

ORIGINAL:

# UTTARANCHAL POWER CORPORATION LTD.

## URJA BHAWAN, DEHRADUN



ANNUAL FINANCIAL STATEMENTS FOR THE YEAR 2002-2003

# UTTARANCHAL POWER CORPORATION LTD.

## URJA BHAWAN, DEHRADUN



### ANNUAL FINANCIAL STATEMENTS FOR THE YEAR 2002-2003

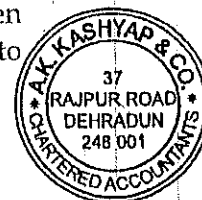
**AUDITOR'S REPORT**

To,  
The Members,  
Uttaranchal Power Corporation Ltd.,  
Dehradun.

We have examined the attached Balance Sheet and Profit & Loss account of Uttaranchal Power Corporation Ltd., for the year ending on 31<sup>st</sup> of March, 2003. These financial statements are the responsibility of the company's management. Our responsibility is to express opinion on these financial statements based on our audit.

These Financial statements are the responsibility of the Concern's management. Our responsibility is to express an opinion on these financial statements, based on our audit. We have conducted our audit in accordance with the auditing standards generally accepted in India. These standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies Auditors Report Order, 2003, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act 1956, we enclose hereto "ANNEXURE I" a statement made on the matter specified in paragraphs 4 & 5 of the said order on the basis of such checks, as we considered appropriate.
2. Further to our comments in the annexure referred to in paragraph 1 above, alongwith our observations in "ANNEXURE A" we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for purpose of our audit.
  - b) In our opinion proper books of accounts as required by the law have been kept by the Corporation so far as it appears from our examination of the books, subject to non-maintenance of the fixed assets register.
  - c) The Balance sheet and the related schedules dealt with by this report are in agreement with the books of accounts.
  - d) in our opinion, the accounts, as produced before us for our verification, have been drawn up in accordance with all the mandatory accounting standards, referred to



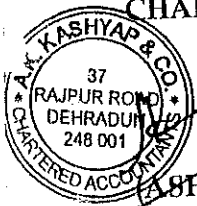
**A.K. KASHYAP & CO.**  
CHARTERED ACCOUNTANTS

37, RAJPUR ROAD  
DEHRA DUN - 248001

in section 211(3C) of the Companies Act, 1956 and as prescribed by the Institute of Chartered Accountants of India.

- e) We have not been given any declaration from the corporation that none of the directors are disqualified as on 31<sup>st</sup> March, 2003 from being appointed as director in terms of clause C of sub-section 1 of section 271 of the Companies Act 1956 as the matter is dealt by central office.
- f) In our opinion and to the best of our information and according to the explanation given to us, the Balance Sheet & Profit & Loss A/c, subject to our observations in the "ANNEXURES A" referred to above, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in respect of the Balance Sheet as at 31<sup>st</sup> March 2003.

FOR A.K.KASHYAP & CO.,  
CHARTERED ACCOUNTANTS



(ASHOK KASHYAP)  
FCA

PLACE: DEHRADUN  
DATED: 16<sup>th</sup> August 2004

**ANNEXURE I REFERRED TO IN PARAGRAPH 1 OF THE AUDITOR'S  
REPORT OF UTTARANCHAL POWER CORPORATION LIMITED FOR THE  
PERIOD ENDED ON 31<sup>ST</sup> MARCH 2003.**

- i) (a) As per the information given to us, the corporation has not maintained any proper records or fixed assets register showing full particulars, including quantitative details and situation of fixed assets. Hence we could not verify the same.
- (b) According to the information given to us the management during the year has physically verified all the assets, but no report for this was provided to us.
- (c) As explained to us no substantial part of fixed assets have been disposed off during the year, however there were few fixed assets that have been disposed off during the year, but they did not affected the going concern.
- ii) (a) As per the information given to us the management during the year has physically verified the inventory of the corporation, but no report for this was provided to us.
- (b) As no physical verification report for inventory was provided to us hence, we are unable to comment on the reasonableness and adequacy of procedure for physical verification followed in relation to the size of the company and the nature of its business.
- iii) (a) As per the information given to us the company has not granted or taken any loans, secured or unsecured to/from companies, firms or other parties covered in the registrar maintained under section 301 of the Act.
- (b) As the company has not granted or taken any loans from parties covered u/s 301, hence this point is not applicable.
- (c) As the company has not granted or taken any loans from parties covered u/s 301, hence this point is not applicable.
- (d) As the company has not granted or taken any loans from parties covered u/s 301, hence this point is not applicable.
- iv) In our opinion and according to the information given to us there is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods.
- v) (a) The clause (v)(a) is not applicable.
- (b) The clause (v)(b) is not applicable.



- vi) As per the information given to us the corporation has not accepted deposits from the public.
- vii) As explained to us the company has an Internal Audit Department but no internal audit report was provided to us, hence in the absence of same we are unable to comment on whether the system is commensurate with its size and nature of its business.
- viii) The clause no. (viii) is not applicable.
- ix) (a) The Provident Fund and Employees State Insurance dues are being deducted and deposited regularly during the year with appropriate authority.  
  
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Customs Duty and Excise Duty were outstanding as at 31<sup>st</sup> March 2003.
- x) The clause is not applicable.
- xi) According to the information & explanation given to us the company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
- xii) As explained to us the company has not granted any loans therefore this clause is not applicable.
- xiii) This clause is not applicable.
- xiv) This clause is not applicable.
- xv) According to the information given to us the company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi) According to the information given to us the company has been consistent in applying for the purpose for which the loans were obtained.
- xvii) As explained to us the company has not used the funds raised on short-term basis for long term investment and vice versa
- xviii) The clause no. (xviii) is not applicable.
- xix) The clause no. (xix) is not applicable.
- xx) The clause no. (xx) is not applicable.

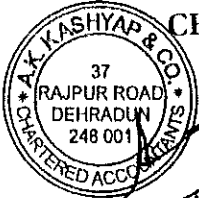


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xxi) According to the information given to us the company has not noticed any case of fraud during the year.

FOR A.K.KASHYAP & CO.  
CHARTERED ACCOUNTANTS



(ASHOK KASHYAP)  
FCA PARTNER

PLACE: DEHRADUN  
DATED: 16<sup>th</sup> August 2004.

**ANNEXURE 'A' OF AUDIT OBSERVATIONS ON THE ACCOUNTS FOR THE  
YEAR ENDING ON 31<sup>ST</sup> MARCH 2003.**

➤ **FIXED ASSETS**

No fixed assets register or the inspection report/physical verification report was available at the respective units for our verification. The amounts of the fixed assets shown in the trial balance are as per the books of the respective units and as certified by the management, on which we have placed our reliance while certifying the trial balance.

➤ **CAPITAL WORK IN PROGRESS**

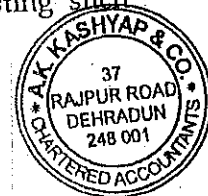
Capital Work in progress register showing the details of the daily transactions of the individuals works was not maintained. Hence, the actual amounts spent on the completion of individual projects could not be compared with the estimated cost in order to calculate cost escalation.

➤ **INTER-UNIT ACCOUNTS**

Every unit is required to reconcile its inter unit accounts so that the inter unit accounts (A/c no. 31 to 37) should not show any balance at the close of the year. However the balances are outstanding in account no. 31, 32, 36 and 37.

➤ **OTHER OBSERVATIONS**

- a) The bank reconciliation prepared by the divisions contained several deficiencies which are highlighted below:
- The bank reconciliation statements of the divisions are showing old outstanding balances relating to past several years, which are being carried forward each year. Some of these balances are not legally payable/receivable and should have been adjusted by now. But no such step has been taken. Also the entries which have been passed by the bank and which the divisions are required to pass in their books e.g. Bank charges, commission etc. are also outstanding in the bank reconciliation and have not been passed in the books.
  - The divisions have not complied with the adjustment of the entries outstanding in the bank reconciliation statement. The difference between the balance as per cash book and pass book, which are subject matter of reconciliation, include the old outstanding balances, which are being carried forward from year to year without taking any action for adjusting such balances.





# **A.K. KASHYAP & CO.**

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- b) No physical verification report of the stock was made available to us by any division/unit. Even the information, whether physical verification was carried out or not, was not available with any division.
- c) Throughout the audit period we had been demanding the Internal audit report for various units but no such report was made available to us for the year ending on 31.03.2003. Hence we are unable to comment whether its reporting status, scope of work, level of competence etc. are adequate or not.
- d) In the Nainital Zone, the amount debited to Account No: 12 relating to depreciation on fixed assets have been transferred to assets not in use account (AG: 16) by division. Depreciation on such assets has been charged @ 7.84% and as per practice being followed and includes depreciation for earlier years also. I.e. from the date of installation to the date of discard.
- e) On Scrutiny of records it has been noticed very old balance relating to board period are pending for recovery/ adjustments at division level. In our opinion matter should be looked into and recovery should be made.

FOR A.K.KASHYAP & CO.  
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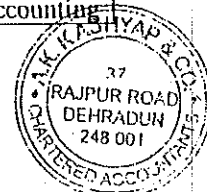


(ASHOK KASHYAP)  
F.C.A. PARTNER

Dated: 16<sup>th</sup> August, 2004.

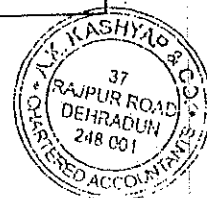
**AUDITOR'S REPORT UNDER SECTION 619(3)(a) OF THE COMPANIES ACT, 1956**  
**M/S UTTARANCHAL POWER CORPORATION LTD., DEHRADUN, FOR THE YEAR**  
**ENDING 31st MARCH 2003**

I	<b><u>SYSTEM OF ACCOUNTS:</u></b>	
1.	Examine the following systems and given your view as regards their deficiencies alongwith suggestions for remedial measures: -	
a)	Recording of receipts and expenditure.	The receipts and expenditure have been properly recorded.
b)	Drawing periodical Trial Balance.	The Trial Balance has been prepared on monthly basis.
c)	Compilation of account.	Balance sheet and Profit & loss account along with the Monthly Trial Balances have been properly compiled. However delay has been noticed in sending accounts by divisional office/units to zonal office.
d)	Recording procurement and disposal of stores.	The procurement is done on weighted average cost & issues are made at standard fixed rate.
e)	Reconciliation of inter-office accounts.	As explained to us broad sheets of inter unit transfers are maintained at Zonal level as well as Head office level, in respect of transfers between Zones & outside Zones respectively. However there are very old outstanding Inter units balances standing in the Balance Sheet, involving a substantial amount, which should have been reconciled.
2.	Indicate whether expenditure during construction period is appropriately accounted for with proper allocation between capital and revenue expenditure?	Yes
3.	Are the bank accounts of the company reconciled with the bank statements regularly? If not, describe the failures.	Yes, but except for few of the units where various old outstanding have been carried forward.
4.	Are control accounts and subsidiary accounts upto date and reconciled regularly. If not, describe the failures.	The control accounts and the subsidiary accounts are maintained at the Division office levels that are up-to-date and reconciled regularly.
5.	Examine the accounting policies of the	The accounting policies of the company are generally in conformity with the accounting



# CHARTERED ACCOUNTANTS

	Company. Are these in conformity with the Accounting Standards (National and in the absence of National Standards on certain issues, the corresponding International Standards)? Give particulars of material departures from these standards, if any, alongwith their effects on the financial statements; quantify the impact wherever possible.	standards.
<b>II</b>	<b><u>SYSTEM OF FINANCIAL CONTROL:</u></b>	
1.	Examine the delegation of financial powers and indicate whether these are clearly and legally made within the Company. If not, describe the defects in the delegation of powers and suggest remedial measures.	The delegation of powers is generally within the limits.
2.	Indicate whether the credit obtained (including overdrafts) from banks were necessary and monitored regularly?	Not Applicable
<b>III</b>	<b><u>ASSETS AND INVESTMENTS:</u></b>	
1.	Have the dates of installation and commissioning of plant and machinery been clearly fixed by the authority to whom the powers have been delegated by the Board?	We were not provided dates of commissioning/ installation of transformers/laying of cables fixed by chief engineer for transfer from Capital Work in Progress to Fixed Assets.
2.	Indicate whether the property and assets registers are posted upto date and are reconciled with the financial books?	The property & assets registers were not made available to us for verification, hence we are unable to comment whether the same are being reconciled with the financial books.
3.	Examine and indicate whether the company has a system of monitoring the timely recovery of outstanding dues? Highlight the significant instances of failure of the system, if any.	Yes, except in the case of cheques received from the customers which get dishonored and are outstanding, as verified from the dishonored cheque register. No suitable explanation as to their recovery, whether timely or not, was given to us. There were huge outstanding balances noticed against few parties.
4.	Indicate whether the cash and imprest balances were physically verified during the year on a regular basis by an authorised officer? Highlight the inadequacies in this regard, if any.	Yes, on monthly basis.
5.	Indicate whether the Company has laid down an investment policy? If yes, please indicate	There is no investment policy.



# CHARTERED ACCOUNTANTS

	the following: -	
a)	Authority which approved the policy	---
b)	Is it in accordance with the laws, rules and regulations applicable to the Company?	---
c)	In your opinion, are there any defects in the policy?	---
d)	Has the Company followed it in cases of all material investments made during the year?	---
e)	Were the investments made by the company in its best interest?	---
f)	Is the shortfall in market value of the current investment and permanent diminution in the value of long term investments reflected in the books? If not, describe the failure.	---
6.	Indicate whether the deposits with Banks/Financial Institutions and others have been in accordance with laws, rules, regulations etc. applicable to the company? Further state whether these were properly authorized by a competent authority?	Yes
7.	Is there a proper system to analyse the Sundry Debtors outstanding for more than 3 years.	Yes, as per the information provided to us.
8.	Is there any system to identify Plant & Machinery becoming obsolete due to change in technology? If so, what is the value of such Plant & Machinery at the end of the year including the value of spares?	No system is followed.
9.	Does the Company have instructions / guidelines issued by Government/ BPE in regard to investment? Were the investments made by the Company in contraventions of these instructions?	Not applicable.

<b>IV</b>	<b>LIABILITIES AND LOANS :</b>	
1.	Give the total amount of loans (including interest and penal interest separately) where defaults were made in repayment as at the end	----- Nil -----



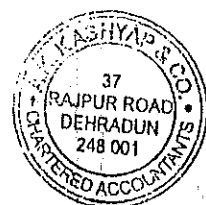
# CHARTERED ACCOUNTANTS

	of the accounting period.	
<b>V</b>	<b><u>PROFIT AND LOSS ACCOUNT :</u></b>	
1.	Does the Company prepare segment-wise accounts and profit/loss statement? If so, indicate the loss making segments if any and if not, whether in your opinion, it would be in the overall interest of the company to prepare segment-wise profit/loss statement?	Only Unit wise Trial Balance has been prepared and no unit wise profit & loss a/c has been prepared.  It would be in the interest of the company to prepare segment (unit) wise profit & loss statement to depict an overall true & fair view of the accounts.
<b>VI</b>	<b><u>INVENTORY AND CONTRACTING:</u></b>	
1.	Examine whether the Company has prescribed the following in regard to the management of stores:-	Not applicable.
a)	Maximum and minimum limits of stores and spares etc.	
b)	Economic order quantity for procurement of stores.	
2.	Indicate whether the company usually makes advance payments to suppliers /contractors? If so, indicate whether the company has an efficient system for monitoring and adjusting which advances?	Yes
3.	Does the Company maintain approved list of suppliers for issuing Limited Tender enquiries review/ update such list at reasonable intervals?	Yes
4.	Are there cases where the Company has regularly placed major portion of the orders on individual party even though formality of inviting limited tenders was resorted to?	Not applicable
<b>VII</b>	<b><u>COSTING:</u></b>	
1.	Does the Company prepare cost accounts and reconcile them with financial accounts?	Not applicable as the company is not a manufacturing company.
2.	Indicate whether the Company is following the proper system of costing and is computing the cost of major operations, jobs, products, processes and services regularly? If not, describe the failures	--As above--



# CHARTERED ACCOUNTANTS

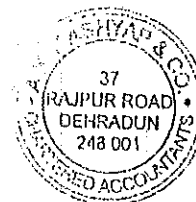
3.	Indicate whether the company has an effective system for identification of idle labour-hours and idle machine -hours?	--As above--
4.	Was cost audit ordered in the case of the Company? If so, highlight the major deficiencies pointed out in the latest cost audit report.	--As above--
5.	Has the Company fixed any norm for rejection in the case of formulations made by it? Is there any system of review of actual rejections with norms so fixed?	--As above--
<b>VIII</b>	<b><u>INTERNAL AUDIT :</u></b>	
1.	Give your comments on Internal Audit system stating whether its reporting status, scope of work, level of competence, etc. are adequate? If not, describe the shortcomings thereof. Is there an adequate compliance mechanism on internal audit observations?	As informed to us, internal audit was being carried out by the Deputy Director (Internal audit). As the report of the internal auditor was not made available to us, we are unable to comment on the adequacy of the internal audit system.
2.	Does the Company have a system of reporting serious / major irregularities reflected in the Internal Audit Reports to the Board of Directors.	--As above--
<b>IX</b>	<b><u>AUDIT COMMITTEE:</u></b>	
1.	Does the company have an Audit Committee of the Board of Directors? If so, give your comments on its functioning.	Not applicable.



X	<b>ADDITIONAL DIRECTIONS:</b>	
	<b>'Part A'</b>	
	(Applicable for audit of Trading Companies including Food Corporation of India)	----- NOT APPLICABLE -----
1.	Indicate whether the Company has devised proper system for:-	---
a)	Specifying the quality of goods intended to be purchased/ processed.	---
b)	Inspecting the goods after purchase/ procurement to see that they conform to the specified quality.	---
c)	Periodical inspection of the goods in stock to safeguard against deterioration and other leases.	---
d)	Safe storage of the goods.	---
e)	Indicate significant instances where the company has not followed the system and has, therefore suffered losses (quantify loss in each case).	---
2.	Indicate whether the Company takes adequate steps to safe guard against transit losses suffered by the Company during the year under audit and the amount realised there against.	---
3.	Indicate the adequacy of the system of accounting for 'return inward'.	---



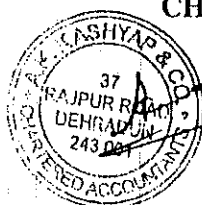
X	<u>ADDITIONAL DIRECTIONS:</u>	
	<u>'Part A'</u>	
	(Applicable for audit of Trading Companies including Food Corporation of India)	----- NOT APPLICABLE -----
1.	Indicate whether the Company has devised proper system for:-	---
a)	Specifying the quality of goods intended to be purchased/ processed.	---
b)	Inspecting the goods after purchase/ procurement to see that they conform to the specified quality.	---
c)	Periodical inspection of the goods in stock to safeguard against deterioration and other losses.	---
d)	Safe storage of the goods.	---
e)	Indicate significant instances where the company has not followed the system and has, therefore suffered losses (quantify loss in each case).	---
2.	Indicate whether the Company takes adequate steps to safe guard against transit losses suffered by the Company during the year under audit and the amount realised there against.	---
3.	Indicate the adequacy of the system of accounting for 'return inward'.	---





	<u>'Part B'</u>	
	(Applicable for audit of Company engaged in Financing)	----- NOT APPLICABLE -----
1.	Has the Company laid down a procedure for appraisal of loan applications? Is the procedure adequate?	---
2.	Indicate whether the loans advanced by the company during the year are in conformity with the relevant Act, Rules, Orders and Directions of the Government/ Reserve Bank Of India?	---
3.	Has the company taken adequate steps against defaulters during the year? If not, indicate significant instances of company's failures.	---
4.	Does the company have an effective system of identifying non-performing loans and advances? Does the criterion in this regard conform to the norms laid down by the RBI? Does the company monitor such loans and advances effectively? Is revenue recognition of such advances as per the norms?	---
5.	In case the company is engaged in leasing, is the accounting for lease transactions in accordance with the guidance note/ other recommendations issued by the Institute of Chartered Accountants of India?	---
	<b>Note: Directions in respect of Insurance Companies are under revision and shall be issued separately.</b>	

FOR A. K. KASHYAP & CO.,  
CHARTERED ACCOUNTANTS



PLACE: DEHRADUN  
DATED: 16<sup>th</sup> August 2004

[ASHOK KASHYAP]  
F.C.A. PARTNER

# CHARTERED ACCOUNTANTS

## ANNEXURE :-

(This information is factual and should be obtained from the Management)

1.	Indicate the areas where the Company has computerised the accounts system. Have the General and Application controls been reviewed periodically to derive assurance that the system is producing results that can be relied upon by the auditors? State the deficiencies reported by the internal auditors / statutory auditors' alongwith the remedial measures being taken by the management.	The company is having partly computerised system of accounts.  Some of the units that deal in revenue are computerized.  Consolidation of accounts prepared at zonal level and head office level is computerized.
2.	Indicate whether the shares of the company are quoted in the market? If so, give the following information:-	Not Applicable
+a)	Lowest and highest quotations during the year.	---
b)	If shares have not been traded during the year, mention the date when they were last quoted in the market alongwith the amount of quotation.	---
3.	Indicate the break-up of the equity shares capital held at the end of the financial year by :-	
a)	Govt. of India and Govt. of states.	100% shares are held by State Government of Uttaranchal
b)	Indian Banks and Financial Institutions.	---
c)	Foreign Banks and Foreign Companies/ Institutions.	---
d)	Public in India and/ or outside.	---
4.	Is the Company facing any legal action on account of default in repayment of debts? If so, give brief description.	No
5.	Are the accounts of the company in arrears? If so state the reasons therefor and the action taken/ being taken to bring the accounts up-to-date.	No
6.	Is any product in which the company deals subjected to statutory or other price control? If so, list the products and nature of control.	Yes. The company is engaged in distribution of electricity, the rates of which are being fixed by the Uttaranchal Electricity Regulatory Authority.
7.	Does the Company remit royalty or other payments to collaborations or others abroad or make inter-company transfers abroad? If so, give details.	No



# CHARTERED ACCOUNTANTS

8.	Manufacturing and Production account :	Not Applicable
a)	Indicate whether the company has entered into a Memorandum of Understanding with its Administrative Ministry? If yes, have the targets in MOU been split unit wise? If so, attach unit-wise statement of targets and achievements against the parameters in MOU.	---
b)	Does the company present a case for energy audit? If yes, has the audit been conducted by a specialized agency?	---
c)	Has the company provided anti-pollution devices for guarding against pollution of land, water and air? Has the company taken up any measure to repair environment degradation caused by it? If not, describe significant failures pointed out by internal auditors / statutory agencies alongwith the remedial measures being taken by the management.	---
d)	Has the company or any other authority fixed norms for losses/ wastages for (i) raw materials for manufacture of major products, (ii) in storage, transit etc.? When were these norms last reviewed? Do the norms require revision?	---
9.	Does the company have adequate system for regularly identifying and monitoring disposal of non-moving, obsolete or surplus raw materials stores and spares (excluding insurance spares) finished goods? What is the age-wise analyses (upto two years, two to three years, three to four years, four to five years and over five years) of such items?	As per the explanation given to us the stores department monitors the segregation between obsolete and non-obsolete raw materials, stores & spares but no report for this was provided to us.  As we were not provided by the report we are unable to comment on the age-wise analysis.
10.	Has the company defaulted in payment of loans during the last three years? If so, attach a list of such loans as at the end of the each period showing the amount of interest, penalty etc.	No
11.	Indicate the percentage of rejections to Production/ Sales at the end of last three years giving comparative norms/ standards set in this behalf.	Not Applicable
12.	Is the manpower employed in excess of norms, if any, fixed by the company? If so the scheme introduced, like VRS, or steps taken by the company to bring the manpower position within norms may be indicated.	As explained to us the manpower is employed in accordance with the norms of the company.



## CHARTERED ACCOUNTANTS

13.	Indicate whether the company usually makes advance payments to suppliers/ contractors? If so, indicate whether the company has an efficient system for monitoring and adjusting such advances?	Yes and the company has an adequate system for monitoring & adjusting the advances.
-----	--	---



FORM NO. 3CA  
(See Rule 6 G(1)(a))

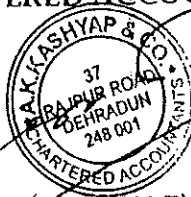
Audit Report under section 44AB of the Income Tax Act, 1961 in a case where the accounts of the business of a person have been audited under any other law

We have to report that the Statutory Audit of UTTARANCHAL POWER CORPORATION LIMITED, URJA BHAWAN, KANWALI ROAD, DEHRADUN [Permanent Account No. AAACU6007G] was conducted by us, in pursuance of the provisions of the Income Tax Act, and we annex hereto a copy of our Audit Report dated 16.08.2004 along with a copy of the audited Profit and Loss Account for the year ended on 31<sup>st</sup> March 2003 and a copy of the audited Balance Sheet as at 31<sup>st</sup> March 2003 along with the documents declared by the relevant Act to be part of, or annexed to, the Profit and Loss account and Balance Sheet.

The statement of particulars required to be furnished under section 44AB is furnished is annexed herewith in Form No.3CD.

In our opinion and to the best of our information and according to explanations given to us, the particulars given in Form No.3CD, are true and correct.

FOR A.K. KASHYAP & CO.  
CHARTERED ACCOUNTANTS

  
(ASHOK KASHYAP)  
FCA PARTNER

PLACE: DEHRADUN  
DATED: 16.08.2004.

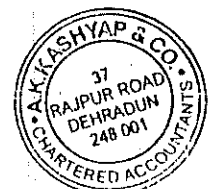
**FORM NO 3CD**  
[See rule 6G (2) (a)]

Statement of particulars required to be furnished under section 44AB of the Income Tax Act, 1961

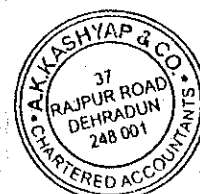
PART A	
1	Name of the assessee : <b>UTTARANCHAL POWER CORPORATION LIMITED</b>
2	Address : <b>URJA BHAWAN, KANWALI ROAD, DEHRADUN</b>
3	Permanent Account Number : <b>AAACU6007G</b>
4	Status : <b>GOVERNMENT COMPANY (AN UNDERTAKING OF STATE GOVERNMENT)</b>
5	Previous year ended : <b>31st MARCH 2003</b>
6	Assessment year : <b>2003-04</b>

PART B	
7 (a)	If firm or Association of Persons, indicate names of partners/ members and their profit sharing ratios.
(b)	If there is any change in the partners/members or their profit sharing ratios, the particulars of such shares.
8 (a)	Nature of business or profession.
(b)	If there is any change in the nature of business or profession, the particulars of such change.
9 (a)	Whether books of account are prescribed u/s 44AA, if yes, list of books so prescribed.
(b)	Books of account maintained.
(c)	List of books of account examined.
10	Whether the profit and loss account includes any profit and gains assessable on presumptive basis, if yes indicate the amount and the relevant section (44AD, 44AE, 44AF, 44B, 44BB, 44BBA, 44BBB or any other relevant section).
11 (a)	Method of accounting employed in the previous year.
(b)	Whether there has been any change in the method of accounting employed vis-a-vis the method employed in the immediately pre-ceding previous year.
(c)	If answer to (b) above is in the affirmative, give details of such change and the effect loss.
(d)	Details of deviation, if any, in the method of accounting employed in the previous year from accounting standards prescribed under section 145 and the effect thereof on the profit or loss.
12 (a)	Method of valuation of closing stock employed in the previous year.
(b)	Details of deviation, if any, from the method of valuation prescribed under section 145A, and the effect thereof on the profit or loss.



13	Amounts not credited to the profit and loss account, being:	
(a)	the items falling within the scope of section 28;	NIL
(b)	the proforma credits, drawbacks, refunds of duty of customs or excise, or refunds of sales tax, where such credits, drawbacks or refunds are admitted as due by the authorities concerned;	
(c)	escalation claims accepted during the previous year;	NIL
(d)	any other item or income;	NIL
(e)	capital receipt, if any.	NIL
14	Particulars of depreciation allowable as per the Income Tax Act, 1961 in respect of each asset or block of assets, as the case may be, in the following form:	AS PER ANNEXURE 'A'
(a)	Depreciation of asset/block of assets.	
(b)	Rate of depreciation.	
(c)	Actual cost or written down value, as the case may be.	
(d)	Additions/deductions during the year with dates; in the case of any addition of any asset, date put to use; including adjustments on account of:	
(i)	Modified Value Added Tax credit claimed and allowed under the Central Excise rules, 1944, in respect of assets acquired on or after 1st March, 1944,	
(ii)	change in the rate of exchange of currency and	
(iii)	subsidy/grant or reimbursement, by whatever name called.	
(e)	Depreciation allowable.	
(f)	Written down value at the end of the year.	
15	Amounts admissible under section 33AB, 33ABA, 33AC, 35, 35ABB, 35AC, 30CCA, 35CCB, 35D, 35E.	
(a)	debited to the profit and loss a/c (showing the amount debited and deduction allowable under each section separately);	NIL
(b)	not debited to the profit and loss account.	NIL
16 (a)	Any sum paid to an employee as bonus or commission for services rendered, whether such sum was otherwise payable to him as profits or dividend. [Section 36(1)(ii)].	
(b)	Any sum received from employees towards contributions to any provident fund or superannuation fund or any other fund mentioned in section 2(24)(x); and due date for payment and the actual date of payment to the concerned authorities under section 36(1)(va).	NOT APPLICABLE
17	Amounts debited to the profit and loss account, being:	
(a)	expenditure of capital nature;	NIL
(b)	expenditure of personal nature;	NIL
(c)	expenditure of advertisement in any souvenir, brochure, tract, pamphlet or the like published by a political party;	NIL
(d)	expenditure incurred at clubs;	NIL
(i)	as entrance fees and subscriptions;	NIL
(ii)	as cost for club services and facilities used;	NIL
(e) (i)	expenditure by way of penalty or fine for violation of any law for the time being in force;	NIL



(ii) any other penalty or fine;	NIL
(iii) expenditure incurred for any purpose which is an offence or which is prohibited by law;	NIL
(f) amounts inadmissible under section 40(a).	NIL
(g) interest, salary, bonus, commission or remuneration inadmissible under section 40(b)/40(ba) and computation thereof;	NIL
(h) amount inadmissible under section 40A(3) read with rule 6DD and computation thereof;	<p>IT IS NOT FEASIBLE TO VERIFY WHETHER ANY PAYMENT EXCEEDING RS. 20,000/- IN RESPECT OF EXPENSES WAS MADE BY UNCROSSED CHEQUE/DRAFT. AS REGARDS CASH EXPENSES EXCEEDING RS.20,000/-, NO SUCH EXPENSES WAS FOUND DURING THE COURSE OF EXAMINATION CARRIED OUT.</p>
(i) provision for payment of gratuity not allowable under section 40A(7);	
any sum paid by the assessee as an employer not allowable under section 40A(9);	
particulars of any liability of a contingent nature.	
18 Particulars of payments made to persons specified under section 40A(2)(b).	NIL
19 Amounts deemed to be profits and gains under section 33AB or 33ABA or 33AC.	NIL
20 Any amount of profit chargeable to tax under section 41 and computation thereof.	NIL
21 (i) In respect of any sum referred to in clause (a),(c),(d) or (e) of section 43B, the liability for which:	NIL
(A) pre-existed on the first day of the previous year but was not allowed in the assessment of any preceding previous year and was	NIL
(a) paid during the previous year;	NIL
(b) not paid during the previous year;	NIL
(B) was incurred in the previous year and was	NIL
(a) paid on or before the due date for furnishing the return of income of the previous year under section 139(1);	<p>NIL AS PER ANNEXURE B</p>
(b) not paid on or before the aforesaid date.	
(ii) In respect of any sum referred to in clause (b) of section 43B, the liability for such	NIL
(A) pre-existed on the first day of the previous year but was not allowed in the assessment of any preceding previous year;	<p>NOT APPLICABLE</p>
(a) nature of liability;	
(b) due date of payment under second proviso to section 43B;	
(c) actual date of payment;	
(d) if paid otherwise than in cash, whether the sum has been realised within fifteen days of the aforesaid due date;	<p>NOT APPLICABLE</p>
(B) was incurred in the previous year:	
(a) nature of liability;	
(b) due date of payment under second proviso to section 43B;	
(c) actual date of payment;	<p>NOT APPLICABLE</p>
(d) if paid otherwise than in cash, whether the sum has been realised within fifteen days of the aforesaid due date.	
*State whether sales tax, customs duty, excise duty or any other indirect tax, levy, cess, imposed etc. is passed through the profit and loss account.	

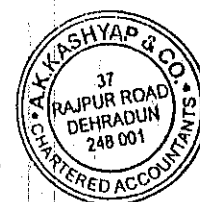




<p>(ii) any other penalty or fine;</p> <p>(iii) expenditure incurred for any purpose which is an offence or which is prohibited by law;</p> <p>(f) amounts inadmissible under section 40(a).</p> <p>(g) interest, salary, bonus, commission or remuneration inadmissible under section 40(b)/40(ba) and computation thereof;</p> <p>(h) amount inadmissible under section 40A(3) read with rule 6DD and computation thereof;</p>	<p>NIL</p> <p>NIL</p> <p>NIL</p> <p>NIL</p> <p>IT IS NOT FEASIBLE TO VERIFY WHETHER ANY PAYMENT EXCEEDING RS. 20,000/- IN RESPECT OF EXPENSES WAS MADE BY UNCROSSED CHEQUE/DRAFT. AS REGARDS CASH EXPENSES EXCEEDING RS.20,000/-, NO SUCH EXPENSES WAS FOUND DURING THE COURSE OF EXAMINATION CARRIED OUT.</p>
<p>(i) provision for payment of gratuity not allowable under section 40A(7);</p> <p>(j) any sum paid by the assessee as an employer not allowable under section 40A(9);</p> <p>(k) particulars of any liability of a contingent nature.</p>	<p>NIL</p> <p>NIL</p> <p>NIL</p>
<p>18 Particulars of payments made to persons specified under section 40A(2)(b).</p>	<p>NIL</p>
<p>19 Amounts deemed to be profits and gains under section 33AB or 33ABA or 33AC.</p>	<p>NIL</p>
<p>20 Any amount of profit chargeable to tax under section 41 and computation thereof.</p>	<p>NIL</p>
<p>21 (i) In respect of any sum referred to in clause (a),(c),(d) or (e) of section 43B, the liability for which:</p>	
<p>(A) pre-existed on the first day of the previous year but was not allowed in the assessment of any preceding previous year and was</p>	
<p>(a) paid during the previous year;</p> <p>(b) not paid during the previous year;</p>	<p>NIL</p> <p>NIL</p>
<p>(B) was incurred in the previous year and was</p>	
<p>(a) paid on or before the due date for furnishing the return of income of the previous year under section 139(1);</p>	<p>NIL</p>
<p>(b) not paid on or before the aforesaid date.</p>	<p>AS PER ANNEXURE B</p>
<p>(i) In respect of any sum referred to in clause (b) of section 43B, the liability for such</p>	
<p>(A) pre-existed on the first day of the previous year but was not allowed in the assessment of any preceding previous year;</p>	<p>NOT APPLICABLE</p>
<p>(a) nature of liability;</p> <p>(b) due date of payment under second proviso to section 43B;</p> <p>(c) actual date of payment;</p>	
<p>(d) if paid otherwise than in cash, whether the sum has been realised within fifteen days of the aforesaid due date;</p>	
<p>(B) was incurred in the previous year:</p>	<p>NOT APPLICABLE</p>
<p>(a) nature of liability;</p> <p>(b) due date of payment under second proviso to section 43B;</p> <p>(c) actual date of payment;</p>	
<p>(d) if paid otherwise than in cash, whether the sum has been realised within fifteen days of the aforesaid due date.</p>	
<p>*State whether sales tax, customs duty, excise duty or any other indirect tax, levy, cess, imposed etc. is passed through the profit and loss account.</p>	



22 (a)	Amount of Modified Value Added Tax credits availed of or utilised during the previous year and its treatment in the profit and loss account and treatment of outstanding Modified Value Added Tax credits in the accounts.	NOT APPLICABLE
(b)	Particulars of income or expenditure of prior period credited or debited to the profit and loss account.	NOT APPLICABLE
23	Details of any amount borrowed on hundi or any amount due thereon (including interest on the amount borrowed) repaid, otherwise than through an account payee cheque. [Section 69D].	NOT APPLICABLE
24 (a)	Particulars of each loan or deposit in an amount exceeding the limit specified in section 269SS taken or accepted during the previous year:	NOT APPLICABLE
(i)	name, address and permanent account number (if available with the assessee) of their lender or depositor;	
(ii)	amount of loan or deposit taken or accepted;	
(iii)	whether the loan or deposit was squared up during the previous year;	
(iv)	maximum amount outstanding in the account at any time during the previous year;	
(v)	whether the loan or deposit was taken or accepted other-wise than by an account payee cheque or an account payee bank draft.	
(b)	particulars of each repayment of loan or deposit in an amount exceeding the limit specified in section 269T made during the previous year:	
(i)	name, address and permanent account number (if available with the assessee) of the payee;	
(ii)	amount of the repayment;	
(iii)	maximum amount outstanding in the account at any time during the previous year;	
(iv)	whether the repayment was made otherwise than by account payee cheque or account payee bank draft.	
	*(These particulars need not be given in the case of a Government company, a banking company or a corporation established by a Central, State or Provincial Act.)	



Details of brought forward loss or depreciation allowance, in the following manner, to the extent available:

NOT APPLICABLE

Section-wise details of deductions, if any admissible under Chapter VIA.

AMOUNT

Whether the assessee has deducted tax at source and paid the amount so deducted to the credit of the Central Government in accordance with the provisions of Chapter XVII-B.

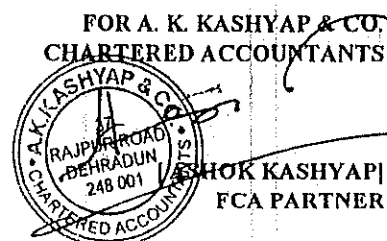
IN THE COURSE OF OUR  
EXAMINATION IT WAS NOTICED  
THAT TAX WAS GENERALLY  
DEPOSITED ON TIME

NOT APPLICABLE



<p>28 (a) In the case of a trading concern, give quantitative details of principal items of goods traded:</p> <ul style="list-style-type: none"> <li>(i) Opening stock;</li> <li>(ii) Purchase during the previous year;</li> <li>(iii) Sales during the previous year;</li> <li>(iv) Closing stock;</li> <li>(v) shortage/excess, if any.</li> </ul> <p>(b) In the case of a manufacturing concern, give quantitative details of the principal items of raw materials, finished products and by-products;</p> <p>A. Raw materials:</p> <ul style="list-style-type: none"> <li>(i) opening stock;</li> <li>(ii) purchase during the previous year;</li> <li>(iii) consumption during the previous year;</li> <li>(iv) sales during the previous year;</li> <li>(v) closing stock;</li> <li>(vi) yield of finished products;</li> <li>(vii) percentage of yield;</li> <li>(viii) shortage/excess, if any.</li> </ul> <p>B. Finished products/By-products:</p> <ul style="list-style-type: none"> <li>(i) opening stock;</li> <li>(ii) purchases during the previous year;</li> <li>(iii) quantity manufactured during the previous year;</li> <li>(iv) sales during the previous year;</li> <li>(v) closing stock;</li> <li>(vi) shortage/excess, if any.</li> </ul> <p>*Information may be given to the extent available.</p>	<p style="text-align: center;"><b>SINCE THE ASSESSEE IS DEALING IN TRADING OF ELECTRICITY, IT IS NOT POSSIBLE/PRACTICAL TO GIVE QUANTITATIVE DETAILS OF ITEM TRADED</b></p> <p style="text-align: center;"><b>NOT APPLICABLE</b></p>
<p>29 In the case of a domestic company, details of tax on distributed profits under section 115D in the following form:</p> <ul style="list-style-type: none"> <li>(a) total amount of distributed profits</li> <li>(b) total tax paid thereon;</li> <li>(c) dates of payment with amounts.</li> </ul>	<p style="text-align: center;"><b>NOT APPLICABLE</b></p>
<p>30 Whether any cost audit was carried out, if yes, enclose a copy of the report of such audit [See section 139(9)]</p>	<p style="text-align: center;"><b>NOT APPLICABLE</b></p>
<p>31 Whether any audit was conducted under the Central Excise Act, 1944, if yes, enclose a copy of the report of such audit.</p>	<p style="text-align: center;"><b>NOT APPLICABLE</b></p>
<p>32 Accounting ratios with calculations as follows:</p> <ul style="list-style-type: none"> <li>(a) Gross profit/Turnover;</li> <li>(b) Net profit/Turnover;</li> <li>(c) Stock-in-trade/Turnover;</li> </ul>	<p style="text-align: center;"><b>NOT APPLICABLE</b></p> <p style="text-align: center;"><math>(12,41,41,413 / 958,92,39,003 \times 100) = 1.29 \%</math></p> <p style="text-align: center;"><b>NOT APPLICABLE</b></p>

PLACE : DEHRADUN  
DATED : 16.08.2004

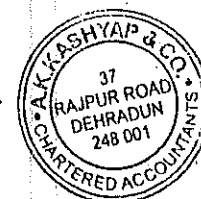


## ANNEXURE 'A' OF FIXED ASSETS

S.NO.	PARTICULARS	OPENING BALANCE AS ON 01.04.2002	ADDITIONS	SALES/ DEDUCTIONS	TOTAL	DEPRECIATION FOR THE PERIOD	CLOSING BALANCE AS ON 31.03.2003	RATES
1	<u>BLOCK I - LAND</u>							
a	LAND & RIGHTS	44,211,015	586,635	-	44,797,650	-	44,797,650	0%
2	<u>BLOCK II - BUILDING</u>							
a	BUILDINGS	387,708,035	59,086,069	-	446,794,104	41,725,107	405,068,997	10%
3	<u>BLOCK III - PLANT AND MACHINERY</u>							
a	HYDRAULIC WORKS	2,256,734	-	-	2,256,734	564,184	1,692,551	25%
b	OTHER CIVIL WORKS	13,231,059	82,025	-	13,313,084	3,318,018	9,995,066	25%
c	PLANT & MACHINERY	1,294,766,361	284,303,450	66,717,550	1,512,352,261	342,550,134	1,169,802,127	25%
d	LINES & CABLE NETWORK	4,711,994,748	633,751,527	143,403,254	5,202,343,021	1,221,366,814	3,980,976,207	25%
4	<u>BLOCK IV - VEHICLES</u>							
a	VEHICLES	11,452,429	15,406,030	166,589	26,691,870	3,797,771	22,894,099	20%
5	<u>BLOCK V - FURNITURE &amp; FIXTURES</u>							
a	FURNITURE & FIXTURES	5,551,648	4,637,967	-	10,189,615	1,180,595	9,009,020	15%
b	OFFICE EQUIPMENTS	2,084,885	1,500,899	-	3,585,784	425,300	3,160,484	15%
	<b>TOTAL</b>	<b>6,473,256,914</b>	<b>999,354,602</b>	<b>210,287,393</b>	<b>7,262,324,123</b>	<b>1,614,927,923</b>	<b>5,647,396,200</b>	

## NOTES:

DEPRECIATION ON ADDITIONS HAS BEEN CHARGED FOR HALF YEAR.



**ANNEXURE B OF INTEREST PAYABLE**

PARTICULARS	AMOUNT
State Government Loans	48,861,887
REC Loan	162,060,588
GPF Loan	118,647,502
IDBI Loan	11,224,064
PFC Loan	4,015,589
CBI Loan	14,531,763
HDFC Loan	331,020
UP Govt Loan	126,702,922
	486,375,335



# UTTARANCHAL POWER CORPORATION LTD.

BALANCE SHEET AS ON MARCH 31, 2003

Particulars	Schedule Ref.	Amount (in Rs.) as at 31-03-2003	Amount (in Rs.) as at 31-03-2002
<b>SOURCES OF FUNDS</b>			
<b>Shareholders Funds</b>			
Share Capital	1	50,000,000.00	50,000,000.00
Reserves and Surplus	2	193,668,408.00	95,157,579.00
Contributions, Grants and Subsidies	3	1,860,318,592.00	494,508,990.00
<b>Loan Funds</b>			
Secured loans	4	2,875,529,743.00	2,607,519,519.00
Unsecured loans	5	4,516,267,616.00	2,576,715,312.00
Deffered Tax Liability (NET)		77,614,314.00	
Deposits received from the Consumers for Electrification	6	460,149,966.00	402,549,094.00
<b>TOTAL</b>		<b>10,033,548,639.00</b>	<b>6,226,450,494.00</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>	7		
Gross block		11,628,823,002.00	10,839,755,793.00
Depreciation		5,084,273,479.00	4,287,482,950.00
Net block		6,544,549,523.00	6,552,272,843.00
Capital Works-in-Progress	8	757,714,622.00	751,284,208.00
<b>Current Assets, Loans and Advances</b>			
Current Assets	9	12,207,308,616.00	8,355,092,861.00
Loans and Advances	10	589,117,473.00	595,947,545.00
Less: Current Liabilities and Provisions	11	10,292,375,552.00	10,267,851,226.00
Net Current Assets		2,504,050,537.00	(1,316,810,820.00)
Miscellaneous Expenditure (to the extent not written off or adjusted)			
Profit and Loss Appropriation Account (Accumulated losses)		227,233,957.00	239,704,263.00
<b>Total</b>		<b>10,033,548,639.00</b>	<b>6,226,450,494.00</b>
Significant Accounting Policies and Notes to Accounts	19		

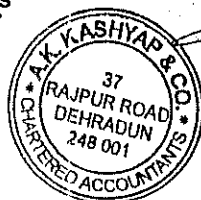
" SCHEDULE 1 TO 19 FORM AN INTEGRAL PART OF THE BALANCE SHEET"

AUDITORS REPORT  
"AS PER OUR SEPARATE REPORT OF EVEN DATE"  
FOR A.K.KASHYAP & CO.  
CHARTERED ACCOUNTANTS

(ASHOK KASHYAP)  
F.C.A. PARTNER

DATED :

6 AUG 2004



(S.P.S. RAGHAV)  
CHAIRMAN & M.D.

FOR & ON BEHALF OF BOARD

(R.A. SHARMA)  
DIRECTOR (FINANCE)

(H.P. VIYAS)  
COMPANY SECRETARY

**UTTARANCHAL POWER CORPORATION LTD.**  
**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2003**

Particulars	Schedule Ref.	Amount (in Rs.) Current Year	Amount (in Rs.) Previous Year
<b>(A) Income</b>			
Gross revenue from sale of electricity	12	9,169,395,848.00	2,676,996,563.00
Other Income	13	419,843,155.00	315,058,009.00
		9,589,239,003.00	2,992,054,572.00
<b>(B) Expenditure</b>			
Purchase cost of electricity	14	4,723,509,974.00	1,818,377,372.00
Transmission and distribution expenses	15	245,586,080.00	101,058,286.00
Personnel expenses	16	1,033,553,261.00	361,010,381.00
Administration expenditure	17	666,843,173.00	44,195,326.00
Interest and other financial charges	18	1,600,795,077.00	439,801,676.00
Depreciation	7	853,650,025.00	326,327,306.00
		9,123,937,590.00	3,090,770,347.00
<b>(C) Provisions</b>			
Provision For Bad & Doubtful Debts		341,160,000.00	140,988,488.00
<b>Total (B) + (C)</b>		9,465,097,590.00	3,231,758,835.00
<b>Profit before Taxes (A) - (B + C)</b>		124,141,413.00	(239,704,263.00)
Income tax		-	-
Wealth tax		-	-
<b>Profit / (Loss) after taxes</b>		124,141,413.00	(239,704,263.00)
Transfer to Statutory reserves		-	-
<b>Amount available for Appropriation</b>		124,141,413.00	(239,704,263.00)
Carried down			

" SCHEDULE 1 TO 19 FORM AN INTEGRAL PART OF THE BALANCE SHEET"

**AUDITORS REPORT**  
**"AS PER OUR SEPARATE REPORT OF EVEN DATE"**  
**FOR A.K.KASHYAP & CO.**  
**CHARTERED ACCOUNTANTS**

**FOR & ON BEHALF OF BOARD**

(ASHOK KASHYAP)  
F.C.A. PARTNER

DATED: 16 AUG 2004



(S.P. SRAGHAV)  
CHAIRMAN & M.D.

(R.A. SHARMA)  
DIRECTOR (FINANCE)

(H.P. VYAS)  
COMPANY SECRETARY



**UTTARANCHAL POWER CORPORATION LTD.  
PROFIT & LOSS APPROPRIATION ACCOUNT  
FOR THE YEAR ENDED MARCH 31, 2003**

Particulars	Schedule Ref.	Amount (in Rs.) Current Year	Amount (in Rs.) Previous Year
Amount available for appropriation as per current years profit and Loss brought /forward		124,141,413.00	(239,704,263.00)
Less:			-
Dividend		-	-
Transfer to Capital reserves		-	-
Transfer to Deferred Tax Liability		111,671,107.00	-
			-
Amount carried to Balance sheet		(227,233,957.00)	(239,704,263.00)
			-
Earning per share			-
Basic			-
Diluted			-
			-
Significant Accounting Policies and Notes to Accounts	19		

" SCHEDULE 1 TO 19 FORM AN INTEGRAL PART OF THE BALANCE SHEET"

AUDITORS REPORT  
"AS PER OUR SEPARATE REPORT OF EVEN DATE"  
FOR A.K.KASHYAP & CO.  
CHARTERED ACCOUNTANTS

FOR & ON BEHALF OF BOARD

(ASHOK KASHYAP)  
F.C.A. PARTNER

U 6 AUG 2004  
DATED :

( S.P.S.RAGHAV )  
CHAIRMAN & M.D.

( R.A.SHARMA )  
DIRECTOR (FINANCE)

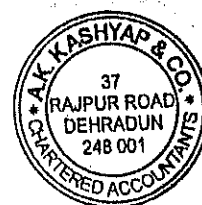
( H.P.VYAS )  
COMPANY SECRETARY



# SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

## Schedule 1 – Share capital

Particulars	Amount (in Rs.) as at 31-03-2003	Amount (in Rs.) as at 31-03-2002
<b>Authorised capital</b> 50000 ,Equity shares of Rs.1000 each	50,000,000.00	50,000,000.00
<b>Issued capital</b> 50000 ,Equity shares of Rs.1000 each	50,000,000.00	50,000,000.00
<b>Subscribed and paid up capital</b> 50000 Equity shares of Rs.1000 each Rs1000 called up Rs.1000 paid up	50,000,000.00	50,000,000.00
<b>Total</b>	50,000,000.00	50,000,000.00



**Schedule 2 – Reserves and Surplus**

Particulars	Amount (in Rs.)			
	Opening balance as at 01-04-2002	Additions	Reduction	Closing balance as at 31-03-2003
<b>Reserves</b>	-	-	-	-
General reserves	-	34,056,793.00	-	34,056,793.00
Profit and Loss account	-	-	-	-
Material cost variance	95,157,579.00	58,011,714.00	0	153,169,293.00
Leave Salary Contribution Fund	-	6,442,322.00	0.00	6,442,322.00
<b>Total</b>	<b>95,157,579.00</b>	<b>98,510,829.00</b>	<b>-</b>	<b>193,668,408.00</b>



**Schedule 3 – Contributions, Grants and Subsidies Towards Cost of Capital Assets**

S.NO.	Particulars	Amount (in Rs.) as at 31-03-2003	Amount (in Rs.) as at 31-03-2002
1	Consumer Contribution from Service Connections	174,548,132.00	113,094,920.00
2	Contribution Towards Deposit Works	202,979,890.00	98,521,265.00
3	System Loading Charges	40,597,450.00	22,846,036.00
4	Priority/Processing Charges	5,593,620.00	2,076,769.00
5	State Government Grants Towards Capital Works :		
	a) REC	72,405,500.00	-
	b) Kumbh Mela Vikas Pradhikaran	10,000,000.00	-
	c) APDRP	920,670,000.00	24,000,000.00
	d) PMGY	30,190,000.00	2,110,000.00
	e) MNP	146,955,000.00	9,360,000.00
	f) OTHERS	256,379,000.00	222,500,000.00
	<b>Total</b>	<b>1,860,318,592.00</b>	<b>494,508,990.00</b>



### Schedule 4 – Secured loans

S.NO.	PARTICULARS		Amount ( in Rs.) as at 31-03-2003	Amount ( in Rs.) as at 31-03-2002
1	R.E.C. LOANS		2,382,247,200.00	2,306,400,000.00
2	I.D.B.I. LOAN		89,326,091.00	89,326,091.00
3	P.F.C. LOAN		34,999,385.00	34,999,385.00
4	C.B.I. LOAN		102,368,105.00	102,368,105.00
5	HDFC LOAN		2,240,813.00	2,240,813.00
	<b>Sub Total</b>		2,611,181,594.00	2,535,334,394.00
	ADD : Interest Accrued & Due		264,348,149.00	72,185,125.00
	<b>TOTAL</b>		<b>2,875,529,743.00</b>	<b>2,607,519,519.00</b>

### Schedule 5 – UnSecured loans

S.NO.	PARTICULARS		Amount ( in Rs.) as at 31-03-2003	Amount ( in Rs.) as at 31-03-2002
1	U.P. GOVERNMENT LOAN		677,324,295.00	677,324,295.00
2	G.P.F. LOAN		1,271,000,000.00	1,271,000,000.00
3	<b>STATE GOVERNMENT LOANS :</b>			
	-District Plan Loan	91,000,000.00		
	-State Plan Loans	161,500,000.00		
	-MNP Loans	724,960,000.00		
	-PMGY Loans	48,070,000.00		
	-APDRP Loans	123,630,000.00	1,149,160,000.00	273,265,000.00
	<b>Sub Total</b>		<b>3,097,484,295.00</b>	<b>2,221,589,295.00</b>
	ADD : Interest Accrued & Due		1,418,783,321.00	355,126,017.00
	<b>TOTAL</b>		<b>4,516,267,616.00</b>	<b>2,576,715,312.00</b>



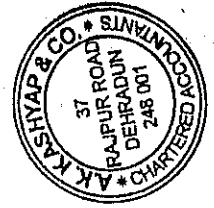
**Schedule 6 – Deposits received from consumers for electrification**

S.NO.	Particulars	Amount ( in Rs.) as at 31-03-2003	Amount ( in Rs.) as at 31-03-2002
1	Security Deposit From Consumers	446,802,215.00	397,101,770.00
	Add : Interest accrued & due	13,347,751.00	5,447,324.00
	<b>Total</b>	<b>460,149,966.00</b>	<b>402,549,094.00</b>



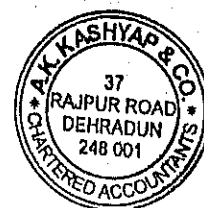
# Schedule 7 - Fixed Assets

SL. NO.	Assets Group	Gross Block				Provision of Depreciation				Net Block as on 31.3.2003 (Rs.)	Net Block as on 31.3.2002 (Rs.)
		Opening Bal. As on 1-04-2002 (Rs.)	Additions during the year (Rs.)	Deductions during the year (Rs.)	Current Year as on 31.03.03 (Rs.)	Opening Bal. As on 1-04-2002 (Rs.)	Additions during the year (Rs.)	Deductions during the year (Rs.)	Closing Bal. as on 31-03-03 (Rs.)		
1	2	3	4	5	6	7	8	9	10	11	12
1	Land and Rights	44211015	586635	0	44797650	0	0	0	0	44797650	44211015
2	Buildings	634009415	59086069	0	693095484	244807960	21361205	0	266169165	426926319	389201455
3	Hydraulic Works	3862887	0	0	3862887	1507160	131338	0	1638498	2224389	2355727
4	Other Civil Works	22647809	82025	0	22729834	8802643	683964	0	9486607	13243227	13845166
5	Plant & Machinery	2146580645	284303450	66717550	2364166545	825665609	168306465	55344136	938627938	1425538607	1320915036
6	Lines & Cable Network	7959107845	633751527	143403254	8449456118	3194366848	655429875	1372041	3848424682	4601031436	4764740997
7	Vehicles	19345361	15406030	166589	34584802	9821606	6461351	143319	16139638	18445164	9523755
8	Furniture and Fixtures	6841422	4637967	0	11479389	1375698	873650	0	2249348	9230041	5465724
9	Office Equipment	3149394	1500899	0	4650293	1135426	402177	0	1537603	3112690	2013968
	TOTAL	10839755793	999354602	210287393	11628823002	4287482950	853650025	56859496	5084273479	6544549523	6552272843



# Schedule 8 - Capital Works-In-Progress

SL NO.	PARTICULARS	Balance as on 01.04.2002 (Rs.)	Additions during the year (Rs.)	Capatilization during the year (Rs.)	Adjustment during the year (Rs.)	Balance as on 31.03.03 (Rs.)
1	2	3	4	5	6	7
1	Capital Works-In-Progress	649916574	906116553	999354602	13267505	543411020
2	Revenue Expenditure pending allocation over Capital Works	56100000	54000000	0	0	110100000
3	Advances to Suppliers and Contrators	45267634	80822410	0	21886442	10420360
	<b>TOTAL</b>	<b>751284208</b>	<b>1040938963</b>	<b>999354602</b>	<b>35153947</b>	<b>75771462</b>





**Current assets, loans and advances**

**Schedule 9 – Current assets**

Particulars	Amount ( in Rs.) as at 31-03-2003	Amount ( in Rs.) as at 31-03-2002
<b>Stores and Spares</b> <b>(As Certified by the Management) :</b>		
1. Stock Materials at Construction Stores	776,673,935.00	531,602,969.00
2. Stock Material at other Stores	95,271,726.00	63,036,979.00
3. Other Material Account	23,378,509.00	22,487,258.00
4. Material Stock Excess/Shortage-pending Investigation / Adjustment	2,195,420.00	2,128,800.00
	<b>897,519,590.00</b>	<b>619,256,006.00</b>
5. Less:-Provision for obsolete & Scrap Material	(145,200,000.00)	(145,200,000.00)
<b>SUB TOTAL (A)</b>	<b>752,319,590.00</b>	<b>474,056,006.00</b>
<b>Sundry Debtors</b>		
• Debts outstanding for a period exceeding six months		-
- Considered good		-
- Considered doubtful		-
• Other debts	5,430,740,058.00	4,379,582,862.00
- Considered good	2,817,157,911.00	2,441,047,911.00
- Considered doubtful		
	<b>8,247,897,969.00</b>	<b>6,820,630,773.00</b>
	(2,782,207,911.00)	(2,441,047,911.00)
Less:- Provision for Bad & Doubtful Debts		
<b>SUB TOTAL (B)</b>	<b>5,465,690,058.00</b>	<b>4,379,582,862.00</b>
<b>Cash &amp; Bank Balances :</b>		
Cash in hand	412,823,035.00	62,979,818.00
Cash in transit	64,463,020.00	79,066,011.00
Imprest with employees	767,880.00	57,657.00
<b>Bank balances</b>		
• With scheduled banks	801,285,787.00	676,447,992.00
- In current account	4,709,959,246.00	2,682,902,515.00
- In Deposits account		
<b>SUB TOTAL (C)</b>	<b>5,989,298,968.00</b>	<b>3,501,453,993.00</b>
<b>TOTAL (A TO C)</b>	<b>12,207,308,616.00</b>	<b>8,355,092,861.00</b>



**Schedule 10 – Loans and advances**

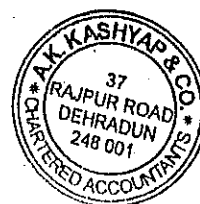
S.NO.	Particulars	Amount ( in Rs.) as at 31-03-2003	Amount ( in Rs.) as at 31-03-2002
1	Sundry Receivables	417,322,345.00	286,694,368.00
2	Advances recoverable in cash or kind for value to be received :		
	a) Advances for O&M Supplies/Works	12,849,396.00	264,669,458.00
	b) Loans & Advances to Staff	2,191,187.00	1,660,383.00
3	Inter Unit Transactions	156,754,545.00	42,923,336.00
	<b>TOTAL</b>	<b>589,117,473.00</b>	<b>595,947,545.00</b>



## Current liabilities and provisions

### Schedule 11 – Current liabilities

S.No.	Particulars	Amount ( in Rs.) as at 31-03-2003	Amount ( in Rs.) as at 31-03-2002
1	SUNDRY CREDITORS :		
	-For Power Purchase	8,314,206,843.00	8,125,034,198.00
	-For Capital Supplies/Works	147,238,821.00	123,557,399.00
	-For O&M Supplies/Works	21,802,357.00	19,872,421.00
	-For Expenses	18,599,331.00	434,989.00
	-For Inter Unit Transfers	2,841,525.00	1,097,023.00
2	Staff Related Liabilities & Provisions	86,313,871.00	90,852,090.00
3	Deposits for Electrification, Service Connections etc.	234,227,689.00	249,592,065.00
4	Deposits & Retention Money from supplier / contractors	34,835,359.00	28,738,203.00
5	Other Deposits Payable	740,580.00	672,133.00
6	Electricity Duty Payable To Government	172,713,877.00	46,575,935.00
7	Other Liabilities & Provisions	1,258,855,299.00	1,581,424,770.00
	<b>TOTAL</b>	<b>10,292,375,552.00</b>	<b>10,267,851,226.00</b>



**Schedule 12 – Gross revenue from sale of electricity**

Particulars	Amount (in Rs.) Current Year	Amount (in Rs.) Previous Year
Revenue from Sale of Power to Consumers	6,687,955,552.00	2,574,888,165.00
Revenue from Power Trading	2,346,143,202.00	88,740,000.00
Meter rent/ service line rental	52,746,053.00	12,319,675.00
Miscellaneous charges from Consumers	82,551,041.00	1,048,723.00
<b>Total</b>	<b>9,169,395,848.00</b>	<b>2,676,996,563.00</b>



**Schedule 13 – Other income**

<b>Particulars</b>	<b>Amount (in Rs.) Current Year</b>	<b>Amount (in Rs.) Previous Year</b>
Interest	265,010,894.00	95,096,595.00
Delayed payment charges from Consumers	71,992,949.00	207,392,370.00
Income from Trading	8,959,153.00	2,178,804.00
Income from Staff Welfare Activities	472,932.00	184,366.00
Miscellaneous Receipts	73,375,127.00	10,205,874.00
Income From Sale of Fixed Assets-Vehicles	32,100.00	-
<b>Total</b>	<b>419,843,155.00</b>	<b>315,058,009.00</b>



**Schedule 14 – Purchase Cost of Electricity**

<b>Particulars</b>	<b>Amount (in Rs.) Current Year</b>	<b>Amount (in Rs.) Previous Year</b>
UJVNL	1,828,807,124.00	499,451,963.00
UPPCL	-	694,667,184.00
NTPC	2,075,685,606.00	483,846,154.00
NHPC ( Including Cost of Free Power )	453,944,749.00	57,813,066.00
PGCIL	304,344,123.00	53,228,626.00
NPCL	182,050,382.00	29,109,648.00
Western Region	1,144,497.00	260,731.00
UPPCL- Re-active Charges Payable	4,313,732.00	-
M/s Him Urja Pvt. Ltd.	29,795,750.00	-
	<b>4,880,085,963.00</b>	<b>1,818,377,372.00</b>
LESS : Energy Banked with PSEB	(20,297,631.00)	-
LESS : U.I. Charges receivable From NREB	(135,519,169.00)	-
LESS : Reactive Charges From HPSEB	(759,189.00)	-
<b>Total</b>	<b>4,723,509,974.00</b>	<b>1,818,377,372.00</b>



**Schedule 15 – Transmission and distribution expenses**

<b>Particulars</b>	<b>Amount (in Rs.)</b>	<b>Amount (in Rs.)</b>
	<b>Current Year</b>	<b>Previous Year</b>
Repairs and maintenance – Plant and machinery	139,073,781.00	55,750,796.00
Repairs and maintenance – Building	12,300,568.00	3,247,789.00
Repairs and maintenance – Lines, cables works, etc.	93,214,798.00	41,356,207.00
Repairs and Maintenance – Others	996,933.00	703,494.00
<b>Total</b>	<b>245,586,080.00</b>	<b>101,058,286.00</b>



# **Schedule 16 – Personnel Expenses**

Particulars	Amount (in Rs.) Current Year	Amount (in Rs.) Previous Year
Managerial remuneration -Directors	1,826,688.00	771,180.00
Salaries, wages, allowances and bonus	815,003,465.00	299,329,856.00
Staff welfare expenses	1,138,654.00	766,408.00
Terminal Benefits	257,695,122.00	56,035,112.00
Other staff costs	76,770,204.00	33,378,443.00
Less: Employee cost charged to Capital WIP	(118,880,872.00)	(29,270,618.00)
<b>Total</b>	<b>1,033,553,261.00</b>	<b>361,010,381.00</b>





**Schedule 17 – Administration expenditure**

Particulars	Amount (in Rs.) Current Year	Amount (in Rs.) Previous Year
Rent, rates and taxes	1,597,240.00	751,351.00
Electricity and water	13,970,791.00	3,917,396.00
Insurance	481,774.00	273,113.00
Communication	7,256,173.00	2,739,954.00
Printing and stationery	8,366,050.00	1,424,614.00
Travelling and conveyance	17,915,716.00	6,850,656.00
Legal & professional	27,214,683.00	454,839.00
Remuneration to auditors	80,000.00	80,000.00
Share of State Govt.in Trading	565,603,533.00	22,597,887.00
Advertisement and promotion	4,898,540.00	2,280,745.00
Miscellaneous Expenses	15,722,424.00	6,677,235.00
Other administrative expenses	465,277.00	52,091.00
U.E.R.C. Fees	18,650,031.00	-
Less: Administrative expenses charged to Capital WIP	(15,379,059.00)	(3,904,555.00)
<b>Total</b>	<b>666,843,173.00</b>	<b>44,195,326.00</b>



**Schedule 18 – Interest and Other Financial Charges**

<b>Particulars</b>	<b>Amount (in Rs.) Current Year</b>	<b>Amount (in Rs.) Previous Year</b>
<b>Rebate/ discount allowed to consumer on sale of electricity</b>	184,097,367.00	63,765,597.00
<b>Interest on State Govt.Loans</b>	48,861,887.00	7,645,419.00
<b>Interest on Other Loans &amp; Liabilities</b>	1,408,876,343.00	419,665,723.00
<b>Interest on Consumers Security Deposit</b>	12,658,560.00	4,593,690.00
<b>Other financial and bank charges</b>	300,920.00	231,247.00
<b>Less: Interest and other financial charges charged to Capital WIP</b>	(54,000,000.00)	(56,100,000.00)
<b>Total</b>	<b>1,600,795,077.00</b>	<b>439,801,676.00</b>



# Uttaranchal Power Corporation Limited

Statement Pursuant to Part IV of Schedule VI to the Companies Act, 1956:  
Balance Sheet Abstract and Company's General Profile

## I. Registration Details

Registration No. 0 2 5 8 6 7

State Code 2 0

Balance Sheet Date 3 1 0 3 2 0 0 3  
Date Month Year

## II. Capital raised during the year ( Amount in Rs. Thousands )

Public Issue

N I L

Bonus Issue

N I L

Rights Issue

N I L

Private Placements

N I L

## III. Position of mobilisation and Deployment of Funds ( Amount in Rs. Thousands )

Total Liabilities

0 0 1 0 0 3 3 5 4 8

Total Assets

0 0 1 0 0 3 3 5 4 8

Sources of Funds:

Paid-up Capital

0 0 0 0 0 5 0 0 0 0

Reserves & Surplus

0 0 0 0 1 9 3 6 6 8

Secured Loans

0 0 0 2 8 7 5 5 3 0

Unsecured Loans

0 0 0 4 5 1 6 2 6 8

Deferred Tax Liability (Net)

7 7 6 1 4

Application of Funds:

Net Fixed Assets

0 0 0 6 5 4 4 5 5 0

Investments

N I L

Net Current Assets

(+) (-)

+ 2 5 0 4 0 5 0

Miscellaneous Expenditure

N I L

Accumulated Losses

0 0 0 0 2 2 7 2 3 3

## IV. Performance of the Company ( Amount in Rs. Thousands )

Turnover ( Total Income )

0 0 0 9 5 8 9 2 3 9

Total Expenditure

0 0 0 9 4 6 5 0 9 7

(+) (-) Profit & Loss( Before Tax )

+ 0 1 2 4 1 4 1

(+) (-) Profit & Loss( After Tax )

+ 0 1 2 4 1 4 1

Please tick appropriate box ( + for Profit - for loss )

Earnings per Share in Rupees ( Rs. )

(on profit after taxes)

2 4 8 2

( on distributable profits )

N I L

Dividend Rate ( % )

N I L

## V. Generic Names of Three Principal Products/Services of Company ( as per Monetary terms )

Item Code Nos. ( ITC Codes )

N - A

Product Descriptions

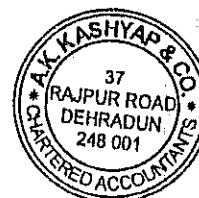
P O W E R D I S T R I B U T I O N

N - A

P O W E R T R A N S M I S S I O N

N - A

P O W E R T R A D I N G



# **UTTARANCHAL POWER CORPORATION LIMITED**

## **SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR 2002-03**

### **1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:**

- 1.1 The Uttaranchal Power Corporation Limited 'Corporation' is a Company registered under the Companies Act, 1956 and therefore the same is governed by the provisions of the Company Act, 1956 and rules made thereunder.
- 1.2 The Financial Statement are prepared under the Historical Cost Convention following Accrual System of Accounting unless otherwise stated.
- 1.3 Accounting Policies are consistent with Generally Accepted Accounting Principal (GAAP) except wherever stated other wise.
- 1.4 The Corporation recognizes significant items of Income and Expenditure on Accrual Basis and the same are charged to Natural Heads of Accounts.
- 1.5 Insurance and other Statutory Claims, Refund of Custom Duty and Interest on Income Tax and Trade Tax, if any are to be accounted for on Cash Basis.
- 1.6 Interest on Loans to staff is accounted for on Receipts Basis after Recovery of Principal in full.

### **2. GRANT-IN-AID:**

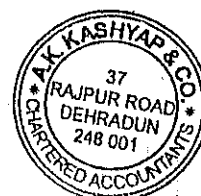
- 2.1 According to the provisions of the Electricity (Supply), 1948 Grants-in-Aid/Subsidies received from the Central/State Government or other authorities towards Capital Expenditure as well as Consumers Contribution to Capitals Works are treated initially Capital Reserve.
- 2.2 Government Grants/Subsidies are recognized only on reasonable assurance of their through Government other and compliance to the conditions attached thereto by the Corporation.

### **3. FIXED ASSETS:**

- 3.1 Fixed Assets are shown on Historical Cost.

### **4. CAPITAL WORKS IN PROGRESS:**

- 4.1 Capital Expenditure on Assets not owned by the Corporation is reflected as a distinct item in Capital Works-in-Progress till the period of completion and thereafter transferred to Fixed Assets if the ownership devalued upon the Corporation.
- 4.2 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 adjustment in the year of Final Settlement
- 4.3 In respect of supply-cum-section Contracts the value of supplies received at site and accepted is treated as Capital Works-in-Progress.
- 4.4 Claims of the Price Variation in case of contracts are accounts for on acceptance of Bills.
- 4.5 Value of Construction Stores is charged to Capital Works-in-Progress as and when materials are issued. The material at the year 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.



- 4.6 Due to multiplicity of functional units as well as multiplicity of functions in a particular unit, Employees Cost and General & Administrative expenses incurred on supervision of Capital are Capitalized @ 18.45 on the amount of total Capital Expenditure.

## 5. BORROWING COST:

- 5.1 Borrowing Costs attributable to the Fixed Assets during their constriction/renovation and modernization are capitalized. Such borrowings are apportioned on the average balance of Capital Work-in-Progress for the year. Other Borrowing Costs are recognized as an expense in the period in which they are incurred.
- 5.2 The Borrowing Cost has been determined on proportion basis as prescribed in the Electricity (Supply) (Annual Accounts) Rules 1985

## 6. INVENTORIES

- 6.1 The cost of inventories is valued as per weighted average cost method except for site stores which are valued at issue price
- 6.2 Stores and spares are valued at cost.
- 6.3 Stock of unserviceable material and steel scrap is valued at realizable value
- 6.4 Value of scrap other than steel scrap is accounted for in the accounts as and when sold.
- 6.5 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, if 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.
- 6.6 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. PROFIT AND LOSS ACCOUNT:

### 7.1 INCOME RECOGNITION

- 7.1.1 Sale of Energy is accounted for Based on Tariff Rates notified/approved by the State Government Uttaranchal Electricity Regulatory Commission.
- 7.1.2. Interest/Surcharge recoverable in Advances to Suppliers as well as warranty Claims/Liquidity Damages are not treated accrued due to uncertainty or realization/acceptance and are, therefore, accounted for on receipt of acceptances.
- 7.1.3. Late Payment Surcharge recoverable Consumers is charged against the payment of Bills beyond the due date in the subsequent bill and is shown distinctly under the head "Other Income".
- 7.1.4. The Sale of Electricity does not include Electricity duty payable to the State Government as the same is not Income of the Corporation.
- 7.1.5. The Liability for Electricity Duty as accounted for as and when the Assessment of Supply of Electricity is made and the bill is raised on the Consumer.
- 7.1.6. Cash Discount/Rebate allowed for timely payment is shown separately as on expenses in the Profit and Loss Accounts.
- 7.1.7. Income arisen from the bills raised for Theft of Energy from Consumers is accounted for on Accrual Basis.



- 7.1.8. Domestic Light & Fan and Power Consumers are billed on Bi-monthly basis except in case of Spot billing, where these consumers are billed on monthly basis. Remaining categories of Consumers are billed on monthly basis.
- 7.1.9. Assessment of own Power Consumption at Sub-stations/Offices is done on the basis of connected load/ Hours of Supply.
- 7.1.10. Revision of Tariff is given effect from the date as widely published in the newspaper. In case of current bills, which include the applicable period of tariff revision, the effects or Revised Tariff is given for the period.

## **7.2. EXPENDTURE**

- 7.2.1. Depreciations charged on Straight Line Method as per rated prescribed under the Electricity (Supply) Act, 1948 as notified from time to time.
- 7.2.2. Depreciations of Fixed Assets is provides from the year following the year in which the Assets become available for commercial use.
- 7.2.3. Expenses on Training Recruitments and Research Development are charged Revenue in the year of incurrence.

## **8. RETIREMENT BENEFITS:**

- 8.1. The liability for Retirement Benefits of Employees in respect of Gratuity and Pension is provided on Accrual valuation. The liabilities for Leave Encashment to employees have been provided on Accrual Basic.

## **9. INVESTMENTS:**

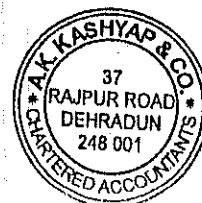
- 9.1. Investments which are Long Term in nature are stated at Cost Diminution if any in the value of Investments, other than Temporary, is provided for each Investment individually.

## **10. CONTINGENT LIABILITIES:**

- 10.1 These, if any are disclosed in the notes to the Accounts. Provision is made in the Accounts. in respect of those contingencies which are likely to materialized into Liabilities after the year end in the finalization of Accounts and have material effect on the position stated in the Balance Sheet.

## **11. PROVISION FOR BAD DOUBTFUL DEBTS:**

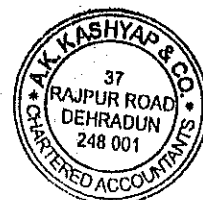
- 11.1 The provision for Bad Doubtful Debts is based in an overall assessment of the debtors.



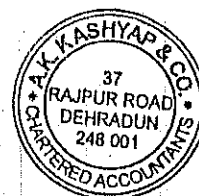
**UTTARANCHAL POWER CORPORATION LIMITED**  
**NOTES ON ACCOUNTS ANNEXED TO AND FORMING**  
**PART OF THE BALANCE SHEET AS AT 31-03-2003 AND**  
**PROFIT & LOSS ACCOUNTS FOR THE YEAR ENDED**  
**ON THAT DATE.**

1. Annual Accounts for the period 2002-03 have been prepared after incorporating the transactions for the year 2002-03 in the Opening Balances of Assets and Liabilities as on 31-03-2002.
2. The Uttaranchal Power Corporation Limited received Equity Share Capital amounting to Rs. 5 Crores from the Government of Uttaranchal during the year 2001-02. Allotment of shares against the same has been made. No further Equity was added in 2002-03.
3. Security Deposits from Consumers has been shown as 'Other Funds' in the Balance Sheet keeping in view the nature of transactions. Provision for interest has been made @ 3% as per practice followed in U. P. Power Corporation Limited.
4. The provision for interest on GPF liability payable to Trust has been made @ 9.0% which was the applicable rate on G.P.F. balances during the financial year 2002-03. Irrespective of other loans and dues, the liability of interest has been calculated at the applicable rates except the outstanding dues payable to UPRVUNL & UJVNL on which the interest has been worked out @ 13.5 % which was the applicable rate for Working Capital payable by the UPPCL during the Financial year 2002-03.
5. Provision for Accrued Liabilities on account of Pension and Gratuity for the period from 01-04-2002 to 31-03-2003 has been made @ 16.70% and 2.38% respectively on the amount of Basic Pay and D.A. paid to employees. However in view of the fact that the actual payment made during the year has been more than the provisions to be provided, the actual payment has been charged to Revenue Account.
6. The provision for Bad and Doubtful Debts for the period under Review has been made @ 5% on overall assessment of the year.
7. Provision has been made for Audit Expenses to Auditors for the period 2002-03 as follows:

(1) Statutory Auditors & Branch Auditors	- Rs.80,000.00
(2) Auditors Expenses	- Rs.125496.00
(3) Tax Auditors (Other than Statutory Auditors)	- NIL
8. Liabilities towards Staff Training, Medical Reimbursement & Leave Travel Concession (LTC) has been provided to the extent established.



9. The Depreciation has been provided at the Corporate Accounts Office on the value of Fixed Assets in use as on 01-04-2002 in accordance with the Rates prescribed by the Government of India vide Notification No. SO 266(E) dated 29<sup>th</sup> March, 1994, issued in exercise of power conferred by sub-section (2) of section 43 (A), Sub-Section (1) of Section 68 and Sub-Section (3) of Section 75-A of the Electricity (Supply) Act, 1948. The Accumulated Depreciation which was so worked out has, however, been withdrawn by the field units on any asset ceases to be used due to obsolescence, inadequacy, superfluous ness or for any other reason.
10. Inter-Units Transfers amounting to Rs. 15.67 Crores (net) are under reconciliation and the effect of reconciliation shall be provided in the coming years.
11. The figures of Power Purchase are provisional and are subject to receipt of global account from Northern Regional Electricity Board (NREB) and the U. P. Power Corporation Limited (UPPCL).
12. On an overall basis the Current Assets, Loans and Advances have a value on realization in the ordinary course of business at least equal to amounts that are stated in the Balance Sheet.
13. The Interest on the Loans and other Capital Liabilities received as a result of Transfer of Assets & Liabilities from U. P. Power Corporation Ltd. has been shown separately and the same is detailed as below:-  
GPF accumulated Balances- Rs.16,59,53,077, REC Loans- Rs. 22,31,33,768, IDBI Loan- Rs. 1,54,31,840, PFC Loans - Rs. 55,21,556, CBI (Working Capital) Loan - Rs. 1,98,06,346, HDFC Loan - Rs. 4,54,639, CPSUs. Dues (as per Ahluwalia Report)- 69,28,74,962, CPUs Liabilities- Rs.11,32,34,776 & U. P. Government Loans including Liabilities of Power Purchased due to U.P.P.C.L., U.P.R.V.N.L & U.P.J.V.N.L. amounting to Rs. 39,19,99,280.
14. Interest Payable on Loans from Bank has been accounted for as and when debited by the Bank.
15. Interest received on Fixed Deposits with Bank and others has been accounted for on Accrual basis.
16. Although there is Business Profit but after considering Depreciation as per Income Tax Act and brought forward Losses, no provision for Income Tax has been made.
17. There are some pending court cases against the corporation, which are lying undecided in various courts and thus an approximate amount to the tune of Rs.828.00 Lakhs is foreseen as a Contingent Liability.
18. The previous year Balance Sheet for the year 2001-2002 was prepared as per directions of GOI order No.42/7/2000-R&R Dated 5/11/2001 wherein it has been ordered that the date of transfer of assets & Liabilities to UPCL will be treated w.e.f. 9-11-2001 and thus the previous year figures contains amounts for the period 9-11-2001 to 31-03-2002.
19. The Loans other than REC Loan for Rs. 13,942.36 Lacs, Guaranteed by the Government of Uttaranchal, have been classified as Secured Loans and no charge has been created on the Assets of the Company.






20. Provision for Leave Salary Contribution Fund in the current year has been provided @ 11% of basic pay since the employees who have been working with the corporation on deputation were absorbed in the corporation services W.E.F. 1-1-2003.
21. As per Accounting Standard-22 , the provision for **Deferred Tax Asset/Liability** has been incorporated in accounts as per the following details :


Particulars	Transitional provision As on 1/04/2002	Arising during the year	Balance carried as at 31/03/2003
Deferred Tax Liability on account of Timing differences:			
- Depreciation	2,90,38,354	28,46,55,993	31,36,94,347
- Expenses disallowed U/S 43(B)	6,30,95,147	17,29,84,886	23,60,08,033
<b>DEFERRED TAX LIABILITY/ (ASSET)</b>	<b>( 3,40,56,793 )</b>	<b>11,16,71,107</b>	<b>7,76,14,314</b>

" SCHEDULE 1 TO 19 FORM AN INTEGRAL PART OF THE BALANCE SHEET"  
**AUDITORS REPORT**  
 "AS PER OUR SEPARATE REPORT OF EVEN DATE"

FOR A.K.KASHYAP & CO.  
 CHARTERED ACCOUNTANTS

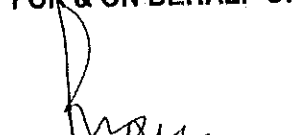
  
 (ASHOK KASHYAP)  
 F.C.A. PARTNER


DATED: 06 AUG 2004

  
 ( S.P.S.RAGHAV )  
 CHAIRMAN & M.D.



FOR & ON BEHALF OF BOARD

  
 ( R.A.SHARMA )  
 DIRECTOR (FINANCE)

  
 ( H.P.VYAS )  
 COMPANY SECRETARY