

P. D. Agrawal & Co.
Chartered Accountants

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

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INDEPENDENT AUDITOR'S REPORT

To,
The Members,
UTTARAKHAND POWER CORPORATION LIMITED,
Kanwali Road,
Dehradun- 248001.

Report on the Financial Statements

We have audited the accompanying financial statements of Uttarakhand Power Corporation Limited (Formerly known as Uttaranchal Power Corporation Ltd.), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit & Loss and Cash Flow Statement for the year then ended, and a summary of Significant Accounting Policies and other explanatory information. The name of the Company has been changed from "Uttaranchal Power Corporation Ltd." to "Uttarakhand Power Corporation Ltd." w.e.f. 2nd July, 2007.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

The Company has appointed a Statutory Branch Auditor for Kumoun Zone. The branch auditor report dated 12.11.2014 has been forwarded to us and has been appropriately dealt with.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

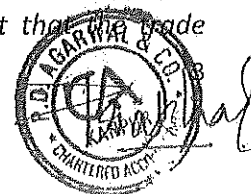
- a. *The Assets and Liabilities of the company contain balances transferred under the transfer scheme as on 01st June, 2004 by virtue of Notification no. 87/1/2004-06(3) 259/2003 dated May 31, 2004. As per the information given to us, these balances of Fixed Assets, Non- Current Assets, Current Assets, Non-Current Liabilities and Current Liabilities as approved by the Government of Uttaranchal (GoUA) have been incorporated in the books of accounts. Final Transfer Scheme is yet to be notified by the Government of Uttaranchal (GoUA). Any changes in the figures, if made at the time of final notification may have an impact on Balance Sheet and the statement of Profit and Loss Account.*
- b. *The accumulated losses of the company are more than fifty percent of its net worth. But the company has not incurred cash losses during the financial year covered by our audit. However the Management has prepared these financial statements on going concern concept.*
- c. *As explained to us that the provision of interest on transfer scheme loan has been done over the years but the same has not been paid/ adjusted so far. As explained to us the transfer scheme loans have not been decided yet. Thus as referred to in Point no.4 of Note No.9 of Balance sheet, the Company has not made any provision for interest on U. P. Govt. Loan of Rs. 67,73,24,295/- during the year. As a result the profit is overstated by amount of interest for the year, on the final accounts of the Company.*
- d. *Reserve & Surplus includes Grant received from State Government for Capital Works of Rs. 120.26 crores and Consumer contribution for service connection and lines and deposit works amounting to Rs.81.73 crores . Neither provision for depreciation on assets acquired out of such grants and Consumer contributions 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, due to which Reserve & Surplus has been overstated by the amount of depreciation attributable to Assets created out of Grant and Consumer contribution fund.*
- e. *Records/ Title deeds in respect of Land & Buildings included in Note no. 11(i) to the Balance Sheet, except for the additions under Land & Building made during the year 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 financial statements of the Company.*



- f. The internal control system is not commensurate with the size of the Company and the nature of its business for the Sale of Electricity, Commercial Diary (CS-4) with corresponding Control ledgers, Capital WIP and Fixed Assets.
- i) Sale of Electricity: Some portion of Sales of energy is booked on the basis of average billing of past 3 months owing to Defective meter, incorrect meter reading, no reading as per UERC norms which is not in compliance with AS-9.
- ii) Control ledger of Debtors i.e. AG-23 is not being maintained as per the detailed accounting codes prescribed by U.P.S.E.B due to which it is not possible to tally the total of different categories (Domestic, Small Power, Commercial Industrial etc.) with the corresponding Control ledgers (Commercial Diary i.e. CS-4).
- iii) There is inadequate control on the capitalization of Fixed Assets as well as the pending WIP (work in Progress). The completed capital WIP have been capitalized only at the end of the year in Books of Account and not on the actual completion of the Project without obtaining completion certificate from the appropriate authority. Further no project wise details of the Capital Work in Progress amounting to Rs.411.70 crores as shown in note no. 11(iii) of the Balance sheet were provided for our verification.
- iv) There is inadequate control on the fixed assets due to non-maintenance of fixed assets register.
- g. The valuation of inventory of stock of Rs.212.67 crores as shown in Balance sheet has not been done on 31.03.2014 as required by Accounting Standard-2 "Valuation of Inventories" and no valuation certificates have been received and produced before us for our verification. Hence the impact, if any, on account of the above observation on the financial could not be determined. Profit & Loss account and value of inventory shown in the final accounts are subject to such adjustment. Further cost of Inventories is overstated to the extent of Rs.178.82 Crores, being the accumulated balance of material cost price variance reserve out of which Rs.28.98 Crores pertains to the current financial year, which arises due to price difference between the cost of stock/stores and value at stock issue rate as referred to in Point no. 3.4 of Note no. 26 of the Balance Sheet.
- h. According to the information and explanation given to us, the company has not provided for the profit/loss on scrap sold during the year. The impact of the above on the statement of profit & loss could not be ascertained by us.
- i. As per point no. 8.2.3 of Note no 26 on the Significant Accounting Policy of the company, lease rent of the lease hold property is to be amortised over the period of the lease which is contrary to the provisions contained in Accounting Standard - 19 "Accounting for Leases".

However the Company has not amortized such lease rent on lease hold property as shown in the Note no. 11(i) of the Balance Sheet. The impact of the above on the Statement of Profit & Loss and Fixed Assets cannot be ascertained and quantified.

- j. The balances in personal accounts, other receivables, loans and advances including accounts of Government Companies/ departments and advance to suppliers and contractors 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. The classification of trade receivables into secured and unsecured has not been done by the Company in spite of the fact that the trade



receivables are secured to the extent of security deposits received from consumers amounting to Rs. 505.41 crores as referred to in note no.9 of the Balance sheet. Further the bifurcation into more than six months and others as referred to in point no.1 of note no.15 of the Balance sheet and detailed records of Trade Receivables were not made available for our verification.

- k. The balances under the heads other current liabilities and trade payables except for power purchase have not been reconciled and confirmed. The difference in balance and their impact on the financial statement cannot be ascertained.
- l. On verification of the Power Purchase bills, it was observed that provision to the tune of Rs. 156.4 crore regarding true up cost of FY 2008-09 to 2012-13 of M/s UJVNL's has not been made in the books of accounts which is contravention of AS-29 "Provisions, Contingent Liabilities and Contingent Assets" issued by the Institute of Chartered Accountants of India.

Further, Accounting Policy on purchase of power as per Point no 8.3.2 of Note no. 26 of the Balance Sheet is contrary to the provisions regarding accrual basis of accounting, being one of the fundamental accounting assumption as contained in AS-1 "Disclosure of Accounting Policy".

- m. 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.
- n. As referred to in Note No. 3 of the Balance Sheet, the balance under the head Inter Unit Balance of Rs.68.92 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.
- o. As referred to in Point no. 3 of Note No.11 of Balance Sheet, Depreciation on Vehicles has not been charged during the year.
- p. On verification of bank account statements of 34 units under Gharwal Zone, we have observed that bank reconciliation statements as on 31.03.2014 contains following unreconciled balances:

Particulars	Net Difference between cash book and pass book	Other Debits as per pass book	Other Credits as per pass book	Unadjusted/ Uncashed/stale Cheques	Unreconciled Balances
Revenue A/c	9,73,48,775.15	11,31,90,076.18	4,63,92,726.91	9,56,26,996.99	6,85,19,127.23
Expenditure A/c	(58,55,085.05)	21,12,453.94	9,83,984.20	13,93,003.96	(33,33,611.35)
EMF A/c	2,59,93,251.43	6,64,98,857.05	48,12,496.47	5,43,31,462.6	3,33,48,149.41

The impact of the above on the financial statements could not be ascertained.



- q. The Company has not accounted for the cost of rehabilitation of power distribution system in flood/landslide area and loss on the same due to extensive rainfall in the month of June 2013, due to which the impact of the above on the financial statements could not be ascertained.
- r. On verification of the internal audit reports produced before us for our verification, it was observed that the discrepancies pointed out by the internal auditors except for serious irregularities such as misappropriation of funds etc. have not been appropriately dealt with by the Company. In our opinion, the impact of such observation, if any on the financial statements cannot be ascertained.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India.

- a. In the case of the Balance Sheet, of the State of affairs of the Company as at March 31, 2014;
- b. In the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

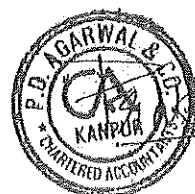
Reference is invited to the point no. 1 of Note no. 8 and point no. 6 of Note no. 9 of the Balance Sheet regarding prior period item amounting to Rs.261.45 crores (Previous year Nil) which is on account of power purchase liabilities written back during the year.

Reference is invited to point no. 7.8, 8.2.3 and 8.2.6 of note no. 26 of the Balance sheet regarding the change in Accounting Policy of the Company in respect of 'Provision for obsolete/non-moving stores', 'amortisation of lease rent of the lease hold property' and 'Depreciation on kutcha road respectively.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

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 Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.



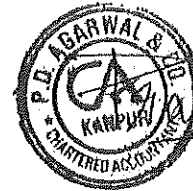
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- d) *Except for the effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards except AS-2, AS-6, AS-9, AS-10, AS-12, AS-15, AS-16, AS-19, AS-20, AS-26, AS-28 and AS-29 as referred to in subsection (3C) of section 211 of the Companies Act, 1956;*
- e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For P.D. Agrawal & Co.

Chartered Accountants

Firm Reg. No.: 001049C



CA Prakhar Gupta

(Partner)

M.No:421711

Place: Dehradun

Date: 28.12.2014



P. D. Agrawal & Co.

Chartered Accountants

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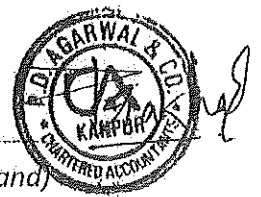
Annexure referred to in point no.1 of Report on Other Legal and Regulatory Requirements paragraph of our Auditors Report of Uttrakhand Power Corporation Limited for the year ended 31st March, 2014.

I. In respect to Fixed Assets :

- a. As explained to us, Company has not maintained proper records showing full particulars, including quantitative details and situation of the fixed assets. No Fixed Assets Register has been maintained by the company during the year. The Company is in the process of maintaining records for fixed assets.
- b. As per the information and explanation given to us, the fixed assets of the company have not been physically verified by the management during the financial year 2013-14. Accordingly, any material discrepancies cannot be commented by us.
- c. The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

II. In respect of Inventories:

- a. The records of decentralised stores 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 point (g) of Basis for Qualified Opinion paragraph of our main Audit Report.
- b. We have been informed that physical verification of stock has been conducted by the management at centralised stores during the financial year 2013-14, but in absence of any supporting documents of decentralised stores we are not in a position to comment whether procedures of physical verification of inventory followed as a whole by the management are reasonable and adequate in relation to the size of the company and the nature of its business. Kindly refer point (g) of Basis for Qualified Opinion paragraph of our main Audit Report.



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

- c. Records of inventories maintained at the decentralised stores in the computer are incomplete. In absence of complete records we are not in a position to comment whether the company is maintaining proper records of inventory and whether any material discrepancies were noticed on physical verification and if so whether those material discrepancies have been properly dealt with in the books of account. Kindly refer point (g) of Basis for Qualified Opinion paragraph of our main Audit Report.
- III. The Company has not taken/ granted any loan secured or unsecured from/ to companies; firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. The Company had neither granted nor taken any loans, secured or unsecured to/ from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and therefore paragraph 4(iii) of the said order is not applicable.
- IV. On the basis of our observations, we are of the opinion that the Company's Internal Control Systems are not commensurate with the size of the Company and the nature of its business for the Sale of Electricity, Commercial Diary (CS-4) with corresponding Control ledgers, Capital WIP and Fixed Assets. There is continuing failure to correct the major weakness in internal control system as pointed above. Kindly refer point (f) of Basis for Qualified Opinion paragraph of our main Audit Report.
- V. In our opinion and according to the information and explanation given to us, there are no transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956.
- VI. The Company has not accepted any deposits from the public during the year except the security deposit received at the time of new connections under Audit within the meaning Section 58A & 58AA or any other relevant provisions of the companies Act, 1956. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal in this respect.
- VII. On the basis of our observation, we are of the opinion that Internal Audit system of the company is not adequate and commensurate with size and nature of the business of the company. The company has independent internal audit department but the internal audit department of the Corporation has not conducted the Internal Audit of most of the units during the year, hence no Internal Audit Report of such units has been produced before us to verify. Kindly refer point (r) of Basis for Qualified Opinion paragraph of our main Audit Report.
- VIII. We have broadly reviewed the books of account maintained by the company relating to material, labour and other items of cost maintained by the company, pursuant to the Rules made by the Central Government for the maintenance of cost records as prescribed under Section 209 (1) (d) of the Companies Act 1956, and we are of the opinion that Prima Facie the prescribed accounts and records have been made and maintained. We have not, however made a detailed examination of records with a view to determine whether they are true or not.
- IX. (a) The Company has not paid Electricity Duty and other levies thereon amounting to Rs. 602.53 Crores (Previous Year 530.66 Crores) clubbed with other current liabilities in Note no.9 of Balance Sheet. The Company has neither paid nor ascertained and provided for the applicable liability on account of Service Tax on sitting fees paid to Independent directors under reverse charge mechanism as contained in Finance Act, 1994. According to the information and explanations given to us, no undisputed amounts



payable in respect of Provident Fund, Employee State Insurance, Sales Tax were in arrears as at 31st March 2014 for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us there are no disputed 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 31.03.2014 for a period of more than six months from the date they become payable except Electricity Duty.

- X. In our opinion, the accumulated losses of the company are more than fifty per cent of its net worth. The Company has not incurred cash losses during the financial year covered by our audit. However the management has prepared these financial statements on going concern concept.
- XI. In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayments of dues to banks and financial institution except repayment of 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. 199,71,94,740.64/- REC Loans Rs. 47,76,46,297/-, CPSU's Liability Rs. 34,42,32,173/- and up Govt. Loan including liabilities of power purchased due to U.P.P.C.L, U.P.R.V.N.L & U.P.J.V.N.L amounting to Rs. 1,24,02,57,653/-.
- XII. According to the information and explanations given to us and based on the documents and records produced, the Company has not taken or granted any loans or advances on the basis of security by way of pledge of shares, debentures & other securities.
- XIII. The Company is not a chit fund or a Nidhi/ Mutual benefit fund/ society. Therefore the provisions of clause 4(xiii) of the companies (Auditor's Report) order 2003 are not applicable to the company.
- XIV. As per information & explanation given to us & on the basis of examination of records, the Company is not dealing or trading in shares, securities, debentures & other investment.
- XV. According to the information & explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- XVI. According to the information and explanation given to us the company has not raised any new term loan during the year. The term loans outstanding at the beginning of the year were Prima Facie, applied for the purposes for which they were obtained.
- XVII. According to the information and explanation given to us and on an overall examination of the balance sheet of the company, we report that the company has not raised any funds on long term basis during the year. The company has continued with the short term loan (overdraft facility) from Bank during the year which was Prima Facie, applied for the purposes for which they were obtained.
- XVIII. The Company has not made any preferential allotment of shares to parties & Companies covered in register maintained under section 301 of the Companies Act, 1956. As such provisions of clause 4(xviii) of the order are not applicable.
- XIX. According to the information and explanations given to us during the period covered by our audit report, the Company has not issued any debentures. As such provisions of clause 4(xix) of the order are not applicable.

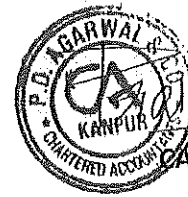


- XX. Since the Company has not raised money by way of Public issue during the year provisions of clause 4(xx) of the order are not applicable.
- XXI. According to the information and explanations given to us, fraud amounting to Rs. 5,66,324/- including interest of Rs.21,815/- on account of misappropriation of funds by an employee in EDD South, Dehradun was reported during the year by the management. Out of the above, amount of Rs.5,33,784/- has been recovered from the said employee.

For P.D. Agrawal & Co.

Chartered Accountants

Firm Reg. No.: 001049C



CA Prakhar Gupta

(Partner)

M.No:421711

Place: Dehradun

Date: 28.12.2014

UTTARAKHAND POWER CORPORATION LTD.

BALANCE SHEET AS AT 31ST MARCH, 2014

Amount in Rupees

Particulars	Note No.	As at 31st March, 2014	As at 31st March, 2013
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	9,68,91,00,000	5,85,80,00,000
(b) Reserves and Surplus	2	(13,13,53,83,157)	(16,93,21,60,596)
(c) Money received against share warrants			
(2A) Share application money pending allotment	1	39,99,00,000	3,83,17,00,000
(2) Inter Unit Transactions Balances	3	(68,92,62,048)	(66,02,83,635)
(3) Non-Current Liabilities			
(a) Long-Term Borrowings	4	7,86,43,81,855	7,16,92,17,572
(b) Deferred Tax Liabilities (net)	5	(12,23,39,557)	(1,20,80,367)
(c) Other Long Term Liabilities	6	61,54,15,885	61,54,15,885
(d) Long Term Provisions			
(4) Current Liabilities			
(a) Short-Term Borrowings	7	23,68,506	2,39,51,80,546
(b) Trade Payables	8	12,09,88,97,854	14,44,27,59,335
(c) Other Current Liabilities	9	28,50,01,87,996	25,80,83,50,027
(d) Short-Term Provisions	10	1,71,21,61,099	1,72,29,63,497
Total Equity & Liabilities		46,93,54,08,413	43,73,69,14,134
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
i) Tangible & Intangible Assets	11	14,46,56,79,106	13,54,08,13,054
ii) Intangible Assets			
iii) Capital Work In Progress	11	7,14,11,95,697	7,70,32,14,488
(b) Non-current investments			
(c) Deferred tax assets (net)			
(d) Long term loans and advances	12	4,65,50,35,187	4,66,72,67,329
(e) Other non-current assets	13		
(2) Current Assets			
(a) Current investments			
(b) Trade receivables	14	2,12,67,06,263	1,65,90,47,456
(c) Cash and cash equivalents	15	11,39,49,63,851	11,47,55,16,442
(d) Short term loans and advances	16	5,95,71,60,372	6,06,04,48,794
(e) Other current assets	17	18,46,67,897	12,27,02,539
Total Assets		46,93,54,08,413	43,73,69,14,134

SIGNIFICANT ACCOUNTING POLICIES

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Significant Accounting Policies attached hereto form an integral part of Balance Sheet.

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

FOR P.D. AGRAWAL & CO.

FOR & ON BEHALF OF BOARD

CHARTERED ACCOUNTANTS

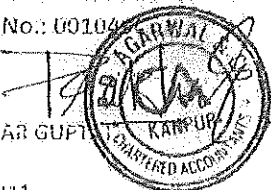
Firm Reg. No. 00104

(CA PRAKHAR GUPTA)
PARTNER

M.No. 421/11

DATED: 28.12.2014

PLACE : DEHRADUN



(R.J. MALIK)
COMPANY SECRETARY

(S.K. SHARMA)
DIRECTOR (PROJECT)

(S.P. LADAV)
MANAGING DIRECTOR

UTTARAKHAND POWER CORPORATION LTD.
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2014

Amount in Rupees

Particulars	Note No.	For the year ended 31st March, 2014	For the year ended 31st March, 2013
I. INCOME/REVENUE			
Revenue from operations	18	37,73,77,97,454	34,32,70,41,820
Other Income	19	1,11,02,51,168	91,21,97,519
Total Revenue		38,84,80,48,622	35,23,91,49,339
II. EXPENSES			
Purchase cost of electricity	20	31,74,33,41,939	31,76,62,45,167
Repair and Maintenance Expenses	21	77,17,69,649	76,59,59,523
Employee Benefit Expenses	22	2,58,70,73,585	2,24,04,04,830
Financial Costs	23	1,28,50,55,846	1,21,24,13,741
Depreciation and Amortization Expense	24	92,86,65,512	82,31,19,140
Other Administrative Expenses	25	18,90,76,220	16,78,64,553
Provision for bad and doubtful debts		66,95,65,253	67,92,15,000
Total Expenses		38,16,55,53,008	37,65,57,23,341
III. Profit before exceptional and extraordinary items and tax	(I - II)	68,24,93,610	(2,41,65,72,616)
Extraordinary items			
- Prior period power purchase liabilities written back		2,61,45,39,750	
- Interest on Institutional/Govt. Loan/Liabilities for previous years written back			2,13,52,35,834
- Prior Period expenses		(17,33,29,471)	
IV. Profit before tax		3,12,37,08,889	(28,12,88,730)
V. Tax expense:			
(1) Current tax			
(2) Deferred tax		(11,02,49,190)	(12,37,40,072)
VI. Profit(Loss) for the Year		3,23,39,58,087	(15,75,48,707)

VII. Earning per Equity share: (Face Value of Rs. 1000/- each)

- (1) Basic
(2) Diluted

26

Significant Accounting Policies attached thereto form an integral part of Profit & Loss Statement

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

FOR P.D. AGRAWAL & CO.
CHARTERED ACCOUNTANTS
Firm Reg. No.: 001049

FOR & ON BEHALF OF BOARD

(CA PRAKHAR GUPTA)
PARTNER
M.No: 421711
DATED: 28.12.2014
PLACE : DEHRADUN

(R.J. MALIK)
COMPANY SECRETARY

(G.K. SHARMA)
DIRECTOR (PROJECT)

(S.S. YADAV)
MANAGING DIRECTOR

UTTARAKHAND POWER CORPORATION LTD.
Notes Forming Integral Part of the Balance Sheet as at 31st MARCH 2014

Note No.1 => Share Capital

Sr. No	Particulars	Amount in Rupees	
		As at 31st March, 2014	As at 31st March, 2013
1	AUTHORIZED CAPITAL 20,000,000 Equity Shares of Rs. 1000/- each.	20,00,00,00,000	20,00,00,00,000
2	ISSUED CAPITAL 9689100, Equity Shares of Rs.1000 each	9,68,91,00,000	5,85,80,00,000
3	SUBSCRIBED AND PAID UP CAPITAL 9689100, Equity Shares of Rs.1000 each fully paid up.	9,68,91,00,000	5,85,80,00,000
	Total in Rs.	9,68,91,00,000	5,85,80,00,000
	Share Application Money Pending Allotment 399900, Equity Shares of Rs.1000 each	39,99,00,000	3,83,11,00,000
	Total in Rs.	39,99,00,000	3,83,11,00,000

Share capital schedule (no. of shares outstanding)	As at 31-03-2014	As at 31-03-2013
Opening number of shares outstanding	5,85,80,00,000 (5858000 shares)	5,77,00,00,000 (5770000 shares)
Add: Allotment during the year	3,83,11,00,000 (3831100 shares)	8,80,00,00,000 (88000 shares)
Less: Bought Back	-	-
Closing number of shares outstanding	9,68,91,00,000 (9689100 shares)	5,85,80,00,000 (5858000 shares)

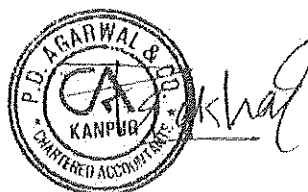
1. **Detail of Shareholders Holding more than 5 percent Shares**

Name of the Shareholder	No. of Shares	% Shareholding
Uttarakhand Govt.	96,89,100	100%

2. **Details of Allotment of Shares (last 5 years)**

Year	No. of Shares	Amount in Rupees
2009-10	-	-
2010-11	57,20,000	5,72,00,00,000
2011-12	-	-
2012-13	38,000	8,80,00,000
2013-14	38,31,100	3,83,11,00,000

- During the FY 2012-13, a GO No. 342/I(2)/2012-06/14/2012 dated 28/02/2013 was issued vide which UPCL's Liabilities for Rs.368.11 Crore pertaining to State Govt. Loan under District Plan / State Plan, Electricity duty payable to State Govt. along with interest payable was converted into Share Capital of the State Govt. but allotment of shares was done in FY 2013-14.
- During the FY 2012-13, a GO No. 781/I(2)/2013-06/14/2012 dated 28/03/2013 was issued vide which UPCL's Liabilities for free power from various Jal Vidyut projects amounting to Rs.15 Crores was converted into Share Capital of the State Government, but allotment of shares was done in FY 2013-14.
- During the FY 2012-13, a GO No. 1960/I(2)/2013-06/14/2012 dated 02/12/2013 was issued vide which a sum of Rs.39.99 Crore was sanctioned towards Share Capital of the State Govt. Accordingly, Rs.39.99 Crores was received on 11.12.2013 from the State Government, but allotment of shares is pending.



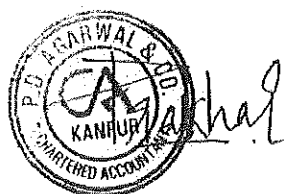
UTTARAKHAND POWER CORPORATION LTD.
Notes Forming Integral Part of the Balance Sheet as at 31st MARCH 2014

Note No.2 => Reserve & Surplus

Amount in Rupees

Sr. No	Particulars	As at 31st March,2014	As at 31st March,2013
	A. Capital Reserve		
1	Consumer contribution for service connections & lines and Deposit Works		
	Balance as per last balance sheet	55,20,34,432	8,98,36,727
	Add: Addition during the year	56,67,22,393	46,21,97,705
	Less: Deductions/Adjustments during the year	-	-
	Less: Adjustments on account of AS-12	(30,14,71,693)	-
		81,72,85,132	55,20,34,432
2	Government grants towards capital works		
	Balance as per last balance sheet	1,19,48,17,871	1,02,79,09,271
	Add: Addition during the year	77,99,000	16,69,08,600
	Less: Deductions/Adjustments during the year	-	-
	Less: Adjustments on account of AS-12	-	-
		1,20,26,16,871	1,19,48,17,871
	B. General Reserve & Surplus		
1	Transitory reserve		
	Balance as per last balance sheet	1,03,05,811	1,03,05,811
		1,03,05,811	1,03,05,811
2	Material Cost Variance Reserve		
	Balance as per last balance sheet	1,49,84,47,298	96,01,32,182
	Add: Addition during the year	28,97,69,652	53,83,15,116
	Less: Deductions/Adjustments during the year	-	-
		1,78,82,16,951	1,49,84,47,298
3	Surplus (Profit & Loss Account)		
	Balance as per last balance sheet	(20,18,77,66,009)	(20,03,02,17,302)
	Add: Transfer from Statement of Profit & loss	3,23,39,58,087	(15,75,48,707)
		(16,95,38,07,921)	(20,18,77,66,009)
	Total of (A and B)	(13,13,53,83,157)	(16,93,21,56,596)

- 1 In accordance with AS-12, the corporation has made adjustment of Consumers contribution for service connection & lines and Deposit works by netting off assets created out of such contribution for FY 2012-13 & FY 2013-14.



UTTARAKHAND POWER CORPORATION LTD.
Notes Forming Integral Part of the Balance Sheet as at 31st MARCH 2014
Note No.3 => Inter Unit Transactions

Amount in Rupees

Sr. No	Particulars	As at 31st March,2014	As at 31st March,2013
1	Inter Unit Transactions Balances	(68,92,62,048)	(66,02,63,635)
	Total in Rs.	(68,92,62,048)	(66,02,63,635)

- 1 Inter-Units Transfers amounting to Rs.68.92 Crores (net) are under reconciliation and the effect of reconciliation shall be provided in the coming years.

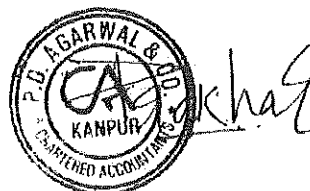


UTTARAKHAND POWER CORPORATION LTD.
Notes Forming Integral Part of the Balance Sheet as at 31st MARCH 2014

Note No.4 =>Long Term Borrowings

Sr. No	Particulars	Amount in Rupees	
		As at 31st March, 2014	As at 31st March, 2013
1	Secured Borrowings		
	R.E.C. LOANS-(Secured By Guarantee of Uttarakhand Govt.)	1,02,79,38,618	1,12,05,90,618
	AERP-(REC Loan)-(Secured by Uttarakhand Govt.)	25,45,14,530	33,47,59,340
	REC 33KV (Secured Rs. 31.39 Cr. by hypothecation of New Fixed Assets)	25,01,48,216	20,54,28,230
	REC(NEF)(Secured Rs. 342.57 Cr. by hypothecation of New Fixed Assets)	1,28,53,33,268	33,12,23,550
	R.E.C. LOANS-RGGVY (Secured By Guarantee of Uttarakhand Govt.)	52,36,31,508	59,20,09,639
	R-APDRP-Part A (Secured By Guarantee of Uttarakhand Govt.)	71,33,60,000	71,33,60,000
		4,05,49,26,140	4,47,52,71,377
2	Unsecured Borrowings		
	R-APDRP-Part B	1,17,79,00,000	1,17,79,00,000
	U.P. GOVERNMENT LOAN	67,73,24,295	67,73,24,295
	G.P.F. LOAN	1,27,10,00,000	1,27,10,00,000
	STATE GOVERNMENT LOANS	68,32,31,420	74,56,21,900
		3,80,94,55,715	3,87,18,46,195
	Total in Rs.	7,86,43,81,855	7,16,92,17,572

- 1 The Loans, Guaranteed by the Government of Uttarakhand, have been classified as Secured Loans and no charge has been created on the Assets of the Company.
- 2 Guarantee of Government of Uttarakhand pertaining to R-APDRP- Part B loan is in progress.



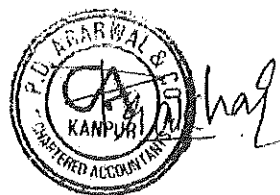
UTTARAKHAND POWER CORPORATION LTD.
Notes Forming Integral Part of the Balance Sheet as at 31st MARCH 2014

Note No.5 => Deferred Tax Liabilities

Amount in Rupees

Sr. No	Particulars	As at 31st March,2014	As at 31st March,2013
1	Balance as per last balance sheet	(1,20,90,367)	11,16,49,706
	Add/Less: Deffered Tax Liability on account of timing differences		
	i) Depreciation	(2,02,88,463)	(5,46,81,031)
	ii) Interest on GPF loan u/s 43B	(8,08,26,936)	(6,90,59,042)
	iii) PF Disallowed	(91,33,791)	
	Total in Rs.	(12,23,39,557)	(1,20,90,367)

- 1 During the year, in accordance with Para 17 of AS-22, "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants Of India, the company has recognised Deferred Tax assets/liabilities on the basis of Income Approach. The Company has huge amount of carried forward losses and unabsorbed depreciation under the Income Tax Act 1961 and accordingly there is no virtual certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realised. Hence, as a matter of prudence Deferred Tax Asset has not been recognised on Unabsorbed Depreciation & Carried Forward Losses as the Company does not envisage taxable profits in near future.



UTTARAKHAND POWER CORPORATION LTD.

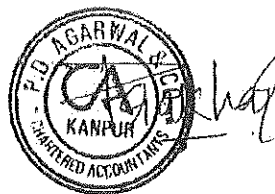
Notes Forming Integral Part of the Balance Sheet as at 31st MARCH 2014

Note No.6 => Other Long Term Liabilities

Amount in Rupees

Sr. No	Particulars	As at 31st March,2014	As at 31st March,2013
1	Payable to PTCUL (Transfer of Assets/Liabilities)	61,54,15,865	61,54,15,865
	Total in Rs.	61,54,15,865	61,54,15,865

- 1 The above mentioned amount pertains to Transfer Scheme with PTCUL which is yet to be finalised.



UTTARAKHAND POWER CORPORATION LTD.
Notes Forming Integral Part of the Balance Sheet as at 31st MARCH 2014

Note No.7 => Short Term Borrowings

Amount in Rupees

Sr. No	Particulars	As at 31st March,2014	As at 31st March,2013
1	Secured Borrowings		
	i) Loans and Advances from related parties	-	-
	ii) <u>Short Term Loans from Banks</u>		
	a) PUNJAB NATIONAL BANK- Overdraft against Deposits.	23,68,506	2,39,51,80,546
	iii) Other Loans and Advances	-	-
	Total in Rs.	23,68,506	2,39,51,80,546

- 1 The Bank Overdraft of Rs. 31350 Lacs, taken from Punjab National Bank, Astley Hall branch against pledge of Fixed Deposit of Rs.34850 Lacs, have been classified as Secured Loans and no charge has been created on the Assets of the Company. Besides above, Overdraft against Gross Block for Rs. 15000 Lacs has also been taken from Punjab National Bank, Astley Hall Branch.



UTTARAKHAND POWER CORPORATION LTD.
Notes Forming Integral Part of the Balance Sheet as at 31st MARCH 2014

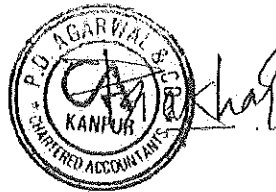
Note No.8 => Trade Payables

Amount in Rupees

Sr. No	Particulars	As at 31st March, 2014	As at 31st March, 2013
	<u>Summary of Trade Payables</u>		
i	For Power Purchase	10,97,27,79,673	12,36,99,59,939
ii	For Capital Supplies/Works	89,45,80,836	88,37,81,487
iii	For O&M Supplies/Works	23,15,37,345	18,90,17,909
	Total in Rs.	12,09,88,97,854	13,44,27,59,335

- During the Year Trade Payables for Power Purchase have been Written off to the tune of Rs. 202.84 Crores on account of old balances being reconciled.
- The details of liability to Micro, Small and Medium Enterprises (MSME), to the extent information available with the Corporation are given under These liabilities are not Due for payment as per the contractual term of payment.

Sl. No.	Due to MSME Enterprise	As at 31st March, 2014	As at 31st March, 2013
1	The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year (No amount is due for more than 45 days & Interest due Rs. Nil)	Nil	Nil
2	The amount of interest paid by the buyer in terms of Section 16 of the Micro Small and Medium Enterprise Development Act, 2006, alongwith the amounts of the payment made to the supplier beyond appointed day during each accounting year.	Nil	Nil
3	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil
4	The amount of interest accrued and remaining unpaid at the end of each accounting year.	Nil	Nil
5	The amount of further interest remaining due and payable even in the succeeding years. Until such date when the interest dues as above are actually paid to the small enterprise for the purpose of Disallowance as a deductible expenditure under Section 23 o	Nil	Nil



UTTARAKHAND POWER CORPORATION LTD.
Notes Forming Integral Part of the Balance Sheet as at 31st MARCH 2014

Note No.9 => Other Current Liabilities

Amount in Rupees			
Sr. No	Particulars	As at 31st March, 2014	As at 31st March, 2013
1	Interest Accrued and due on Secured Borrowings	47,76,46,297	47,76,46,297
2	Interest Accrued and due on Un-secured Borrowings	3,66,27,07,534	3,40,11,31,690
3	Interest Accrued but not due on Security Deposits	54,02,61,561	53,93,05,408
4	Interest Accrued but not due on Borrowings	43,42,63,173	8,77,994
5	<u>Other Payables</u>		
	i) Deposits for Electrification, Service Connections etc.	1,98,99,88,429	1,87,11,26,633
	ii) Deposits & Retention Money from supplier / contractors	93,53,94,863	77,65,84,531
	iii) Other Deposits Payable	3,21,40,540	5,95,05,915
	iv) Other Liabilities & Provisions	9,34,83,56,955	8,89,38,25,471
	v) E.D. & Other levies Payable To Government	6,02,52,87,430	5,30,90,04,075
	vi) Security Deposit from Consumers	5,05,41,21,215	4,47,78,42,014
	Total in Rs.	28,50,01,67,996	25,80,68,50,027

- The provision for interest on GPF liability payable to Trust has been made @ 8.70% which was the applicable rate on G.P.F. balances during the financial year 2013-14.
- The Interest on the Loans and other Capital Liabilities received as a result of Transfer of Assets & Liabilities from U. P. Power Corporation Ltd. has been shown separately and the same is detailed as :-
GPF accumulated Balances- Rs.1,99,71,94,740.64, REC Loans- Rs. 47,76,46,297/-, CPSUs Liabilities- Rs.34,42,32,173/- & U. P. Government Loans including Liabilities of Power Purchase due to U.P.P.C.L., U.P.R.V.N.L. & U.P.J.V.N.L. amounting to Rs. 1,24,02,57,653/-.
- Security Deposits from Consumers has been shown as 'Other Payables' keeping in view the nature of transactions. Interest on security deposit has been provided by concerning units.
- Interest on U.P. Govt. Loan Of Rs. 67,73,24,295/- has not been provided during the year as the said liabilities pertain to transfer scheme adjustments & also are not in the nature of commercial borrowings & thus interest provision on same is not justified.
- 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.1.38 Crores is foreseen as a Contingent Liability.
- During the year Other Liabilities & Provisions and ED & Other Levies Payable to Govt. have been written off to the tune of Rs. 35.37 Crores and Rs. 23.24 Crores respectively on account of old balances being reconciled.
- Interest accrued but not due on borrowings of Rs.43,42,63,173.00 is the interest payable on loan from PFC for R-APDRP (Part A), (Part B) and REC for construction of 33/11 kv sub-stations and NEF schemes.



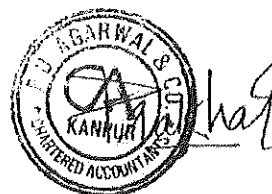
UTTARAKHAND POWER CORPORATION LTD.
Notes Forming Integral Part of the Balance Sheet as at 31st MARCH 2014

Note No.10 =>Short Term Provisions

Amount in Rupees

Sr. No	Particulars	As at 31st March,2014	As at 31st March,2013
1	Provision for Employee Benefits		
	Staff related liabilities & provisions	1,42,37,75,562	1,59,77,15,637
	Staff Pension ,Gratuity & Leave Salary Fund	10,69,79,914	11,22,19,566
2	Other Provision		
	For Expenses	18,14,05,623	1,29,70,244
	Total in Rs.	1,71,21,61,099	1,72,29,05,447

- 1 Liabilities towards Medical Reimbursement & Leave Travel Concession (LTC) has been provided to the extent established.
- 2 Provision for Accrued Liabilities on account of Pension for the period from 01-04-2013 to 31-03-2014 has not been made as the same is being paid by state government.
- 3 No provision for Income Tax has been made on account of Unabsorbed Depreciation and Brought Forward Losses.
- 4 Provision for Leave Salary Contribution Fund in the current year has been provided @ 20.84% (Previous Year 20.15%) of basic pay & dearness pay.



UTTARAKHAND POWER CORPORATION LTD.

Notes Forming Integral Part of the Balance Sheet as at 31st MARCH 2014

Amount in Rupees

Note No. 11 - i) Tangible Fixed Assets

SLN O.	Assets Group	Gross Block						Depreciation Block			Net Block		
		Opening Bal. As on 1-04-2013	Additions during the year	Deductions during the year	Adjustments	Adjustments on Account of AS-12	Balance as on 31.03.14	Depreciation upto 1-04-2013	Additions during the year	Deductions during the year	Balance as on 31-03-14	As at 31.3.2014	As at 31.3.2013
		(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
1	2.	3	4	5	6	7	8	9	10	11	12	13	14
1	Land and Rights	12,11,40,873	94,26,858	-	34,85,974	-	13,40,53,705	-	-	-	-	13,40,53,705	12,11,40,873
	Land held under lease	17,01,021	31,96,204	-	-	-	48,97,225	-	-	-	-	48,97,225	17,01,021
2	Buildings	1,23,63,05,615	1,22,49,902	-	(36,98,99,268)	-	87,86,56,248	23,22,48,805	1,41,22,423	-	24,63,71,229	63,22,85,019	1,00,40,56,809
3	Plant & Machinery	4,59,09,91,212	1,21,11,14,098	(70,00,68,753)	4,37,36,584	(5,93,72,209)	5,08,64,00,931	6,44,51,759	21,95,45,168	(38,41,732)	28,01,55,195	4,80,62,45,737	4,52,65,39,453
4	Lines&Cable Network	14,16,97,77,744	1,36,10,91,593	(10,14,33,161)	32,26,76,710	(24,20,99,484)	15,51,00,13,402	6,35,24,45,979	68,62,29,765	(30,12,23,155)	6,73,74,53,588	8,77,25,59,814	7,81,73,31,765
5	Furniture and Fixtures	5,36,18,742	7,25,675	(1,01,731)	-	-	5,42,42,685	2,42,45,335	33,94,066	(46,488)	2,75,92,913	2,66,49,772	2,93,73,407
6	Vehicles	2,93,12,424	5,94,138	-	-	-	2,99,06,562	2,78,86,939	-	-	2,78,86,939	20,19,623	14,25,485
7	Office Equipment	9,52,53,379	5,32,59,453	(1,800)	-	-	14,85,11,032	6,76,08,225	31,99,749	-	7,07,47,974	7,77,63,058	2,76,45,155
8	OTHERS:-	-	-	-	-	-	-	-	-	-	-	-	-
	-1-Hydraulic Works	65,88,122	59,104	-	-	-	66,47,227	33,46,038	3,12,936	-	36,58,974	29,85,253	32,42,084
	-2-Other Civil Works	1,29,42,336	-	-	-	-	1,29,42,336	47,85,294	19,40,102	-	67,25,396	62,16,940	81,57,042
	TOTAL	20,31,76,31,468	2,65,17,17,024	(80,16,05,445)	(0)	(30,14,71,693)	21,86,62,71,353	6,77,70,18,374	92,86,84,209	(30,51,10,375)	7,40,05,92,207	14,46,56,79,146	13,54,06,13,094

1 Fixed Assets have been taken over by the company from UPCL on 09.11.2001 Gross Rs. 1,058.18 Crores with accumulated depreciation of Rs. 397.10 Crores. Details of the individuals' block of assets have been taken at values as per the transfer scheme finalized between UPCL & UPCL and the total value of Rs. 1,058.18 crores has been treated as gross block and Rs. 397.10 crores as accumulated depreciation. As on 1st June, 2004 Power Transmission Corporation of Uttarakhand Limited (PTCUL) has been separated from corporation and Rs. 263.39 crores from Gross Block transferred to PTCUL and Rs. 112.85 crores from accumulated depreciation has been transferred from Fixed Assets.

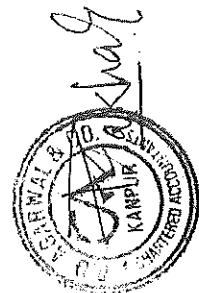
2 The Depreciation has been provided at the Corporate Accounts Office on the value of Fixed Assets in use as on 01-04-2013 in accordance with the Rates prescribed in Schedule XIV of The Companies Act, 1956. The Accumulated Depreciation which was so worked out has, however, been withdrawn by the field units on any asset ceases to be used due to obsolescence, inadequacy, superfluousness or for any other reason.

3 Depreciation on vehicles has not been charged during the year due to exhaust of written down balance in block of assets after charging depreciation.

ii) There are no Intangible Assets as such shown as Nil.

iii) Capital Work In Progress

Sr. No.	Particulars	Current year	Previous Year
1	Capital Work In Progress		
	Balance as per last balance sheet		
	Additions during the year	2,96,09,50,609	2,48,08,72,098
	Less: Capitalisation during the year	3,86,84,15,334	3,45,54,69,055
	Less: Adjustments during the year	2,71,23,83,493	2,97,33,90,554
	Advances to Suppliers & Contractors	4,11,69,82,449	2,96,09,50,609
2	Balance as per last balance sheet		
		2,74,22,67,880	2,95,76,02,665
	Less: Capitalisation during the year	58,95,92,254	23,58,80,217
	Less: Adjustments during the year	30,76,46,886	45,12,15,002
	Total	7,14,11,95,697	5,70,32,18,488



The value of contracts more than Rs. 50,00 lacs remaining to be executed as on 31/03/2014 is Rs. 557.37 Crores.

UTTARAKHAND POWER CORPORATION LTD.
Notes Forming Integral Part of the Balance Sheet as at 31st MARCH 2014

Note No.12 => Long Term Loans and Advances

Amount in Rupees

Sr. No	Particulars	As at 31st March,2014	As at 31st March,2013
1	Other Loans & Advances: Sundry Receivables Secured & Considered good		
	Un-Secured & Considered good Considered doubtful	2,76,68,94,874	2,77,91,22,016
2	Recoverable from state Govt.(On finalisation of transfer scheme of PTCUL)	2,76,68,94,874	2,77,91,22,016
	Secured & Considered good		
	Un-Secured & Considered good	1,88,81,40,313	1,88,81,40,313
	Considered doubtful	1,88,81,40,313	1,88,81,40,313
	Total in Rs.	4,65,50,35,187	4,66,72,62,329

- 1 Sundry Receivables includes Accrued interest on Deposits Rs. 21,33,16,471.00 (Previous year Rs.25,06,10,702)

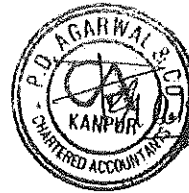


UTTARAKHAND POWER CORPORATION LTD.
Notes Forming Integral Part of the Balance Sheet as at 31st MARCH 2014

Note No.13 => Other Non Current Assets

Amount in Rupees

Sr. No	Particulars	As at 31st March,2014	As at 31st March,2013
1	Unamortised Expenses i) Deffered Revenue Expenditure (To the extent not written off)	Nil	Nil
	Total in Rs.	Nil	Nil



UTTARAKHAND POWER CORPORATION LTD.
Notes Forming Integral Part of the Balance Sheet as at 31st MARCH 2014

Note No.14 => Inventories

Amount in Rupees

Sr. No	Particulars	As at 31st March,2014	As at 31st March,2013
1	Stores & Spares Less: Provision for Obsolete/Non-moving Stores	2,12,67,35,800 (29,537)	1,66,90,47,488 -
	Total in Rs.	2,12,67,06,263	1,66,90,47,488

- 1 Stores & Spares includes obsolete and scrap materials.
- 2 Provision for Obsolete/Non-moving Stores has been made @ 5% on the identified Obsolete Stores of Rs 5,90,742 in the Stores of the Company.



UTTARAKHAND POWER CORPORATION LTD.
Notes Forming Integral Part of the Balance Sheet as at 31st MARCH 2014

Note No.15 => Trade Receivables

Amount in Rupees

Sr. No	Particulars	As at 31st March,2014	As at 31st March,2013
1	Un-Secured & Considered Good		
	Exceeding Six Months from due date of payment	10,98,69,08,295	8,28,65,39,462
	Others	40,80,55,556	3,18,69,78,979
	SUB TOTAL (1)	11,39,49,63,851	11,47,35,18,441
2	Un-Secured & Considered Doubtful		
	Exceeding Six Months from due date of payment	9,31,50,53,347	8,82,78,63,711
	Others	39,20,54,386	67,97,15,001
	SUB TOTAL (2)	9,70,71,07,733	9,50,75,78,712
	TOTAL (1 + 2)	21,10,20,71,584	20,98,10,97,153
	Less: Provision for bad & doubtful debts	(9,70,71,07,733)	(9,50,75,78,711)
	Total in Rs.	11,39,49,63,851	11,47,35,18,442

1. Since there are huge numbers of consumers, trade receivables are taken on basis of grouping of receivables against supply of power (AG-23)
2. Provision for Bad & Doubtful Debts is made @2% of the Total Non Govt. Assessment (Previous year 2% of Total Assessment).



UTTARAKHAND POWER CORPORATION LTD.
Notes Forming Integral Part of the Balance Sheet as at 31st MARCH 2014

Note No.16 => Cash & Cash Equivalent

Amount in Rupees

Sr. No	Particulars	As at 31st March, 2014	As at 31st March, 2013
1	<u>Cash Balance</u>		
	Cash in Hand	7,83,55,602	45,55,88,061
	Cheques / DD in hand	37,18,59,903	
		45,02,15,505	45,55,88,061
2	<u>Bank Balance</u>		
	With scheduled banks		
	- In current account	87,75,85,783	1,18,33,27,717
	- In Deposits account	5,63,93,59,085	4,42,16,31,015
		6,51,69,44,868	5,60,49,58,732
	Total	6,96,71,60,373	6,06,05,46,794

- 1 The FDR's made with various banks are automatically renewed as and when they are matured at market available rate of interest.
- 2 FDR of Rs. 34850 Lacs has been pledged with Punjab National Bank, Astley Hall Branch for overdraft facility of Rs. 31350 Lacs. Also, OD against Gross Block for Rs.15000 Lacs is also taken from PNB, Astley Hall Branch.
- 3 UPCL had received a sum of Rs.5,3144 Cr.as refund of Development surcharge from CPSU's during the year 2005-06 in shape of Units/Bonds. The un-matured amount of Rs.1,5487 Cr. in the shape of units/bonds has been shown as Deposits under the head of Current Assets.
- 4 Accrued Interest on Deposits account has been shown under Sundry Receivables in Note No. 12.



UTTARAKHAND POWER CORPORATION LTD.
Notes Forming Integral Part of the Balance Sheet as at 31st MARCH 2014

Note No.17 => Short Terms Loans and Advances

Amount in Rupees

Sr. No	Particulars	As at 31st March,2014	As at 31st March,2013
1	Advances for O&M Supplies/Works		
	Secured & Considered good	-	-
	Un-Secured & Considered good	10,75,64,114	8,83,02,809
	Considered doubtful	-	-
		10,75,64,114	8,83,02,809
2	Loans & Advances to staff/ others		
	Secured & Considered good	-	-
	Un-Secured & Considered good	7,71,03,783	3,44,04,750
	Considered doubtful	-	-
		7,71,03,783	3,44,04,750
	Total in Rs.	18,46,67,897	12,27,07,559



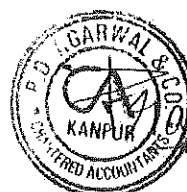
UTTARAKHAND POWER CORPORATION LTD.
Notes Forming Integral Part of the Balance Sheet as at 31st MARCH 2014

Note No.18 => Revenue from Operations

Amount in Rupees

Sr. No	Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
1	Revenue from Sale of Power to Consumers	35,55,32,68,452	32,50,21,87,183
2	Miscellaneous charges from Consumers	1,77,70,68,119	1,66,15,11,604
3	Delayed payment charges from Consumers	40,74,60,883	16,33,43,033
	Total in Rs.	37,73,77,97,454	34,32,70,41,820

- 1 The operation of the Corporation of distribution of electricity is considered as a single segment, which operates in one geographical segment, hence segment Reporting as required under Accounting Standard (AS) -17 is not applicable.
- 2 The energy is billed on the basis of categories of consumers i.e residential, commercial and industrial at the tariff rates notified/approved by the Uttarakhand Electricity Regulatory Commission.
- 3 The tariff rates stated above have been notified by Uttarakhand Electricity Regulatory Commission vide their Tariff Order dated 06.05.2013 effective from 01.05.2013 and onwards.
- 4 Interest charged to customer for delayed payment is accounted as and when the bill is raised for the same and accounted for as per accounting policy of the company. Income accrued on interest from delayed payment charges is NIL for the year.
- 5 Miscellaneous charges from customers includes Fues Charges, Reconnection/Disconnection Fees, Load Connection Charges, Recoveries for thefts and others recoveries.



UTTARAKHAND POWER CORPORATION LTD.
Notes Forming Integral Part of the Balance Sheet as at 31st MARCH 2014

Note No.19 => Other Income

Amount in Rupees

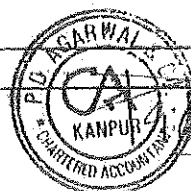
Sr. No	Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
1	Interest on Deposits	53,70,32,864	26,70,89,152
2	Miscellaneous Receipts	8,27,11,875	14,95,84,502
3	Income from Staff Welfare Activities	12,78,736	18,88,410
4	Rebate/Incentives on power purchase	48,92,27,693	49,35,45,455
	Total	1,11,02,51,168	91,21,07,519



UTTARAKHAND POWER CORPORATION LTD.
Notes Forming Integral Part of the Balance Sheet as at 31st MARCH 2014
Note No.20 => Purchase Cost of Electricity

Amount in Rupees

Sr. No	Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
1	NTPC	8,34,71,63,899	7,51,37,83,382
2	NPCL	95,39,13,666	76,04,54,677
3	NHPC	2,04,82,13,210	2,10,88,87,765
4	NRLDC	75,68,32,307	1,95,21,44,337
5	UJVNL	3,37,56,00,893	4,56,72,81,355
6	Satluj Jal Vidyut Nigam	19,28,61,929	10,97,48,503
7	NVVNL	-	28,28,33,179
8	THDC	90,05,23,908	1,80,29,28,405
9	HIM URJA PVT. LTD.	7,06,36,986	18,43,17,010
10	PDF to Govt.	95,68,15,991	1,10,68,39,041
11	UREDA	1,16,08,801	38,66,113
12	Regency Aqua-electro & Motel resorts, Ponta	57,367	2,15,36,930
13	PTC India Ltd.	23,67,63,448	1,94,87,73,547
14	Short Term Open Access Charges	8,12,13,447	13,02,00,354
15	PARVITIYA POWER (P) LTD, RANIKHET	6,79,80,088	6,26,12,111
16	RBNS Sugar Mill	17,42,17,667	16,70,99,473
17	VishnuPrayag HEP	-	45,53,89,590
18	Chamoli Hydro Power Project.	2,09,02,050	5,70,83,095
19	Gunsola Hydro Power Generation pvt. ltd.	5,66,54,692	6,05,76,015
20	Swasti Power	25,79,61,825	27,29,89,084
21	Adani Enterprise Ltd	63,53,29,574	46,75,88,784
22	BIRAHU GANGA HYDRO POWER LIMITED	10,27,26,630	7,86,95,400
23	M/S Tata Power Trading Company Ltd.	1,28,09,11,667	2,06,77,33,471
24	Himalaya Hydro Private Limited.	2,01,68,837	4,76,47,600
25	Shree Cement Limited.	1,52,33,26,939	95,13,63,936
26	Rishiganga Power Corporation Ltd.	5,10,59,650	6,30,72,450
27	MITTAL PROCESSORS PVT. LTD.	-	-
28	Global Energy Private Limited	2,84,63,30,355	74,02,53,877
29	BHILANGANA HYDRO POWER LIMITED	-	3,09,99,928
30	RV Akash Ganga Infrastructure Ltd.	1,41,71,192	4,89,95,811
31	Reliance Energy Trading	-	-
32	Uttam Sugar Mill	8,62,09,648	11,28,71,111
33	GMR Energy Trading Limited	33,73,18,377	13,84,63,879
34	Metro Frozen Fruits & Vegetables Pvt. Ltd.	73,36,988	2,20,59,654
35	Jay Ace Technologies Ltd.	1,58,50,075	4,70,10,794
36	ARAVALI POWER COMPANY PRIVATE LIMITED (APCPL)	23,35,22,198	12,32,24,344
37	SASAN POWER LTD.	4,76,44,614	-
38	JINDAL POWER LTD.	79,32,46,495	-
39	JSW POWER TRADING CO. LTD.	6,77,78,909	-
40	LAKSHMI SUGAR MILLS CO. LTD.	16,45,46,332	-
41	REGENCY GANGANI ENERGY PVT. LIMITED	42,11,840	-
42	FREE POWER (STATE ROYALTY POWER)	1,18,46,22,033	-
	Total Purchase cost of Electricity	27,92,62,35,027	28,51,43,26,049
43	PGCIL -(Wheeling Charges)	1,89,44,12,696	1,55,34,99,555
44	PTCUL -(Wheeling Charges)	1,95,63,00,000	1,69,87,91,670
	Total Cost (Including Transmission Charges)	31,77,69,47,723	31,76,66,17,274
	LESS : U.I. Charges received	3,36,05,784	3,72,107
	Net Cost	31,74,33,41,939	31,76,62,45,167

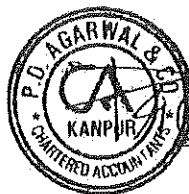


UTTARAKHAND POWER CORPORATION LTD.

Notes Forming Integral Part of the Balance Sheet as at 31st MARCH 2014

Note No.21 => Repair and Maintenance Expenses

Amount in Rupees			
Sr. No	Particulars	For the year ended 31st March,2014	For the year ended 31st March,2013
1	Repair and maintenance-Plant and machinery	15,58,57,938	24,36,66,438
2	Repair and maintenance-Building & Civil works	2,40,45,103	3,90,19,020
3	Repair and maintenance-Lines, cables works, etc.	58,65,15,598	48,11,18,601
4	Repair and maintenance-Others	53,51,010	21,55,464
	Total	77,17,69,649	76,59,59,523



UTTARAKHAND POWER CORPORATION LTD.
Notes Forming Integral Part of the Balance Sheet as at 31st MARCH 2014

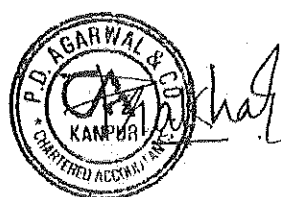
Note No.22 => Employment Benefit Expenses

Amount in Rupees

Sr. No	Particulars	For the year ended 31st March,2014	For the year ended 31st March,2013
1	Salaries, wages, allowances and bonus	1,93,48,53,375	1,80,12,79,518
2	Directors Remuneration	53,42,990	47,96,933
3	Terminal Benefits	48,67,29,368	26,92,02,443
4	Other staff costs	54,48,63,631	50,45,01,255
	Less: Employee cost charged to Capital WIP	(38,47,15,779)	(33,93,75,319)
	Total	2,58,70,73,585	2,24,04,04,830

- 1 None of the employee were in receipt of remuneration which was more than Rs. 24,00,000/- p.a. or Rs.2,00,000/- p.m., if employed for a part of the year.
- 2 The details of Managerial Remuneration paid during year is as below :-

Sr. No	Name of Director Designation	For the year ended 31st March,2014	For the year ended 31st March,2013
1	Sh. A.K. Jain (M.D.)		1,74,417
2	Sh.Anil Kumar Johari, Managing Director / Director (Operations)	4,45,384	14,65,424
3	Sh.Sharad Krishna Director (HR)	17,95,883	15,78,546
4	Sh.G.K.Sharma Director (Projects)	17,95,883	15,78,546
5	Sh.Anil Kumar Director (Operation)	13,05,840	
	Total	53,42,990	47,96,933



UTTARAKHAND POWER CORPORATION LTD.

Notes Forming Integral Part of the Balance Sheet as at 31st MARCH 2014

Note No.23 => Financial Cost

Amount in Rupees

Sr. No	Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
1	Interest on State Govt. Loans	41,96,27,280	36,85,93,959
2	Interest on Other Loans & Liabilities	74,70,08,571	49,26,16,793
3	Interest on Consumers Security Deposit	40,38,50,068	8,49,40,469
4	Guarantee Fees to U.A. Govt.	55,75,000	2,33,01,000
5	Other financial and bank charges	21,66,44,906	33,53,82,613
	Less: Interest and other financial charges charged to Capital WIP	(50,76,48,979)	(9,28,23,095)
	Total	1,28,50,56,846	1,21,24,13,741

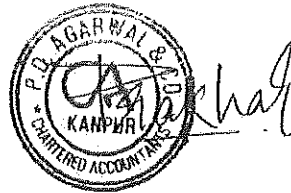


UTTARAKHAND POWER CORPORATION LTD.
Notes Forming Integral Part of the Balance Sheet as at 31st MARCH 2014

Note No.24 => Depreciation & Amortised Cost

Amount in Rupees

Sr. No	Particulars	For the year ended 31st March,2014	For the year ended 31st March,2013
1	Depreciation	92,86,66,512	82,31,19,140
	Total in Rs.	92,86,66,512	82,31,19,140



UTTARAKHAND POWER CORPORATION LTD.

Notes Forming Integral Part of the Balance Sheet as at 31st MARCH 2014

Note No.25 => Other Administrative Expenses

Amount in Rupees

Sr. No	Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
1	Rent Rates & Taxes	42,31,305	40,69,803
2	Electricity and water	4,26,09,098	3,43,28,356
3	Insurance	10,81,767	9,02,542
4	Communication	1,77,09,083	2,43,52,140
5	Printing and stationery	1,33,83,438	1,59,09,700
6	Travelling and conveyance	4,19,39,400	3,81,14,339
7	Legal & professional	4,05,50,328	2,71,32,193
8	Fees & Subscription	13,97,575	18,32,101
9	Remuneration to auditors	7,65,362	27,26,510
10	Honorarium	1,54,314	1,76,023
11	Departmental Training	5,28,268	8,97,822
12	Advertisement and promotion	2,31,68,295	2,20,38,326
13	Miscellaneous Expenses	3,62,71,843	3,16,06,081
14	Other debit to Revenue A/c/Compensation expenses to staff/outside	35,88,431	11,94,218
15	U.E.R.C. Fees	2,28,21,209	1,56,13,518
	Less: Expenses charged to Capital WIP	(6,96,23,495)	(5,30,29,118)
	Total	18,00,76,220	16,78,64,553



UTTARAKHAND POWER CORPORATION LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH 2014

AMOUNT IN RUPEES

SR NO.	PARTICULARS	2013-14		2012-13	
A.	<u>CASH FLOW FROM OPERATING ACTIVITIES</u>				
	Net Profit/(Loss) before tax and Exceptional & extra-ordinary items	68,24,98,619		(2,41,65,72,616)	
	Adjustments for:				
	i) Depreciation	92,86,84,209		82,31,19,140	
	ii) Interest Paid	95,04,60,069		63,77,20,709	
	iii) Prior period purchase power liabilities written back	2,61,45,39,750		2,13,52,83,836	
	iv) Interest Income	(53,70,32,864)		(26,70,89,152)	
	v) Prior-period expenses	(17,33,29,471)			
	vi) Provision for Bad & Doubtful debts	66,95,65,253		67,97,15,000	
	Operating profit before working capital changes	5,13,53,85,564		1,59,21,76,917	
	<u>Adjustment for Working Capital Changes</u>				
	i) Inventory	(45,76,58,774)		34,91,31,457	
	ii) Debtors	7,85,54,591		(47,82,58,886)	
	iii) Other Current Assets, Loans and Advances	(7,87,31,608)		91,95,519	
	iv) Current Liabilities & Provisions	1,33,87,12,140		72,81,68,576	
	Cash generated from Operations	6,01,62,61,912		2,20,04,13,583	
	Net Cash from Operating Activities		6,01,62,61,912		2,20,04,13,583
B.	<u>CASH FLOW FROM INVESTING ACTIVITIES</u>				
	i) Purchase & Sale of Fixed Assets	(2,15,52,21,954)		(2,56,37,76,975)	
	ii) Capital Work in Progress	(1,43,79,77,209)		(26,47,43,726)	
	iii) Interest Income	53,70,32,864		26,70,89,152	
	Net Cash from Investing Activities		(3,05,61,66,299)		(2,56,14,31,549)
C.	<u>CASH FLOW FROM FINANCING ACTIVITIES</u>				
	i) Increase in Loan Balances & Cash Credit	(1,69,76,47,757)		(1,76,54,86,491)	
	ii) Increase in Share Capital Allotment	39,99,00,000		3,91,91,00,000	
	iii) Interest paid	(95,04,60,069)		(63,77,20,709)	
	iv) Increase in General Reserve	86,42,91,045		1,18,74,21,421	
	v) Provision for Bad & Doubtful Debts	(66,95,65,253)		(67,97,15,000)	
	Net Cash from Financing Activities		(2,05,34,82,033)		2,00,35,99,221
	NET INCREASE IN CASH & CASH EQUIVALENTS				
	[A+B+C]		90,66,13,580		1,64,25,81,255
	CASH & CASH EQUIVALENTS AS AT 1ST APRIL 2013 [OPENING BALANCE]		6,06,05,46,794		4,41,79,65,539
	CASH & CASH EQUIVALENTS AS AT 1ST APRIL 2014 [CLOSING BALANCE]		6,96,71,60,373		6,06,05,46,794

1) The above Cash Flow has been prepared under indirect method as set out in AS-3 on Cash Flow Statement.

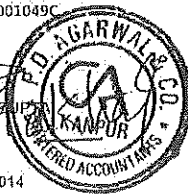
"NOTE NO. 1 TO 26 FORM AN INTEGRAL PART OF THE BALANCE SHEET"

AUDITOR'S REPORT

"AS PER OUR SEPARATE REPORT OF EVEN DATE"

FOR P.D. AGRAWAL & CO.
 CHARTERED ACCOUNTANTS
 Firm Reg. No.: 001049C

(CA PRAKASH KUMAR)
 PARTNER
 M.No: 421711
 DATED: 28.12.2014
 PLACE : DEHRADUN



FOR & ON BEHALF OF BOARD

(R.J. MALIK)
 COMPANY SECRETARY

(G.K. SHARMA)
 DIRECTOR (PROJECT)

(S.S. YADAV)
 MANAGING DIRECTOR

UTTARAKHAND POWER CORPORATION LIMITED

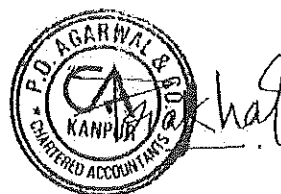
SIGNIFICANT ACCOUNTING POLICIES:

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. However, where there is a deviation from the provisions of the Companies Act, 1956 in preparation of these accounts. The corresponding provisions of Electricity (Supply) Act, 1948 and The Electricity (Supply) (Annual Accounts) Rules 1985 have been adopted. The Electricity (Supply) Act, 1948 which was repealed w.e.f. 10th June, 2003 (the repealed Electricity Act) remained applicable for part of the current accounting year in respect of the operations of the company.
- 1.2 Annual Accounts are prepared after incorporating the transactions for the year by generating trial balance of units through FAS & incorporating the Opening Balances of Assets and Liabilities at consolidation level done at Head office.
- 1.3 The Financial Statements are prepared under the Historical Cost Convention following Accrual System of Accounting unless otherwise stated and on accounting assumption of going concern along with all the applicable Accounting Standards as recommended by the Institute of Chartered Accountants of India.
- 1.4 Accounting Policies are consistent with Generally Accepted Accounting Principal (GAAP) except wherever stated otherwise.
- 1.5 The Corporation recognizes significant items of Income and Expenditure on Accrual Basis and the same are charged to Natural Heads of Accounts.
- 1.6 Subsidy, Grant, Insurance and other Statutory transactions, Refund of Custom Duty, and Interest on Income Tax and Trade Tax, if any, are to be accounted for on Cash Basis.
- 1.7 Delayed payment on surcharge against the payment of bills is accounted for on receipt basis.

2. GRANT-IN-AID:

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



3. RESERVES AND SURPLUS :

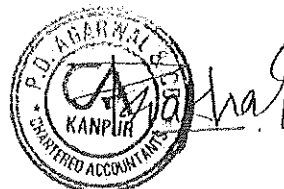
- 3.1 Contribution received for deposit works are taken to consumer contribution on capitalization of the specific Fixed Assets against which it has been received.
- 3.2 Consumer's contributions & Deposit Works, Grants and subsidies received towards cost of Capital assets are treated initially as Capital Reserve. They are subsequently shown as a deduction from the Gross Value of the Asset concerned in arriving at its Book Value and therefore recognized over the useful life of a depreciable asset by way of a reduced Depreciation charge.
- 3.3 Transitory reserve has been created on 09/11/2001 on preparation of transfer scheme between UPCL & UPPCL.
- 3.4 The stock/stores are accounted for at stock issue rate applicable as on date of issue. Price difference between the cost of stock/stores and value at stock issue rate is transferred to material cost variance account & is shown as Material Cost Variance Reserve.

4. FIXED ASSETS:

- 4.1 Fixed Assets are shown on Historical Cost less accumulated depreciation.
- 4.2 All cost relating to acquisition and installation of fixed assets including departmental overhead costs till the date of commissioning are capitalized.
- 4.3 Fixed Assets booked under the head of "Fixed Assets not in use" are transferred to "Stock" / "Other Stock Account Head" at depreciated value and the accumulated depreciation thereon are transferred to "Provision for Depreciation on Fixed Assets". The damaged Fixed Assets like Transformers, Electricals equipments etc. after repair are accounted for at stock issue rate applicable as on date of reissue. Price difference between the cost of assets and value as stock issue rate is transferred to material cost variance account.

5. CAPITAL WORKS IN PROGRESS:

- 5.1 Capital Expenditure on Assets not owned by the Corporation is reflected as a distinct item in Capital Works-in-Progress till the period of completion and thereafter transferred to Fixed Assets if the ownership devolved upon the Corporation.
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- 5.5 Value of Construction Stores is charged to Capital Works-in-Progress when material is issued. The material at the year end and lying at site is treated as part of the Capital Work-in-Progress, but the material lying in the stores is grouped under the head Stores and Spares.



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6.1 Borrowing Costs attributable to the Fixed Assets during their construction/renovation and modernization are capitalized. Such borrowings are apportioned on the average balance of Capital Work-in-Progress for the year. Other Borrowing Costs are recognized as expense in the period in which they are incurred.

6.2 The Borrowing Cost has been determined on proportion basis as prescribed in the Electricity (Supply) (Annual Accounts) Rules 1985.

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7.3 Value of scrap other than steel scrap is accounted for in the accounts as and when sold.

7.4 Any shortage/excess of materials found during the physical verification at the year end are first shown as material short/excess pending investigation till the finalization of investigation and thereafter any excess, if established, is shown under the head of income. Similarly shortages are either recovered from staff concerned or charged to the profit and loss account as the case may be.

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

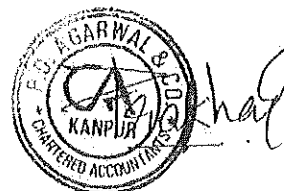
7.6 Stationery is charged as expense to P/L account at the time of purchase itself. Hence the closing stock of stationery as on 31.03.2014 is not taken as inventory. However the stock of stationery is not material considering the size and business of the company.

7.7 Unserviceable and Non-moving material is to be written off annually @ 5 percent per annum out of the identified Unserviceable and Non-moving material and to dispose of the identified obsolete material through tendering process.

7.8 The company has not identified any obsolete, slow moving and dead stock except for those lying in the Stores Division as all the items in the store are useable in spite of the fact that they are very old.

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8.1 INCOME RECOGNITION



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

8.2 EXPENDITURE

- 8.2.1 Depreciation is charged on Straight Line Method as per the rates prescribed under Schedule XIV of The Companies Act, 1956 and as notified from time to time.
- 8.2.2 Depreciation on Fixed Assets is provided only on the assets in existence at the beginning of the year and no depreciation is provided on the additions made during the year.
- 8.2.3 Lease Rent of the Lease hold property is amortised over the period of the Lease.
- 8.2.4 Expenses on Training, Recruitment and Research & Development are charged to Revenue in the year of incurrence.
- 8.2.5 The Fixed Assets are depreciated up to 90% of original cost of assets after considering 10% as the residual value of the assets.



8.2.6 Kutch Road is depreciated fully in the year of actual expenditure.

8.3 PURCHASE OF POWER

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

8.3.2 The energy accounts in few cases are delayed for settlement due to complexity in transactions involved in power sector. The company receives receivables/payable claims due to delayed settlement. As per the prevailing practice, the company accounts such claims in the year in which the payment is made.

9. RETIREMENT BENEFITS:

9.1. The liability for Retirement Benefits in respect of Gratuity of employees covered under EPF Scheme has been provided on basis of actuarial valuation provided by Life Insurance Corporation of India under Group Gratuity Scheme as per Gratuity Act, 1972 and accounted on accrual basis.

9.2 Liability for pension and gratuity in respect of employees not covered under EPF Scheme has been accounted for on the basis of 16.70% and 2.38% respectively on the amount of basic pay and DA paid to the employees

9.3 The liabilities for Leave Encashment to employees are provided on accrual basis.

9.4 All the retirement benefits accruing to the employees before the transfer scheme are not taken as liabilities of the company since the same has been taken over by the state government.

9.5 Earned leave is fixed at 31 days in each calendar year. Provision for leave encashment has been made in the books of account on the basis of records available with the company. In respect of Gazetted officers, Encashment for leave is allowed only at the time of retirement, but in case of Non-Gazetted employees, leave encashment facility is available upto 30 days every year. However, maximum upto 300 days leave encashment can be availed both by Gazetted officers and Non-Gazetted employees at the time of their retirement.

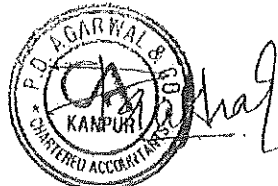
10. INVESTMENTS:

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

11. CONTINGENT LIABILITIES:

11.1 Contingent Liabilities are disclosed in respect of which there are possible or present obligations that arise from past events but their existence is confirmed on occurrence or non-occurrence of one or more uncertain future events and in respect of which there may not probably be any outflow of resources.

11.2 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.



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. However, where there is a deviation from the provisions of the Companies Act, 1956 in preparation of these accounts. The corresponding provisions of Electricity (Supply) Act, 1948 and The Electricity (Supply) (Annual Accounts) Rules 1985 have been adopted. The Electricity (Supply) Act, 1948 which was repealed w.e.f. 10th June, 2003 (the repealed Electricity Act) remained applicable for part of the current accounting year in respect of the operations of the company.
- 1.2 Annual Accounts are prepared after incorporating the transactions for the year by generating trial balance of units through FAS & incorporating the Opening Balances of Assets and Liabilities at consolidation level done at Head office.
- 1.3 The Financial Statements are prepared under the Historical Cost Convention following Accrual System of Accounting unless otherwise stated and on accounting assumption of going concern along with all the applicable Accounting Standards as recommended by the Institute of Chartered Accountants of India.
- 1.4 Accounting Policies are consistent with Generally Accepted Accounting Principal (GAAP) except wherever stated otherwise.
- 1.5 The Corporation recognizes significant items of Income and Expenditure on Accrual Basis and the same are charged to Natural Heads of Accounts.
- 1.6 Subsidy, Grant, Insurance and other Statutory transactions, Refund of Custom Duty, and Interest on Income Tax and Trade Tax, if any, are to be accounted for on Cash Basis.
- 1.7 Delayed payment on surcharge against the payment of bills is accounted for on receipt basis.

2. GRANT-IN-AID:

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



3. RESERVES AND SURPLUS :

- 3.1 Contribution received for deposit works are taken to consumer contribution on capitalization of the specific Fixed Assets against which it has been received.
- 3.2 Consumer's contributions & Deposit Works, Grants and subsidies received towards cost of Capital assets are treated initially as Capital Reserve. They are subsequently shown as a deduction from the Gross Value of the Asset concerned in arriving at its Book Value and therefore recognized over the useful life of a depreciable asset by way of a reduced Depreciation charge.
- 3.3 Transitory reserve has been created on 09/11/2001 on preparation of transfer scheme between UPCL & UPPCL.
- 3.4 The stock/stores are accounted for at stock issue rate applicable as on date of issue. Price difference between the cost of stock/stores and value at stock issue rate is transferred to material cost variance account & is shown as Material Cost Variance Reserve.

4. FIXED ASSETS:

- 4.1 Fixed Assets are shown on Historical Cost less accumulated depreciation.
- 4.2 All cost relating to acquisition and installation of fixed assets including departmental overhead costs till the date of commissioning are capitalized.
- 4.3 Fixed Assets booked under the head of "Fixed Assets not in use" are transferred to "Stock" / "Other Stock Account Head" at depreciated value and the accumulated depreciation thereon are transferred to "Provision for Depreciation on Fixed Assets". The damaged Fixed Assets like Transformers, Electricals equipments etc. after repair are accounted for at stock issue rate applicable as on date of reissue. Price difference between the cost of assets and value as stock issue rate is transferred to material cost variance account.

5. CAPITAL WORKS IN PROGRESS:

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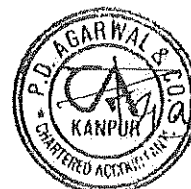
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12. PROVISION FOR BAD AND DOUBTFUL DEBTS:

12.1 The provision for Bad and Doubtful Debts is made @ 2 % of the Total Non-Govt. Assessment (In earlier year it was upto 5%).

13. DEFERRED TAX ASSET/LIABILITY

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

14. OTHER INCOME

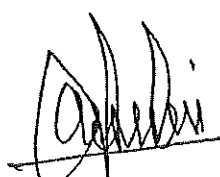
14.1 Other income includes interest on FDR, Sale of tender forms, penalty from contractors, Rebate/Incentives on timely payments of purchase bills, and other service charges, staff rental/ vehicles income, etc.

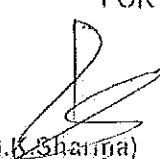
14.2 In case of confide consumers indulged in theft/illegal use of electricity, the revenue is recognized on accrual basis. However in case of non-confide consumers i.e. Katia Connections and of temporary connections i.e. Marriages, New construction of houses etc. the revenue is recognized on cash basis.

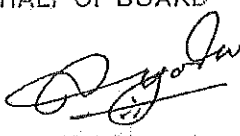
15. GENERAL NOTES ON ACCOUNTS

15.1 Previous year figures have been regrouped, re-arranged and re-casted according to guidance of Revised Schedule-VI of Companies Act, 1956, wherever necessary, to compare the figures of current year.

15.2 No transaction is made during the year by the Corporation in the books of accounts in which foreign exchange is involved.


(R.J. Malik)
Company Secretary

FOR & ON BEHALF OF BOARD

(G.K. Sharma)
Director (Project)


(S.S. Yadav)
Managing Director



Place : Dehradun
Dated: 28.12.2014.

