

**HIMACHAL PRADESH POWER
CORPORATION LIMITED**

(A Government of H.P. Undertaking)

1ST ANNUAL REPORT

2006-07

HIMACHAL PRADESH POWER CORPORATION LIMITED
(A Government of H.P. Undertaking)

Notice of Annual General Meeting of the Members of Himachal Pradesh Power Corporation Ltd.

CONTENTS

Sr. No	Subject	Page
1.	Notice of AGM	1
2.	Board of Directors	2
3.	Directors Report	3-7
4.	Balance Sheet	8
5.	Profit & Loss	9-16
6.	Auditors Report	17-20
7.	Comments of C&AG	21
8.	Disclosures under section 285(ii)	22
9	Financial Data as on year ended 31 st March 2007 (Amount in Rs.)	23
10.	Proxy Form	24

Place: Shimla

Date: 24th September, 2007

Note:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

Ref. No. HPPE/BOD/2007-796-802

Dated: 24th September, 2007

HIMACHAL PRADESH POWER CORPORATION LIMITED
(A Government of H.P. Undertaking)

Notice of Annual General Meeting of the H.P. Power Corporation Ltd.

"Notice is hereby given that the Annual General Meeting of the Members of the H.P.P.C. Ltd., will be held on Thursday, 27th September, 2007 at 4.00 PM in the Chief Secretary Committee Room, H.P. Sectt., Shimla-171 002 to transact the following business:

Ordinary Business:

To receive, consider and adopt the Annual Accounts of the Company for the year ended 31st March, 2007, Directors' Report and Report of Auditors thereon alongwith the Comments of the Comptroller and Auditor General of India as on that date.

By order of the Board of Directors

Sd/-

Managing Director

Place: Shimla

Date: 24th September, 2007

Note:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

Ref. No. HPPC:BOD/2007-796-802

Dated: 24th September, 2007

HIMACHAL PRADESH POWER CORPORATION LIMITED

(A Government of H.P. Undertaking)

BOARD OF DIRECTORS AS ON 31.03.2007

1.	Sh Ravi Dhingra, IAS., Chief Secretary, H.P.	Chairman
2.	Sh. J.P. Negi, IAS, Additional Chief Secretary, H.P.	Director
3	Kanwar Shamsher Singh, Chairman, H.P.S.E.B., Shimla	Director
4	Dr. R.L. Chauhan, Director(Civil), HPSEB, Shimla	Director
5	Er. Ravinder Kumar Juneja, Director (Civil)	Director
6	Sh. Shrikant Baldi, IAS.,	Managing Director

Bankers:

Punjab National Bank.

Auditors:

R. Ahuja & Associates,
Chartered Accountants, Parwanoo.

Registered Office:

New himrus Building, Shimla-171 001.

DIRECTOR'S REPORT

To

The Members,

Your Board of Directors have the pleasure in presenting you the 1st Annual Report on the working of the Company together with audited Statement of Accounts and Auditors Report for the year ended 31st March, 2007.

INTRODUCTORY :

The H.P. Power Corporation Limited was incorporation on 18.12.2006 as a Private Limited Company in the State of Himachal Pradesh. The main objectives of the Company are as under :

1. (a) to plan, promote, organize and execute Power Projects in Himachal Pradesh.
(b) and to undertake, where necessary, construction of transmission lines and ancillary works for proper evacuation and distribution of power
2. To coordinate the activities of its subsidiaries to determine their economic and financial objectives/targets and review, control, guide and direct their performance with a view to secure optimum utilization of all resources placed at their disposal.
3. To act as an agent of Government/ Public Sector financial Institutions, to exercise all the rights and powers exercisable at any meeting of any Company engaged in the planning, investigations, research, design and preparation of preliminary, feasibility and definite project reports, construction, generation, operation, maintenance of hydroelectric power stations and projects, transmission, distribution and sale of hydroelectric power in respect of any shares held by the Governments, Public financial Institutions, nationalized banks, nationalized insurance companies

with a view to secure the most effective utilization of the financial investments and loans in such companies and the most efficient development of the concerned industries.

4. To carry on the business of purchasing, selling, importing, exporting, producing, trading, manufacturing or otherwise dealing in all aspects of planning, investigation, research, design and preparation of preliminary, feasibility and definite Project reports, construction, generation, operation and maintenance of hydroelectric power, hydroelectric power development, ancillary and other allied industries and for that purpose to install, operate and manage all necessary plants, establishments and works.

SHARE CAPITAL :

The authorized share capital of the Company is Rs. 50.00 crores divided into 5,00,000 equity shares of Rs. 1,000/- each. The issued, subscribed and paid up Capital of the Company stood Rs. 50,000/- as on 31.03.2007.

FINANCIAL PERFORMANCE :

The period under report is the first year of the Company. The Corporation has sustained a net loss of Rs. 5.31 lacs during the year 2006-07. The loss is mainly due to amortization of preoperative expenses.

JOINT VENTURE :

The Corporation has entered into MOU with M/s. Eastern Minerals & Trading Agency (EMTA) for setting up of 2 x 250 MW Pithead Thermal Power Plant Project on 4th January, 2007 in Joint Venture. The equity participation shall be 50% each.

MERGER OF COMPANIES:

The Government of Himachal Pradesh has taken a decision to merge the Kinner Kailash Power Corporation Ltd. & Pabbar Valley Power Corporation Ltd. in the H.P. Power Corporation Ltd. (Companies promoted by HPSEB) in the H.P. Power Corporation Ltd. The action to merge these Companies is in process.

BOARD OF DIRECTORS :

The present strength of the Board of Directors is as under is as under :

1.	Sh Ravi Dhingra, IAS., Chief Secretary, H.P.	Chairman
2.	Sh. J.P. Negi, IAS, Additional Chief Secretary (MPP & Power), H.P.	Director
3	Kanwar Shamsher Singh, Chairman, H.P.S.E.B., Shimla	Director
4	Dr. R.L. Chauhan, Director(Civil), HPSEB, Shimla	Director
5	Er. Ravinder Kumar Juneja, Director (Civil)	Director
6	Sh. Shrikant Baldi, IAS.,	Managing Director

The following changes took place in the composition of Board of Directors of the Corporation during the year under report :-

"Sh. Ravi Dhingra, Chief Secretary as Chairman in place of Sh. S.S. Parmar, IAS,"

"Sh. Sutanu Behuria, Principal Secretary (Fin.) ceased to be the Director.

"Sh. Shrikant Baldi, IAS appointed as Managing Director

The Board places on record its appreciation of valuable services rendered by the outgoing Directors.

Since the Company is a Govt. company clause (g) of sub section (i) of Section 274 of the Companies Act, 1956 is not applicable to the Corporation in terms of Notification No. G.S.R. 829(E) dated 21.10.2003

AUDIT OF ACCOUNTS :

The accounts of the Company for the year ended 31st March, 2007 have been audited by M/s. Rajiv Ahuja, Chartered Accountant, Parwanu appointed by the Comptroller & Auditor General of India. The audited Statement of Accounts alongwith Auditor's Report is also appended. Comments of CAG under Section 619(4) of the

Place : Shimla
Dated : 27.09.2007

(Shrikant Baldi, IAS)
Managing Director

Companies Act., 1956 are enclosed. There are no comments/observations of the CAG on the audited accounts of the Company during the year under report.

DIRECTORS RESPONSIBILITY STATEMENT :

The Directors confirm that in the preparation of the annual accounts for the year ending 31st March, 2007 :-

1. the applicable accounting standards have been followed along with proper explanations relating to material departure, if any.
2. that the Directors have selected such accounting policies and applied them consistently, and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year.
3. that the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. that the annual accounts have been prepared on going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY, ABSORTION, FOREIGN EXCHANGE EARNINGS AND OUTGO (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS)RULE, 1988 :

The requirements are not applicable to this Corporation as it has not started any manufacturing activities during the year.

FOREIGN EXCHANGE EARNINGS AND OUTGO (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS)RULE, 1988 :

Used	Nil
Earned	Nil

PARTICULARS OF EMPLOYEES :

There is no employees drawing more than Rs. 2,00,000/- p.m. or Rs. 24,00,000/- in a whole year of the year whose particulars are required to be disclosed under Section 217(2A) of the Companies Act, 1956 during the year under report.

OTHERS

There is no decision to buy back its shares during the year under report under Section 77A of the Companies Act., 1956.

ACKNOWLEDGEMENTS

The Board places on record its gratitude for the sustained co-operation and valuable assistance received from Government of Himachal Pradesh and H.P. State Electricity Board. The Directors are also pleased to place on record their appreciation of the hard work and sincere efforts put in by the employees of the H.P. Infrastructure Development Board to get the Corporation incorporated and also for the finalization of the accounts of the Corporation for the year 2006-07.

Place : Shimla
Dated :27.09.2007

Sd/-
(Shrikant Baldi, IAS)
Managing Director

H.P. POWER CORPORATION LIMITED.

BALANCE SHEET AS AT 31st MARCH, 2007

Sr. No	PARTICULARS	SCHEDULE	CURRENT YEAR 31-03-2007 Amount (Rs)
I	<u>SOURCES OF FUNDS</u>		
	1 Shareholder's Funds:		
	(a) Share Capital	A	50000.00
	(b) Share Application money		3980000.00
	TOTAL (Rs)		4030000.00
II	<u>APPLICATION OF FUNDS</u>		
	1. Current Assets, Loans & Advances:	B	
	a) Cash & Bank Balances		4028615.00
	b) Other Current Assets		2616.00
	Total (A)		4031231.00
	Less: Current Liabilities & Provisions	C	
	(a) Liabilities		2631529.00
	(b) Provisions		1063.00
	Total (B)		2632592.00
	Net Current Assets (A-B)		1398639.00
	Miscellaneous Expenditure to the extent not written off	D	2100070.00
	Profit and Loss Account		531291.00
III	<u>CONTINGENT LIABILITIES, SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS</u>	E	
IV	<u>Abstract of Balance Sheet.</u>	F	
	TOTAL (Rs)		4030000.00

Sd/-
(Anil Kapil)
General Manager

Sd/-
(R.K. Juneja)
Director

Sd/-
(Shrikant Baldi)
Managing Director

"As per our report of even date attached"
FOR R.AHUJA & ASSOCIATES
CHARTERED ACCOUNTANTS

PLACE: SHIMLA
DATED: 14.09.2007

Sd/-
(Rajiv Ahuja)
Proprietor
M.No. 082182

H.P. POWER CORPORATION LIMITED.

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDING 31st MARCH, 2007

Sr No	PARTICULARS	SCHEDULE	FIGURES AS AT 31-03-2007 Amount (Rs.)
I	<u>INCOME</u>		
	Interest on FDR's (Gross)		31186.00
	Net Loss carried over to Balance Sheet		531291.00
	TOTAL (Rs)		562477.00
II	<u>EXPENDITURE</u>		
	Honorarium		12000.00
	Application fee		10000.00
	Postage & Telegram		55.00
	Printing & Stationery Exp.		1100.00
	Hospitality exp.		1500.00
	Telephone Expenses		160.00
	Misc. Expenditure written off		525018.00
	Fringe Benefit Tax		1063.00
	Misc. expenses		345.00
	Auditor's remuneration:		
	a) Audit fee 11,236.00		11,236.00
	TOTAL (Rs.)		562477.00

Sd/-
(Anil Kapil)
General Manager

Sd/-
(R.K. Juneja)
Director

Sd/-
(Shrikant Baldi)
Managing Director

“ As per our report of even date attached”
FOR R.AHUJA & ASSOCIATES
CHARTERED ACCOUNTANTS

PLACE: SHIMLA
DATED: 14.09.2007

Sd/-
(Rajiv Ahuja)
Proprietor
M.No. 082182

H.P. POWER CORPORATION LIMITED**SHARE CAPITAL:**

Sr. No.	PARTICULARS	FIGURES AS AT 31-03-2007 AMOUNT (Rs)
1	<u>AUTHORISED SHARE CAPITAL:-</u> 500000 Equity Shares of Rs 1000/- each	500000000.00
	<u>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</u> 50 shares of Rs. 1000/-each (fully paid up)	50000.00
	TOTAL	50000.00

H.P. POWER CORPORATION LIMITED**CURRENT ASSETS, LOAN & ADVANCES**

PARTICULARS	FIGURES AS AT 31-03-2007 AMOUNT(Rs.) M
CURRENT ASSETS	
A. CASH AND BANK BALANCES	
Cash in hand	45.00
Bank Balances with schedule bank	
1) In current Account	50000.00
2) In fixed Deposits	3978570.00
TOTAL	4028615.00
OTHER CURRENT ASSETS	
Interest Accrued but not due on F.D.R.	2616.00
Total	4031231.00

H.P. POWER CORPORATION LIMITED**CURRENT LIABILITIES AND PROVISIONS:**

Sr. No	Particulars	Amount(In Rs) As at 31-03-2007
A	Current Liabilities	
1	Audit Fee Payable	11224.00
2	Payable to GoHP	2607780.000
3	Expenses Payable	12525.00
	Total (A)	2631529.00
B)	Provisions	
1	For Fringe Benefit Tax	1063.00
	Total (B)	1063.00
	Grand Total (A+B)	2632592.00

(A State Government Undertaking)

(A State Government Undertaking)

No	As at 31-03-2007
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HIMACHAL PRADESH POWER CORPORATION LIMITED
(A State Government Undertaking)

ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES ON ACCOUNTS
FOR THE YEAR ENDING 31.03.2007

A. Accounting Policies.

i) Basis of Preparation of Financial Statements.

The Financial statements are prepared on accrual basis under the historical cost convention in accordance with the applicable accounting standards issued by the Institute of Chartered Accountants of India and relevant provisions of the Companies Act., 1956.

ii) Amortisation of Pre Operative expenses.

The pre operative expenses towards registration of company are amortised over a period of five years from the year in which they are incurred.

iii) Revenue recognition.

Interest received and accrued on deposits for the year are recognized as income.

B. Notes on Accounts.

- i) There are no contingent liabilities.
- ii) The Company was incorporated on 18.12.2006 and has commenced business immediately thereafter. Directors are of the opinion that all incomes and expenses w.e.f. 18.12.2006 shall be treated as revenue income/expenditure. As this is the first year of the Corporation, the figures for the previous year have not been given.
- iii) Income tax and Deferred tax liabilities are NIL for the period.
- iv) In the opinion of the Board, the value of Current Assets, Loans and advances, if realized in ordinary course of business shall not be less than the amount at which the same are stated in the balance sheet.
- v) The details of amount due from Directors/Officers of the Corporation.

Due from	Amount of advances as on 31.03.2007	Maximum amount of advance due at any time during the year.
Directors/Officers	Nil	Nil

- vi) The Corporation has entered into MOU with M/s. Eastern Minerals & Trading Agency (EMTA) for setting up of 2 x 250 MW Pithead Thermal Power Plant Project on 4th January, 2007 in Joint Venture. The equity participation shall be 50% each.
- vii) As per information available with the company there is no amount due to any party under Micro, Small and Medium Enterprises Development Act, 2006.
- viii) Additional information pursuant to Para 3 & 4 of Part II of Schedule VI of the Companies Act., 1956 is nil.
- ix) This schedule forms an integral part of the balance sheet and profit and loss account and has been duly authenticated.

Sd/-
(Anil Kapil)
(General Manager)
HPPC Limited

Sd/-
(R.K. Juneja)
(Director)
HPPC Limited

Sd/-
(Shrikant Baldi)
(Managing Director)
HPPC Limited

As per our report of even date
For R. Ahuja & Associates,
Chartered Accountants

Place : Shimla
Date : 14.09.2007

Sd/-
(Rajiv Ahuja)
Proprietor.
Membership No. 082182

BALANCE SHEET ABSTRACT AND A COMPANY'S GENERAL BUSINESS PROFILE

SCHEDULE VI PART IV

COMPANIES ACT 1956

I. Registration Details

Registration No.	U40101HP2006SGC030591	State Code	06
Balance Sheet Date	31.03.2007		

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

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	50

III Position of Mobilization and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities	6663	Total Assets	6663
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Sources of Funds

Paid up capital	50	Share Application money	3980
Reserve & Surplus	Nil	Secured Loan	Nil
Unsecured Loan	Nil		

Application of Funds

Net Fixed Assets	Nil	Investment	Nil
Net Current Assets	1399	Misc. Expenditure	2100
Accumulated Losses	531		

IV Performance of Company (Amount in Rs Thousand)

Turnover	31	Total Expenditure	562
Profit /Loss before Tax	(-) 531	Profit/Loss after Tax	(-) 531
Earning per share in Rs	Nil	Dividend	Nil

V Generic names of Three Principal Products/Services of Company (as per monetary terms)

Product Description	Item code (ITS Code)
i) Generation of Power	N.A.
ii) Maintenance of Power	N.A.
iii) Management of Power Stations/Projects	N.A.

Sd/- (Anil Kapil) (General Manager) HPPC Limited	Sd/- (R.K. Juneja) (Director) HPPC Limited	Sd/- (Shrikant Baldi) (Managing Director) HPPC Limited
---	---	---

Rajiv Ahuja
Grad.C.W.A.(F.C.A.)

R.AHUJA & ASSOCIATES
CHARTERED ACCOUNTANTS

3, (IInd floor), Kasauli Road, Sector-2, Parwanoo-173220 (H.P)
Phones: 01792-232372(O), 01792-232072(R), 094180-78772 (M)
E-mail : rahuja @ sancharnet.in

AUDITORS' REPORT

The Shareholders,
Himachal Pradesh Power Corporation Ltd.
Regd. Office: New Himrus Building,
Circular Road,
Shimla.

We have audited the attached Balance Sheet of **Himachal Pradesh Power Corporation Ltd., Shimla (HP)** as at 31st March 2007 and also the Profit and Loss account for the period from 18.12.2006 to 31.03.2007 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.

We 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 misstatement. 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.

- I) As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in term of Section 227(4A) of the companies Act, 1956, we enclose in Annexure A to our report signed on even date, a statement on the matters specified in paragraph 4 and 5 of the said order.
- II) Further to our comments in Annexure referred to above we report that:
 - a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of the audit.
 - b) In our opinion, proper books of accounts, as required by law, have been kept by the corporation so far it appears from the examination of the books.
 - c) In our opinion, the Balance Sheet and Profit and Loss account comply with requirements of the accounting standards referred to in Sub- Section (3C) of Section 211 of the Companies Act to the extent applicable.

- d) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of the accounts.
- e) Since the Corporation is a Government Company, clause (g) of sub section (1) of section 274 of the Companies Act, 1956 regarding obtaining written representations from directors of the Corporation, is not applicable to the Corporation in terms of Notification No. G.S.R. 829 (E) dated 21.10.2003.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i) In the case of Balance Sheet, of the state of affairs of the company as at 31st March 2007.
- ii) In the case of Profit and Loss Account of the loss for the period ended on that date.

**FOR R. AHUJA & ASSOCIATES
CHARTERED ACCOUNTANTS**

PLACE: SHIMLA.

DATED: 14.09.2007.

Sd/-

RAJIV AHUJA, PROPRIETOR

Membership No. 082182.

Rajiv Ahuja
Grad.C.W.A.,(F.C.A.)

R.AHUJA & ASSOCIATES
CHARTERED ACCOUNTANTS

3, (IInd floor), Kasauli Road, Sector-2, Parwanoo-173220 (H.P)
Phones: 01792-232372(O), 01792-232072(R), 094180-78772 (M)
E-mail : rahuja @ sancharnet.in

ANNEXURE –A

**REFERRED TO IN PARAGRAPH-I OF OUR REPORT OF EVEN DATE ON THE
ACCOUNTS OF HIMACHAL PRADESH POWER CORPORATION LIMITED,
SHIMLA (H.P) FOR THE YEAR ENDING 31ST MARCH 2007.**

- i) The corporation does not have any fixed assets. Comments relating to fixed assets are therefore not applicable.
- ii) There is no inventory held by the Corporation, Comments relating to inventory are therefore not applicable.
- iii) The company has not granted or taken any loan, secured or unsecured to/ from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Hence the conditions regarding rate of interest and other terms, repayment of principal amount and interest and overdue amount and steps taken for recovery, are not applicable.
- iv) The company has not purchased any fixed assets and has not dealt in purchase and sale of goods, hence the requirement of adequate internal control procedure with regards to these do not apply.
- v) The company has no transaction which needs to be entered into a register in pursuance of Section 301 of the Act, hence the question of reasonableness does not arise.
- vi) The company has not accepted deposits from the public under Sections 58A and 58AA or any other relevant provisions of the Companies Act and the rules framed there under.
- vii) The company does not have internal audit system during the year.
- viii) As per information and explanations given to us, the Central govt. has not prescribed maintenance of Cost Records under Section 209(1)(d) of the Companies Act.
- ix) a) The company is regular in depositing applicable statutory dues like income tax, provident fund etc. with the appropriate authorities. There is no outstanding undisputed amount as on the last day of the financial year for a period of more than six months from the date they became payable in respect of income tax, provident fund etc.

- b) According to the records of the Company as on 31st March, 2007, there were no disputed dues on account of these statutory dues.
- x) Since the company was incorporated during the financial year 2006-07 (i.e. it is registered for a period less than five years), the clause relating to accumulated losses, cash losses etc., is not applicable.
 - xi) The company has not taken any loans from financial institutions or banks or through issue of debentures. Hence, comment on default in repayment is not required.
 - xii) The company has not granted any loans on the bases of security by way of pledge of shares, debentures and other securities hence, no adequate documentation is required to be maintained.
 - xiii) The company is not a nidhi/ mutual benefit/ society hence the provision of any special Statute applicable to chit funds are not applicable.
 - xiv) The company is not dealing or trading in shares, securities, debentures and other investments, hence no proper record is required in this regard.
 - xv) The company has not given any guarantee for loans taken by others from banks or financial institutions, hence question of terms and conditions being prejudicial does not arise.
 - xvi) The company has not taken term loans, therefore comment on their application is not required.
 - xvii) The company has not raised funds on long term or short term basis.
 - xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
 - xix) The company has not issued any debentures.
 - xx) The company has not raised money by public issue.
 - xxi) As per our examination of books and as per information and explanation given to us no fraud has been noticed or reported during the year.

PLACE: SHIMLA
DATED: 14-09-2007.

FOR R. AHUJA & ASSOCIATES
CHARTERED ACCOUNTANTS

Sd/-
RAJIV AHUJA, PROPRIETOR
Membership No. 082182

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF HIMACHAL PRADESH POWER CORPORATION LIMITED FOR THE YEAR ENDED 31ST MARCH, 2007.

The preparation of financial statements of Himachal Pradesh Power Corporation Limited for the year ended 31st March, 2007 in accordance with the 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 and 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 14th September, 2007.

I on the behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of Himachal Pradesh Power Corporation Limited 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 inquires of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

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

Sd/-
Suman Saxena
Accountant General

Place: Shimla
Date: 27.09.2007

HIMACHAL PRADESH POWER CORPORATION LIMITED

(A Government of H.P. Undertaking)

FORM OF PROXY

[See Article 62 of the table A and also section 176(6)]

I

General Form

I/We.....of..... in the district ofbeing a member/members of the above named company hereby appoint.....of.....in the district ofas my/our proxy to vote for me/us on my/our behalf at the annual general meeting/general meeting (not being an annual general meeting) of the company, to be held on the.....day of.....and at my adjournment thereof.

Signed this.....day of.....2007.

II

Form for adjourning members an opportunity of voting for or against a resolution' [*]

I/We.....of..... in the district ofbeing a Member/members of the above named company hereby appointof.....in the district ofof failing him.....ofin the district ofas my/our proxy to vote for me/us on my/our behalf at the annual general meeting/general meeting (not being an annual general meeting) of the company to be held on the.....day ofand at any adjournment thereof.

Signed thisday of.....2007.