



DIRECTORS' REPORT

To,
The Members of
UTTAR GUJARAT VIJ COMPANY LIMITED

Your Directors have pleasure in presenting the Third Annual Report together with the Audited Statement of Accounts for the Financial Year ended 31st March, 2006.

FINANCIAL HIGHLIGHTS

The summarized financial results of the Company are given below:

(Rs. in Lacs)

Particulars	2005-06
Total Income	2,56,720
Gross Profit before Depreciation, Interest and Tax	19,350
Depreciation	6,770
Interest and Finance Charges	11,635
Profit before Tax	945
Provision for Tax (including provision for deferred tax and fringe benefit tax)	789
Profit after Tax	156
Prior Period Adjustments (Credit)	-
Net profit available for appropriation	156

[Since, this being the first year of operationalization of the Company, figures of the previous year are not provided]

DIVIDEND

Being the first year of the operations and with a view to conserve the resources of the Company, the Directors do not recommend payment of any dividend for the year.

CORPORATIZATION & OPERATIONALISATION

The Government of Gujarat under the Gujarat Electricity Industry (Re-origination & Regulation) Act, 2003 and the Electricity Act, 2003 reorganized the erstwhile Gujarat Electricity Board (GEB) into seven separate entities with functional responsibilities of generation, transmission, distribution and trading with complete autonomous operations.



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In order to make all these Companies operational, the Energy & Petrochemicals Department vide its Notification No. GHU-2006-91-GUV-1106-590-K dated 3rd October, 2006, notified the opening Balance Sheet of the transferee Companies of erstwhile Gujarat Electricity Board (GEB) as on 1st April 2005, containing the value of the assets and liabilities which stand transferred from the erstwhile GEB to the Company as specified in Annexure-C appended to the Notification. Accordingly, the said values of the assets and liabilities have been taken into consideration as opening balances while preparing the final accounts for the year 2005-06. The Notification was issued pursuant to the provision of para (c) of sub clause (6) of clause 5 of the Gujarat Electricity Industry Reorganization and Comprehensive Transfer Scheme, 2003, notified under the Gujarat Electricity Industry (Re-origination & Regulation) Act, 2003 and based on the Financial Re-structuring Plan (FRP) approved by the Government of Gujarat for the Government owned Electricity Utilities.

The Government of Gujarat vide its Order No. GUV-1105-5163-K dated 29th September, 2005 and 18th July, 2006, had also transferred and permanently absorbed the personnel of erstwhile GEB into various Companies including your Company as per the Transfer Schemes.

Your Company has thus become effectively operational from 1st April, 2005.

OPERATIONS DURING THE YEAR

Revenue from the sale of power including subsidies amounted to Rs. 2,56,720 Lacs. The Company purchased 12,130 MUs of energy from Gujarat Urja Vikas Nigam Limited (GUVNL) and sold 8,857 MUs of energy to all categories of consumers. The overall transmission and distribution losses reported to the extent of 3,273 MUs at 26.98 %.

Your Company has made sustained and concentrated efforts aimed at reducing Aggregate Technical & Commercial (AT & C) Losses. Total 60 feeders of 11KV system have been identified for providing Automatic Power Factor Control Panels to improve the power factor of the system. 207 Loss Feeders have been identified for closed scrutiny by team of Engineers to take up detailed study and prepare project report.

To curb theft of electricity, the Company has increased its vigorous drive for installation checking, laid under ground cables, and installed small capacity transformers by augmenting existing LT line by HT line.

The Company has also provided 54 Nos. hand held instruments in 14 Sub-Divisions to minimize human intervention.

The Company has introduced Geographical Indexing System (GIS) in 8 Cities.

Your Company has taken several initiatives for replacement of defective/stopped meters, replacement of meters by static meters and strengthening of distribution network to improve system operations.



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Your Company has remarkable achievement in setting up e-Urja / e-governance in the area of Information Technology. The Company has made systematic development competency for deploying Information Technology for efficiencies and effective discharge of its functions. e-Urja Project undertaken by GUVNL for itself and the subsidiary Companies for end-to-end ERP Solution was made go alive at the pilot sites in June, 2006.

Some of the highlights of the working of the Company during the year under review are summarized as under:

- 116 HT industrial, 2,411 LT Industrial and 72,380 domestic connections released.
- 80 wells under Rural Electrification Scheme, 1,904 wells under TASP Scheme and 1,303 wells under Tatkal Schemes completed.
- Out of total 4,618 villages under Jyoti Gram Yojna (JGY), 4,593 villages are covered under the Scheme.
- As regards programme of covering Petaparas under JGY, out of total 2,484 Petaparas, 2,245 Petaparas are covered and 20 Petaparas are provided with Special Designed Transformer (SDT).
- There are 47 fatal accidents as compared to 56 in the last year.
- Similarly, non-fatal accidents have also reduced to 56 as compared to 65 in the last year.

FUTURE PLANS

- **Energy Auditing**

Project is approved to install energy meters on all distribution transformers to analyze distribution transformer-wise losses and to identify theft pockets.

- **Aerial Bunch Conductor (ABC)**

The insulated cable conductors in the form of ABC are used in place of open conductors on the existing LT line. The benefits expected are - avoidance of pilferage and theft of power by direct hooking, avoidance of clearance problems and risk attached thereto, minimization of system losses, etc.

- **Bopal HV Underground Cable System with RMU**

For ensuring consumer satisfaction by providing the continuous and reliable power supply, your Company has planned an ambitious Underground Cable System at Bopal, adjoining to the Ahmedabad City at the estimated cost of Rs. 10 Crores. The project is under implementation and is expected to be completed by March 2007.



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- **Anti theft measures**

- In order to prevent the theft of electricity, your Company has taken number of measures like providing coated conductors, providing pilferage proof pole installation, mass drives for checking are arranged at Division, Circle and Corporate level.
- Developing state-of-the-art testing facilities for energy meters through a fully computerized testing bench. NABL accreditation for meter testing laboratories planned in phased manner.
- Special efforts to ensure full metering of all consumers.
- WEB based GIS mapping for faster consumer services, speedy fault detection and diversion of power supply.
- Development of distribution circles as centers of excellence for distribution reforms under Accelerated Power Development Rural Programme (APDRP).

CUSTOMER SERVICES

The Company has taken the following proactive measures for improving customer services.

Fully computerized Customer Care Centers are established at various district headquarters viz. Sabarmati, Mehsana, Himatnagar, Palanpur, Patan, Gandhinagar, and such other centers under establishment at other places -

- for better consumer interaction and services
- minimizing fault detection time by diagnosing the possible causes and location of outage
- minimizing restoration time by dynamically assigning crew and monitoring the progress
- improved performance of service by analyzing outage data and computing reliability of network
- to integrate all services related to Billing, payments, meter replacement and other data for better information of consumers.
- opening of Any Time Payment Counters at 10 Centers.

CONSUMER REDRESSAL FORUM

The Company has set up the Consumer Redressal Forum as mandated by the Electricity Act, 2003 and the regulations notified thereunder.



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TARIFF

Gujarat Electricity Regulatory Commission (GERC) is the authority to regulate the working of electricity utilities in the State and is entrusted with various functions, inter-alia, including the determination of retail tariff rates for the end users of electrical energy. During the year, your Company had filed a petition with GERC on 7th January, 2006, seeking approval of the Aggregate Revenue Requirement (ARR) and Tariff Rationalization for the Financial Year 2005-06 and 2006-07. This was the first filing of petition with GERC by the Company after unbundling of erstwhile GEB. After due hearings, GERC had issued a detailed Tariff Order on 6th May, 2006, approving ARR at Rs. 2,809.13 Crores (including Rs. 1.04 Crore as License Fees) for F.Y. 2006-07 along with a revised Tariff Schedule effective from 1st April, 2006.

AUDITORS

The Comptroller and Auditor General of India, New Delhi, (C&AG) have appointed M/s. Ambalal M. Shah & 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 2006-07. 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, will be circulated as soon as the same is received.

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 2005-06, for which the Central Government accorded its approval for auditing the Cost Accounts relating to Electricity Industry product.

For the Financial Year 2006-07, 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.



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DIRECTORS

Since the last Annual General Meeting held on 31st December, 2005, the particulars of changes among the Directors are as under:

- Dr. Joy I. Cheenath, IAS resigned as Managing Director with effect from 27th January, 2006.
- Shri H. S. Patel, IAS was appointed as an Additional Director as also Managing Director of the Company effective from 27th January, 2006.
- Dr. Joy I. Cheenath, IAS resigned as Chairman and also from the Board of Directors with effect from 15th February, 2006.
- Shri Guruprasad Mohapatra, IAS, was appointed as Additional Director as also Chairman of the Company with effect from 15th February, 2006.
- Shri M. G. Chauhan resigned from the Board of Directors with effect from 28th March, 2006.
- Shri M. N. Patel was appointed as Additional Director with effect from 28th March, 2006.
- Shri H. P. Desai was appointed as Additional Director with effect from 27th November, 2006.

Shri H. S. Patel, IAS, Shri Guruprasad Mohapatra, IAS, Shri M. N. Patel and Shri H. P. Desai 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.

Your Directors place on record their appreciation of the valuable services rendered to the Company by Dr. Joy I. Cheenath, IAS in the capacity as Chairman and Managing Director and Shri M. G. Chauhan as Director during their tenure.

Shri H. S. Patel, IAS, Shri Guruprasad Mohapatra, IAS Shri M. N. Patel and Shri H. P. Desai, being Additional Directors appointed pursuant to the provisions of Section 260 of the Companies Act, 1956 hold their office as such up to the date of ensuing Annual General Meeting.

Smt. Vijaylaxmi Joshi, IAS, will retire by rotation at the ensuing Third Annual General Meeting and is eligible for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

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



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1. in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. 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, 2006 and of profit of the Company for that period;
3. 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
4. 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 which at present stands as under:

Smt. Vijaylaxmi Joshi, IAS	Chairman
Shri M. K. Iyer	Member
Shri M.N. Patel	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

The Board of Directors wishes to thank the Government of India (including the Ministry of Power), Government of Gujarat (including Energy & Petrochemicals Department), Gujarat Urja Vikas Nigam Limited, Gujarat State Electricity Regulatory Commission, GEDA, Financial Institutions, Bankers, Consumers, Suppliers and other business associates for their continued co-operation and patronage.

The Board also places on record its appreciation for the understanding and support extended by the employees at all levels.

For and on behalf of the Board

Date: 22nd December, 2006
Place: Ahmedabad

Guruprasad Mohapatra, IAS
Chairman



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ANNEXURE 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

- Use of Automatic Power Factor Controller (APFC) is under process for improvement in power factor, thereby reducing Technical Loss. APFCs are capable to switch ON and OFF the capacitors in stages and automatically maintain the designed power factor. These APFCs will switch on the capacitors depending upon the LT side loading of the Transformer to compensate the reactive energy drawal. Substantial energy can be saved by installation of Capacitors on the Transformers of such feeders thereby improving power factor.
- High loss feeders have been identified, close monitoring is being done up to Sub Division level to reduce Technical loss and reduce over-all losses by designating Feeder Manager.
- Meters were provided on TC for better control on system to identify weak pockets with high T&D losses
- Quick and accurate Automatic Remote Meter reading without visiting site of consumer has been introduced.
- Regular and periodical maintenance of equipment and lines.
- Intensive inspection to curb theft of energy and malpractice.
- Pamphlets explaining energy saving measures and its efficient use along-with energy bills circulated for public awareness,.
- Spreading of message advising for utilization of CFL and tube sticks for efficient lighting.
- Bifurcation of feeders for separating agriculture load under JGY scheme, 150 MUs are saved.
- By providing the Amorphous Transformers in urban areas resulted into reduction of losses.

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

- Proposal under consideration to provide APFC panels at estimated cost of Rs. 6 Crores.



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- Proposal to provide 4 Nos. CFL to end-consumers at a subsidized rate of Rs. 12.5 each and financing this project through carbon credit earned out of energy saving under UNFCCC.

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 26000 consumers residing 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. At any time consumption can be viewed / downloaded which will be useful to detect any irregularities at consumer's end.
- Providing ARM to all HT consumers for which contract demand is above 500 KVA.



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3. Future Plan of Action:

- Accreditation by NABL at Sabarmati Laboratory is under process which will enable the Lab for testing calibration of Accu-Check and other standard meters.
- Study for use of energy efficient transformers for distribution areas.

4. Expenditure on R & D:

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

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 compliant management facility.
- Modern Consumer Care Centers with unique telephone number.
- All Circle Offices linked through WAN with video, voice and media communication.
- HT remote metering started on trial basis

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

- Implementation of AMR for HT consumers contributes to significant process improvements for load survey, tamper and theft billing 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: 22nd December, 2006
Place: Ahmedabad

Guruprasad Mohapatra, IAS
Chairman



UTTAR GUJARAT VIJ COMPANY LIMITED

AMBALAL M. SHAH & CO.

CHARTERED ACCOUNTANTS

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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, 2006** 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. Further to our comments in the Annexure referred to in paragraph 3 above, we report that: -
 - 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.



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- v) 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.
- vi) 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, 2006;
- 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: Vadodara
Dated: November 10, 2006

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



UTTAR GUJARAT VIJ COMPANY LIMITED

ANNEXURE Referred to in Paragraph 2 of our report of even date
on the accounts for the period ended on 31st March, 2006 of
UTTAR GUJARAT VIJ COMPANY 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.
- e) 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.



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- 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.
- 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. However it needs to be further strengthened.
- 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) This is the first year of the operations of the Company after unbundling of erstwhile Gujarat Electricity Board and hence 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, 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 and not applicable to the Company.



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- 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.
- 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: Vadodara
Dated: November 10, 2006

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

Comments of the Comptroller and Auditor General of India under Section 619 (4) read with Section 619-B of the Companies Act, 1956 on the accounts of Uttar Gujarat Vij Company Limited, Vadodara for the year ended 31st March, 2006

I have to state that the Comptroller and Auditor General of India has no comments upon or supplement to the Auditors' Report under Section 619(4) of the Companies Act, 1956 on the accounts of Uttar Gujarat Vij Company Limited, Vadodara for the year ended 31st March, 2006.

Ahmedabad
Date: 25-01-2007

Sd/-
(K. Srinivasan)
Accountant General



UTTAR GUJARAT VIJ COMPANY LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2006

Amount in Rupees

PARTICULARS	SCHEDULE		AS AT	AS AT
			31-03-2006	31-03-2005
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Share Capital	1	5,00,700		5,00,700
Share Capital Suspense Account	1(a)	4,43,58,59,230		0
Reserves & Surplus	2	94,57,64,528		0
			5,38,21,24,458	
LOAN FUNDS				
Secured Loans	3	5,47,25,43,179		0
Unsecured Loans	4	2,65,14,28,951	8,12,39,72,130	6,04,584
Deferred Tax Liability			6,73,95,077	
		TOTAL	13,57,34,91,665	11,05,284
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	5	15,86,65,58,878		0
Less: Accumulated Depreciation	(a)	2,70,84,73,434		0
		13,15,80,85,444		0
Add: Assets not in use	6	2,61,081		0
Capital Work in Progress	7	6,02,07,394		0
	(b)	6,04,68,475		0
Net Fixed Assets (a) + (b)			13,21,85,53,919	0
Deferred Tax Assets			0	8,362
CURRENT ASSETS, LOANS & ADVANCES				
Inventories, Stores & Spares	8	88,09,40,705		0
Sundry Debtors	9	3,50,47,80,506		0
Cash & Bank Balances	10	83,02,75,067		5,16,999
Loans and Advances	11	10,78,29,739		0
Other Current Assets	12	20,19,22,646		5,836
	(a)	5,52,57,48,663		5,22,835
Less: Current Liabilities				
Current Liabilities & Provisions	13	2,36,17,60,818		2,00,02,896
Security Deposits	(b)	2,82,55,18,375		0
		5,18,72,79,193		2,00,02,896
Net Current Assets (a)-(b)			33,84,69,470	(1,94,80,061)
Miscellaneous / Deferred Revenue Expenditure (to the extent not written off or Adjusted)			1,64,68,276	2,05,76,983
		TOTAL	13,57,34,91,665	11,05,284
Significant Accounting Policies & Notes on Accounts	23			

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: Vadodara
Date: 10th November, 2006

Place: Vadodara
Date: 10th November, 2006



UTTAR GUJARAT VIJ COMPANY LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

Amount in Rupees

PARTICULARS	SCHEDULE	YEAR ENDED 31-03-2006	YEAR ENDED 31-03-2005
INCOME			
Income from sale of power	14	19,20,96,48,437	0
Subsidies & Grants	15	5,76,17,94,772	0
Other income	16	70,05,59,044	0
TOTAL		25,67,20,02,253	0
EXPENDITURE			
Purchase of power from GUVNL		22,17,34,86,657	0
Repairs & Maintenance	17	40,74,79,943	0
Employees' cost	18	93,51,15,455	0
Admn. & General Expenses	19	19,72,43,683	0
Depreciation	20	67,69,85,976	0
Interest & Finance Charges	21	1,16,35,06,193	0
Bad debts & other debits	22	2,36,31,979	0
TOTAL		25,57,74,49,886	0
Profit / (Loss) before tax		9,45,52,367	0
Provision for tax			
Income-tax		14,32,881	0
Fringe benefit tax		1,01,29,591	0
Deferred Tax (Asset)/Liability		6,73,95,077	0
Profit after tax		1,55,94,818	0
Profit brought forward from previous year		0	0
Balance carried to Balance Sheet		1,55,94,818	0

As per our report of even date attached

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

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Date: 10th November, 2006



UTTAR GUJARAT VIJ COMPANY LIMITED

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2006

SCHEDULE - 1: SHARE CAPITAL

Amount in Rupees

PARTICULARS	AS AT 31-03-2006	AS AT 31-03-2005
Authorized Share Capital 60,00,00,000 Equity Shares of Rs. 10/- each	6,00,00,00,000	6,00,00,00,000
Issued, Subscribed and Paid-up Capital 50070 Equity Shares of Rs. 10/- each fully paid-up	5,00,700	5,00,700
TOTAL	5,00,700	5,00,700

SCHEDULE - 1 (a) : SHARE CAPITAL

PARTICULARS	AS AT 31-03-2006	AS AT 31-03-2005
Share Capital Suspense Account (Refer Note No. 11 of Notes to the Accounts)	4,43,58,59,230	0
TOTAL	4,43,58,59,230	0

SCHEDULE - 2: RESERVES & SURPLUS

PARTICULARS	AS AT 31-03-2006	AS AT 31-03-2005
Consumer Contribution	1,44,63,642	0
Grants for Capital Assets	2,00,71,196	0
Consumers Contribution towards Capital Assets	73,88,55,956	0
Subsidies towards cost of capital assets	15,67,78,916	0
Surplus as per Profit & Loss Account	1,55,94,818	0
TOTAL	94,57,64,528	0

SCHEDULE - 3: SECURED LOANS

PARTICULARS	AS AT 31-03-2006	AS AT 31-03-2005
Bonds	3,60,53,26,915	0
Loan from Power Finance Corporation of India Ltd	21,92,480	0
Loan from Agricultural Refinance Development Corporation	1,28,161	0
Loan from Rural Electrification Corporation of India Ltd	1,06,85,87,055	0
Loan under Accelerated Power Development Programme	34,95,73,375	0
Loan for working capital liabilities	44,67,35,193	0
TOTAL	5,47,25,43,179	0

SCHEDULE - 4: UNSECURED LOANS

PARTICULARS	AS AT 31-03-2006	AS AT 31-03-2005
Loans for working Capital	69,81,98,017	6,04,584
Payment Due on Capital Liabilities	3,760	0
Deferred Payment credits	1,46,22,08,336	0
Financial participation (FP) by consumers interest bearing	5191762	0
Total	2,16,56,01,875	6,04,584
State Government Loans		
Asian Development Bank Programme & Project Loan	48,58,27,076	0
TOTAL	2,65,14,28,951	6,04,584



Uttar Gujarat Vij Company Limited

SCHEDULE NO.5 : FIXED ASSETS

ASSETS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As at 1.4.2005	Acquired through Govt. Notif.as on 1.4.2005	Additions /Adjustments	Deductions /Adjustments	As at 31.3.2006	As at 1.4.2005	Acquired through Govt. Notif.as on 1.4.2005	Additions/ Adjustments	Deductions /Adjustments	As at 31.3.2006	As at 31.3.2006	As at 31.3.2005
Land	0	2470729	0	0	2470729	0	0	0	0	0	2470729	0
Buildings	0	61412735	3336259	0	64748993	0	6511974	6092528	5047333	7557169	57191825	0
Hydraulic Works	0	5864842	44630	57568	5851904	0	1136176	1308870	1041786	1403260	4448644	0
Other civil works	0	7251376	924859	9104	8167131	0	791893	797775	666741	922927	7244204	0
Plant and Machinery	0	3803032957	486661096	115504941	4174189112	0	567920667	1253928625	1069264954	752584338	3421604774	0
Lines & Cable Net Works	0	9707689916	2352076027	535989104	11523776839	0	1449607639	2950543040	2471394282	1928756397	9595020442	0
Furniture & Fittings	0	11083180	1324951	200953	12207178	0	2750269	3837487	3122033	3465723	8741455	0
Office Equipments	0	35347549	15777204	1219345	49905408	0	3124250	23782782	21360406	5546626	44358782	0
Vehicles	0	24831823	1429894	1020133	25241584	0	5998252	11489853	9251111	8236994	17004590	0
Total		13658985106	2861574920	654001148	15866558878	0.00	2037841120	4251780960	3581148646	2708473434	13158085444	0

GOVT. NOTIFICATION NO. GHU-2006-91-GUV-1106-590-K DATED 03-10-2006



SCHEDULE - 6: ASSETS NOT IN USE

Amount in Rupees

PARTICULARS	AS AT	AS AT
	31-03-2006	31-03-2005
Plant & Machinery	1,14,314	0
Vehicles	1,45,674	0
Office Equipments	1,093	0
TOTAL	2,61,081	0

SCHEDULE - 7: CAPITAL EXPENDITURE IN PROGRESS

PARTICULARS	AS AT	AS AT
	31-03-2006	31-03-2005
Capital Works in Progress	2,81,17,666	0
Provision for completed works	2,92,70,713	0
Advances to Suppliers/Contractors	28,19,015	0
TOTAL	6,02,07,394	0

SCHEDULE - 8: INVENTORIES, STORES & SPARES

PARTICULARS	AS AT	AS AT
	31-03-2006	31-03-2005
Stock of materials at Construction Stores	5,98,74,431	0
Stock of Materials at other Stores	53,83,53,851	0
Materials at site (O&M)	2,49,00,370	0
Materials in transit	17,03,171	0
Other Materials Accounts	24,21,32,482	0
Material Stock Excess/(Shortage) pending investigation	1,39,76,400	0
TOTAL	88,09,40,705	0

SCHEDULE - 9: SUNDRY DEBTORS

PARTICULARS	AS AT	AS AT
	31-03-2006	31-03-2005
Sale of Power - Residential	3,52,98,262	0
Sale of Power - Commercial	1,10,54,687	0
Sale of Power - Industrial LT	(3,90,21,291)	0
Sale of Power - Industrial HT	63,87,89,957	0
Sale of Power - Public Lighting	94,83,977	0
Sale of Power - Railways	25,35,712	0
Sale of Power - Agriculture	8,98,29,390	0
Sale of Power - Public Water Works	1,75,44,56,788	0
Sale of Power - Licensees	(1,25,75,005)	0
Sale of Power - Others	(6,72,08,478)	0
Provision for unbilled revenue	2,01,48,48,772	0
Dues from Permanently Disconnected Customers	89,86,85,929	0
Sundry Debtors for miscellaneous receipts from consumers	14,18,79,390	0
Total *	5,47,80,58,090	0
Less:		
Un-posted Receipts	4,19,593	0
Provision for doubtful dues from consumers	1,83,32,79,227	0
Deferred ED & TSE from consumers	13,95,78,764	0
TOTAL	3,50,47,80,506	0

* Out of above, debts outstanding for more than six months is Rs. 21,946.25 Lacs.



UTTAR GUJARAT VIJ COMPANY LIMITED

SCHEDULE - 10: CASH & BANK BALANCES

Amount in Rupees

PARTICULARS	AS AT	AS AT
	31-03-2006	31-03-2005
Fixed Deposits with Banks	8,91,067	0
Cash on hand	1,49,86,056	0
Balance with Banks	9,20,53,415	5,16,999
Remittance in transit	72,23,44,529	0
TOTAL	83,02,75,067	5,16,999

SCHEDULE - 11: LOANS & ADVANCES

PARTICULARS	AS AT	AS AT
	31-03-2006	31-03-2005
Unsecured, considered good.		
Advances for O&M Supplies/Works	1,04,45,455	0
Loans & Advances to employees/ staff	9,63,53,509	0
Advance Income Tax/ deduction at Sources	5,836	0
Other loans and Advances	10,24,939	0
TOTAL	10,78,29,739	0

SCHEDULE - 12: OTHER CURRENT ASSETS

PARTICULARS	AS AT	AS AT
	31-03-2006	31-03-2005
Sundry debtors - Trading Account	5,59,304	0
Income accrued & due on investments/Deposits	0	5,836
Other Income accrued & due	16,98,133	0
Income accrued but not due	7,11,49,564	0
Amt. recoverable from emp./ ex-employees	29,12,727	0
Receivable for Relief to Roit	3,10,866	0
Other Claims & Receivables	24,09,198	0
Deposits	2,25,04,958	0
Other receivables from associate companies		
i Gujarat Urja Vikas Nigam Limited	(10,37,75,676)	0
ii Gujarat State Electricity Corporation Limited	3,62,214	0
iii Gujarat Energy Transmission Corporation Limited	6,53,66,434	0
iv Madhya Gujarat Vij Company Limited	16,27,32,081	0
v Dakshin Gujarat Vij Company Limited	2,23,36,120	0
vi Paschim Gujarat Vij Company Limited	(4,66,43,277)	0
TOTAL	20,19,22,646	5,836



UTTAR GUJARAT VIJ COMPANY LIMITED

SCHEDULE - 13: CURRENT LIABILITIES & PROVISIONS

Amount in Rupees

PARTICULARS	AS AT	AS AT
	31-03-2006	31-03-2005
Liability for capital supply/works	1,02,98,735	0
Liability for O&M supply/works	28,97,95,983	2,00,02,896
Staff related liabilities	14,13,48,711	0
Deposits & retentions from suppliers and contractors	7,67,43,373	0
Electricity duty payable to State Government	1,95,71,842	0
Liability for expenses	30,86,47,702	0
Accrued/unclaimed amount relating to borrowings	36,31,00,935	0
Income-tax	14,32,881	0
Other liabilities & provisions	59,58,03,828	0
Deposits for electrification and service connection, etc.	55,43,07,354	0
Provision for income-tax	7,09,474	0
TOTAL	2,36,17,60,818	2,00,02,896

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

SCHEDULE - 14: INCOME FROM SALE OF POWERS

PARTICULARS	AS AT	AS AT
	31-03-2006	31-03-2005
Sale of power -		
Domestic / residential	2,04,22,51,580	0
Commercial	1,06,63,54,106	0
Industrial LT	2,43,90,31,772	0
Industrial HT	6,61,66,08,966	0
Public lighting	10,44,81,769	0
Traction Railway	5,61,29,744	0
Agriculture Irrigation	5,24,29,12,124	0
Public water works & sewage pumps	969610117	0
Total	18,53,73,80,178	0
Misc. Revenue from consumers -		
Meter rent / Service line rental	24,96,38,192	0
Recoveries for theft of power/mal-practice	15,30,57,521	0
Misc. charges from consumers	26,95,72,546	0
Total	67,22,68,259	0
GROSS INCOME FROM SALE OF POWERS	19,20,96,48,437	0

SCHEDULE - 15: SUBSIDIES & GRANTS

PARTICULARS	AS AT	AS AT
	31-03-2006	31-03-2005
Agriculture subsidy	5,66,71,49,059	0
Income towards Government grant/consumers' contributions	9,46,45,713	0
GROSS INCOME FROM SALE OF POWERS	5,76,17,94,772	0



UTTAR GUJARAT VIJ COMPANY LIMITED

SCHEDULE - 16: OTHER INCOME

Amount in Rupees

PARTICULARS	AS AT	AS AT
	31-03-2006	31-03-2005
Interest on staff loans & advances	1,12,40,426	0
DPC charges - HT & LT	21,15,61,679	0
Income from trading	30,67,584	0
Income from sale of fixed assets	27,80,246	0
Income from social welfare activities	22,133	0
APDRP Incentive from Government	44,87,80,008	0
Misc. income	2,31,06,968	0
TOTAL	70,05,59,044	0

SCHEDULE - 17: REPAIRS & MAINTENANCE

PARTICULARS	AS AT	AS AT
	31-03-2006	31-03-2005
Plant & Machinery	11,95,01,447	0
Buildings	22,40,444	0
Civil Works	62,99,371	0
Hydraulic Works	3,66,181	0
Line Cable Networks, etc	27,54,47,851	0
Vehicles	18,95,494	0
Furniture & Fixtures	13,24,126	0
Office Equipment	6,53,684	0
Total	40,77,28,598	0
Less: Expenses capitalized	2,48,655	0
TOTAL	40,74,79,943	0

SCHEDULE - 18: EMPLOYEES' COST

PARTICULARS	AS AT	AS AT
	31-03-2006	31-03-2005
Salaries & other allowances	1,00,22,32,850	0
Medical expenses reimbursement	2,17,64,390	0
Leave Travel Assistance	70,151	0
Leave encashment	74,67,640	0
Waiver of outstanding HBA loan & interest	1,52,385	0
Death & accident compensation	7,20,377	0
Payment under Workmen's Compensation Act	1,14,753	0
Interim relief to staff	46,731	0
Contribution under Bombay Labour Welfare Act	67,650	0
EDLI - Admn. Charges	14,42,571	0
Staff Welfare expenses	2,01,86,981	0
Terminal benefits	23,63,11,844	0
Total	1,29,05,78,323	0
Less: Expenses capitalized	35,54,62,868	0
TOTAL	93,51,15,455	0



UTTAR GUJARAT VIJ COMPANY LIMITED

SCHEDULE - 19: ADMINISTRATIVE & GENERAL EXPENSES

Amount in Rupees

PARTICULARS	AS AT	AS AT
	31-03-2006	31-03-2005
Rent including lease rentals	2,56,7,517	0
Rates & taxes	24,23,447	0
Insurance	3,07,866	0
Testing charges	1,49,590	0
Annual inspection & installation checking fees	53,57,910	0
Telephone & postage charges	1,23,62,653	0
Legal charges	60,37,895	0
Audit fees	5,15,855	0
Consultancy charges	17,00,178	0
Technical fees	17,33,122	0
Other professional fees & expenses	15,36,486	0
Conveyance & traveling expenses	12,05,39,126	0
Admn. Charges for restoration of damages	2,04,403	0
Fees & subscription	96,24,408	0
Books & periodicals	98,193	0
Printing & stationery	1,12,32,961	0
Expenses on computer billing & EDP charges	98,41,026	0
Advertisement	18,97,506	0
Photocopy charges	19,23,129	0
Electricity charges	1,07,72,115	0
Water charges	4,14,721	0
Maintenance of tree plantation	36,532	0
Entertainment	42,26,642	0
Meeting & Conference Expenses	20,77,041	0
CISF expenses	43,820	0
Guest House expenses	1,71,912	0
Misc. expenses	1,58,14,903	0
Freight	61,72,301	0
Other purchase related expenses	4,73,11,245	0
Fabrication charges	25,21,198	0
Revenue stamp on receipts issued	3,23,999	0
Staff training expenses	8,36,163	0
Total	28,07,75,863	0
Less: Expenses capitalized	8,35,32,180	0
TOTAL	19,72,43,683	0



UTTAR GUJARAT VIJ COMPANY LIMITED

SCHEDULE - 20: DEPRECIATION

Amount in Rupees

PARTICULARS	AS AT	AS AT
	31-03-2006	31-03-2005
Building	10,45,195	0
Hydraulic works	2,78,886	0
Other civil works	1,31,033	0
Plant & Machinery	18,68,17,715	0
Line & cable networks	48,31,37,941	0
Vehicles	25,69,847	0
Furniture & Fixtures	7,23,044	0
Office equipment	24,29,681	0
Total	67,71,33,342	0
Less: Expenses capitalized	1,47,366	0
TOTAL	67,69,85,976	0

SCHEDULE - 21: INTEREST & FINANCE CHARGES

PARTICULARS	AS AT	AS AT
	31-03-2006	31-03-2005
Interest on State Government Loans	5,66,52,149	0
Interest on Bonds	47,42,54,422	0
Interest on other loans/deferred credit		0
i ARDC loan	4,00,61,830	0
ii AFC loan	1,14,280	0
iii REC loan	13,07,79,695	0
iv Deferred credit	11,57,40,750	0
v Consumers' advance payment	67,92,635	0
vi FP Consumers	1,95,754	0
vii PFC loan	2,72,944	0
viii ICICI loan	22,93,151	0
ix Loan from consumers in dark zone	13,900	0
x Other consumers	14,79,76,725	0
xi Borrowings for working capital	6,71,54,937	0
Discount to consumers for timely payment of bills	95,11,543	0
Interest charges - Licensees Account	8,75,772	0
Interest on deposits of bill collection agencies	67,618	0
Other interest	1,14,05,274	0
Cost of raising finance	28,08,916	0
Service charges / management fees	74,833	0
Discount on Bills - Banks/Financial Institutions	977	0
Other charges	4,55,96,013	0
Guarantee fees	5,04,42,981	0
Banking cash transaction tax	4,19,094	0
TOTAL	1,16,35,06,193	0



UTTAR GUJARAT VIJ COMPANY LIMITED

SCHEDULE - 22: BAD DEBTS & OTHER DEBITS

Amount in Rupees

PARTICULARS	AS AT	AS AT
	31-03-2006	31-03-2005
Small & low value items - written off	1,27,844	
Bad & doubtful debts written off / provided for	25,26,938	
Misc. losses and write-offs	1,68,60,128	
Sundry expenses	41,17,069	
TOTAL	2,36,31,979	0

SCHEDULE - 23: SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

(1) Basis of preparation (Accounting Convention):

- (i) 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 thereunder 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.
- (ii) 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 for the year ended 31st March, 2006.

(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.

(3) Fixed Assets:

The opening gross value of fixed assets, accumulated depreciation and net block of fixed assets are stated at values notified by Govt. of Gujarat's Notification No. GUV-2006-91-GW-1106-590-K dated 3rd October, 2006.

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



UTTAR GUJARAT VIJ COMPANY LIMITED

(4) 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.

(5) 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 from the date of the next quarter.

(6) Inventories:

Inventories have been valued as under:

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

(7) 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 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.



UTTAR GUJARAT VIJ COMPANY LIMITED

(8) 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.

(9) Consumer contributions, Capital Grants and Subsidies:

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.

(10) 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.

(11) 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.

(12) The figures of the previous year have been regrouped and rearranged wherever necessary.

(13) Contingent Liabilities:

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

(14) Amount due to small scale industrial undertakings is Rs. Nil.



UTTAR GUJARAT VIJ COMPANY LIMITED

(15) Auditors' Remuneration: (Amount in Rs.)

	<u>2005-06</u>	<u>2004-05</u>
i. Audit Fees:		
-Statutory audit	3,36,720	11,020
-Internal audit	84,180	NIL
-Cost audit	53,875	NIL
-Tax audit	28,060	NIL
ii. Others:	NIL	NIL

(16) 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 on carried forward losses and unabsorbed depreciation of erstwhile GEB allotted to the Company have not been provided.

PARTICULARS	As at March 31,2006	As at March 31,2005
Deferred Tax Assets:		
Arising out of timing differences in :		
Leave Encashment	2,51,48,839	
Pre operative expense		8,362
TOTAL	2,51,48,839	8,362
Deferred Tax Liabilities:		
Arising out of differences in :		
Depreciation	9,25,43,917	
TOTAL	9,25,43,917	0
Net Deferred Tax Asset/ (Liability)	-6,73,95,077	8,362

(17) Related Party Transactions:

The names of related parties and details of outstanding balances with them:

Name of Party/Company	Relationship	Amount in Rs. Balance as on 31/03/06
Gujarat Urja Vikas Nigam Ltd	Holding Company	(10,37,75,676)
Gujarat State Electricity Corporation Ltd	Associate Company	3,62,214
Gujarat Electricity Transmission Corp Ltd	Associate Company	6,53,66,434
Madhya Gujarat Vij Company Ltd	Associate Company	16,27,32,081
Paschim Gujarat Vij Company Ltd	Associate Company	(4,66,43,277)
Dakshin Gujarat Vij Company Ltd	Associate Company	2,23,36,120



UTTAR GUJARAT VIJ COMPANY LIMITED

(18) Purchase/Sale:

Amount in Rs.

Particulars	As at March 31, 2006		As at March 31, 2005	
	Quantity	Value	Quantity	Value
Units purchased	12130 MUS	22,17,34,86,657	0	0
Units sold	8857 MUS	19,20,96,48,437	0	0
Loss	3273 MUS	--	0	0
T & D Losses %	26.98%	--	--	--

SCHEDULES 1 TO 23

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: Vadodara
Date: 10th November, 2006

Place: Vadodara
Date: 10th November, 2006



UTTAR GUJARAT VIJ COMPANY LIMITED

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	31-03-2006		

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

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Other	44,35,859

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

Total Liabilities	1,35,73,492	Total Assets	1,35,73,492
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SOURCES OF FUNDS

Paid up Capital	501	Share Cap.Suspense.	44,35,859
Reserves & Surplus	9,45,765	Secured Loans	54,72,543
Unsecured Loan	26,51,429	Deferred Tax Liability	67,395

APPLICATION OF FUNDS

Net Fixed Assets	1,32,18,554	Investments	NIL
Net Current Assets	3,38,470	Misc. Exps.	16,468

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

Turnover	2,56,72,002	Total Expenditure	2,55,77,450
Profit/Loss before tax	94,552	Profit/Loss after tax	15,594
Earning per share in Rs.	--	Dividend rate %	--

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: Vadodara

Date: 10th November, 2006