



P. D. Agrawal & Co.
Chartered Accountants

15/11- A, Civil Lines, Kanpur 208 001

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AUDITORS' REPORT

To,
The Members,
UTTARAKHAND POWER CORPORATION LIMITED,
Urja Bhawan, Kanwali Road,
Dehradun 248 001.

We have audited the attached Balance Sheet of Uttarakhand Power Corporation Limited (Formerly known as Uttaranchal Power Corporation Ltd.) at 31.03.2011 and also the Profit & Loss Account for the year ended on that date annexe thereto and also the Cash Flow Statement for the year ended on that date. The name of the Company has been changed from "Uttaranchal Power Corporation Ltd." to "Uttarakhand Power Corporation Ltd." w.e.f. 2nd July, 2007. These financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our Audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining on a test basis, evidence supporting the amounts 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. The Company has appointed a Statutory Branch Auditors for Kumoun Zone. The branch auditor report dated 29.02.2012 has been forwarded to us but addressed directly to the Shareholders of the Company, and has been appropriately dealt with.

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the annexure referred in paragraph-1 above we report that :

Branches : 352/A, Govinpuri, Ranipur More, Haridwar – 249 403 (Uttarakhand)
B – 32, Ramprasth, Ghaziabad – 201 001 (Uttar Pradesh)



- a. *The accumulated losses of the company are more than fifty percent of its net worth. But the company has not incurred cash losses during the financial year covered by our audit.*
- b. *The Company has estimated the value of scrap and obsolete stocks to the tune of Rs. 14,52,00,000.00 as on 09-11-2001. The Company has neither exercised to evaluate the actual value of scrap and obsolete stores and spares nor has passed financial entries in the books of accounts for obsolete and scraps. Therefore the financial statements are subject to such adjustment if any in the value of the obsoletes and scraps of stores.*
- c. *Reserve & Surplus includes Grant received from State Government for Capital Works of Rs. 9,773,453,271/- which should be disclosed under the separate head i.e. Capital Reserve. Neither provision for depreciation on assets acquired out of such grants nor any adjustment have been made against the same. The accounting procedure followed by the management in respect of Government Grants is in contradiction to AS-12 "Accounting for Government Grants" issued by The Institute of Chartered Accountants of India. Because of which Reserve & Surplus has been overstated by the amount of depreciation attributable to Assets created out of Grant Fund.*
- d. *As explained to us that the provision of interest on transfer scheme loan has been done over the years but the same has not been paid/ adjusted so far. As explained to us the transfer scheme loans have not been decided yet. Thus as referred to Note No. B.16 of Schedule 18 annexed to the Balance Sheet, the Company has not made any provision for interest on U. P. Govt. Loan of Rs. 67,73,24,295/- during the year. As a result the profit is overstated by amount of interest for the year, on the final accounts of the Company.*
- e. *On test check of the Bank Reconciliation, we have observed that cheques issued but not presented for payment are outstanding. Information with regards to all the units was not made available to us by the management. The amount of such cheques cannot be considered as liability of the Company and is required to be credited to profit and loss of the Company.*
- f. *The Company has not made any provision for the financial impact of the order of the Government of Uttarakhand in respect of Sixth pay commission payable to retired employees remained as unclaimed. In absence of details made available to us we are unable to quantify the amount of liability. The profit and Loss account as well as current liabilities & provisions of the Balance Sheet are subject to such adjustment.*
- g. *Records/ Title deeds in respect of Land & Buildings included in Schedule-6 to the Balance Sheet have not been produced before us for our verification. The ownership rights and the charges or obligations, if any, against the fixed assets have not been provided for our verification. We are unable to comment upon the impact, if any, on the final accounts of the Company.*
- h. *The internal control system is not commensurate with the size of the Company and the nature of its business for the maintenance of Inventories level, Sale of Electricity, Commercial Diary (CS-4) with corresponding Control ledgers and Fixed Assets.*



(a) Sale of Electricity: A major portion of Sales of energy is booked on the basis of provisional billing owing to Defective meter, incorrect meter reading, no reading. Furthermore sale is also being booked on inoperative debtors is not in conformity to the provisions of AS-9 "Revenue Recognition" issued by ICAI.

(b) Control ledger of Debtors i.e. AG23 is not being maintained as per the detailed accounting codes prescribed by U.P.S.E.B. with the result it is not possible to tally the total of different categories (Domestic, Small Power, Commercial Industrial etc.) with the corresponding Control ledgers (Commercial Diary i.e. CS-4).

(c) There is inadequate control on the capitalization of Fixed Assets as well as the pending WIP (work in Progress) as all the WIP have been capitalized only at the end of the year in Book of Account and not on the actual completion of the Project.

There is continuing failure to correct the major weakness in internal control system as pointed above.

- i. The Company is subjected to Wealth Tax however the Company has neither filed return under Wealth Tax Act, 1957 nor made provision for the liability under the Act. The accounts are subject to the provision under the Act. Therefore Loss as well as corresponding liabilities is understated to the extent of non provision of such Wealth Tax Liability effect of which cannot be determined in the absence of proper details.
- j. As referred to Note No. A 7.1 of schedule 18 annexed to the Balance Sheet, the management has stated that the cost of inventories is valued as per weighted average cost method except for site store which are valued at issue price however the valuation of inventory of stock has not been done on 31.03.2011 as required by Accounting Standard-2 "Valuation of Inventories". Further the register containing complete records displaying values of the stock has not been produced by the management for our verification. Huge inventory of obsolete damaged scrap items were observed for which the management has not made any accounting entries. Hence the impact, if any, on account of the above observation on the financial could not be determined. Profit & Loss account and value of inventory shown in the final accounts are subject to such adjustment.
- k. The Company has not made any accounting policies regarding amortization of lease hold property, in absence of any such policy the impact on the profit & loss cannot be ascertained and quantifies. However Fixed Asset Schedule shows Asset held under Lease.
- l. The balances in personal accounts, other receivables, loans and advances including accounts of Government Companies/ departments have not been reconciled and confirmed. The differences in balances, if any and their impact on the financial results and Balance Sheet could not be determined.



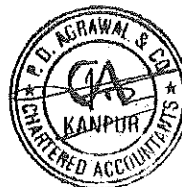
- m. The balances under the head Current Liabilities have not been reconciled and confirmed. The different in balance and their impact on the financial statement cannot be ascertained.
- n. Interest has been capitalized in proportionate basis as prescribed in Electricity (Supply) (Annual Accounts) Rules, 1985 which overrides the provision of AS-16. Consequently effect of non-compliance of the above Accounting Standard could not be ascertained.
- o. As referred to Note No. B.12 of Schedule 18 annexed to the Balance Sheet, the balance under the head Inter Unit Balance of Rs. 107.43 Crores has not been reconciled. Consequential effect of the same on the financial statements cannot be ascertained. Detailed department wise breakup of inter unit balances has not been provided to us for our verification. Hence, impact if any, of such unexplained balances on the financial result and Balance Sheet could not be determined and commented upon.
- p. The Company has Internal Audit Wigs under the control of Dy. General Manager (Finance) to conduct the internal audit for the year 2010-11 however, the internal audit have not been conducted till date. Department of Internal Audit are supposed to submit their report prior to finalization of accounts and management is required to comply the observation made by the Auditor.
- q. As referred to Note No. B.11 of Schedule 18 annexed to the Balance Sheet, Depreciation on Vehicles has not been charged during the year.

3. We further Report that :

- a. The Balance Sheet includes Rs. 1,49,84,93,063.00 being Stock Stores & Spares. No valuation certificates have been received and in absence of such report we are unable to comment upon the correctness of the same.

4. Further to our comments given above & comments on the annexure referred to above, we report that:


- i. We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purposes of our audit, except Utilization certificate for the grant received from Government of Uttarakhand for the project, compliances to Comments made by Various Auditors, Deeds & Documents for the asset owned by the Company, Internal Audit Report.
- ii. In our opinion proper books of accounts as required by law have been kept by the company however so far as it appears from our examination of the books no subsidiary records of capital work in progress and other Liabilities has been kept by the Company.
- iii. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts with reference to Note No. B.1 of Schedule 18 attached to the Balance Sheet.



- iv. In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the accounting standards except AS-2, AS-10, AS-12, AS-13, AS-16 and AS-28 referred to sub-section (3c) of Section 211 of the Companies Act, 1956.
- v. In pursuance to notification GSR 829 (E) dated 17.07.2003 issued by Department of Company Affairs, Clause (g) of Sub-section (1) of Section 274 of Companies Act, 1956 pertaining to disqualification of Directors is not applicable to a Government Company.
- vi. Subject to our observations in Point No. 1, Paras "a to s" of point 2 & Para "a" of point 3 and significant Accounting Policies on revenue recognition (Policy No. 8), Capital Work in Progress (Policy No. 5) and Note No. 1, 3 to 7, 10 to 12, 14, 16, 20, 22 to 26 and 30 of the notes of accounts in our opinion and to the best of our information and according to the explanations given to us, the said Accounts give the information required by the Companies Act, 1956, in the manner so required give a true and fair view in conformity with the 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, 2011.
 - b. In the case of the Profit & Loss account of the Loss for the year ended on that date; and
 - c. In the case of the Cash Flow Statement of the Cash Flows for the year ended on that date.

Place: Kanpur
Date : 28.07.2012

FOR P. D. AGRAWAL & CO.
Chartered Accountants



LARUN GUPTA
(Partner)
M.No.: 077468
Firm Regn. No.: 001049C



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Annexure referred to in paragraph 1 of our Auditors Report of Uttarakhand Power Corporation Limited for the year ended 31st March, 2011.

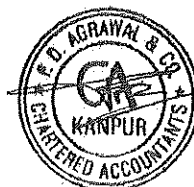
I. In respect to Fixed Assets :

- a. As explained to us, no Fixed Assets Register has been maintained by the company during the year. The Company is in the process of maintaining records for fixed assets.
- b. As per the information and explanation given to us, the fixed assets of the company have not been physically verified by the management during the financial year 2010-11.
- c. In our opinion, the company has not disposed off a substantial part of fixed assets during the financial year. However, there were few fixed assets that have been disposed off during the year, but they did not affect the going concern.

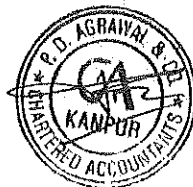
II. In respect of Inventories:

- a. The complete records in respect of the physical verification of inventory have not been produced before us for verification. In absence of the complete record we are not in a position to comment whether frequency of verification is reasonable or not. Kindly refer paragraph 2(j) & 3(a) of our main Audit Report.
- b. We have been informed that physical verification of stock has been conducted by the management during the financial year 2010-11, but in absence of any supporting documents we are not in a position to comment whether procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business. Kindly refer paragraph 2(j) & 3(a) of our main Audit Report.
- c. Records of inventories maintained at the units in the computer are incomplete. In absence of complete records we are not in a position to comment whether the company is maintaining proper records of inventory and whether any material discrepancies were noticed on physical verification and if so whether those material discrepancies have been properly dealt with in the books of account. Kindly refer paragraph 2(j) & 3(a) of our main Audit Report.

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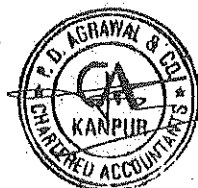
- III. The Company has not taken/ granted any loan secured or unsecured from/ to companies; firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. The Company had neither granted nor taken any loans, secured or unsecured to/ from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and therefore paragraph 4(iii) of the said order is not applicable.
- IV. On the basis of our observations, we are of the opinion that the Company Internal Control Systems are not commensurate with the size of the Company and the nature of its business for the maintenance of Inventories level, Sale of Electricity and Fixed Assets. There is continuing failure to correct the major weakness in internal control system as pointed above. Kindly refer paragraph 2(h) of our main Audit Report.
- V. In our opinion and according to the information and explanation given to us, there are no transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956.
- VI. The Company has not accepted any deposits from the public during the year except the security deposit received at the time of new connections under Audit within the meaning Section 58A & 58AA or any other relevant provisions of the companies Act, 1956. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal in this respect.
- VII. On the basis of our observation, we are of the opinion that Internal Audit system of the company is not adequate and commensurate with size and nature of the business of the company. The company has independent internal audit department but the internal audit department of the Corporation has not conduct the Internal Audit during the year, hence no Internal Audit Report produced before us to verify.
- VIII. We have broadly reviewed the books of account maintained by the company relating to material, labour and other items of cost maintained by the company, pursuant to the Rules made by the Central Government for the maintenance of cost records as prescribed under Section 209 (1) (d) of the Companies Act 1956 and we are of the opinion that Prima Facie the prescribed accounts and records have been made and maintained. We have not, however made a detailed examination of records with a view to determine whether they are true or not.
- IX. (a) The Company has not paid Electricity Duty and other levies along with the interest thereon amounting to Rs. 456.49 Crores clubbed with current liabilities in schedule 10 of Balance Sheet subject to our observations in Main Audit Report. The Company has neither paid nor ascertained and provided for the applicable liability, if any, on account of Wealth Tax. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employee State Insurance, Sales Tax were in arrears as at 31st March 2011 for a period of more than six months from the date they became payable. Further in the case of Weath Tax and TCS in the absence of required details (discussed in para 2(i) of main report) we are unable to ascertain the arrears of outstanding dues as at the 31st March 2011.



- (b) According to the information and explanation given to us there are no undisputed amount payable including Provident Fund, investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Custom Duty, Excise Duty, Cess and other Statutory dues as at 31.03.2011 for a period of more than six months from the date they become payable except Electricity Duty and wealth tax. Kindly refer paragraph 2(i) of our main Audit Report.

According to the information and explanation given to us, an amount of Rs. 55.45 lacks is determined as disputed dues however the particulars of such disputed dues on account of sales tax, Income Tax and custom duty have not been furnished before us as per prescribed format.

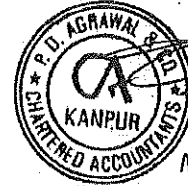
- X. In our opinion, the accumulated losses of the company are more than fifty percent of its net worth. However the Company has cash profit during the year.
- XI. In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayments of dues to banks and financial institution except repayment the interest on the loan and other capital liability received as a result of transfer of assets and liabilities from UP Power Corporation Limited of GPF accumulated balance of Rs. 1,32,82,13,051/- REC Loans Rs. 47,76,46,297/- CPSU's Dues (as per Ahluwalia Report) Rs. 1,24,92,11,256/- CPU's Liability Rs. 1,23,03,04,753/- and up Govt. Loan Rs. 1,25,85,35,606/-.
- XII. According to the information and explanations given to us and based on the documents and records produced, the Company has not taken or granted any loans or advances on the basis of security by way of pledge of shares, debentures & other securities.
- XIII. The Company is not a chit fund or a Nidhi/ Mutual benefit fund/ society. Therefore the provisions of clause 4(xiii) of the companies (Auditor's Report) order 2003 are not applicable to the company.
- XIV. As per information & explanation given to us & on the basis of examination of records, the Company is not dealing or trading in shares, securities, debentures & other investment. Further the Company has received a sum of Rs. 5.3144 Crores as refund of development surcharge from CPSUs. During the year amount of interest of Rs. 7,81,600/- has been recognized as income in the F.Y. 2010-11. The un-matured amount of Rs. 1.5487 Crores in the shape of Units/ Bonds has been shown as current investment under the head of Current Assets.
- XV. According to the information & explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- XVI. According to the information and explanation given to us the company has not raised any new term loan during the year. The term loans outstanding at the beginning of the year were Prima Facie, applied for the purposes for which they were obtained.



- XVII. According to the information and explanation given to us and on an overall examination of the balance sheet of the company, we report that the company has not raised any funds on long term basis during the year. The company has raised short term loan (overdraft facility) from Bank during the year were Prima Facie, applied for the purposes for which they were obtained.
- XVIII. The Company has not made any preferential allotment of shares to parties & Companies covered in register maintained under section 301 of the Companies Act, 1956. As such provisions of clause 4(xviii) of the order are not applicable.
- XIX. According to the information and explanations given to us during the period covered by our audit report, the Company has not issued any debentures. As such provisions of clause 4(xix) of the order are not applicable.
- XX. Since the Company has not raised money by way of Public Issue during the year provisions of clause 4(xx) of the order are not applicable.
- XXI. In our opinion and according to the information and explanation given to us by the Management, we report that no fraud on or by the company has been noticed or Reported during the year.

Place: Kanpur
Date : 28.07.2012

FOR P. D. AGRAWAL & CO.
Chartered Accountants



[Signature]
ARUN GUPTA
(Partner)
M.No.: 077468
Firm Regn. No.: 001049C



कार्यालय प्रधान महालेखाकार (लेखा परीक्षा), उत्तराखण्ड
OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT),
UTTARAKHAND



'ओपनीय'

पत्रांक— आर्थिक / प्र०म०ले० / वार्षिक लेखे / उ०पा०का०लि० / 2010-11 | 193
दिनांक : ०५ / 12 / 2012

सेवा में,
प्रबंध निदेशक
उत्तराखण्ड पावर कारपोरेशन लि०
उर्जा भवन, कांवली रोड, देहरादून
उत्तराखण्ड — 248001

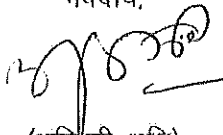
महोदय,

एतत्सह कम्पनी अधिनियम, 1956 की धारा 619(4) के अधीन उत्तराखण्ड पावर कारपोरेशन लिमिटेड, देहरादून के 31 मार्च, 2011 को समाप्त होने वाले वर्ष के लेखे पर, भारत के नियंत्रक महालेखापरीक्षक की टीका-टिप्पणियाँ, उपरोक्त अधिनियम के प्रावधानों के अनुसरण में प्रेषित की जा रही हैं। कृपया कम्पनी की वार्षिक सामान्य बैठक के समक्ष इन टीका टिप्पणियों के प्रस्तुत किए जाने की वास्तविक तिथि की सूचना देने का कष्ट करें।

कृपया पावती भेजें।

संलग्नक— यथोपरि।

भवदीय,


(अश्विनी अत्रि)
प्रधान महालेखाकार

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE
ACCOUNTS OF UTTARAKHAND POWER CORPORATION LIMITED, FOR
THE YEAR ENDED 31 MARCH 2011.

The preparation of financial statements of Uttarakhand Power Corporation Limited, for the year ended 31 March 2011 in accordance with financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 28.07.2012.

I, on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under Section 619 (3) (b) of the Companies Act, 1956 of the financial statements of Uttarakhand Power Corporation Limited, for the year ended 31 March 2011. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under Section 619 (4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.

Balance Sheet

Sources of Funds

1. Secured Loans-(Schedule 3) - ₹ 332.16 Crore.
R-APDRP- ₹ 37.75 crore

The Government of India released ₹ 37.75 crore under the R-APDRP scheme during the period from 30-09-2009 to 07-12-2009, as loan through Power Finance

Corporation, for strengthening and modernization of Transmission and Distribution system of the Company. However, the Company has not provided interest liability of ₹ 4.05 crore during the year 2009-10 and 2010-11.

This has resulted in understatement of Secured loans as well as loss by ₹ 4.05 crore.

Application of Fund

2. Capital Work in progress- (Schedule-06) - ₹ 579.10 crore

(i) The above includes ₹ 5.86 crore representing the amount of assets-other tube-well, in respect of which the work had been completed eight years ago. However, the Company has not capitalized the assets and provided depreciation thereon.

This has resulted in an overstatement of Capital Works-in-Progress by ₹ 5.86 crore and understatement of Net Assets by ₹ 3.63 crore (Assets-Depreciation) as well as loss by ₹ 2.23 crore on account of depreciation.

(ii) The above includes ₹ 7.26 crore representing the amounts of assets-R.I.C. Ambedkar Village, in respect of which the work had been completed before the separation of the state (i.e. 11 year back). However, the company has not capitalized the assets and provided depreciation thereon. This has resulted in an overstatement of Capital Works-in-Progress by ₹ 7.26 crore and understatement of Net Assets by ₹ 3.47 crore (Assets-Depreciation) as well as loss by ₹ 3.79 crore on account of depreciation.

3. Current assets, loans and advances Current assets- (Schedule-8)- ₹1539.15 crore

This includes ₹ 41.96 lakh being the amount of power supplied by the Company to Nepal for the year 2002-03, in respect of which the amount was received in the year 2008-09 by Champawat division of the company, showing the amount thus received under the head receivable which is not as per Generally Accepted Accounting Principles (GAAP). This needs to be reconciled and rectified.

4. Current Liabilities and Provisions- (Schedule-f0) - ₹ 2763.40 crore

In addition to the provision of one *per cent* guarantee fee of ₹ 1.40 crore (schedule-17) payable to the State Government in respect of REC loan, provision for one *per cent* penalty is required to be made in case of non-payment of guarantee fee payable for the year. However, the Company neither paid guarantee fee to the State Government nor made provision for penalty.

This has resulted in understatement of current liabilities as well as loss by ₹ 1.40 crore

For and on the behalf of the
Comptroller & Auditor General of India

Date: 04/12/2012
Place: Dehradun



(ASHWINI ATTRI)
Principal Accountant General

UTTARAKHAND POWER CORPORATION LTD.
BALANCE SHEET AS ON MARCH 31, 2011

Particulars	Schedule Ref.	Amount (in Rs.) as at 31-03-2011	Amount (in Rs.) as at 31-03-2010
SOURCES OF FUNDS			
Shareholders Funds			
Share Capital	1	5,77,00,00,000	5,77,00,00,000
Reserves and Surplus	2	14,61,39,03,913	14,11,43,25,168
Loan Funds			
Secured loans	3	3,32,15,80,837	3,49,44,77,647
Unsecured loans	4	8,70,15,90,236	8,50,20,80,961
Deferred Tax Liability (NET)		20,95,95,607	35,17,74,877
Deposits received from the Consumers for Electrification	5	3,39,53,77,231	2,79,19,67,569
TOTAL		36,01,20,47,824	35,02,46,26,223
APPLICATION OF FUNDS			
Fixed Assets	6		
Gross block		27,60,30,30,680	23,30,18,00,643
Depreciation		10,25,71,10,011	9,36,04,98,213
Net block		17,34,59,20,670	13,94,13,02,430
Capital Works-in-Progress	7	5,79,10,46,490	7,44,23,35,754
Current Assets, Loans and Advances			
Current Assets	8	15,39,14,59,722	13,71,64,52,019
Loans and Advances	9	5,63,14,11,300	5,36,48,45,678
Less: Current Liabilities and Provisions	10	27,63,39,79,510	22,88,08,88,248
Net Current Assets		(6,61,11,08,488)	(3,79,95,90,551)
Miscellaneous Expenditure (to the extent not written off or adjusted)			
Profit and Loss Appropriation Account (Accumulated losses)		19,48,22,70,752	17,43,76,28,390
Deferred Revenue Expenditure		39,18,400	29,50,200
Total		36,01,20,47,824	35,02,46,26,223
Significant Accounting Policies and Notes to Accounts	18		

" SCHEDULE 1 TO 18 FORM AN INTEGRAL PART OF THE BALANCE SHEET "

AUDITOR'S REPORT

"AS PER OUR SEPARATE REPORT OF EVEN DATE"



FOR P.D. AGRAWAL & CO.
CHARTERED ACCOUNTANTS

FOR & ON BEHALF OF BOARD

(CA) TABBIN GUPTA

PARTNER

DATED : 28/07/2012
PLACE : DEHRADUN

(A.K. JOHARI)

MANAGING DIRECTOR

(ANIL MITTAL)

DIRECTOR (FINANCE)

(SHIVANI SHARMA)

COMPANY SECRETARY

UTTARAKHAND POWER CORPORATION LTD.
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

Particulars	Schedule Ref.	Amount (in Rs.) Current Year	Amount (in Rs.) Previous Year
(A) Income			
Gross revenue from sale of electricity	11	26,41,71,50,270	19,35,75,22,129
Other Income	12	49,50,00,871	95,89,09,057
Total (A)		26,91,21,51,141	20,31,64,31,186
(B) Expenditure			
Purchase cost of electricity	13	23,05,33,12,768	20,63,47,88,397
Repairs and Maintenance Expenses	14	55,55,45,560	49,19,55,166
Personnel expenses	15	2,15,79,54,185	1,68,87,23,151
Administration expenditure	16	15,03,63,968	17,28,95,431
Interest and other financial charges	17	84,97,34,953	76,59,89,760
Depreciation	6	1,07,74,63,339	93,42,45,633
		27,84,43,74,774	24,68,85,97,538
(C) Provisions			
Provision For Bad & Doubtful Debts		1,25,45,98,000	90,26,00,000
Total (B) + (C)		29,09,89,72,774	25,59,11,97,538
Profit before Taxes (A) – (B + C)		(2,18,68,21,632)	(5,27,47,66,352)
Income tax			-
Wealth tax			-
Fringe Benefit Tax		-	-
Profit / (Loss) after taxes		(2,18,68,21,632)	(5,27,47,66,352)
Reversal of Deferred Tax Asset Reserve		-	(16,51,80,196)
Deferred Tax Liability /(Asset)		(14,21,79,270)	(7,59,80,680)
Amount available for Appropriation		(2,04,46,42,362)	(5,03,36,05,476)
Significant Accounting Policies and Notes	18		

" SCHEDULE 1 TO 18 FORM AN INTEGRAL PART OF THE BALANCE SHEET"

AUDITOR'S REPORT

"AS PER OUR SEPARATE REPORT OF EVEN DATE"



FOR P.D. AGRAWAL & CO.
 (CA) TARUN GUPTA
 PARTNER
 DATED : 28/7/2012
 PLACE : DEHRADUN

FOR & ON BEHALF OF BOARD

(A.K. JOHARI)
 MANAGING DIRECTOR

(ANIL MITTAL)
 DIRECTOR (FINANCE)

(SHIVANI SHARMA)
 COMPANY SECRETARY

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

Schedule 1 – Share capital

Particulars	Amount (in Rs.) as at 31-03-2011	Amount (in Rs.) as at 31-03-2010
Authorised capital 10000000 ,Equity shares of Rs.1000 each (Previous year 3000000 Equity Shares of Rs.1000 each)	10,00,00,00,000	3,00,00,00,000
Issued capital 5770000 ,Equity shares of Rs.1000 each (Previous year 50000 Equity Shares of Rs.1000 each)	5,77,00,00,000	5,00,00,000
Subscribed and paid up capital (a) 5770000 ,Equity shares of Rs.1000 each fully paid up. (Previous year 50000 Equity Shares of Rs.1000 each fully paid up)	5,77,00,00,000	5,00,00,000
Share Capital Pending Allotment (b)	-	5,72,00,00,000
Total (a + b)	5,77,00,00,000	5,77,00,00,000



Schedule 2 – Reserves and Surplus

Particulars	Amount (in Rs.) as at 01-04-2010	Additions during the Year	Deductions/Adjustments during the Year	Amount (in Rs.) as at 31-03-2011
Transitory reserve	1,03,05,811	-	-	1,03,05,811
Consumer Contribution for Service Connections & Lines	2,49,68,72,230	28,41,77,142	11,68,274	2,77,98,81,098
Contribution Towards Deposit Works	1,93,07,85,859	11,94,77,873	-	2,05,02,63,732
State Government Grants Towards Capital Works	9,67,63,61,268	9,71,37,418	45,415	9,77,34,53,271
Total	14,11,43,25,168	50,07,92,433	12,13,689	14,61,39,03,913



Schedule 3 – Secured loans

S.NO.	PARTICULARS	Amount (in Rs.) as at 31-03-2011	Amount (in Rs.) as at 31-03-2010
1	R.E.C. LOANS-(Secured By Guarantee of Uttaranchal Govt.)	1,30,58,94,618	1,39,85,46,618
2	AERP-(REC Loan)-(Secured By Guarantee of Uttaranchal Govt.)	49,52,48,960	57,54,93,770
3	R.E.C. LOANS-RGGVY	66,53,30,962	66,53,30,962
4	R-ADRP	37,74,60,000	37,74,60,000
	Sub Total	2,84,39,34,540	3,01,68,31,350
	ADD : Interest Accrued & Due	47,76,46,297	47,76,46,297
	TOTAL	3,32,15,80,837	3,49,44,77,647

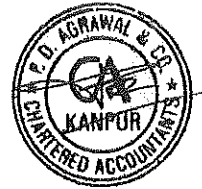
Schedule 4 – UnSecured loans

S.NO.	PARTICULARS	Amount (in Rs.) as at 31-03-2011	Amount (in Rs.) as at 31-03-2010
1	U.P. GOVERNMENT LOAN	67,73,24,295	67,73,24,295
2	G.P.F. LOAN	1,27,10,00,000	1,27,10,00,000
3	STATE GOVERNMENT LOANS :	1,62,42,56,260	1,59,50,37,540
	Sub Total	3,57,25,80,555	3,54,33,61,835
	ADD : Interest Accrued & Due	5,12,90,09,681	4,95,87,19,126
	TOTAL	8,70,15,90,236	8,50,20,80,961



Schedule 5 – Security Deposit received from consumers for electrification

S.NO.	Particulars	Amount (in Rs.) as at 31-03-2011	Amount (in Rs.) as at 31-03-2010
1	Security Deposit From Consumers	2,97,84,04,925	2,49,19,63,302
	Add : Interest accrued	41,69,72,306	30,00,04,267
	Total	3,39,53,77,231	2,79,19,67,569



Schedule 6 - Fixed Assets

SL. NO.	Assets Group	Gross Block				Provision of Depreciation				Net Block as on 31.3.2011	Net Block as on 31.3.2010
		Opening Bal. As on 1-04-2010 (Rs.)	Additions during the year (Rs.)	Deductions during the year (Rs.)	Current Year as on 31.03.11 (Rs.)	Opening Bal. As on 1-04-2010 (Rs.)	Additions during the year (Rs.)	Deductions during the year (Rs.)	Closing Bal. as on 31-03-11 (Rs.)	(Rs.)	(Rs.)
1	2	3	4	5	6	7	8	9	11	12	13
1	Land and Rights	14,28,03,487	1,07,21,293	-	15,35,24,780	-	-	-	-	15,35,24,780	14,28,03,487
	Land held under lease	98,74,093	1,92,918	-	1,00,67,011	-	-	-	-	1,00,67,011	98,74,093
2	Buildings	75,12,74,797	4,83,93,585	-	79,96,68,382	24,99,63,318	1,22,45,779	-	26,22,09,097	53,74,59,285	50,13,11,480
3	Hydraulic Works	48,99,792	12,63,830	-	61,63,622	26,44,590	2,32,740	-	28,77,330	32,86,292	22,55,202
4	Other Civil Works	1,50,99,820	3,554	-	1,51,03,374	48,56,465	2,46,127	-	51,02,592	1,00,00,781	1,02,43,355
5	Plant & Machinery	3,34,47,94,943	1,13,79,10,718	79,56,32,519	3,88,70,73,142	19,49,41,884	16,83,58,704	17,12,77,999	19,20,22,590	3,69,50,50,552	3,34,98,53,059
6	Lines&Cable Network	18,63,51,66,680	4,73,27,97,721	1,19,04,80,547	22,17,74,83,853	8,83,25,62,898	88,51,70,417	92,80,354	9,70,84,52,962	12,46,90,30,892	9,80,26,03,782
7	Vehicles	2,85,54,838	1,69,920	2,11,216	2,85,13,542	2,80,46,989	-	40,496	2,30,06,493	5,07,049	5,07,849
8	Furniture and Fixtures	4,42,50,940	82,20,395	-	5,24,71,335	1,49,00,626	28,01,084	-	1,77,01,710	3,47,69,624	2,93,50,314
9	Office Equipment	12,50,81,253	34,80,66,950	1,86,364	47,29,61,639	3,25,81,443	84,08,487	2,52,693	4,07,37,237	43,22,24,402	9,24,99,810
	TOTAL	23,30,18,00,643	6,28,77,40,883	1,98,65,10,846	27,60,30,30,680	9,36,04,98,213	1,07,74,63,539	18,08,51,542	10,25,71,10,011	17,34,59,20,670	13,94,13,92,431



Schedule 7 - Capital Works-in-Progress

SL NO.	PARTICULARS	Balance as on 01.04.2010 (Rs.)	Additions during the year (Rs.)	Capatitalization during the year (Rs.)	Adjustments during the year (Rs.)	Balance as on 31.03.11 (Rs.)
1	2	3.00	4	5		7
1	Capital Works-in-Progress	4,11,72,20,143	3,25,61,09,217	4,91,62,60,982	-	2,45,70,68,378
2	Advances to Suppliers and Contrators	3,32,51,15,611	46,02,68,648	-	45,14,06,147	3,33,39,78,112
	TOTAL	7,44,23,35,754	3,71,63,77,865	4,91,62,60,982	45,14,06,147	5,79,10,46,490



Current assets, loans and advances

Schedule 8 – Current assets

Particulars	Amount (in Rs.) as at 31-03-2011	Amount (in Rs.) as at 31-03-2010
Stores and Spares		
Stores and Spares	1,64,36,93,063	1,26,06,59,311
Less:-Provision for obsolete & Scrap Material	(14,52,00,000)	(14,52,00,000)
SUB TOTAL (A)	1,49,84,93,063	1,11,54,59,311
Sundry Debtors		
• Debts outstanding for a period exceeding six months		
- Considered good	6,22,50,08,477	7,12,90,64,000
- Considered doubtful	6,70,79,84,635	5,80,53,84,635
• Other debts		
- Considered good	3,97,99,26,950	1,81,58,31,641
- Considered doubtful	1,25,45,98,000	90,26,00,000
	18,16,75,18,062	15,74,84,46,189
Less:- Provision for Bad & Doubtful Debts	(7,96,25,82,635)	(6,70,79,84,635)
SUB TOTAL (B)	10,20,49,35,426	9,04,04,61,554
Cash & Bank Balances :		
Cash in Hand & Transit	20,42,61,636	18,45,96,060
Bank balances		
• With scheduled banks		
- In current account	2,20,09,77,648	1,74,68,99,259
- In Deposits account	1,28,27,91,948	1,62,90,35,835
SUB TOTAL (C)	3,68,80,31,232	3,56,05,31,154
TOTAL (A TO C)	15,39,14,59,722	13,71,64,52,019



Schedule 9 – Loans and advances

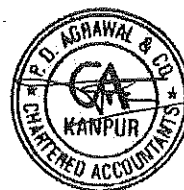
S.NO.	Particulars	Amount (in Rs.) as at 31-03-2011	Amount (in Rs.) as at 31-03-2010
1	Sundry Receivables	2,59,43,47,651	2,21,67,99,691
2	Recoverable From State Govt. (On finalisation of transfer scheme of PTCUL)	1,88,81,40,313	1,88,81,40,313
3	Advances recoverable in cash or kind for value to be received :		
	a) Advances for O&M Supplies/Works	7,02,93,109	6,10,51,860
	b) Loans & Advances to Staff	43,33,421	45,28,797
4	Inter Unit Transactions	1,07,42,96,806	1,19,43,25,017
	TOTAL	5,63,14,11,300	5,36,48,45,678



Current liabilities and provisions

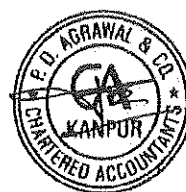
Schedule 10 – Current liabilities

S.No.	Particulars	Amount (in Rs.) 31-03-2011	as at Amount (in Rs.) as at 31-03-2010
1	SUNDRY CREDITORS :		
	-For Power Purchase	11,59,39,96,815	12,06,18,43,878
	-For Capital Supplies/Works	94,87,90,273	55,23,18,465
	-For O&M Supplies/Works	7,52,60,183	2,99,28,494
	-For Expenses	2,47,68,350	3,05,30,093
2	Staff Related Liabilities & Provisions	1,79,51,55,912	1,34,35,33,608
3	Deposits for Electrification, Service Connections etc.	1,72,01,96,099	1,62,37,62,330
4	Deposits & Retention Money from supplier / contractors	91,45,31,808	96,39,91,664
5	Staff Pension ,Gratuity & Leave Salary Fund	11,80,83,409	10,79,79,407
6	Other Deposits Payable	3,06,19,097	3,29,80,350
7	E.D. & Other levies Payable To Government	4,56,49,27,922	3,21,76,18,859
8	Other Liabilities & Provisions	5,23,22,33,778	2,30,09,85,236
9	Payable to PTCUL (Transfer of Assests/Liabilities)	61,54,15,865	61,54,15,865
	TOTAL	27,63,39,79,510	22,88,08,88,248



Schedule 11 – Gross revenue from sale of electricity

Particulars	Amount (in Rs.)	Amount (in Rs.)
	Current Year	Previous Year
Revenue from Sale of Power to Consumers	25,09,19,57,161	18,05,24,67,231
Miscellaneous charges from Consumers	1,32,51,93,109	1,30,50,54,898
Total	26,41,71,50,270	19,35,75,22,129



Schedule 12 – Other Income

Particulars	Amount (in Rs.) Current Year	Amount (in Rs.) Previous Year
Interest	9,35,35,311	56,17,39,601
Delayed payment charges from Consumers	8,21,43,771	9,34,41,199
Miscellaneous Receipts	2,95,61,075	11,55,24,088
Income from Staff Welfare Activities	11,80,221	10,95,740
Rebate/Incentives	28,85,80,493	18,71,08,429
Total	49,50,00,871	95,89,09,057



Schedule 13 – Purchase Cost of Electricity

Particulars	Amount (in Rs.) Current Year	Amount (in Rs.) Previous Year
NTPC	6,88,23,76,299	5,34,82,55,069
NPCL	49,31,60,921	5,20,06,066
NHPC (Including Tanakpur Power)	1,57,59,33,559	1,75,47,05,749
NRLDC	2,28,95,48,830	3,22,47,05,346
UJVNL	6,47,84,89,980	5,98,94,19,432
Satluj Jal Vidyut Nigam	13,40,84,652	4,05,86,279
THDC	1,29,00,16,683	83,67,29,801
HIM URJA PVT. LTD.	13,44,99,388	6,83,90,522
UREDA	-	3,65,922
Regency Aquaelectro & Motel resorts, Ponta	3,80,63,589	4,51,24,876
Short Term Open Access Charges	9,76,60,898	5,32,25,321
PARVTIYA POWER (P) LTD, RANIKHET	5,81,97,449	5,18,82,740
RBNS Sugar Mill	12,32,72,556	10,16,64,145
N.V.V.N.L	-	2,07,94,756
VishnuPrayag HEP	43,26,00,000	38,74,93,488
Chamoli Hydro Power Project	6,02,42,229	5,32,33,219
Gujrant Urja Vikas Nigam	-	8,77,94,006
Gunsola Hydro Power Generation pvt. ltd.	4,32,23,031	2,78,39,122
Swasti Power	19,28,17,070	7,04,03,755
Adani Enterprise Ltd	-	84,54,88,228
Relaince Energy Trading	1,01,42,94,648	-
Uttam Sugar Mill	6,83,87,445	1,54,81,406
Total Purchase cost of Electricity	21,40,68,69,227	19,07,55,89,248
PGCIL -(Wheeling Charges)	1,25,92,85,373	90,35,36,749
PTCUL -(Wheeling Charges)	1,01,73,00,000	75,81,00,000
Total Cost (Including Transmission Charges)	23,68,34,54,600	20,73,72,25,997
LESS : U.I. Charges received from NREB	(63,01,41,832)	(10,24,37,600)
Net Cost	23,05,33,12,768	20,63,47,88,397



Schedule 14 – Repairs and Maintenance Expenses

Particulars	Amount (in Rs.)	Amount (in Rs.)
	Current Year	Previous Year
Repairs and maintenance – Plant and machinery	12,32,94,098	11,94,41,714
Repairs and maintenance – Building & Civil Works	1,86,61,958	1,33,06,763
Repairs and maintenance – Lines, cables works, etc.	41,15,90,027	35,68,83,173
Repairs and Maintenance – Others	19,99,478	23,23,516
Total	55,55,45,560	49,19,55,166



Schedule 15 – Personnel Expenses

Particulars	Amount (in Rs.) Current Year	Amount (in Rs.) Previous Year
Managerial Remuneration-Directors	49,14,181	68,71,305
Salaries, wages, allowances and bonus(excluding Directors Remuneration)	1,94,51,67,328	1,61,29,38,396
Terminal Benefits	27,69,99,129	22,32,06,329
Other staff costs	32,14,19,684	16,31,37,927
Less: Employee cost charged to Capital WIP	(39,05,46,137)	(31,74,30,806)
Total	2,15,79,54,185	1,68,87,23,151



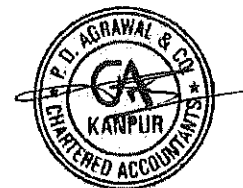
Schedule 16 – Administration expenditure

Particulars	Amount (in Rs.) Current Year	Amount (in Rs.) Previous Year
Rent, rates and taxes	43,51,004	25,33,656
Electricity and water	3,73,05,341	1,94,44,557
Insurance	6,38,644	7,25,022
Communication	2,06,67,126	2,24,64,187
Printing and stationery	1,65,47,385	1,38,43,441
Travelling and conveyance	3,39,18,537	3,41,68,770
Legal & professional	1,74,68,768	2,04,33,278
Fees & Subscription	41,32,300	29,50,200
Remuneration to auditors	5,44,836	2,34,495
Advertisement and promotion	1,52,27,664	1,71,25,589
Miscellaneous Expenses	3,35,58,476	8,34,12,105
Other debit to Revenue A/c/Compensation expenses to staff/outside	44,82,938	18,47,033
U.E.R.C. Fees	1,38,51,173	43,81,396
Less: Administrative expenses charged to Capital WIP	(5,23,30,225)	(5,06,68,298)
Total	15,03,63,968	17,28,95,431



Schedule 17 – Interest and Other Financial Charges

Particulars	Amount (in Rs.) Current Year	Amount (in Rs.) Previous Year
Rebate/ discount allowed to consumer on sale of electricity	12,51,810	2,90,58,283
Interest on State Govt.Loans	15,40,05,761	14,33,17,938
Interest on Other Loans & Liabilities	49,10,19,055	49,01,28,320
Interest on Consumers Security Deposit	16,57,95,990	12,83,89,883
Guarantee Fees to U.A.Govt.	1,40,00,000	2,60,19,000
Other financial and bank charges	4,66,62,337	30,76,336
Less: Interest and other financial charges charged to Capital WIP	(2,30,00,000)	(5,40,00,000)
Total	84,97,34,953	76,59,89,760



UTTARAKHAND POWER CORPORATION LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH 2011

		RUPEES (IN CRORES)			
SRL NO.	PARTICULARS	2010-11		2009-10	
A.	CASH FLOW FROM OPERATING ACTIVITIES				
	Net Profit/(Loss) before tax and extra-ordinary items	(218.68)		(527.47)	
	Adjustments for:				
	i) Depreciation	107.75		93.42	
	ii) Interest Paid	47.47		46.31	
	iii) Deferred Revenue Expenditure	(0.10)		0.29	
	iv) Interest Income	125.46		90.26	
	v) Interest Income	(9.35)		(56.17)	
	Operating profit before working capital changes	52.55		(353.36)	
	Adjustment for Working Capital Changes				
	i) Inventory	(38.31)		12.09	
	ii) Debtors	(241.91)		(97.58)	
	iii) Other Current Assets, Loans and Advances	(26.66)		(21.45)	
	iv) Current Liabilities & Provisions	475.31		8.23	
	Cash generated from Operations	220.98		(452.07)	
	Net Cash from Operating Activities		220.98		(452.07)
B.	CASH FLOW FROM INVESTING ACTIVITIES				
	i) Purchase & Sale of Fixed Assets	(448.20)		(339.12)	
	ii) Capital Work in Progress	165.13		70.16	
	iii) Interest Income	9.35		56.17	
	Net Cash from Investing Activities		(273.72)		(212.79)
C.	CASH FLOW FROM FINANCING ACTIVITIES				
	i) Increase in Loan Balances & Cash Credit	2.67		52.92	
	ii) Increase in Deposits from consumers	60.33		79.08	
	III) Increase in Share Capital Allotment	-		572.00	
	iii) Interest paid	(47.47)		(46.31)	
	iv) Increase in General Reserve	49.96		160.87	
	Net Cash from Financing Activities		65.49		818.56
	NET INCREASE IN CASH & CASH EQUIVALENTS [A+B+C]		12.75		153.70
	CASH & CASH EQUIVALENTS AS AT 1ST APRIL 2010 [OPENING BALANCE]		356.05		202.35
	CASH & CASH EQUIVALENTS AS AT 1ST APRIL 2011 [CLOSING BALANCE]		368.80		356.05

" SCHEDULE 1 TO 16 FORM AN INTEGRAL PART OF THE BALANCE SHEET"

AUDITOR'S REPORT

"AS PER OUR SEPARATE REPORT OF EVEN DATE"

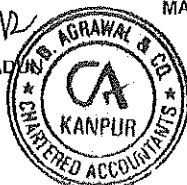
FOR P.D.AGRAWAL & CO.
CHARTERED ACCOUNTANTS

FOR & ON BEHALF OF BOARD

(CA TARUN GUPTA)

PARTNER

DATED : 28/7/12
PLACE : DEHRADUN



(A.K. JOHARI)

MANAGING DIRECTOR

(ANIL MITTAL)

DIRECTOR (FINANCE)

(SHIVANI SHARMA)

COMPANY SECRETARY

UTTARAKHAND POWER CORPORATION LIMITED

A- SIGNIFICANT ACCOUNTING POLICIES:

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

- 1.1 The Uttarakhand 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 there under. However, where there is a deviation from the provisions of the Companies Act, 1956 in preparation of these accounts. The corresponding provisions of Electricity (Supply) Act, 1948 and The Electricity (Supply) (Annual Accounts) Rules 1985 have been adopted. The Electricity (Supply) Act, 1948 which was repealed w.e.f. 10th June, 2003 (the repealed Electricity Act) remained applicable for part of the current accounting year in respect of the operations of the company.
- 1.2 The Financial Statements are prepared under the Historical Cost Convention following Accrual System of Accounting unless otherwise stated and on accounting assumption of going concern along with all the applicable Accounting Standards as recommended by the Institute of Chartered Accountants of India.
- 1.3 Accounting Policies are consistent with Generally Accepted Accounting Principal (GAAP) except wherever stated otherwise.
- 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 Subsidy, Grant, Insurance and other Statutory transactions, Refund of Custom Duty, Surcharge from consumers, and Interest on Income Tax and Trade Tax, U.I. charges, if any are to be accounted for on Cash Basis.
- 1.6 Delayed payment on surcharge against the payment the payment of bills is accounted for on receipt basis.

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.
- 2.3 Contribution received for deposit works are taken to consumer contribution on capitalization of the specific fixed assets against which it has been received. Hence the same is not deducted from the actual cost of the respective fixed asset.



3. RESERVES AND SURPLUS :

- 3.1 Contribution received for deposit works are taken to consumer contribution on capitalization of the specific Fixed Assets against which it has been received. Hence the same is not deducted from the actual cost of the respective Fixed Asset.
- 3.2 Consumers contributions, grants and subsidies received towards cost of capital assets are treated initially as capital reserve and subsequently amortized in the proportion in which depreciation on related assets is charged.
- 3.3 Transitory reserve has been created on 09/11/2001 on preparation of transfer scheme between UPCL & UPPCL.

4. FIXED ASSETS:

- 4.1 Fixed Assets have been taken over by the company from UPPCL on 09.11.2001 gross Rs. 1,058.18 Crores with accumulated depreciation of Rs. 397.10 Crores. Details of the individuals' block of assets have been taken at values as per the transfer scheme finalized between UPCL & UPPCL and the total value of Rs. 1,058.18 crores has been treated as gross block and Rs. 397.10 crores as accumulated depreciation. As on 1st June, 2004 Power Transmission Corporation of Uttarakhand Limited (PTCUL) has been separated from corporation and Rs. 263.39 crores from Gross block transferred to PTCUL and Rs. 112.95 crores from accumulated depreciation has been transferred from Fixed Assets.
- 4.2 Fixed Assets are shown on Historical Cost less accumulated depreciation.
- 4.3 All cost relating to acquisition and installation of fixed assets including departmental overhead costs till the date of commissioning are capitalized.
- 4.4 Fixed Assets booked under the head of "Fixed Assets not in use" are transferred to "Stock" or "Other Account Head" at depreciated value and the accumulated depreciation there on. The damaged Fixed Assets like Transformers, Electricals equipments etc. after repaired 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.

5. CAPITAL WORKS IN PROGRESS:

- 5.1 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.
- 5.2 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 adjustments in the year of Final Settlement.
- 5.3 In respect of supply-cum-erection contracts (Turn-Key Contracts), the value of supplies received at site and accepted, is treated as Capital Works-in-Progress.
- 5.4 Claims of the Price Variation in case of contracts are accounted for on acceptance of Bills.



- 5.5 Value of Construction Stores, are charged to Capital Works-in-Progress as and 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.
- 5.6 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 works are Capitalized @ 18.45% of the amount of total Capital Expenditure. However interest cost attributable to Capital WIP has been taken on estimated basis into consideration for capitalization.
- 5.7 The Capital Works completed during the year have been capitalized at the year end.

6. BORROWING COST:

- 6.1 Borrowing Costs attributable to the Fixed Assets during their construction/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 expense in the period in which they are incurred.
- 6.2 The Borrowing Cost has been determined on proportion basis as prescribed in the Electricity (Supply) (Annual Accounts) Rules 1985.

7. INVENTORIES

- 7.1 The cost of inventories is valued as per weighted average cost method except for site stores which are valued at issue price.
- 7.2 Stores and spares are valued at cost.
- 7.3 Stock of unserviceable material and steel scrap is valued at realizable value
- 7.4 Value of scrap other than steel scrap is accounted for in the accounts as and when sold.
- 7.5 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.
- 7.6 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.
- 7.7 Stationary is charged as expense to P/L account at the time of purchase itself. Hence the closing stock of stationary as on 31.03.2011 is not taken as inventory. However the stock of stationary is not material considering the size and business of the company.
- 7.8 The company has not identified any obsolete, slow moving and dead stock of stores and spares as all the items in the store are useable in spite of the fact that they are very old.



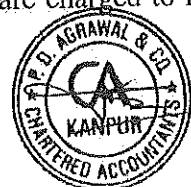
8. PROFIT AND LOSS ACCOUNT:

8.1 INCOME RECOGNITION

- 8.1.1 Sale of Energy is accounted for on the basis of Tariff Rates, notified/approved by the Uttaranchal Electricity Regulatory Commission.
- 8.1.2 Interest/Surcharge recoverable in Advances to Suppliers as well as warranty Claims/Liquidity Damages are not treated as accrued, due to uncertainty of realization/acceptance and are, therefore, accounted for on receipt of acceptances.
- 8.1.3 Late Payment Surcharge is charged against the payment of bills beyond the due date in the subsequent bill and is shown distinctly under the head "Other Income".
- 8.1.4 The Sale of Electricity does not include Electricity duty payable to the State Government as the same is not the Income of the Corporation.
- 8.1.5 The Liability for Electricity Duty is accounted for as and when the assessment of Supply of Electricity is made and the bill is raised on the Consumer.
- 8.1.6 Cash Discount/Rebates allowed for timely payment is shown separately as an expense in the Accounts under the head Other Financial Charges.
- 8.1.7 Income arisen from the bills raised, for theft of energy in respect of Consumers, is accounted for on Accrual Basis.
- 8.1.8 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.
- 8.1.9 Assessment of own Power Consumption at Sub-stations/Offices is done on the basis of connected load/ Hours of Supply.
- 8.1.10 Revision of Tariff is given effect from the effective date specified in the notification. In case of current bills, which include the applicable period of tariff revision, the effect of revised tariff is given for the period.
- 8.1.11 All prior period income and expenditure are shown in the current period as a distinct item.

8.2 EXPENDITURE

- 8.2.1 Depreciation is charged on Straight Line Method as per the rates prescribed under Schedule XIV of The Companies Act, 1956 and as notified from time to time.
- 8.2.2 Depreciation on Fixed Assets is provided only on the assets in existence at the beginning of the year and no depreciation is provided on the additions made during the year.
- 8.2.3 Expenses on Training Recruitments and Research Development are charged to Revenue in the year of incurrence.



- 8.2.4 The fixed assets are depreciated up to 90% of original cost of assets after considering 10% as the residual value of the assets.

8.3 PURCHASE OF POWER

- 8.3.1 Power purchased from suppliers has been accounted for on the basis of bills raised by them.

9. RETIREMENT BENEFITS:

- 9.1. The liability for Retirement Benefits of Employees in respect of Gratuity and Pension is provided on basis of actuarial valuation and accounted on accrual basis. The liabilities for Leave Encashment to employees have been provided on accrual basis.
- 9.2 Liability for pension and gratuity in respect of employees has been accounted for on the basis of 16.70% and 2.38% respectively on the amount of basic pay and DA paid to the employees
- 9.3 All the retirement benefits accruing to the employees before the transfer scheme are not taken as liabilities of the companies since the same has been taken over by the state government.
- 9.4 Earned leave is fixed at 31 days in each calendar year. Provision for leave encashment has been made in the books of account on the basis of records available with the company. In respect of Gazetted officers, Encashment for leave is allowed only at the time of retirement, but in case of other employees claimed leave encashment allowed every year as of balance of earned leaves up to 30 days.

10. INVESTMENTS:

- 10.1 There is no investment policy framed by the company. However, short term investments are made in scheduled banks to utilize idle money from time to time. Investments, if any, are stated at cost.

11. CONTINGENT LIABILITIES:

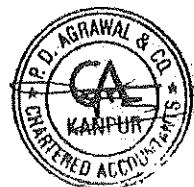
- 11.1 These, if any, are disclosed in the notes to the Accounts. Provision is made in the Accounts in respect of those contingencies only which are likely to materialize into Liabilities at the year end and have any material effect on the position stated in the Balance Sheet.

12. PROVISION FOR BAD DOUBTFUL DEBTS:

- 12.1 The provision for Bad Doubtful Debts @ 5% is based in an overall assessment of the Revenue.

13. OTHER INCOME

- 13.1 Other income includes delayed payments surcharge from customer, interest on FDR, recovery from malpractices and other service charges, rental income etc.



- 13.2 Late payment surcharge is calculated as per provision of tariff order issued by Uttarakhand Electricity Regulatory Commission.
- 13.3 As per clause no.4 the electricity (supply) Annual Account Rules 1985 the delayed payment surcharge which has been charged against payment of the bill beyond the due date should be booked on recovered basis and shown separately. The delayed Payment surcharge is accounted on cash basis due to its uncertainty in realization. Accordingly, delayed payment surcharge recovered from consumers have been booked on actual record basis and shown separately.
- 13.4 In case of confide consumers indulged in theft/illegal use of electricity, the revenue is recognized on accrual basis. However incase of non-confide consumers i.e Katia Connections and of temporary connections i.e Marriages. New construction of houses etc. the revenue is recognized on cash basis.

B- NOTES ON ACCOUNTS:

1. Annual Accounts for the year 2010-11 have been prepared after incorporating the transactions for the year 2010-11 by generating trial balance of units through FAS & incorporating the Opening Balances of Assets and Liabilities as on 31-03-2010 at consolidation level done at Head office.
2. The Uttarakhand Power Corporation Limited received Equity Share Capital amounting to Rs. 5 .Crores form the Government of Uttarakhand during the year 2001-02. Allotment of shares against the same has been made. 57200 Lakh Equity has been allotted @ Rs. 1,000/- to State Government and added in 2010-11.
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 @ 6% per annum as per order of Uttarakhand Electricity Regulatory Commission.
4. The provision for interest on GPF liability payable to Trust has been made @ 8% which was the applicable rate on G.P.F. balances during the financial year 2010-11. Irrespective of other loans and dues, the liability of interest has been calculated at the applicable rates.
5. Provision for Accrued Liabilities on account of Pension for the period from 01-04-2010 to 31-03-2011 has not been made as the same is being paid by state government.
6. Provision for Accrued Liabilities on account of Gratuity for the period from 01-04-2010 to 31-03-2011 has been made @ 2.38% on the amount of Basic Pay and D.A. paid to employees covered under EPF scheme.
7. The provision for Bad and Doubtful Debts for the period under Review has been made @ 5% on overall assessment of the revenue for the year.
8. Provision has been made for Audit Expenses to Auditors for the period 2010-11 as follows:

(a) Statutory Auditors (including Service Tax)	- Rs.1,10,300.00
(b) Statutory Branch Auditors	- Rs. 55,150.00
(c) Tax Auditors & Income Tax return filing fees (Other than Statutory Auditors)	- Rs. 53,000.00



9. Liabilities towards, Medical Reimbursement & Leave Travel Concession (LTC) has been provided to the extent established.
10. The Depreciation has been provided at the Corporate Accounts Office on the value of Fixed Assets in use as on 01-04-2010 in accordance with the Rates prescribed in Schedule XIV of The Companies Act, 1956. 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.
11. Depreciation on vehicles has not been charged during the year due to exhaust of written down balance in block of assets after charging depreciation.
12. Inter-Units Transfers amounting to Rs. 107.43 Crores (net) are under reconciliation and the effect of reconciliation shall be provided in the coming years.
13. 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.
14. 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.1,32,82,13,051/-, REC Loans- Rs. 47,76,46,297/-, CPSU's. Dues (as per Ahluwalia Report)- 1,24,92,11,256/-, CPSUs Liabilities- Rs.1,23,03,04,753/ & 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. 1,25,85,35,606/-.
15. The work of R-APDRP scheme is under implementation stage & shall be completed soon & amount received under the scheme is not a loan but grant amount. The provision for any expense is made only if it is ascertainable & foreseeable that the same expense shall be incurred in future. In said case though the amount is ascertainable but it is not definite that the same shall be incurred also as it is conditional that only in case that the scheme is not implemented that such grant shall be converted into loan. Thus, foreseeing that UPCL shall successfully implement the scheme no provision on account of interest has been made into the books during the year.
16. Interest on U.P. Govt. Loan Of Rs. 67,73,24,295/- has not been provided during the year as the said liabilities pertain to transfer scheme adjustments & also are not in the nature of commercial borrowings & thus interest provision on same is not justified.
17. Interest Payable on Loans from Bank has been accounted for as and when debited by the Bank.
18. Interest received on Fixed Deposits with Bank and others has been accounted for on Accrual basis.
19. As there is Business Loss and also after considering Depreciation as per Income Tax Act and brought forward Losses, no provision for Income Tax has been made.
20. 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. 55.45 Lakhs is foreseen as a Contingent Liability.
21. The Loans, other than REC Loan for Rs. 14000 Lacs, Guaranteed by the Government of Uttarakhand, have been classified as Secured Loans and no charge has been created on the Assets of the Company.



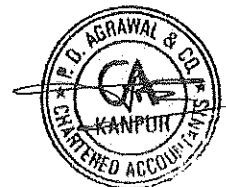
22. Provision for Leave Salary Contribution Fund in the current year has been provided @ 11% of basic pay & dearness pay.
23. UPCL had received a sum of Rs.5.3144 Cr.as refund of Development surcharge from CPSU's during the year 2005-06 in shape of Units/Bonds. The un-matured amount of Rs.1.5487 Cr. in the shape of units/bonds has been shown as current investments under the head of current assets.
24. The Company increased its Authorized Share Capital from Rs.300 Crores to Rs.1000 Crores during the year. The Company has written off one fifth of expenditure incurred in enhancement of share capital (Rs. 48,98,000) i.e. Rs. 9,79,600/- in profit & loss account under the head Fees and subscription.
25. The Company has written off one fifth of Rs. 1,47,51,000/- i.e. Rs. 29,50,200/- in profit & loss account under the head Fees and subscription for enhancement of share capital in the financial year 2006-07.
26. The FDR's made with various banks are automatically renewed as & when they are matured at market available rate of interest.
27. The provision of Deferred Tax Assets/ liabilities is as under :

Particulars	Transitional Provision as on 1/4/2010	Arising during the year	Balance carried as at 31/3/2011
Deferred Tax Liability on account of timing differences			
Depreciation	40,43,94,659	(8,95,59,489)	31,48,35,170
Interest on GPF Loan claimed now u/s 43B	(5,26,19,781)	(5,26,19,781)	(10,52,39,563)
	-	-	-
DEFERRED TAX LIABILITY/(ASSET)	35,17,74,878	(14,21,79,270)	20,95,95,607

28. The details of Managerial Remuneration paid during year is as below :-

Name of Director	Designation	Amount Paid (in Rs.)
Sh.Jag Mohan Lal	Managing Director	Rs. 14,45,979/-
Sh.Anil Kumar Johari	Director (Projects)	Rs. 15,43,063/-
Sh.Sharad Krishna	Director (HR)	Rs. 19,25,139/-
	Total	Rs. 49,14,181/-

29. During the FY 2009-10, a GO no. 258/I(2)/2010-05/81/2006 of GOU dated 09/02/2010 was issued vide which CPSU's liabilities for power purchase amounting to Rs.572 crores was converted into Share capital of the state government. The same has been transferred to issued & paid up capital from Share Capital pending for Allotment account as the Authorized Share Capital of UPCL has increased up to Rs.1000 Crores.



30. The value of contracts remaining to be executed as on 31/03/2011 was Rs.27.03 crores (approximately).
31. Previous year figures have been regrouped, re-arrange and re-casted, wherever necessary to compare the figures of current year.
32. No transaction is made during the year by the company in the books of accounts in which foreign exchange is involved.
33. None of the employee were in receipt of remuneration which was more than Rs. 24,00,000/- p.a. or Rs.2,00,000/- p.m., if employed for a part of the year.
34. Information in pursuant to PART I & PART II of Schedule VI of Companies Act 1956 are as under:

a) Quantitative details of energy purchased and sold are as under:

Particulars	Current year (MU)	Previous year (MU)
1. Units Purchased	9249.41	8280.09
2. Units sold	7250.68	6249.21
3. Transmission losses	1998.73	2030.88
4. Transmission losses (%)terms.	21.61%	24.53%

FOR & ON BEHALF OF BOARD

(A.K. JOHARI)

MANAGING DIRECTOR

(ANIL MITTAL)

DIRECTOR(FINANCE)

(SHIVANI SHARMA)

COMPANY SECRETARY

DATED : 28/7/2012
PLACE : DEHRADUN



