

HEMANT ARORA & CO. LLP

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INDEPENDENT AUDITOR'S REPORT

To the Members of Uttarakhand Power Corporation Limited,

Report on the Audit of Financial statements

Qualified Opinion

We have audited the accompanying financial statements of Uttarakhand Power Corporation Limited ("Company"), which comprise the Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. Incorporated in these financial statements are the returns for the year ended on that date, audited by the zonal auditor of the Company's branches covered under Kumaon and Rudrapur Zone.

In our opinion and to the best of our information and according to the explanation given to us, except for the effects of the matter(s) described in the *Basis for Qualified Opinion* section of our report, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act"), in the manner so required and give a true and fair view in conformity with the accounting standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2020;
- b) in the case of the Statement of Profit & Loss, of the loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement for the year ended on that date.

Basis for Qualified Opinion

We draw attention to the matters described in "*Annexure A*" to this report, the effects of misstatements and possible effects of undetected misstatements on the financial statements due to inability to obtain sufficient and appropriate audit evidence which are material but, not pervasive either individually or in aggregate.

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the financial statements* section of our report. We are independent of the company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the financial statements.

Emphasis on Matter

1. We draw attention to *Note no. 2* of the financial statements wherein the company has carried forward capital loss of Rs. 1,91,99,87,865 on account of transfer of undertaking to Power Transmission Corporation of Uttarakhand Limited pursuant to the Uttarakhand Power Transmission Transfer Scheme, 2004 ("Scheme"), provisionally notified by the Government of Uttarakhand ("GOU"), Department of Energy vide Notification No. 87/1/2004-06(3)/259/2002. Such capital loss had been accounted for after taking into consideration modifications to the scheme finalised on 26.11.2018. The final scheme had been sent for approval to the Uttarakhand Shasan Energy Department vide Letter No. 5411/T-38 dated 27.05.2019 and is pending for approval till the date of signing of our report. On notification of the Scheme, if any amendments are done in the facts and figures basis which the scheme is finalised, the same may have an impact on the capital loss booked and hence, impact the financial statements.
2. We draw attention to fact that the accumulated losses of the company have exceeded its net worth. However, financial statements are prepared on going concern basis as the management anticipates profit from operations in future years and continuous financial support from the State Government for continuance of business which will result in positive net worth.



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3. We draw attention to *Note no. 1* of the financial statements, which describes that during the year, the Company has made an allotment of 10,78,785 equity shares for value Rs. 1,07,87,85,000/- to State Government on 16.09.2019. The application money for the issue was received in three parts; Rs. 2,70,00,000/- on 17.12.2018, Rs. 17,30,00,000/- on 26.02.2019 and Rs. 87,87,85,000/- on 30.03.2019. The said allotment has been made after the prescribed limit of sixty days specified under section 42(6) of the Act.

However, as per the explanations obtained from management, the reason for delay in allotment of shares was on account of applicability of Election Code of Conduct w.e.f. 10th March, 2019 to 23rd May, 2019 due to which the management was unable to hold Board Meeting.

4. We draw attention to *Note no. 15 sub note (iii)* of the financial statements, which describes that the company has earmarked a fixed deposit for an amount of Rs. 1,75,62,555 to be spent for CSR activities. The Company has not spent this amount till the date of finalisation of these financial statements. However, as per the information and explanations obtained from the management, the company is in the process of spending such amount towards the eligible CSR activities.

Our opinion is not modified in respect of these matters.

Other Matter

We did not audit the financials of Kumaon and Rudrapur Zone included in the financial statements of the Company whose financials reflect total revenue of Rs. 27,27,99,53,777/- for the year ended on that date. The financial information of these zones has been audited by zonal auditor whose reports have been furnished to us & our opinion in so far as it relates to the amounts and disclosures included in respect of zones, is based solely on the report of such zonal auditor.

Our opinion is not modified in respect of this matter.

Information other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report but does not include the financial statements and our auditors' report thereon. The above-referred information is expected to be made available to us after the date of this audit report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available, and in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions necessitated by the circumstances and the applicable laws and regulations.

Responsibilities of Management and Those charged with Governance for the Financial Statements

The Company's Board of Director is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards specified under Section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



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The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, we report that:

- (a) we have sought and obtained except for the matters described in the *Basis for Qualified Opinion* section of our report, all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) except for the effects/ possible effects of the matters stated in the *Basis for Qualified Opinion* section of our report, 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 and proper returns adequate for the purposes of our audit, have been received from the branches not audited by us;



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- (c) the reports on the accounts of the branch offices of the Company audited under section 143(8) of the Act by the branch auditors of the Company have been sent to us and have been properly dealt with by us in preparing this report;
 - (d) the Company's Balance Sheet and the Statement of Profit and Loss, dealt with by this report are in agreement with the books of accounts and returns;
 - (e) subject to the effects of the matters mentioned in the *Basis for Qualified Opinion* section of our report, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (f) as per notification number G.S.R. 463(E) dated 5th June, 2015, issued by Ministry of Corporate Affairs, section 164(2) of the Act regarding the disqualifications of directors is not applicable to the Company, since it is a Government Company;
 - (g) with respect to maintenance of accounts and other matters connected therewith, refer *Qualified Opinion* section of our report on internal financial controls given at "*Annexure B*";
 - (h) with respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our report on internal financial controls in "*Annexure B*";
 - (i) with respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial positions in the financial statements - Refer *Note no. 7 sub note (ii)* of the financial statements; and
 - ii. the Company does not have any long-term contracts including derivatives contracts, for which there were any material foreseeable losses; and
 - iii. there were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.
2. Based on verification of books of account of the Company and according to information and explanations given to us, we give in the "*Annexure C*" a statement on the matters stated in the directions issued by the Comptroller and Auditor General of India in terms of sub section (5) of Section 143 of the Act.
3. As required by the Companies (Auditor's Report) Order, 2016 (the "Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "*Annexure D*" a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.
4. As per Notification number G.S.R. 463(E) dated 5th June, 2015, issued by Ministry of Corporate Affairs, provisions of section 197 of the Act regarding remuneration to director is not applicable to the Company, since it is a Government Company therefore, reporting as required u/s 197(16) of the Act cannot be made.

For HEMANT ARORA & Co. LLP
Chartered Accountants

Firm Reg. No. 002141C/C400076



Sanjay Arora
Partner
M. No. 400076

UDIN No.: 20400076AAAAXB6494
Place: Dehradun
Date: 3rd November, 2020

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Annexure A – to the INDEPENDENT AUDITOR'S REPORT

(Referred to in our report, under 'Basis for Qualified Opinion' section of our report to the Members of Uttarakhand Power Corporation Limited of even date)

1. Referring to *Para 3.3* under *Note no. 29* of the financial statements on significant accounting policies, the Company is carrying its damaged fixed assets at cost less accumulated depreciation. As per the principles laid down in Accounting Standard-28 "Impairment of assets", physical damage to an asset is an internal source of indication that the asset may be impaired. An asset is said to be impaired when the carrying value of such asset exceeds its recoverable amount. In such a case, the Company is required to provide for impairment loss [*Carrying Value minus Recoverable Amount*] by estimating the recoverable amount of the asset at each balance sheet date. However, the Company has not provided for such impairment loss thereby, resulting in non-compliance of Accounting Standard-28. To the extent of such provision not made, the losses of the Company are understated. However, we are unable to comment on the amount of adjustments, if any, are required in the financial statements.
2. Referring to *Para 2* under *Note no. 29* of the financial statements on significant accounting policies, the Company receives contributions/ deposits from consumers towards service connection & lines. The Company is adopting deferred income methodology to account for such contributions/ deposits as explained in the principles laid down in Accounting Standard-12 "Government Grants". As per this method, the contributions/ deposits are recognised in the profit and loss statement on a systematic and rational basis over the useful life of the asset. Such allocation to income is usually made over the periods and in the proportions in which depreciation on related assets is charged. However, it has been observed that capital expenditure met out of these contributions/ deposits has not been identified for the past few years. Due to this, the amount of contribution/ deposit relating to the expenditure not identified has not been recognised in the profit and loss statement. To the extent of such non-recognition of the contribution/ deposit, the loss for the year is over-stated. However, we are unable to quantify the effect of such over-statement in the financial statements.
3. Referring to *Para 12* under *Note no. 29* of the financial statements on significant accounting policies and *Note no. 14* of the financial statements, the Company is providing for bad and doubtful debts @ 2% of the total Non-Government assessment made during the year. The company has total outstanding debtors of Rs. 22,79,73,78,130/-; out of which Rs. 13,09,63,34,082/- has been provided for as bad & doubtful, which is 57.44% of the total outstanding. It has been observed that the provision for bad & doubtful debts is not reviewed each year. 2% of the Non-Government assessment in each year is accumulated to the provision, due to which the balance in provision account has become more than 55% of the total outstanding. In our opinion, such a provision is excessive than what may be required. To the extent of such excessive provision, loss for the year is overstated and assets undervalued. However, we are unable to quantify the effect of such over-statement in the financial statements.
4. Referring to *Para 3.3, 6.2 and 6.3* under *Note no. 29* of the financial statements on significant accounting policies relating to accounting and issue of store and spares i.e., "Inventories for Capital works" at centralized store at issue price, is not in accordance with the principles laid down in the Accounting Standard-10 "Property, Plant & Equipment". As per Accounting Standard- 10, the accounting is to be done at cost. In view of the above, inventory for capital works are overstated by an amount of Rs. 27,43,36,587 and correspondingly the losses are understated by similar amount.
5. Referring to *Note no. 13* of the financial statements, the debit balance under the head Inter Unit Balance of Rs. 3,45,12,026 has not been reconciled till the date of preparation of these financial statements. Consequential effect of the same on the financial statements cannot be ascertained.
6. It has been observed that the Provisions with respect to the employee benefits such as compensated absences have not been made in accordance with the principles laid down in Accounting Standard-15, "Employee Benefits". In view of the above, we are unable to comment on the adjustments, if any, required to the accompanying financial statements in this regard.
7. It has been observed that the company reconciles its Bank Balance as per Bank statements and Bank Balance as per Books of account on a monthly basis by preparing a Bank Reconciliation Statement ("BRS"). In such BRS there are certain differences which are appearing from a considerable period of time with respect to other credits from customers. However, such other credits remain unidentified for a considerable period of time due to which the billing system levies Delayed Payment Surcharge ("DPS") on such amounts. This levy of DPS is not appropriate and results in over statement of income and understatement of losses. However, we are unable to comment on the amount of adjustment, if any, is required to be done in the financial statements. The same has also been qualified in the Branch Auditor's Report of Rudrapur and Kumaon Zone furnished to us.



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8. We draw attention to the *Note no. 14 sub note (iii)* of the financial statements which explains that, trade receivables include Rs. 86.40 Crores, recoverable on account of sale of power outside the state, from M/s Kreate Energy (I) Private Limited (formerly M/s Mittal Processors Private Limited). As per recent developments, the said recoverable has been taken up by Uttarakhand Shasan Energy Department as a subject matter of inquiry. The said inquiry is on-going as on the date of the approval of financial statements. This has casted a doubt on the management's assertions regarding certainty of the recoverability of the amount. In view of the above, we are unable to comment whether any adjustment, if any, regarding above is to be done. However, as per the information and explanations provided by the management, they are certain about their assertions regarding recovery of the said amount.

Further, the Company has not recognised income on account of late payment surcharge in accordance with the terms and conditions of the agreement. However, since the balance reconciliations with the customer are in process it is not possible to quantify the amount of misstatement. In view of above, the losses of the company are overstated.

For HEMANT ARORA & Co. LLP
Chartered Accountants
Firm Reg. No. 002141C/C400076



Sanjay Arora
Sanjay Arora
Partner
M. No. 400076

UDIN No.: 20400076AAAAXB6494
Place: Dehradun
Date: 3rd November, 2020

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Annexure B – to the INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(h), under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Uttarakhand Power Corporation Limited of even date)

We have audited the internal financial controls over financial reporting of the Company as of 31st March, 2020 in conjunction with our audit of the 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 internal financial controls with reference to financial statements 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 ("Guidance Note") and the SAs, issued by Institute of Chartered Accountants of India 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. 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 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:

- (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (b) 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
- (c) 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.



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Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Qualified Opinion

According to the information and explanations given to us and based on our audit, the Company has not established its internal control over financial reporting on criteria 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. As a result, we are unable to obtain sufficient and appropriate audit evidence to provide a basis for our opinion whether the company had adequate internal control over financial reporting and whether such internal control was operating effectively as on 31st March, 2020.

Based on the limited audit procedures performed by us during the course of our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial control over financial reporting as at 31st March, 2020:

1. The Company does not have an appropriate internal control system for ensuring capitalization of property plant and equipment on the date when it is available for use, due to delay in issuance of work completion certificate by respective engineering departments, which has potentially resulted into under capitalization of property plant and equipment and corresponding impact on operational results due to lower charge of depreciation.
2. The Company does not have an integrated ERP system which has led to accounting lapses specially in the area of inter unit transactions, mainly with respect to transfer of inventory for capital works from one unit to other. As a result, inter-unit balances are not reconciled which in turn has impaired the financial reporting.
3. The Company does not have an appropriate internal control system to reconcile the financial accounts pertaining to Goods & Services Tax etc. with the relevant tax records and returns which can possibly result into under/ over statement of such amounts in the financial statements.
4. The Company does not have an appropriate internal control to make management assertions with respect to "existence" of the balances of assets and liabilities at the year-end, i.e. management is not able to confirm or provide the party wise details of the receivables or payables, summarized as under:

Note No.	Management Assertion
6(iii)	Trade Payables- For Capital Supplies/Works
6(iv)	Trade Payables- For O&M Supplies/Works
7(4)(ii)	Deposits & Retention Money from Suppliers/Contractors
7(4)(iii)	Other Deposits Payable
12(A)	Capital Advances: Un-secured & Considered Good
12(B)	Other Loans & Advances: Trade Receivables- Un-secured & Considered Good
16(1)	Others: Advances for O&M Supplies/Works- Un-secured & Considered Good
16(2)	Others: Loans & Advances- Others – Un-secured & Considered Good

5. Referring to *Note no. 14* of financial statements, where trade receivables have been explained, the management has aged the receivables for purpose of presentation in the financial statements on an estimated basis. This is due to the inherent incapability/ limitation of the accounting application system, wherein it is not possible to generate a debtor ageing report. Further, there is no conclusive evidence provided by management in support of its assertion of the ageing of receivables. Hence, we are not in a position to comment on the disclosure of the receivables ageing in the financial statements.
6. The Company does not have an appropriate internal control over timely reconciliation of differences appearing in the Bank Reconciliation Statement ("BRS"). This has resulted in inappropriate levy of Delayed Payment Surcharge ("DPS") on consumers, which has in turn overstated the income and understated the losses for the financial year.



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

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company, and these material weaknesses have affected our opinion on the financial statements of the Company and we have issued a qualified opinion on the financial statements.

For HEMANT ARORA & Co. LLP
Chartered Accountants

Firm Reg. No. 002141C/C400006



Sanjay Arora
Sanjay Arora
Partner
M. No. 400076

UDIN No.: 20400076AAAAXB6494

Place: Dehradun

Date: 3rd November, 2020

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Annexure C – to the INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2, under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Uttarakhand Power Corporation Limited of even date)

Additional revised general and company/ sector specific directions under section 143(5) of Companies Act, 2013 applicable from the financial year 2015-16 and onwards

S.No.	Directions	Replies
1.	Whether the company has clear title/ lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/ lease deeds are not available.	Yes, the Company has clear title deeds to the extent verified.
2.	Whether there are any cases of waiver/ write off of debts/ loans/ interest etc., if yes, the reasons there for and the amount involved.	Trade Receivables for Rs. 24,24,60,060/- have been waived off which has been adjusted against Provision for Bad & Doubtful Debts.
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Government or other authorities.	Yes, proper records are maintained for inventories lying with third parties. i.e. contractors. No assets have been received as gift/ grant(s) from government or other authorities. However, with respect to assets created out of the grants received from government, the records have been properly maintained.

Additional revised general and company/ sector specific directions under section 143(5) of Companies Act, 2013 applicable from the year 2018-19 and onwards

S.No.	Directions	Replies
1.	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	UPCL has IT Systems in place to process all the accounting transactions. All accounting entries are captured in computerised system and account is generated after authorisation and closing of all entries. Hence, there are no implications of processing of accounting transactions outside IT System.
2.	Whether there is any restructuring of an existing loan or cases of waiver/ write off of debts/ loans/ interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	There are no such cases during the year.
3.	Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	Funds received for specific schemes from REC, PFC for RAPDRP/ DDUGJY/ Saubhagya/ IPDS are properly accounted for and utilized in accordance with the terms and conditions of the scheme.

Power Sector specific sub directions under Section 143(5) of the Companies Act, 2013

S. No.	Sub Directions	Replies
1.	Adequacy of steps to prevent encroachment of idle land owned by the company may be examined. In case land of the Company is encroached, under litigation, not put to use or declared surplus, details may be provided.	The Company does not possess any idle land.
2.	Where land acquisition is involved in setting up new projects, report whether settlement of dues done expeditiously and in a transparent manner in all cases. The cases of deviation may please be detailed.	Where land acquisition is involved in setting up new projects, settlement of dues is done expeditiously and in a transparent manner in all cases. No cases of deviations reported/observed.
3.	Whether the Company has an effective system for recovery of revenue as per contractual terms and the revenue is properly accounted for in the books of account in compliance with the applicable Accounting Standards.	The Company has an effective system for recovery of revenue as per contractual terms.
4.	How much cost has been incurred on abandoned projects and out of this how much cost has been written off?	No abandoned projects reported/ observed.
5.	Has the company entered into agreements with franchise for distribution of electricity in selected areas and revenue sharing agreements adequately protect the financial interest of the company?	As informed, the Company has not entered into any agreement of franchise for distribution of electricity.
6.	Report on the efficacy of the system of billing and collection of revenue in the company.	Adequate system of billing and collection of revenue is in place.



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7.	Whether tamper proof meters have been installed for all consumers? If not then, examine how accuracy of billing is ensured.	As reported, tamper proof meters have been installed for all consumers.
8.	Whether the Company recovers and accounts, the State Electricity Regulatory Commission (SERC) approved Fuel and Power Purchase Adjustment Cost (FPPCA)?	A mechanism for recovery of Fuel Cost Adjustment (FCA) has been provided in the regulations by Uttarakhand Electricity Regulatory Commission. This provision has been implemented and recovery of FCA is being done as and when the same is due as per the provisions contained in the said regulations.
9.	Whether the reconciliation of receivables and payables between the generation, distribution and transmission companies has been completed. The reasons for difference may be examined.	The reconciliation of payables to the generation, and transmission companies is carried out from time to time. However, balance of Power Transmission Corporation of Uttarakhand Ltd is not matching with the balance of books in UPCL as at 31.03.2020. The reason of non-reconciliation is attributed to non-accounting of some entries.
10.	Whether the Company is supplying power to franchisees, if so, whether the Company is not supplying power to franchisees at below its average cost of purchase.	No franchise has been appointed.
11.	How much tariff roll back subsidies have been allowed and booked in the accounts during the year? Whether the same is being reimbursed regularly by the State Government shortfall if any may be commented?	During the year no tariff roll back subsidies have been allowed.
12.	Examine the system of effective utilization of Loans/Grant-in-Aid/Subsidy. List the cases of diversion of funds.	Money raised by way of term loans were applied for the purpose for which it was raised. Grant-in-Aid received are utilized for the purpose for which it was received.
13.	Examine the cost benefit analysis of major capital expenditure/expansion including IRR and payback period.	It is not feasible to ascertain the internal rate of return or payback period for the capital expenditure incurred as the revenue generated cannot be accredited with specific capital expenditure.
14.	If the audited entity has computerized its operations or part of it, assess and report, how much of the data in the company is in the electronic format, which of the area such as accounting, sales personnel information, pay roll, inventory etc. have been computerized and the company has evolved proper security policy for data/software/hardware?	The financial accounting data of the Company is being maintained in online Financial Accounting System. For billing of consumers, R-APDRP is in use. Payroll processing is computerized. Inventory at Centralized stores is maintained in online MMS however, stock records for inventory at decentralized stores at unit level are maintained by the concerned JE manually. Draft security policy for data /software/hardware has been framed which is being finalized. For data security there is provision of regular backup of applications and databases. For RAPDRP application data is also replicated in Disaster Recovery Centre of UPCL. Security Audit work of entire IT infrastructure of Data Centre, Disaster Recovery Centre (Hardware, System Software and Network) and UPCL website has been awarded to M/s Digital Age. The firm is presently doing the security audit of UPCL. ERP SAP implementation process is under implementation phase by M/s PWC comprising the modules for HR, Finance and Material Management.

For HEMANT ARORA & Co. LLP
Chartered Accountants

Firm Reg. No. 002141C/C400006



Sanjay Arora
Partner

M. No. 400076

UDIN No.: 20400076AAAAXB6494

Place: Dehradun

Date: 3rd November, 2020

HEMANT ARORA & CO. LLP

Chartered Accountants

Annexure D – to the INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 3, under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Uttarakhand Power Corporation Limited of even date)

We report that:

i. in respect of its fixed assets:

- (a) the Company has not maintained proper records for Fixed Assets showing full particulars including quantitative details and location of fixed assets. The Company has represented that the Fixed Assets Register has been updated up to financial year 2018-19. However, with respect to financial year 2019-20 the Company is in the process of updating the same;
- (b) physical verification of fixed assets has not been carried out;
- (c) considering the voluminous nature and various locations, we have verified the title/lease deeds of immovable properties on a sample basis and concluded that the deeds were held in the name of the company;

ii. inventory at centralized stores have been physically verified during the year. Discrepancies noticed during physical verification of inventories have been dealt with by the company.

Physical verification of inventory at decentralized stores has not been produced before us.

In absence of the complete record(s), we are unable to report whether frequency of verification is reasonable and the manner in which material discrepancy has been dealt in the books of account;

- iii. according to the information and explanations given to us and based on the audit procedures conducted by us, the Company has not granted any loan, secured or unsecured to the Companies, Firms, Limited Liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 during the year. Therefore, reporting under clause (a) to (c) of paragraph 3(iii) of the order is not applicable to the Company;
- iv. according to the information and explanations given to us and based on the audit procedures conducted by us, the Company has not granted any loan, made any investments, given any guarantees and security where provisions of Section 185 and Section 186 are to be complied with. Therefore, paragraph 3(iv) of the Order is not applicable to the Company;
- v. according to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not accepted any deposit from the public covered under Section 73 to 76 or other relevant provisions of the Companies Act, 2013. Therefore, paragraph 3(v) of the Order is not applicable to the Company;
- vi. according to the information and explanations given to us, the Company is prima-facie maintaining the cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013;
- vii. in respect of statutory dues:

- (a) undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Service Tax, Goods & Service Tax and other material statutory dues have been generally deposited regularly with the appropriate authorities.

However, undisputed statutory dues on account of Green Energy Cess and Electricity Duty have not been deposited regularly with the appropriate authorities.

The details of statutory dues, outstanding for the period of more than six months from the date they become payable as at 31st March, 2020 are as follows:

S.No.	Nature of Dues	Amount outstanding as at 31st March, 2020 (in Rs.)
1.	Electricity Duty	513,55,16,229
2.	Green Energy Cess	137,80,39,184

- (b) there are no dues of income tax, sales tax, duty of customs, duty of excise, value added tax and goods and service tax (GST) pending on account of any dispute.



HEMANT ARORA & CO. LLP

Chartered Accountants

- viii. according to the information & explanations given to us, the Company has taken term loans from Bank, Financial Institutions and Government. During the year the company has not defaulted in repayment of loan.
- ix. in our opinion and according to the information and explanations given to us and on the basis of examination of books of account, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments). Money raised by way of term loans were applied for the purpose for which it was raised.
- x. as explained to us, no fraud occurred during the reporting period.
- xi. in view of exemptions given vide in terms of Notification No. G.S.R 463(E) dated 05th June, 2015,
- xii. issued by the Ministry of Corporate Affairs, the provisions of section 197 read with schedule V of the Act regarding Managerial Remuneration are not applicable to the Company.
- xiii. the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.
- xiv. in our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013. Details of the related party transactions have been disclosed in the financial statements as required by the applicable Accounting Standards.
- xv. in our opinion and according to the information and explanations give to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, paragraph 3(xiv) of the order is not applicable to the company.
- xvi. in our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him thus, the provisions of Section 192 of the Companies Act, 2013 are not applicable. Therefore, paragraph 3(xv) of the Order is not applicable to the company.
- xvii. the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, paragraph 3(xvi) of the Order is not applicable to the company.

For HEMANT ARORA & Co. LLP
Chartered Accountants
Firm Reg. No. 002141C/C400006



Sanjay Arora
Partner
M. No. 400076

UDIN No.: 20400076AAAAXB6494
Place: Dehradun
Date: 3rd November, 2020

UTTARAKHAND POWER CORPORATION LTD.

CIN: U40109UR2001SGC025867

BALANCE SHEET AS AT 31st March, 2020

(Amount in Rupees)

Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	14,44,90,84,000	13,21,02,99,000
(b) Reserves and Surplus	2	(16,00,08,95,474)	(13,48,05,11,088)
(1A) Share Application Money Pending Allotment	1	-	1,07,87,85,000
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	3	9,13,16,86,090	8,48,13,06,550
(b) Other Long-Term Liabilities	4	2,66,58,02,783	1,69,39,09,865
(3) Current Liabilities			
(a) Short-Term Borrowings	5	7,90,68,19,156	8,03,44,21,056
(b) Trade Payables	6	15,84,76,52,746	16,08,69,25,742
(c) Other Current Liabilities	7	50,83,15,91,684	43,42,01,53,293
(d) Short-Term Provisions	8	1,26,07,88,318	1,60,63,29,960
Total		86,09,25,29,303	80,13,16,19,378
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
i) Tangible & Intangible Assets	9	36,14,20,09,336	35,83,90,75,464
ii) Capital Work In Progress	9	10,67,21,47,848	6,63,74,69,338
iii) Inventory for Capital Works	10	4,46,03,05,103	3,44,93,61,556
(b) Deferred Tax Assets (Net)	11	1,06,38,35,885	1,22,80,49,672
(c) Long-Term Loans and Advances	12	10,45,71,54,955	10,68,15,12,182
(2) Inter Unit Transactions Balances	13	3,45,12,026	(15,42,96,513)
(3) Current Assets			
(a) Trade Receivables	14	9,70,10,44,048	4,68,87,25,992
(b) Cash and Cash Equivalents	15	12,87,07,60,331	14,53,78,83,551
(c) Short-Term Loans and Advances	16	20,64,82,968	21,32,39,201
(d) Other Current Assets	17	48,42,76,803	3,01,05,98,935
Total		86,09,25,29,303	80,13,16,19,378

Significant Accounting Policies

Notes to the financial statements attached thereto form an integral part of Financial Statements.

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1 to 30

This is the Balance Sheet referred to in our Report of even date.

For HEMANT ARORA & CO. LLP

CHARTERED ACCOUNTANTS

F.R. No.: 002141C/C400006

SANJAY ARORA

PARTNER

M.No. 400076

DATE: 3rd November, 2020

PLACE : DEHRADUN



For & ON BEHALF OF BOARD OF DIRECTORS

(R.J. MALIK)

COMPANY SECRETARY

M.No. F4694

(N.K. GUPTA)

DIRECTOR (FINANCE)

DIN: 08338075

(DR. NEERAJ KHARWAL)

MANAGING DIRECTOR

DIN: 07973060

UTTARAKHAND POWER CORPORATION LTD.

CIN: U40109UR2001SGC025867

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st March, 2020

(Amount in Rupees)

Particulars	Note No.	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Revenue/Income			
Revenue from Operations	18	68,30,97,01,312	62,18,60,70,571
Other Income	19	1,09,94,54,064	92,39,92,662
I. Total Revenue/Income		69,40,91,55,376	63,11,00,63,233
Expenses			
Purchase Cost of Electricity	20	64,57,18,46,215	60,76,58,56,743
Repair and Maintenance Expenses	21	1,77,67,95,024	1,44,33,33,652
Employee Benefit Expenses	22	3,38,85,05,562	3,41,57,77,552
Financial Costs	23	2,17,66,56,082	2,13,26,86,202
Depreciation and Amortization Expenses	24	2,10,16,57,262	1,81,82,44,483
Other Administrative Expenses	25	43,46,25,221	40,67,78,756
Provision for Bad and Doubtful Debts		1,24,87,86,382	1,14,46,63,572
II. Total Expenses		75,69,88,71,748	71,12,73,40,960
III. Profit/(Loss) before Exceptional/Prior Period Items, Rate Regulated Activities and Tax (I-II)		(6,28,97,16,372)	(8,01,72,77,727)
IV. Exceptional/Prior Period Items	26	3,22,62,28,386	(17,70,70,584)
V. Profit/(Loss) before Rate Regulated Activities and Tax (III+IV)		(3,06,34,87,986)	(8,19,43,48,311)
VI. Regulatory Income/ (Expenses)	27	(2,54,54,00,000)	2,54,54,00,000
VII. Profit/(Loss) before Tax (V+VI)		(5,60,88,87,986)	(5,64,89,48,311)
VIII. Tax Expense:			
Deferred Tax Assets/(Liabilities)		(16,42,13,787)	11,66,94,578
IX. Profit(Loss) for the Year (VII-VIII)		(5,77,31,01,773)	(5,53,22,53,733)
X. Basic & Diluted Earning per Equity Share (Face Value of Rs. 1000/- each)	28	(408.44)	(420.00)
Significant Accounting Policies	29		
Notes to the financial statements attached thereto form an integral part of the Financial Statements.	1 to 30		

This is the Profit & Loss Statement referred to in our Report of even date.

For HEMANT ARORA & CO. LLP

CHARTERED ACCOUNTANTS

F.R. No.: 002141C/C400006

For & ON BEHALF OF BOARD OF DIRECTORS

SANJAY ARORA

PARTNER

M.No. 400076

DATE: 3rd November, 2020

PLACE : DEHRADUN



(R.J. MALIK)

COMPANY SECRETARY

M.No. F4694

(N.K. GUPTA)

DIRECTOR (FINANCE)

DIN: 08338075

(DR. NEERAJ KHARWAL)

MANAGING DIRECTOR

DIN: 07973060

UTTARAKHAND POWER CORPORATION LTD.

CIN: U40109UR2001SGC025867

Notes Forming Integral Part of the Financial Statements as at 31st March, 2020

Note No.1 => Share Capital

(Amount in Rupees)

S.No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
1	Authorized Capital 20,000,000 Equity Shares of Rs. 1000 each.	20,00,00,00,000	20,00,00,00,000
2	Issued Capital 14449084, Equity Shares of Rs. 1000 each. (refer sub-note (vi)&(vii))	14,44,90,84,000	13,21,02,99,000
3	Subscribed and Fully Paid up 14449084, Equity Shares of Rs. 1000 each fully paid up.	14,44,90,84,000	13,21,02,99,000
	Total	14,44,90,84,000	13,21,02,99,000
	Share Application Money Pending Allotment Nil, Equity Shares of Rs. 1000 each.	-	1,07,87,85,000
	Total	-	1,07,87,85,000

(i) **Rights, preferences and restrictions attached to shares:**

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

(ii) **Reconciliation of number of Shares Outstanding**

Particulars	As at 31st March, 2020	As at 31st March, 2019
Opening number of Shares Outstanding	1,32,10,299	1,30,60,299
Add: Allotted during the year	12,38,785	1,50,000
Less: Bought Back	-	-
Closing number of Shares Outstanding	1,44,49,084	1,32,10,299

(iii) **Reconciliation of number of Shares outstanding**

(Amount in Rupees)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Opening number of Shares Outstanding	13,21,02,99,000	13,06,02,99,000
Add: Allotted during the year	1,23,87,85,000	15,00,00,000
Less: Bought Back	-	-
Closing number of Shares Outstanding	14,44,90,84,000	13,21,02,99,000

(iv) **Detail of Shareholders Holding more than 5 percent Shares**

Name of the Shareholder	No. of Shares	% Shareholding
Government of Uttarakhand	14449074	99.99%

(v) During the year, no shares have been allotted pursuant to contract (c) without payment received in cash by way of bonus shares. Further, no shares have been bought back during the year.

(vi) Share application money received during the FY 2018-19 vide GO No. 1848/I(2)/2018-06(3)/21/2018 dated 17-12-2018 for Rs. 2,70,00,000, vide GO No. 269/I(2)/2019-06/14/2012 dated 26-02-2019 for Rs. 17,30,00,000 & vide GO No. 525/I(2)/2019-06-14/2012 dated 30-03-2019 for Rs. 87,87,85,000 totalling to Rs. 1,07,87,85,000 from the State Government against which allotment of shares was made on 19-06-2019.

(vii) During the FY 2019-20, Rs. 16,00,00,000 was sanctioned and received pursuant to GO No. 1088/I(2)/2019-06/14/2012 dated 19-08-2019 towards Share Capital of the State Government against which allotment of 1,60,000 Equity Shares was made on 27-09-2019.



UTTARAKHAND POWER CORPORATION LTD.

CIN: U40109UR2001SGC025867

Notes Forming Integral Part of the Financial Statements as at 31st March, 2020

Note No.2 => Reserve & Surplus

(Amount in Rupees)

S.No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
	A. Capital Reserve		
1	Consumer Contribution for Service Connections & Lines and Deposit Works		
	Balance as per last Balance Sheet	5,68,90,08,714	5,10,68,30,130
	Add: Addition/Adjustment during the year	48,24,79,875	82,68,39,441
	Less: Amortisation of Contribution	34,37,53,009	24,46,60,857
		5,82,77,35,580	5,68,90,08,714
2	Government Grants towards Capital Works		
	Balance as per last Balance Sheet	13,96,99,63,768	6,30,19,06,068
	Add: Addition/Adjustment during the year	3,84,41,09,604	8,16,89,05,192
	Less: Amortisation of Grants	73,01,19,083	50,08,47,492
		17,08,39,54,289	13,96,99,63,768
3	Transfer Scheme with PTCUL [refer sub-note (i)]		
	Balance as per last Balance Sheet	(1,91,99,87,865)	-
	Add: Addition/Adjustment during the year	-	(1,91,99,87,865)
		(1,91,99,87,865)	(1,91,99,87,865)
	B. General Reserve & Surplus		
1	Surplus (Profit & Loss Account)		
	Balance as per last Balance Sheet	(31,21,94,95,705)	(25,68,72,41,972)
	Add: Transfer from Statement of Profit & Loss	(5,77,31,01,773)	(5,53,22,53,733)
		(36,99,25,97,478)	(31,21,94,95,705)
	Total of (A+B)	(16,00,08,95,474)	(13,48,05,11,088)

- (i) In order to give effect to the provisions of the Electricity Act, 2003, the transmission business from the Company was transferred to a newly formed Company named Power Transmission Corporation of Uttarakhand Limited ("PTCUL"). With effect from 1st June, 2004, certain assets and liabilities of the Transmission Undertaking were transferred to the newly formed Company PTCUL. The company had booked loss of Rs. 1,91,99,87,865 on account of transfer of undertaking to Power Transmission Corporation of Uttarakhand Limited pursuant to the Uttarakhand Power Transmission Transfer Scheme, 2004, provisionally notified by the Government of Uttarakhand ("GOU"), Department of Energy vide Notification No. 87/1/2004-06(3)/259/2002. Such loss had been accounted for after taking into consideration modifications to the scheme, finalised on 26th November, 2018. The Final scheme has been sent to accord approval and thereby notification, to the Uttarakhand Shasan Energy Department vide Letter no. 5411/T-38 dated 27th May, 2019. On notification of the scheme, if any changes in the figures are made, the same may have an impact on the loss booked and hence, impact the financial statements.



UTTARAKHAND POWER CORPORATION LTD.

CIN: U40109UR2001SGC025867

Notes Forming Integral Part of the Financial Statements as at 31st March, 2020

Note No.3 => Long Term Borrowings

(Amount in Rupees)

S.No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
1	Secured Borrowings		
	R.E.C. Loans-(Secured by Guarantee of Government of Uttarakhand)	81,76,92,218	1,06,52,50,497
	<i>(This loan pertains to transfer scheme between UPPCL & UPCL. The EMI of principal & interest for Rs. 2.83 Crores is payable upto Dec. 2022 at the annual rate of interest of 9.75% p.a.)</i>		
	New R.E.C. Loans (Secured by hypothecation of New Fixed Assets)	8,03,19,79,893	7,20,93,25,082
	<i>(These loans pertains to system improvement & funding agency is M/s REC Ltd. The moratorium period of loans is 3 years from the date of receipt of each tranche of loan amount and each tranche of loan received is repayable in 10 equal yearly installments. The rate of interest is 10.25% p.a.)</i>		
	R.E.C. Loans-RGGVY (Secured by Uttarakhand Government)	13,20,34,929	21,16,71,097
	<i>(This loan pertains to Rural Electrification & funding agency is M/s REC Ltd. The yearly repayment of loan & Interest is Rs. 10.87 Crores. The repayment shall be completed by FY 2021-2022. The average rate of interest is 10.25% p.a.)</i>		
	R.E.C. Loans-DDUGJY (Secured by Uttarakhand Government)	66,08,17,000	29,03,96,000
	<i>(This loan pertains to Rural Electrification & funding agency is M/s REC Ltd. The moratorium period of loans is 3 years from the date of receipt of each tranche of loan amount and each tranche of loan received is repayable in 10 equal yearly installments. The average rate of interest is 10.75% p.a.)</i>		
	R-APDRP-Part A : SCADA (Secured by Guarantee of Government of Uttarakhand)	14,28,00,000	14,28,00,000
	<i>(This loan pertains to system improvement & funding agency is M/s PFC Ltd. The loan is convertible into grant on completion of work and fulfilling terms and conditions. The average rate of interest is 11.50% p.a.)</i>		
	R-APDRP-Part B (Secured by Guarantee of Government of Uttarakhand) loan	28,42,93,806	31,20,29,785
	<i>(This loan pertains to system improvement & funding agency is M/s PFC Ltd. Each tranche of loan is repayable in ten years, in quarterly installments from the date of receipt of each tranche and the rate of interest is 10.40% p.a.)</i>		
	Sub Total (A)	10,06,96,17,846	9,23,14,72,461
2	Unsecured Borrowings		
	State Government Loans	20,79,62,038	27,03,52,518
	<i>(This loan pertains to system improvement & rural electrification and funding agency is State Government.10 instalments in a year of Rs.62.39 lacs each is payable upto FY 2023-24, and the average rate of interest is 10.00% p.a.)</i>		
	Sub Total (B)	20,79,62,038	27,03,52,518
	Total (A+B)	10,27,75,79,884	9,50,18,24,979
	Less: Current Maturity (C)	1,14,58,93,794	1,02,05,18,429
	Total (A+B-C)	9,13,16,86,090	8,48,13,06,550

- (i) These Loans are not secured by charge on the Assets of the Company however, a Guarantee furnished by the Government of Uttarakhand, has been provided against such loans.



UTTARAKHAND POWER CORPORATION LTD.

CIN: U40109UR2001SGC025867

Notes Forming Integral Part of the Financial Statements as at 31st March, 2020

Note No.4 => Other Long Term Liabilities

(Amount in Rupees)

S.No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
1	Payable to Power Transmission Corporation of Uttarakhand Limited [refer sub-note (i)]	42,29,09,865	42,29,09,865
2	Payable to UJVN Limited [refer sub-note (ii)]	41,08,00,000	-
3	Payable to UPCL GPF Trust [refer sub-note (ii)]	1,83,20,92,918	-
4	G.P.F. Liabilities	-	1,27,10,00,000
	Total	2,66,58,02,783	1,69,39,09,865

- (i) In order to give effect to the provisions of the Electricity Act, 2003, the transmission business from the Company was transferred to a newly formed Company named Power Transmission Corporation of Uttarakhand Limited ("PTCUL"). As per the Transfer Scheme finalized in the books of the Company, Rs. 61.54 Crores was shown as payable to PTCUL on account of unutilized portion of REC and NABARD loans obtained for Transmission works. Subsequently, out of the said amount, Rs. 22.20 Crores was paid to PTCUL in December, 2004. Further, after taking into consideration modifications to the scheme finalized on 26.11.2018, an additional sum of Rs. 2.95 Crores pertaining to unutilized amount of REC and NABARD loans was determined as payable to PTCUL.
- (ii) UPCL commenced its activities of Transmission and Distribution of electricity w.e.f. 09.11.2001 by taking over assets and liabilities of the UPPCL. In the said transfer scheme, General Provident Fund ("GPF") liability pertaining to employees then transferred from UPPCL to the UPCL was also transferred to UPCL and hence, payable by the Company. The said liability was subsequently transferred to a Trust namely, "UPCL Employees GPF Trust". During the financial year 2019-20, the said liability has been crystallized after Joint meeting held at Chief Secretary level of Uttar Pradesh & Uttarakhand on 17.08.2019 and final adjustments have been made to the payables and receivables shown till the previous financial year. The major financial implications on the crystallization of the GPF liabilities were:
- a) A sum of Rs. 1.56 Crores is receivable from UPPCL and the same has been duly received during the financial year.
- b) A sum of Rs. 42.64 Crores is payable to UJVN Limited towards the GPF liabilities discharged by it. Out of the said payable Rs. 1.56 Crores have been duly paid during the financial year 2019-20.
- c) A sum of Rs. 183.21 Crores is payable to GPF Trust towards the GPF liability including the interest accrued over the years. The said sum is repaid on Non-Refundable payment as well as on full and final settlement of the respective employee covered in this scheme at the time of retirement from the Company.



UTTARAKHAND POWER CORPORATION LTD.

CIN: U40109UR2001SGC025867

Notes Forming Integral Part of the Financial Statements as at 31st March, 2020

Note No.5 => Short Term Borrowings

(Amount in Rupees)

S.No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
	Secured Borrowings [refer sub-note (ii) & (iii)]		
	From Banks		
	Punjab National Bank	4,30,68,67,502	5,40,61,52,969
	Bank of Baroda [refer sub-note (i)]	-	50,28,20,925
	HDFC Bank	1,49,53,69,048	1,49,79,08,032
	State Bank of India	1,10,47,86,817	-
	Bank of India	99,97,95,789	49,66,40,577
	Punjab National Bank- IPDS Loan [refer sub-note (i)]	-	13,08,98,553
	Total	7,90,68,19,156	8,03,44,21,056

- (i) During the year, the Overdraft facility from Bank of Baroda & Loan from Punjab National Bank has been repaid and no objection certificate has been obtained with respect to the same.
- (ii) Borrowings from Banks have been secured against Fixed Deposits made with the banks. [refer sub-note (ii) to Note no. 15]
- (iii) Rate of interest applicable on above borrowings is a certain basis points above the applicable rate of interest receivable on the fixed deposits.



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Note No.6 => Trade Payables

(Amount in Rupees)

S.No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
	Summary of Trade Payables		
	i. For Power Purchase	14,20,90,89,904	14,78,11,31,495
	ii. For Bills Payables [refer sub-note (i)]	37,26,65,476	-
	iii. For Capital Supplies/Works	81,72,85,709	76,37,44,889
	iv. For O&M Supplies/Works	44,86,11,657	54,20,49,358
	Total	15,84,76,52,746	16,08,69,25,742

- (i) During the financial year, the Company has accepted the liability amounting to Rs. 55,89,98,214 on account of power purchase cost incurred from NHPC Limited ("vendor"). The Vendor has entered into financial arrangements with its Banker for discounting of such bills. As per the agreement with the vendor, UPCL is required to pay the dues directly to the vendor's Banker. The said amount is payable in six monthly installments of Rs. 9,31,66,369 each. Till the date for which financial statements are drawn, two installments have fallen due and duly paid.
- (ii) **Dues to micro, small and medium enterprises:**
The amount due to Micro and Small Enterprises as defined in "The Micro, Small and Medium Enterprises Development Act, 2006", has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosures relating to Micro and Small Enterprises are as below:

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Principal amount remaining unpaid to the suppliers at the end of the year.	Rs. 29,99,97,441	Rs.10,60,24,114 (as per half yearly return for the period October 2018 to March 2019 filed on 26.06.2019).
(b) Interest due & remaining unpaid to the suppliers at the end of the year	The Company has not provided for any interest pertaining to sums that may be payable to MSMEs, if any.	The bills are cleared after verification of the work done which in some cases exceeds stipulated time of 45 days. In few cases, the delay is also due to non-replacement of material failed in independent testing.
(c) Amount of interest paid in terms of Section 16 along with the amount of payment made to the supplier beyond the appointed day during the year		In addition, the exercise for identification of suppliers/contractors registered under MSME Act was done/completed in June 2019 after receiving intimation from suppliers/contractors and therefore the Interest parameter is NIL for FY 2018-19.
(d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond appointed day during the year) but without adding the interest specified under the act.		
(e) The amount of interest accrued and remaining unpaid at the end of the year.		
(f) The amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues are actually paid to the small enterprises, for the purpose of disallowance as a deductible expenditure under section 23.		



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Note No.7 => Other Current Liabilities

(Amount in Rupees)

S.No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
1	Interest Accrued and due on GPF Liability.	-	3,57,66,20,110
2	Interest Accrued and due on Security Deposits	83,89,75,671	61,69,61,109
3	Interest Accrued but not due on Borrowings	5,07,20,257	3,46,55,257
4	<u>Other Payables</u>		
	i) Deposits for Electrification, Service Connections etc.	3,32,02,78,621	3,01,98,80,650
	ii) Deposits & Retention Money from Supplier / Contractors	4,19,11,47,973	3,32,10,11,015
	iii) Other Deposits Payable	8,68,18,240	11,84,34,585
	iv) Other Liabilities & Provisions	47,18,26,106	2,23,33,38,968
	v) E.D. & Other levies Payable to Government [refer sub-note (iii)]	31,88,15,44,112	21,06,76,67,885
	vi) Security Deposit from Consumers	8,84,43,86,910	8,41,10,65,285
5	Current Maturities of Long Term Debts	1,14,58,93,794	1,02,05,18,429
	Total	50,83,15,91,684	43,42,01,53,293

(i) Interest accrued but not due on borrowings of Rs.5,07,20,257 is the interest payable on loan from PFC for R-APDRP (Part A) SCADA for system improvement works.

(ii) **Contingent liabilities and commitments:**

(a) There are some pending court cases against the Corporation, which are lying undecided in various courts and thus an approximate amount to the extent of Rs. 81,92,43,971 (Previous Year Rs. 58,38,90,238) is foreseen as a Contingent Liability.

(b) Estimated value of contracts remaining to be executed on capital account and not provided for (contracts exceeding Rs 50 lakhs) is Rs. 124 Crores (Previous Year Rs. 64 Crores) as at 31st March, 2020.

(c) Demand amounting to Rs. 76,81,878 (Previous Year Rs. 1,09,15,766) on account of outstanding TDS defaults in TRACES as on 31st March, 2020.

(d) Rs. 17.11 Crores is foreseen as Contingent Liability towards Green Energy Cess.

(iii) **This includes the following amounts:**

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Electricity Duty Payable to Govt.	7,02,91,98,050	3,46,41,08,812
(b) Green Energy Cess Payable to Govt.	1,76,68,71,584	95,05,78,396
(c) Free Power Payable to Govt.	13,30,27,01,454	11,04,02,31,632
(d) Water Tax Payable to Govt (UJVNL)	4,49,36,01,718	2,11,83,40,707
(e) Water Tax Payable to Govt (Uttar Bharat)	59,00,946	56,55,913
(f) Water Tax Payable to Govt (Him Urja)	1,89,20,333	1,13,64,020
(g) Cess & Royalty Payable to Govt. (UJVNL)	5,26,43,50,028	3,47,73,88,406



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Note No.8 => Short Term Provisions

(Amount in Rupees)

S.No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
1	Provision for Employee Benefits		
	Staff related Liabilities & Provisions	24,73,54,241	58,79,34,435
	Staff Pension, Gratuity & Leave Salary Fund	23,42,58,788	9,97,90,550
2	Other Provision		
	For Expenses	77,91,75,289	91,86,04,975
	Total	1,26,07,88,318	1,60,63,29,960



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Note No.9 => Fixed Assets & Capital Work In Progress

Tangible & Intangible Fixed Assets

Sl. No.	Assets Group	Gross Block					Depreciation Block					Net Block		(Amount in Rupees)	
		As at 1st April, 2019	Additions other than Assets created out of Grants	Adjustments pertaining to Assets created out of Grants	Deductions during the year	As at 31st March, 2020	Accumulated Depreciation as at 1st April, 2019	Depreciation during the year		Total Depreciation Charged during the year	Deductions during the year	Accumulated Depreciation as at 31st March, 2020	As at 31st March, 2020		As at 31st March, 2019
								On Assets other than created out of Grants & Contributions	On Assets created out of Grants & Contributions						
A	B	C	D	E	F	G=(D+E+F)	H	I	J	K=H+J	L	M=(H+K+L)	N=(G+M)	O=(C+H)	
1	Land and Rights	19,93,48,276	-	-	-	19,93,48,276	-	-	-	49,48,744	-	2,31,15,046	19,93,48,276	19,93,48,276	
2	Land held under Lease	14,15,88,377	52,45,805	-	-	14,67,84,182	1,81,66,302	49,48,744	-	49,48,744	-	2,31,15,046	12,36,69,136	12,35,72,075	
3	Buildings	1,54,68,66,661	23,01,09,467	-	1,79,665	1,77,67,96,463	50,67,66,810	4,77,14,707	49,07,429	5,25,22,136	1,07,798	55,91,81,148	1,21,76,15,315	1,04,00,99,851	
4	Plant & Machinery	11,20,35,35,859	1,24,17,48,291	-	85,88,85,157	11,65,64,98,993	92,05,02,160	50,49,45,056	8,15,89,458	58,63,34,554	28,89,03,450	1,21,81,33,264	10,44,83,66,729	10,36,31,34,899	
5	Lines & Cable Network	43,83,48,33,751	2,67,49,70,429	-	21,90,09,284	46,29,07,94,896	21,10,98,69,351	1,50,78,85,805	80,62,88,105	2,31,41,53,910	5,37,45,369	23,37,02,77,892	22,97,05,17,004	22,72,49,64,400	
6	Furniture and Fixtures	9,84,61,350	65,86,237	-	-	10,46,47,587	5,10,43,135	62,83,420	-	62,83,420	84,560	5,73,26,555	4,73,21,032	4,74,18,215	
7	Vehicles	3,11,52,928	11,59,917	-	3,54,696	3,15,58,149	2,34,32,360	5,52,289	-	5,52,299	-	2,38,99,699	80,58,450	77,20,568	
8	Office Equipment	70,92,47,791	8,49,49,452	-	3,06,68,338	76,34,28,905	16,69,10,893	2,87,89,480	11,91,79,065	14,77,78,545	4,49,191	91,44,04,247	44,89,68,658	54,23,35,998	
9	Other Civil Works	2,15,57,563	-	-	-	2,15,57,563	1,01,75,179	5,27,711	65,572	5,93,283	-	1,07,68,456	1,07,69,107	1,13,82,390	
10	Intangible Fixed Assets	77,92,98,092	-	-	-	77,92,98,092	-	-	6,19,62,468	6,19,62,468	-	6,19,62,463	71,73,35,629	77,92,98,092	
	Total	58,64,59,41,648	4,24,42,69,398	-	1,10,90,97,140	63,78,11,14,105	22,80,68,66,184	2,10,16,57,282	1,07,58,72,092	3,17,55,29,354	34,32,90,768	25,63,91,04,770	36,14,20,09,336	35,83,90,75,464	
	Previous Year	49,26,85,97,874	6,12,51,04,766	3,97,39,15,147	72,16,76,139	58,64,59,41,648	20,53,98,41,648	1,81,82,44,484	74,55,08,349	2,56,37,52,832	31,67,28,297	22,80,68,66,184	35,83,90,75,464	28,70,87,56,226	

(7) The Gross Stock balance as on 1st April 2019 w.r.t. the assets group namely Lines & Cable network (previous year Rs. 68,30,10,17,31.7) and Office Equipment (previous year Rs. 2,61,83,566).

(8) UPLCL was formed as a consequence of Uttar Pradesh Reorganisation Act, 2000. In the formation scheme various assets and liabilities were transferred to UPLCL from UPCL. Fixed Assets taken over by the UPLCL from Uttar Pradesh Power Corporation Limited ("UPCL") on 8th November, 2001, at Gross Value of Rs. 10,56,15,00,000 with accumulated depreciation thereon of Rs. 2,87,20,00,000.

(9) Individuals' block of assets have been taken over by the transfer scheme finalised between UPLCL & UPCL.

(iii) The effect of the provisions of the Electricity Act, 2003, the transmission business from the Company was transferred to newly formed Company named power Transmission Corporation of Uttaranchal Limited ("PTCLU"). With effect from 1st June, 2004, certain assets and liabilities of the Transmission Undertaking were transferred to the Transco. The effect of the provisions of the Electricity Act, 2003, on which accumulated depreciation charged was Rs. 1,12,85,30,101.

7. The Company has chartered Depreciation in FY 2019-20 on the value of Fixed Assets in use on first day of each month in accordance with Straight Line Method as per Depreciation rates as prescribed by the Uttar Pradesh Electricity Regulatory Commission, for the Company's 110 KV and 220 KV transmission and distribution lines and Company's 110 KV and 220 KV substations.

(a) The company has changed depreciation method on the value of its equipment and will be allowed to take the cost of the equipment as an expense of depreciation. Depreciation shall be allowed to the extent of maximum amount of the Capital cost of the asset except (excepting) Band

(1) As per Accounting Policy, Depreciation shall be charged to the extent of maximum 50% of the cost of the asset except machine tools.

(2) Gross Block in respect of assets B, C and D are Rs. 18,75,48,557 (Previous Year Rs. 18,75,48,557) & accumulated Depreciation thereon for Rs. 10,70,97,550 (Previous Year Rs. 9,62,66,25,457).

(iv) GROSS BLOCK OF ALL S.A.S.B.2620 INCLUDES ASSETS HELD OUT BY UNITS & CONSUMER CONTRIBUTION FOR THE ABOVE-RECORDED REASONING

(II) Capital Work in Progress

S.No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
1	Capital Work In Progress		
	Balance as per last balance sheet	6,63,74,69,338	8,77,95,07,544
	Add: Additions during the year	7,84,38,90,218	7,95,03,71,863
	Less: Capitalisation during the year	3,80,92,11,708	10,09,24,10,069
			6,63,74,69,338
	Total	10,67,21,47,848	6,63,74,69,338



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Note No.10 => Inventory for Capital Works

(Amount in Rupees)

S.No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
1	Capital Inventory and Stores [refer sub-note (i),(ii)&(iii)]	4,46,03,05,103	3,44,93,61,556
	Total	4,46,03,05,103	3,44,93,61,556

- (i) Inventory for Capital works lying with the third parties i.e. works contractors are classified as loans and advances recoverable from them due to non-segregation of advance between monetary advance and material advance. Inventory for Capital works lying with the third parties is shown under long term loans and advances (refer note no. 12).
- (ii) Based on the consumption pattern of inventory comprising of stores and spares in the past, company is of the view that substantial portion of such inventory shall be consumed in future for construction/erection of the capital assets. Since the identification/determination of inventory to be consumed for other than capital purpose is not possible at this stage, the whole inventory of stores and spares has been classified as "Inventory for Capital Works".
- (iii) The company has not identified any obsolete, slow moving and dead stock except for those lying in the Centralised Stores Division as all the items in the store are useable inspite of the fact that they are very old.



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Note No.11 => Deferred Tax Assets (Net)

(Amount in Rupees)

S.No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
1	Balance as per last Balance Sheet	1,22,80,49,672	1,11,13,55,094
	Add/Less: Deffered Tax on account of timing differences		
	i) Depreciation	(16,42,13,787)	(16,49,26,611)
	ii) Interest on GPF Loan u/s 43B	-	10,94,35,699
	iii) Provision for Bad Debts	-	17,21,85,490
	Total	1,06,38,35,885	1,22,80,49,672

- (i) During the financial year, the Company has not recognised any further deferred tax asset keeping in view the principles laid down in Paragraph 15 and 17 of the Accounting Standard- 22 "Accounting for taxes on income".



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Note No.12 => Long Term Loans and Advances

(Amount in Rupees)

S.No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
A	<u>Capital Advances</u>		
	Un-Secured & Considered Good [refer sub-note (i) & (ii)]	9,35,84,22,719	8,30,12,49,613
	SUB Total (A)	9,35,84,22,719	8,30,12,49,613
B	<u>Other Loans & Advances</u>		
	Un-Secured & Considered Good	1,09,87,32,236	2,38,02,62,569
	SUB TOTAL (B)	1,09,87,32,236	2,38,02,62,569
	TOTAL (A+B)	10,45,71,54,955	10,68,15,12,182

- (i) This includes advances against material given to contractors for carryng out capital works.
- (ii) Inventory for Capital works lying with the third parties i.e. works contractors are classified as loans and advances recoverable from them due to non-segregation of advance between monetary advance and material advance. Inventory for Capital works lying with the third parties is shown under long term loans and advances



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Note No.13 => Inter Unit Transactions

(Amount in Rupees)

S.No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
1	Inter Unit Transactions Balances <i>[refer sub-note (i)]</i>	3,45,12,026	(15,42,96,513)
	Total	3,45,12,026	(15,42,96,513)

(i) Inter-Unit Transfers amounting to Rs.3,45,12,026 (net) were not reconciled on the date of Balance Sheet.



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Note No.14 => Trade Receivables

(Amount in Rupees)

S.No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
1	Un-Secured, Considered Good		
	For a period exceeding Six Months from due date of payment	4,73,38,25,581	2,73,55,85,872
	Others	4,96,72,18,467	1,95,31,40,120
	Sub Total (A)	9,70,10,44,048	4,68,87,25,992
2	Un-Secured, Considered Doubtful [refer sub-note (iii)]		
	Exceeding Six Months from due date of payment	11,85,41,56,330	10,88,09,10,385
	Others	1,24,21,77,752	1,20,90,98,376
	Sub Total (B)	13,09,63,34,082	12,09,00,08,761
	Total (A+B)	22,79,73,78,130	16,77,87,34,753
	Less: Provision for Bad & Doubtful Debts (C) [refer sub-note (ii)]	13,09,63,34,082	12,09,00,08,761
	Total (A+B-C)	9,70,10,44,048	4,68,87,25,992

- (i) Classification of Debtors has been made into Secured and Un-secured and further less than or more than six months by management's assessment.
- (ii) The provision for Bad & Doubtful Debts is provided for @2% of the Total Non Govt. Assessment made during the year.
- (iii) Trade receivables includes Rs. 86.40 Crores (previous year Rs. 58.01 Crores), recoverable on account of sale of Power outside the State, from M/s Kreate Energy (I) Private Limited (formerly known as M/s Mittal Processors Private Limited). However, the Company has made provision for Bad and Doubtful debt against such receivables as per the policy explained in note no. 29(12).
- (iv) Trade Receivables include a sum of Rs. 16.39 Crores on account of unbilled electricity charges towards domestic consumers who are billed bi-monthly.



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Note No.15 => Cash & Cash Equivalent

(Amount in Rupees)

S.No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
	1. Cash Balance		
	Cash in Hand	90,31,462	15,31,35,162
	Cheques/DD in Hand	4,41,87,147	1,61,47,93,901
	Sub Total (A)	5,32,18,609	1,76,79,29,063
	2. Bank Balance		
	With Scheduled Banks		
	- In Current Account	3,45,37,94,770	2,96,13,06,555
	- In Deposits Account [refer sub-note (ii) & (iii)]	9,36,37,46,952	9,80,86,47,933
	Sub Total (B)	12,81,75,41,722	12,76,99,54,488
	Total (A+B)	12,87,07,60,331	14,53,78,83,551

- (i) The deposits maintained by the Company with banks and financial institutions comprise of time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.
- (ii) Deposits include Fixed Deposit Receipts given as security for overdraft facility, are as under:-
- (a) Rs.440,00,00,000 pledged with Punjab National Bank, Astley Hall Branch.
- (b) Rs.110,00,00,000 pledged with State Bank of India Main Branch.
- (c) Rs.100,00,00,000 pledged with Bank of India, Ballapur Chowk Branch.
- (d) Rs.150,00,00,000 pledged with HDFC Bank Ltd., Arhat Bazar Branch.
- (iii) Fixed Deposit Receipts made with Punjab National Bank, Kanwali Road Branch, Dehradun include deposits made on 31.03.2017 for Rs. 1,46,43,518 , which have been earmarked for CSR activities. The value of such FDR as on 31.03.2020 is Rs. 1,75,62,555.



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Note No.16 => Short Term Loans and Advances

(Amount in Rupees)

S.No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
1	Advances for O&M Supplies/Works		
	Secured & Considered Good	18,95,99,608	20,64,86,391
	Un-Secured & Considered Good		
	<i>Sub Total (A)</i>	<i>18,95,99,608</i>	<i>20,64,86,391</i>
2	Loans & Advances- Others		
	Secured & Considered Good	1,68,83,360	67,52,810
	Un-Secured & Considered Good		
	<i>Sub Total (B)</i>	<i>1,68,83,360</i>	<i>67,52,810</i>
	<i>Total (A+B)</i>	<i>20,64,82,968</i>	<i>21,32,39,201</i>



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Note No.17 => Other Current Assets

(Amount in Rupees)

S.No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
1	Advance Tax/TDS Receivable	17,48,41,914	22,35,35,520
2	Income Accrued on FD	30,94,34,889	24,16,63,415
3	Regulatory Assets [refer sub-note (i)]	-	2,54,54,00,000
	Total	48,42,76,803	3,01,05,98,935

(i) Refer sub-note (i) to Note no. 27



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Notes Forming Integral Part of the Financial Statements as at 31st March, 2020

Note No.18 => Revenue from Operations

(Amount in Rupees)

S.No.	Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
1	Revenue from Sale of Power to Consumers	68,30,97,01,312	62,18,60,70,571
	Total	68,30,97,01,312	62,18,60,70,571

- (i) The energy is billed on the basis of categories of consumers i.e residential, commercial, industrial etc. at the tariff rates notified/approved by the Uttarakhand Electricity Regulatory Commission.
- (ii) The tariff rates stated above have been notified by Uttarakhand Electricity Regulatory Commission vide their Tariff Order dated 27.02.2019 effective from 01.04.2019 and onwards.
- (iii) The above includes Rs.171.47 Crores (Previous year Rs. 161.85 Crores) on account of Delayed Payment Surcharge.
- (iv) The above includes Rs. 143.12 Crores (Previous year Rs. 138.37 Crores) on account of revenue from surplus power supplied outside the state. Further, the Company has also accounted for a sum of Rs. 2.93 Crores on account of surplus power supplied outside the State, as prior period income, as explained in sub-note (i) of note no. 26.
- (v) The operation of the Company comprises of purchase & distribution of electricity which is considered as a single business segment. Further, the Company's operations are confined to one geographical segment i.e. the State of Uttarakhand. Hence, Segment Reporting as required under Accounting Standard (AS)-17, "Segment Reporting", is not applicable.
- (vi) The above includes a sum of Rs. 16.39 Crores on account of unbilled electricity charges towards domestic consumers.



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Note No.19 => Other Income

(Amount in Rupees)

S.No.	Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
1	Interest on Deposits	66,26,11,343	57,41,47,049
2	Miscellaneous Receipts	14,85,73,416	7,36,95,895
3	Income from Staff Welfare Activities <i>[refer sub-note (i)]</i>	3,23,219	4,82,186
4	Rebate/Incentives on Power Purchase	1,36,09,499	5,99,64,388
5	Material Cost Variance	27,43,36,587	21,57,03,144
	Total	1,09,94,54,064	92,39,92,662

(i) Income from staff welfare activities includes rentals from accomodation provided to staff.



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Note No.20 => Purchase Cost of Electricity

(Amount in Rupees)

S.No.	Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
A	Power Purchase from CSGS		
1	NTPC	8,21,35,08,700	7,56,20,59,404
2	NPCL	1,45,09,71,135	1,18,61,39,038
3	NHPC	2,76,03,96,049	2,41,02,89,334
4	Satluj Jal Vidyut Nigam	2,17,24,27,445	93,64,68,308
5	THDC	1,00,16,21,094	1,45,50,00,622
6	Aravali Power Company Private Limited (APCPL)	20,25,19,490	23,71,35,288
	Total (A)	15,80,14,43,913	13,78,70,91,994
B	Power Purchase from IPPS		
1	Solar	1,99,13,47,545	1,99,55,48,063
2	UREDA	2,59,35,992	2,39,08,065
3	Hydro	2,61,81,08,316	2,43,37,27,558
4	Co. Generation	62,33,70,727	65,66,39,430
5	Gas Based	13,99,66,19,805	10,25,66,53,648
6	Other Large Pvt.	1,21,08,30,654	1,03,82,61,625
7	Others- Pine	1,88,624	-
	Total (B)	20,46,64,01,663	16,40,47,38,389
C	Power Purchase from UJVNL Ltd.		
1	UJVNL	8,75,00,13,874	6,64,94,96,196
	Total (C)	8,75,00,13,874	6,64,94,96,196
D	State Royalty Power		
1	Free Power (State Royalty Power)	2,26,24,69,822	1,97,27,38,999
	Total (D)	2,26,24,69,822	1,97,27,38,999
E	PGCIL- (Wheeling Charges)		
1	PGCIL- (Wheeling Charges)	5,84,57,96,798	4,61,45,15,604
2	NRLDC	67,38,80,171	75,37,00,748
3	Short Term Open Access Charges	62,75,40,111	38,54,74,729
4	Arunachal Pradesh Power Corporation Pvt. Ltd.	4,04,22,359	2,85,15,825
	Total (E)	7,18,76,39,439	5,78,22,06,906
F	Open Market Purchases & Unscheduled Interchange (UI)		
1	PTC India Ltd.	3,35,47,88,551	6,38,61,91,607
2	Sembcorp Gayatri Power Ltd.	-	97,06,80,489
3	TATA Power Trading Company Ltd.	82,73,66,080	2,37,18,74,522
4	Mittal Processors Pvt. Ltd.	3,18,37,038	56,28,50,090
5	GMR Energy Trading Ltd.	62,39,76,517	1,20,19,86,265
6	Manikaran Power Ltd.	-	3,01,94,385
	Total (F)	4,83,79,68,186	11,52,37,77,358
G	PTCUL		
1	PTCUL- (Wheeling Charges)	3,05,84,37,152	3,11,87,50,416
	Total (G)	3,05,84,37,152	3,11,87,50,416
H	Cess & Royalty Payable to Govt. of Uttarakhand (UJVNL)		
1	PDF to Govt.	1,78,69,61,622	1,64,25,23,197
	Total (H)	1,78,69,61,622	1,64,25,23,197
I	LPS on Power Purchase (Surcharge)		
1	LPS on Power Purchase (Surcharge)	46,52,86,543	2,53,57,351
	Total (I)	46,52,86,543	2,53,57,351
	Total Cost (Including Transmission Charges) (J=A+B+C+D+E+F+G+H+I)	64,61,66,22,214	60,90,66,80,806
	Less:- Unscheduled Interchange Charges Received (K)	4,47,75,999	14,08,24,063
	Net Cost (J-K)	64,57,18,46,215	60,76,58,56,743



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Note No.21=> Repair and Maintenance Expenses

(Amount in Rupees)

S.No.	Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
1	Repair and Maintenance-Plant and Machinery	37,03,02,919	31,02,95,693
2	Repair and Maintenance-Building & Civil Works	12,56,43,304	5,11,09,925
3	Repair and Maintenance-Lines, Cables Works, etc.	1,22,92,96,517	1,00,76,95,631
4	Repair and Maintenance-Others	5,15,52,284	7,42,32,403
	Total	1,77,67,95,024	1,44,33,33,652



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Note No.22 => Employment Benefit Expenses

(Amount in Rupees)

S.No.	Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
1	Salaries, Wages, Allowances and Bonus	2,30,28,48,857	2,47,65,60,257
2	Directors Remuneration	1,28,94,505	1,12,31,507
3	Terminal Benefits	46,91,56,181	54,07,24,751
4	Other Staff Costs	1,24,96,26,299	1,09,72,07,501
	Total (A)	4,03,45,25,842	4,12,57,24,016
	Less: Employee Cost Charged to Capital WIP (B)	64,60,20,280	70,99,46,464
	Total (A-B)	3,38,85,05,562	3,41,57,77,552

(i) The amount of Remuneration payable to Key Managerial Person during the year is as follows:

Name of Director with Designation	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(a) Sh. B.C.K. Mishra, Managing Director	30,45,358	27,63,304
(b) Sh. P.C. Dhyani, Director (HR)	25,95,526	27,56,260
(c) Sh. N.K. Gupta, Director (Finance)	18,28,355	-
(d) Sh. J.M.S. Rauthan, Director (Project)	21,30,316	-
(e) Sh. Atul Kumar Agarwal, Director (Operation)	32,94,950	32,41,620
(f) Sh. Manoj Kumar Jain, Director (Project)	-	24,70,323
Total	1,28,94,505	1,12,31,507



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Note No.23 => Financial Cost

(Amount in Rupees)

S.No.	Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
A	Interest Expense		
1	Interest on State Govt. Loans	2,68,21,627	3,35,81,133
2	Interest on Other Loans & Liabilities	1,10,63,85,950	1,27,60,33,996
3	Interest on Consumers Security Deposit	56,86,29,351	46,08,71,481
	Sub Total (A)	1,70,18,36,928	1,77,04,86,610
B	Other Borrowing Costs		
1	Guarantee Fees to Uttarakhand Govt.	1,24,48,000	3,04,01,600
2	Other financial and bank charges	64,33,29,052	44,53,84,239
	Sub Total (B)	65,57,77,052	47,57,85,839
	Less: Interest and other financial charges charged to Capital WIP (C)	18,09,57,898	11,35,86,247
	Total (A+B-C)	2,17,66,56,082	2,13,26,86,202



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Note No.24 => Depreciation & Amortised Cost

(Amount in Rupees)

S.No.	Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
1	Depreciation	2,10,16,57,262	1,81,82,44,483
	<i>Total</i>	<i>2,10,16,57,262</i>	<i>1,81,82,44,483</i>



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Note No.25 => Other Administrative Expenses

(Amount in Rupees)

S.No.	Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
1	Rent Rates & Taxes	85,52,942	64,56,714
2	Electricity and Water	7,07,98,491	6,95,74,254
3	Insurance	15,10,578	17,20,843
4	Communication	1,80,40,776	2,14,74,020
5	Printing and Stationery	1,53,29,894	1,86,44,740
6	Travelling and Conveyance	8,53,71,900	6,92,20,743
7	Legal & Professional	10,11,32,380	9,44,66,870
8	Fees & Subscription	10,70,578	9,80,974
9	Statutory Auditors Remuneration- Audit fees	6,78,500	5,90,000
10	Departmental Training	33,41,862	14,05,813
11	Advertisement and Promotion	4,87,66,364	4,92,67,433
12	Miscellaneous Expenses	7,08,41,156	6,42,82,360
13	Other debit to Revenue A/c, Compensation expenses to staff & outsiders, etc.	2,03,69,112	4,65,69,932
14	Bandwidth & Facility Management Services (FMS) Charges	11,40,31,472	8,11,41,146
15	U.E.R.C. Fees	3,63,36,129	3,30,41,594
	Total (A)	59,61,72,134	55,88,37,436
	Less: Expenses charged to Capital WIP (B)	16,15,46,913	15,20,58,680
	Total (A-B)	43,46,25,221	40,67,78,756



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Note No.26 => Exceptional/Prior Period items

(Amount in Rupees)

S.No.	Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
1	Prior Period Income - Others	3,26,28,67,587	-
2	Prior Period Expenses - Others	(3,66,39,201)	-
3	Prior Period Expenses - Retention Money, etc.	-	(17,70,70,584)
	Total	3,22,62,28,386	(17,70,70,584)

- (i) Prior Period Income includes Rs. 2.93 Crores on account of sale of surplus power supplied outside the State through M/s Kreate Energy (I) Private Limited (formerly known as M/s Mittal Processors Private Limited), pertaining to financial year 2018-19.
- (ii) Prior Period Expenses includes Rs. 2.33 lacs on account of Annual Client Membership Fees paid to M/s Kreate Energy (I) Private Limited (formerly known as M/s Mittal Processors Private Limited).



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Note No.27 => Regulatory Income/ Expenses

(Amount in Rupees)

S.No.	Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
1	Regulatory Income/(Expense) [refer sub-note (i)]	(2,54,54,00,000)	2,54,54,00,000
	Total	(2,54,54,00,000)	2,54,54,00,000

- (i) Uttarakhand Power Corporation Limited ("UPCL"), a Government of Uttarakhand Undertaking is a sole electricity distribution licensee of the state. UPCL charges its consumers towards the electricity distributed and consumed by them on the basis of a pre-defined tariff rate which is applicable for an entire financial year. Such tariff rate with respect to the activities performed by UPCL are determined by the state regulatory authority, i.e. Uttarakhand Electricity Regulatory Commission ("UERC"). As per the applicable regulatory mechanism, UPCL is permitted to apply for rate review for every financial year with the UERC, i.e. true up of expenses and revenue based on audited accounts.
- In accordance with the Guidance Note (A) 30 on "Accounting for Rate Regulated Activities", UPCL is required to recognize regulatory asset/ liability. During the financial year 2018-19, UPCL had incurred power costs in excess of the estimated costs. Such excess costs were claimed by filing a special or additional petition with UERC [Pet. No.-2842/UPCL/RM/B-22 dated 03.09.2019]. Accordingly, as per the Guidance Note (A) 30 on "Accounting for Rate Regulated Activities", UPCL was required to recognize regulatory asset with regard to such excess costs claimed in the true up petition filed with UERC. UPCL during the financial year 2018-19, had recognized, measured and disclosed regulatory assets of Rs. 2,54,54,00,000 in the financial statements and correspondingly crediting the amount to the Profit & Loss Account as regulatory income.
- During the financial year 2019-20, the assets recognized in financial year 2018-19 have been recovered and accordingly in order to give effect to the same, regulatory assets of Rs. 2,54,54,00,000 have been reversed by correspondingly debiting the profit and loss account. However, during the year, no further regulatory asset has been recognized on account of normal true-up petition filed for financial year 2018-19, due to managements conservatism regarding true-up in tariff rates.
- Further with respect to financial year 2019-20, no normal as well as special true-up petition for expenses and revenue has been filed with UERC, during the period covered by these financial statements till the date of preparation of such financial statements.



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Note No.28 => Earning per Equity share

S.No.	Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
1	Opening Number of Shares	1,32,10,299	1,30,60,299
	Addition		
	In FY 2018-19		
	Share Capital for 150000 Eq. Shares was made on 02-07-2018	-	1,11,781
	In FY 2019-20		
	Share Capital for 1078785 Eq. Shares was made on 19-06-2019	8,42,985	-
	In FY 2019-20		
	Share Capital for 160000 Eq. Shares was made on 27-09-2019	81,311	-
	Weighted average closing Number of Shares (A)	1,41,34,595	1,31,72,080
2	Net Profit/(Loss) for the Year (B)	(5,77,31,01,773)	(5,53,22,53,733)
3	Basic and Diluted Earning per Share (B ÷ A)	(408.44)	(420.00)



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Note No. 29 => Significant Accounting Policies

A. GENERAL INFORMATION

UPSEB was unbundled on 14.01.2000 into three different entities namely U.P. Power Corporation Limited (UPPCL), U.P. Jal Vidyut Nigam Limited (UPJVNL) and U.P. Rajya Vidyut Utpadan Nigam Limited. UPPCL was one of the successor companies responsible for carrying out the business of Transmission and Distribution in the undivided Uttar Pradesh. State of Uttaranchal (now State of Uttarakhand) came into existence on 09.11.2000. In accordance with the provisions of U.P. Reorganisation Act, 2000, a separate company was established as Uttaranchal Power Corporation Ltd. (UPCL) under the Companies Act, 1956, by the Government of Uttaranchal (now Government of Uttarakhand) on 12.02.2001 for the purpose of Distribution and Transmission of Electricity in the State of Uttarakhand. Thus, UPCL came into being as successor of UPPCL to take over the functions of transmission and distribution of electricity in the State of Uttarakhand. As per the Memorandum of Understanding dated 13.03.2001 between Government of Uttar Pradesh and Government of Uttarakhand, the undertaking of transmission and distribution of electricity situated in the State of Uttarakhand was transferred to UPCL w.e.f. 01.04.2001. UPCL commenced the activities of Transmission and Distribution w.e.f. 09.11.2001 by taking over all the assets & liabilities of the UPPCL.

As per the provisions of Electricity Act, 2003, the transmission business of the Company was mandatorily transferred to a newly formed State owned Company named as "Power Transmission Corporation of Uttarakhand Limited" from 01-06-2004. Since then, UPCL is a sole distribution licensee for distribution of electricity in the state.

B. SIGNIFICANT ACCOUNTING POLICIES:

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

- 1.1 The Uttarakhand Power Corporation Limited is a Company registered under the erstwhile Companies Act, 1956, now Companies Act, 2013. The Uttarakhand Power Corporation Limited is an electricity distribution company and hence, regulated by Electricity Act, 2003. While preparation of these Financial Statements the provisions of Electricity Act, 2003 and the regulations made thereunder are being followed. In case of matters where the said Act or Regulation are silent, the provisions of Companies Act, 2013, are being followed.
- 1.2 The Financial Statements have been prepared in accordance with the Generally Accepted Accounting Principles in India under the historical cost convention on accrual basis. Pursuant to Section 133 of Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014. These Financial Statements have been prepared to comply in all material aspects with the accounting standards notified under section 211(3C) of the Companies Act, 1956 [Companies (Accounting Standards) Rules, 2006 as amended] and other relevant provisions of Companies Act, 2013, where applicable.
- 1.3 Subsidy, Grant, Insurance and other statutory transactions, Interest on Income Tax and Goods and Service Tax, if any, are recognized on Cash Basis.

2. GOVERNMENT GRANTS

- 2.1 Government Grants (including subsidies) are not recognized until there is reasonable assurance that it will be received. The company complies with the conditions associated with the grants.
- 2.2 Government Grants/ Subsidies received from the Central/State Government or other authorities towards Capital Expenditure as well as Consumers Contribution to Capital Works are treated as Capital Reserve.
- 2.3 Grants that compensate the company for the cost of an asset and contributions by consumers towards items of property, plant and equipment, are initially set up as deferred income and recognized in Profit or Loss on a systematic basis over the period and proportions of depreciation expense of the assets.



- 2.4 Grants that compensate the company for expenses incurred are recognized over the period in which the related costs are incurred and shown separately.

3. FIXED ASSETS

- 3.1 Purchased Fixed Assets are shown at Historical Cost less accumulated depreciation. Self-constructed Fixed Assets are shown at Capitalized value less accumulated depreciation.
- 3.2 All cost relating to acquisition and installation of Fixed Assets including departmental overhead costs till the date of commissioning are capitalized.
- 3.3 Fixed Assets booked under the head of "Fixed Assets not in use" are transferred to "Stock"/ "Other Stock Account Head" at depreciated value and the accumulated depreciation thereon is reversed by debiting "Provision for Depreciation on Fixed Assets". The damaged Fixed Assets under the category "Transformers" after repair are accounted for at stock issue rate applicable as on date of reissue. Price difference between the cost of assets and value as stock issue rate is transferred to material cost variance account. The same is transferred to Profit & Loss a/c.

4. CAPITAL WORKS IN PROGRESS

- 4.1 In the case of Commissioned Assets, where final settlement of bills with Contractors is yet to be effected, capitalization is done on provisional basis subject to necessary adjustments in the year of final settlement.
- 4.2 Claims of the Price Variation in case of contracts are accounted for on acceptance of Bills.
- 4.3 Value of Construction Stores is charged to Capital Works-in-Progress when material is issued. The material at the year end and lying at site is treated as part of the Capital Work-in-Progress, but the material lying in the stores is grouped under the head Stores and Spares.
- 4.4 Due to multiplicity of functional units as well as multiplicity of functions in a particular unit, Employees Cost and Administrative & General Expenses incurred on supervision of Capital works are capitalized @ 18.45% of the amount of total Capital Expenditure.
- 4.5 The Capital Works completed during the year have been capitalized at the year end.

5. BORROWING COST

Funds borrowed specifically for the purpose of obtaining a qualifying asset, amount of related borrowing cost is capitalized as part of the cost of the specific qualifying asset. Whereas, funds which are borrowed generally and difficult to be related or rather cannot be related to any specific asset, borrowing cost of such funds has been capitalized on weighted average basis. Other Borrowing Costs are recognized as expense in the period in which they are incurred.

6. INVENTORIES FOR CAPITAL WORKS

- 6.1 The Inventory of Stores & Spares are being held both for use in Capital works, and partly for O&M works and not for sale. Therefore, Accounting Standard (AS) 2, "Valuation of Inventories" is not applicable.
- 6.2 The stock/stores at centralized store are accounted for at stock issue rate applicable as on date of issue. Price difference between the cost of stock/stores and value at stock issue rate is transferred to Profit & Loss a/c.
- 6.3 Stores & Spares at the centralized store are accounted for at Issue Price. Issue price is fixed at in the beginning of the Financial Year on the basis of FOR destination rate (including all taxes) and Price Variation for the immediately preceding year plus 3% annual variation (increasing) and 3% Storage & handling cost of Stores wings. Issues from Centralized stores are valued at Issue Price. At Decentralized stores, the Stores and Spares are accounted for at cost. Issues from Decentralized Stores are valued by using FIFO method. Inventories of Miscellaneous Scrap and empties are not valued being insignificant.
- 6.4 Any shortage/excess of materials found during the physical verification at the year end are first shown as material short/excess pending investigation till the finalization of investigation and thereafter any excess is



established, is shown under the head of income. Similarly, shortages are either recovered from staff concerned or charged to the profit and loss account as the case may be.

- 6.5 Shortage/loss due to theft or any other reason are first debited to the head "Misc. Advance" against staff and are shown as Current Assets till the finalization of enquiry/settlement of the case.

7. INCOME RECOGNITION

- 7.1 Sale of Energy is accounted for on the basis of Tariff Rates, notified/approved by the Uttarakhand Electricity Regulatory Commission.
- 7.2 Interest/Surcharge recoverable on Advances to Suppliers as well as warranty Claims/Liquidity Damages are recognized on receipt basis.
- 7.3 The Sale of Electricity does not include Electricity duty and Green Energy Cess payable to the State Government as the same is not the Income of the Corporation.
- 7.4 Assessment of own Power Consumption at Sub-stations/Offices is done on the basis of connected load/ Hours of Supply. Own consumption is charged to expense at commercial rate.

8. DEPRECIATION AND AMORTIZATION

- 8.1 Depreciation on tangible assets is charged on Straight Line Method at the depreciation rates as prescribed by Uttarakhand Electricity Regulatory Commission.
- 8.2 Depreciation/ amortization is charged on pro-rata basis on the assets acquired or disposed during the year. Accordingly, depreciation on additions to fixed assets during the year is charged on pro-rata basis from the beginning of next month in which the asset is available for use and depreciation on deductions/ deletions during the year is charged upto the month in which the asset is disposed/ deleted.
- 8.3 The tangible fixed assets are depreciated up to 90% of original cost of assets after considering 10% as the residual value of the assets.
- 8.4 Kutchia Road is depreciated fully in the year of actual expenditure.
- 8.5 Depreciation on intangible assets is charged on Straight Line Method at the depreciation rates as prescribed by Uttarakhand Electricity Regulatory Commission.

9. EMPLOYEE RETIREMENT BENEFITS

- 9.1 The contribution for Retirement Benefits in respect of "Gratuity Liability" of employees covered under EPF Scheme has been made to Life Insurance Corporation of India.
- 9.2 Contribution for pension and gratuity in respect of employees not covered under EPF Scheme is @ 16.70% and 2.38% respectively on the amount of basic pay and DA.
- 9.3 Encashment of leave is accounted for on cash basis. Earned leave is fixed at 31 days in each calendar year. In respect of Gazetted officers, Encashment for leave is allowed only at the time of retirement, but in case of Non-Gazetted employees, leave encashment facility is available upto 30 days every year. However, maximum upto 300 days leave encashment can be availed both by Gazetted officers and Non-Gazetted employees at the time of their retirement.
- 9.4 All the retirement benefits accruing to the employees before the transfer scheme are not taken as liabilities of the company since the same has been taken over by the state government.

10. INVESTMENTS

Short term investments/deposits are made in Scheduled Banks to utilize idle money from time to time and are stated at cost.



11. PROVISIONS AND CONTINGENCIES

11.1 Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date and are not discounted to its present value.

11.2 Contingent Liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the company or when there is a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

12. PROVISION FOR BAD AND DOUBTFUL DEBTS

The provision for Bad and Doubtful Debts is made @ 2 % of the Total Non-Govt. Assessment made during the year.

13. CURRENT TAX & DEFERRED TAX

Deferred Tax Asset/Liability is recognized subject to the consideration of prudence on timing differences between Taxable Income and Accounting Income that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax asset is recognized and carried forward to the extent that there is a reasonable certainty that the assets will be realized in future.

14. REGULATORY ASSETS/LIABILITIES

The rate for the activities performed by the Company are determined by regulatory authority i.e. Uttarakhand Electricity Regulatory Commission. This regulated rate for the Company is arrived on advance basis for the financial year. The Company is recognizing regulatory Assets/ Liabilities in accordance with the accounting treatment prescribed by Guidance Note No. 30 "Accounting for Rate Regulated Activities" issued by the Institute of Chartered Accountants of India.

15. OTHER INCOME

Other income includes interest on FDR, Sale of tender forms, penalty from contractors, Rebate/Incentives on timely payments of purchase bills, and other service charges, staff rental, etc.

16. EARNINGS PER SHARE

The 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. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus share, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources. 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 is adjusted for the effects of all dilutive potential equity shares.

17. CASH AND CASH EQUIVALENTS

In the cash flow statement, cash and Cash Equivalents includes cash in hand, demand deposits with banks, other short term highly liquid investments with original maturities of three months or less.

18. USE OF ESTIMATES

18.1 The preparation of financial Statements in conformity with generally accepted accounting principles (GAAP) in India, requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities including the recoverability of tangible and intangible assets, disclosures of contingent



liabilities as at the date of financial statements and the reported amounts of income and expenses during the reported period. On an ongoing basis, management evaluates the estimates.

- 18.2 The most significant estimates relate to contingencies and litigations. Management bases its estimates on historical experiences and on various other assumptions that are believed to be reasonable under the circumstances, the results of which, form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. The actual amounts may differ from the estimates used in the preparation of the financial statements.



UTTARAKHAND POWER CORPORATION LTD.

CIN: U40109UR2001SGC025867

Notes Forming Integral Part of the Financial Statements as at 31st March, 2020

Note No. 30 => Other Notes to the Financial Statements:

1. SUBSEQUENT EVENTS

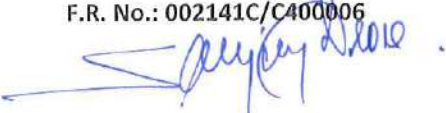
- (i) The Company's trade receivables include Rs. 86.40 Crores, recoverable on account of sale of power outside the state, from M/s Kreate Energy (I) Private Limited (formerly M/s Mittal Processors Private Limited). As per recent developments, the said recoverable has been taken up by Uttarakhand Shasan Energy Department as a subject matter of inquiry. The said inquiry is on-going as on the date of the approval of financial statements. Out of the total outstanding of Rs. 86.40 Crores, a sum of Rs. 35.10 Crores has been received by the date of approval of financial statements and the remaining amount of Rs. 51.30 Crores has also been received in the form of post-dated cheques.
- (ii) The Company is of the view that there will be no significant impact on the business prospects due to ongoing situation of COVID -19 pandemic. The Company believes this slowdown in the economic activities is temporary and the management is confident of realising the Company's assets and consequently meeting the Company's liabilities over the foreseeable future.

2. PREVIOUS YEAR FIGURES

Previous year figures have been regrouped/ reclassified wherever necessary to conform to current year's classification.


For HEMANT ARORA & CO. LLP
CHARTERED ACCOUNTANTS
F.R. No.: 002141C/C400006

For & ON BEHALF OF BOARD OF DIRECTORS


SANJAY ARORA
PARTNER
M.No. 400076
DATE: 3rd November, 2020
PLACE : DEHRADUN


(R.J. MALIK)
COMPANY SECRETARY
M.No. F4694


(N.K. GUPTA)
DIRECTOR (FINANCE)
DIN: 08338075


(DR. NEERAJ KHARWAL)
MANAGING DIRECTOR
DIN: 07973060



UTTARAKHAND POWER CORPORATION LIMITED

CIN: U40109UR2001SGC025867

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH, 2020

(Amount in Rupees)

Particulars	For the year ended 31st March, 2020		For the year ended 31st March, 2019	
Cash Flow From Operating Activities (A)				
Net Profit/(Loss) before Tax and Exceptional & Extra-ordinary Items	(6,28,97,16,372)		(8,01,72,77,727)	
Adjustments for:				
i) Depreciation	2,10,16,57,262		1,81,82,44,483	
ii) Interest Paid	1,22,44,06,403		94,65,98,385	
iii) Prior Period Expenses - Retention Money etc.	-		(17,70,70,584)	
iv) Interest Income	(66,26,11,343)		(57,41,47,049)	
v) Prior Period Income - Others	3,26,28,67,587		-	
vi) Prior Period Expenses - Others	(3,66,39,201)		-	
vii) Regulatory Income/ (Expense)	(2,54,54,00,000)		2,54,54,00,000	
Operating Profit before Working Capital Changes	(2,94,54,35,664)		(3,45,82,52,493)	
Adjustment for Working Capital Changes				
i) Debtors	(5,01,23,18,056)		(1,01,17,81,080)	
ii) Other Current Assets, Loans and Advances	2,34,42,69,826		(2,41,21,08,514)	
iii) Current Liabilities & Provisions	6,82,66,23,753		9,00,72,97,399	
Cash generated from Operations	1,21,31,39,859		2,12,51,55,312	
Net Cash from Operating Activities		1,21,31,39,859		2,12,51,55,312
Cash Flow From Investing Activities (B)				
i) Purchase & Sale of Fixed Assets	(3,47,84,63,226)		(9,69,40,72,071)	
ii) Capital Work in Progress	(4,03,46,78,510)		2,14,20,38,206	
iii) Capital Advances & Other Loans & Advances	22,43,57,227		36,27,54,208	
vi) Interest Income	66,26,11,343		57,41,47,049	
v) Inventory for Capital Works	(1,01,09,43,547)		(30,31,45,250)	
Net Cash used in Investing Activities		(7,63,71,16,713)		(6,91,82,77,858)
Cash Flow From Financing Activities (C)				
i) Increase in Loan Balances & Cash Credit	1,49,46,70,558		(47,82,91,869)	
ii) Increase in Share Capital/Application	16,00,00,000		1,22,87,85,000	
iii) Interest paid	(1,22,44,06,403)		(94,65,98,385)	
iv) Increase in Capital Reserve	4,32,65,89,479		7,07,57,56,768	
Net Cash from Financing Activities		4,75,68,53,634		6,87,96,51,515
Net Increase in Cash & Cash Equivalents [A+B+C]		(1,66,71,23,220)		2,08,65,28,970
Cash & Cash Equivalents as at 1st April [Opening Balance]		14,53,78,83,551		12,45,13,54,581
Cash & Cash Equivalents as at 31st March [Closing Balance]		12,87,07,60,331		14,53,78,83,551

(i) The above Cash Flow has been prepared under Indirect method as set out in AS-3 (Revised) on Cash Flow Statement.

Significant Accounting Policies 29
Notes to the financial statements attached thereto form an Integral part of the Financial Statements. 1 to 30

This is the Cash Flow Statement referred to in our Report of even date.

For HEMANT ARORA & CO. LLP
CHARTERED ACCOUNTANTS
F.R. No.: 002141C/C400006

SANJAY ARORA
PARTNER
M.No. 400076
DATE: 3rd November, 2020
PLACE : DEHRADUN



For & ON BEHALF OF BOARD OF DIRECTORS


(R.J. MALIK)
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