

AUDITORS' REPORT

To,  
The Members  
UTTARAKHAND POWER CORPORATION LIMITED  
Dehradun

We have audited the attached Balance Sheet of Uttarakhand Power Corporation Limited (Formerly known as Uttranchal Power Corporation Ltd.) at 31.03.2010 and also the profit & loss account for the year ended on that date annexed thereto and also the cash flow statement for the year ended on that date. The name of the company has been changed from "Uttranchal Power Corporation Ltd." to "Uttarakhand Power Corporation Ltd." w.e.f 2<sup>nd</sup> 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 Branch Auditor for Kumoun Zone. The branch auditors' report has been forwarded to us 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. Audited Financial Statements for the financial year 2006-07, 2007-08 and 2008-09 have not been placed in the AGM of the Company.
3. Further to our comments in the annexure referred in paragraph-1 above we report that:
  - a. 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 the immediately preceding financial years. However the management has prepared these financial statements on Going concern Concept.



- 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 subjected 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.9,676,361,268/- 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 and thus the company has not made any provision for interest on loans as per Transfer scheme except GPF Loan, in the absence of details provided to us we are unable to comment upon the financial impact on the financial statements of the company.
- e. On test check of the Bank Reconciliation, we have observed that cheques issued but not presented for payment are outstanding since long. Information with regards to all the units was not made available to us by the management. The amount of such cheques can not be considered as liability of the company and is required to be credited to profit and loss of the company. In absence of the information we are unable to comment the financial impact upon the financial statement of the company.
- f. The company has not made any provision for the financial impact of the order of the Government of Uttrakhand 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 size and nature of business of the Company except for sales of Electricity and purchase of goods. The default is persisting in



nature & was also reported by various auditors in their reports. Losses incurred by the company cannot be quantified.

- 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.
- j. During the course of our audit we have observed that there is no whole time company secretary in the company.
- k. On test check of the statutory dues we have observed that the company has failed to deduct tax at source on interest on consumer security as required under the provision of chapter xvii B of the income tax Act, 1961 and the company has been imposed penalty u/s 271C of the income tax Act, 1961 during the financial year covered by our audit. Such information shall be integral part of the financial statement however the company has not disclosed the same in its financial statement. In absence of the details made available to us, the impact of the same on the financial statements of the company could not be quantified.
- l. As referred to Note No A(6) 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 31.03.2010 as required by Accounting Standard-2 "Valuation of Inventories". Further the register containing complete records displaying values of the stock has not 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 statement could not be determined. Profit and Loss account and value of inventory shown in the final accounts are subject to such adjustment.
- m. 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 quantified. However Fixed Asset Schedule shows Asset held under Lease.
- n. 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.
- o. The balances under the head Current liabilities have not been reconciled and confirmed. The difference in balance and their impact on the financial statement cannot be ascertained.
- p. 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.




- q. The balance under the head Inter Unit Balance of Rs. 123.53 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.
- r. The company has capitalized a sum of Rs.3,72,36,86,324.00 during the year 2009-10. However the capitalized sum does not agreed with the Para-4 of Schedule 18 'Significant Accounting Policy' as adopted by the company.
- s. The company has appointed Internal Auditors for the Financial Year 2009-10. However the internal auditors have not submitted their Report till date. Internal Auditors are supposed to submit their report prior to finalization of accounts and management is required to comply the observation made by the Auditor. Hence the purpose for appointment of Internal Auditors could not be fulfilled.
- t. The company has stated that a sum of Rs. 92 crores (approx.) as value of contract remaining to be executed as on 31.03.2010. In absence of the details made available to us, the impact of the same on the financial statements of the company could not be quantified.
4. **We Further Report that:-**
- a. The Balance sheet includes Rs 1,11,54,59,311/- 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.
5. **Further to our comments given above & comments in 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.
- iv. In our opinion, the balance sheet & profit and loss account dealt with by this report Comply with the accounting standards except AS-2 and AS-12, AS-13, AS-15, AS-16, and AS-10 referred to in sub-section (3c) of Section 211 of the Companies Act, 1956.



- v. Being a government Company pursuant to notification GSR 829 (E) dated 17.07.2003 issued by Government of India; Provisions of Clause (g) of Sub section (1) of Section 274 of Companies Act, 1956 are not applicable to the Company.
- vi. *Subject to our observations in point No.1, Paras a to t of point 3 & Paras a. of point 4 and significant Accounting Policies on revenue recognition (Policy No.1), Capital Work In Progress(Policy No.4), and Note No. 10, 6, 20, 27, 23 and 13 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:*
- i) In the case of the balance sheet, of the state of affairs of the company as at 31.03.2010.
- ii) In the case of the profit and loss account, of the Loss for the year ended on that date; and
- iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Place: Dehradun  
Date: 11/07/2011

For, RAG & ASSOCIATES  
Chartered Accountants

  
RAGHVENDERA  
(Partner)

M. No. 089757

Firm Regn. No. 011602N



Annexure referred to in paragraph 1 of our Auditors Report of Ultrakhand Power Corporation Limited for the year ended 31<sup>st</sup> March, 2010.

1. 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 been physically verified by the management during the financial year 2009-10, *which in our opinion is not reasonable having regard to size of the company and nature of its assets and discrepancies observed were not taken into accounts by the management.*
- 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.

2. 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 3 (l) & 4 (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 2009-10, 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 3 (l) & 4 (a) of our main Audit report.
- c. Records of inventories maintained at the units 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 3 (l) & 4 (a) of our main Audit report.

3. 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.



4. *On the basis of our observations, we are of the opinion that, the Company Internal Control Systems is not commensurate with the size of the company and the nature of its business, for the purchase of Inventory and fixed assets. The Default is persistent in nature, it is reported by various Auditors Time & again.*

5. 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.

6. 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.

7. *On the basis of our observation, we are of the opinion that Internal Audit system of the company is not adequate and commensurate with the size and nature of the business of the company. The company has independent Internal audit department but the management has failed to evaluate the internal auditors report and ensure that the internal Auditor has conducted the audit as per the scope of audit given to them. Compliance of the observation made by the Internal Auditors has not been carried out by the management.*

8. 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 has been 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.*

9. (a) In our opinion and according to the information and explanation given to us the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales-tax, Custom Duty, Excise Duty, Cess and any other Statutory dues applicable to it with the appropriate authorities *except TDS and wealth tax.* Kindly refer 3(i) & 3(k) of our main Audit report.

(b) *Some delays have been noted in depositing of some undisputed statutory dues of T.D.S and F.B.T.*

(c) 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 31.03.2010, for a period of more than six months from the date they become payable *except TDS on interest on security deposit received from consumers and wealth tax.* Kindly refer 3(i) & 3(k) of our main Audit report.

(d) According to the information and explanation given to us, *an amount of Rs.828 lakhs is determined as disputed dues however the particulars of such disputed dues on account of sales Tax, Income Tax and custom duty that have not been furnished before us as per prescribed format.*

10. In our opinion, 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 the immediately preceding financial year.

11. 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. 1,157,922,496.00, REC Loans Rs. 477,646,297.00, CPSU's Dues(as per Ahluwalia Report) Rs. 1,249,211,256.00, CPSU's Liability Rs. 1,230,304,753.00 and UP Govt. Loan Rs. 1,258,535,606.00.*

12. 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.

13. 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.

14. As per information & explanations 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 2005-06 in shape of Units/Bonds and out of which a sum of Rs. 1.1410 crores was recognized as prior period income in Financial Year 2008-09. Balance Rs. 4.1734 crores has been recognized as income in the FY 2009-10. 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.

15. 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.

16. As per written representation received from the Management, in our opinion the term loans availed by the company during the year were Prima Facie, applied for the purposes for which they were obtained.





17. As per written representation received from the Management, we report that the no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
18. The Company has not made any preferential allotment of shares to parties & Companies covered in register maintained under section 301 of the Act.
19. The company has not issued any debenture during the year.
20. The Company has not raised any money by way of public issue during the year.
21. 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: Dehradun  
Date: 11/07/2011

For, RAG & Associates  
Chartered Accountants

  
RAGHVENDERA  
(Partner)

M. No. 089757

Firm Regn. No. 011602 N





**UTTARAKHAND POWER CORPORATION LTD.**  
BALANCE SHEET AS ON MARCH 31, 2010

Particulars	Schedule Ref.	Amount (in Rs.) as at 31-03-2010	Amount (in Rs.) as at 31-03-2009
<b>SOURCES OF FUNDS</b>			
Shareholders Funds			
Share Capital	1	5,77,00,00,000	5,00,00,000
Reserves and Surplus	2	14,11,43,25,168	12,67,08,21,410
Loan Funds			
Secured loans	3	3,49,44,77,647	3,21,65,47,668
Unsecured loans	4	8,50,20,80,961	8,25,07,62,326
Deferred Tax Liability (NET)		35,17,74,877	42,77,55,557
Deposits received from the Consumers for Electrification	5	2,79,19,67,569	2,00,12,13,607
<b>TOTAL</b>		<b>35,02,46,26,223</b>	<b>26,61,71,00,568</b>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets	6		
Gross block		23,30,18,00,644	20,09,29,90,698
Depreciation		9,36,04,98,213	8,60,87,01,765
Net block		13,94,13,02,431	11,48,42,88,933
Capital Works-in-Progress	7	7,44,23,35,754	8,14,39,90,009
Current Assets, Loans and Advances			
Current Assets	8	13,67,54,32,688	12,22,71,00,054
Loans and Advances	9	5,40,58,65,009	5,15,03,70,113
Less: Current Liabilities and Provisions	10	22,88,08,88,248	22,79,85,71,854
Net Current Assets		(3,79,95,90,551)	(5,42,11,01,687)
Miscellaneous Expenditure (to the extent not written off or adjusted)			
Profit and Loss Appropriation Account (Accumulated losses)		17,43,76,28,390	12,40,40,22,914
Deferred Revenue Expenditure		29,50,200	59,00,400
<b>Total</b>		<b>35,02,46,26,223</b>	<b>26,61,71,00,568</b>
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"

M/S RAG & ASSOCIATES  
CHARTERED ACCOUNTANTS

FOR & ON BEHALF OF BOARD

(RAGHVENDRA)  
F.C.A. PARTNER

(A.K.JAIN)  
MANAGING DIRECTOR

(Sharad Krishna)  
DIRECTOR (HRT)

DATED: 11/7/2010  
PLACE: DEHRADUN

**UTTARAKHAND POWER CORPORATION LTD.**  
**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

Particulars	Schedule Ref.	Amount (in Rs.) Current Year	Amount (in Rs.) Previous Year
<b>(A) Income</b>			
Gross revenue from sale of electricity	11	19,35,75,22,129	16,72,71,35,252
Other Income	12	95,89,09,057	41,33,07,014
<b>Total (A)</b>		<b>20,31,64,31,187</b>	<b>17,14,04,42,266</b>
<b>(B) Expenditure</b>			
Purchase cost of electricity	13	20,63,47,88,397	16,75,23,65,649
Repairs and Maintenance Expenses	14	49,19,55,166	38,76,04,404
Personnel expenses	15	1,68,87,23,151	1,05,99,40,125
Administration expenditure	16	17,28,95,431	15,90,37,984
Interest and other financial charges	17	76,59,89,760	70,88,42,054
Depreciation	6	93,42,45,633	85,64,67,753
		<b>24,68,85,97,538</b>	<b>19,92,42,57,969</b>
<b>(C) Provisions</b>			
Provision For Bad & Doubtful Debts		90,26,00,000	76,21,20,000
<b>Total (B) + (C)</b>		<b>25,59,11,97,538</b>	<b>20,68,63,77,969</b>
<b>Profit before Taxes (A) – (B + C)</b>		<b>(5,27,47,66,351)</b>	<b>(3,54,59,35,703)</b>
Income tax			-
Wealth tax			-
Fringe Benefit Tax		-	19,43,465
<b>Profit / (Loss) after taxes</b>		<b>(5,27,47,66,351)</b>	<b>(3,54,78,79,168)</b>
Reversal of Deferred Tax Asset Reserve		(16,51,80,196)	-
Deferred Tax Liability /(Asset)		(7,59,80,680)	11,66,91,433
<b>Amount available for Appropriation</b>		<b>(5,03,36,05,476)</b>	<b>(3,66,45,70,601)</b>
<b>Significant Accounting Policies and Notes</b>	<b>18</b>		

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

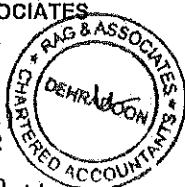
AUDITORS REPORT

"AS PER OUR SEPARATE REPORT OF EVEN DATE"

M/S RAG & ASSOCIATES

(RAGHVENDERA  
F.C.A. PARTNER

DATED : 11/7/2011  
PLACE : DEHRADUN



FOR & ON BEHALF OF BOARD

(A.K. JAIN)  
MANAGING DIRECTOR

(Sharad Krishna)  
DIRECTOR (HR)

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

## **Schedule 1 – Share capital**

Particulars	Amount (in Rs.) as at 31-03-2010	Amount (in Rs.) as at 31-03-2009
<b>Authorised capital</b> 3000000 ,Equity shares of Rs.1000 each	3,00,00,00,000	3,00,00,00,000
<b>Issued capital</b> 50000 ,Equity shares of Rs.1000 each	5,00,00,000	5,00,00,000
<b>Subscribed and paid up capital (a)</b> 50000 Equity shares of Rs.1000 each Rs1000 called up Rs.1000 paid up	5,00,00,000	5,00,00,000
<b>Share Capital Pending Allotment (b)</b>	5,72,00,00,000	-
<b>Total (a + b)</b>	5,77,00,00,000	5,00,00,000



**Schedule 2 – Reserves and Surplus**

Particulars	Amount (in Rs.) as at 01-04-2009	Additions during the Year	Deductions/Adjustments during the Year	Amount (in Rs.) as at 31-03-2010
Deferred Tax Asset Reserve	16,51,80,196	-	16,51,80,196	(0.00)
Transitory reserve	1,03,05,811	-	-	1,03,05,811
Consumer Contribution for Service Connections & Lines	2,10,48,27,893	39,20,44,337	-	2,49,68,72,230
Contribution Towards Deposit Works	1,63,69,87,570	29,37,98,290	-	1,93,07,85,859
State Government Grants Towards Capital Works	8,75,35,19,941	1,02,06,37,480	9,77,96,153	9,67,63,61,268
<b>Total</b>	<b>12,67,08,21,410</b>	<b>1,70,64,80,107</b>	<b>26,29,76,349</b>	<b>14,11,43,25,168</b>



### Schedule 3 – Secured loans

S.NO.	PARTICULARS	Amount ( in Rs.) as at 31-03-2010	Amount ( in Rs.) as at 31-03-2009
1	R.E.C. LOANS-(Secured By Guirantee of Uttaranchal Govt.)	1,39,85,46,618	1,49,11,98,618
2	ABRP-(REC Loan)-(Secured By Guarantee of Uttaranchal Govt.)	57,54,93,770	65,57,38,580
3	R.E.C. LOANS-RGGVY	66,53,30,962	56,75,34,809
4	R-ADRP	37,74,60,000	2,44,29,364
	Sub Total	3,01,68,31,350	2,73,89,01,371
	ADD : Interest Accrued & Due	47,76,46,297	47,76,46,297
	TOTAL	3,49,44,77,647	3,21,65,47,668

### Schedule 4 – UnSecured loans

S.NO.	PARTICULARS	Amount ( in Rs.) as at 31-03-2010	Amount ( in Rs.) as at 31-03-2009
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 :	1,59,50,37,540	1,51,40,09,460
	Sub Total	3,54,33,61,835	3,46,23,33,755
	ADD : Interest Accrued & Due	4,95,87,19,126	4,78,84,28,571
	TOTAL	8,50,20,80,961	8,25,07,62,326



**Schedule 5 – Security Deposit received from consumers for electrification**

S.NO.	Particulars	Amount ( in Rs.) as at 31-03-2010	Amount ( in Rs.) as at 31-03-2009
1	Security Deposit From Consumers	2,49,19,63,302	1,78,76,99,476
	Add : Interest accrued	30,00,04,267	21,35,14,131
	<b>Total</b>	<b>2,79,19,67,569</b>	<b>2,00,12,13,607</b>





# Schedule 6 - Fixed Assets

SL. NO.	Assets Group	Gross Block			Provision of Depreciation					Net Block as on 31.3.2010 (Rs.)	Net Block as on 31.3.2009 (Rs.)
		Opening Bal. As on 1-04-2009 (Rs.)	Additions during the year (Rs.)	Deductions during the year (Rs.)	Current Year as on 31.03.10 (Rs.)	Opening Bal. As on 1-04-2009 (Rs.)	Additions during the year (Rs.)	Deductions during the year (Rs.)	Closing Bal. as on 31-03-10 (Rs.)		
1	2	3	4	5	6	7	8	9	11	12	13
1	Land and Rights	97232029	45746458	175000	142803487	0	0	0	0	142803487	97232029
	Land held under lease	9874093	0	0	9874093	0	0	0	0	9874093	9874093
2	Buildings	726240109	41874018	16839330	751274797	238125604	11837714	0	249963318	501311480	488114505
3	Hydraulic Works	4899792	0	0	4899792	2411850	232740	0	2644590	2255202	2487942
4	Other Civil Works	15098636	1185	0	15098820	4610357	246108	0	4856465	10243355	10488278
5	Plant & Machinery	2900140996	1857129328	1212473381	3544794943	225797793	137756697	168612606	194941884	3349853059	2674343203
6	Lines&Cable Network	16168199479	4018584089	1551616888	18635166680	8077759479	767989475	13186056	8852562898	9802603782	8090440000
7	Vehicles	28349638	952000	746800	28554838	28046989	0	0	28046989	- 507849	302649
8	Furniture and Fixtures	34201962	10108978	60000	44250940	12766342	2164984	30700	14900626	29350314	21435620
9	Office Equipment	108753964	72630339	56323250	125081253	19183351	14017914	619822	32581443	92499810	89570613
	TOTAL	20092990698	6047046595	2838236650	23301800644	8608701765	934245633	182449185	9360498213	13941302431	11484288953



Schedule 7 - Capital Works-in-Progress

SL NO.	PARTICULARS	Balance as on 01.04.2009 (Rs.)	Additions during the year (Rs.)	Capatitalization during the year (Rs.)	Adjustments during the year (Rs.)	Balance as on 31.03.10 (Rs.)
1	2	3	4	5		7
1	Capital Works-in-Progress	4,33,02,75,116	3,51,06,31,350	3,72,36,86,324	-	4,11,72,20,143
2	Advances to Suppliers and Contrators	3,81,37,14,892	59,00,74,992	-	1,07,86,74,274	3,32,51,15,611
	<b>TOTAL</b>	<b>8,14,39,90,009</b>	<b>4,10,07,06,343</b>	<b>3,72,36,86,324</b>	<b>1,07,86,74,274</b>	<b>7,44,23,35,754</b>



## Current assets, loans and advances

### Schedule 8 – Current assets

Particulars	Amount ( in Rs.) as at 31-03-2010	Amount ( in Rs.) as at 31-03-2009
<b>Stores and Spares</b> <b>(As Certified by the Management) :</b>		
1. Stock Materials at Construction Stores	1,07,21,55,171	90,98,81,939
2. Stock Material at other Stores	18,76,25,278	47,96,72,852
3. Material Stock Excess/Shortage-pending Investigation / Adjustment	8,78,862	(79,75,359)
	1,26,06,59,311	1,38,15,79,431
5. Less:-Provision for obsolete & Scrap Material	(14,52,00,000)	(14,52,00,000)
<b>SUB TOTAL (A)</b>	<b>1,11,54,59,311</b>	<b>1,23,63,79,431</b>
<b>Sundry Debtors</b>		
• Debts outstanding for a period exceeding six months		
- Considered good	7,12,90,64,000	6,84,42,10,580
- Considered doubtful	5,80,53,84,635	5,04,65,74,635
• Other debts		
- Considered good	1,81,58,31,641	2,03,41,04,216
- Considered doubtful	90,26,00,000	84,77,60,000
	15,74,84,46,189	14,77,26,49,431
Less:- Provision for Bad & Doubtful Debts	(6,70,79,84,635)	(5,80,53,84,635)
<b>SUB TOTAL (B)</b>	<b>9,04,04,61,554</b>	<b>8,96,72,64,796</b>
<b>Cash &amp; Bank Balances :</b>		
Cash in hand	14,35,76,729	3,27,29,018
<b>Bank balances</b>		
• With scheduled banks		
- In current account	1,74,68,99,259	96,30,38,690
- In Deposits account	1,62,90,35,835	1,02,76,88,118
<b>SUB TOTAL (C)</b>	<b>3,51,95,11,823</b>	<b>2,02,34,55,827</b>
<b>TOTAL (A TO C)</b>	<b>13,67,54,32,688</b>	<b>12,22,71,00,054</b>



### Schedule 9 – Loans and advances

S.NO.	Particulars	Amount ( in Rs.) as at 31-03-2010	Amount ( in Rs.) as at 31-03-2009
1	Sundry Receivables	2,21,67,99,691	2,00,97,07,328
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	6,10,51,860	5,99,31,070
	b) Loans & Advances to Staff	45,28,797	49,77,832
4	Inter Unit Transactions	1,23,53,44,348	1,18,76,13,571
	<b>TOTAL</b>	<b>5,40,58,65,009</b>	<b>5,15,03,70,113</b>



## Current liabilities and provisions

### Schedule 10 – Current liabilities

S.No.	Particulars	Amount ( in Rs.) as at 31-03-2010	Amount ( in Rs.) as at 31-03-2009
1	SUNDRY CREDITORS :		
	-For Power Purchase	12,06,18,43,878	13,59,08,24,587
	-For Capital Supplies/Works	55,23,18,465	48,55,43,881
	-For O&M Supplies/Works	2,99,28,494	5,79,59,678
	-For Expenses	3,05,30,093	3,99,10,317
2	Staff Related Liabilities & Provisions	1,34,35,33,608	1,09,30,97,641
3	Deposits for Electrification, Service Connections etc.	1,62,37,62,330	1,26,43,38,211
4	Deposits & Retention Money from supplier / contractors	96,39,91,664	1,10,67,34,195
5	Staff Pension ,Gratuity & Leave Salary Fund	10,79,79,407	10,56,81,816
6	Other Deposits Payable	3,29,80,350	1,58,07,304
7	E.D. & Other levies Payable To Government	3,21,76,18,859	2,14,18,78,039
8	Other Liabilities & Provisions	2,30,09,85,236	2,28,13,80,321
9	Payable to PTCUL (Transfer of Assests/Liabilities)	61,54,15,865	61,54,15,865
	<b>TOTAL</b>	<b>22,88,08,88,248</b>	<b>22,79,85,71,854</b>



**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	18,05,24,67,232	15,98,39,49,111
Miscellaneous charges from Consumers	1,30,50,54,898	74,31,86,141
Total	19,35,75,22,129	16,72,71,35,252



## Schedule 12 – Other Income

Particulars	Amount (in Rs.) Current Year	Amount (in Rs.) Previous Year
Interest	56,17,39,601	6,36,65,006
Delayed payment charges from Consumers	9,34,41,199	11,89,21,944
Miscellaneous Receipts	11,55,24,088	9,72,67,595
Income from Staff Welfare Activities	10,95,741	10,62,152
Rebate/Incentives	18,71,08,429	13,23,90,316
<b>Total</b>	<b>95,89,09,057</b>	<b>41,33,07,014</b>



**Schedule 13 – Purchase Cost of Electricity**

Particulars	Amount (in Rs.) Current Year	Amount (in Rs.) Previous Year
NTPC	5,34,82,55,069	4,76,42,76,193
NPCL	5,20,06,066	8,83,70,821
NHPC (Including Tanakpur Power)	1,75,47,05,749	96,73,21,569
NRLDC	3,22,47,05,346	2,10,85,34,378
UJVNL	5,98,94,19,432	5,52,85,01,587
Satluj Jal Vidyut Nigam	4,05,86,279	4,42,56,229
THDC	83,67,29,801	1,08,05,70,642
HIM URJA PVT. LTD.	6,83,90,522	5,83,59,250
UREDA	3,65,922	1,70,059
Regency Aquaelectro & Motel resorts, Ponta	4,51,24,876	4,20,69,067
Short Term Open Access Charges	5,32,25,321	3,64,42,305
PARVTIYA POWER (P) LTD, RANIKHET	5,18,82,740	5,33,66,783
RBNS Sugar Mill	10,16,64,145	4,49,01,472
N.V.V.N.L	2,07,94,756	-
VishnuPrayag HEP	38,74,93,488	41,20,95,137
Chamoli Hydro Power Project	5,32,33,219	5,61,66,040
Gujrant Urja Vikas Nigam	8,77,94,006	-
Gunsola Hydro Power Generation pvt. ltd.	2,78,39,122	-
Swasti Power	7,04,03,755	-
Adani Enterprise Ltd	84,54,88,228	-
Uttam Sugar Mill	1,54,81,406	-
<b>Total Purchase cost of Electricity</b>	<b>19,07,55,89,248</b>	<b>15,28,54,01,532</b>
PGCIL -(Wheeling Charges)	90,35,36,749	77,21,91,766
PTCUL -(Wheeling Charges)	75,81,00,000	1,34,91,99,996
<b>Total Cost (Including Transmission Charges)</b>	<b>20,73,72,25,997</b>	<b>17,40,67,93,294</b>
LESS : U.I. Charges received from NREB	(10,24,37,600)	(65,44,27,645)
<b>Net Cost</b>	<b>20,63,47,88,397</b>	<b>16,75,23,65,649</b>





#### Schedule 14 – Repairs and Maintenance Expenses

Particulars	Amount (in Rs.)	Amount (in Rs.)
	Current Year	Previous Year
Repairs and maintenance – Plant and machinery	11,94,41,714	9,57,72,706
Repairs and maintenance – Building & Civil Works	1,33,06,764	1,28,53,027
Repairs and maintenance – Lines, cables works, etc.	35,68,83,173	27,64,85,859
Repairs and Maintenance – Others	23,23,516	24,92,812
Total	49,19,55,166	38,76,04,404



**Schedule 15 – Personnel Expenses**

Particulars	Amount (in Rs.) Current Year	Amount (in Rs.) Previous Year
Managerial Remuneration-Directors	68,71,305	29,93,342
Salaries, wages, allowances and bonus(excluding Directors Remuneration)	1,61,29,38,396	1,02,50,66,559
Terminal Benefits	22,32,06,329	19,05,68,177
Other staff costs	16,31,37,927	8,67,59,616
Less: Employee cost charged to Capital WIP	(31,74,30,806)	(24,54,47,569)
<b>Total</b>	<b>1,68,87,23,151</b>	<b>1,05,99,40,125</b>



Schedule 16 – Administration expenditure

Particulars	Amount (in Rs.) Current Year	Amount (in Rs.) Previous Year
Rent, rates and taxes	25,33,656	35,08,217
Electricity and water	1,94,44,557	2,23,09,232
Insurance	7,25,022	8,10,071
Communication	2,24,64,187	1,72,14,191
Printing and stationery	1,38,43,441	1,38,48,593
Travelling and conveyance	3,41,68,770	3,43,27,311
Legal & professional	2,04,33,278	2,67,90,798
Fees & Subscription (R.O.C.)	29,50,200	29,50,200
Remuneration to auditors	2,34,496	1,99,082
Advertisement and promotion	1,71,25,589	1,40,07,575
Miscellaneous Expenses	8,34,12,105	6,07,99,129
Other debit to Revenue A/c/Compensation expenses to staff/outside	18,47,033	16,92,112
U.E.R.C. Fees	43,81,396	22,72,917
Less: Administrative expenses charged to Capital WIP	(5,06,68,298)	(4,16,91,444)
<b>Total</b>	<b>17,28,95,431</b>	<b>15,90,37,984</b>



**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	2,90,58,283	2,11,40,970
Interest on State Govt.Loans	14,33,17,938	14,20,61,919
Interest on Other Loans & Liabilities	49,01,28,320	46,10,49,675
Interest on Consumers Security Deposit	12,83,89,883	9,69,51,197
Guarantee Fees to U.A.Govt.	2,60,19,000	2,60,19,000
Other financial and bank charges	30,76,335	36,19,293
Less: Interest and other financial charges charged to Capital WIP	(5,40,00,000)	(4,20,00,000)
<b>Total</b>	<b>76,59,89,760</b>	<b>70,88,42,054</b>



UTTARAKHAND POWER CORPORATION LIMITED  
CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH 2010

SRL NO.	PARTICULARS	RUPEES (IN CRORES)	
A.	<b>CASH FLOW FROM OPERATING ACITIVITIES</b>		
	Net Profit/(Loss) before tax and extra-ordinary items	(527.47)	
	Adjustments for:		
	i) Depreciation	93.42	
	ii) Interest Paid	76.60	
	iii) Deferred Revenue Expenditure	0.29	
	V) Interest Income	(56.17)	
	Operating profit before working capital changes	(413.33)	
	<u>Adjustment for Working Capital Changes</u>		
	i) Inventory	12.09	
	ii) Debtors	(7.32)	
	iii) Other Current Assets, Loans and Advances	(25.55)	
	iv) Current Liabilities & Provisions	8.23	
	Cash generated from Operations	(425.88)	
	Net Cash from Operating Activities		(425.88)
B.	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	i) Purchase & Sale of Fixed Assets	(339.12)	
	ii) Capital Work in Progress	70.16	
	iii) Interest Income	56.17	
	Net Cash from Investing Activities		(212.79)
C.	<b>CASH FLOW FROM FINANCING ACITIVITIES</b>		
	i) Increase in Loan Balances & Cash Credit	52.92	
	ii) Increase in Deposits from consumers	79.08	
	III) Increase in Share Capital Allotment	572.00	
	iv) Interest paid	(76.60)	
	v) Increase in General Reserve	160.87	
	Net Cash from Financing Activities		788.27
	NET INCREASE IN CASH & CASH EQUIVALENTS [A+B+C]		149.60
	CASH & CASH EQUIVALENTS AS AT 1ST APRIL 2009 [OPENING BALANCE]		202.35
	CASH & CASH EQUIVALENTS AS AT 1ST APRIL 2010 [CLOSING BALANCE]		351.95

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

AUDITORS REPORT

"AS PER OUR SEPARATE REPORT OF EVEN DATE"

M/S RAG & ASSOCIATES  
CHARTERED ACCOUNTANTS

(RAGHVENDRA)  
F.C.A. PARTNER

DATED : 11/7/2011  
PLACE : DEHRADUN



FOR & ON BEHALF OF BOARD

(A.K.JAIN)  
MANAGING DIRECTOR

(Sharad Krishna)  
DIRECTOR(HR)

*(Handwritten signatures of A.K. Jain and Sharad Krishna)*

**UTTARAKHAND POWER CORPORATION LIMITED**

**SIGNIFICANT ACCOUNTING POLICIES:**

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

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.

The Financial Statements are prepared under the Historical Cost Convention following Accrual System of Accounting unless otherwise stated.

Accounting Policies are consistent with Generally Accepted Accounting Principal (GAAP) except wherever stated other wise.

The Corporation recognizes significant items of Income and Expenditure on Accrual Basis and the same are charged to Natural Heads of Accounts.

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.

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

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.

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:**

Fixed Assets are shown on Historical Cost.

**4. CAPITAL WORKS IN PROGRESS:**

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.

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.

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.

Claims of the Price Variation in case of contracts are accounted for on acceptance of Bills.

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.



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:**

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.

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 Schedule XIV of The Companies Act, 1956 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.
- 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 Revenue.





## NOTES ON ACCOUNTS:

1. Annual Accounts for the period 2009-10 have been prepared after incorporating the transactions for the year 2009-10 in the Opening Balances of Assets and Liabilities as on 31-03-2009.
2. The Uttarakhand Power Corporation Limited received Equity Share Capital amounting to Rs. 5 Crores from the Government of Uttarakhand during the year 2001-02. Allotment of shares against the same has been made. No further Equity was added in 2009-10.
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 2009-10. 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 01-04-2009 to 31-03-2010 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 01-04-2009 to 31-03-2010 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 2009-10 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 01-04-2009 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. Inter-Units Transfers amounting to Rs. 123.53 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.1157922496, REC Loans- Rs. 477646297, CPSU's. Dues (as per Ahluwalia Report)- 1249211256, CPSUs Liabilities- Rs.1230304753 & 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. 1258535606.
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. 26019.00 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,
19. Provision for Leave Salary Contribution Fund in the current year has been provided @ 11% of basic pay & dearness pay.
20. 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 & out of which Rs.1.1410 Cr was recognized as previous yr income in FY 2008-09. Balance Rs.4.1734 Cr has been recognized as income in the FY 2009-10. 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.
21. The Company increased its Authorized Share Capital from Rs.5.00 Crores to Rs.300.00 Crores in financial year 2006-07.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 financial year.
22. During the FY 2009-10, UPCL received Rs.50.55 Crores as Interest on U.I. charges on receivables of earlier years from NRLDC which has been shown as Interest Income during the year.



23. The FDR's made with various banks are automatically renewed as & when they are matured at market available rate of interest.
24. The provision of Deferred Tax Assets/ liabilities is as under :

Particulars	Transitional Provision as on 1/4/2009	Arising during the year	Balance carried as at 31/3/2010
Deferred Tax Liability on account of timing differences			
-Depreciation	42,77,55,557	(2,33,60,898)	40,43,94,659
-Interest on GPF Loan claimed now u/s 43B	-	(5,26,19,781)	(5,26,19,781)
<b>DEFERRED TAX LIABILITY/(ASSET)</b>	<b>42,77,55,557</b>	<b>(7,59,80,679)</b>	<b>35,17,74,877</b>

25. 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.2216663
Sh.A.K.Johri	Director (Projects)	Rs.1411225
Sh.Sharad Krishna	Director (HR)	Rs.1797684
Sh.Trilochan Panda	Director (Finance)	Rs.1445733

26. 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.572.00 crores was converted into Share capital of the state government. The same could not be transferred to issued & paid up capital as the Authorized Share Capital of UPCL was Rs.300.00 Crores only. Till the time Authorized Share Capital of UPCL is increased, the said amount has been shown as Share Capital pending Allotment account.
27. The value of contracts remaining to be executed as on 31/03/2010 was Rs.92.00 crores (approximately).
28. Previous year figures have been regrouped and re-casted, wherever necessary.

FOR & ON BEHALF OF BOARD



A.K.JAIN  
MANAGING DIRECTOR

Sharad Krishna  
DIRECTOR (HR)

*(Handwritten signatures of A.K. Jain and Sharad Krishna)*

