

**UTTARAKHAND POWER CORPORATION LIMITED (UPCL)
(URJA BHAWAN, KANWALI, DEHRADUN, UTTARAKHAND)**

**AUDIT REPORT IN PURSUANCE OF DIRECTIONS ISSUED BY
COMPTROLLER & AUDITOR GENERAL OF INDIA U/S 619(3)(a) OF THE
COMPANIES ACT, 1956 FOR THE YEAR ENDED ON 31ST MARCH, 2007**





M. K. GOSWAMI & Co.
CHARTERED ACCOUNTANTS

4/8, Asaf Ali Road, First Floor,
New Delhi-110 002
Ph. : 23275826, 23287408, 46140675
Fax : 23274352
E-mail : mkgandco@bol.net.in

AUDITORS' REPORT

To The Members of Uttarakhand Power Corporation Ltd (UPCL), Dehradun.

1. We have audited the attached Balance Sheet of Uttarakhand Power Corporation Ltd. (UPCL) for the year ended on 31st March, 2007 and the Profit & Loss Account for the year ended on that date annexed thereto. 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.
2. We 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 disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.
3. As required by the Companies (Auditors 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" hereto a statement made on the matters specified in paragraph 4 & 5 of the said order, as we considered appropriate.
4. Further to our comments in the "Annexure" in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion proper books of accounts as required by the law have been kept by the company so far as it appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches visited by us. The branch Auditor's Report has been forwarded to us and has been appropriately dealt with.



Attention is invited to the followings:

- i) *The title deeds and lease agreement of land and rights were not produced before us for verification. Hence we are unable to comment upon the amortization of leasehold land. In fact we were informed by the management that the title deeds and lease agreements of the leasehold land and rights are not furnished/ handed over by the UP state authorities till date.*

Hence the consequential effect of the above on the financial statement could not be ascertained.

- ii) *Non reconciliation of Inter Unit Balance f Rs.89.65 crores(Net Debit). Consequential effect of the same on the financial statements could not be ascertained.*

- iii) *No balance confirmations have been found obtained from the debtors, creditors and other parties. Consequential effect of the same on the financial statements could not be ascertained.*

- c) *The Balance Sheet, Profit & Loss Account and the related schedules dealt with by this report are in agreement with the books of accounts.*

- d) *In our opinion, the Balance Sheet, Profit & Loss Account, as produced before us for our verification, comply with the accounting standards referred to in Sub-Section (3C) of section 211 of the Companies Act, 1956 except the followings:*

- i) *Accounting Standard (AS) 6 "Depreciation Accounting".*

The depreciation has been provided as per the rates prescribed by the Govt. of India vide Notification, issued in exercising the 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 which overrides the provisions of AS 6. (Refer Notes on Accounts No.10 of Schedule 18)

- ii) *Accounting Standard (AS) 12 "Accounting for Government Grant".*

Grant of Rs.601,58 crores received up to 31.03.2007 from State Govt towards Capital Work has been shown Capital Reserve under the head "Reserve & Surplus" in the liability side of the Balance Sheet.

As stated in Accounting Policy No. 2 of Schedule 18, the grant received from the Central/State Govt. towards capital expenditure to be treated as Capital Reserve initially and recognized only on reasonable assurance from the Govt. and compliance to the condition attached thereto.



Further, the company needs to comply with the provisions of Accounting Standard 12 issued by the Institute of Chartered Accountant of India for the recognition of the grants received by the company towards capital expenditure from the Central or State Govt..

However, the company does not comply with the provisions of the Accounting Standard 12 as well as the Accounting Policy No-2 for the recognition of the of the Grants received by the company towards capital expenditure from the Central and/or State Govt.

iii) *Accounting Standard(AS) 15 "Accounting for Retirement Benefits"*

As per the information and explanations given to us, the company has not obtained any valuation report as required by AS 15 from an actuary for providing the liability towards the retirement benefit of the employees.

Significant Accounting Policies No 8 of Schedule 18 also requires that the liability towards retirement benefits should be provided on the basis of actuarial valuation.

However the company has not obtained any kind of report whatsoever from an actuary for providing the liability towards retirement benefits of the employees during the year.

iv) *Accounting Standard(AS)16: "Borrowing Cost"*

Interest has been capitalized on proportionate basis as prescribed in the Electricity (Supply) (Annual Accounts) Rules 1985 which overrides the provisions of AS 16. (Refer Significant Accounting Policies No.5 of Schedule 18)

Consequential effect of non compliance of the above accounting standards on the financial statements could not be ascertained.


- e) On the basis of written representation received from directors as on 31st March,2007 and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31st March 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act 1956.



f) In our opinion and to the best of our information and according to the information and explanations given to us and with reference to *our comments above*, the said accounts read with the notes referred to in Schedule 18 annexed to the accounts, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st march 2007 and,
- ii) in the case of Profit and Loss Account, of the loss for the year ended on that date.
- iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For M. K. Goswami & Co.
Chartered Accountants


CA. M.K. Goswami
Partner
M.N: 005422
FRN-002305N



Place : New Delhi
Date : 07/09/2010

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITOR'S REPORT OF
UTTARAKHAND POWER CORPORATION LTD. FOR THE YEAR ENDED ON
31ST MARCH, 2007.**

- i) (a) No fixed assets register has been maintained by the company during the year. As explained to us, the company is in the process of maintaining records for fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased and periodical manner, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification. *However the zonal auditor (Haldwani Zone) has made disclaimer in this regard as no report on physical verification of fixed assets of the zone was made available to them.*
- (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 affect the going concern.
- ii) (a) The inventories have been physically verified by the management inventory(transformers, line cables etc) during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedure for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business. *However the zonal auditor (Haldwani Zone) has made disclaimer in this regard as no report on physical verification of inventories of the zone was made available to them.*
- (c) According to the information and explanations given to us, the company has maintained proper records of inventory and as explained to us no material discrepancies noticed on physical verification of inventory as compared to the book records.
- iii) (a) According to the information and explanation given to us, the company has not granted or taken any loan, secured or unsecured to/from the companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore the provisions this clause is not applicable to the company.
- iv) In our opinion and according to the information and explanations given to us, the company has an adequate internal control procedure commensurate with the size of the company and nature of its business with regard to for the purchase of inventory, fixed assets and for the sale of electricity.
- v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into register maintained U/s 301 of the Companies Act 1956, have been so entered.



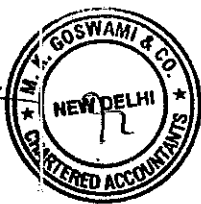
- (b) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained U/s 301 of the Companies Act, 1956 have been made at the prices which are responsible having regard to prevailing market price at the relevant time.
- vi) According to the information and explanations given to us, the company has not accepted deposits from the public during the year except the security deposits received at the time of new connections which does not attract the provisions of Section 58A, 58AA of the Companies Act, 1956.
- vii) According to the information and explanations given to us, the company has an in house Internal Audit Department commensurate with the size of the company and nature of its business.
- viii) We have broadly reviewed the books of account relating to material, labour and other item of cost maintained by the company pursuant to the rules made by the Central Govt for the maintenance of cost records under clause (d) of Sub-Section (1) of Section 209 of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- ix) (a) According to the information and explanations given to us, the company is regular in depositing the undisputed statutory dues applicable to it with appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sale tax, custom duty and excise duty were in arrears as at 31st March 2007 for a period of more than six months from the date they become payable.
- (c) According to the information and explanations given to us, there are no dues of sales tax, income tax, custom duties, wealth, excise duty and cess which have not been deposited on account of any dispute.
- x) *The accumulated losses of the company are more than fifty percent of its net worth. The company has incurred cash losses during the financial year covered by our audit and also in the immediately preceding financial year.*
- xi) According to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- xii) According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security pledged shares, debentures and other securities. Hence this clause is not applicable to the company.
- xiii) The company is not a Chit Fund/Mutual Benefit Fund/Society to which the provisions of special statutes are applicable. Hence this clause is not applicable to the company.



- xiv) Since the company is not dealing or trading in shares, security, debentures and other investments. Hence this clause is not applicable to the company.
- xv) According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- xvi) According to the information and explanations given to us, the company has been consistent in applying the term loans for the purposes which they were obtained.
- xvii) According to the information and explanations given to us, the company has not used the fund raised on short term basis for long term investments and vice versa.
- xviii) According to the information and explanations given to us and on the basis of the records of the company, the company has not made any preferential allotment of the shares during the year to the parties and companies covered in the register maintained U/s 301 of the Companies, 1956. Hence this clause is not applicable to the company.
- xix) According to the information and explanations given to us, the company has not issued any secured debenture during the year. Hence this clause is not applicable to the company.
- xx) According to the information and explanations given to us, the company has not raised any money by way of public issue during the year. Hence this clause is not applicable to the company.
- xxi) Based on our selective audit procedures and according to the information and explanations given by the management, no fraud has been noticed or reported by the company during the year.

For M.K.Goswami & Co
Chartered Accountants

CA. M. K. Goswami
Partner
M.N:005422
FRN:002305N



Place: New Delhi
Date: 07/09/2010

**SUPPLEMENTARY AUDIT REPORT IN PURSUANCE OF DIRECTIONS
ISSUED BY COMPTROLLER & AUDITOR GENERAL OF INDIA UNDER
SECTION 619(3)(A) OF THE COMPANIES ACT, 1956 ON THE AUDIT OF
UTTARANCHAL POWER CORPORATION LTD., DEHRADUN FOR THE
YEAR ENDED 31ST MARCH, 2007**

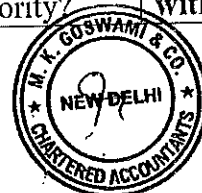
I	SYSTEM OF ACCOUNTS	Replies
1.	Examine the following systems and give your view as regards their deficiencies along with suggestions for remedial measures:-	
a)	Recording of receipts and expenditures	The receipts and expenditure have been properly recorded.
b)	Drawing of Periodic Trial Balance	Trial Balances are drawn on monthly basis.
c)	Compliance of Accounts	Balance Sheet and Profit Loss Accounts are compiled and prepared at Head Office. Compilation of Trial Balance is done at Zonal Level.
d)	Recording procurement and disposal of Stores	As explained to us, the procurement is done at weighted average cost and issue/disposal made at standard fixed rate.
e)	Reconciliation of Inter office Accounts	As explained to us broad sheet of inter unit transfers are maintained at Zone Level as well as Head Office level in respect of transfers between Zones and outside Zones respectively. However there are old outstanding Inter Unit balances which need to be reconciled and adjusted suitably.
2.	Indicate whether expenditure during construction is appropriately accounted for with allocation between capital and revenue expenditure?	<p>Not Applicable, as the company is engaged in the distribution of electricity. However for lying of transmission lines overhead has been charged properly to Capital Work In Progress.</p> <p>Further, in the absence of certificate of the Chief Engineers/ and other</p>



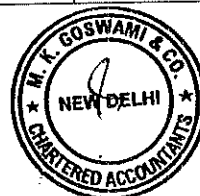
		Competent Authorities for completion of work during the year, we were unable to verify the basis of transfer of "Capital Work in Progress to "Fixed Assets" during the year.
3.	Are bank accounts of the company reconciled with the bank statements regularly? If not, describe the failures:	Yes, on monthly basis. However few old outstanding entries have been noticed which need to be adjusted suitably in the accounts.
4.	Are control accounts and subsidiary accounts up-to-date and reconciled regularly? If not, describe the failures:	Yes, the control accounts and subsidiary accounts are updated and reconciled regularly.
5.	Examine the accounting polices of the 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, along with their effects on the financial statements; quantify the impact wherever possible.	The Accounting Polices of the company is generally in conformity with the accounting standards <i>except otherwise stated in our main "Audit Report" on even date.</i>
II SYSTEM OF FINANCIAL CONTROL		
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 financial power is generally within the limits and is clearly and legally made within the Company.
2.	Indicate whether the credit obtained (including overdrafts) from banks were necessary and monitored regularly?	Not Applicable, as the company has not obtained credit facilities from any bank.
III ASSETS AND INVESTMENTS		
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?	As informed/explained to us, the date of commissioning/installation of transformer/laying cable are fixed by the Chief Engineer. However we have not been provided any kind of documentary evidence to confirm the above.
2.	Indicate whether the property and assets registers are posted up to date and are reconciled with financial books?	No fixed asset register has been maintained by the company during the year.



		As explained to us the company is in the process of maintaining the fixed assets register. Hence we are unable to comment on this clause.
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.	The company has a system of monitoring the timely recovery of outstanding dues. However during the course of our audit we observed that, huge outstanding balances against supply of power to the Govt. Agencies namely Municipal Corporation, Jal Sansthan, Irrigation Department etc. We also observed that there are number of cases where cheques received from various customers get dishonored and are outstanding. We have not been offered satisfactory explanation in this regard
4.	Indicate whether the cash and imprest balances were physically verified during the year on a regular basis by an authorized officer? Highlight the inadequacies in this regard, if any.	Yes, the same is verified on monthly basis.
5.	Indicate whether the Company has laid down an investment policy? If yes, please indicate the following:-	No Investment Policy has laid down by the company.
a)	Authority approved the policy.	Not Applicable
b)	Is it in accordance with the laws, rules and regulations applicable to the Company?	Not Applicable
c)	In your opinion, are there any defect s in the policy?	Not Applicable
d)	Has the Company followed it in cases of all material investments made during the year?	Not Applicable
e)	Were the investments made by the company in its best interest?	Not Applicable
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.	Not Applicable
6.	Indicate whether the deposit 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, the deposit with Banks/Financial Institutions and Others have been in accordance with laws, rules,



		regulations etc. applicable to the company and properly authorized by the competent authority.
7.	Is there a proper system to analyse the Sundry Debtors outstanding for more than 3 years.	The company has proper system to analyse sundry debtors outstanding more than three years.
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 such system is followed by the Company.
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
IV	<u>LIABILITIES AND LOANS:</u>	
1.	Give the total amounts of loans (including interest and defaults penal interest separately) where were made in repayment as at the end of the accounting period.	-----NIL-----
V	<u>PROFIT AND LOSS ACCOUNT:</u>	
1.	Does the Company prepare segment-wise accounts and profit/loss statement? If so, indicate the loss making segment 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?	<p>The company does not prepare segment-wise profit and loss statement. Only Trial Balance are being prepared segment wise (Unit Wise)</p> <p>In our opinion segment-wise (Unit Wise) Profit and Loss Statement will definitely help the company to identify and analysis of the loss making segment (Unit), which would be in the overall interest of the company.</p>
VI	<u>INVENTORY AND CONTRACTING:</u>	
1.	Examine whether the Company has prescribed the following in regard to the management of stores:-	
a)	Maximum and minimum limits of stores and spares etc.	Yes
b)	Economic order quantity for procurement of stores.	Yes
2.	Indicate whether the company usually makes advance payment to suppliers/contractors? If so, indicate whether the company has an efficient	Yes, Turkey mobilization advances are given & the same are monitored &



	system for monitoring and adjusting which advances?	adjusted.
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?	No.
VII	<u>COSTING</u>	
1.	Does the Company prepare cost accounts and reconcile them with financial accounts?	Not Applicable
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.	Not Applicable
3.	Indicate whether the company has an effective system for identification of idle labors-hours and idle machine-hours?	Not Applicable
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.	Not Applicable
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?	Not Applicable
VIII	<u>INTERNAL AUDIT</u>	
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?	According to information and explanation given to us, the company has an Internal Audit System (In House) commensurate with the size of the company & nature of its Business.
2.	Does the Company have a system of reporting serious /major irregularities reflected in the Internal Audit Reports to the Board of Directors?	The company has a system of reporting serious/major irregularities reflected in the Internal Audit report to the Board of Directors.
IX	<u>AUDIT COMMITTEE:</u>	
1.	Does the company have an Audit Committee of the Board of Directors? If so, give your comments on its functioning.	As explained to us the company has a functional audit committee that meets on quarterly basis to remove the irregularities.



X	ADDITIONAL DIRECTIONS:	
	'Part A'	
	(Applicable for audit of Trading Companies including Food Corporation of India)	
1.	Indicate whether the Company has devised proper system for:-	Not Applicable
a)	Specifying the quality of goods intended to be purchased / processed	Not Applicable
b)	Inspecting the goods after purchase / procurement to see that they confirm to the specified quality.	Not Applicable
c)	Periodicals inspection the goods in stock to safeguard against deterioration and other Leases.	Not Applicable
d)	Safe storage of goods	Not Applicable
e)	Indicate significance instances where the Company has not followed the system and has therefore suffered losses (quantify loss in each case)	Not Applicable
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 realized there against.	Not Applicable
3.	Indicate the adequacy of the system of accounting for 'return inward'	Not Applicable



Part B'

	<u>(Applicable for audit of Company engaged in financing)</u>	
1.	Has the Company laid down a procedure for appraisal of loan applications? Is the procedure adequate?	Not Applicable
2.	Indicate whether the loans advanced by the company during the year are in conformity with the relevant act, Rules, Orders and Directors of the Government/Reserve Bank of India?	Not Applicable
3.	Has the company taken adequate steps against defaulters during the year? If not, Indicate significant instances of company's failure.	Not Applicable
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?	Not Applicable
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?	Not Applicable

For M.K. Goswami & Co
Chartered Accountants

CA. M.K. Goswami
Partner
M.No-005422
FRN: 002305N

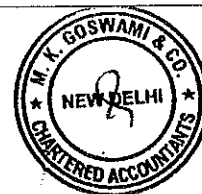


Place: New Delhi
Date: 07/09/2010

ANNEXURE

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

1.	Indicates the areas where the company has computerized the accounts system. Have the General and Application controls been reviewed periodically to derive assurance that the system is deficiencies reported by internal auditors/statutory auditor's along with the remedial measure being taken by the management	Accounts are maintained manually at divisional offices as well as at HO. However, Compilation of accounts of divisional offices is done on computer at Zonal Office. We have been informed that computerization of accounts is in process & soon all units will start working on online computerized system.
2.	Indicate whether the shares of the Company are quoted in the market? If so, give the following information	No, the shares of the company are not quoted in the market.
3.	Indicate the break -up of equity share capital held at the end of the financial year by:- Government of India & Government of States: Indian Banks and Financial Institutions: Foreign Banks and Foreign Companies/Institution: Public in India and /or outside:	50,000 Equity Shares of Rs.1,000/- each, State of Uttarakhand.
4.	Is the Company facing any legal action on account of default of repayment of debts? If so give brief description.	As explained to us, the company is not facing any legal action on account of default of debts.
5.	Are the accounts of the company in arrears? if so state the reasons therefore and the action taken to bring the accounts up-to-date.	No account of the company is in arrear.
6.	Is any product in which company deals subjected to statutory or other price control? if so list the products and nature of control	Yes, electricity Tariff is fixed by the Uttarakhand Electricity Regulatory Commission.(UERC)
7.	Does the company remit royalty or others abroad or make inter company transfers abroad? If so give details.	No, the company has not remitted any royalty or made inter company transfers abroad.
8.	Manufacturing and Production Accounts.	
(a)	Indicate whether the company has entered into a Memorandum of understanding with its Administrative Department? If yes, have target in MOU been split unit – wise statement of targets and	Not Applicable



	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.	Not Applicable
(c)	Has the Company provided anti-pollution devices for guarding against pollution of land, water and air? Has the Company caused by it? Has the Company taken up any measure to repair environmental degradation caused by it? If not describe significant failures pointed out by internal auditors statutory agencies along with the remedial measures being taken by the management.	Not Applicable
(d)	Has the Company or any other authorities fixed norms for losses/wastage for (i) raw materials for manufacturing of major products, (ii) in storage, transit etc? When these norms were last reviewed? Do the norms require revision?	Not Applicable
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 spare) finished goods? What is the age-wise analysis (upto two years, two to three years, three to four years, four to five and over five years) of such items?	Not Applicable
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 each of the period showing the amount of interest, penalty etc.	No, the company has not defaulted in payment of loans during the last three years.
11	Indicate the percentage of rejections to production/sales at the end of the last three years giving comparative norms/standards 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 Indicate.	As explained to us, there is no manpower employed in excess of norms.
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?	Generally payments are made to suppliers/ contractors on or after the receipt of materials from them. However, if in any case advance is made to suppliers/contractors before the receipt of materials from them, company closely monitors such advances & adjusts such advances.



UTTARAKHAND POWER CORPORATION LTD.
BALANCE SHEET AS ON MARCH 31, 2007

Particulars	Schedule Ref.	Amount (in Rs.) as at 31-03-2007	Amount (in Rs.) as at 31-03-2006
SOURCES OF FUNDS			
Shareholders Funds			
Share Capital	1	50,000,000	50,000,000
Reserves and Surplus	2	8,732,488,724	6,105,774,961
Loan Funds			
Secured loans	3	3,713,008,006	3,235,328,836
Unsecured loans	4	7,821,661,177	7,496,867,838
Deffered Tax Liability (NET)		166,697,431	297,820,832
Deposits received from the Consumers for Electrification	5	1,135,209,220	843,815,950
TOTAL		21,619,064,558	18,029,608,417
APPLICATION OF FUNDS			
Fixed Assets	6		
Gross block		15,381,981,793	12,511,863,725
Depreciation		7,329,716,370	6,431,843,879
Net block		8,052,265,423	6,080,019,846
Capital Works-in-Progress	7	7,243,344,773	5,106,201,640
Current Assets, Loans and Advances			
Current Assets	8	12,676,467,169	13,782,408,309
Loans and Advances	9	4,104,411,496	3,471,163,521
Less: Current Liabilities and Provisions	10	16,631,907,983	14,478,001,777
Net Current Assets		148,970,682	2,775,570,053
Miscellaneous Expenditure (to the extent not written off or adjusted)			
Profit and Loss Appropriation Account (Accumulated losses)		6,162,682,880	4,067,816,878
Deferred Revenue Expenditure		11,800,800	-
Total		21,619,064,558	18,029,608,417
Significant Accounting Policies and Notes to Accounts	18	-	-

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

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


(M.K.GOSWAMI)
F.C.A. PARTNER





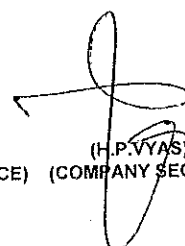
(J.M.LAL)

MANAGING DIRECTOR.



JAYANT KUMAR

DIRECTOR(FINANCE)



(H.P.VYAS)

COMPANY SECRETARY)

DATED: 07-07-2010

UTTARAKHAND POWER CORPORATION LTD.
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2007

Particulars	Schedule Ref.	Amount (in Rs.) Current Year	Amount (in Rs.) Previous Year
(A) Income			
Gross revenue from sale of electricity	11	9,315,329,626	8,357,132,599
Other Income	12	234,069,763	547,304,966
Total (A)		9,549,399,389	8,904,437,565
(B) Expenditure			
Purchase cost of electricity	13	8,250,997,774	6,658,527,820
Repairs and Maintenance Expenses	14	250,900,017	315,892,675
Personnel expenses	15	943,912,692	876,640,037
Administration expenditure	16	147,194,051	390,598,687
Interest and other financial charges	17	534,771,330	745,268,081
Depreciation	6	1,014,861,622	938,223,147
		11,142,637,486	9,925,150,447
(C) Provisions			
Provision For Bad & Doubtful Debts		499,100,000	419,500,000
Total (B) + (C)		11,641,737,486	10,344,650,447
Profit before Taxes (A) – (B + C)		(2,092,338,097)	(1,440,212,882)
Income tax		-	-
Wealth tax		-	-
Fringe Benefit Tax		2,527,905	2,807,186
Profit / (Loss) after taxes		(2,094,866,002)	(1,443,020,068)
Deferred Tax Liability		-	-
Transfer to Statutory reserves		-	-
Amount available for Appropriation		(2,094,866,002)	(1,443,020,068)
Significant Accounting Policies and Notes	18		

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

AUDITORS REPORT

"AS PER OUR SEPARATE REPORT OF EVEN DATE"

FOR M.K.GOSWAMI & CO.
 CHARTERED ACCOUNTANTS



(M.K.GOSWAMI)
 F.C.A. PARTNER

(J.M.LAL)
 MANAGING DIRECTOR.

JAYANT KUMAR
 DIRECTOR(FINANCE)

(H.P. VIJAS)
 (COMPANY SECRETARY)

DATED : 07-07-2010

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

Schedule 1 – Share capital

Particulars	Amount (in Rs.) as at 31-03-2007	Amount (in Rs.) as at 31-03-2006
Authorised capital 3000000 ,Equity shares of Rs.1000 each	3,000,000,000	50,000,000
Issued capital 50000 ,Equity shares of Rs.1000 each	50,000,000	50,000,000
Subscribed and paid up capital 50000 Equity shares of Rs.1000 each Rs1000 called up Rs.1000 paid up	50,000,000	50,000,000
Total	50,000,000	50,000,000



Schedule 2 – Reserves and Surplus

Particulars	Amount (in Rs.) as at 01-04-2006	Additions during the Year	Deductions during the Year	Amount (in Rs.) as at 31-03-2007
General reserves(Deferred Tax Asset Reserve)	34,056,794	131,123,402	-	165,180,196
Staff Pension ,Gratuity & Leave Salary Fund	136,671,654	69,674,839	52,662,781	153,683,712
Transitory reserve	9,657,000	648,811	-	10,305,811
Consumer Contribution for Service Connections & Lines	1,050,178,862	108,848,825	213,240	1,158,814,447
Contribution Towards Deposit Works	659,653,700	569,080,677	-	1,228,734,377
State Government Grants Towards Capital Works	4,215,556,951	1,800,213,230	-	6,015,770,181
Total	6,105,774,961	2,679,589,784	52,876,021	8,732,488,724



Schedule 3 – Secured loans

S.NO.	PARTICULARS	Amount (in Rs.) as at 31-03-2007	Amount (in Rs.) as at 31-03-2006
1	R.E.C. LOANS-(Secured By Guarantee of Uttaranchal Govt.)	1,765,800,000	1,893,000,000
2	AERP-(REC Loan)	802,286,000	802,286,000
3	R.E.C. LOANS-RGGVY (including Bridge loan of Rs.40 Crores from GOU)	667,275,709	62,396,539
	Sub Total	3,235,361,709	2,757,682,539
	ADD : Interest Accrued & Due	477,646,297	477,646,297
	TOTAL	3,713,008,006	3,235,328,836

Schedule 4 – UnSecured loans

S.NO.	PARTICULARS	Amount (in Rs.) as at 31-03-2007	Amount (in Rs.) as at 31-03-2006
1	U.P. GOVERNMENT LOAN	677,324,295	677,324,295
2	G.P.F. LOAN	1,271,000,000	1,271,000,000
3	STATE GOVERNMENT LOANS :	1,388,581,455	1,327,481,630
	Sub Total	3,336,905,750	3,275,805,925
	ADD : Interest Accrued & Due	4,484,755,427	4,221,061,913
	TOTAL	7,821,661,177	7,496,867,838



Schedule 5 – Security Deposit received from consumers for electrification

S.NO.	Particulars	Amount (in Rs.) as at 31-03-2007	Amount (in Rs.) as at 31-03-2006
1	Security Deposit From Consumers	1,036,475,364	795,119,994
	Add : Interest accrued	98,733,856	48,695,956
	Total	1,135,209,220	843,815,950



Schedule 6 - Fixed Assets

SL. NO.	Assets Group	Gross Block				Provision of Depreciation				Net Block as on 31.3.2007 (Rs.)	Net Block as on 31.3.2006 (Rs.)
		Opening Bal. As on 1-04-2006 (Rs.)	Additions during the year (Rs.)	Deductions during the year (Rs.)	Current Year as on 31.03.07 (Rs.)	Opening Bal. As on 1-04-2006 (Rs.)	Additions during the year (Rs.)	Deductions during the year (Rs.)	Closing Bal. as on 31-03-07 (Rs.)		
1	2	3	4	5	6	7	8	9	10	11	12
1	Land and Rights	31204703	2087620	0	33292323	0	0	0	0	33292323	31204703
2	Land held under lease	9874093	0	0	9874093	0	0	0	0	9874093	9874093
2	Buildings	490859236	52743235	0	543602471	202145799	16458321	0	218604120	324998351	288713437
3	Hydraulic Works	3681297	0	0	3681297	1936963	125164	0	2062127	1619170	1744334
4	Other Civil Works	10977450	34183	0	11011633	3895683	331519	0	4227202	6784431	7081767
5	Plant & Machinery	1151930715	1045989324	381726447	1816193592	317153187	90357378	111202848	296307717	1519885875	834777528
6	Lines&Cable Network	10741315465	2143505832	24636301	12860184996	5865220119	901869006	5659654	6761429470	6098755525	4884895346
7	Vehicles	27226449	1434100	138829	28521720	28571499	0	120629	28450870	70850	-10145050
8	Furniture and Fixtures	17790077	4484068	20350	22253795	7640604	2271793	6000	9906397	12347398	10149473
9	Office Equipment	27004240	27045198	683566	53365872	5280025	3448441	0	8728466	44637406	21724215
	TOTAL	12511863725	3277323560	407205492	15381981793	6431843879	1014861622	116989130	7329716370	8052265423	6080019846



Schedule 7 - Capital Works-in-Progress

SL NO.	PARTICULARS	Balance as on 01.04.2006 (Rs.)	Additions during the year (Rs.)	Capatitalization during the year (Rs.)	Adjustments during the year (Rs.)	Balance as on 31.03.07 (Rs.)
1	2	3	4	5	6	7
1	Capital Works-in-Progress	2,435,363,178	3,544,365,038	3,265,563,279	-	2,714,164,937
2	Revenue Expenditure pending allocation over Capital Works	446,900,000	17,900,000	-	280,000,000	184,800,000
3	Advances to Suppliers and Contrators	2,223,938,462	3,353,187,838	-	1,232,746,464	4,344,379,835
	TOTAL	5,106,201,640	6,915,452,876	3,265,563,279	1,512,746,464	7,243,344,773



Current assets, loans and advances

Schedule 8 – Current assets

Particulars	Amount (in Rs.) as at 31-03-2007	Amount (in Rs.) as at 31-03-2006
Stores and Spares		
(As Certified by the Management) :		
1. Stock Materials at Construction Stores	1,139,287,726	1,351,094,622
2. Stock Material at other Stores	271,425,358	271,136,098
3. Other Material Account	2,593,008	53,146,116
4. Material Stock Excess/Shortage-pending Investigation / Adjustment	2,353,704	1,939,989
	1,415,659,796	1,677,316,825
4. Less:-Provision for obsolete & Scrap Material	(145,200,000)	(145,200,000)
SUB TOTAL (A)	1,270,459,796	1,532,116,825
Sundry Debtors		
• Debts outstanding for a period exceeding six months		
- Considered good	6,139,913,752	6,730,056,977
- Considered doubtful	3,957,664,635	3,538,164,636
• Other debts		
- Considered good	1,457,048,111	273,160,544
- Considered doubtful	499,100,000	419,500,000
	12,053,726,498	10,960,882,157
Less:- Provision for Bad & Doubtful Debts	(4,456,764,635)	(3,957,664,635)
SUB TOTAL (B)	7,596,961,863	7,003,217,522
Advance Fringe Benefit Tax	-	2,807,186
Cash & Bank Balances :		
Cash in hand & transit	57,944,678	269,509,107
Bank balances		
• With scheduled banks		
- In current account	1,146,457,118	847,334,496
- In Deposits account	2,604,643,714	4,127,423,173
SUB TOTAL (C)	3,809,045,510	5,247,073,962
TOTAL (A TO C)	12,676,467,169	13,782,408,309



Schedule 9 – Loans and advances

S.NO.	Particulars	Amount (in Rs.) as at 31-03-2007	Amount (in Rs.) as at 31-03-2006
1	Sundry Receivables	1,262,696,503	1,039,143,339
2	Recoverable From State Govt. (On finalisation of transfer scheme of PTCUL)	1,888,140,313	1,888,140,313
3	Advances recoverable in cash or kind for value to be received :		
	a) Advances for O&M Supplies/Works	53,158,286	20,310,570
	b) Loans & Advances to Staff	3,948,759	4,014,873
4	Inter Unit Transactions	896,467,635	519,554,426
	TOTAL	4,104,411,496	3,471,163,521



Current liabilities and provisions

Schedule 10 – Current liabilities

S.No.	Particulars	Amount (in Rs.) as at 31-03-2007	Amount (in Rs.) as at 31-03-2006
1	SUNDRY CREDITORS :		
	-For Power Purchase	9,363,208,833	8,810,757,156
	-For Capital Supplies/Works	567,213,066	382,052,421
	-For O&M Supplies/Works	36,497,587	26,397,051
	-For Expenses	24,183,478	18,882,600
2	Staff Related Liabilities & Provisions	694,187,767	559,319,010
3	Deposits for Electrification, Service Connections etc.	1,182,030,888	972,803,956
4	Deposits & Retention Money from supplier / contractors	685,222,506	219,772,065
5	Other Deposits Payable	21,851,681	3,473,395
6	E.D. & Other levies Payable To Government	1,218,316,846	628,112,159
7	Other Liabilities & Provisions	2,223,779,465	2,241,016,099
8	Payable to PTCUL (Transfer of Assests/Liabilities)	615,415,865	615,415,865
	TOTAL	16,631,907,983	14,478,001,777



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	9,246,633,588	8,290,406,153
Meter rent/ service line rental	155,735	12,924,280
Miscellaneous charges from Consumers	68,540,303	53,802,166
Total	9,315,329,626	8,357,132,599



Schedule 12 – Other Income

Particulars	Amount (in Rs.) Current Year	Amount (in Rs.) Previous Year
Interest	35,449,650	13,500,000
Power Trading Receipts	-	260,204,400
Delayed payment charges from Consumers	29,065,742	26,140,279
Miscellaneous Receipts	22,222,672	139,683,618
Income from Staff Welfare Activities	1,066,384	981,988
Rebate/Incentives	146,265,315	106,794,681
Total	234,069,763	547,304,966



Schedule 13 – Purchase Cost of Electricity

Particulars	Amount (in Rs.) Current Year	Amount (in Rs.) Previous Year
UJVNL	2,463,472,421	2,794,851,570
NRLDC	722,940,436	151,709,139
NTPC	4,255,224,528	3,204,419,912
NHPC	452,064,363	474,806,520
NPCL	90,559,255	176,804,945
UREDA	322,106	1,219,108
THDC	90,674,923	-
Open Market Purchases(DTL & PTC)	99,614,640	-
Satluj Jal Vidyut Nigam	48,704,486	20,446,054
HRYP	533,238	6,392,856
Regency Aquaelectro & Motel Resorts Ponta	38,918,067	28,996,024
M/s Him Urja Pvt. Ltd.	80,376,204	66,074,341
Total Purchase cost of Electricity	8,343,404,667	6,925,720,469
PGCIL -(Wheeling Charges)	391,528,432	439,000,778
Wheeling Charges for Return Banking	492,096	3,983,768
PTCUL -(Wheeling Charges)	429,800,004	307,700,000
Total Cost (Including Transmission Charges)	9,165,225,199	7,676,405,015
LESS : U.I. Charges received from NREB	(914,227,425)	(1,017,877,195)
Net Cost	8,250,997,774	6,658,527,820



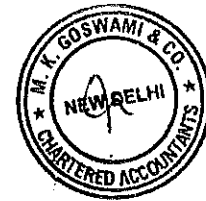
Schedule 14 – Repairs and Maintenance Expenses

Particulars	Amount (in Rs.)	Amount (in Rs.)
	Current Year	Previous Year
Repairs and maintenance – Plant and machinery	61,557,090	127,896,515
Repairs and maintenance – Building & Civil Works	19,018,491	9,880,732
Repairs and maintenance – Lines, cables works, etc.	169,920,288	176,477,486
Repairs and Maintenance – Others	404,148	1,637,942
Total	250,900,017	315,892,675



Schedule 15 – Personnel Expenses

Particulars	Amount (in Rs.) Current Year	Amount (in Rs.) Previous Year
Managerial Remuneration-Directors	2,249,345	2,302,423
Salaries, wages, allowances and bonus(including Directors Remuneration)	868,476,833	811,287,544
Terminal Benefits	173,605,351	150,116,023
Other staff costs	79,375,688	73,839,857
Less: Employee cost charged to Capital WIP	(179,794,525)	(160,905,810)
Total	943,912,692	876,640,037



Schedule 16 – Administration expenditure

Particulars	Amount (in Rs.) Current Year	Amount (in Rs.) Previous Year
Rent, rates and taxes	1,866,210	1,900,616
Electricity and water	14,821,113	17,757,686
Insurance	710,821	781,681
Communication	14,260,008	14,364,276
Printing and stationery	14,106,584	10,476,015
Travelling and conveyance	34,854,910	31,723,411
Legal & professional	1,412,464	9,254,383
Fees & Subscription (R.O.C.)	2,950,200	-
Remuneration to auditors	207,091	108,792
Share of State Govt.in Trading	-	268,067,468
Advertisement and promotion	14,422,636	10,016,289
Miscellaneous Expenses	64,588,949	33,400,857
Entertainment expenses	-	2,400
Other debit to Revenue A/c/Compensation expenses to staff/outside rs	1,818,648	866,891
U.E.R.C. Fees	5,984,161	5,113,849
Less: Administrative expenses charged to Capital WIP	(24,809,744)	(13,235,927)
Total	147,194,051	390,598,687



Schedule 17 – Interest and Other Financial Charges

Particulars	Amount (in Rs.)	Amount (in Rs.)
	Current Year	Previous Year
Rebate/ discount allowed to consumer on sale of electricity	39,128,325	23,676,335
Interest on State Govt.Loans	138,572,177	135,512,338
Interest on Other Loans & Liabilities	292,255,498	645,202,790
Interest on Consumers Security Deposit	54,947,861	21,393,177
Guarantee Fees to U.A.Govt.	26,019,000	41,242,360
Other financial and bank charges	1,748,469	1,741,081
Less: Interest and other financial charges charged to Capital WIP	(17,900,000)	(123,500,000)
Total	534,771,330	745,268,081



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.

State Code

Balance Sheet Date
Date Month Year

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

Public Issue

Bonus Issue

Rights Issue

Private Placements

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

Total Liabilities

Total Assets

Sources of Funds:

Paid-up Capital

Reserves & Surplus

Secured Loans

Unsecured Loans

Deferred Tax Liability (Net)

Application of Funds:

Net Fixed Assets

Investments

Net Current Assets
(+) (-)

Miscellaneous Expenditure

Accumulated Losses

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

Turnover

Total Expenditure

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

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

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

Earnings per Share in Rupees (Rs.)

(on profit after taxes)

(on distributable profits)

Dividend Rate (%)

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

Item Code Nos. (ITC Codes)

Product Descriptions



UTTARAKHAND POWER CORPORATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH 2007

SRL NO.	PARTICULARS	RUPEES (IN CRORES)	
A.	<u>CASH FLOW FROM OPERATING ACITIVITIES</u>		
	Net Profit/(Loss) before tax and extra-ordinary items	(209.23)	
	Adjustments for:		
	i) Depreciation	101.48	
	ii) Interest	53.48	
	iii) F.B.Tax	(0.25)	
	iv) Interest Income	(3.54)	
	Operating profit before working capital changes	(58.06)	
	<u>Adjustment for Working Capital Changes</u>		
	i) Inventory	26.16	
	ii) Debtors	(59.37)	
	iii) Other Current Assets, Loans and Advances	(63.32)	
	iv) Current Liabilities & Provisions	215.39	
	Cash generated from Operations	60.80	
	Net Cash from Operating Activities		60.80
B.	<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
	i) Purchase & Sale of Fixed Assets	(298.71)	
	ii) Capital Work in Progress	(213.71)	
	iii) Deferred Revenue Expenditure	(1.18)	
	iv) Interest Income	3.54	
	Net Cash from Investing Activities		(510.06)
C.	<u>CASH FLOW FROM FINANCING ACITIVITIES</u>		
	i) Increase in Loan Balances & Cash Credit	80.24	
	ii) Increase in Deposits	29.14	
	iii) Increase in Deffered Tax Liability	(13.11)	
	iv) Interest paid	(53.48)	
	v) Increase in General Reserve	262.67	
	Net Cash from Financing Activities		305.46
	NET INCREASE IN CASH & CASH EQUIVALENTS [A+B+C]		(143.80)
	CASH & CASH EQUIVALENTS AS AT 1ST APRIL 2006 [OPENING BALANCE]		524.70
	CASH & CASH EQUIVALENTS AS AT 1ST APRIL 2007 [CLOSING BALANCE]		380.90



UTTARAKHAND POWER CORPORATION LIMITED

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.
- 1.2 The Financial Statements 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, U.I. charges, if any are to be accounted for on Cash Basis.
- 1.6 Interest on Loans to staff is accounted for on Receipt 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 adjustments in the year of Final Settlement.
- 4.3 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.
- 4.4 Claims of the Price Variation in case of contracts are accounted for on acceptance of Bills.



- 4.5 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.
- 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 works are Capitalized @ 18.45% of the amount of total Capital Expenditure.

5. BORROWING COST:

- 5.1 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.
- 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 on the basis of Tariff Rates, notified/approved by the Uttaranchal Electricity Regulatory Commission.
- 7.1.2. 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.
- 7.1.3. 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".
- 7.1.4. The Sale of Electricity does not include Electricity duty payable to the State Government as the same is not the Income of the Corporation.
- 7.1.5. 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.
- 7.1.6. Cash Discount/Rebates allowed for timely payment is shown separately as an expense in the Accounts.



- 7.1.7. Income arisen from the bills raised, for theft of energy in respect of 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 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.

7.2. EXPENDITURE

- 7.2.1. Depreciation is charged on Straight Line Method as per the rates prescribed under the Electricity (Supply) Act, 1948 and as notified from time to time.
- 7.2.2. 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, as per Electricity (Supply) Act, 1948.
- 7.2.3. Expenses on Training Recruitments and Research Development are charged to 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 basis of actuarial valuation and accounted on accrual basis. The liabilities for Leave Encashment to employees have been provided on accrual basis.

9. INVESTMENTS:

- 9.1. Investments, if any, are stated at cost.

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 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.

11. PROVISION FOR BAD DOUBTFUL DEBTS:

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

NOTES ON ACCOUNTS:

- 1. Annual Accounts for the period 2006-07 have been prepared after incorporating the transactions for the year 2006-07 in the Opening Balances of Assets and Liabilities as on 31-03-2006.



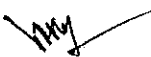
2. The Uttaranchal Power Corporation Limited received Equity Share Capital amounting to Rs. 5 Crores from the Government of Uttaranchal during the year 2001-02. Allotment of shares against the same has been made. No further Equity was added in 2006-07. However, the Authorized Share Capital of the Company has been increased from Rs.5.00 Crores to Rs.300.00 Crores in the Financial year 2006-07.
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% as per practice followed in U. P. Power Corporation Limited.
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 2006-07. 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.
5. Provision for Accrued Liabilities on account of Pension & Gratuity for the period from 01-04-2006 to 31-03-2007 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 01-04-2006 to 31-03-2007 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 year.
8. Provision has been made for Audit Expenses to Auditors for the period 2006-07 as follows:

(a) Statutory Auditors & Branch Auditors	- Rs.1,00,000.00
(b) Tax Auditors (Other than Statutory Auditors)	- Rs. 50,000.00
9. Liabilities towards Staff Training, 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 01-04-2006 in accordance with the Rates prescribed by the Government of India vide Notification No. SO 266(E) dated 29th 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.
11. Inter-Units Transfers amounting to Rs. 89.65 Crores (net) are under reconciliation and the effect of reconciliation shall be provided in the coming years.
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.

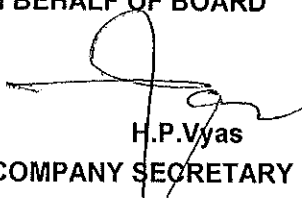


13. The Interest on the Loans and other Capital Liabilities received as a result of Transfer of Assets & Liabilities from U. P. Power Corporation Ltd. has been shown separately and the same is detailed as below:-
GPF accumulated Balances- Rs.68,39,58,798, REC Loans- Rs. 47,88,69,632, CPSU's. Dues (as per Ahluwalia Report)- 213,52,83,838, CPSUs Liabilities- Rs. 344,232,173 & 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. 125,96,48850.
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. 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.
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 Loans, other than REC Loan for Rs. 22519.00 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.
19. Provision for Leave Salary Contribution Fund in the current year has been provided @ 11% of basic pay & dearness pay.
20. The Company has increased its Authorized Share Capital from Rs.5.00 Crores to Rs.300.00 Crores. The expenditure incurred on this increase in Authorized Share Capital, i.e. Rs.1,47,51,000/- has been treated as deferred revenue expenditure and shall be written off in five financial years including the current financial year. Thus , accordingly only 20% of the expenditure has been written off in profit & loss account of the current financial year and the balance shall be written off in the next four financial years.
21. Previous year figures have been regrouped and re-casted, wherever necessary.

FOR & ON BEHALF OF BOARD


(J.M.Lal)
MANAGING DIRECTOR


JAYANT KUMAR
DIRECTOR (FINANCE)


H.P.Vyas
COMPANY SECRETARY





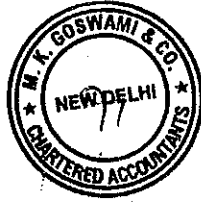
M. K. GOSWAMI & Co.
CHARTERED ACCOUNTANTS

4/8, Asaf Ali Road, First Floor,
New Delhi-110 002
Ph. : 23275826, 23287408 Fax : 23274352
E-mail : mkgandco@ndb.vsnl.net.in
mkgandco@bol.net.in

Compliance Certificate

We have conducted the audit of accounts of **Uttarakhand Power Corporation Ltd(UPCL)** for the year ended 31st March 2007 in accordance with the directions and sub-directions issued by the C&AG of India under section 619(3) (a) of the Companies Act, 1956 and certify that we have complied with all the direction and sub-directions issued to us.

Place: New Delhi
Date: 07/09/2010



For M.K.Goswami & Co.
Chartered Accountants

CA. M.K.Goswami
Partner
M.N.-005422
FRN-002305N