



FOURTH ANNUAL REPORT 2006-07



UTTAR GUJARAT VIJ COMPANY LIMITED

**Registered & Corporate Office:
Visnagar Road
MEHSANA - 384 001
(North Gujarat)**



UTTAR GUJARAT VIJ COMPANY LIMITED
Fourth Annual Report

BOARD OF DIRECTORS

Shri Guruprasad Mohapatra, IAS	Chairman
Shri H. S. Patel, IAS	Managing Director
Dr. M. K. Iyer	Director
Shri H. P. Desai	Director
Prof. Ajay Pandey	Director (w.e.f 15-02-2007)
Prof. (Dr.) B. A. Prajapati	Director (w.e.f 29-03-2007)
Shri L. Chuaungo, IAS	Director (w.e.f 02-05-2007)
Shri K. P. Patel	Director (w.e.f 01-08-2007)

COMPANY SECRETARY

Shri Nitinkumar M Joshi, FCS

AUDITORS

M/s Ambalal M Shah & Co.
Chartered Accountants
Vadodara

BANKERS

State Bank of India
Bank of Baroda
Dena Bank
Union Bank of India

REGISTERED & CORPORATE OFFICE

Visnagar Road
MEHSANA - 384 001
North Gujarat



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NOTICE

NOTICE is hereby given that the Fourth Annual General Meeting of the Members of Uttar Gujarat Vij Company Limited will be held on Wednesday, the 26th day of December, 2007 at 5-30 p. m. at the Registered Office of the Company at Visnagar Road, Mehsana - 384 001 (North Gujarat) to transact the following business:

ORDINARY BUSINESS

- 1 To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2007 and Profit & Loss Account of the Company for the year ended on that date together with the Schedules & Notes attached thereto and the Reports of the Board of Directors and Auditors thereon with comments, if any, of Comptroller & Auditor General of India
- 2 To appoint a Director in place of Shri G. Mohapatra, IAS who retires by rotation and being eligible, offers himself for reappointment
- 3 To appoint a Director in place of Dr. M. K. Iyer who retires by rotation and being eligible, offers himself for reappointment
- 4 To decide the remuneration payable to Statutory Auditors appointed by the Comptroller and Auditor General of India (CAG), New Delhi for the audit of accounts of the Company for the Financial Year 2007-08.

SPECIAL BUSINESS

- 5 To consider and if thought fit, to pass, with or without modification/s, the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** Prof. Ajay Pandey, who was appointed as Additional Director of the Company on 15th February, 2007 under Section 260 of the Companies Act, 1956 and who holds such office up to the date of this Annual General Meeting and who is eligible for reappointment, be and is hereby appointed a Director of the Company, liable to retire by rotation.”
- 6 To consider and if thought fit, to pass, with or without modification/s, the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** Prof. (Dr.) B. A. Prajapati, who was appointed as Additional Director of the Company on 29th March, 2007 under Section 260 of the Companies Act, 1956 and who holds such office up to the date of this Annual General Meeting and who is eligible for reappointment, be and is hereby appointed a Director of the Company, liable to retire by rotation.”
- 7 To consider and if thought fit, to pass, with or without modification/s, the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** Shri L. Chuaungo, IAS, who was appointed as Additional Director of the Company on 2nd May, 2007 under Section 260 of the Companies Act, 1956 and who holds such office up to the date of this Annual General Meeting and who is eligible for reappointment, be and is hereby appointed a Director of the Company, liable to retire by rotation.”



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- 8 To consider and if thought fit, to pass, with or without modification/s, the following resolution as an Ordinary Resolution:

“RESOLVED THAT Shri K. P. Patel, who was appointed as Additional Director of the Company on 1st August, 2007 under Section 260 of the Companies Act, 1956 and who holds such office up to the date of this Annual General Meeting and who is eligible for reappointment, be and is hereby appointed a Director of the Company, liable to retire by rotation.”

By Order of the Board

Date : 24th December, 2007
Place: Vadodara

Nitinkumar M Joshi, FCS
Company Secretary

NOTES:

- 1 A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, VOTE INSTEAD OF HIMSELF AND THAT A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective, must be received by the Company at its Registered Office not later than 48 hours before the time for holding of the meeting.
- 2 The Explanatory Statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956, is annexed hereto as “Annexure to the Notice”.
- 3 The present Statutory Auditors M/s. Ambalal M. Shah & Co., Chartered Accountants, Vadodara appointed by the Office of the Comptroller & Auditor General of India (C&AG) will retire at the conclusion of the Fourth Annual General Meeting. The C&AG has appointed M/s Mody & Mody & Co., Chartered Accountants, Vadodara as Statutory Auditors of the Company to audit the accounts of the Company for the Financial Year ended 31st March, 2008.

Annexure to the Notice

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

In respect of Item No. 5

In terms of the provisions of Section 260 of the Companies Act, 1956, the Board of Directors have on 15th February, 2007 appointed Prof. Ajay Pandey, as Additional Director representing Gujarat Urja Vikas Nigam Limited pursuant to Article 57 of the Articles of Association of the Company, on the Board of the Company, to hold office up to the date of this Annual General Meeting.

Prof. Ajay Pandey is BE (Industrial Engg.) and Fellow, IIM Ahmedabad and presently working as Associate Professor in Finance & Accounting Area. He worked in various capacities with Engineers India Ltd, New Delhi, ONGC Ltd, Dehradun, IIM Lucknow, Anagram Securities Ltd. and Anagram Wellington AMC Ltd., Mumbai, ASCI, Hyderabad and Management Development Institute, Gurgaon. He has also authored/co-authored various books/journals. He has also prepared/presented consulting/working papers on various topics at different



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meetings/conferences in India and abroad. Prof. Pandey has carried out research works on a number of issues like Corporate Governance and Capital Market, Volatility Estimation and Volatility Dynamics (Capital Markets), Electricity Transmission Pricing, Tariff Regulations and Sectoral Reforms, Procurement Processes and Issues, particularly in Public Procurement. Presently, he is involved in a consulting project on “Evaluation of APDRP Scheme in Electricity Sector” for Ministry of Power Government of India, New Delhi.

Your Directors, therefore, recommend the appointment of Prof. Ajay Pandey to the office of Director. None of Directors except Prof. Ajay Pandey, being appointee, is concerned or interested in this Resolution.

In respect of Item No. 6

In terms of the provisions of Section 260 of the Companies Act, 1956, the Board of Directors have on 29th March, 2007 appointed Prof. (Dr.) B. A. Prajapati, as Additional Director representing Gujarat Urja Vikas Nigam Limited pursuant to Article 57 of the Articles of Association of the Company, on the Board of the Company, to hold office up to the date of this Annual General Meeting.

Prof. (Dr.) B. A. Prajapati, M. Com (Gujarat University), PGDBF (ICFAI), PGDFM (Sardar Patel University), FDP (IIM, Ahmedabad) and Ph. D. in Business Studies (Sardar Patel University), is Officiating Vice-Chancellor and the Pro Vice-Chancellor of Hemchandracharya North Gujarat University. He has undertaken UGC Sponsored Research Projects and published more than 30 papers at various journals, magazines, seminars and conferences. He has authored/co-authored different books. He has been awarded as **The Best Case Writer Award** at a national level case competition organized by Association of Indian Management Schools. He is a visiting faculty to many well known Management Institutes. He has worked as an expert in many committees of the State Government, AICTE and UGC. He has worked as a Member / Coordinator of more than 30 Peer Team Groups of NAAC for assessment and accreditation of Colleges and Universities. He is an Executive Board member of Association of Indian Management Schools (an apex organization of management institutes in India). He is also an Executive Committee member of Ganpat University. He is in the Governing / Advisory Council of many self-financed institutes as representative of Director of Technical Education and AICTE.

Your Directors, therefore, recommend the appointment of Prof. (Dr.) B. A. Prajapati to the office of Director. None of Directors except Prof. (Dr.) B. A. Prajapati, being appointee, is concerned or interested in this Resolution.

In respect of Item No. 7

In terms of the provisions of Section 260 of the Companies Act, 1956, the Board of Directors have on 2nd May, 2007, appointed Shri L. Chuaungo, IAS as Additional Director representing Gujarat Urja Vikas Nigam Limited pursuant to Article 57 of the Articles of Association of the Company, on the Board of the Company, to hold office up to the date of this Annual General Meeting.

Shri L. Chuaungo, IAS is presently functioning as Managing Director of the holding Company i.e. Gujarat Urja Vikas Nigam Limited. He is also Chairman of Madhya Gujarat Vij Company Limited and on the Boards of various other companies including Gujarat Industries Power Company Limited.



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Your Directors, therefore, recommend the appointment of Shri L. Chuaungo, IAS to the office of Director. None of Directors except Shri L. Chuaungo, IAS, being appointee, is concerned or interested in this Resolution.

In respect of Item No. 8

In terms of the provisions of Section 260 of the Companies Act, 1956, the Board of Directors have on 1st August, 2007, appointed Shri K. P. Patel as Additional Director representing Gujarat Urja Vikas Nigam Limited pursuant to Article 57 of the Articles of Association of the Company, on the Board of the Company, to hold office up to the date of this Annual General Meeting.

Shri K. P. Patel has retired from erstwhile Gujarat Electricity Board after having put in about 35 years of service. He has rich experience in area of power distribution and procurement of different materials. He is working as Officer on Special Duty (OSD) in GUVNL. Shri Patel is also on the Boards of Paschim Gujarat Vij Company Limited, Rajkot, and Gujarat Water Resources Development Corporation Limited, Gandhinagar.

Your Directors, therefore, recommend the appointment of Shri K. P. Patel to the office of Director. None of Directors except Shri K. P. Patel, being appointee, is concerned or interested in this Resolution.

The Company is a Government Company falling within the provisions of Section 617 of the Companies Act, 1956 and therefore, is entitled to various exemptions notified by the Government from time to time, including Section 257 relating to notice to be given to the Company for appointment as Director and hence no such notice for the candidature in respect of the above Directors in Item Nos. 5 to 8 is required.

By Order of the Board

Date : 24th December, 2007
Place: Vadodara

Nitinkumar M Joshi, FCS
Company Secretary



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DIRECTORS' REPORT

To,
The Members of
UTTAR GUJARAT VIJ COMPANY LIMITED

Your Directors have pleasure in presenting the Fourth Annual Report together with the Audited Statement of Accounts for the Financial Year ended 31st March, 2007.

FINANCIAL HIGHLIGHTS

The summarized financial results of the Company are given below:

(Rs. in Lacs)

Particulars	2006-07	2005-06
Total Income	2,97,489	2,56,720
Gross Profit before Depreciation, Interest and Tax	20,340	19,350
Depreciation	7,776	6,770
Interest and Finance Charges	10,556	11,635
Profit before Tax	2,008	945
Provision for Tax (including provision for deferred tax and fringe benefit tax)	291	789
Profit after Tax	1,717	156
Prior Period Adjustments (Credit)	156	-
Net profit available for appropriation	1,873	156

DIVIDEND

With a view to conserve the resources of the Company and as a part of system improvement, your Directors do not recommend payment of any dividend for the year.

ACHIEVEMENTS

The Company has been awarded a Bronze Shield by Government of India for Meritorious Performance in Power Distribution during the year 2005-06. The Shield was awarded by the Prime Minister on 21st March, 2007 at New Delhi.

The Company has established a Hi-Tech Meter Laboratory (HML) at Sabarmati. The Laboratory is equipped with a fully automatic test bench of 0.05 accuracy class. HML has been accredited by National Accreditation Board for Testing and Calibration Laboratories (NABL) in the field of electrical testing with standard ISO/IEC 17025-2005.

Bureau Veritas Certification (India) Private Limited, a certifying agency, has certified the Registered & Corporate Office at Mehsana, Mehsana Circle and Sabarmati Circle for ISO 9001:2000 Standard for "Management and Performance Enhancement of Electricity Distribution Operations".

OPERATIONS DURING THE YEAR

During the year under review, the revenue from the sale of power including subsidies amounted to Rs. 2,97,490 Lacs. (PY Rs. 2,56,720 Lacs) The Company purchased 11,985 MUs



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(PY 12,130 MUs) of energy from Gujarat Urja Vikas Nigam Limited (GUVNL) and sold 9,590 MUs (PY 8,857 MUs) of energy to all categories of consumers. The overall transmission and distribution losses reported to the extent of 2,395 MUs (PY 3,273 MUs) at 19.98 % (PY 26.98 %).

The year under review is the second operational year and your Company has always made efforts to achieve its goals. Some of the operational highlights are -

- All 4618 Nos. of Villages with 2468 Nos. of Petaparas are converted under Jyotigram Yojana. Also all 1903 Nos. of rural feeders have been declared as Agricultural Dominated Feeders.
- AT&C losses are reduced to 15.68% from 19.45% of the previous year with 100% collection efficiency. The GERC in its Tariff Order has also appreciated the action taken by your Company.
- By carrying out the different activities to reduce losses and with the help of Demand Side Management (DSM), the input energy is reduced by 145 MUs though sold energy is increased by 733 MUs giving a benefit of overall gain of 878 MUs.
- Transformer failure rate is reduced to 14.75% from 15.22% of the previous year.
- Vigilance activity with continuous efforts is made for prevention of theft of energy and other mis-use of power during the year.
 - Installations checked - 663901 Nos.
 - Installations detected - 22149 Nos.
 - Amount assessed - Rs. 2428.03 Lacs
- By vigorous efforts, the debit-arrears remained low to 27%, which is the lowest among all Distribution Companies of GUVNL.
- For better system improvement and to give quality power supply of the over-loaded feeders, 249 Nos. of feeders are bifurcated and charged during the year, mainly Jyotigram and Agricultural feeders.
- Automated Remote Metering (ARM) is installed on 307 Nos. of HT connections. This has helped in considerable time saving of man-power and reading billing process with perfect billing, thereby assisting in study of consumer consumption data and vigilance observation.
- For reduction in technical losses, 9350 Nos. of Amorphous Transformers are installed in Urban areas.
- Remarkable achievement is made in setting up e-Urja Project undertaken by GUVNL for itself and all subsidiary companies for end-to-end ERP solution in all modules. It is planned to go-live through e-Urja in coming year.

Geographical Information System (GIS):

Geographical Information System (GIS) Project is introduced in the Company. In Phase-I, eight major towns are covered for updating and verification of consumer data as per physical



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numbers. All 55 Nos. of feeders of these towns are uploaded in the System. In Phase-II, Mehsana and Sabarmati Circles are covered with 1104 Nos. of feeders.

- Total 702 Nos. of Special Design Transformers (SDT) is provided on Agricultural feeders, covering benefit to 22008Nos. of Farm House connections.
- Work progress - New release of connections:
 - HT New Connection - 175 Nos.
 - HT additional load - 177 Nos.
 - LT Industrial - 2429 Nos.
 - Domestic - 75479 Nos.
 - Water Works - 210 Nos.
 - Ag. Connection under
 - RE Scheme - 110 Nos.
 - TASP - 758 Nos.
 - Tatkal Scheme - 2313 Nos.
 - With Micro Irrigation System - 7 Nos.
 - Petapara electrified - 7 Nos.
 - SCSP - 1248 Nos.
 - System Network added
 - HT Line - 2786 Kms.
 - LT Line - 699 Kms.
 - Trans. Center - 3782 Nos.

FUTURE PLANS

HVDS:

For better quality power supply to agricultural consumers and reduce T&D losses by providing distribution transformers of small capacity to feed one or small group of loads, High Voltage Distribution System (HVDS) is adopted where LT line is minimized or eliminated. This system is best suited to meet the scattered loads of low load density. The Company has planned to procure 10KVA - 16KVA Distribution Transformers for implementation of the Scheme in Himatnagar Circle in Sabarkantha District and other Circles also.

UNDER GROUND CABLE WITH RMU:

For ensuring consumer satisfaction by providing the continuous and reliable power supply, the Company has also planned under-ground cable system in Adalaj, Chandkheda, and Koba, near Infocity adjoining to Gandhinagar City. Also planned for industrial zones of Naroda and Odhav Industrial Estates and important religious place at Ambaji.

FEEDER BIFUCATION:

The Scheme for bifurcation of 150 Nos. of over-loaded feeders and having a poor voltage regulation is planned specifically for Palanpur Circle to improve the quality of power supply in agricultural feeders.

GOVT. SCHEMES:

The Company has also planned to achieve the targets of all Government-sponsored electrification activity schemes like Zupad-patty, Kutir-Jyoti, TASP Wells, TASP-Petapara,



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BPL-Zupad Patti, NGP under tribal area, Primitive Tribe House Electrification, Micro Irrigation System (MIS) for tribal Agricultural connections, etc.

CUSTOMER SERVICES

Fully computerized 10 Nos. Customer Care Centers are established at district head-quarters and major towns and also planned other 14 Nos. towns with tribal area towns.

- For better consumer services;
- Minimizing the fault detection and rectification time by monitoring the occurrence;
- Improving performance of service by analyzing outage data and computing reliability of network.

CONSUMER REDRESSAL FORUM

The Company has set up the Consumer Redressal Forum as mandated by the Electricity Act, 2003 and the regulations notified thereunder. During the year, 39 Nos. of cases are attended.

TARIFF

Gujarat Electricity Regulatory Commission (GERC) is the authority to regulate the working of the Electricity Utilities in the state and is entrusted with various functions, inter-alia, including the determination of retail tariff rate for the end users of electrical energy. During the year, the Company had filed a petition with GERC on 27th December, 2006, seeking approval of the Aggregate Revenue Requirement (ARR) and tariff rationalization for the final year 2007-08. After due hearings, GERC had issued a detailed Tariff Order on 31st March, 2007, approving ARR at Rs. 3158.16 Crores along with a revised Tariff Schedule effective from 1st April, 2007.

AUDITORS

The Comptroller and Auditor General of India, New Delhi, (C&AG) have appointed M/s. Mody & Mody Co., Chartered Accountants, Vadodara, as Statutory Auditors of the Company to carry out the statutory audit of the accounts of the Company for the Financial Year 2007-08. As per the provisions of Section 224 of the Companies Act, 1956, their remuneration is required to be fixed by the Company in General Meeting.

AUDITORS' REPORT

The Notes to Accounts referred to in the Auditor's Report are self-explanatory and therefore, do not call for any further comments.

The Comments/Report of the Comptroller & Auditor General of India in pursuance of Section 619(4) of the Companies Act, 1956, is attached as Annexure together with the Management's reply.



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COST AUDITORS

The Ministry of Finance, Government of India, has issued Cost Audit Order under Section 233B of the Companies Act, 1956 to appoint Cost Auditor to audit the Cost Accounting Records and Books of Accounts maintained by the Company in respect of Electricity Industry under the Cost Accounting Records (Electricity Industry) Rules, 2001. Accordingly, the Board of Directors appointed M/s. Y. S. Thakar & Associates, Vadodara as Cost Auditors for the Financial Year 2006-07, for which the Central Government accorded its approval for auditing the Cost Accounts relating to Electricity Industry product.

For the Financial Year 2007-08, the Board of Directors have also re-appointed M/s. Y. S. Thakar & Associates, Vadodara as Cost Auditors of the Company to conduct the Cost Audit of the cost accounting records and the approval of the Central Government has also been received for their appointment.

DIRECTORS

Since the last Annual General Meeting held on 26th December, 2006, the particulars of changes among the Directors are as under:

- Prof. Ajay Pandey was appointed as an Additional Director of the Company effective from 15th February, 2007.
- Prof. (Dr.) B. A. Prajapati was appointed as an Additional Director of the Company effective from 29th March, 2007.
- Smt. V. L. Joshi, IAS, resigned from the Board of Directors with effect from 2nd May, 2007.
- Shri L. Chuaungo, IAS, was appointed as an Additional Director of the Company with effect from 2nd May, 2007.
- Shri M. N. Patel resigned from the Board of Directors with effect from 1st August, 2007.
- Shri K. P. Patel was appointed as Additional Director with effect from 1st August, 2007.

Prof. Ajay Pandey, Prof. (Dr.) B. A. Prajapati, Shri L. Chuaungo, IAS and Shri K. P. Patel are nominated by Gujarat Urja Vikas Nigam Limited (GUVNL), the holding Company, in terms of Article 57 of the Articles of Association of the Company. They are appointed as Additional Directors pursuant to the provisions of Section 260 of the Companies Act, 1956 and hold their office as such up to the date of ensuing Annual General Meeting.

Your Directors place on record their appreciation of the valuable services rendered to the Company by Smt. V. L. Joshi, IAS and Shri M. N. Patel as Director during their tenure.

Shri G. Mohapatra, IAS and Dr. M. K. Iyer will retire by rotation at the ensuing Fourth Annual General Meeting and are eligible for re-appointment.



DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with Section 217 (2AA) of the Companies Act, 1956, the Directors confirm that:

- (i) in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (ii) accounting policies have been selected and consistently applied and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2007 and of profit of the Company for that period;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provision of the Companies Act 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the annual accounts has been prepared on a going concern basis.

AUDIT COMMITTEE

Pursuant to Section 292A of the Companies Act, 1956, your Company has constituted the Audit Committee of the Board and during the year the Committee was re-constituted and now stands as under:

Prof. Ajay Pandey	Chairman
Prof. (Dr.) B. A. Prajapati	Member
Shri M. K. Iyer	Member

DISCLOSURES

(a) Particulars of Employees:

There was no employee during the year drawing remuneration in excess of the ceilings prescribed under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended.

(b) Energy Conservation & Technology Absorption:

As required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, information regarding Conservation of Energy, Technology Adsorption are given in the Annexure to this Report and form part of this Report.

(c) Foreign Exchange Earnings & Outgo:

During the year under review, there was no foreign exchange earning or outgo.



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ACKNOWLEDGEMENT

Your Directors gratefully acknowledge the contributions made by the employees at all levels for the understanding and support extended by them. The Directors express their deep sense of appreciation of all the employees, whose outstanding professionalism, commitment and initiative have made the organization's growth and success possible and continue to drive its progress. The Directors place on record their gratitude to the Government of India (including the Ministry of Power), Government of Gujarat (including Energy & Petrochemicals Department), Gujarat Urja Vikas Nigam Limited (the Holding Company), Gujarat State Electricity Regulatory Commission, GEDA, Financial Institutions, Bankers, Consumers, Suppliers and other business associates for their continued assistance, co-operation and patronage. Your Directors are also thankful for the co-operation and assistance received from its customers, vendors, bankers, regulatory and Governmental authorities in India and its shareholders. The Company is also thankful to the Comptroller & Auditor General of India, the Internal, Statutory and Cost Auditors and Consultants/Advisors for their suggestions and co-operation.

For and on behalf of the Board

Date: 24th December, 2007
Place: Vadodara

Guruprasad Mohapatra, IAS
Chairman

ANNEXURE - I TO DIRECTORS' REPORT

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

A. Conservation of Energy:

(a) Conservation of Energy Measures taken

- Procurement of Automatic Power Factor Controller (APFC) is under process for improvement in power factor, thereby reducing the technical losses. APFCs are capable to switch ON and OFF the capacitors in stages and automatically maintain the designed power factor. This will compassionate the reactive energy drawal from the LT side loading of the distribution transformer. Substantial energy can be saved by installation of APFCs. Initially, it is planned to provide 970 Nos. of APFC especially in urban feeder of Sabarmati Circle.
- High-loss feeders have been identified, close monitoring is being done up to the Sub-division level to reduce the technical losses and meters are provided on TCs for better control on systems to identify the weak pockets with high losses.
- Regular and periodical maintenance of line and equipments.
- Pamphlets explaining energy saving measures and its efficient use along with energy bills are circulated for public awareness. The seminar on energy conservation was also arranged during the year with participation of all categories of consumers.
- The Company has also planned to procure and installation/utilization of CFL and electronic ballast for energy saving in its own office premises and residential colonies.
- Provided 9350 Nos. of Amorphous Transformer in Urban, Industrial and Jyotigram feeders for technical losses reduction.

(b) Additional investment and proposal, if any, being implemented for reduction of Consumption of Energy

- It is planned further to provide APFC panels for energy saving by means of technical loss reduction.
- With the help of Demand Side Management (DSM) and regrouping of Agriculture load, considerable saving is expected in terms of KWH & peak demand.

Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of Goods.

- Savings in KWH and peak demand. Reduction in T & D losses.



B. Technology Absorption:

Efforts made in technology absorption as per Form B.

FORM -B

(Disclosure of particulars with respect to Technology Absorption)

I Research and Development (R&D)

The Company *per se* did not carry out any R&D work during the year. However, some activities are carried out through indigenous resources resulted in improvement in the performance.

1. Specific areas in which R&D carried out by the Company:

- Special Designed Transformers (SDT) are designed by the Company to facilitate single phase power supply to the consumer residing in farm houses.
- High-tech Meter Testing Laboratory has been established at Sabarmati Circle.
- Automated Remote Metering (ARM) for select HT consumers.

2. Benefits derived as a result of above R&D:

- Approximately 28000 consumers residing in farm houses are benefited in terms of uninterrupted power supply through SDT.
- In this technically advanced Laboratory, very accurate testing of quality meters is feasible as per International/ National standards.
- ARM reduced the metering cycle. The data stored in meter can be downloaded at any time for faster processing of bills. At any time, consumption can be viewed / downloaded which will be useful to detect any irregularities at consumer's end.

3. Future Plan of Action:

- To provide ARM to all HT consumers.
- To provide all transformer centers with Amorphous Transformers up to the capacity of 100KVA in Urban, Industrial & JGY feeders.

4. Expenditure on R & D:

- Expenditure on R&D to the extent of Rs. 400 Lacs has been incurred for installation SDTs.



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II Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation:

- Deployment of Automated Meter Reading System for HT consumers.
- WEB based computerized complaint management facility.
- Modern Consumer Care Centers with unique telephone number.
- All Circle Offices linked through WAN with video, voice and media communication.
- Installation of any time payment machine for bill collection work at 7 locations.

2. Benefits derived as a result of the above efforts:

- Implementation of AMR for HT consumers contributes to significant process improvements for billing and load survey with on-line monitoring and immediate access to data.
- One point location for all consumer related problems
- Due to GIS, faster consumer services, speedy fault detection, etc.

3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year) following information is furnished: Not Applicable

For and on behalf of the Board

Date: 24th December, 2007
Place: Vadodara

Guruprasad Mohapatra, IAS
Chairman



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ANNEXURE - II TO DIRECTORS' REPORT

C&AG's Letter No. CAD/A/cs./UGVCL/06-07/1871 dated 20th December, 2007

COMMENTS OF COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF UTTAR GUJARAT VIJ COMPANY LIMITED, MEHSANA FOR THE YEAR ENDED 31ST MARCH, 2007

The preparation of financial statements of Uttar Gujarat Vij Company Limited, Mehsana for the year ended 31st March, 2007 in accordance with financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller & Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 05-09-2007.

I, on behalf on the Comptroller & Auditor General of India have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of Uttar Gujarat Vij Company Limited, Mehsana for the year ended 31st March, 2007. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under Section 619(4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.

**A. Balance Sheet: Reserves and Surplus (Schedule-2)
Consumers' contribution toward capital assets - Rs. 185.32
Crore**

This includes grants towards cost of capital assets (Account Head 55.505) amounting to Rs. 82.27 Crore and capital grant under Financial Restructuring Plant (FRP) (Account Head 55.508) Rs. 22.56 Lakh. These should have shown separately as "Grants towards capital assets".

B. General: Cash Flow Statement

The following discrepancies in preparation of Cash Flow Statement have been noticed:

- (i) As per Accounting Standard (AS) - 3, Net increase in cash and cash equivalent plus opening cash balance would be equal to closing balance of cash and cash equivalents. Cash and cash equivalents as on 31-03-2007 is not agreeing with opening balance as on 01-04-2006 and net increase/decrease.
- (ii) Method adopted for preparation of cash flow statement is not disclosed as required by para 43 of AS-3.
- (iii) Reference to cash flow statement has not been made in the Auditors' Report.

Thus, the presentation of Cash Flow Statement is not in accordance with AS-3.

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

Sd/-
(Niranjan Pant)
Principal Accountant General

Place: Ahmedabad
Date: 20/12/2007



UTTAR GUJARAT VIJ COMPANY LIMITED
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Management's reply to the comments of the Comptroller & Auditor General of India under Section 619(4) of the Companies Act, 1956 on the accounts of Uttar Gujarat Vij Company Limited for the year ended 31st March, 2007 (vide C&AG's Letter No. CAD/A/cs./UGVCL/06-07/1871 dated 20th December, 2007):

The Board of Directors of the Company has noted the observations made by the Comptroller & Auditor General of India and states that the same will be taken care of from next year onwards.

For and on behalf of the Board

Date: 24th December, 2007
Place: Vadodara

Guruprasad Mohapatra, IAS
Chairman



UTTAR GUJARAT VIJ COMPANY LIMITED
Fourth Annual Report

AMBALAL M. SHAH & CO.
CHARTERED ACCOUNTANTS

Partners:
A.M.SHAH, B.Com.,F.C.A.
ASHOK A.JAIN,B.Com.,D.T.P.,F.C.A.

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Phone :2313288/2335345
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A.M.SHAH (R) 2311301
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AUDITORS' REPORT

To the Members of UTTAR GUJARAT VIJ COMPANY LIMITED

1. We have audited the attached Balance Sheet of **UTTAR GUJARAT VIJ COMPANY LIMITED** as at 31st March, 2007 and also the Profit & Loss Account of the Company for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with 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 misstatements. 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.
3. 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 hereto a statement on the matter specified in paragraphs 4 and 5 of the said order.
4. We draw attention to:
 - a) Pursuant to reorganization and comprehensive transfer scheme, assets and liabilities as on 01-04-2005 of erstwhile Gujarat Electricity Board (GEB) stands partly transferred as per notification dated 3rd October, 2006 and these accounts as assets Rs. 16,47,97,52,350 and liabilities Rs. 12,04,33,92,420 leaving a balance of Rs. 4,43,63,59,930 to the credit of Equity Share Capital Suspense to A/C the credit or (GUVNL) the holding company. As stated the Share Capital Suspense A/c shall be allocated after the final decision of GOG on representation to be made by the Company / holding Company GUVNL to Govt. of Gujarat.
 - b) Note No. 2 and 3 in respect of registration of charge and classification of secured loans and unsecured loans on the basis of their information available.
 - c) Note No. 13 for non disclosure and Note No. 4 & 6 for compliance.
5. Further to our comments in the Annexure referred to in paragraph 3 above, we report that: -



UTTAR GUJARAT VIJ COMPANY LIMITED
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- i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- ii) in our opinion, the Company has kept proper books of account as required by law so far as appears from our examination of those books.
- iii) the Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account of the Company.
- iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- v) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto, give in the prescribed manner, the information required by the Act and subject to obtaining confirmations of balances including pending inter- company balance reconciliation, 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 31st March, 2007;
 - and
 - (ii) in the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date

For AMBALAL M. SHAH &CO,
Chartered Accountants

Place: Baroda
Dated: September 05, 2007

CA. Ashok A. Jain
Partner
M. No. 30389



UTTAR GUJARAT VIJ COMPANY LIMITED
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AMBALAL M SHAH & CO.
CHARTERED ACCOUNTANTS

ANNEXURE Referred to in Paragraph 3 of our report of even date
on the accounts for the period ended on 31st March, 2007 of
UTTAR GUJARAT VIJ COMPNAY LIMITED

- i) a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- c) No substantial part of the fixed assets has been disposed off during the year.
- ii) a) The inventory has been physically verified by the management only once during the year.
- b) The procedures of physical verification followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of inventories, wherever materials have been properly dealt with in the books of account.
- iii) a) The Company has not granted any loans secured or unsecured to any company, firm or other party covered in the register maintained u/s 301 of the Companies Act, 1956.
- In view of clause (iii)(a) above, the clauses (iii)(b), (iii) (c) and (iii) (d) are not applicable.
- b) The Company has not taken any loans secured or unsecured from any company, firm, or other party covered in register maintained u/s 301 of the Companies Act, 1956.
- In view of (iii) (e) above, the clauses (iii) (f) and (iii) (g) are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for purchase of inventory and fixed assets and for sale of goods and services.
- During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.
- v) a) According to the information and explanations given to us during the year under audit, there have been no contracts or arrangements which need to be entered in the register maintained u/s 301 of the Companies Act, 1956.
- b) In view of clause (v) (a) above the clause (v)(b) is not applicable.



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- vi) According to the information and explanations given to us, the Company has not accepted any public deposits and hence the provisions of Sections 58A and 58AA are not applicable to the Company.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.
- viii) The Central Government has prescribed the maintenance of cost records under the clause (d) of sub-section (1) of section 209 of the Act for which Cost Auditor has been appointed by the Company.
- ix) a) Undisputed statutory dues including provident fund, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues have generally been regularly deposited with the appropriate authorities.
b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues which have not been deposited on account of a dispute.
- x) The Company has no accumulated losses. The Company has even not incurred cash losses during the financial year covered by our audit.
- xi) According to the information and explanations given to us, the repayment of dues to financial institutions, bank or debenture holders are made by Gujarat Urja Vikas Nigam Limited (GUVNL) on behalf of Uttar Gujarat Vij Company Limited (UGVCL).
- xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The Company is not a chit fund or a nidhi / mutual behalf fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xv) The Company has not given any guarantees for loans taken by others from banks or financial institutions.
- xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Act during the year.



UTTAR GUJARAT VIJ COMPANY LIMITED
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- xix) As per the information and explanations given to us, no debentures have been issued and hence the question of security created on debentures does not arise.
- xx) According to the information and explanations given to us, the Company has not made any public issue.
- xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For AMBALAL M. SHAH &CO,
Chartered Accountants

Place: Baroda
Dated: September 05, 2007

CA. Ashok A. Jain
Partner
M. No. 30389



UTTAR GUJARAT VIJ COMPANY LIMITED
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BALANCE SHEET AS AT 31ST MARCH, 2007

Rs. in Lacs

PARTICULARS	SCHEDULE		AS AT	AS AT
			31-03-2007	31-03-2006
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Share Capital	1	5.01		5.01
Share Capital Suspense Account	1(a)	44,358.59		44,358.59
Reserves & Surplus	2	23,887.50		9,457.65
			68,251.10	53,821.25
LOAN FUNDS				
Secured Loans	3		38,187.96	34,939.46
Unsecured Loans	4		46,698.62	46,300.26
Deferred Tax Liability			0.00	673.95
		TOTAL	1,53,137.68	1,35,734.92
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	5	1,79,896.31		1,58,665.59
Less: Accumulated Depreciation		34,715.27		27,084.73
	(a)	1,45,181.04		1,31,580.86
Add: Assets not in use	6	11.71		2.61
Capital Work in Progress	7	653.63		602.07
	(b)	665.34		604.68
Net Fixed Assets (a) + (b)			1,45,846.38	1,32,185.54
Deferred Tax Assets			0.00	0.00
CURRENT ASSETS, LOANS & ADVANCES				
Inventories, Stores & Spares	8	10,329.62		8,809.41
Sundry Debtors	9	35,516.89		35,047.81
Cash & Bank Balances	10	2,547.22		8,302.75
Loans and Advances	11	908.11		1,078.29
Other Current Assets	12	36,181.71		3,523.41
	(a)	85,483.55		56,761.67
Less: Current Liabilities				
Current Liabilities & Provisions	13	39,567.60		25,121.79
Security Deposits		38,624.65		28,255.18
	(b)	78,192.25		53,376.97
Net Current Assets (a)-(b)			7,291.30	3,384.70
Miscellaneous / Deferred Revenue Expenditure (to the extent not written off or Adjusted)				164.68
		TOTAL	1,53,137.68	1,35,734.92
Significant Accounting Policies & Notes on Accounts	26			

As per our report of even date attached

For and on behalf of the Board of Directors of
Uttar Gujarat Vij Company Limited

For **Ambalal M. Shah & Co.**
Chartered Accountants

Guruprasad Mohapatra, IAS
Chairman

H S Patel, IAS
Managing Director

C.A. Ashok A Jain
Partner

J N Pancholi
Chief Finance Manager

N. M. Joshi, FCS
Company Secretary

Place: Baroda
Date: 05/09/2007

Place: Ahmedabad
Date: 5th September, 2007



UTTAR GUJARAT VIJ COMPANY LIMITED
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PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

PARTICULARS	SCHEDULE	Rs. in Lacs	
		YEAR ENDED 31-03-2007	YEAR ENDED 31-03-2006
INCOME			
sale of power	14	2,24,115.39	192,096.48
Subsidies & Grants	15	59,479.62	57,617.95
Other income	16	13,894.83	7,005.59
TOTAL		2,97,489.84	2,56,720.02
EXPENDITURE			
Purchase of power		2,50,190.24	2,21,734.87
Repairs & Maintenance	17	4,445.19	4,074.80
Employees remuneration and benefits	18	20,341.25	9,351.15
Administration Expenses	19	2,153.20	1,972.44
Depreciation	20	7,776.12	6,769.86
Interest & Finance Charges	21	10,555.60	11,635.06
Bad debts & other debits	22	497.68	236.32
Extra ordinary items	23	33.46	0.00
TOTAL		2,95,992.74	2,55,774.50
Profit/(Loss) before Prior Period Adj.		1,497.10	945.52
Net Prior Period Credit/(Charges)	25	511.35	0.00
Profit/(Loss) before Tax		2,008.45	945.52
Provision for tax	24		
Income-tax		217.67	14.32
Fringe benefit tax		73.08	101.30
Wealth-tax		0.52	0.00
Deferred Tax (Asset)/Liability		0.00	673.95
TOTAL		291.27	789.57
Profit / (Loss) after tax		1,717.18	155.95
Profit / (Loss) for the current year		1,717.18	155.95
Profit brought forward from previous year		155.95	0.00
Balance carried to Balance Sheet		1,873.13	155.95

As per our report of even date attached

For and on behalf of the Board of Directors of
Uttar Gujarat Vij Company Limited

For **Ambalal M. Shah & Co.**
Chartered Accountants

Guruprasad Mohapatra, IAS
Chairman

H S Patel, IAS
Managing Director

Ashok A Jain
Partner

J N Pancholi
Chief Finance Manager

N. M. Joshi, FCS
Company Secretary

Place: Baroda
Date: 05/09/2007

Place: Ahmedabad
Date: 5th September, 2007



UTTAR GUJARAT VIJ COMPANY LIMITED
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Rupees in Lacs

Cash Flow statement for the year ended 31/03/2007		
Cash Flow from Operating Activities		
Net Profit before Tax		2,008.45
Adjustment for :		
Misc. expenses written off	164.68	
Other Misc. Expenses capitalized	4,343.35	
Depreciation.	7,630.53	
Interest and Finance Charges	10,555.60	
Bad Debts and Other Debits	332.99	
Extra Ordinary Items	33.46	
Prior Period Income	(511.35)	
Operating Profit Before Working Capital Changes		22,549.27
Cash Profit before Change in Working Capital		24,557.72
Adjustment for Changes in Working Capital		
(Increase)/Decrease in Current assets		(35,981.59)
Increase/(Decrease) in Current Liabilities		14,985.48
Proceeds From Consumer Contribution/Grants /Subsidies		10,369.46
Cash Generated From Operation		13,931.06
Other Misc. Expenses capitalized		(4,343.35)
Bad Debts and Other Debits		(332.99)
Extra Ordinary Items		(33.46)
Prior Period Income		511.35
Fringe Benefit Tax paid		(0.71)
Net Cash from Operating Activities		9,731.90
Cash flow from Investing Activities :		
Purchase of Fixed Assets (Net)	(21,230.72)	
(Increase)/ Decrease in CWIP	(51.56)	
(Increase)/ Decrease in Assets not in Use	(9.09)	
Net Cash used in Investing Activities		(21,291.37)
Cash flow from Financing Activities :		
Proceeds from borrowings	3,646.86	
Increase in Reserve & Surplus	12,712.67	
Interest Paid	(10,555.60)	
Net Cash flow from Financing Activities		5,803.94
Net Increase/(Decrease) in Cash & Cash Equivalents		(5,755.53)
Cash and Cash Equivalent AS on 01-04-2006		8,302.75
Cash and Cash Equivalent AS on 31-03-2007		2,547.22

Note : (i) The above cash flow has been prepared under the indirect method as set out in the AS-3.

(ii) Components of Cash Flow & Cash Equivalent as on 01-04-2006 & 31-03-2007 are as per Schedule 10 to Balance Sheet.

As per our report of even date
attached

For and on behalf of the Board of Directors of
Uttar Gujarat Vij Company Limited

For **Ambalal M. Shah & Co.**
Chartered Accountants

Guruprasad Mohapatra, IAS
Chairman

H.S. Patel, IAS
Managing Director

Ashok A Jain
Partner

J N Pancholi
Chief Finance Manager

N. M. Joshi, FCS
Company Secretary

Place: Baroda
Date: 05/09/2007

Place: Ahmedabad
Date: 5th September, 2007



SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2007

SCHEDULE - 1: SHARE CAPITAL

Rs. in Lacs

PARTICULARS	AS AT 31-03-2007	AS AT 31-03-2006
Authorized Share Capital 60,00,00,000 Equity Shares of Rs. 10/- each	60,000.00	60,000.00
Issued, Subscribed and Paid-up Capital 50070 Equity Shares of Rs. 10/- each fully paid-up	5.01	5.01
TOTAL	5.01	5.01

SCHEDULE - 1 (a) : SHARE CAPITAL

Rs. in Lacs

PARTICULARS	AS AT 31-03-2007	AS AT 31-03-2006
Share Capital Suspense Account (Refer Note No. 11 of Notes to the Accounts)	44,358.59	44,358.59
TOTAL	44,358.59	44,358.59

SCHEDULE - 2: RESERVES & SURPLUS

Rs. in Lacs

PARTICULARS	AS AT 31-03-2007	AS AT 31-03-2006
Consumer Contribution	0.00	144.64
Grants for Capital Assets	124.29	200.71
Consumers Contribution towards Capital Assets	18,532.31	7,388.56
Subsidies towards cost of capital assets	3,357.77	1,567.79
Surplus as per Profit & Loss Account	1,873.13	155.95
TOTAL	23,887.50	9,457.65



UTTAR GUJARAT VIJ COMPANY LIMITED
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SCHEDULE - 3: SECURED LOANS

Rs. in Lacs

PARTICULARS	AS AT 31-03-2007	AS AT 31-03-2006
Bonds (backed by Govt. of Gujarat guarantee)		
• Series I 14 % & 13.50% Privately Placed Bonds (Due within one year Rs. Nil, Previous year Rs. 1693.07 Lakhs)	0.00	1,693.07
• Series II 12.15%&8.50% Privately Placed Bonds (Due within one year Rs.2167.13 Lakhs, Previous year Rs.2647.93)	2,167.13	3,792.49
Loan from Agricultural Refinance Development Corporation	0.00	1.28
Loans from Financial Institutions :		
• REC Scheme Loan (Due within one year Rs.2,074.67 Lakhs , Previous year Rs. 2,730.02 Lakhs)	8,780.01	10,363.19
• REC Short Term Loan (Due within one year Rs. 989.00 Lakhs , Previous year Rs. 186.00 Lakhs)	2,654.07	882.96
Loans from Banks (Due within one year Rs.1395.00 Lakhs, Previous year Rs.1072.00 Lakhs)	11,122.48	3,584.39
Bills discounting under DPG (Due within one year Rs.3,908.00 Lakhs, Previous year Rs.4,444.00 Lakhs)	13,464.27	14,622.08
TOTAL	38,187.96	34,939.46

Notes :

- Bonds series: II are secured against the mortgage charge on the assets of Bhavnagar and Palanpur O&M Circles of PGVCL and UGVCL over and above an unconditional guarantee of Govt. of Gujarat.
- Loans from REC are secured against hypothecation charge on the assets of Amreli Transmission Circle, Ashoj TR. Division and future assets for commissioning of 66 KV Sub stations at Pal ,Laskana, Puna,Kumbhariya, Jiav, Jotwa, and Maruti at Surat of GETCO.
- Loans from Rural Electrification Corporation is secured against the 1st hypothecation charge on the assets of Idar and Talod O&M Divisions Of UGVCL and Himatnagar Circle/Division /RSO, Modasa Division and Mehsana Circle/Divison/RSO and Kalol Division.
- Loans from Indian Overseas Bank is secured against the 1st hypothecation charge on assets of Dhangadhra and Surendranagar O&M Divisions of PGVCL
- Loans from Oriental Bank of Commerce is secured against the 1st hypothecation charge on the assets of Baroda city Circle and Jambuva O&M Divisions of MGVCL.
- Loans from State Bank of Saurashtra is secured against the 1st hypothecation charge on assets of Dhrangadhra and Surendranagar O&M Divisions of PGVCL.
- Loans from State Bank of Saurashtra is secured through a Deed of Assignment for assigning the interest (mortgages) in the underlying assets.(House properties of the employees in favour of Bank)
- Loans from Central Bank Of India is secured against the 1st hypothecation charge on the assets of Rajkot (Rural) Division and Rajkot RSO of PGVCL.
- Loans from State Bank Of India is secured against the 1st hypothecation charge on the assets of Valsad and Surat O&M Circles, Ankleshwar (Ind.) & (O&M) Division, Bharuch (City) and (O&M) Divisions and Rajpipala (O&M) Division of DGVCL.
- Loans from State Bank of India is secured against the 1st hypothecation charge on the assets of Gondal, Jetpur , Rajkot , Jamnagar , Dhoraji , and Ranasan TR. Division of GETCO.
- Loans from Bank of Baroda is secured against the 1st hypothecation charge on the assets of Rajkot, Amreli, Bhuj O&M Circles and Jamnagar (Rural) Division of PGVCL.
- Bills Discounting limits availed from ICICI Bank , SIDBI , HDFC , State Bank of India ,Allahabad Bank , Bank Of Baroda and Union Bank of India are secured under the Deferred payment guarantees issued by the consortium member Banks.



UTTAR GUJARAT VIJ COMPANY LIMITED
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SCHEDULE - 4: UNSECURED LOANS

Rs. in Lacs

PARTICULARS	AS AT 31-03-2007	AS AT 31-03-2006
Bonds (backed by Government of Gujarat guarantee)		
• 13% S L R Bonds (Due within one year Rs 563.25 Lakhs, previous year Rs. Nil)	563.25	563.25
• 12% S L R Bonds	625.81	625.81
• 11.50% S L R Bonds	1,931.76	1,931.76
• Series V - 11.90% & 12.00% Privately Placed Bonds (Due within one year Rs.2631.00 Lakhs, previous year Rs. Nil)	3,711.35	4,795.02
• Series VI - 11.25%,8.50%,11.50%,11.75% & 8.50% Privately Placed Bonds	10,418.95	10,418.95
• Series VII - 11.00% ,11.25% & 11.50% Privately Placed Bonds	2,119.44	2,119.44
• Series VIII - 8.95% Privately Placed Bonds	5,676.72	5,676.72
• Series IX - 8.00% Privately Placed Bonds	1,109.19	1,109.19
• Series X - 8.00% Privately Placed Bonds	3,327.57	3,327.57
Financial participation by consumers	125.32	51.92
Loan from Financial Institutions :		
• REC Scheme Loan (Due within one year Rs.55.47 Lakhs, Previous year Rs.58.98 Lakhs)	263.70	322.68
PFC - STL (Due within one year for previous year Rs. 349.34 Lakhs)	0.00	349.34
PFC Scheme Loan (Due within one year Rs. 6.27 Lakhs, Previous year Rs. 6.27 Lakhs)	15.66	21.93
GSFS (Due within one year Rs.4812.00 Lakhs, Previous year Rs. 2543.00 Lakhs)	6,477.76	4,720.87
Loans from Companies :	264.89	441.48
• GIPCL (Due within one year Rs 264.89 Lakhs, Previous year Rs. 441.48Lakhs)		
• GUVNL	6.05	6.05
Loans from Banks :	648.42	1,464.24
(Due within one year Rs.166.00 Lakhs,Previous year Rs.830.00 Lakhs)		
Payment Due on Capital	38.60	0.04
Total	37,324.44	37,946.26
State Government Loans		
Asian Development Bank Program & Project Loan (Due within one year Rs.195.00 Lakhs, Previous year Rs.126.00 Lakhs)	5,970.21	4,858.27
Loan under APDRP (Due within one year Rs. 95.00 Lakhs , Previous year Rs 95.00 Lakhs)	3,403.97	3,495.73
TOTAL	46,698.62	46,300.26

Note: Refer Note to the Account para No: 2 & 3

SCHEDULE - 5: FIXED ASSETS

Rs. in Lacs

ASSETS	GROSS BLOCK				DEPRECIATION				Net Block	
	As at 01-04-2006	Addition /Adjustments	Deductions /Adjustments	As at 31-3-2007	As at 01-04- 2006	Addition /Adjustme nts	Deductions /Adjustments	As at 31-3-2007	As at 31-3-2007	As at 31-3-2006
Land & Land rights	24.71	2.79	0.00	27.50	0.00	0.00	0.00	0.00	27.50	24.71
Buildings	647.49	49.38	0.00	696.87	75.57	11.73	0.00	87.30	609.57	571.92
Hydraulic works	58.52	0.46	0.00	58.98	14.03	3.41	0.00	17.44	41.54	44.49
Other Civil works	81.67	17.49	0.00	99.16	9.23	2.74	1.32	10.65	88.51	72.44
Plant & Machinery	41741.89	6295.06	167.21	47869.74	7525.84	2035.71	49.11	9512.44	38357.30	34216.05
Lines & Cable Net Works	115237.77	14617.37	165.19	129689.95	19287.56	5645.80	90.92	24842.44	104847.51	95950.21
Vehicles	252.42	15.88	17.34	250.96	82.37	26.09	4.66	103.80	147.16	170.05
Furniture & Fittings	122.07	24.02	0.46	145.63	34.66	8.02	0.01	42.67	102.96	87.41
Office Equipments	499.05	560.06	1.59	1057.52	55.47	43.22	0.16	98.53	958.99	443.58
Total	158665.59	21582.51	351.79	179896.31	27084.73	7776.72	146.18	34715.27	145181.04	131580.86
Total of Previous Year	136589.85	28615.75	6540.01	158665.59	20378.41	42517.81	35811.49	27084.73	131580.86	116211.44

SCHEDULE - 6: ASSETS NOT IN USE

Rs. in Lacs

PARTICULARS	AS AT	AS AT
	31-03-2007	31-03-2006
Plant & Machinery	2.56	1.14
Line Cable	8.28	0.00
Vehicles	0.87	1.46
Office Equipments	0.00	0.01
TOTAL	11.71	2.61

SCHEDULE - 7: CAPITAL EXPENDITURE IN PROGRESS

Rs. in Lacs

PARTICULARS	AS AT	AS AT
	31-03-2007	31-03-2006
Capital Works in Progress	389.57	281.17
Provision for completed works	254.31	292.71
Advances to Suppliers/Contractors	9.75	28.19
TOTAL	653.63	602.07

SCHEDULE - 8: INVENTORIES, STORES & SPARES

Rs. in Lacs

PARTICULARS	AS AT	AS AT
	31-03-2007	31-03-2006
Stock of materials at Construction Stores	56.17	598.75
Stock of Materials at other Stores	6,009.55	5,383.54
Materials at site (O&M)	410.38	249.00
Materials in transit	53.87	17.03
Other Materials Accounts	3,650.12	2,421.33
Material Stock Excess/ (Shortage) pending investigation	149.53	139.76
TOTAL	10,329.62	8,809.41

SCHEDULE - 9: SUNDRY DEBTORS

Rs. in Lacs

PARTICULARS	AS AT	AS AT
	31-03-2007	31-03-2006
Sale of Power - Residential	264.11	352.98
Sale of Power - Commercial	24.25	110.55
Sale of Power - Industrial LT	(829.59)	(390.21)
Sale of Power - Industrial HT	4,406.44	6,387.90
Sale of Power - Public Lighting	66.74	94.84
Sale of Power - Railways	19.70	25.35
Sale of Power - Agriculture	789.56	898.29
Sale of Power - Public Water Works	14,746.44	17,544.57
Sale of Power - Licensees	0.59	(125.75)
Sale of Power - Others	82.06	(672.08)
Provision for unbilled revenue	22,563.18	20,148.49
Dues from Permanently Disconnected Customers	8,541.19	8,986.86
Sundry Debtors for miscellaneous receipts from consumers	1,753.77	1,418.79
Total *	52,428.44	54,780.58
Less:		
Un-posted Receipts	2.74	4.19
Provision for doubtful dues from consumers	15,724.58	18,332.79
Deferred ED & TSE from consumers	1,184.23	1,395.79
TOTAL	35,516.89	35,047.81

* Out of above, Debts outstanding for more than 6 months are Rs. 21292.52 Lacs.
(P.Y. Rs. 21,946.25 Lacs)



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SCHEDULE - 10: CASH & BANK BALANCES

Rs. in Lacs

PARTICULARS	AS AT 31-03-2007	AS AT 31-03-2006
Fixed Deposits with Banks	3.34	8.91
Cash on hand	174.13	149.86
Balance with Banks	817.09	920.53
Remittance in transit	1,540.80	7,223.45
Cash credit from bank	11.86	0.00
TOTAL	2,547.22	8,302.75

SCHEDULE - 11: LOANS & ADVANCES

Rs. in Lacs

PARTICULARS	AS AT 31-03-2007	AS AT 31-03-2006
Unsecured, considered good.		
Advances for O&M Supplies/Works	14.60	104.45
Loans & Advances to employees/ staff	841.44	963.54
Advance Income Tax/deduction at Sources	45.64	0.05
Other loans and Advances	6.43	10.25
TOTAL	908.11	1,078.29

SCHEDULE - 12: OTHER CURRENT ASSETS

Rs. In Lacs

PARTICULARS	AS AT 31-03-2007	AS AT 31-03-2006
Sundry debtors - Trading Account	5.26	5.59
Other Income accrued & due	16.98	16.98
Income accrued but not due	711.02	711.50
Amount recoverable from Emp./ Ex-employees	50.33	29.13
Receivable for Relief to Riot	0.01	3.11
Other Claims & Receivables	26.80	24.09
Deposits	196.82	225.05
Other Receivables from Associate companies		
i Gujarat Urja Vikas Nigam Limited	28,720.75	0.00
ii Gujarat State Electricity Corporation Limited	16.63	3.62
iii Gujarat Energy Transmission Corporation Limited	1,082.86	653.66
iv Madhya Gujarat Vij Company Limited	5,112.54	1,627.32
v Dakshin Gujarat Vij Company Limited	241.71	223.36
vi Paschim Gujarat Vij Company Limited	0.00	0.00
TOTAL	36,181.71	3,523.41



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SCHEDULE - 13: CURRENT LIABILITIES & PROVISIONS

Rs. in Lacs

PARTICULARS	AS AT 31-03-2007	AS AT 31-03-2006
Liability for capital supply/works	60.70	102.99
Liability for O&M supply/works	3,155.84	2,897.96
Staff related liabilities	2,074.65	1,413.49
Deposits & retentions from suppliers and contractors	1,654.07	767.43
Electricity duty payable to State Government	239.20	195.72
Liability for expenses	12,276.66	3,086.48
Accrued/unclaimed amount relating to borrowings	2,799.73	3,631.01
Other liabilities & provisions	5,606.16	5,958.04
Deposits for electrification and service connection, etc.	6,823.10	5,543.07
Provision for income-tax	290.56	21.42
Other Payable to Associate Company : GUVNL	0.00	1037.75
Other Payable to Associate Company : PGVCL	533.61	466.43
Compounding Offence liability	167.25	0.00
Provision for leave encashment	3,886.07	0.00
TOTAL	39,567.60	25,121.79

SCHEDULE - 14: SALE OF POWERS

Rs. in Lacs

PARTICULARS	AS AT 31-03-2007	AS AT 31-03-2006
Sale of power -		
Domestic / Residential	23,101.09	20,422.51
Commercial	12,183.95	10,663.54
Industrial - LT	27,006.84	24,390.32
Industrial - HT	83,722.87	66,166.09
Public lighting	1,101.26	1,044.82
Traction Railway	603.64	561.30
Agriculture - Irrigation	59,667.27	52,429.12
Public water works & sewage pumps	9,622.50	9,696.10
Total	2,17,009.42	1,85,373.80
Misc. Revenue from consumers -		
Meter rent / Service line rental	2,643.97	2,496.38
Recoveries for theft of power/mal-practice	1,560.08	1,530.57
Misc. charges from consumers	2,876.89	2,695.73
Wheeling Charges	25.03	0.00
Total	7,105.97	6,722.68
Total	2,24,115.39	1,92,096.48

SCHEDULE - 15: SUBSIDIES & GRANTS

Rs. in Lacs

PARTICULARS	AS AT 31-03-2007	AS AT 31-03-2006
Agriculture subsidy	57,023.44	56,671.49
Income towards Government Grant/consumers' contributions	2,151.18	946.46
Grant for Energy Conservation	305.00	0.00
Total	59,479.62	57,617.95



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SCHEDULE - 16: OTHER INCOME

Rs. in Lacs

PARTICULARS	AS AT	AS AT
	31-03-2007	31-03-2006
Interest on staff loans & Advances	88.93	112.40
DPC charges - HT & LT	2,289.92	2,115.62
Income from Trading	107.28	30.68
Income from sale of Fixed Assets	50.80	27.80
Interest from consumer & Bank	0.42	0.22
APDRP Incentive from Government	10,829.64	4,487.80
Misc. Income	527.84	231.07
TOTAL	13,894.83	7,005.59

SCHEDULE - 17: REPAIRS & MAINTENANCE

Rs. in Lacs

PARTICULARS	AS AT	AS AT
	31-03-2007	31-03-2006
Plant & Machinery	1,344.55	1,195.02
Buildings	12.56	22.40
Civil Works	94.48	62.99
Hydraulic Works	0.60	3.66
Line Cable Networks, etc	2,937.41	2,754.48
Vehicles	21.73	18.96
Furniture & Fixtures	28.24	13.24
Office Equipment	7.05	6.54
Total	4,446.62	4,077.29
Less: Expenses capitalized	1.43	2.49
TOTAL	4,445.19	4,074.80

SCHEDULE - 18: EMPLOYEES' REMUNERATION AND BENEFITS

Rs. in Lacs

PARTICULARS	AS AT	AS AT
	31-03-2007	31-03-2006
Salaries & other allowances	18,745.98	10,022.33
Medical expenses reimbursement	298.02	217.64
Leave Travel Assistance	1.37	0.70
Leave encashment	107.76	74.68
Waiver of outstanding HBA loan & interest	4.79	1.52
Death & accident compensation	110.67	7.20
Payment under Workmen's Compensation Act	5.55	1.15
Interim relief to staff	0.00	0.47
Contribution under Bombay Labour Welfare Act	0.68	0.67
EDLI - Admn. Charges	0.25	14.43
Staff Welfare expenses	75.77	201.87
Terminal benefits	4,745.92	2,363.12
EDLI - Company's Contribution	3.54	0.00
Total	24,100.30	12,905.78
Less: Expenses capitalized	3,759.05	3,554.63
TOTAL	20,341.25	9,351.15



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SCHEDULE - 19: ADMINISTRATION EXPENSES

Rs. in Lacs

PARTICULARS	AT	AS AT
	31-03-2007	31-03-2006
Rent including lease rentals	28.33	25.68
Rates & Taxes	84.15	24.23
Insurance	3.62	3.08
Testing charges	2.88	1.49
Annual Inspection & Installation checking fees	26.99	53.58
Telephone & Postage charges	149.98	123.63
Legal charges	98.48	60.38
Audit fees	6.79	5.16
Consultancy charges	30.62	17.00
Technical fees	18.34	17.33
Other professional fees & expenses	55.65	15.37
Conveyance & Traveling expenses	1,245.18	1,205.39
Admn. Charges for restoration of damages	4.85	2.04
Fees & subscription	0.99	96.24
Books & periodicals	1.56	0.98
Printing & stationery	101.13	112.33
Expenses on computer Billing & EDP charges	134.66	98.41
Advertisement	10.95	18.98
Photocopy charges	20.06	19.23
Electricity charges	106.03	107.72
Water charges	4.33	4.15
Maintenance of tree plantation	0.07	.37
Entertainment	1.59	42.27
Meeting & Conference Expenses	2.14	20.77
CISF expenses	2.27	.44
Guest House expenses	4.51	1.72
Misc. expenses	222.08	158.15
Freight	38.67	61.72
Other purchase related expenses	282.80	473.11
Fabrication charges	37.44	25.21
Revenue stamp on receipts issued	3.63	3.24
Staff training expenses	4.71	8.36
Total	2,735.48	2,807.76
Less: Expenses capitalized	582.28	835.32
TOTAL	2,153.20	1,972.44

SCHEDULE - 20: DEPRECIATION

Rs. in Lacs

PARTICULARS	AS AT	AS AT
	31-03-2007	31-03-2006
Building	13.72	10.45
Hydraulic works	3.94	2.79
Other civil works	1.57	1.31
Plant & Machinery	2,037.53	1,868.18
Line & cable networks	5,641.20	4,831.38
Vehicles	26.50	25.70
Furniture & Fixtures	8.49	7.23
Office equipment	43.77	24.29
Total	7,776.72	6,771.33
Less: Expenses capitalized	0.60	1.47
TOTAL	7,776.12	6,769.86



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SCHEDULE - 21: INTEREST & FINANCE CHARGES

Rs. in Lacs

PARTICULARS	AS AT 31-03-2007	AS AT 31-03-2006
Interest on State Government Loans	977.59	566.52
Interest on Bonds	3,248.05	4,742.54
Interest on other loans/deferred credit		
i ARDC loan	0.00	400.62
ii AFC loan	0.00	1.14
iii REC loan	1,075.64	1,307.80
iv Deferred Payment credit	1,099.58	1,180.34
v Consumers' Advance payment	118.84	67.93
vi FP Consumers	2.54	1.96
vii PFC loan	1.58	2.73
viii Loan from consumers in Dark zone	0.04	0.13
ix Other consumers	1,620.41	1,479.77
x Borrowings for working capital	1,499.48	671.55
Discount to consumers for timely payment of bills	30.72	95.12
Interest on security deposit from Bill Collection Ag.- Cash.	12.04	8.76
Interest on deposits of bill collection agencies	0.00	0.67
Other interest	122.05	114.05
Cost of raising finance	13.29	28.09
Service charges / Management fees	0.06	0.75
Discount on Bills - Banks/Financial Institutions	0.00	0.01
Other charges	313.03	455.96
Guarantee fees	411.49	504.43
Banking cash Transaction Tax	9.19	4.19
TOTAL	10,555.62	11,635.06
Less: Expenses capitalized	0.02	0.00
TOTAL	10,555.60	11,635.06

SCHEDULE 22: BAD DEBTS & OTHER DEBITS

Rs. in Lacs

PARTICULARS	AS AT 31-03-2007	AS AT 31-03-2006
Small & low value items - written off	0.01	1.28
Bad & doubtful debts written off / provided for	196.76	25.27
Misc. losses and write-offs	132.65	168.60
Sundry Expenses (preoperative Expenses)	164.69	41.17
Loss on Sale of Fixed Assets	0.45	0.00
Misc. Expenses for Energy Conservation	3.12	0.00
TOTAL	497.68	236.32

SCHEDULE 23: EXTRAORDINARY ITEMS

Rs. in Lacs

PARTICULARS	AS AT 31-03-2007	AS AT 31-03-2006
Extraordinary credits		
Subsidies against loss on account of flood, fire, cyclone etc.	434.63	256.00
Less : Extraordinary debits		
R/M for restoration of damages due to flood and cyclone	126.84	0.00
Losses on account of flood, fire, cyclone etc.	341.25	256.00
TOTAL	33.46	0.00



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SCHEDULE 24: PROVISION FOR INCOME TAX

Rs. in Lacs

PARTICULARS	AS AT	AS AT
	31-03-2007	31-03-2006
Provision for Income Tax	0.00	14.32
Minimum alternate tax	217.67	0.00
Fringe Benefit Tax	73.08	101.30
Wealth Tax	0.52	0.00
TOTAL	291.27	115.62

SCHEDULE 25: NET PRIOR PERIOD CREDITS / (CHARGES)

Rs. in Lacs

PARTICULARS	AS AT	AS AT
	31-03-2007	31-03-2006
Income related to previous year:		
Excess provision for income tax	673.95	0.00
Other excess provision	4.38	0.00
Other Income	17.00	0.00
Less: Prior period Expenses/Losses		
Employee cost	6.41	0.00
Interest and other finance charges	0.03	0.00
Administration expenses	1.24	0.00
Other excess provision	8.54	0.00
Other adjustment	167.76	0.00
TOTAL	511.35	0.00

SCHEDULE - 26: SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

ACCOUNTING POLICIES:

(1) Basis of preparation (Accounting Convention):

The Company is a public limited company registered under the provisions of Companies Act, 1956. The Company's business operations are governed by the Electricity Act, 2003 and the Gujarat Electricity Industry (Reorganization & Regulation) Act, 2003. The provisions of these Acts read with the rules made there under prevail wherever the same are inconsistent with the provisions of the Companies Act, 1956. The Company prepares its Financial Statements under historical cost convention and on accrual basis unless otherwise stated.

Government of Gujarat issued Notification No.GHU-2006-91-GUV-1106-590-K dated 3rd October, 2006 notifying the Final Opening Balance Sheet of the Company as on 1st April, 2005 containing the values of the assets and liabilities of the Distribution activities which stand transferred from erstwhile Gujarat Electricity Board to the Company as specified in Schedule "C" appended to the said Notification. Accordingly, the said values of the assets and liabilities have been taken into consideration as opening balances while preparing the final Annual Accounts.

The consideration for the transfer of undertaking comprising of the values of assets and liabilities and the proceeding relating to transmission activities of erstwhile GEB as specified in the notification will be discharged by UGVCL by issue of Equity Share of Rs.10/- each fully paid for consideration other than cash to Gujarat Urja Vikas Nigam Limited (GUVNL), the successor company to erstwhile GEB as may be directed by Government of Gujarat (GoG). UGVCL has already made reference to GUVNL to approach



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GoG for seeking direction regarding the issue of Equity Shares and to issue a fresh Notification in this regard.

(2) Revenue Recognition:

Revenue from sale of power is accounted for on the basis of energy bills raised as per the cycle-wise billing schedule to the consumers.

(i) Revenue from sale of power :

Revenue from sale of power are recognized on accrual basis of energy supplied in accordance with the tariff orders awarded by Gujarat Electricity Regulatory Commission (GERC) as applicable to the consumers.

(ii) Misc. Revenue from consumers :

Meter rent, recoveries from theft of power/malpractices, wheeling charges recoveries are recognized on accrual basis, except Misc. charges from consumers are recognized on cash basis.

(iii) Revenue Subsidies:

Revenue Subsidies are accounted for on cash basis and the same are credited to profit and loss account.

(iv) Other Income :

a. Other income except income from sale of scrap, amount received in respect of delayed payment charges, insurance claims are recognized on accrual basis.

(3) Capital Grants, Subsidies and Consumer contributions:

All receipts of consumer contributions, capital grants and subsidies received during the year are treated as deferred revenue (shown in capital reserve) and 10% of the year-end balances are transferred to Revenue.

(4) Fixed Assets:

The opening Gross Value of Fixed Assets, accumulated depreciation and net block of Fixed Assets for the year 2005-06 are stated at values notified by Government of Gujarat Notification No. GOVT-2006-91-GW-11-6-590-K dated 3rd October, 2006.

The fixed assets and its depreciation fund balances have been transferred to the company as intimated by notification of Govt. of Gujarat. In such transfer depreciation has been written back upto 70% of the value of assets as per the scheme of transfer which in the opinion of the company has adequate useful life due to continuous renovation and maintenance of distribution network to provide the quality power to the esteemed consumers of the company.

Fixed assets are stated at cost including all attributable charges properly incurred in erecting and bringing the asset into commercial use.

(5) Capital work-in-progress:

(i) Capital work-in-progress includes the cost incurred on fixed assets that are not yet ready for the intended use and is capitalized up to the date these assets are put to use. All expenditures of construction division are allocated to the projects on pro-rata basis to the addition made to respective project. However, common expenditure of Corporate Office and field offices are allocated to Capital work-in-progress at flat rate determined having regard to amount of allocable expenditure incurred during the year.

(ii) Claims for price variation are accounted for on their acceptance.

(6) Depreciation and Amortization:

- (i) Depreciation is provided on Straight Line Method as per rates prescribed in Schedule XIV to the Companies Act, 1956.
- (ii) Plant and Machinery, Loose Tools and items of scientific appliances, included under different heads of assets, costing Rs. 5000/- or less are charged off to revenue.
- (iii) Depreciation is provided on pro-rata basis in the year in which the asset is put to use. In case of new assets capitalized, depreciation is provided on pro-rata basis from the quarter, next following the quarter in which Assets is put to use.

(7) Inventories:

Inventories have been valued as under:

- (i) Consumable Stores and Spares, Construction Stores, Mandatory Spares of consumable nature - on Weighted Average Method.
- (ii) Scrap - on Book value or Net Realizable Value (NRV) whichever is lower.

(8) Employee Benefits:

- (i) Provident Fund - Contribution to Provident Fund is made to recognized provident fund under the relevant statutes/rules.
- (ii) Gratuity - The liability of gratuity is accounted for on the basis of valuation made by LIC. The contribution payable as per actuarial valuation is charged to revenue.
- (iii) Leave Encashment - The benefit of encashment of leave is given to employees of the company on retirement. The Company accounts for Leave Encashment Liability to its employees while in service on the basis of actuarial valuation made by LIC.
- (iv) Leave Travel Concession - Expenditure on Leave Travel Concession to eligible employees is recognized on the basis of actual reimbursement.

(9) Taxation:

The provision for taxation is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income-tax Act, 1961.

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the differences between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax assets is recognized and carried forward only to the extent that there is a reasonable certainty except for carried forward losses and unabsorbed depreciation which is recognized on virtual certainty that the asset will be realized in future.

(10) Provisions and Contingent Liabilities:

The Company recognizes a provision when there is a present obligation as a result of a past even that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.



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(11) Impairment of Assets:

Consideration is given at each Balance Sheet date to determine whether there is any indication of impairment of the carrying amount of the company's fixed assets. If any indication of impairment exists, recoverable amount of the assets is estimated. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss Account. If at the Balance Sheet date, there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount so reassessed.

NOTES ON ACCOUNTS:

(1) Share Capital:

The Government of Gujarat (GoG) has notified the opening values of assets and liabilities of the Company in respect of the transferred undertaking of erstwhile Gujarat Electricity Board (GEB) as on 1st April, 2005 vide Notification No. GHU-2006-91-GUV-1106-590-K dated 3rd October, 2006. Consequently, the proceedings relating to distribution activities of erstwhile GEB as specified in the Transfer Scheme will be discharged by UGVCL in the form of Equity Shares of Rs. 10/- each to be issued to Gujarat Urja Vikas Nigam Limited (GUVNL), the successor (holding) company as may be directed by the Government of Gujarat. UGVCL shall make a reference to the GUVNL to approach GoG for seeking direction regarding the issue of Equity Shares and to issue a fresh notification in this regard which is still pending.

(2) Assets charged for the security by GEB:

As per the legal opinion of the counsel, the transferee company (UGVCL), which has acquired the property on which the charge is already created by erstwhile GEB is required to register charges under the provisions of the Companies Act, 1956. Due to the common funds for all the operations of erstwhile GEB funds were raised against the charge over all its assets. However, the amount of secured loans of erstwhile GEB which are secured against the separate properties transferred to each transferee company has not yet been identified. UGVCL, therefore, could not register the charge on these properties with the Registrar of Companies, Gujarat.

Certain assets of the company which are given as security for the loans raised by Holding Company i.e. GUVNL were charged with ROC.

- (i) Loan from Rural Electrification Corporation (outstanding Rs.200 Crores as on 31.03.2007) is secured against the 1st hypothecation charge on the assets of Idar & Talod O&M divisions of UGVCL.
- (ii) Loan from REC (outstanding Rs.263.64 Crores as on 31.03.2007) is secured against the 1st hypothecation charge on the assets of Himatnagar Circle, Division & RSO, Modasa Division and Mehsana Circle, Division & RSO Kalol Division.

(3) Secured and Unsecured Loans:

- (1) The loans which were raised by Erstwhile GEB from Bonds, Banks, PFC, REC, LIC, Financial Institutions and other Lenders against the Security of the assets relating to generation, transmission and distribution activities



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and were used for common purposes are continued in the books of GEB/ (now GUVNL) on behalf of all transferee companies and the same have been apportioned under FRP Notification dated 3rd October 2006, amongst all transferee companies and the same loans have been accounted by the Company as per information submitted by the holding company i.e. GUVNL. The repayments and interest thereon are reimbursed by the Company to GUVNL.

(2) Additional Loans raised by GUVNL during 2006-07:

GUVNL has raised several loans during the year 2006-07 for common usage of transferee companies. GUVNL has apportioned Rs.20936.00 lakhs out of these loans to the Company. The repayments and interest thereon are reimbursed by the company to GUVNL. These loans are also shown as Secured Loans and Unsecured Loans as per information submitted by the GUVNL for the same.

In light of above note, the said Loans are reclassified and regrouped either as secured loans or Unsecured Loans.

(4) **Legal ownership (titles) of immovable assets:**

The immovable properties in respect of which the account balances have been transferred are held in the name of the erstwhile GEB. The procedure for the registration and / or transfer in the name of the company has been initiated.

(5) **Segment Reporting:**

- (i) **Business Segments:** The Company has only one activity namely 'Distribution of Electricity'. Accordingly, the Accounting Standard 17 - Segment Reporting issued by the Institute of Chartered Accountants of India has been considered as not applicable.
- (ii) **Geographical Segments:** The Company's operations are mainly confined within the State of Gujarat. The Company does not have material earnings outside Gujarat or outside India. As such there are no reportable geographical segments.

(6) All borrowings during the year are taken by GUVNL on behalf of its subsidiary companies which are not directly allocable for any specific project of the company. Hence no borrowing cost is capitalized during the year.

(7) The balance shown in the books pertaining to debtors, creditors for materials and creditors for expenses are subject to reconciliation.

(8) Amount in respect of Unclaimed Security Deposit, Earnest Money Deposit and Misc. Deposit of suppliers and contractors which is pending for more than three years and which, as per policy of management, is not payable is considered as income.

(9) **Intangible Assets Miscellaneous/deferred revenue expenditure:**

Balance amount shown in accounts of Preliminary Expenditure and incidental expenditure, (before commencement of commercial operations) Rs.164.68 Lacs is fully charged to Profit and Loss Account during the Year 2006-07 as against 20% charges upto last year. (Previously Year Rs.41.17 Lacs).



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(10) Provision for employees remuneration and benefits:

a. Salaries and wages :

- Employees of erstwhile GEB were transferred under the Scheme with complete benefit of continuation of service without break and on same terms and conditions as was prevailing on the effective date of transfer. The employee costs in respect of the transferred employees have been accordingly accounted.
- As per the last settlement reached with the employees' unions, the wage is due effective from 1.1.2006. Considering the demands of the employees' unions and linkage of the wage revision with the Pay Commission, management is of the view that there will be a substantial rise over the present employees cost and accordingly company has made estimated provision of Rs. 6248.00 Lakhs towards the same during the year.
- An amount of Rs. 1478.03 Lakhs has been accounted for the employees cost arising out of the payment towards arrears of D.A. difference and related benefits of employees as consequence of the decision of Govt. of Gujarat and applied to UGVCL employees.

(ii) Leave Encashment:

The Company has appointed LIC for determining the liabilities of leave encashment. The actuary determined past service cost arising on the introduction of retirement benefit of leave encashment for its existing employees as on 31st March 2007. The liabilities determined on actuarial basis come to Rs.3886.08 Lacs. The same has been provided in full in the books of accounts and Rs. 3147.44 Lakhs has been charged to profit & Loss Accounts during current the year.

(11) Compliance to GERC:

The Gujarat Electricity Regulatory Commission, hereinafter referred to as the GERC or the Commission, is a body constituted under the provisions of the erstwhile Electricity Regulatory Commission Act, 1998 and is vested with the authority to regulate the working of the electrical utilities in the State and is entrusted with various functions, inter alias, including the determination of retails Tariff Rates for the end users of electrical energy.

Under Section 62 of the Electricity Act, 2003 and under the Regulation 5 - Application for determination of Tariff as per GERC (Terms and Conditions of Tariff) Regulations, 2005, UGVCL is required to get its Aggregate Revenue Requirement (ARR) approved by the Hon'ble Commission.

UGVCL had filed its last ARR petition with the commission on 27th December, 2006 for the year 2007-08 which is approved. Apart from the above various directives of Hon'ble Commission has been followed by the Company including various monthly / quarterly / half yearly / yearly returns filed regularly.

(12) Contingent Liabilities:

- (i) Contingent liabilities in respect of claim against the Company not acknowledged as debt is Rs. 167.37 Lacs (P.Y. Rs.21.29 Lacs).
- (ii) Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. 2139.77 Lacs. (P.Y. Rs.1219.96 Lacs).



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(13) In view of their large number of accounts and in absence of segregated information, total outstanding dues to Small Scale Industrial Undertaking have not been disclosed separately, as required under Part - 1 of Schedule VI to the Companies Act, 1956.

(14) Value of imports calculated on C.I.F. basis is Rs. Nil (P.Y. Rs. Nil).

(15) **Managerial Remuneration:** (Amt. in Rupees)

Particulars	For the period ended 31 st March	
	2007	2006
Salaries	376883	59556
Other Monetary value of benefits in cash or in kind	9206	Nil
Total	386089	59556

(16) **Auditors' Remuneration:**

(A) **Statutory Auditor:** (Amt. in Rupees)

Particulars	2006-07	2005-06
Audit	300000	300000
Certifications fees	-	Nil
Other Services	-	Nil
Others	18955	10512
Total (Excluding Service Tax)	318955	310512

(B) **Cost Auditor:** (Amt. in Rupees)

Particulars	2006-07	2005-06
Audit	48000	48000
Other Services	-	3468
Total (Excluding Service Tax)	48000	51468

(17) **Subsidy:** (Amt. in Rupees)

Particulars	2006-07	2005-06
Agriculture Subsidy	570,23,44,100	566,71,49,059
Energy Conservation	3,05,00,000	-

(17A) **Earning per Shares (EPS)** (Amt. in Rupees)

Particulars	2006-07	2005-06
Net Profit/(Loss) after tax	17,17,18,146.00	1,55,94,818.00
No of Equity Shares as per Share Capital A/c	5,00,070.00	5,00,070.00
EPS (Rs.) - On Share Capital A/c	3,429.56	311.46
No of Equity Share as per Share Capital A/c PLUS Share Capital Suspense A/c	44,36,35,993.00	44,36,35,993.00
EPS (Rs.) - On Share capital PLUS Share Capital Suspense A/c	0.39	0.04



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(18) Related Party Transactions:

As per Para 9 of AS 18 on "Related Party Disclosure", no disclosure is required in the financial statement as regards related party relationships with other state-controlled enterprises and transactions with such enterprises.

The balances in the accounts of holding company and other five fellow subsidiary companies are as follows:

Name of Party/Company	Relationship	(Rs.in lakhs)	
		Balance as on 31/03/07	Balance as on 31/03/06
Gujarat Urja Vikas Nigam Ltd	Holding Co.	28,720.75	(1,037.76)
Gujarat State Electricity Corporation Ltd	Associate Co.	16.63	3.62
Gujarat Electricity Transmission Corp Ltd	Associate Co.	1,082.86	653.66
Madhya Gujarat Vij Company Ltd	Associate Co.	5,112.54	1,627.32
Paschim Gujarat Vij Company Ltd	Associate Co.	(533.61)	(466.43)
Dakshin Gujarat Vij Company Ltd	Associate Co.	241.71	223.36

(19) Deferred Tax Asset/Liability:

During the year, the Company has accounted for Deferred Tax in accordance with the Accounting Standard - 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India. However, as the Company does not envisage the major profit in near future and based on the prudence, the deferred tax assets shown as under have not been provided due to carried forward losses and unabsorbed depreciation of erstwhile GEB allotted to the Company.

PARTICULARS	(Amt.in Rupees)			
	As at 31,2007	at March	As at 31,2006	at March
Deferred Tax Assets:				
Arising out of timing differences in :				
Leave Encashment		10,05,94,290		2,51,48,839
Pre operative expense				
Depreciation		(5,39,06,160)		
TOTAL		4,66,88,130		2,51,48,839
Deferred Tax Liabilities:				
Arising out of differences in :				
Depreciation				9,25,43,917
TOTAL				9,25,43,917
Net Deferred Tax Asset/(Liability)		4,66,88,130		(6,73,95,077)

(20) Provision for Taxation :

Provision for current tax includes following.

Particulars	(Rupees in Lacs)	
	For the period ended 31 st March	
	2007	2006
Income Tax	217.67	14.33
Fringe Benefit Tax	73.08	101.30
Wealth Tax	0.52	0



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- (21) The figures of the previous year have been regrouped and rearranged wherever necessary.
- (22) Additional information pursuant to provision of paragraph 3, 4C, 4D of the Part-II of Schedule VI to the Companies Act, 1956 is given to the extent applicable in view of nature of business of the company.

Nature of activity :- The Company is a utility industry and is mainly engaged in distribution of electricity and providing services ancillary to the main activity.

Purchase/Sale: (Amt.in Rupees)

Particulars	As at March 31,2007		As at March 31,2006	
	Quantity In MUS	Value	Quantity in MUS	Value
Units purchased	11,985	2,50,190.24	12,130	2,21,734.87
Units sold	9,590	2,24,115.39	8,857	1,92,096.48
Loss	2,395	--	3,273	--
T & D Losses %	19.98%	--	26.98%	--

Schedules 1 to 26

As per our report of even date attached

For and on behalf of the Board of Directors of
Uttar Gujarat Vij Company Limited

For **Ambalal M. Shah & Co.**
Chartered Accountants

Guruprasad Mohapatra, IAS
Chairman

H S Patel, IAS
Managing Director

Ashok A Jain
Partner

J N Pancholi
Chief Finance Manager

N. M. Joshi, FCS
Company Secretary

Place: Baroda
Date: 05/09/2007

Place: Ahmedabad
Date: 5th September, 2007



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BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Additional information pursuant to the provisions of Part IV of Schedule VI to the Companies Act, 1956

I. Registration Details

Registration No. (CIN) U40102GJ2003SGC042906 State Code 04
Balance Sheet Date 31-03-2007

II. Capital Raised during the year (Amount in Rs. '000)

Public Issue NIL Right Issue NIL
Bonus Issue NIL Other NIL

III. Position of Mobilization and Development of Funds (Amount in Rs. '000)

Total Liabilities 1,53,13,768.19 Total Assets 1,53,13,768.19

SOURCES OF FUNDS

Paid up Capital 500.70 Share Cap. Suspense 44,35,859.23
Reserves & Surplus 23,88,750.07 Secured Loans 38,18,795.86
Unsecured Loan 46,69,862.33 Deferred Tax Liability NIL

APPLICATION OF FUNDS

Net Fixed Assets 1,45,84,637.95 Investments NIL
Net Current Assets 7,29,130.24 Misc. Exps. NIL

IV. Performance of the Company (Amount in Rs. '000)

Turnover 2,97,48,984.01 Total Expenditure 2,95,99,273.95
Profit/Loss before tax 2,00,845.25 Profit/Loss after tax 1,71,718.15
* Earning per share in Rs. 0.39 Dividend rate % --
(* after considering Equity Share Suspense Account)

V. Generic Names of Three principal products/services of the Company (as per monetary terms)

Item code No. (ITC code) NA
Product Description: Distribution of Energy/Electricity

For and on behalf of the Board of Directors of
Uttar Gujarat Vij Company Limited

Guruprasad Mohapatra, IAS
Chairman

H S Patel, IAS
Managing Director

J N Pancholi
Chief Finance Manager

N. M. Joshi, FCS
Company Secretary

Place: Ahmedabad
Date: 5th September, 2007



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PROXY

UTTAR GUJARAT VIJ COMPANY LIMITED
Regd. Office: Visnagar Road, MEHSANA - 384 001 (North Gujarat)

Folio No. No. of shares held:

I/We _____
of _____ being a Member/s of Uttar Gujarat Vij Company Limited, Mehsana hereby
appoint _____ of _____ or failing him
_____ of _____ as my/our proxy to vote for me/us and on
my/our behalf at the **FOURTH ANNUAL GENERAL MEETING** of the Company to be held on Wednesday,
26th December, 2007 at Registered Office and any adjournment thereof.

Signed this _____ day of _____ 2007.

Please affix
Revenue
Stamp

Signature(s) of Member(s)
across the Stamp

Note: The Proxy must be deposited at the Registered Office of the Company, not later than 48 hours
before the time fixed for the Meeting.

ATTENDANCE SLIP

UTTAR GUJARAT VIJ COMPANY LIMITED
Regd. Office: Visnagar Road, MEHSANA - 384 001 (North Gujarat)

(Please complete this attendance slip and hand it over at the entrance of the Meeting Hall.)

I hereby record my presence at Fourth Annual General Meeting of the Company, held on Wednesday,
26th December, 2007 at 5.30 p.m. at Mehsana.

Folio No. No. of shares held:

Full Name of the Shareholder/Proxy:

Signature of Shareholder/Proxy:

Note : Only Shareholders of the Company or their proxies will be allowed to attend the Meeting.