the borrowing power u/s 292 and 293 shall be made in the AGM as the case may be after execution of tripartite agreement among RVUN, GLPL and the lending institution which is under process.

13. Basically Unit-I & Unit-II of GLTPP/GLPL are the same in installed as well as working capacity, but units are put to use for running based on running factors like, availability of coal, or availability of staff and auxiliary/supporting system. Hence interest on working capital has been allocated based on installed capacity only i.e. equally between both the units.

14. Various buildings have been capitalized based on gross block/costing as per books of accounts and at this stage calculation of the actual cost for individual segment of building was not possible hence taking very practical view building has been transferred/sold on book value after reducing accumulated depreciation thereon. All related document of these transactions are available with plant and same can be verified as per requirement.

Annexure-II of the Auditor's Report

1(a) Detailed Fixed Asset Registers are available with the company prepared/updated up to 2009-10 for GLPL unit-I. As regards showing the full particulars including quantitative details and situation of fixed assets, most of the assets appearing in the register contain the information as required under the Act. Further, the extent of quantification has not been commented by the statutory auditors. However an effort shall be made to include the particulars as desired by the auditors by way of hiring services of experts on this subject.

1(b) Steps are being taken to strengthen the system of physical verification of Fixed Assets of unit level.

2(a),(c) Efforts are being made to reconcile the reasons of discrepancies between physical stock and book records noticed on physical verification and made necessary accounting adjustment after due examination. A seperate agency (C.A.) has been appointed for annual verification.

3. RVUNL has agreed to receive the value of purchase consideration in the form of equity share in GLPL, for the amount of net book value of Assets transferred i.e. Rs. 185 crores & the balance Rs. 271.25 crores be treated as loan to GLPL. That is also a part of the agreement executed between the companies.

4. The efforts are being made to ensure timely accounting of SRN & SIN.

7. Efforts shall be made to further strengthen, the internal audit system.

8. Records are being maintained as per RRVUNL policies and norms.

9.(a) i) The old balances are under process of reconciliation and year after year they are continuously been decreasing. Further actions for liquidating these old balances are being taken up through the company's internal auditors in the current financial year.

No comments for Para…10-21 as the same are informative.

S. MISRA & ASSOCIATES
Chartered Accountants

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Tilak Marg, C-Scheme, Jaipur - 302 005
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AUDITORS' REPORT TO THE MEMBERS

Report on the Financial Statements

We have audited the accompanying financial statements of M/s GIRAL LIGNITE POWER LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss, Cash flow Statement and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Opinion

On account of the reasons described in the following para, we are unable to obtain sufficient and/or appropriate audit evidence so as to express our opinion on the financial statements.

Basis of Disclaimer of Opinion

The holding company M/s Rajasthan Rajya Vidyut Utpadan Nigam Limited (RRVUNL) transferred Unit-I of Giral Lignite Thermal Power Project (GLTPP) to Giral Lignite Power Limited (the company) w.e.f 01.01.2009. The transfer was affected in terms of the Board Resolution passed on 08.10.2008 in Board Meeting of RRVUNL and a formal agreement was signed in this respect on 21.09.2011. **The matters which form basis of disclaimer of opinion include possible impairment of assets, disclosure of shareholders' funds as current liabilities, stock and stores being maintained with the company but the same is used by both of the units i.e. Unit I and unit II, pricing of power, method of valuation of inventory, inability of the company to provide the basis of sharing the expense with Unit-II of GLTPP, inability of the company to provide the basis of consumption of stock and store items and division of cost thereof with Unit-II of GLTPP. The details are given in Annexure-I of this report.**

Report on Other Legal and Regulatory Requirements

1. As required by the companies (auditor's report) order, 2003 (as amended) issued by the government of India in terms of sub-section (4a) of section 227 of the companies act, 1956, we enclose in the Annexure-II a statement on the matters specified in paragraph 4 and 5 of the said order.

2. As required by section 227(3) of the Act, we report that:

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

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

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

d) Due to possible effects of the matter described in para 2 supra, we are unable to state whether the Balance Sheet, Profit and Loss account and Cash Flow Statement comply with the accounting standards referred to in sub section (3C) of Section 211 of the Companies Act;

e) Being a government company, pursuant to the notification no. GSR 829(e) dated 17.7.2003 issued by government of India, provisions of clause (g) of sub-section (1) of section 274 of the companies act, 1956, is not applicable to the company.

For and on behalf of
S. MISRA & ASSOCIATES
Chartered Accountants
FRN-004972C

(CA. MANISH KUMAR)
Partner
M. No. 413078

Place : Jaipur
Date : 19.05.2014

ANNEXURE-I

Annexed to and forming part of Audit Report of Giral Lignite Power Limited (GLPL) for the Financial Year 2012-13

BASIS OF DISCLAMIER OF OPINION:

1. FIXED ASSETS AND DEPRECIATION

The Gross Block of the assets of Company on March 31, 2013 is ₹ 746.45 Cr., which includes ₹742.71 Cr. by transfer of assets from capital WIP on October 18, 2011. On this amount of ₹ 742.71 Cr., the depreciation is being charged w.e.f. October 18, 2011, whereas the depreciation should have been charged from the date the assets were put to use. The date of assets put to use is not ascertained. We are therefore unable to form an opinion as to the correctness of the amount of depreciation being charged to Statement of Profit & Loss.

2. IMPAIREMENT OF ASSETS

The Unit-I of GLTPP transferred in the company (GLPL) w.e.f. 01/01/2009 has not been able to operate at full capacity since the date of transfer in company (or specifically since the date of synchronization). It has been explained that the sulphur content in the Lignite made available to unit is up to 6% and therefore, approx 30% limestone has to be mixed with Lignite to pacify the hazardous sulphur in order to control SOX (pollutants) within permissible level, which results in choking of plant and then the unit is to be closed for clearing of choking material. Consequently, during the year under reporting, the company had 23.92% of capacity utilization. Thus, consistent power generation is not being attained. It was further explained that the boiler requires modifications and/or technological up gradation so as to have the desired level of output.

Accordingly, in our opinion, there exist conditions to draw conclusion that the 'value in use' (i.e. present value of future cash flows) of this unit may have gone down as compared to carrying amount of assets. But the company has not conducted any assessment in respect of impairment of assets and no provision has been made by the company in respect of impairment loss. This is not in accordance with the provisions of AS-28 'Impairment of Assets' issued by ICAI.

3. ACCOUNTING OF NET CONSIDERATION FOR ASSETS TRANSFERRED BY RRVUNL

As per the decision taken in Board Meeting dated 08/10/2008, the transfer of unit-l was to be made at 'Net Book Value' of the assets transferred to Giral Lignite Power Limited. As per the books of accounts the net book value of the assets transferred as on 01/01/2009 is Rs. 456.25 crore. As per the decision of Board on 08/10/2008 Giral Lignite power Limited had to issue its equity shares to RRVUNL for an amount equal to net book value of assets. Later on in Board Meeting of RRVUNL on 07/07/2011, it was decided to discharge purchase consideration by way of issue of equity shares of ₹ 185 crore and balance amount of ₹ 271.25 crore repayable to be considered as loan repayable to RRVUNL.

However, the company has shown whole of the amount of ₹ 456.25 crore as current liabilities as on 31/03/2009 and carried forward to the reporting period also, which is overstated by that amount. Thus the shareholders' funds is understated by ₹ 185 crore and Loans are understated by ₹ 271.25 crore.

It was explained to us that the authorized share capital of the company was not increased at the time of transfer of the unit-l in the company hence shares could not be allotted in time and thus the shareholders' funds of ₹ 185 crore could have only be shown as 'Share Application Money Pending Allotment'.

4. FORMAL AGREEMENT BETWEEN TWO COMPANIES FOR TRANSFER OF UNIT -I OF GLTPP

Unit-l of GLTPP has been transferred in Giral Lignite Power Limited by virtue of resolution passed in Board Meeting of RRVUNL on 08/10/2008. We observed that initially there was no formal agreement between the companies regarding the terms and conditions of transfer of unit. Thereafter an agreement dated 21/09/2011 was entered between the two companies, although the agreement has referred to the purchase consideration and the way to discharge it, however, the details of assets and liabilities transferred by RRVUNL have not been made a part of agreement with RVUNL and therefore, the book value of the assets forming part of the agreement cannot be assessed.

5. USE OF ASSETS BY UNIT -II OF GLTPP

The cost of assets, such as land (except land measuring 32 bigha 06 biswa which is booked in Giral-Unit-II), Plant Building, Administrative Building, rest house, residential Colony, Water Supply System etc., are given in the Project Report of Giral-Unit-I (transferred in GLPL) only. Therefore the actual cost of such assets has been booked in books of Giral-Unit-l only and Giral-Unit-II has been allowed to use such common facilities (Owned by Giral-Unit-I i.e. GLPL). The direct or indirect expenses in relation to use of these assets have not been claimed from Unit-II of GLTPP, except for expenses of administrative nature which have been allocated in both the units in the ratio of 50:50, without providing proper basis of doing so. The effect of this on income or expenses of company cannot be assessed.

6. PRICING OF POWER

After the unit attained the COD on October 18, 2011, the company is charging provisional rates of ₹1.4938 (as fixed charges) and ₹ 1.0049 (as variable charges) for the power sold to Discoms. However, since the company itself says these are provisional rates, the exact amount of sales cannot be ascertained unless the rates are finalized.

7. VALUATION OF INVENTORY

The valuation of inventory has been done at weighted average cost and not at lower of cost or net realizable value, which is not in accordance with the Accounting Standard-2 issued by ICAI.

8. ACTUARIAL VALUATION OF PROVISION FOR RETIREMENT BENEFITS OF THE EMPLOYEES

The company has not got done the actuarial valuation in respect of retirement benefits as envisaged in Accounting Standard-15 issued by ICAI. In the absence of actuarial valuation we cannot comment about its effect on profit and loss account and balance sheet.

9. CONSTRUCTION STORE AND ADVANCES

Advances to Suppliers and Contractors towards capital works are lying unadjusted and un-reconciled. Correspondingly credit balances are also lying in the accounts of some of the same contractors under the head' Liability for Suppliers'. All the balances are un-reconciled and need to be adjusted. The work of construction has already been completed. As such the 'Construction Stores and Advances' and 'Liability for Supply of Material' are over stated and 'Capital Work In Progress' is understated, but the final monetary effect of this matter on financial statements cannot be ascertained as some of the contractor's balances need to be adjusted among themselves.

All the balances are subject to reconciliation and confirmation.

10. CURRENT LIABILITES AND CURRENT ASSETS

a. All the accounts under Liabilities for Supply of Material are subject to reconciliation and confirmation. There are some accounts having debit as well as credit balance which require set off/adjustment. However, the same has not been done.

b. All the balances under the head 'Suppliers Control Account' are subject to reconciliation and confirmation.

c. Pension and super annuation liability are being funded through trust on the basis of contribution by the company. However no reconciliation/confirmation has been provided to us for verification. In absence of reconciliation we are not in a position to comment whether company has paid or provided all its liabilities towards the trust as per the rules and regulations of the said trust.

d. All the balances of loans and advances and other receivables are subject to reconciliation and confirmation.

e. The balances of sundry debtors are subject to reconciliation and confirmation.

f. The company has not identified the enterprises qualifying under the definition of 'Medium and small enterprises' as defined under MSME Act, 2006. As a result the calculation of interest payable, if any, to Medium and Small Scale enterprises as envisaged in MSME Act cannot be done and no disclosure in this regard has been done in the report.

g. The Balance of MD Others includes the amount of Liquidity Damages deducted from the payment made to the vendors/contractors for delay in execution of contract. In our opinion it should be booked as revenue or deducted from the particular expenditure. The same practice is not being followed by the company. The effect of this on income or expenses of company cannot be assessed.

h. It has been observed that the Holding company i.e. RRVUNL has made some payments to the vendors/ contractors and deducted some amounts as miscellaneous deductions as per the terms of contacts/ purchase orders with the relevant party. The net amount paid to the vendor/contractor has been transferred in the books of the company (GLPL) but the deduction made by the holding company is still standing in the books of holding company due to which the liability of the company is understated. The effect of this on income or expenses of company cannot be assessed.

11. CONSENT OF LENDERS FOR TRANSFER OF LOANS FROM RRVUNL TO COMPANY

Lenders for GLPL viz. PFC and Oriental Bank of Commerce have agreed in principle for transfer of their loan to GLPL. However in case of loan taken from Canara Bank, the company has not yet received any consent for transfer of loan from RRVUNL to GLPL.

12. BORROWING POWERS OF COMPANY

At the time of transfer of Unit-I of GLTPP, the loans taken from various lenders have also been transferred to the Company. As per the provisions of Section 292 and 293 of Companies Act, 1956 the borrowing powers of the company are decided by way of consent vide resolution in Annual General Meeting of the Company. But no such resolution has been passed in the AGM of the company.

13. A sum of ₹ 6,35,64,245/- has been debited to other finance charges being proportionate share of GLPL for interest & guarantee commission on Working Capital Loan taken by RRVUNL (Holding Company). The share of GLPL has been worked out on the basis of installed capacity of all the plants under RRVUNL and its subsidiaries including GLPL. However, this according to our opinion is not in conformity with correct accounting practice as it should have been apportioned on the basis of actual capacity utilization of all the plants. Since we do not have the requisite information, it is not possible to calculate the effect thereof in the books of accounts of GLPL.

14. SALE OF FIXED ASSETS AND PROFIT THEREON

During the year under report, the company has transferred its land measuring 48.635 Hectare situated in village Thumbli, Tehsil Sheo in district Barmer, and building structure constructed thereon and one diesel Pump. The sale consideration of land has been determined on the basis of interest cost upto 31.12.2010 on the cost of land. The cost of civil structure/building and diesel pump has been determined on estimation basis. The total sale consideration of all the above assets (i.e. Land, civil structure and plant and machinery) was Rs. 6,83,06,000/-, the break-up of which is as under:

- Land ₹ 35.31 Lakhs
- Building ₹ 632.75 Lakhs
- Diesel Pump ₹ 15.00 Lakhs

The estimated cost of civil structure and Plant & Machinery has been assumed to be the value of assets after depreciation and the same was duly deducted from the particular head of assets. The profit on sale of land has been booked as miscellaneous income in the books of accounts/financial statements.

The profit/loss on sale of the building structure and diesel pump has not been calculated as the actual cost of the same could not be arrived at and the cost has been valued at estimation basis. However, profit on sale of land has been calculated on the basis of actual cost less accumulated depreciation upto the sale of land (as per the lease period of 99 years). The documents/deed/agreement to sale of the above transactions has not been provided to us. Since we do not have the requisite information, it is not possible to calculate the effect thereof in the books of accounts of GLPL.

For and on behalf of
S. MISRA & ASSOCIATES
Chartered Accountants
FRN-004972C

(CA. MANISH KUMAR)
Partner
M. No. 413078

Place : Jaipur
Date : 19.05.2014

ANNEXURE-II

REFERRED TO IN PARAGRAPH 3 OF OUR AUDIT REPORT OF EVEN DATE TO THE MEMBERS OF GIRAL LIGNITE POWER LIMITED

1. (a) The company has not maintained proper records showing the full particulars including sufficient description of the assets, quantitative details, situation and depreciation. In absence of complete records and reconciliation, we are unable to comment on the discrepancies including physical non-existence of assets, their being not in working condition and/or their location.

   (b) Physical verification report with working papers of Fixed Assets has not been made available to us. Company has not maintained complete records of fixed assets. In absence of complete information we are not in a position to comment as regards discrepancies, if any in relation to the physical existence of the assets and its book value.

   (c) In our opinion, the company has not disposed off substantial part of its fixed assets during the year and therefore the going concern status of the company is not affected.

2. (a) The physical verification of inventory for "Giral Lignite Thermal Power Project (GLTPP)" was carried out by independent chartered accountant appointed by RRVUNL. In order to strengthen the system, the frequency of physical verification of inventory is required to be increase to atleast twice a year. However, the report of physical verification did not cover the entire inventory and excluded coal and fuel.

   (b) The report of the physical verification observed that items worth Rs. 1629.85 lacs are slow moving and have not been consumed for more than three years. The company has not taken any decision in this regard as such reasonability and adequacy of the procedure of physical verification is not satisfactory.

   (c) The report of the physical verification does not indicate that proper records of inventory (except coal and fuel which are not covered in the report) are not maintained. The report of the physical verification does not indicate any material discrepancy except as stated in para (b) supra.

3. In our opinion and according to the information and explanations given to us, the company has neither taken nor granted any loans, secured or unsecured to/from companies, firm or other parties listed in the register maintained under section 301 of the Companies Act, 1956, except in case of amount payable of Rs. 729.55 Crores to RRVUNL (Holding company) on account of transfer of Unit-l of GLTPP as well as the transactions for the period after the transfer of the Unit. No formal terms and conditions of loan from RRVUNL has been provided to us, and we have been explained that no interest is payable to RRVUNL. The company has regular transactions with RRVUNL and we cannot assess whether there has been any repayment of loan amount.

4. In our opinion and according to the information and explanations given to us, and having regard to the explanation that some items purchased are of a special nature and for which suitable alternative source do not exist for obtaining comparable quotation, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of energy. During the course of audit, we have not observed any continuing failure to correct major weakness in internal controls except that the company does not have proper system for timely adjustment of Stores Requisition Notes and Stores Issue Notes at power plant.

5. According to the information and explanations given to us being a Government company contracts entered with another Government company is exempt from the provisions of section 297(1) of the Companies Act, 1956 hence sub clause (a) and (b) of clause (V) are not applicable to the company.

6. According to the information and explanations given to us, the company has not accepted any deposits from the public.

7. The company has not appointed any internal auditor. However, we have been informed that internal auditors of RRVUNL (the holding company) have conducted internal audit of the company. In our opinion, the company needs to have its own internal audit system in place so as to match up with the growth of the company.

8. As per information and explanations given to us, Cost records under section 209(1)(d) of the Companies Act, 1956 for the activities carried out by the company, are not maintained.

9. (a) As per information and explanations given to us, we report that the company is generally regular in depositing undisputed statutory dues with appropriate authorities, including Provident Fund, Investor Education Protection Fund, Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues to the extent applicable to it, however some delays in depositing the same has been observed. The company has also booked the tax liability under VAT, Service Tax & TDS at the time of payment as against on due basis. However, in some instances during the current year the company has followed correct practice. We further report that the inventory of Unit-I of GLPL is also used by Unit-II of GLTPP (with RRVUNL), this inter company transfer of inventory may attract VAT liability.

(b) According to the information and explanations given to us, there are no dues of sales tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.

10. The accumulated losses of the Company at the end of the financial year 2012-13 are more than 50% of the net worth (excluding accumulated losses) of the Company. The Company has incurred cash losses for Rs. 34.50 crores in the financial year 2012-13 and Rs. 48.28 crore in the financial year immediately preceding such financial year.

11. The secured loans of the company are being serviced by its holding company M/s Rajasthan Rajya Vidyut Utpadan Nigam Limited. We are, therefore, unable to comment about the status of default of such secured loans.

12. According to the explanations given to us, we are of opinion that the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinion, the company is not a chit fund or a Nidhi/ Mutual benefit and society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors Report) Order, 2003 are not applicable to the company.

14. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments.

15. According to the explanations given to us, we are of the opinion that the company has not given guarantees for loans taken by others from banks or financial institutions that are prejudicial to the interest of the company.

16. According to the explanations given to us, the company has not taken any loans during the period under audit.

17. According to the information and explanations given to us, the company has not made preferential allotment of shares.

18. According to the information and explanation given to us, during the period covered by our audit report, the company has not issued any debentures.

19. The company has not raised any money by public issue during the year.

20. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported.

For and on behalf of
S. MISRA & ASSOCIATES
Chartered Accountants
FRN-004972C

(CA. MANISH KUMAR)
Partner
M. No. 413078

Place : Jaipur
Date : 19.05.2014

S. MISRA & ASSOCIATES
Chartered Accountants

3-C, IIIrd Floor, Tilak Bhawan,
Tilak Marg, C-Scheme, Jaipur - 302 005
Telefax : 0141-5104381/5104382
E-mail : smisra22@hotmail.com

COMPLIANCE CERTIFICATE

We have conducted the audit of accounts of Giral Lignite Power Limited for the year ended March 31, 2013 in accordance with the directions/sub directions issued by the C&AG of India under section 619(3)(a) of the Companies Act, 1956 and certify that we have complied with the directions/ sub directions issued to us.

For and on behalf of
S. MISRA & ASSOCIATES
Chartered Accountants
FRN-004972C

(CA. MANISH KUMAR)
Partner
M. No. 413078

Place : Jaipur
Date : 19.05.2014

BALANCE SHEET AS AT 31st MARCH, 2013

(Amount in ₹)

Particulars	Note No.	As at 31st March, 2013	As at 31st March, 2012
EQUITY AND LIABILITIES			
A. Shareholders' funds			
(i) Share Capital	1	5,00,000	5,00,000
(ii) Reserves and Surplus	2	(2,96,54,31,331)	(2,24,14,86,621)
B. Non-Current Liabilities			
(i) Long-Term Borrowings	3	2,08,24,98,921	2,52,24,99,997
(ii) Other Long Term Liabilities	4	22,78,25,883	22,04,30,194
(iii) Long-Term Provisions	5	25,30,37,691	25,29,25,331
C. Current liabilities			
(i) Trade Payables	6	33,58,32,144	44,51,64,392
(ii) Other Current Liabilities	7	7,79,37,70,129	6,96,28,03,411
(iii) Short-Term Provisions	8	3,83,786	4,63,123
TOTAL		**7,72,84,17,223**	**8,16,32,99,826**
ASSETS			
A. Non-Current Assets			
(i) Fixed Assets			
(a) Tangible Assets	9	6,89,93,66,464	7,34,19,86,855
(ii) Other Non-Current Assets	10	34,000	34,000
B. Current Assets			
(i) Inventories	11	34,47,16,456	33,38,33,823
(ii) Trade Receivables	12	34,41,57,328	32,65,66,136
(iii) Cash and Cash Equivalents	13	61,83,351	1,63,91,606
(iv) Short-Term Loans and Advances	14	12,11,22,125	13,39,59,857
(v) Other Current Assets	15	1,28,37,499	1,05,27,548
TOTAL		**7,72,84,17,223**	**8,16,32,99,826**
Significant Accounting Policies and Notes on Accounts	1 to 24		

The notes attached form an integral part of the financial statement

As per our separate report of even date

For S. MISRA & ASSOCIATES
Chartered Accountants
FRN 004972C

(CA MANISH KUMAR)
Partner
M.No. 413078

For and on behalf of the Board of Directors

(N.M. MATHUR)
Chairman

(H.K. SINGHAL)
Managing Director

(M.L. MAKWANA)
Sr. Accounts Officer

Place : Jaipur
Date : 19.05.2014

STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED ON MARCH 31st, 2013

(Amount in ₹)

	Particulars	Note No.	For the year ended on 31st March, 2013	For the year ended on 31st March, 2012
I	**Revenue from Operations**	16	49,52,01,544	28,51,12,454
II	**Other Revenue**	17	29,55,222	2,35,42,273
	TOTAL REVENUE		**49,81,56,766**	**30,86,54,727**
III	**Expenses:**			
	Cost of Materials Consumed	18	29,88,56,057	22,06,89,282
	Other Direct Expenses		1,20,21,836	74,40,139
	Finance cost	19	35,50,57,032	39,60,12,599
	Employee Benefit Expense	20	4,87,57,525	3,86,78,709
	Depreciation and Amortization Expense		37,89,91,730	17,39,99,378
	Repair and Maintenance Expenses	21	9,29,53,331	10,21,30,847
	Administration and General Expenses	22	1,52,57,265	2,65,08,119
	Prior Period Expenses	23	2,02,06,700	2,596
	TOTAL EXPENSES		**1,22,21,01,476**	**96,54,61,668**
IV	**Profit before exceptional and extraordinary items and tax**		(72,39,44,710)	(65,68,06,942)
V	**Exceptional items**		-	-
VI	**Profit before extraordinary items and tax**		(72,39,44,710)	(65,68,06,942)
VII	**Extraordinary Items**		-	-
VIII	**Profit before tax**		(72,39,44,710)	(65,68,06,942)
	Current tax		-	3,016
	Deferred tax		-	-
	Earlier Years		-	-
IX	**Profit for the period from continuing operations**		**(72,39,44,710)**	**(65,68,09,958)**
	Profit from discontinuing operations			
	Tax expense of discontinuing operations		-	-
	Profit from Discontinuing operations (after tax)		-	-
X	Profit for the period		(72,39,44,710)	(65,68,09,958)
	EPS- Basic and Diluted		(14,479)	(13,136.20)
Significant Accounting Policies		20		
Notes on Accounts		21		

The notes attached form an integral part of the financial statement

As per our separate report of even date

For S. MISRA & ASSOCIATES
Chartered Accountants
FRN 004972C

(CA MANISH KUMAR)
Partner
M.No. 413078

For and on behalf of the Board of Directors

(N.M. MATHUR)
Chairman

(H.K. SINGHAL)
Managing Director

(M.L. MAKWANA)
Sr. Accounts Officer

Place : Jaipur
Date : 19.05.2014

NOTE 1

(Amount in ₹)

Share Capital	Account Code	As at 31st March, 2013	As at 31st March, 2012
Authorised			
20,00,00,000 Equity Shares of Rs. 10/- each		2,00,00,00,000	2,00,00,00,000
Issued, Subscribed and Fully Paid up 50000 Equity Shares of Rs. 10/- each Fully Paid	54.600	5,00,000	5,00,000
Total		**5,00,000**	**5,00,000**

NOTE 1A
Disclosure pursuant to Note no. 6(A)(d) of Part I of Schedule VI to the Companies Act, 1956

Reconcilliation of Shares	As at 31st March, 2013		As at 31st March, 2012	
	Number	Amount	Number	Amount
Shares outstanding at the begining of the year	50,000	5,00,000	50,000	5,00,000
Shares Issued during the year	-	-		-
Shares bought back during the year	-	-		-
Shares outstanding at the end of the year	50,000	5,00,000	50,000	5,00,000

(Above disclosure is required for each class of Shares held by its holding company or its ultimate holding company including shares held by or by subsidiaries or associates of the holding company or the ultimate holding company in aggregate.)

NOTE 1B
Particulars of equity share holders holding more than 5% of the total number of equity share capital
Disclosure pursuant to Note no. 6(A)(g) of Part I of Schedule VI to the Companies Act, 1956 (if more than 5%)

Reconcilliation of Shares	As at 31st March, 2013		As at 31st March, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
1 Rajasthan Rajya Vidyut Utpadan Nigam Limited	49,993	99.99%	49,993	99.99%

1) The company has only one class of equity shares having par value of Rs. 10 per share. Each share holder is entitled to one vote per share.
2) Company has not declared any dividend during the year ended March 31, 2013.
3) In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company. Company doesn't have any preferential amounts in the Balance Sheet.

NOTE 2

(Amount in ₹)

Reserves & Surplus	Account Code	As at 31st March, 2013	As at 31st March, 2012
Surplus			
Opening balance		(2,24,14,86,621)	(1,58,46,76,664)
(+) Net Profit/(Net Loss) For the current year		(72,39,44,710)	(65,68,09,958)
Total		**(2,96,54,31,331)**	**(2,24,14,86,621)**

NOTE 3

(Amount in ₹)

Long Term Borrowings	Account Code	As at 31st March, 2013	As at 31st March, 2012
Secured Loans			
Loan from PFC (10.50% - 14.00%)	53.550	1,67,74,99,995	1,98,24,99,997
Loan from OBC (9.00% -9.75%)	53.596	25,49,98,926	34,00,00,000
Loan from Canara Bank (9.50% - 11.00%)	53.599	15,00,00,000	20,00,00,000
Total		**2,08,24,98,921**	**2,52,24,99,997**

* Secured by Govt. Guarantee and Default Escrow.

** Secured by Govt. Guarantee, Default Escrow and Hypothecation of Assets.

Note 3A

S.No.	Particulars Loan's	Amount Outstanding	Term	Installment Amt.
a)	Loan from PFC	1,98,24,99,995	26 Quarterly	7.625 crore
b)	Loan from OBC	33,99,98,926	8 Half Yearly	4.250 crore
c)	Loan from Canara Bank	20,00,00,000	8 Half Yearly	2.500 crore

NOTE 4

(Amount in ₹)

Other Long Term Liabilities	Account Code	As at 31st March, 2013	As at 31st March, 2012
Security Deposits	46.102	2,42,90,775	2,30,47,865
E.M.D.	46.103	67,76,890	70,25,550
Retention Money	46.104	5,26,10,997	5,23,34,547
M.D.- Others	46.968	14,37,83,064	13,75,79,109
Stale Cheques	46.910	3,64,156	4,43,122
Total		**22,78,25,883**	**22,04,30,194**

NOTE 5

(Amount in ₹)

Long-Term Provisions	Account Code	As at 31st March, 2013	As at 31st March, 2012
Provision for Liability for Expenses	46.430	25,30,37,691	25,29,25,331
Total		**25,30,37,691**	**25,29,25,331**

NOTE 6

(Amount in ₹)

Trade Payables	Account Code	As at 31st March, 2013	As at 31st March, 2012
Liability for Supply of Material	42.110	9,05,07,088	12,30,29,987
Suppliers Control A/c	42.200	24,11,92,097	31,51,40,750
Laibility for Works	42.300	41,32,960	69,93,654
Total		**33,58,32,144**	**44,51,64,392**

NOTE 7

(Amount in ₹)

Other Current Liabilities	Account Code	As at 31st March, 2013	As at 31st March, 2012
Current Maturities of Long Term Debts		44,00,00,000	44,00,00,000
Liabilities Employees	44.xxx	1,24,94,309	92,07,342
Sales Tax	46.330	10,20,233	(10,85,582)
TDS Income Tax	46.924	8,52,158	5,73,970
Other Levies Payable	46.390	7,340	7,340
M.D.- C.P.F	46.921	5,40,428	5,98,826
Payable to RVUNL	46.980 & 28.940	7,29,55,37,261	6,46,65,14,704
Interest Accrued but not Due on Borrowings	46.710	4,33,18,401	4,69,86,812
Total		**7,79,37,70,129**	**6,96,28,03,411**

NOTE 8

(Amount in ₹)

Short Term Provisions	Account Code	As at 31st March, 2013	As at 31st March, 2012
Provision for Gratuity Fund	44.110	98,068	1,19,849
Provision for Super Annuation Fund	44.120	28,541	43,470
Provision for Exgratia	44.140	2,57,177	2,99,804
Total		**3,83,786**	**4,63,123**

NOTE 9

FIXED ASSETS & CAPITAL WORKS IN PROGRESS

(Amount in ₹)

S. No.	Fixed Assets	Account Code	Rates	GROSS BLOCK Balance as at 1.04.2012	Additions during the year	Adjustments/ Deductions	Closing Balance as at 31.03.2013	Account Code	DEPRECIATION Balance as at 1.04.2012	Additions during the year	Adjustments/ Deductions	Closing Balance as at 31.03.2013	Net Block as at 31.03.2013	Net Block as at 31.03.2012
1	Land & Rights	10.1xx	-	1,44,95,784	-	19,47,316	1,25,48,468	12.1xx	6,14,387	99,757.00	80,890	6,33,254	1,19,15,214	1,38,81,397
2	Buildings	10.2xx	3.34	92,21,06,475	-	6,46,71,395	85,74,35,080	12.2xx	2,18,84,847	3,05,14,641.28	13,96,395	5,10,03,093	80,64,31,987	90,02,21,629
3	Hydraulic Works	10.3xx	5.28	82,93,66,453	-	-	82,93,66,453	12.3xx	1,98,61,287	4,37,90,548.71	-	6,36,51,836	76,57,14,617	80,95,05,166
4	Plant & Machinery	10.5xx	5.28	5,75,26,91,793	29,46,909	15,52,331	5,75,40,86,372	12.5xx	14,27,05,162	30,38,87,091.49	52,331	44,65,39,923	5,30,75,46,449	5,60,99,86,631
5	Lines, Cables and Network	10.6xx	5.28	44,23,994		-	44,23,994	12.6xx	1,02,425	2,33,586.90	-	3,36,012	40,87,982	43,21,569
6	Vehicles	10.7xx	9.50	15,66,815	65,857	-	16,32,672	12.7xx	8,99,932	1,50,835.00	-	10,50,767	5,81,905	6,66,883
7	Furniture & Fixtures	10.8xx	6.33	36,51,767		-	36,51,767	12.8xx	12,24,688	2,31,156.83	-	14,55,845	21,95,921	24,27,078
8	Office Equipment	10.9xx	6.33	13,28,788		-	13,28,788	12.9xx	3,52,286	84,112.28	-	4,36,398	8,92,390	9,76,502
9	**Sub Total (1-8)**			**7,52,96,31,870**	**30,12,766**	**6,81,71,042**	**7,46,44,73,594**		**18,76,45,015**	**37,89,91,729.48**	**15,29,615**	**56,51,07,129**	**6,89,93,66,464**	**7,34,19,86,855**
10	Capital Works In Progress	14.xxx		-	40,31,995	40,31,995	-	-	-	-	-	-	-	-
	TOTAL (9+10)			**7,52,96,31,870**	**70,44,761**	**7,22,03,037**	**7,46,44,73,594**		**18,76,45,015**	**37,89,91,730.13**	**15,29,615**	**56,51,07,129**	**6,89,93,66,464**	**7,34,19,86,855**

NOTE 10

(Amount in ₹)

Other Non-Current Assets	Account Code	As at 31st March, 2013	As at 31st March, 2012
Security Deposit			
Security Deposit with C.T.O.-JPR	28.915	34,000	34,000
Total		**34,000**	**34,000**

NOTE 11

(Amount in ₹)

Inventories	Account Code	As at 31st March, 2013	As at 31st March, 2012
Coal Stock	21.101	7,85,54,093	7,36,30,006
Oil Stock	21.105	1,00,05,338	90,15,920
Capital Stock	22.xxx	25,61,57,024	25,11,87,897
Total		**34,47,16,456**	**33,38,33,823**

NOTE 12

(Amount in ₹)

Trade Receivables	Account Code	As at 31st March, 2013	As at 31st March, 2012
Trade receivables exceeding six months			
Unsecured, considered good		-	-
Trade Receivables less than six months			
Unsecured, considered good			
- Receivable against sale of Power to JVVNL	23.802	13,12,21,301	12,43,60,736
- Receivable against sale of Power to AVVNL	23.803	10,77,63,091	10,26,61,645
- Receivable against sale of Power to JDVVNL	23.804	10,51,72,936	9,95,43,755
Total		**34,41,57,328**	**32,65,66,136**

NOTE 13

(Amount in ₹)

Cash and Cash Equivalents		Account Code	As at 31st March, 2013	As at 31st March, 2012
a.	Cash on hand	24.110	20,000	7,697
b.	Balances with banks			
	(i) In current Accounts	24.301 & 24.401	1,13,17,255	1,64,73,627
	(ii) In Deposits Accounts		-	-
c.	Remittance in Transit	24.6xx & 46.905	(51,53,904)	(89,717)
Total			**61,83,351**	**1,63,91,606**

NOTE 14

(Amount in ₹)

Short-Term Loans and Advances	Account Code	As at 31st March, 2013	As at 31st March, 2012
Advance to Suppliers	25.200	8,94,11,081	10,22,38,794
Advance to Contractors	25.600	1,57,17,874	1,57,17,894
T.A. Advance	27.203	20,700	20,700
Other Advances	27.209	1,59,68,156	1,59,78,156
Other Misc. Advance	27.803	4,313	4,313
Total		**12,11,22,124**	**13,39,59,857**

NOTE 15

(Amount in ₹)

Other Current Assets	Account Code	As at 31st March, 2013	As at 31st March, 2012
Accrued Income	28.310	15,71,707	15,71,707
Recoverable from Suppliers	28.810	44,004	47,899
Recoverable from Contractors	28.811	58,69,794	58,69,704
Prepaid Expenses	28.820	53,51,994	30,38,238
Total		**1,28,37,499**	**1,05,27,548**

NOTES TO STATEMENT OF PROFIT AND LOSS

NOTE 16

(Amount in ₹)

Revenue from Operations	Account Code	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
Revenue from Sale of Power	61.410	49,52,01,544	28,51,12,454
Total		**49,52,01,544**	**28,51,12,454**

NOTE 17

(Amount in ₹)

Other Revenue	Account Code	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
Sale of Scrap	62.340	-	1,31,57,140
Quarter Rent	62.901	80,334	1,52,794
Income From Erector Hostel	62.908	1,84,633	1,45,006
Sale of Tender Form	62.917	67,700	1,11,174
Others Miscellenous Receipts	62.950	26,22,555	99,40,049
Prior Period Income	62.900	-	36,110
Total		**29,55,222**	**2,35,42,273**

NOTE 18

(Amount in ₹)

Cost of Materials Consumed	Account Code	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
Cost of Coal Consumable	71.110	27,01,47,258	18,97,27,713
Cost of Oil Consumed	71.120	2,60,47,694	2,75,83,576
Cost of Water	71.500	12,55,644	14,68,875
Lubricant and Consumable	71.600	14,05,461	19,09,117
Total		**29,88,56,057**	**22,06,89,282**

NOTE 19

(Amount in ₹)

Finance Cost	Account Code	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
Interest on Loan From PFC	78.517	22,03,69,687	23,23,29,285
Interest on Loan From OBC	78.527	4,38,85,171	5,20,17,978
Interest on Loan From Canara Bank	78.529	2,44,29,648	2,96,60,585
Other Finance Charges	78.830	6,09,30,470	7,65,46,282
Bank charges	78.883	6,406	18,316
Guarantee charges	78.884	54,35,650	54,40,153
Total		**35,50,57,032**	**39,60,12,599**

NOTE 20

(Amount in ₹)

Employee Benefit Expense	Account Code	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
Basic Pay	75.1xx	2,04,75,014	2,12,44,425
Dearness Allowance	75.3xx	1,44,67,466	1,10,92,965
Other Allownaces	75.4xx	9,09,249	7,69,882
Othet Staff Related Expenses	75.6xx	1,00,96,222	27,26,304
Medical Expenses Incurred Disp. at Proj.	75.7xx	-	46,796
Terminal Benefits	75.8xx	28,09,574	27,98,339
Total		**4,87,57,525**	**3,86,78,709**

NOTE 21

(Amount in ₹)

Repair and Maintenance Expenses	Account Code	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
Plant and Machinery	74.1xx	8,68,81,144	9,07,15,612
Building	74.2xx	3,310	11,29,947
Others Civil Works	74.3xx	60,08,224	1,01,93,271
Truck, Tempo, HPP	74.6xx	60,039	92,017
Office Equipments	74.8xx	615	-
Total		**9,29,53,331**	**10,21,30,847**

NOTE 22

(Amount in ₹)

Administration and General Expenses	Account Code	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
Rates and Taxes	76.102	26,290	19,440
Licence and Registration	76.103	2,03,740	2,05,921
Insurance on Fixed Assets	76.104	44,54,871	1,34,12,348
Insurance of Vehicle(HV)	76.107	21,556	1,21,841
Secretarial Services	76.108	46,90,667	63,35,894
Insurance of Vehicle(LV)	76.109	-	8,232
Telephone Expenses	76.111	2,10,437	1,24,351
Postage and Telegram	76.112	2,265	7,877
Legal Expenses	76.121	6,35,903	54,145
Audit Fee	76.122	56,180	27,575
Consultancy Charges	76.123	20,766	-
Travelling Expenses- Actual Fare	76.132	3,23,950	11,16,491
Travelling Expenses-Other Than Actual Fare	76.133	-	1,162
Vehicle Running Expenses	76.136	19,01,260	1,45,887
Vehicle Hiring Charges(HV)	76.137	9,87,057	32,27,321
Registration of Vehicle (LV)	76.139	-	400
Newspaper and Magazines	76.150	-	716
Fee and Subscription	76.151	-	9,63,269
Printing and Stationary	76.153	66,677	1,25,263
Hot and Cold Charges	76.156	540	-
Electricity Charges	76.158	3,27,049	2,57,793
Water Charges	76.160	2,81,377	(13,73,521)
Meeting Expenses-Out Side Office	76.161	858	6,076
Orderly Expenses	76.166	1,04,750	80,371
Sumptuary Expenses	76.168	7,320	11,409
Hiring Computer	76.170	2,24,750	4,63,890
Miscellenous Expenses	76.190	34,675	2,18,122
Other Freight Charges	76.220	45,661	1,02,734

(Amount in ₹)

Administration and General Expenses	Account Code	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
Transit Insurance	76.230	10,602	(24,211)
Vehicle Running Expenses - Truck	76.240	765	10,896
Advertisement of Tenders	76.260	6,16,025	8,48,624
Store Incendital Charges	76.270	1,278	7,807
Total		**1,52,57,265**	**2,65,08,119**

NOTE 23

(Amount in ₹)

Prior Period Expenses	Account Code	For The Year Ended 31st March, 2013	For The Year Ended 31st March, 2012
Repair and Maintenance	83.200	39,103	-
Other Operting Expenses	83.300	1,98,13,279	-
Employee Cost	83.500	-	2,596
Administrative and General Expenses	83.820	3,54,318	-
Total		**2,02,06,700**	**2,596**

NOTE-24

SIGNIFICANT ACCOUNTING POLICIES
F.Y. 2012-13

1. Basic Accounting Policy

a. The financial statements of the Company have been prepared under historical cost convention and in accordance with applicable accounting standards issued by the Institute of Chartered Accountants of India, the provisions of Companies Act, 1956, the applicable provisions of Electricity Act, 2003 and generally accepted accounting principles as adopted consistently by the Company.

b. The Company generally follows Mercantile System of Accounting and recognizes significant items of income and expenditure on accrual basis **except those with significant uncertainties and price variation claims which are accounted for on cash basis.**

2. Fixed Assets and Depreciation

a. The fixed assets are stated at cost, after reducing accumulated depreciation. All costs till the commencement of the commercial production attributable to acquisition/construction of fixed assets are capitalized.

b. Depreciation is being charged at the rates notified by the Rajasthan Electricity Regulatory Commission, Rajasthan vide Notification dated 23-01-2009, effective from financial year 2009-10. The fixed assets are depreciated upto 90% of the original cost. Regulatory Commission (RERC) allows depreciation as per the CERC norms in tariff fixation. Therefore the company is charging depreciation as per CERC/ RERC rates in the accounts.

c. Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposal.

d. Pending receipt of the completion reports in respect of capital works, the works completed are transferred to fixed assets on the basis of the statements approved by the head of the project.

e. Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated retrospectively from the commencement of the unit based on the applicable rates of depreciation.

f. Leasehold land is amortized over the period of lease.

3. Investments

The company does not have investments in shares and securities.

4. Stores and Spares

a. Stores and spares have been valued at cost. Weighted average method has been used to work out the pricing of issues and valuation of inventories. Various equipment & materials which are mostly heavy and earmarked for specific works are issued / valued at cost.

b. The stock of low value items of consumables are not maintained and are fully charged to revenue.

5. Revenue Recognition

Revenue from sale of power has been accounted for on accrual basis and has been billed on Discoms as per the regulation of the Rajasthan Electricity Regulatory Commission. The energy sold to each Discom has been arrived at by apportioning the total units sold amongst JVVNL, AVVNL and JDVVNL in the approved ratio determined from time to time.

6. Retirement Benefits

The retirement benefits in respect of pension & gratuity liabilities of personnel have been funded through trust on the basis of contribution by the RVUNL and other successor entities of erstwhile RSEB. However, the liability for leave encashment is accounted for on actual basis.

7. Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as result of past event and it is probable that there will be an outflow of resources. Contingent Liabilities and Contingent Assets are neither recognized nor disclosed in the financial statements.

8. Miscellaneous

a. Expenses on training and recruitment, research and development are charged to revenue.

b. Expenses incurred on raising finance are being charged to revenue in the year in which these are incurred.

c. Interest on loans and advances to staff is recovered after completion of' recovery of principal amount.

d. The construction awards admissible to the officers/employees of the Power Stations are accounted for on cash basis.

e. Claims for grade difference, shortage of coal etc. lodged on coal companies are accounted for as and when the credit notes are received by adjusting/recognizing the same in the Profit and Loss account of the current year, irrespective of the period to which it pertain. No provision is made for above claims due to uncertainty of receipt of the same.

f. The rebate (by way of reduction in the interest rate) in interest under AG&SP scheme of Govt. of India on loan given by PFC are directly deducted from interest cost and not separately shown as income and accordingly net interest is charged to the statement of Profit & Loss.

As per our separate report of even date
For S. MISRA & ASSOCIATES
Chartered Accountants
FRN 004972C

(CA MANISH KUMAR)
Partner
M.No. 413078

For and on behalf of the Board of Directors
(N.M. MATHUR)
Chairman

(H.K. SINGHAL)
Managing Director

(M.L. MAKWANA)
Sr. Accounts Officer

Place : Jaipur
Date : 19.05.2014

NOTE-25

NOTES TO ACCOUNTS
F.Y. 2012-13

1. a) In respect of Inter Company transactions with other successor Companies of erstwhile RSEB, no interest/surcharge has been charged/paid by the Company during the year.

   b) The Inter Company and Inter Unit Transactions up to 31.03.2013 are subject to reconciliation.

2. Penal interest/commitment charges, if any, have not been shown separately and are included in interest & finance charges.

3. Provision for liability for expenses/creation of prepaid expenses is not generally made for small/petty amounts.

4. The Balances of all Third Parties are subject to confirmation and reconciliation from such parties.

5. The provision for ex-gratia has been created on the basis of present strength of officers/employees.

6. No provision for deferred tax assets/liability pursuant to AS-22 "Accounting for Taxes on Income" has been made by the company as there is no virtual certainty supported by convincing evidence that there shall be any future tax liability against which the provisions can be adjusted. Therefore it has been considered that no provision be made pursuant to AS-22.

7. The land on which the Rest House and Residential Colony are developed at GLTPP in Barmer city stands owned by RRVPNL and JDVVNL respectively.

8. Capital commitments and contingent liabilities:- Nil

9. During the F.Y. 2008-09, the company had received a demand notice of ₹ 25,27,744/- for the A.Y. 2008-09 from Income Tax Officer (TDS)-2, Jodhpur. The company has gone into appeal before Commissioner of Income Tax (Appeals) (CIT-A) as well as ITAT, Jodhpur against the said order. The CIT-A as well as ITAT had decided the case against the company and company has deposited ₹ 25,27,744/- against such demand. The company has further gone into appeal before Hon'ble High Court of Rajasthan, Jodhpur. The company has not booked the said amount of ₹ 25,27,744/- as expenditure till the end of the reporting period and the same is standing as Short Term Loans and advances to Others.

10. GLPL is engaged in the generation of electricity and selling thereof to the Distribution Companies. Generation of electricity is one and single product. Hence AS-17 "Segment Reporting" is not applicable on GLPL.

11. In view of multiplicity and difficulty in identification of accounts relating to small scale industrial undertaking, information for determining the particulars relating to current indebtedness to such undertaking as required under Micro, Small arid Medium Enterprises Development Act, 2006, is not readily available.

12. After the unit attained the COD on 18.10.2011, as stated, the company is charging provisional rates of ₹ 1.4938 (as fixed charges) and Rs. 1.0049 (as variable charges) for the power sold to Discoms.

13. The Board of Directors of RRVUNL in its 149th and 150th meeting held on 8th October, 2008 and 7th November, 2008, respectively accorded approval to transfer the business of its 1x125 MW Unit-1 (Stage-I) of Giral Lignite Thermal Power Project situated at Giral in District of Barmer, Rajasthan to Giral Lignite Power Limited (GLPL), a wholly owned subsidiary of the Company on a 'going concern basis' along with all its assets & liabilities on book value, at such consideration, being not lower than the net book value,

to be issued in the form of equity shares in the said subsidiary company (GLPL) to RRVUN, with effect from 1st January, 2009 (to be considered as effective date of transfer). Accordingly all the assets & liabilities of GLTPP has been transferred to GLPL w.e.f 1st January, 2009 after finalization of audited accounts of RRVUNL for the financial year 2008-09, the consideration for the above transfer should have been received in the form of equity shares in GLPL for the amount of "Net Book Value of Assets transferred" and other transactions shall be treated as Debtors/Creditors as the case may be. The same is not yet received and shares have not yet been issued.

14. Lenders for GLPL i.e. PFC and banks have agreed in principle for transfer of their loan to GLPL. However, tripartite agreement is in the process of execution, till such time, it is agreed between RVUN and GLPL that RVUN shall meet out the financial/contractual commitments (including debt servicing) regarding loans already availed from the financial institutions. Expenditure incurred by RRVUNL in this regard shall be reimbursed by GLPL.

15. During the year under report, the company has transferred its land measuring 48.635 Hectare situated in village Thumbli, Tehsil Sheo in district Barmer, and building structure constructed thereon and one diesel Pump. The cost of land has been determined on the basis of interest cost upto 31.12.2010 on the cost of land. The cost of civil structure/building and diesel pump has been determined on estimation basis. The total sale consideration of all the above assets (i.e. Land, civil structure and plant and machinery) was Rs. 6,83,06,000/-, the break-up of which is as under:

- Land ₹ 35.31 Lakhs
- Building ₹ 632.75 Lakhs
- Diesel Pump ₹ 15.00 Lakhs

The estimated cost of civil structure and Plant & Machinery has been assumed to be the value of assets after depreciation and the same was duly deducted from the particular head of assets. The profit on sale of land has been booked as miscellaneous income in the books of accounts/financial statements.

16. Details of remuneration to Auditors:

Particulars	**Current Year (Amount in ₹)**	**Previous Year (Amount in ₹)**
a. For Audit fees to Statutory Auditors	50,000/-*	50,000/-*
b. For Audit fees to Tax Auditors	-	-
c. For Audit fees for VAT Auditors	-	-
d. For reimbursement of out of pocket expenses	-	-
Total	**50,000/-**	**50,000/-**

(* Excluding Service Tax)

17. Licensed & installed capacities

	Current Year	**Previous Year**
a) Licensed Capacity (MW)	125 MW	125 MW
b) Installed Capacity (MW)	125 MW	125 MW

18. Quantitative information in respect of Generation and Sale of Electricity:

Particulars	Units Generated (LU)	Aux. Consumption (LU)	Net Units Sold (LU)
Commercial Period	2619.77	623.99	1995.78
Pre Commercial Period	-	-	-
Grand Total	**2619.77**	**623.99**	**1995.78**

19. a) No earning in foreign exchange was accrued during the year.

b)

Value of components, Stores and Spare parts Consumed (including Fuel, Lubricants, etc)	Total Consumption (%)	Current Year (₹ In Crores)	Previous Year (₹ In Crores)
Indigenous	100	32.21	25.92
Imported	-	-	-

20. Disclosure as required by Accounting Standard 18 (AS-18) "Related Party Disclosures" issued by The ICAI are as follows

a) Names of the related party and description of relationship:

Related parties where control exists	Relationship
1. Rajasthan Rajya Vidyut Utpadan Nigam Ltd	Holding Company
2. Sh. P. N. Singhal	Chairman
3. Sh. J. C. Detwal (upto 21.12.12)	Managing Director
4. Sh. N.C. Gupta (w.e.f. 21.12.12)	Managing Director
5. Sh. Shailendra Agarwal (IAS)	Director
6. Sh. Naresh Pal Gangwar	Director
7. Sh. M. C. Gaur (upto 28.02.13)	Director (Finance)
8. Sh. B.S. Joshi (w.e.f. 28.02.13)	Director

b)

Details of Transactions	₹ (In Crores)
Amount Payable to RRVUNL	729.55

c) Employees remuneration and benefits include remuneration to the Chairman & Managing Director and Directors are as follows:

Particulars	Current Year (Amount in ₹)	Previous Year (Amount in ₹)
Salary & Allowances, Contribution to Provident Fund and other funds	10,53,025/-	6,92,608/-
Other benefits	-	-
Total	**10,53,025/-**	**6,92,608/-**

21. Notes to the accounts forms an integral part of accounts and have duly been authenticated.

22. The figures have been rounded off to nearest rupee wherever considered necessary.

23. Previous year's figures has been restated, regrouped and rearranged, wherever considered necessary, to confirm to this year's classification.

24. The classification of assets and liabilities into long term or short term as required under revised schedule VI of companies act, 1956 has been done on the basis of information, explanations and the estimates given by the management.

As per our separate report of even date
For S. MISRA & ASSOCIATES
Chartered Accountants
FRN 004972C

For and on behalf of the Board of Directors
(N.M. MATHUR)
Chairman

(CA MANISH KUMAR)
Partner
M.No. 413078

(H.K. SINGHAL)
Managing Director

(M.L. MAKWANA)
Sr. Accounts Officer

Place : Jaipur
Date : 19.05.2014

CASH FLOW STATEMENT FOR THE F.Y. 2012-13

Inflow (Outflow)
(Amount in ₹)

S.No.	PARTICULARS	Current Year	Previous Year
	Net Profit before taxation & Extraordinary items	(72,39,44,710)	(65,68,06,942)
	Adjustment		
1	Add: Depreciation	37,89,91,730	17,39,99,378
2	Less: Profit from sale of Fixed Asset	(16,64,573)	-
3	Tax during the year	-	(3,016)
	Adjusted Profit for the year	**(34,66,17,553)**	**(48,28,10,580)**
	Cash Flow from Operating Activities		
1	Sundry Debtors	(1,75,91,192)	(3,32,35,008)
2	Loans and Advances	1,28,37,732	(59,80,222)
3	Inventories, Stores and Spares	(1,08,82,633)	(7,79,69,240)
4	Other Current Assets	(23,09,951)	97,13,554
5	Trade Payables	(10,93,32,247)	14,92,10,404
6	Current Liabilities and Provision	83,08,87,381	88,64,48,286
7	Other Long Term Liabilities and Provision	75,08,049	53,82,697
(A)	**Net Cash Flow from Operating Activities**	**36,44,99,586**	**45,07,59,891**
	Cash Flow from Investing Activities		
	Purchase of Fixed Assets	(30,12,766)	(8,71,748)
	Sale of Fixed Assets	6,83,06,000	-
(B)	**Net Cash Flow from Investing Activities**	**6,52,93,234**	**(8,71,748)**
	Cash Flow from Financial Activities		
	Repayment of Secured loan	(44,00,01,076)	(44,00,00,000)
(C)	**Net Cash Flow from Financing Activities**	**(44,00,01,076)**	**(44,00,00,000)**
(D)	**Net increase (Decrease) in Cash & Cash Equivalent (A+B+C)**	**(1,02,08,256)**	**98,88,143**
(E)	**Opening Cash & Cash Equivalent**	**1,63,91,607**	**65,03,464**
(F)	**Closing Cash & Cash Equivalent**	**61,83,351**	**1,63,91,607**

As per our separate report of even date
For S. MISRA & ASSOCIATES
Chartered Accountants
FRN 004972C

For and on behalf of the Board of Directors
(N.M. MATHUR)
Chairman

(CA MANISH KUMAR)
Partner
M.No. 413078

(H.K. SINGHAL)
Managing Director

(M.L. MAKWANA)
Sr. Accounts Officer

Place : Jaipur
Date : 19.05.2014

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF GIRAL LIGNITE POWER LIMITED FOR THE YEAR ENDED 31st MARCH 2013.

The preparation of financial statements of Giral Lignite Power Limited, Jaipur for the year ended 31st March, 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This stated to have been done by them vide their Audit Report dated 19th May 2014.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of Giral Lignite Power Limited, Jaipur for the year ended 31st March, 2013 and as such have no comments to make under section 619 (4) of the Companies Act, 1956.

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

(S. Alok)
Accountant General
(E & RS Audit)
Rajasthan, Jaipur

Place : JAIPUR
Date : 18th July, 2014

MANAGEMENT'S RESPONSE TO THE COMMENTS OF C&AG REPORT ON THE ACCOUNTS OF GIRAL LIGNITE POWER LTD. (GLPL) FOR THE FINANCIAL YEAR 2012-13

Non Communication of significant findings resulting to disclaimer of opinion. As required by Auditing Standards (SA) 260 "Communication with those charged with governance" prescribed by the Institute of Chartered Accountants of India , the auditors have not communicated the significant matters to the Managing Director or Board of Directors of the Company regarding material misstatement which auditors considered for disclaimer of opinion. Had this communication with draft report received by the Managing Director or Board of Directors, corrective actions in regard to providing information and explanation, necessary corrections in financial statements explanatory notes etc. Would have taken.

As regards basis of Disclaimer of Opinion:- The pointwise replies of the matter point out by the Statutory Auditors as per Annexure I & II of the Auditors Report have been given.

As regard maintenance of proper books of accounts it is stated that as per Section 209 sub section (1) of the Companies Act, 1956 the company shall keep proper books of accounts with respect to :-

a) All sums of money received and expended by the company and the matters in respect of which receipt and expenditure take place.

b) All sales and purchase of goods by the company.

c) Assets and liabilities of the company.

Company has complied with the provisions of sub section (1) of section 209 of the Companies Act, 1956 as the company has kept the books and recorded all the transaction in relation to the matters mentioned above. Further the company has kept the books on accrual basis and double entry system was followed as required by sub section (3) of section 209 of the Companies Act, 1956. Further more in recording the transaction, the Auditor has not pointed out which are the matters effected the maintenance of proper books of accounts.

Had this communication with draft report received by the Managing Director or Board of Directors, corrective actions in regard to providing information and explanation, necessary corrections in financial statements explanatory notes etc. would have taken.

The proper books of accounts as required by the law have been kept by the Company. Accordingly the proper reply of the C&AG comments based on the Statutory Auditors Report are being furnished in reference to management response to Statutory Auditors Report for the year 2012-13. Copy of the same is annexed to the Directors' Report.