

# **U.P. POWER CORPORATION LIMITED**

## **BALANCE SHEET**

AS AT

**31<sup>st</sup> MARCH 2016**

**&**

## **STATEMENT OF PROFIT & LOSS**

FOR THE PERIOD ENDED ON

**31<sup>st</sup> MARCH 2016**

---

Registered Office :- 14, Ashok Marg, Lucknow - 226 001.

---

## CONTENTS

Sl. No.	Particulars
1	Balance Sheet
2	Statement of Profit & Loss
3	Note (1 – 28)
4	Significant Accounting Policies- Note 29(A)
5	Notes on Accounts- 29(B)
6	Cash Flow Statements
7	Statutory Auditor's Report
8	Final Comment of C&AG
9	Management's Reply of Statutory Auditor's Report
10	Management's Reply of Final Comments of C&AG

# U.P. POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

## BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2016

( Amount in ₹ )

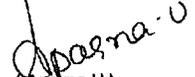
Particulars	Note No.	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders funds :</b>			
(a) Share Capital	1	568627186000	397508184000
(b) Reserve & Surplus	2	(617368160752)	(462918225029)
(c) Money received under share warrants		-	-
<b>(2) Share Application Money pending Allotment</b>	3	95666634701	101796468229
<b>(3) Non-Current Liabilities</b>			
(a) Long-Term Borrowings	4	160125087548	479596150237
(b) Deferred Tax Liabilities (Net)		-	-
(c) Other Long-Term Liabilities	5	-	-
(d) Other Long-Term Provisions		-	-
<b>(4) Current liabilities</b>			
(a) Short-Term Borrowings	6	11703512883	13372733689
(b) Trade Payable	7	177887836305	165215162180
(c) Other Current Liabilities	8	202473628555	36604820010
(d) Short-Term Provisions		-	-
<b>TOTAL</b>		<b>599115725240</b>	<b>731175293316</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
<b>(a) Fixed Assets</b>			
(i) Tangible Assets	9	353697859	297983368
(ii) Intangible Assets		-	-
(iii) Capital Work-in-Progress	10	287962267	184839891
(iv) Intangible Assets under Development		-	-
(b) Non-Current Investments	11	21519393769	22866067767
(c) Deferred Tax Assets (Net)		-	-
(d) Long-Term loans and advances	12	1755000000	1755000000
(e) Other Non-Current Assets	13	18199731	278707362982
<b>(2) Current Assets</b>			
(a) Current Investments		-	-
(b) Inventories	14	15380221	15328123
(c) Trade Receivables	15	135415412401	172927874651
(d) Cash and Cash Equivalents	16	15094430673	10591756175
(e) Short-Term Loans and Advances	17	1251225628	1019450432
(f) Other Current Assets	18	421858406888	241244181030
Inter Unit Transfers		1546615803	1565448897
Significant Accounting Policies	29(A)		
Notes on Accounts	29(B)		
Note 1 to 29(B) form Integral Part of Accounts.			
<b>TOTAL</b>		<b>599115725240</b>	<b>731175293316</b>

See Accompanying Notes to the financial statements

  
( Pradeep Soni )  
Company Secretary  
( Part Time )

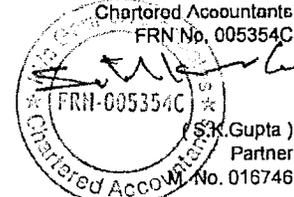
  
( H.M. Kaushal )  
Chief General Manager  
(Accounts)

  
( Sudhanshu Dwivedi )  
Director ( Finance )  
DIN - 6533235

  
( Aparna U )  
Managing Director  
DIN - 6523278

Place : Lucknow  
Date : 19.02.2018

Subject to our report of even date  
For Gaur & Associates  
Chartered Accountants  
FRN No. 005354C

  
( K. Gupta )  
Partner  
No. 016746

# U.P. POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

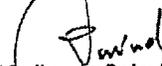
## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31<sup>st</sup> MARCH 2016

( Amount in ₹ )			
Particulars	Note No.	Figures for the Current Reporting Period	Figures for the end of Previous Reporting Period
(I) Revenue from Operations (Gross)	19	371997985477	368387494250
(II) Other Income	20	622986095	275617280
<b>(III) TOTAL REVENUE ( I + II )</b>		<b>372620971572</b>	<b>368663111530</b>
<b>EXPENSES</b>			
1 Cost of Materials Consumed		-	-
2 Purchases of Stock-in-Trade (Power Purchased)	21	371993431946	368553063416
3 Changes in Inventories of Finished Goods, Work in Progress and Stock-in-Trade		-	-
4 Employee Benefits Expense (Employee Cost)	22	2127317679	1373681408
5 Finance Costs (Interest and Finance Charges)	23	196589	1645916692
6 Depreciation and Amortization expense	24	14322299	18321669
7 Other Expenses			
a) Administrative, General & Other Expenses	25	290692065	251226551
b) Repairs and Maintenance Expenses	26	137529901	137420925
c) Bad Debts & Provisions	27	152507522831	126650471732
<b>(IV) TOTAL EXPENSES</b>		<b>527071013310</b>	<b>498630102393</b>
V Profit before Prior Period Income/(Expenditure), Exceptional and Extraordinary Items and Tax (III - IV)		(154450041738)	(129966990863)
VI Prior period Income/(Expenditure)	28	106015	3276187420
VII Exceptional Items		-	-
VIII Profit before Extraordinary Items and Tax (V - VI - VII)		(154449935723)	(126690803443)
IX Extraordinary Items		-	-
X Profit before Tax ( VIII - IX )		(154449935723)	(126690803443)
XI Tax expense:			
a) Current Tax		-	-
b) Deferred Tax		-	-
XII Profit (Loss) for the Period from Continuing Operations (X - XI)		(154449935723)	(126690803443)
XIII Profit/(Loss) from Discontinuing Operations		-	-
XIV Tax Expense of Discontinuing Operations		-	-
XV Profit/(Loss) from Discontinuing Operations (After Tax) (XIII-XIV)		-	-
<b>XVI Profit/(Loss) for the Period (XII + XV)</b>		<b>(154449935723)</b>	<b>(126690803443)</b>
<b>XVII Earnings per Equity Share:</b>			
a) Basic		(297.24)	(324.23)
b) Diluted		(297.24)	(324.23)
Significant Accounting Policies	29(A)		
Notes on Accounts	29(B)		
Note 1 to 29(B) form Integral Part of Accounts.			

See Accompanying Notes to the financial statements

  
( Pradeep Soni )  
Company Secretary  
( Part Time )

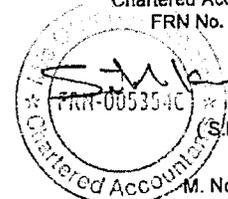
  
( M. Kaushal )  
Chief General Manager  
(Accounts)

  
( Sudhanshu Dwivedi )  
Director ( Finance )  
DIN - 6533235

  
( Aparna U )  
Managing Director  
DIN - 6523278

Place : Lucknow  
Date : 19.02.2018

Subject to our report of even date  
For Gaur & Associates  
Chartered Accountants  
FRN No. 006364C

  
( S.K. Gupta )  
Partner  
M. No. 016746

# U.P. POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

**NOTE - 1**

## SHARE CAPITAL

( Amount in ₹ )

Particulars	As at 31.03.2016	As at 31.03.2015
<b>(A) AUTHORISED :</b>		
750000000 Equity shares of par value of ₹1000/- each ( previous year 600000000 Equity shares of par value ₹1000/- each)	<u>750000000000</u>	<u>600000000000</u>
<b>(B) ISSUED SUBSCRIBED AND FULLY PAID UP</b>		
568627186 Equity shares of par value ₹1000/- each ( previous year 397508184 Equity shares of par value ₹1000/- each) (of the above shares 36113400 were allotted as fully paid up pursuant to UP Power Sector Reform Scheme for consideration other than cash)	568627186000	397508184000
<b>TOTAL</b>	568627186000	397508184000

a) During the year, the Company has issued 171119002 Equity shares of ₹1000 each only and has not bought back any shares.

b) The Company has only one class of equity shares having a par value ₹ 1000/- per share.

c) During the year ended 31st March 2016, no dividend has been declared by board due to heavy accumulated losses.

### **d) Detail of Shareholders holding more than 5% shares in the Company:**

Shareholder's Name	As at 31.03.2016		As at 31.03.2015	
	No. of shares	%age holding	No. of shares	%age holding
Government of UP	568627186	100%	397508184	100%

### **e) Reconciliation of No. of Shares**

( Amount in ₹ )

No. of Shares as on 31.03.2015	Issued during the year	Buyback during the year	No. of Shares as on 31.03.2016
397508184	171119002	-	568627186

*[Handwritten signature]*

*[Handwritten signature]*

*[Handwritten signature]*

*[Handwritten signature]*



# U.P. POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

**NOTE - 2**

## RESERVES AND SURPLUS

( Amount in ₹ )

Particulars	As at 31.03.2016	As at 31.03.2015
<b>A Capital Reserves</b>		
Others	1959511681	1959511681
<b>B Other Reserves</b>		
Restructuring Reserve	5507599588	5507599588
<b>Surplus</b>		
As per last financial statement	(470385336298)	(343694532855)
Add:- Profit/(Loss) for the year as per statement of Profit & Loss	(154449935723)	(126690803443)
	(624835272021)	(470385336298)
<b>TOTAL</b>	<b>(617368160752)</b>	<b>(462918225029)</b>

**NOTE - 3**

## SHARE APPLICATION MONEY

( Amount in ₹ )

Particulars	As at 31.03.2016	As at 31.03.2015
Share Application Money (Pending for allotment to the Govt. of UP)	95666634701	101796468229
<b>TOTAL</b>	<b>95666634701</b>	<b>101796468229</b>

## Reconciliation of Share Application Money

( Amount in ₹ )

Share Application Money as on 31.03.2015	Received during the year	Allotted during the year	Share Application Money as on 31.03.2016
101796468229	164989168472	171119002000	95666634701

*Handwritten signatures and initials*

*Handwritten initials*



# U.P. POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

NOTE - 4

## LONG-TERM BORROWINGS

( Amount in ₹ )

PARTICULARS	As at 31.03.2016		As at 31.03.2015
<b><u>BONDS/LOANS RELATE TO DISCOMS</u></b>			
<b>(a) <u>Dakshinanchal VVNL</u></b>			
<b><u>SECURED</u></b>			
9.68% Non Convertible Bonds	16152390788		32304812225
Banks	0		98926216546
<b><u>UNSECURED</u></b>			
REC	3010764167		12606244731
PFC	16587829321		20263687306
HUDCO	0		1260795396
UP GOVERNMENT (UDAY SCHEME) LOAN	20498721250	56249705526	0 165361756204
<b>(b) <u>Madhyanchal VVNL</u></b>			
<b><u>SECURED</u></b>			
9.68% Non Convertible Bonds	10097022908		20194064975
Banks	0		46769292076
<b><u>UNSECURED</u></b>			
REC	5742381304		12284159031
PFC	2432160864		12122065106
HUDCO	0		1488876012
UP GOVERNMENT (UDAY SCHEME) LOAN	11293239549	29564804625	0 92858457200
<b>(c) <u>Paschimanchal VVNL</u></b>			
<b><u>SECURED</u></b>			
9.68% Non Convertible Bonds	9849327268		19698673225
Banks	0		39733341459
<b><u>UNSECURED</u></b>			
REC	6443785351		8852382171
PFC	79016730		10990191796
HUDCO	0		2029258542
UP GOVERNMENT (UDAY SCHEME) LOAN	11754334575	28126463924	0 81303847193
<b>(d) <u>Purvanchal VVNL</u></b>			
<b><u>SECURED</u></b>			
9.68% Non Convertible Bonds	13305471964		26610969175
Banks	0		58374496489
<b><u>UNSECURED</u></b>			
REC	6721897229		13164307551
PFC	4567347935		14053022876
HUDCO	0		1057788511
UP GOVERNMENT (UDAY SCHEME) LOAN	13764480610	38359197738	0 113260584602
<b>(e) <u>Kesco</u></b>			
<b><u>SECURED</u></b>			
9.68% Non Convertible Bonds	3296987072		6593980400
Banks	0		14179104688
<b><u>UNSECURED</u></b>			
REC	433688085		3076672748
PFC	573841562		2961747202
UP GOVERNMENT (UDAY SCHEME) LOAN	3520399016	7824915735	0 26811505038
<b>GRAND TOTAL</b>	<b>160125087548</b>	<b>479596150237</b>	<b>160125087548</b>

Note - The terms of repayment, default details and security/guarantee details have been annexed with this note. (Refer Annexure to Note - 4)



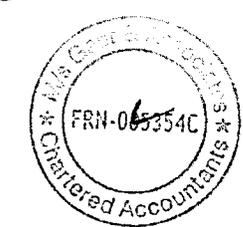


DISCLOSURE OF BORROWINGS AS REQUIRED IN SCHEDULE - III OF COMPANIES ACT 2013

Name of Bank	Repayment Terms	Outstanding as on 31.03.2016			Default as on 31.03.2016				Aggregate Amount of Guaranteed Loans	Secured
	Guaranteed By	Principal	Interest	Total	Principal	Interest	Principal Default w.e.f.	Interest Default w.e.f.		
(A) Long Term Borrowing										
Secured Loan										
<b>BONDS</b>										
Madhyanchal VVNL		10097022908		10097022908					10,097,022,908.00	Parri Passu/Receivables and Govt Guarantee
Poorvanchal VVNL		13305471964		13305471964					13,305,471,964.00	
Pashchimanchal VVNL		9849327268		9849327268					9,849,327,268.00	
Dakshinanchal VVNL		16152390788		16152390788					16,152,390,788.00	
KESCO		3296987072		3296987072					3,296,987,072.00	
<b>Sub-Total</b>		<b>52701200000</b>	<b>0.00</b>	<b>52701200000</b>	<b>0</b>	<b>0</b>			<b>52,701,200,000</b>	
<b>BANKS</b>										
Union Bank of India	GoUP Guarantee							Mar-15		
PasVVNL		1564180185	28807057	1592987242		28807057			1592987242	Parri Passu/Receivables and Govt Guarantee
DVVNL		5279740083	127954092	5407694175		127954092			5407694175	
MVVNL		2346640693	51625707	2398266400		51625707			2398266400	
PoorVVNL		2810616400	59658279	2870274679		59658279			2870274679	
KESCO		659041137.35	13670270.31	672711408		13670270			672711408	
<b>Sub Total</b>		<b>12660218498</b>	<b>281715405</b>	<b>12941933904</b>		<b>281715405</b>			<b>12941933904</b>	
<b>Less-CM</b>		<b>12660218498</b>		<b>12660218498</b>						
<b>Total</b>		<b>0</b>	<b>281715405</b>	<b>281715405</b>		<b>281715405</b>				
Dena Bank	GoUP Guarantee							Feb-15		
PasVVNL		403457099.00	7763911	411221010		7763911			411221010	Parri Passu/Receivables and Govt Guarantee
DVVNL		1385023569.00	33984611	1419008180		33984611			1419008180	
MVVNL		611630546.00	13777056	625407602		13777056			625407602	
PoorVVNL		730916691.00	15949448	746866139		15949448			746866139	
KESCO		171147120.76	3659293	174806414		3659293			174806414	
<b>Sub Total</b>		<b>3302175025.76</b>	<b>75134319</b>	<b>3377309345</b>		<b>75134319</b>			<b>3377309345</b>	
<b>Less-CM</b>		<b>3302175025.76</b>		<b>3302175026</b>						
<b>Total</b>		<b>0.00</b>	<b>75134319</b>	<b>75134319</b>		<b>75134319</b>				

*Handwritten signatures and initials: Kankal, Z, du*

*Handwritten signature: B*



Name of Bank	Repayment Terms	Outstanding as on 31.03.2016			Default as on 31.03.2016				Aggregate Amount of Guaranteed Loans	Secured
	Guaranteed By	Principal	Interest	Total	Principal	Interest	Principal Default w.e.f.	Interest Default w.e.f.		
Indian Overseas Bank	GoUP Guarantee							Mar-15		
PasVVNL		625541705	6557511	632099216		6557511			632099216	Parri Passu/Receivables and Govt Guarantee
DVVNL		2170239035	21687447	2191926482		21687447			2191926482	
MVVNL		954551978	9714009	964265987		9714009			964265987	
PoorVVNL		1139116245	11671185	1150787430		11671185			1150787430	
KESCO		266494240.00	2740864	269235104		2740864			269235104	
Sub Total		5155943203	52371016	5208314219		52371016			5208314219	
Less-CM		5155943203		5155943203						
Total		0	52371016	52371016		52371016				
Central Bank of India	GoUP Guarantee							Jan-15		
PasVVNL		2089268436	31392913	2120661349		31392913			2120661349	Parri Passu/Receivables and Govt Guarantee
DVVNL		6544843994	116858927	6661702921		116858927			6661702921	
MVVNL		3010463418	50423381	3060886799		50423381			3060886799	
PoorVVNL		3592964053	58498977	3651463030		58498977			3651463030	
KESCO		852340749	13710000.8	866050750		13710001			866050750	
Sub Total		16089880650	270884198.80	16360764849		270884199			16360764849	
Less-CM		16089880650		16089880650						
Total		0	270884198.80	270884199		270884198.80				
State Bank of India	GoUP Guarantee							Mar-15		
PasVVNL		1136345872	12076486	1148422358		12076486			1148422358	Parri Passu/Receivables and Govt Guarantee
DVVNL		3307049443	34703038	3341752481		34703038			3341752481	
MVVNL		1445167711	15048617	1460216328		15048617			1460216328	
PoorVVNL		1766876030	18434872	1785310902		18434872			1785310902	
KESCO		423960944	4436797	428397741		4436797			428397741	
Sub Total		8079400000	84699810	8164099810		84699810			8164099810	
Less-CM		8079400000		8079400000						
Total		0	84699810	84699810		84699810				

*Handwritten signature*

*Handwritten signature*

*Handwritten signature*

*Handwritten mark*



Name of Bank	Repayment Terms	Outstanding as on 31.03.2016			Default as on 31.03.2016				Aggregate Amount of Guaranteed Loans	Secured
	Guaranteed By	Principal	Interest	Total	Principal	Interest	Principal Default w.e.f.	Interest Default w.e.f.		
Canara Bank	GoUP Guarantee				-		-	Feb-15		
PasVVNL		1683833693	21736849	1705570542		21736849			1705570542	Parri Passu/Receivables and Govt Guarantee
DVVNL		5785125399	125824068	5910949467		125824068			5910949467	
MVVNL		2553940259	46970736	2600910995		46970736			2600910995	
PoorVVNL		3051703272	52535356	3104238628		52535356			3104238628	
KESCO		714520350	11775491	726295841		11775491			726295841	
Sub Total		13789122973	258842500	14047965473		258842500			14047965473	
Less-CM		13789122973		13789122973						
Total		0	258842500	258842500		258842500				
Punjab National Bank	GoUP Guarantee				-		-	Jan-15		
PasVVNL		2925898528	38268369	2964166897		38268369			2964166897	Parri Passu/Receivables and Govt Guarantee
DVVNL		9548438417	113031430	9661469847		113031430			9661469847	
MVVNL		4298156990	52981067	4351138057		52981067			4351138057	
PoorVVNL		5176734919	64640885	5241375804		64640885			5241375804	
KESCO		1216728719	15320605	1232049324		15320605			1232049324	
Sub Total		23165957573	284242356	23450199929		284242356			23450199929	
Less-CM		23165957573		23165957573						
Total		0	284242356	284242356		284242356				
Vijaya Bank	GoUP Guarantee				-		-	Feb-15		
PasVVNL		465153381	9844134	474997515		9844134			474997515	Parri Passu/Receivables and Govt Guarantee
DVVNL		1799805441	45019458	1844824899		45019458			1844824899	
MVVNL		760732834	18043771	778776605		18043771			778776605	
PoorVVNL		894855041	20621586	915476627		20621586			915476627	
KESCO		207447936.37	4727747	212175683		4727747			212175683	
Sub Total		4127994633.37	98256696	4226251329		98256696			4226251329	
Less-CM		4127994633		4127994633						
Total		0	98256696	98256696		98256696				

*Handwritten signature*

*Handwritten signature*

*Handwritten signature*

*Handwritten initials BA*



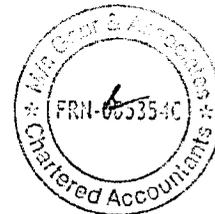
Name of Bank	Repayment Terms	Outstanding as on 31.03.2016			Default as on 31.03.2016				Aggregate Amount of Guaranteed Loans	Secured
	Guaranteed By	Principal	Interest	Total	Principal	Interest	Principal Default w.e.f.	Interest Default w.e.f.		
Bank of India	GoUP Guarantee							Mar-15		
PasVVNL		468378171	7775480	476153651		7775480			476153651	Parri Passu/Receivables and Govt Guarantee
DVVNL		1578962353	35070945	1614033298		35070945			1614033298	
MVVNL		702128452	14070709	716199161		14070709			716199161	
PoorVVNL		841097176	16260749	857357925		16260749			857357925	
KESCO		197243341	3718241	200961582		3718241			200961582	
Sub Total		3787809493	76896124	3864705617		76896124			3864705617	
Less-CM		3787809493		3787809493						
Total		0	76896124	76896124		76896124				
Oriental Bank of Commerce	GoUP Guarantee							Mar-15		
PasVVNL		1159395753	11894626	1171290379		11894626			1171290379	Parri Passu/Receivables and Govt Guarantee
DVVNL		3830782447	39107514	3869889961		39107514			3869889961	
MVVNL		1715988978	17556666	1733545644		17556666			1733545644	
PoorVVNL		2063595407	21111403	2084706810		21111403			2084706810	
KESCO		484501332.3	4960148	489461480		4960148			489461480	
Sub Total		9254263917	94630357	9348894274		94630357			9348894274	
Less-CM		9254263917		9254263917						
Total		0	94630357	94630357		94630357				
Uco Bank	GoUP Guarantee							Jan-15		
PasVVNL		919785098	0	919785098		0			919785098	Parri Passu/Receivables and Govt Guarantee
DVVNL		3095837841	0	3095837841		0			3095837841	
MVVNL		1377485894	0	1377485894		0			1377485894	
PoorVVNL		1650466928	0	1650466928		0			1650466928	
KESCO		387097140.5	0	387097140		0			387097140	
Sub Total		7430672901	0	7430672901		0			7430672901	
Less-CM		7430672901		7430672901						
Total		0	0	0		0				

*Handwritten signature*

*Handwritten signature*

*Handwritten signature*

*Handwritten signature*



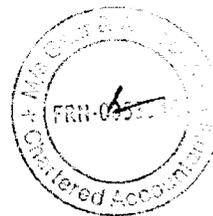
Name of Bank	Repayment Terms	Outstanding as on 31.03.2016			Default as on 31.03.2016				Aggregate Amount of Guaranteed Loans	Secured
	Guaranteed By	Principal	Interest	Total	Principal	Interest	Principal Default w.e.f.	Interest Default w.e.f.		
Bank of Maharashtra	GoUP Guarantee				-		-	Jan-15		
PasVVNL		276198385	5141561	281339946		5141561			281339946	Parri Passu/Receivables and Govt Guarantee
DVVNL		932688371	22650321	955338692		22650321			955338692	
MVVNL		414088496	9151732	423240228		9151732			423240228	
PoorVVNL		496354163	10598345	506952508		10598345			506952508	
KESCO		116351497.1	2429341.42	118780838		2429341			118780838	
Sub Total		2235680912	49971300	2285652212		49971300			2285652212	
Less-CM		2235680912		2235680912						
Total		0	49971300	49971300		49971300				
Bank of Baroda	GoUP Guarantee				-		-	Jan-15		
PasVVNL		474392363	8645414	483037777		8645414			483037777	Parri Passu/Receivables and Govt Guarantee
DVVNL		1578271080	37874175	1616145255		37874175			1616145255	
MVVNL		705410371	15349534	720759905		15349534			720759905	
PoorVVNL		846512789	17769146	864281935		17769146			864281935	
KESCO		198730873	4076398	202807271		4076398			202807271	
Sub Total		3803317476	83714667	3887032143		83714667			3887032143	
Less-CM		3803317476		3803317476						
Total		0	83714667	83714667		83714667				
Punjab & Sind Bank	GoUP Guarantee				-		-	Jan-15		
PasVVNL		726812592	9069499	735882091		9069499			735882091	Parri Passu/Receivables and Govt Guarantee
DVVNL		2401066867	51347561	2452414428		51347561			2452414428	
MVVNL		1076093648	19281077	1095374725		19281077			1095374725	
PoorVVNL		1292562156	21627543	1314189699		21627543			1314189699	
KESCO		303624483.4	4856054.1	308480538		4856054			308480538	
Sub Total		5800159746	106181734	5906341481		106181734			5906341481	
Less-CM		5800159746		5800159746						
Total		0	106181734	106181734		106181734				

*Handwritten signature*

*Handwritten signature*

*Handwritten signature*

*Handwritten signature*



Name of Bank	Repayment Terms	Outstanding as on 31.03.2016			Default as on 31.03.2016				Aggregate Amount of Guaranteed Loans	Secured
	Guaranteed By	Principal	Interest	Total	Principal	Interest	Principal Default w.e.f.	Interest Default w.e.f.		
Corporation Bank	GoUP Guarantee				-		-	Jan-15		
PasVVNL		678336851	11279930	689616781		11279930			689616781	Parri Passu/Receivables and Govt Guarantee
DVVNL		2324896709	48409642	2373306351		48409642			2373306351	
MVVNL		1027315013	19712190	1047027203		19712190			1047027203	
PoorVVNL		1227936924	23006541	1250943465		23006541			1250943465	
KESCO		287564836	5275311	292840147		5275311			292840147	
Sub Total		5546050333	107683614	5653733947		107683614			5653733947	
Less-CM		5546050333		5546050333						
Total		0	107683614	107683614		107683614				
South Indian Bank	GoUP Guarantee				-		-	Jan-15		
PasVVNL		115182797	2107686	117290483		2107686			117290483	Parri Passu/Receivables and Govt Guarantee
DVVNL		393208440	9164517	402372957		9164517			402372957	
MVVNL		173974507	3724604	177699111		3724604			177699111	
PoorVVNL		208178175	4311310	212489485		4311310			212489485	
KESCO		48757187	990097	49747284		990097			49747284	
Sub Total		939301106	20298214	959599320		20298214			959599320	
Less-CM		939301106		939301106						
Total		0	20298214	20298214		20298214				
Karur Vysya Bank	GoUP Guarantee				-		-	Jan-15		
PasVVNL		25496197	165514	25661711		165514			25661711	Parri Passu/Receivables and Govt Guarantee
DVVNL		73303969	738067	74042036		738067			74042036	
MVVNL		34374128	287863	34661991		287863			34661991	
PoorVVNL		43327625	363220	43690845		363220			43690845	
KESCO		10173490.33	80369	10253859		80369			10253859	
Sub Total		186675409	1635033	188310442		1635033			188310442	
Less-CM		186675409		186675409						
Total		0	1635033	1635033		1635033				

*Handwritten signature*

*Handwritten signature*

*Handwritten signature*

*Handwritten signature*



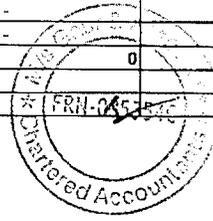
Name of Bank	Repayment Terms	Outstanding as on 31.03.2016			Default as on 31.03.2016				Aggregate Amount of Guaranteed Loans	Secured
	Guaranteed By	Principal	Interest	Total	Principal	Interest	Principal Default w.e.f.	Interest Default w.e.f.		
Federal Bank	GoUP Guarantee							Mar-15		
PasVVNL		87190845	2078656	89269501		2078656			89269501	Parri Passu/Receivables and Govt Guarantee
DVVNL		295895428	7538065	303433493		7538065			303433493	
MVVNL		131414419	3267242	134681661		3267242			134681661	
PoorVVNL		157102945	3867277	160970222		3867277			160970222	
KESCO		36834545	902138	37736683		902138			37736683	
Sub Total		708438182	17653378	726091560		17653378			726091560	
Less-CM		708438182		708438182						
Total		0	17653378	17653378		17653378				
Syndicate Bank	GoUP Guarantee							Mar-15		
PasVVNL		191264127	39244	191303371		39244			191303371	Parri Passu/Receivables and Govt Guarantee
DVVNL		648230251	212061	648442312		212061			648442312	
MVVNL		287424905	81225	287506130		81225			287506130	
PoorVVNL		344849696	89820	344939516		89820			344939516	
KESCO		80760087.03	20407.16	80780494		20407			80780494	
Sub Total		1552529066	442757	1552971823		442757			1552971823	
Less-CM		1552529066		1552529066						
Total		0	442757	442757		442757				
Sub Total		127615591099	1965253479.79	129580844579		1965253480			129580844579	
Less-CM		127615591099		127615591099						
Total		0	1965253480	1965253480		1965253480				
Total -Secured Loan		52701200000	1965253480	54666453480		1965253480				
Unsecured Loan										
REC								Mar-15		
Madhyanchal VVNL		11348098875		11348098875					11348098875	Govt. Guarantee
Poorvanchal VVNL		13745149881		13745149881					13745149881	
Pashchimanchal VVNL		12501954265		12501954265					12501954265	
Dakshinanchal VVNL		18429254522		18429254522					18429254522	
Kesco		1654098416		1654098416					1654098416	
Sub Total	Sub Total	57678555959	0	57678555959					57678555959	
Less-CM	Less-CM	35326039823		35326039823					35326039823	
Total	Total	22352516136	0	22352516136					22352516136	
PFC										
PasVVNL		6480657588		6480657588					6480657588	Govt. Guarantee
DVVNL		26055478245		26055478245					26055478245	
MVVNL		9037570213		9037570213					9037570213	
PoorVVNL		12106675061		12106675061					12106675061	
KESCO		1982251893		1982251893					1982251893	
Sub Total		55662633000	0	55662633000		0			55662633000	
Less-CM		31422436588		31422436588					31422436588	
Total		24240196412	0	24240196412					24240196412	

*Handwritten signature*

*Handwritten signature*

*Handwritten signature*

*Handwritten signature*



Name of Bank	Repayment Terms	Outstanding as on 31.03.2016			Default as on 31.03.2016				Aggregate Amount of Guaranteed Loans	Secured
	Guaranteed By	Principal	Interest	Total	Principal	Interest	Principal Default w.e.f.	Interest Default w.e.f.		
HUDCO										
Madhyanchal VVNL		0	43,169,345.00	43169345	-	43169345			43169345	Govt. Guarantee
Poorvanchal VVNL		0	39,953,385.00	39953385	-	39953385			39953385	
Pashchimanchal VVNL		0	41,971,564.00	41971564	-	41971564			41971564	
Dakshinanchal VVNL		0	38,985,315.00	38985315	-	38985315			38985315	
<b>Sub Total</b>		0	<b>164079609</b>	<b>164079609</b>	0	<b>164079609</b>	-	-	<b>164,079,609</b>	
Less-CM			0	0	0	0			0	
<b>Total</b>	<b>Sub Total</b>	0	<b>164079609</b>	<b>164079609</b>	0	<b>164079609</b>			<b>164079609</b>	
GoUP UDAY Scheme Loan										
PasVVNL		11754334575	0	11754334575						GOUP
DVVNL		20498721250	0	20498721250						
MVVNL		11293239549	0	11293239549						
PoorVVNL		13764480610	0	13764480610						
KESCO		3520399016	0	3520399016						
<b>Sub Total</b>		<b>60831175000</b>	<b>0</b>	<b>60831175000</b>						
<b>Total Borrowings</b>		-	0	0	0	0	-	-	-	
<b>Total-Unsecured Loan</b>		<b>107423887548</b>	<b>164079609</b>	<b>107587967157</b>		<b>164079609</b>				
<b>Total -Secured Loan &amp; Unsecured Loan</b>		<b>160125087548</b>	<b>2129333089</b>	<b>162254420637</b>		<b>2129333089</b>				

Note: All the borrowings which have been guaranteed is guaranteed by GoUP.

Short Term Borrowing

(F) NOIDA Loan ( STL)									0
PasVVNL		380750000		380750000					380750000
DVVNL		558125000		558125000					558125000
MVVNL		399625000		399625000					399625000
PoorVVNL		530560000		530560000					530560000
KESCO		130940000		130940000					130940000
<b>Sub Total</b>		<b>2000000000</b>	<b>0</b>	<b>2000000000</b>	<b>0</b>	<b>0</b>	-	-	<b>2000000000</b>
Less-CM			0	0					
<b>Total</b>		<b>2000000000</b>	<b>0</b>	<b>2000000000</b>					<b>2000000000</b>

*Handwritten signatures and initials.*



# U.P. POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

**NOTE- 5**

## OTHER LONG TERM LIABILITIES

( Amount in ₹ )

Particulars	As at 31.03.2016	As at 31.03.2015
	NIL	NIL
<b>TOTAL</b>	-	-

**NOTE- 6**

## SHORT-TERM BORROWINGS

( Amount in ₹ )

Particulars	As at 31.03.2016	As at 31.03.2015
<b><u>Overdraft from Banks</u></b>		
State Bank of India (Pari Passu charge on Receivables of Corporation)	302773234	303695705
Central Bank of India (Pari Passu charge on Receivables and Other Current Assets of Corporation)	1047237047	1062149400
Canara Bank (Pari Passu charge on Receivables of Corporation)	997600994	1004209628
Punjab National Bank (Pari Passu charge on Receivables of Corporation)	271161019	299982790
Allahabad Bank (Pari Passu charge on Receivables of Corporation)	3632323159	3688992522
ICICI Bank (Pari Passu charge on Receivables of Corporation)	1053848607	1001210146
Indian Overseas Bank (Charge on Stock, Receivables & Other Current Assets)	11628536	1011678082
Oriental Bank of Commerce (Pari Passu charge on Receivables of Corporation)	1207737302	1249936125
Bank of India (Pari Passu charge on Receivables of DISCOMS)	431521165	493180515
Karur Vysya Bank (Pari Passu charge on Receivables of the Company)	747681820	757698776
	9703512883	10872733689
<b><u>Loans relates to DISCOMS (Unsecured)</u></b>		
(a) <b><u>Dakshinanchal VVNL</u></b> New Okhla Industrial Dev. authority	558125000	766225000
(b) <b><u>Madhyanchal VVNL</u></b> New Okhla Industrial Dev. authority	399625000	478975000
(c) <b><u>Paschimanchal VVNL</u></b> New Okhla Industrial Dev. authority	380750000	467225000
(d) <b><u>Purvanchal VVNL</u></b> New Okhla Industrial Dev. authority	530560000	631175000
(e) <b><u>Kesco</u></b> New Okhla Industrial Dev. authority	130940000	250000000
	200000000	156400000
	250000000	250000000
<b>TOTAL</b>	<b>11703512883</b>	<b>13372733689</b>

Note - The Loans of New Okhla Industries Dev. Authority are guaranteed by GoUP.

*(Handwritten signatures)*

*(Handwritten initials)*



# U.P. POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

**NOTE- 7**

## TRADE PAYABLE

( Amount in ₹ )

Particulars	As at 31.03.2016	As at 31.03.2015
Liability for Purchase of Power	177887836305	165215162180
<b>TOTAL</b>	<b>177887836305</b>	<b>165215162180</b>

**NOTE- 8**

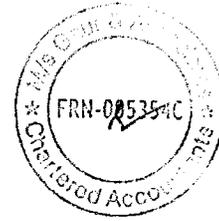
## OTHER CURRENT LIABILITIES

( Amount in ₹ )

Particulars	As at 31.03.2016	As at 31.03.2015
Interest accrued & due	2129333089	6005602540
Current Maturity of Long Term Borrowings	194364067510	23876526664
Liability for Capital Supplies/ Works	4347284	4347284
Liability for O & M Supplies / Works	14781590	14721764
Staff Related Liabilities	959102688	249300771
Deposits & Retentions from Suppliers & Others	91766580	76629732
Deposit works	165650721	76796721
Sundry Liabilities	418025223	274027861
Payable to UPJVNL	887974577	384253334
Liabilities for Expenses	27029529	26657546
Interest Accrued but not Due on Borrowings	3411549764	5615955793
<b>TOTAL</b>	<b>202473628555</b>	<b>36604820010</b>

Note:- Details of Interest Accrued & Due and Current Maturity of Long Term Borrowings is annexed with this Note. (Refer Annexure to Note - 8)

*Handwritten signatures and initials:*  
A large signature on the left, a signature in the middle, and initials 'DW' on the right.  
Below the large signature is another signature 'BA'.



**U.P. POWER CORPORATION LIMITED**  
**14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW**

**Annexure to Note-8**

**Statement of Interest Accrued & Due**

F.Y. 2015-16

(Amount in ₹)

Loans Relate to Discoms						
Sl.No.	Name of the Discom	HUDCO	REC	PFC	Banks	Total
1	Madhyanchal Vidyut Vitran Nigam Limited	43169345	0	0	361067186	404236531
2	Purvanchal Vidyut Vitran Nigam Limited	39953385	0	0	421015942	460969327
3	Paschimanchal Vidyut Vitran Nigam Limited	41971564	0	0	214644840	256616404
4	Dakshinanchal Vidyut Vitran Nigam Limited	38985315	0	0	871175939	910161254
5	KESCO	0	0	0	97349573	97349573
<b>Total Interest Accrued &amp; Due</b>		<b>164079609</b>	<b>0</b>	<b>0</b>	<b>1965253480</b>	<b>2129333089</b>

F.Y. 2014-15

(Amount in ₹)

Loans Relate to Discoms						
Sl.No.	Name of the Discom	HUDCO	REC	PFC	Banks	Total
1	Madhyanchal Vidyut Vitran Nigam Limited	0	145980958	0	964276264	1110257222
2	Purvanchal Vidyut Vitran Nigam Limited	0	156051436	0	1205341860	1361393296
3	Paschimanchal Vidyut Vitran Nigam Limited	0	141179972	0	828626446	969806418
4	Dakshinanchal Vidyut Vitran Nigam Limited	0	183355575	0	2023235393	2206590968
5	KESCO	0	64086260	0	293468376	357554636
<b>Total</b>		<b>0</b>	<b>690654201</b>	<b>0</b>	<b>5314948339</b>	<b>6005602540</b>

**Statement of Current Maturity of Long-Term Borrowings**

(Amount in ₹)

F.Y. 2015-16

Loans Relate to Discoms						
Sl. No.	Name of the Discom	Banks	REC	PFC	HUDCO	Total
1	Madhyanchal VVNL	23626983240	5605717571	6605409349	0	35838110160
2	Purvanchal VVNL	28335766635	7023252652	7539327126	0	42898346413
3	Paschimanchal VVNL	16016112078	6058168914	6401640858	0	28475921850
4	Dakshinanchal VVNL	52973409137	15418490355	9467648924	0	77859548416
5	KESCO	6663320009	1220410331	1408410331	0	9292140671
<b>Total</b>		<b>127615591099</b>	<b>35326039823</b>	<b>31422436588</b>	<b>0</b>	<b>194364067510</b>
<b>Total Current Maturity of Long-Term Borrowings</b>						<b>194364067510</b>

F.Y. 2014-15

(Amount in ₹)

Loans Relate to Discoms						
Sl. No.	Name of the Discom	Banks	REC	PFC	HUDCO	Total
1	Madhyanchal VVNL	3197416885.00	492526039.00	258923214.00	636576466.00	4585442604
2	Purvanchal VVNL	4163674355.00	492526039.00	258923214.00	704287504.00	5619411112
3	Paschimanchal VVNL	3233274835.00	492526039.00	258923214.00	793885417.00	4778609505
4	Dakshinanchal VVNL	6137554873.00	492526039.00	258923214.00	665954612.00	7554958738
5	KESCO	1036382235.00	246129612.00	53592858.00	0.00	1338104705
<b>Total</b>		<b>17770303183</b>	<b>2216233768</b>	<b>1089285714</b>	<b>2800703999</b>	<b>23876526664</b>
<b>Total Current Maturity of Long-Term Borrowings</b>						<b>23876526664</b>







# U.P. POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

NOTE - 9

## TANGIBLE ASSETS

( Amount in ₹ )

Particulars	Gross Block				Depreciation				Net Block	
	As at 31.03.2015	Additions	Deductions / Adjustments*	As at 31.03.2016	As at 31.03.2015	Additions	Deductions / Adjustments*	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
Land & Land Rights	47044651	0	0	47044651	0	0	0	0	47044651	47044651
Buildings	269580708	36511740	0	306092448	116930518	6268580	0	123199098	182893350	152650190
Other Civil Works	66947585	0	0	66947585	33674827	1521670	0	35196497	31751088	33272758
Plant & Machinery	38655015	11284246	0	49939261	24039756	2527716	0	26567472	23371789	14615259
Vehicles	20839214	2078310	688912	22228612	9876887	1007208	654466	10229629	11998983	10962327
Furniture & Fixtures	11545592	13713473	0	25259065	3122893	963616	0	4086509	21172556	8422699
Office Equipments	109949939	6483467	0	116433406	78934455	2033509	0	80967964	35465442	31015484
<b>TOTAL</b>	<b>564562704</b>	<b>70071236</b>	<b>688912</b>	<b>633945028</b>	<b>266579336</b>	<b>14322299</b>	<b>654466</b>	<b>280247169</b>	<b>353697859</b>	<b>297983368</b>
Previous Year	544253110	20309594	0	564562704	248363395	18215941	0	266579336	297983368	295889715

\*Deduction/Adjustment made during the year under Gross Block & Depreciation represents obsolete vehicles which were written off during the year.

NOTE - 10

## CAPITAL WORKS IN PROGRESS

( Amount in ₹ )

PARTICULARS	As at 31.03.2015	Additions	Deduction/ Adjustments	Capitalised	As at 31.03.2016
Capital Work in Progress *	184839891	173193612	0	70071236	287962267
<b>GRAND TOTAL</b>	<b>184839891</b>	<b>173193612</b>	<b>0</b>	<b>70071236</b>	<b>287962267</b>

\* It includes Employee cost related to works.

*[Handwritten Signature]*

*[Handwritten Signature]*

*[Handwritten Signature]*

*[Handwritten Signature]*



# U.P. POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

NOTE - 11

## NON-CURRENT INVESTMENTS

(Amount in ₹)

Particulars	As at 31.03.2016	As at 31.03.2015
<b>LONG TERM INVESTMENT IN EQUITY INSTRUMENT AT COST (Unquoted)</b>		
<b>TRADE INVESTMENTS</b>		
<b>I Subsidiaries</b>		
<b>(a) KESCO</b>		
163147400 Equity Shares of ₹10/- each Fully paid up.	1631474000	1631474000
( 163147400 Equity Shares of ₹10/- each Fully paid up. )		
From this 60000000 shares are allotted for consideration other than cash pursuant to KESA Zone EDU scheme 2000		
Share Application Money pending for allotment	10891100262	3778224918
	12522574262	5409698918
Less - Provision for diminution in investment	12522574260	5409698000
	2	918
<b>(b) Dakshinanchal VVNL</b>		
39999500 Equity shares of ₹ 1000/- each fully paid up	39999500000	35351479000
( 35351479 Equity Shares of ₹1000/- each Fully paid up. )		
Share Application Money pending for allotment	76754728463	38880326255
	116754228463	74231805255
Less - Provision for diminution in investment	116754228000	74231805000
	463	255
<b>(c) Madhyanchal VVNL</b>		
42963517 Equity shares of ₹ 1000/- each fully paid up	42963517000	42963517000
( 42963517 Equity Shares of ₹1000/- each Fully paid up. )		
Share Application Money pending for allotment	64026420901	29696866868
	106989937901	72660383868
Less - Provision for diminution in investment	106989937000	72660383000
	901	868
<b>(d) Paschimanchal VVNL</b>		
41388482 Equity shares of ₹ 1000/- each fully paid up	41388482000	31556379000
( 31556379 Equity Shares of ₹1000/- each Fully paid up. )		
Share Application Money pending for allotment	47432451126	27855599384
	88820933126	59411978384
Less - Provision for diminution in investment	88820933000	59411978000
	126	384
<b>(e) Purvanchal VVNL</b>		
62161473 Equity shares of ₹ 1000/- each fully paid up	62161473000	39396913000
( 39396913 Equity Shares of ₹1000/- each Fully paid up. )		
Share Application Money pending for allotment	53244544277	36183266342
	115406017277	75580179342
Less - Provision for diminution in investment	115406017000	75580179000
	277	342
<b>(f) M/s Sonebhadra PGCL</b>		
665 Equity shares of ₹ 1000/- each fully paid up		665000
( 665 ) Equity Shares of ₹1000/- each Fully paid up. )		
<b>(g) M/s Jawaharpur Vidyut Utpadan Nigam</b>		
0 Equity shares of ₹ 10/- each fully paid up		500000
( 50000 ) Equity Shares of ₹10/- each Fully paid up. )		
<b>(h) M/s Southern U.P. Power Transmission Co. Ltd.</b>		
50000 Equity Shares of ₹10/- each Fully paid up. )	500000	500000
( 50000 ) Equity Shares of ₹10/- each Fully paid up. )		
<b>II Associates</b>		
<b>(a) UPPTCL</b>		
22133352 Equity shares of ₹ 1000/- each fully paid up	22133352000	22133352000
( 22133352 ) Equity Shares of ₹1000/- each Fully paid up. )		
from this 18429700 shares are allotted for consideration other than cash.		
Share Application Money pending for allotment	1807231000	1807231000
	23940583000	23940583000
Less - Provision for diminution in investment	2422356000	1076308000
	21518227000	22864275000
<b>(b) M/s Yamuna Power generation Co. Ltd.</b>		
12500 Equity shares of ₹ 10/- each fully paid up	125000	125000
( 12500 ) Equity Shares of ₹10/- each Fully paid up. )		
Less - Provision for diminution in investment	125000	0
	0	125000
<b>TOTAL</b>	<b>21519393769</b>	<b>22866067767</b>

- 1 Aggregate amount of unquoted investment in equity shares & Share Application Money as on 31.03.2016 is ₹ 464435564029 ( Previous year ₹ 311236418767 )
- 2 Aggregate amount of provision for diminution made upto 31.03.2016 are ₹ 442916170260 ( Previous year ₹ 288370351000 )
- 3 Considering the accumulated losses of Discoms / UPPTCL / Yamuna PGCL a Provision for diminution has been made during the year are ₹ 154545819260 ( Previous year ₹ 124910915000 )
- 4 The amount of provision for diminution is based on net worth calculated on the basis of audited balance sheets of DISCOMS and m/s Yamuna PGCL for F.Y. 2015 -16. And UPPTCL for F.Y. 2014-15

*[Handwritten Signature]*

*[Handwritten Signature]*

*[Handwritten Signature]*

*[Handwritten Signature]*



# U.P. POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

NOTE - 12

## LONG-TERM LOANS AND ADVANCES

( Amount in ₹ )

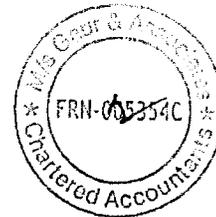
Particulars	As at 31.03.2016	As at 31.03.2015
<b>A <u>LOANS ( Secured/Considered Good )</u></b>		
KESCO - ( Subsidiary )	195000000	195000000
( as per UP Transfer of KESA Zone EDU Scheme - 2000)		
Less - Provision for B/D Loan	19500000	19500000
Interest Accrued & Due	472535334	472535334
Less - Provision for B/D interest	472535334	0
		0
<b>B <u>LOANS ( Unsecured/Considered Doubtful )</u></b>		
KESCO (Subsidiary)	227797714	227797714
Interest Accrued & Due	35844246	35844246
	263641960	263641960
Less - Provision for B/D Loan & interest	263641960	0
		0
NPCL (Licencee)	56843000	56843000
Interest Accrued & Due	693175620	595720887
	750018620	652563887
Less - Provision for B/D Loan & interest	750018620	0
		0
<b>TOTAL</b>	<b>1755000000</b>	<b>1755000000</b>

*Rudolf*

*CT*

*du*

*[Signature]*



# U.P. POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

**NOTE - 13**

## OTHER NON - CURRENT ASSETS

(Amount in ₹)

Particulars	As at 31.03.2016	As at 31.03.2015
<b>Receivables on account of Loan</b>		
<b>(Unsecured and Considered good)</b>		
Madhyanchal VVNL	0	52936079112
Paschimanchal VVNL	0	53034631597
Dakshinanchal VVNL	0	90055973231
Purvanchal VVNL	0	66477269037
KESCO	0	16185687759
Advances to Capital Suppliers / Contractors	18435181	17957696
Less - Provision for Doubtful Advances	235450	235450
	18199731	278689640736
		17722246
		278707362982

**NOTE - 14**

## INVENTORIES

(Amount in ₹)

Particulars	As at 31.03.2016	As at 31.03.2015
<b>(a) Stores and Spares</b>		
Stock of Materials - Capital Works	9279374	9244928
Stock of materials - O & M	7371007	7353355
	16650381	16598283
<b>(b) Others</b>		
	64638	64638
	16715019	16662921
Less - Provision for Unserviceable Stores	1334798	1334798
<b>TOTAL</b>	<b>15380221</b>	<b>15328123</b>

Inventories are valued at cost.

*ashif* *Ca* *dw*



# U.P. POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

NOTE - 15

## TRADE RECEIVABLES

( Amount in ₹ )

Particulars	As at 31.03.2016	As at 31.03.2015	
Sundry Debtors	5299748756	5467642508	
Less - Allowance for Bad & Doubtful Debts	<u>3026003345</u>	<u>2273745411</u>	2433244475
Sundry Debtors through KESCO *	6204820956	6204820956	
Less - Allowance for Bad & Doubtful Debts	<u>6204820956</u>	<u>6204820956</u>	-
<b>Debtors - Sale of Power ( Subsidiary )</b>			
KESCO	1167275116	4685592436	
Dakshinanchal VVNL	10899522229	34057665115	
Madhyanchal VVNL	36110831735	39415476635	
Paschimanchal VVNL	6448620119	19529180421	
Purvanchal VVNL	<u>85522873950</u>	<u>81780117158</u>	
<b>SUB TOTAL</b>	<b>140149123149</b>	<b>179468031765</b>	
Less - Allowance for Bad & Doubtful Debts	<u>7007456159</u>	<u>133141666990</u>	170494630176
<b>Total</b>	<b>135415412401</b>	<b>172927874651</b>	
<b>Debts outstanding for a period exceeding six months from the date they are due for payment</b>			
Secured & Considered Good	-	-	
Unsecured & Considered Good	46332502800	51049300287	
Considered Doubtful	<u>11549706270</u>	<u>11797958769</u>	
	57882209070	62847259056	
<b>Other Debts</b>			
Unsecured & Considered Good	89082909601	121878574364	
Considered Doubtful	<u>4688574190</u>	<u>6414661809</u>	
	93771483791	151653692861	128293236173
Less - Provision for Bad & Doubtful Debts		16238280460	18212620578
<b>TOTAL</b>	<b>135415412401</b>	<b>172927874651</b>	

\* As per UP Transfer of KESA Zone EDU Scheme - 2000.

*[Handwritten Signature]*

*[Handwritten Signature]*

*[Handwritten Signature]*

*[Handwritten Signature]*



# U.P. POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

NOTE - 16

## CASH AND CASH EQUIVALENTS

( Amount in ₹ )

Particulars	As at 31.03.2016	As at 31.03.2015
<b>A Balances with Banks</b>		
In Current & Other account	13752848264	7094767390
In Fixed Deposit accounts*	1340976709	3496439754
	15093824973	10591207144
<b>B Cash on Hand</b>		
Cash in Hand ( Including Stamps in hand )	135211	114682
Cash Imprest with Staff	470489	434349
	605700	549031
<b>TOTAL</b>	<b>15094430673</b>	<b>10591756175</b>

\* Includes FDR amounting Rs.108357825/- (Previous year Rs.99680904/-) pledged against LC Limit from PNB .

NOTE - 17

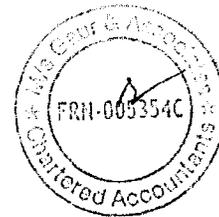
## SHORT-TERM LOANS & ADVANCES

( Amount in ₹ )

Particulars	As at 31.03.2016	As at 31.03.2015
<b>UP Power Sector Employee Trust</b>		
<b>(Unsecured/Considered Good)</b>		
Provident Fund	164510527	165979717
Pension and Gratuity Liability	(46154706)	(39244696)
UPPCL CPF Trust		1049308
		(278124)
<b>ADVANCES (Unsecured/Considered Good)</b>		
Suppliers / Contractors	1156318289	910914338
Less - Provision for Doubtful Advances	115631829	91091434
Tax deducted at source		88630308
Advance Income Tax		1328233
Fringe Benefit Tax -		
Advance Tax	5278319	5278319
Less - Provision	4102821	4102821
		1175498
<b>TOTAL</b>	<b>1251225628</b>	<b>1019450432</b>

*(Handwritten signatures)*

*(Handwritten mark)*



# U.P. POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

**NOTE - 18**

## OTHER CURRENT ASSETS

( Amount in ₹ )

Particulars	As at 31.03.2016	As at 31.03.2015	
Income Accured & Due	50452879		50452879
Income Accrued but not Due	4185900		29503464
<b><u>Receivables (Unsecured) -</u></b>			
Uttanchal PCL	1926086067	1926086067	
UPRVUNL	5269253	40351610	
UPPTCL	726607468	528719750	
<b>Sub Total</b>	<u>2657962788</u>	<u>2495157427</u>	
<b><u>Subsidiaries (Unsecured) -</u></b>			
KESCO	2330837	3604745	
Dakshinanchal VVNL	412754824	880816648	
Madhyanchal VVNL	652290842	1155964901	
Paschimanchal VVNL	633835081	1201440748	
Purvanchal VVNL	478751374	1064608184	
<b>Sub Total</b>	<u>2179962958</u>	<u>4306435226</u>	
Employees	187876	213560	
Others	8527536830	8423358630	
<b>Total</b>	<u>13365650452</u>	<u>15225164843</u>	
Less - Provision for Doubtful Receivables	1336565045	12029085407	1522516484
			13702648359
<b><u>Receivables on account of Loan (Unsecured)</u></b>			
<b>Madhyanchal VVNL</b>	81530383235	50980420793	
Less - Liabilities against Loan	5692175782	75838207453	6077627782
<b>Paschimanchal VVNL</b>	72348606276	40234656170	44902793011
Less - Liabilities against Loan	7903582933	64445023343	8541552933
<b>Dakshinanchal VVNL</b>	161772533321	91976315407	31693103237
Less - Liabilities against Loan	6566962390	155205570931	6866391390
<b>Purvanchal VVNL</b>	100968307787	60411863144	85109924017
Less - Liabilities against Loan	7509462014	93458845773	7527841014
<b>KESCO</b>	20826850726	12871594233	52884022130
Less - Liabilities against Loan	0	20826850726	0
Prepaid Expenses	184476		12871594233
			139700
<b>Total</b>	<u>421858406888</u>	<u>241244181030</u>	

*(Handwritten signatures)*

*(Handwritten signature)*



# U.P. POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

**NOTE - 19**

## REVENUE FROM OPERATIONS (GROSS)

( Amount in ₹ )

Particulars	For the Year ended on 31.03.2016	For the Year ended on 31.03.2015
<b>SALE OF POWER</b>		
<b>Supply in Bulk</b>		
Subsidiaries		
Dakshinanchal VVNL	86426429215	86038630360
Madhyanchal VVNL	69171288208	67941141894
Paschimanchal VVNL	113897963041	116694626280
Purvanchal VVNL	87298074295	81970724232
KESCO	15204230718	15742371484
	371997985477	368387494250
<b>TOTAL</b>	<b>371997985477</b>	<b>368387494250</b>

**NOTE - 20**

## OTHER INCOME

( Amount in ₹ )

Particulars	For the Year ended on 31.03.2016	For the Year ended on 31.03.2015
<b>a Interest from :</b>		
Loans to Staff	195465	364520
Loans to NPCL ( Licencee )	97454733	84791815
Fixed Deposits	68472080	118220652
Others	16887570	15709159
	183009848	219086146
<b>b Other non operating income</b>		
Income from Contractors/Suppliers	345592967	1305685
Rental from Staff	4104304	2428192
Miscellaneous Receipts	90278976	52797257
	439976247	56531134
<b>TOTAL</b>	<b>622986095</b>	<b>275617280</b>

*Handwritten signature*

*Handwritten signature*

*Handwritten signature*

*Handwritten signature*



# U.P. POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

**NOTE - 21**

## PURCHASE OF POWER

( Amount in ₹ )

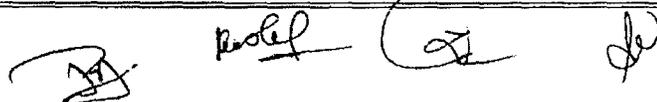
Particulars	For the Year ended on 31.03.2016	For the Year ended on 31.03.2015
<b><u>Power Purchased from -</u></b>		
NTPC	83155376141	86202630949
Power Trading Corporation Ltd.	13850498150	3711063531
NPCIL	7946789589	6470568836
UPRVUNL	94036728340	82115459597
Satlaj JVNL	5183895610	4793145735
NHPC	13298494506	13725211904
UPJVNL	614973347	778732204
Adani Export	296602210	307014989
NTPC (VVNL)	3850111315	2965139272
Tata Power Trading Co. Ltd.	251126419	0
LANCO EU Ltd / NETS	0	101605871
THDC	8395703732	17144559114
Vishnu Prayag	3758970473	3935042989
ROSA Power Co. Ltd.	36620803910	46485147491
Arawali Power Co. Pvt. Ltd.	1876295192	3436180699
Power Purchase Through Energy Exchange	993815497	7410531631
Bajaj Energy Pvt. Ltd.	14107151792	18925631936
Lanco Anpara Power Ltd.	23484685120	28461079290
SASAN (UMPP)	5454914056	1765688773
G.M.R. Energy Pvt. Ltd.	202612358	383144128
Lalitpur Power Project	1758045642	284187069
Co-Generating Units	27948845048	15651122589
Surcharge	5002982898	3973347819
Unscheduled Interchange & Reactive Energy Charges	3006497763	4265597965
<b><u>Inter-state Transmission &amp; Related Charges to -</u></b>		
Power Grid Corporation Ltd.	18056502482	15480355524
Power System Operation Corp.	58140785	48871895
<b>TOTAL - Purchase of Power</b>	<b>373210562375</b>	<b>368821061800</b>
<b>Less - Rebate against Power Purchase</b>	<b>1217130429</b>	<b>267998384</b>
<b>TOTAL</b>	<b>371993431946</b>	<b>368553063416</b>

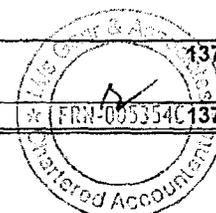
**NOTE - 22**

## EMPLOYEES COST

( Amount in ₹ )

Particulars	For the Year ended on 31.03.2016	For the Year ended on 31.03.2015
Salaries & Allowances	535196684	506371570
Dearness Allowance	555979487	502608539
Other Allowances	61543736	58581233
Bonus/ Ex-gratia	4357268	4166254
Medical Expenses ( Re-imbursement )	54610383	57290079
Leave Travel Assistance	22902	10647
Earned Leave Encashment	749574817	68152470
Compensation	713960	0
Staff Welfare Expenses	12231502	6321161
Pension & Gratuity	160749939	160667065
Other Terminal Benefits	10089435	9199525
Expenditure on Trust	1341256	1574325
<b>SUB TOTAL</b>	<b>2146411369</b>	<b>1374942868</b>
<b>LESS - Expenses Capitalised</b>	<b>19093690</b>	<b>1261460</b>
<b>TOTAL</b>	<b>2127317679</b>	<b>1373681408</b>





# U.P. POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

NOTE - 23

## FINANCE COSTS

( Amount in ₹ )

Particulars	For the Year ended on 31.03.2016	For the Year ended on 31.03.2015
<b>a Interest on Loans</b>		
Working Capital	0	1442328974
<b>b Other borrowing costs</b>		
Finance Charges	0	15169896
Bank Charges	196589	173917822
Guarantee Charges	0	14500000
<b>GRAND TOTAL</b>	<b>196589</b>	<b>1645916692</b>

NOTE - 24

## DEPRECIATION AND AMORTIZATION EXPENSE

( Amount in ₹ )

Particulars	For the Year ended on 31.03.2016	For the Year ended on 31.03.2015
<b>Depreciation on -</b>		
Buildings	6268580	5891789
Other Civil Works	1521670	1521670
Plant & Machinery	2527716	7769381
Vehicles	1007208	919079
Furniture & Fixtures	963616	588833
Office Equipments	<u>2033509</u>	<u>1630917</u>
	14322299	18321669
<b>GRAND TOTAL</b>	<b>14322299</b>	<b>18321669</b>

*[Handwritten signatures]*



# U.P. POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

NOTE - 25

## ADMINISTRATIVE, GENERAL & OTHER EXPENSES

( Amount in ₹ )

Particulars	For the Year ended on 31.03.2016	For the Year ended on 31.03.2015
Rent	335203	401184
Insurance	460792	282365
Communication Charges	8386300	6070629
Legal Charges	21024625	19423941
Auditors Remuneration & Expenses		
Audit Fee	468000	380000
GST/Service Tax	84240	53200
Travelling Expenses	0	0
Consultancy Charges	3186590	8053842
Technical Fees & Professional Charges	25962131	43266336
Travelling and Conveyance	31654384	26711422
Printing and Stationery	6375800	5793370
Advertisement Expenses	12731523	12868226
Electricity Charges	47478675	47181053
Water Charges	10003	10003
Entertainment	558281	1147209
Expenditure on Trust	110104	106123
Miscellaneous Expenses	131865414	80245009
<b>SUB TOTAL</b>	<b>290692065</b>	<b>251993912</b>
LESS - Expenses Capitalised	0	767361
<b>TOTAL</b>	<b>290692065</b>	<b>251226551</b>

NOTE - 26

## REPAIRS AND MAINTENANCE

( Amount in ₹ )

Particulars	For the Year ended on 31.03.2016	For the Year ended on 31.03.2015
Plant & Machinery	30711414	45442077
Buildings	95287554	81672947
Other Civil Works	255077	354603
Vehicles - Expenditure	14672350	10711938
<b>Less - Transferred to different Capital &amp; O&amp;M Works/Administrative Exp.</b>	<b>14672350</b>	<b>0</b>
Furniture & Fixtures	344752	227912
Office Equipments	10931104	9723386
<b>TOTAL</b>	<b>137529901</b>	<b>137420925</b>

*[Handwritten signatures]*



# U.P. POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

NOTE - 27

## BAD DEBTS & PROVISIONS

( Amount in ₹ )

Particulars	For the Year ended on 31.03.2016	For the Year ended on 31.03.2015
<b>PROVISIONS</b>		
Doubtful Debts ( Sale of Power )	(1974340118)	1314340696
Doubtful Loans and Advances		
Short Term	24540395	12194405
Long Term	97454733	84791815
	121995128	96986220
Doubtful Other Current Assets (Receivables)	(185951439)	328229816
Diminution in investment	154545819260	124910915000
<b>TOTAL</b>	<b>152507522831</b>	<b>126650471732</b>

NOTE - 28

## NET PRIOR PERIOD INCOME/EXPENDITURE

( Amount in ₹ )

Particulars	For the Year ended on 31.03.2016	For the Year ended on 31.03.2015
<b>I INCOME</b>		
a Other Income	(59699)	881139
b Other Excess Provision	0	3103160187
<b>SUB TOTAL</b>	<b>(59699)</b>	<b>3104041326</b>
<b>II EXPENDITURE</b>		
a O & M Expenses	157991	0
b Employee Cost	0	(8287989)
c Interest & Finance Charges	0	(338)
d Power Purchase	4553531	(165569165)
e Administrative & General Exp	(4877236)	1817126
f Depreciation Under/Excess Provided	0	(105728)
<b>SUB TOTAL</b>	<b>(165714)</b>	<b>(172146094)</b>
<b>NET PRIOR PERIOD INCOME/(EXPENDITURE)</b>	<b>106015</b>	<b>3276187420</b>

*[Handwritten signatures]*

*[Handwritten signature]*



# U.P. POWER CORPORATION LIMITED

CIN - U32201UP1999SGC024928

## NOTE NO.29 (A)

### SIGNIFICANT ACCOUNTING POLICIES OF STAND ALONE FINANCIAL STATEMENT

#### 1. GENERAL

- (a) The financial statements are prepared in accordance with the applicable provisions of the Companies Act, 2013. However where there is a deviation from the provisions of the Companies Act, 2013 in preparation of these accounts, the corresponding provisions of Electricity (Supply) Annual Accounts Rules 1985 have been adopted.
- (b) The accounts are prepared under historical cost convention, on accrual basis unless stated otherwise and on accounting assumption of going concern.
- (c) Subsidy, Grant, Insurance and Other Claims, Refund of Custom Duty Interest on Income Tax & Trade Tax and Interest on loans to staff is accounted for on receipt basis after the recovery of principal in full.

#### 2. FIXED ASSETS

- (a) Fixed Assets are shown at historical cost less accumulated depreciation.
- (b) All costs relating to the acquisition and installation of fixed assets till the date of commissioning are capitalized.
- (c) In the case of commissioned assets, where final settlement of bills with the contractor is yet to be affected, capitalization is done, subject to necessary adjustment in the year of final settlement.
- (d) Due to multiplicity of functional units as well as multiplicity at particular unit, Employees cost to capital works are capitalized @ 15% on deposit works and @ 9.5% on other works on the amount of total expenditure.
- (e) Borrowing cost during construction stage of capital assets are capitalized as per provisions of AS-16.

#### 3. DEPRECIATION

- (a) Depreciation is charged on Straight Line Method as per Schedule II of the Companies Act 2013.
- (b) Depreciation on additions to / deductions from Fixed Assets during the year is charged on Pro rata basis.
- (c) The Fixed Assets are depreciated up to 95% of original cost except in case of temporary erections/constructions where 100% depreciation is charged.



4. **INVESTMENTS**

Long term investments are carried at cost. Provision is made for diminution, wherever required, other than temporary, in the value of such investments.

5. **STORES & SPARES**

- (a) Stores and Spares are valued at cost.
- (b) As per practice consistently following by the Company, Scrap is accounted for as and when sold.
- (c) Any shortage /excess of material found during the year end are shown as "material short/excess pending investigation" till the finalization of investigation.

6. **REVENUE/ EXPENDITURE RECOGNITION**

- (a) Revenue from sale of energy is accounted for on accrual basis.
- (b) Late payment surcharge recoverable from subsidiaries and other bulk power purchasers are accounted for on cash basis due to uncertainty of realisation.
- (c) Sale of energy to subsidiary distribution companies is accounted for, on the rates decided by the management.
- (d) All prior period income & expenditure are shown in the current period as a distinct item.

7. **POWER PURCHASE**

Power purchase is accounted for in the books of Corporation as below:

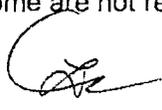
- (a) In respect of Central Sector Generating Units and unscheduled interchange/reactive energy, at the rates approved by Central Electricity Regulatory Commission (CERC).
- (b) In respect of State Sector Generating Units and unscheduled interchange/reactive energy, at the rates approved by U.P. Electricity Regulatory Commission (UPERC).
- (c) In respect of Power Trading Companies, at the mutually agreed rates.

8. **EMPLOYEE BENEFITS**

- (a) Liability for Pension & Gratuity in respect of employees has been determined on the basis of actuarial valuation and has been accounted for on accrual basis.
- (b) Medical benefits and LTC are accounted for on the basis of claims received and approved during the year.
- (c) Leave encashment has been accounted for on accrual basis.

9. **PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

- (a) Accounting of the Provisions is made on the basis of estimated expenditures to the extent possible as required to settle the present obligations.
- (b) Contingent liabilities are disclosed in the Notes on Accounts.
- (c) The Contingent assets of unrealisable income are not recognised.



10. DEFERRED TAX LIABILITY

Deferred tax liability of Income Tax (reflecting the tax effects of timing difference between accounting income and taxable income for the period) is provided on the profitability of the Company and no provision is made in case of current loss and past accumulated losses.

11. CASH FLOW STATEMENT

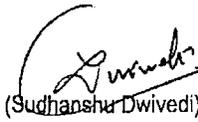
Cash Flow Statement is prepared in accordance with the indirect method prescribed in Accounting Standard – 3 on Cash Flow Statement.



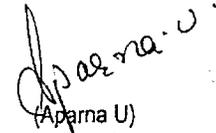
(Pradeep Soni)  
Company Secretary  
(Part Time)



(I.M. Kaushal)  
Chief General Manager  
(Accounts)



(Sudhanshu Dwivedi)  
Director (Finance)  
DIN - 6533235



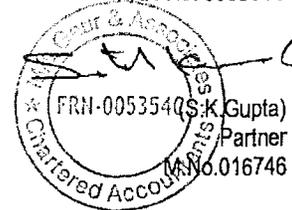
(Aparna U)  
Managing Director  
DIN - 6523278

Place : Lucknow

Date : 19.02.2018

Subject to our report of even date

For Gaur & Associates  
Chartered Accountants  
FRN No. 005354C



# U.P. POWER CORPORATION LIMITED

CIN - U32201UP1999SGC024928

## NOTE NO. 29 (B)

### NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2016 AND STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON THAT DATE

1. (a) The Corporation was incorporated under the Companies Act, 1956 on 30.11.1999 and commenced the business w.e.f. 15.01.2000 in terms of Government of U.P. Notification No. 149/P-1/2000-24 dated 14.01.2000.
- (b) Vide Govt. of U.P. Notification No. 186/XXIV-I-2000 dt. Jan 15, 2000 the distribution business of KESA Zone of erstwhile UPSEB has been transferred to KESCO, as wholly owned subsidiary company of UPPCL, w.e.f. 15.1.2000.
- (c) Due to division of State of Uttar Pradesh a separate State named Uttaranchal (now Uttarakhand) came into existence and a separate Corporation Uttaranchal Power Corporation Ltd. had taken over commercial operations in the State of Uttaranchal as per Govt. of India notification no. 42/7/2000-R&R dated 05.11.2001.
- (d) The distribution business of U.P. Power Corporation Ltd. has been transferred to subsidiary companies viz. Madhyanchal Vidyut Vitran Nigam Ltd., Lucknow, Paschimanchal Vidyut Vitran Nigam Ltd., Meerut, Poorvanchal Vidyut Vitran Nigam Ltd., Varanasi & Dakshinanchal Vidyut Vitran Nigam Ltd., Agra (Known as DISCOMs) as per The Uttar Pradesh Power Sector Reforms (Transfer of Distribution Undertakings) Scheme, 2003 issued vide GoUP Notification No. 2740/P-1-2003-24-14P/2003 dated 12.08.2003.
- (e) The State Government through Gazette Notification No. 2974(1)/24-P-2-2010, Dated 23 Dec 2010 made a Provisional Transfer Scheme for the purpose of transfer of the transmission activities including Assets, Liabilities and related proceedings from U.P. Power corporation Ltd. (UPPCL) to the Uttar Pradesh Power Transmission Corporation Limited (UPPTCL/TRANSCO). In terms of this Scheme, the transfer has been made effective from 01.04.2007, the date since which UPPCL and UPPTCL have started working as separate entities for purchase/sale of Bulk power and transmission work respectively.



2. (a) As per Final Transfer Schemes of Discoms and Transco issued vide notification no. 1528/24-P-2-2015-SA(218)-2014 dated November 03, 2015, and notification no. 1529/24-P-2-2015-SA(218)-2014 dated November 03, 2015 respectively, the final balances of assets and liabilities are given to 'DISCOMs' as on 11.08.2003, 'TRANSCO' as on 01.04.2007 and to UPPCL as on 01.04.2007 as against the balances earlier notified by Provisional Transfer Schemes of Discoms and Transco which were referred to in point 1(d) and 1(e) above.

Consequent upon the above notification the necessary adjustments in this regard have been done in the annual accounts of UPPCL for FY 2014-15.

- (b) The assets and liabilities relating to Uttaranchal Power Corporation Ltd. had been transferred as per an agreement dated 12.10.2003 with Uttaranchal Power Corporation Ltd., w.e.f. 9.11.01.
3. (a) Govt. of India, Ministry of Power with an objective to improve the operational and financial efficiency of the state Discom has issued vide his order no-06/02/2015-NEF/FRP dated 20-11-2015, UDAY (Ujwal Discom Assurance Yojna) Scheme for Operational and Financial Turnaround of power Distribution Companies (DISCOMs). This Scheme has been approved by the Govt of U.P. and tripartite MOU amongst Ministry of Power, Govt. of India, Govt. of U.P. and U.P. Power Corporation Ltd. (on behalf of DISCOMs) has been signed on 30-01-2016. As per the scheme, the states shall take over 75% of DISCOM debt as on 30-09-2015 over two years, 50% of DISCOM debt shall be taken over in 2015-16 and 25% in 2016-17. Accordingly in March, 2016 Govt. of U.P. has taken over the DISCOM debt of ₹ 24332.47 Crore by issue of SDL bonds. The Govt. of U.P. has transferred this transaction by adjustment in the following ways:-

1. 50% ₹. 12166.235 crore has been transferred as Grant vide GO No. 49 and 50 dated 31-03-2016.
2. 25% ₹. 6083.1175 crore has been transferred as Equity vide GO No. 51 dated 31-03-2016.
3. 25% ₹. 6083.1175 crore has been transferred as Interest free loan vide GO No. 52 dated 31-03-2016.

The above adjustment has been accounted for in the books of UPPCL.

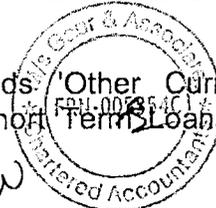
- (b) Equity received from GoUP for distribution works is invested in each DISCOM based on physical / financial targets and is shown as investment in respective DISCOMs.

4. Based on actuarial valuation report dt. 9.11.2000 (adopted by Board of Directors), provision for accrued liability on account of Pension and Gratuity has been made @ 16.70% and 2.38% respectively on the amount of basic Pay and D.A. paid to employees.
5. (a) The Company is making efforts to recognize and identify the location of land along with its title deed as well as of other fixed assets, transferred under various Transfer Schemes for the purpose of maintaining fixed assets registers.
- (b) Where historical cost of a discarded/ retired/ obsolete fixed asset is not available, the estimated value of such asset and depreciation thereon has been adjusted and accounted for.
- (c) In terms of powers conferred by the Notification no. GSR 627(E) dated 29 August 2014 of Ministry of Corporate Affairs, Govt. of India, the depreciation on Fixed Assets have been calculated taking into consideration the useful life of assets as approved in the orders of UPERC (terms & conditions for determination of distribution tariff) Regulation, 2006 (Annexure B).
6. (a) The Provision for Bad & Doubtful Debts against revenue from Sale of Power has been made @ 5% on incremental debtors during the year.
- (b) The details of provision for doubtful loans & advances are as under:-
- (i) Provision @ 10% on the balances of suppliers/ contractors (O&M) has been made under the Note no. 17 of Short term Loans & Advances.
- (ii) Provision @ 100% on interest accrued and due during the year on loan of NPCL has been made under the Note No. 12 of Long term Loans & Advances.
- (c) A provision for doubtful receivables @ 10% on the balances appearing under the different heads of "Other Current Assets Note no. 18 (excluding Receivable on account of loan)" has been made.
- (d) Due to non-receipt of loan installments and interest thereon from "Secured and Unsecured Loan to KESCO", no interest on such loans has been accounted for in the books of accounts.
7. Accounting entries after reconciliation (IUT) have been incorporated in the current year. Reconciliation of outstanding balances of IUT is under progress and will be accounted for in coming years.
8. Liability towards staff training expenses, medical expenses and LTC has been provided to the extent established.
9. (a) Some balances appearing under the heads 'Other Current Assets', 'Long Term Loans & Advances', 'Short Term Loans &



 3



Advances (including UP Power Sector Employees Trust)', 'Other Current Liabilities' and Trade Payables' are subject to confirmation/ reconciliation and subsequent adjustments as may be required.

- (b) On an overall basis the assets other than Fixed Assets and non-current investments have a value on realisation in the ordinary course of business at least equal to the amounts at which they are stated in the Balance Sheet.

10. Basic and diluted earnings per share has been shown in the Statement of Profit & Loss in accordance with AS-20 "Earnings Per Share". Basic earnings per share have been computed by dividing net loss after tax by the weighted average number of equity shares outstanding during the year. Number used for calculating diluted earnings per equity share includes the amount of share application money (pending for allotment).

(Amount in ₹.)

<u>Earning per share:</u>	<u>31.03.2016</u>	<u>31.03.2015</u>
(a) Net loss after tax (numerator used for calculation)	154449935723	126690803443
(b) Weighted average number of Equity Shares* (denominator for calculating Basic EPS)	519609201	390740531
(c) Weighted average number of Equity Shares* (denominator for calculating Diluted EPS)	560260063	422540321
(d) Basic earnings per share of ₹. 1000/- each	(297.24)	(324.23)
(e) Diluted earnings per share of ₹. 1000/- each	(297.24)	(324.23)

(As per para 41 of AS-20 issued by Institute of Chartered Accountants of India, Potential Equity Shares are treated as Anti Dilutive as their conversion to Equity Share would decrease loss per share, therefore, effect of Anti Dilutive Potential Equity Shares are ignored in calculating Diluted Earning Per Share)

\* Calculated on monthly basis.

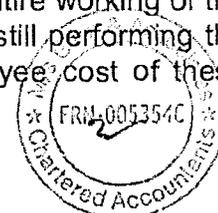
11. In spite of formation of UPPTCL, few units of the company like finance, audit, and HQ are not fully equipped to operate the entire working of the company, so the corresponding units of UPPCL are still performing the work of UPPTCL. Therefore, the 25% of the employee cost of these units are apportioned to UPPTCL.

*[Handwritten signature]*

*[Handwritten signature]*

*[Handwritten signature]*

*[Handwritten signature]*

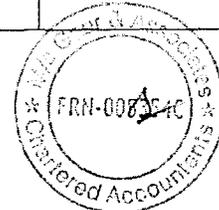


12. During the year the Capitalization of administrative & general expenses has been discontinued. Consequently the rate of capitalization of employee cost on the basis of total expenditure on capital works was changed from 11% to 9.5% due to change in Accounting policy the amount of ₹ 11.20 lakhs has been less capitalized during the F.Y. 2015-16.
13. Accounting policy regarding Leave encashment, which has been earlier accounted for on the basis of claims received and approved during the year, has been changed and accountal has been made on accrual basis. Due to change in accounting policy the provision of ₹ 6771.08 lakhs has been made and grouped in Staff related liabilities in Note-08 - "other current liabilities".
14. Amount due to Micro, Small and medium enterprises (under the MSMED Act 2006) could not be ascertained and interest thereon could not be provided for want of sufficient related information. However the company is in process to obtain the complete information in this regard.
15. As per directions of UPERC, a Memorandum of Understanding (MOU) for sale of power is to be executed between UPPCL and Discoms and the licensees are to account for the actual power purchase cost incurred at UPPCL level from FY 2013-14 onwards. Thus in compliance, the MOU for sale of power has been executed between UPPCL and Discoms Further in FY 2015-16 the rate of sale of energy sold to Discoms have been calculated on the basis of cost of energy purchased by UPPCL, divided by total quantity of energy supplied to Discoms after prior period adjustments. The Discoms are, therefore, billed with the rate of sale of energy so calculated @ ₹ 4.230010338 /kwh (previous year ₹4.497841387/kwh) and accounted for accordingly.
16. Payment to Directors and Officers in foreign currency towards foreign tour was NIL (Previous year NIL).
17. Debts due from Directors were ₹. NIL (previous year Nil).
18. Quantitative Details of Energy purchased and sold:-

S. No.	Details	2015-16	2014-15
(I)	Total number of Units purchased	93651.569 MU	87571.234 MU
(II)	Total number of units sold	87942.571 MU	81927.015 MU

*Rudolf*

*[Handwritten initials]*



*[Handwritten initials]*

19. Contingent Liabilities:-

S. No.	Details	2015-16 Amount (₹. in lacs)	2014-15 Amount (₹. in lacs)
(i)	Capital commitments	-	-
(ii)	Income Tax*	12.61	10.89
(iii)	Power Purchase	46800.45	45368.65
(iv)	Other Contingencies	1473.84	-

\* Includes ₹. 10.61 lacs on account of TDS default for FY 2015-16 and ₹. 8.89 lacs on account of TDS default for FY 2014-15 as per AS-26.

20. Since the Company is principally engaged in the business of Electricity, and there are no other reportable segments as per AS-17, hence the disclosure as per AS-17 on segment reporting is not required.

21. Provision for Employees Cost has been made amounting to ₹ 244.54 Lakh for the period 01.01.2016 to 31.03.2016 regarding 7th Pay Commission order no. 999/काविनी एवं वे०प्र०-29/पाकालि/ 2017-5-काविनी एवं वे०प्र०/16 dated 01.09.2017

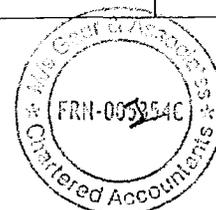
22. Disclosure as per AS-18 (related party): -

(a) Key management personnel:-

S. No.	Name	Designation	Working Period (For FY 2015-16)	
			Appointment	Retirement/ Cessation
1	Shri Sanjay Agarwal	Chairman	17.05.13	Working
2	Shri Ayodhya Prasad Mishra	Managing Director	31.07.12	Working
3	Shri S.K. Agarwal	Director (Finance)	09.01.09	09.12.15
4	Shri Sanjay Kumar Singh	Director (Finance)	10.12.15	Working
5	Shri Radhey Mohan	Director (P.M. & Admin.)	19.11.12	18.11.15
6	Shri Ramanand Yadav	Director (P.M. & Admin.)	20.11.15	Working
7	Shri Krishna Murari Mittal	Director (Distribution)	06.12.14	Working
8	Shri Ramanand Yadav	Director (Corporate planning)	23.02.15	Working
9	Shri Sanjay Kumar Singh	Director (Commercial)	06.03.13	Working

*Handwritten signature*

*Handwritten signature*



(b) Transactions with related parties- Remuneration and Benefits paid to key management personnel (Chairman, Managing Director and Directors) are as follows: -

	Amount (₹. in lacs)	
	2015-2016	2014-2015
Salary & Allowances	102.48	50.16
Contribution to Gratuity/ Pension/ PF	11.92	3.90

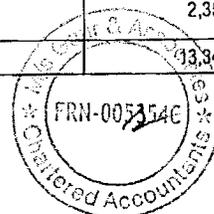
(c) The company has no related party enterprises other than State owned enterprises, detail/ transactions of which have not been disclosed in view of Para '9' of AS-18 "Related Party disclosures" which exempts State Controlled Enterprises from making any disclosure pertaining for their transactions with other related parties which are also State Controlled.

23. Due to heavy carried forward losses / depreciation and uncertainties to recover such losses/depreciation in near future, the deferred tax assets have not been recognised in accordance with AS-22 issued by ICAI.
24. In the opinion of management, there is no specific indication of impairment of any assets as on balance sheet date as envisaged by AS 28 of ICAI. Further, the assets of the corporation have been accounted for at their historical cost and most of the assets are very old where the impairment of assets is very unlikely.
25. Disclosure as per AS 29 is as under:-

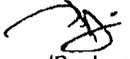
PARTICULARS	MOVEMENT OF PROVISIONS			
	OPENING BALANCE AS ON 01.04.2015	PROVISION MADE DURING THE YEAR	WITHDRAWAL / ADJUSTMENT OF PROVISION DURING THE YEAR	CLOSING BALANCE AS ON 31.03.2016
Provision for diminution in Investment	2883703,51,000	1545458,19,260	0	4429161,70,260
Provision for Doubtful debts on Sundry Debtors (Sale of power)	182126,20,578		19743,40,118	162382,80,460
Provision for Bad & doubtful debts- Other current assets.	15225,16,484	0	1859,51,439	13365,65,045
Provision for Bad & doubtful debts- Long Term Loans & Advances	15837,41,181	974,54,733		16811,95,914
Provision for Bad & doubtful debts- Short Term Loans & Advances	910,91,434	245,40,395		1156,31,829
Provision for Other Non Current Assets	2,35,450			2,35,450
Provision for unservisable stores	13,34,798			13,34,798

*[Handwritten Signature]*

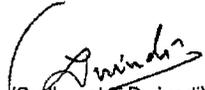
*[Handwritten Signature]*

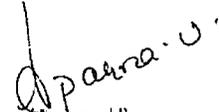


26. The Annual Accounts of F.Y. 2014-15 have yet to be adopted in Annual General meeting.
27. The figures as shown in the Balance Sheet, Statement of Profit & Loss, and Notes thereto have been rounded off to the nearest rupee and figures shown within "( )" denotes negative figure.
28. Previous year figures have been regrouped and reclassified wherever considered necessary.

  
(Pradeep Soni)  
Company Secretary  
(Part Time)

  
(I.M. Kaushal)  
Chief General Manager  
(Accounts)

  
(Sudhanshu Dwivedi)  
Director (Finance)  
DIN - 6533235

  
(Aparna U.)  
Managing Director  
DIN - 6523278

Place :Lucknow  
Date : 13.02.2018

Subject to our report of even date

For Gaur & Associates  
Chartered Accountants  
FRN No. 005354C

  
  
(S.K. Gupta)  
Partner  
M.No.016746

**U.P. POWER CORPORATION LIMITED**  
**14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.**  
**CIN - U32201UP1999SGC024928**

**CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH 2016**

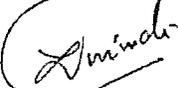
		(Amount in ₹)	
		2015-16	2014-15
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Loss Before Taxation & Extraordinary items	(1,54,45,00,41,738)	(1,29,96,69,90,863)
	Adjustment For:		
a	Depreciation	1,43,22,299	1,83,21,669
b	Interest & Financial Charges	1,96,589	1,64,59,16,692
c	Bad Debts & Provision	1,52,50,75,22,831	1,26,65,04,71,732
d	Interest Income	(18,30,09,848)	(21,90,86,146)
e	Prior Period Expenditure (Net)	1,06,015	3,27,61,87,420
f	Fringe Benefit Tax		
	Sub Total	1,52,33,91,37,886	1,31,37,18,11,367
	Operating Profit Before Working Capital Change	(2,11,09,03,852)	1,40,48,20,504
	Adjustment for:		
a	Stores & Spares	(52,098)	1,42,62,66,417
b	Trade Receivable	39,48,68,02,368	(27,13,86,39,674)
c	Other Current Assets	(1,80,42,82,74,419)	(2,14,67,21,95,938)
d	Short-Term Loans & Advances	(25,63,15,591)	(16,88,74,972)
e	Inter Unit Transfer	1,88,33,094	24,45,94,941
f	Other Current Liab.	1,65,86,88,08,545	23,05,36,51,752
g	Short-Term Borrowings	(1,66,92,20,806)	3,01,47,16,482
h	Trade Payable	12,67,26,74,125	30,74,94,49,277
	Sub Total	35,69,32,55,218	(1,83,49,10,31,715)
	<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<b>33,58,23,51,366</b>	<b>(1,82,08,62,11,211)</b>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
a	Decrease (Increase) in Fixed Assets	(7,00,36,790)	(2,04,15,322)
b	Decrease (Increase) in Work in Progress	(10,31,22,376)	1,89,80,19,270
c	(Increase)/Decrease in Investments	(1,53,19,91,45,282)	(1,28,14,77,52,403)
d	Decrease/(Increase) in Other Non-Current Assets	2,78,68,91,63,251	2,06,19,84,49,303
e	Decrease/(Increase) in Long Term Loans & Advances	(9,74,54,733)	1,59,74,442
f	Interest Incomes	18,30,09,848	21,90,86,146
	<b>NET CASH GENERATED FROM INVESTING ACTIVITIES (B)</b>	<b>1,25,40,24,13,938</b>	<b>80,16,33,61,436</b>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACITIVITIES</b>		
a	Proceeds from Borrowing	(3,19,47,10,62,689)	(12,24,02,86,718)
	Increase from Borrowing		
	Repayment of Borrowing		
b	Proceeds from Share Capital	1,71,11,90,02,000	40,60,59,16,000
c	Proceeds from Share Application Money	(6,12,98,33,528)	51,29,05,50,198
d	Proceeds from consumers contribution & GoUP capital subsidy (Reserve & Surplus)	-	25,56,70,47,078
e	Other long term liabilities	-	(92,16,11,825)
f	Interest & Financial Charges	(1,96,589)	(1,64,59,16,692)
g	Accumulated losses as per transfer Scheme transferred to PTCL		
	<b>NET CASH GENERATED FROM FINANCING ACTIVITIES (C)</b>	<b>(1,54,48,20,90,806)</b>	<b>1,02,65,56,98,041</b>
	<b>NET INCREASE (DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>4,50,26,74,498</b>	<b>73,28,48,266</b>
	<b>CASH &amp; CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>10,59,17,56,175</b>	<b>9,85,89,07,909</b>
	<b>CASH &amp; CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>15,09,44,30,673</b>	<b>10,59,17,56,175</b>

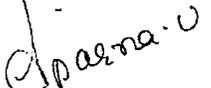
**Notes to the Cash-Flow Statement**

- (i) This Statement has been prepared under indirect method as prescribed by AS-3
- (ii) Cash and cash equivalent consists of cash in hand, bank balances with scheduled banks and fixed deposits with banks.
- (iii) Previous year figures have been regrouped and reclassified wherever considered necessary.

  
 (Pradeep Soni)  
 Company Secretary  
 (Part Time)

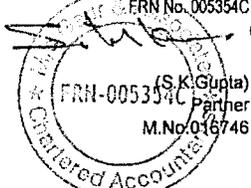
  
 (L.M. Kaushal)  
 Chief General Manager  
 (Accounts)

  
 (Sudhanshu Dwivedi)  
 Director (Finance)  
 DIN - 6533235

  
 (Aparna U)  
 Managing Director  
 DIN - 6523278

Place : Lucknow  
 Date : 19.02.2018

Subject to our report of even date  
 For Gaur & Associates  
 Chartered Accountants

FRN No. 005354C  
  
 (S.K. Gupta)  
 Partner  
 M.No. 016746



**INDEPENDENT AUDITOR'S REPORT**

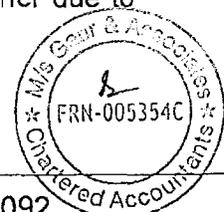
TO,  
THE MEMBERS OF  
UP POWER CORPORATION LIMITED

**Report on the Standalone Financial Statements**

We have audited the accompanying financial statements of U. P. Power Corporation Limited ("the Company"), which comprise the Balance Sheet as at **31st March 2016**, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (Which have been signed by us on this date with reference to this report) wherein are incorporated the accounts of Zonal Accounts Office (Material Management) audited by the branch auditor.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

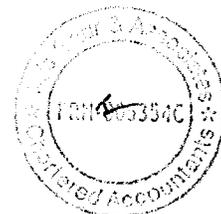
We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

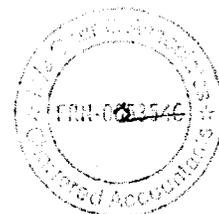
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### **Basis for Qualified Opinion**

1. Regarding the un reconciled balance of inter Unit Transactions amounting to Rs 154.66 (previous year Rs 156.54), the company has informed that the reconciliation of inter unit account is under process {Refer Point 7 of Notes on Accounts of Note 29(B)}.



2. Documentary evidence in respect of ownership/title of land and land rights, buildings were not provided to us and hence ownership as well as accuracy of balances could not be verified.
3. The balances of assets and liabilities of the Company/Transfer under Final Transfer Scheme other than secured loans, non-current investments and bank balances are subject to confirmation, reconciliation and consequential adjustments, if any, further in view of the above and in the absence of adequate information, we are unable to comment on the adequacy or otherwise of the provision for bad & doubtful debts made in respect of long term loans & advances (Note No. 12), other Non-Current Assets (Note No. 13), Trade Receivables (Note No. 15), Short-Term Loans & Advances (Note No. 17) and Other Current Assets (Note No. 18).
4. It was observed that the maintenance of party-wise subsidiary ledger and its reconciliation with primary books of accounts i.e. cash book and sectional journal are not proper and effective.
5. (a) The inventories have been valued at cost and not at 'lower of cost or net realizable value' as required by AS 2 "Valuation of inventories" (Refer accounting policy no. 5 of Note no. 29(A)).  
  
(b) Recognition of Subsidy, Grant, Insurance and other claims, refunds of Custom duty, Interest on Income tax & Trade Tax, interest on loans to staff and other items of income covered by accounting policy no. 1 (c) of Note no. 29 (A) has been done on cash basis. This is not in accordance with the provisions of AS 9 "Revenue Recognition".  
  
(c) The cost of fixed assets includes employees cost, as per the accounting policy 2(d) of Note no. 29(A). This is not in accordance with the provisions of Accounting Standard (AS) 10 "Accounting for fixed assets".  
  
(d) Provisions for pension and gratuity in respect of employees has been made on the basis of actuarial valuation report dated .09.11.2000 adopted



by the board of directors (Refer accounting policy no. 8 (a) of Note no. 29 (A) and point 4 of Notes on Accounts, Note no. 29(B)).

Recognition, measurement and disclosure of employee benefits is not in accordance with the provisions of AS 15, "Employee Benefits" (revised 2005).

6. Uttaranchal Power Corporation Limited came into existence on dated 05/11/2000 vide notification no. 42/7/2000-R & R. The assets & liabilities were transferred on dated 12/10/2003 Note No. 2(b). However there is an outstanding dues amounting to Rs. 192.60 crores which is still not recovered needs provisioning & amount is subject to balance confirmation.

7. For want of complete information, the cumulative impact of our observation in paras 1 to 6 above and in the annexure to this Report is not ascertained.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for matters described in 'Basis for Qualified Opinion' paragraph the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- (b) In the case of the Statement of Profit and Loss, of the loss for the year ended on that date and,
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

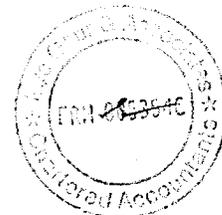
### **Report on Other Legal and Regulatory Requirements**

- 1. As required by the companies(Auditors' Report) order, 2016("the order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure-I**, a statement on the matters specified in paragraph 3 and 4 of the order, to the extent applicable.
- 2. We are enclosing our report in terms of section 143(5) of the Act, on the basis of



such checks of the books and records of the company as we considered appropriate and according to the information and expectations given to us, in the **Annexure-II** on the directions issued by the comptroller and Auditor General of India.

3. As required by Section 143 (3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, and subject to the matters described in 'Basis of Opinion' paragraph proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and subject to our observation in basis for qualified opinion paragraph proper returns adequate for the purpose of our audit have been received from branches not visited by us.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, subject to matters described in 'Basis for qualified opinion' the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) Being a Government Company, pursuant to the Notification No. GSR 463(E) dated 05<sup>th</sup> June 2015 issued by Ministry of Corporate Affairs, Government of India, provisions of sub-section (2) of Section 164 of the Companies Act, 2013, are not applicable to the company.
  - (f) With respect to the adequacy of the internal financial control over financial reporting of the company and the operating effectiveness of such control, refer to our separate report in **Annexure-III**.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.



- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- iii. There has been no requirement to transfer the amounts to the Investor Education and Protection Fund by the Company.

In terms of our report of even date

**For GAUR & ASSOCIATES**

Chartered Accountants

Firm Registration No. 005354C



**CA S. K. GUPTA**

Partner

Membership No. 016746



Place: Lucknow

Date : 19.02.2018

## **Annexure I to the Auditors' Report**

Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" our report of even date to the members of U.P. Power Corporation Limited on the accounts for the year ended on 31<sup>st</sup> March, 2016

On the basis of such tests as we considered appropriate to apply, the information and explanation rendered to us by the management during the course of audit of head office and the Auditor Report of Zonal Accounts Office (Material Management) audited by other auditors, we report as under:-

### **(1) In Respect of Fixed Assets**

(a) The company has not maintained proper records showing full particulars including quantitative details and situation of fixed assets as required by the Company Act, 2013

(b) The company has not carried out physical verification of the Fixed Assets hence we are unable to comment whether any material discrepancy was noticed as such or not.

(c) All the immovable properties held by the Company are mainly inherited from erstwhile UPSEB through GoUP Transfer Scheme. Immovable properties created after the incorporation of the Company are held by the respective unit of Company.

### **(2) In Respect of Inventory**

Physical verification of inventory has not been conducted at reasonable intervals by the management. As the company has not physically verified the inventory during the year, the discrepancies on physical verification cannot be commented upon.

### **(3) Loans and advances to parties covered under section 189 of Companies Act 2013**

As per the information and explanation given to us, the Company has not granted any loans Secured or unsecured to companies, firms, Limited



Liability Partnerships or other parties covered in the register maintained under section 189 of the companies Act, 2013.

In view of the above, the clause 3 (iii) (a), 3 (iii) (b) and 3 (iii) (c) of the Order are not applicable.

**(4) Loan to directors and investment by the company**

As informed to us, the company has complied with the provisions of section 185 and 186 of the companies Act, 2013.

**(5) Rules followed while accepting Deposits**

As per the information and explanation given to us, the company has not accepted any deposits from the public. Therefore, clause 3 (v) of the order regarding the directives issued by the Reserve Bank of India and the provisions of the section 73 to 76 or any other relevant provisions of the Act and the rules framed there under are not applicable.

**(6) Maintenance of cost records**

In our opinion, the cost records prescribed under section 148(1) of the companies Act 2013 have been maintained by the company.

**(7) According to the information and explanations given to us in respect of statutory dues**

(a) According to the information and explanation given to us, the company is generally regular in depositing undisputed statutory dues including Employee state insurance, Income Tax, Sales Tax, Service tax, custom duty, excise duty, cess, etc.

(b) As informed to us, there are following dues that have not been deposited on account of dispute:-

Sl. No.	Name of the statute	Assessment year	Amount (Rs. Lakhs) In	Forum where dispute is pending
1.	Income Tax Act,	1991-92	1.00	Hon'ble Income Tax Appellate Tribunal



	1961			
2.	Income Tax Act, 1961	1992-93	1.00	Hon'ble Income Tax Appellate Tribunal
3.	Income Tax Act, 1961	2016-17	0.74*	Income tax Department

\* The status is given for the Assessment Year 2016-17 based on 26 AS report generated as on date.

**(8) Repayment of Dues**

The company has defaulted in repayment of interest due on loans/borrowings amounting to Rs 212.93 Crores (refer annexure attached with Note no.04 forming part of the balance sheet).

**(9) Utilisation of IPO and further public offer**

The Company has not raised any money by way of initial public offer or further public offer. According to the information and explanation given to us, the money raised by the Company by way of debt instruments and term loans have been applied for the purpose for which they were obtained.

**(10) Reporting of Fraud during the year**

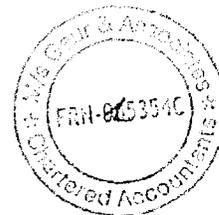
According to the information and explanations given to us by the Management and based on our examination of the books and records of the Company and in accordance with generally accepted auditing practices in India, no case of frauds by the Company or fraud on the company by its officers or employees has been noticed or reported during the year.

**(11) Approval of managerial remuneration**

As per Notification no. GSR 463(E) dated 05<sup>th</sup> June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 is not applicable to the Government Companies. Accordingly, provisions of clause 3(xi) of the Order are not applicable to the Company.

**(12) Nidhi Company**

The provisions of clause 3(xii) of the Order, for Nidhi Company, are not



applicable to the Company.

**(13) Related Party Transaction**

The Company has not entered into in Related Party Transaction as per section 177 and 188 of the Companies Act 2013.

**(14) Private Placement of Preferential Issues**

The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, provisions of clause 3(xiv) of the Order are not applicable to the Company.

**(15) Non Cash Transaction**

The Company has not entered into any non-cash transactions with the directors or person connected with them as covered under Section 192 of the Companies Act, 2013.

**(16) Register under RBI Act 1934**

According to the information and explanation given to us, the Company is not required to be registered u/s 45-IA of Reserve Bank of India Act, 1934. Accordingly, provision of clause 3(xvi) of the Order is not applicable to the Company.

In terms of our report of even date

**For GAUR & ASSOCIATES**

*Chartered Accountants*

Firm Registration No. 005354C

*S. K. Gupta*



**CA S. K. Gupta**

*Partner*

Membership No. 016746

Place: Lucknow

Date: 19.02.2018

## Annexure II to the Auditors Report

Referred to in paragraph 2 under the heading of "Report on Other Legal and Regulatory Requirements" our report of even date to the members of U.P. Power Corporation Limited on the accounts for the year ended on 31<sup>st</sup> March, 2016

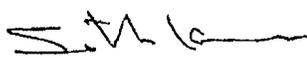
S.No.	Directions	Action taken
1.	Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	All the immovable properties held by the Company are mainly inherited from erstwhile UPSEB through GoUP Transfer Scheme. Immovable properties created after the incorporation of the Company are held by the respective unit of Company
2.	Whether there are any cases of waiver/write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.	During the year 2015-16 various banks have waived off the overdue/penal interest Rs 44.88 Crores and the same has been adjusted against interest payment made in the year.
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities?	No such cases reported.

In terms of our report of even date

For **GAUR & ASSOCIATES**

*Chartered Accountants*

Firm Registration No. 005354C



**CA S. K. Gupta**

*Partner*

Membership No. 016746



Place: Lucknow

Date : 13.02.2018

## **ANNEXURE-III TO THE AUDITORS' REPORT**

**Referred to in paragraph 3 (f) of the Auditors' Report of even date to the members of UPPCL on the standalone financial statements as of and for the year ended March 31st, 2016**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the standalone financial statements of the Company as of and for the year ended 31<sup>st</sup> March 2016, we have audited the internal financial controls over financial reporting of UP Power Corporation Limited, which is a company incorporated in India, as of that date.

### **Management's Responsibility for Internal Financial Controls**

The Board of Directors of the company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company and the components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by "The Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial



reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters Paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

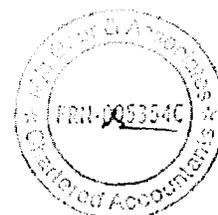
A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over



financial reporting were operating effectively as at 31<sup>st</sup> March 2016, based on the internal controls over financial reporting criteria established by the Company considering the components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Gaur & Associates**  
Chartered Accountants  
FRN: 005354C

*S.K. Gupta*

**CA S. K. Gupta**  
Partner  
Membership No. 016746



Place: Lucknow

Date: 19.02.2018

य लेखापरीक्षा और लेखा विभाग  
महालेखाकार  
एक एवं राजस्व लेखापरीक्षा), उ.प्र.  
ट भवन", टीसी-35-V-1, विभूति खण्ड,  
नगर, लखनऊ-226010



Indian Audit & Accounts Department  
Office of the Accountant General  
(Economic & Revenue Sector Audit), U.P.,  
"Audit Bhawan" TC-35-V-1, Vibhuti Khand,  
Gomti Nagar, Lucknow-226010

स्पीड पोस्ट / गोपनीय

पत्रांक : म.ले. ( ई. एण्ड आर.एस.ए) / इ.एस- 11 / लेखा / यू.पी.पा.का.लि. / 2015-16 / 465

दिनांक: 14/3/19

सेवा में,

प्रबन्ध निदेशक,  
उत्तर प्रदेश पॉवर कारपोरेशन लिमिटेड,  
शक्ति भवन, 14-अशोक मार्ग,  
लखनऊ

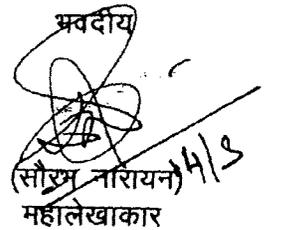
महोदय,

एतत्सह कम्पनी अधिनियम, 2013 की धारा 143(5) के अधीन उत्तर प्रदेश पॉवर कारपोरेशन लिमिटेड के 31 मार्च 2016 को समाप्त वर्ष के समग्र वित्तीय लेखों पर भारत के नियंत्रक-महालेखापरीक्षक की टीका-टिप्पणियों कम्पनी अधिनियम, 2013 की धारा 143(6)(b) के निबन्धनों के अनुसरण में कम्पनी की वार्षिक सामान्य बैठक के समक्ष प्रस्तुत करने हेतु अग्रेषित की जा रही है। कृपया वार्षिक सामान्य बैठक के समक्ष इन टीका-टिप्पणियों के प्रस्तुत किये जाने की वास्तविक तिथि की सूचना दें।

**The report has been prepared on the basis of information furnished and made available by the auditee. The Office of the Accountant General (Economic & Revenue Sector Audit), Uttar Pradesh disclaims any responsibility for any misinformation and/or non-information on the part of auditee.**

कृपया पत्र की पावती भेजें।

सहपत्र-यथोपरि

भवदीय  
  
(सौरभ नारायण)  
महालेखाकार

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF UTTAR PRADESH POWER CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2016.**

The Management is responsible for preparation of Financial Statements of Uttar Pradesh Power Corporation Limited (UPPCL) for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act). The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 19 February 2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143 (6) (a) of the Act of the financial statements of Uttar Pradesh Power Corporation Limited for the year ended 31 March 2016. 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 143 (6)(b) of the Act which have come to my attention and which in my view are necessary for enabling better understanding of the financial statements and the related Audit Report:

**A. Comments on Profitability:**

**Statement of Profit & Loss**

**Expenses**

**Purchase of Stock-in-Trade (Power Purchased) (Note-21): ₹ 37,199.34 crore**

Alaknanda Hydro Power Company Limited (AHPCL) submitted bill of ₹ 45.04 crore against supply of energy for the period from 01.06.2015 to 29.06.2015. Against this, UPPCL verified bills of ₹ 20.63 crore. Bills amounting to ₹ 24.41 crore have remained unverified. The unverified bills were for both firm as well as infirm<sup>1</sup> power supply. As per the provisions of Power Purchase Agreement, infirm power was to be supplied free of cost.

---

<sup>1</sup> Electricity generated prior to commercial operation of a generating unit

Board of Directors accorded their approval to refer the matter to U.P. Electricity Regulatory Commission (UPERC) with the remarks that UPPCL is principally agreed to pay an amount of ₹ 3.21 crore towards cost of firm power supply. However, M/s AHPCL has demanded an amount of ₹ 12.99 crore.

As the Board has accepted power purchase liability of ₹ 3.21 crore, liability for the same should have been booked in the Accounts and the differential amount of ₹ 9.78 crore (₹ 12.99 crore- ₹ 3.21 crore) should have been shown as contingent liability. Thus, the Current Liability (Trade Payable), Power Purchased as well as Loss for the period are understated by ₹ 3.21 crore.

**B. Comments on Financial Position:**

**Balance Sheet**

**Equity and Liabilities**

**Current Liabilities**

**Other Current Liabilities (Note-8): ₹ 20,247.36 Crore**

2. UPERC vide its order dated 23.11.15 directed UPPCL to pay ₹ 499.58 crore to M/s Lanco for compensation against past losses (for the period from 10.12.2011 to 11.02.2013) and compensatory tariff for the period 12.02.2013 onwards. Accordingly, UPPCL provided for the liability of ₹ 499.58 crore for compensation against past losses and ₹ 80.37 crore as compensatory tariff for the period from November 2015 to March 2016. Later on, Appellate Tribunal of Electricity (APTEL) vide its order dated 30.11.2016 set aside UPERC order dated 23.11.2015. In view of APTEL order, the Company withdrew the aforesaid liability by passing the reversal entry thereon during 2016-17.

As the reversal was made against the payment of losses related to earlier years i.e. 2011-12 to 2012-13 and 2015-16 and financial statements for the year 2015-16 were approved by the Board of Directors subsequently on 17 January, 2018, therefore, liability of ₹ 579.95 crore (₹ 499.58 crore + ₹ 80.37 crore) was required to be reversed back in the financial year 2015-16 in order to depict the correct position of Balance sheet. This has resulted into overstatement of Current liabilities as well as loss for the year by ₹ 579.95 crore.

3. The above does not include ₹ 28.08 crore and ₹ 0.57 crore being interest payable on account of delay/non-deposit of General Provident Fund (GPF) and Pension and Gratuity as worked out and accounted for in the Financial Statements of Uttar Pradesh Power Sector

Employees Trust for the year 2014-15. This has resulted in understatement of Current Liabilities and Accumulated Losses by ₹ 28.65 crore. Despite a similar comment of the CAG on the Accounts for the year 2012-13 to 2014-15, no corrective action has been taken by the Management.

**C. Disclosure:**

4. M/s AHPCL has issued bills amounting to ₹ 9.66 crore for firm energy supply to UPPCL during the period from 24.04.2015 to 30.04.2015 and 01.05.2015 to 09.05.2015 on the basis of Generating Transformer (GT) meter reading due to non-availability of main meter reading. This bill has not been verified by UPPCL on the ground that there is no provision in Power Purchase Agreement for assessing consumption on the basis of GT meter reading. The Management of UPPCL had submitted the proposal to of Board of Directors for approval to refer the case to UPERC in Board Meeting dated 18 January 2016 accepting the fact that energy has been received by UPPCL and company is liable to pay the amount. However, no decision has been taken by the Board of Directors to refer the case to UPERC in that meeting or in subsequent meetings.

As the Company accepted the fact that the energy has been received and did not deny the payment, the Company was required to disclose contingent liability of ₹ 9.66 crore towards payment of energy purchased.

5. Income Tax Department seized (25 March 2015) ₹ 2.82 crore from UPPCL's bank account under Section 226(3) of Income Tax Act, 1961 due to TDS default. However, this material fact has not been disclosed in the Notes on Accounts.

**D. Comments on Auditors' Report:**

6. Auditor has not incorporated following significant comments of Branch Auditors of Zonal Accounts Office (Material Management Zone) which have impact on the financial position of the company:

(i) A revenue of ₹ 69.73 crore was not accounted for due to deviation from Accounting Standard-9 in accounting of subsidy, grant, insurance and other claims etc. which have been accounted for on receipt basis.

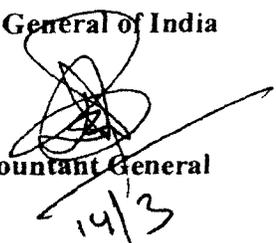
(ii) A sum of ₹ 919.73 crore (Dr. Balance) and a sum of ₹ 594.66 crore (Cr. Balance) is outstanding since long.

(iii) Under head 'Land and Land rights', an amount of ₹ 4.96 lakh was appearing in Electrical Training Institute and ₹ 4.65 crore in Maintenance unit under Material Management Zone. Further, a sum of ₹ 1.53 crore was appearing in 'Stock and related accounts'. However, in the absence of relevant details/records, the correctness of these balances could not be verified.

Place: Lucknow

Date: 14.03.19

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

  
Accountant General

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE  
STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE  
YEAR ENDED ON 31.03.2016

AUDITOR'S REPORT	MANAGEMENT REPLY
<p><b>TO,</b></p> <p><b>THE MEMBERS OF</b></p> <p><b>UP POWER CORPORATION LIMITED</b></p> <p><b>Report on the Standalone Financial Statements</b></p> <p>We have audited the accompanying financial statements of U. P. Power Corporation Limited ("the Company"), which comprise the Balance Sheet as at <b>31st March 2016</b>, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (Which have been signed by us on this date with reference to this report) wherein are incorporated the accounts of Zonal Accounts Office (Material Management) audited by the branch auditor.</p>	<p align="center">No Comments</p>
<p><b>Management's Responsibility for the Financial Statements</b></p> <p>The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities;</p>	<p align="center">No Comments</p>

AUDITOR'S REPORT	MANAGEMENT REPLY
<p>selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.</p>	
<p><b>Auditor's Responsibility</b>  Our responsibility is to express an opinion on these financial statements based on our audit.</p> <p>We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.</p> <p>We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.</p> <p>An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes</p>	<p style="text-align: center;">No Comments</p>

AUDITOR'S REPORT	MANAGEMENT REPLY
<p>evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.</p> <p>We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.</p>	
<p><b>Basis for Qualified Opinion</b></p>	
<p>1. Regarding the un reconciled balance of inter Unit Transactions amounting to Rs 154.66 (previous year Rs 156.54), the company has informed that the reconciliation of inter unit account is under process {Refer Point 7 of Notes on Accounts of Note 29(B)}.</p>	<p>The reconciliation of the inter unit transactions is a continuous process and the effect of the entries is given in the accounts on reconciliation. However, necessary instructions have been issued to zone/units for taking effective steps in this regard.</p>
<p>2. Documentary evidence in respect of ownership/title of land and land rights, buildings were not provided to us and hence ownership as well as accuracy of balances could not be verified.</p>	<p>Documentary evidence in respect of ownership/title are kept at unit level. However, Units have been instructed to ensure that records are put up during the course of audit.</p>
<p>3. The balances of assets and liabilities of the Company/Transfer under Final Transfer Scheme other than secured loans, non-current investments and bank balances are subject to confirmation, reconciliation and consequential adjustments, if any, further in view of the above and in the absence of adequate information, we are unable to comment on the adequacy or otherwise of the provision for bad &amp; doubtful debts made in respect of long term loans &amp; advances (Note No. 12), other Non-Current Assets (Note No. 13), Trade Receivables (Note No. 15), Short-Term Loans &amp; Advances (Note No. 17) and Other Current Assets (Note No. 18)</p>	<p>Reconciliation and necessary confirmation of the balances of assets and liabilities is a continuous process and consequential accountal/ adjustment is made in the books of accounts, as and when required. As regards, the adequacy of the provision for Bad &amp; Doubtful Debts, it is stated that the provisions have been made on consistent basis and are adequate.</p>
<p>4. It was observed that the maintenance of party-wise subsidiary ledger and its reconciliation with primary books of accounts i.e. cash book and sectional journal are not proper and effective.</p>	<p>Proper and effective procedure for maintenance of sub-ledger are already prescribed in the Company. However, for implementing the procedure more smoothly and efficiently, necessary instructions have been issued to</p>

AUDITOR'S REPORT	MANAGEMENT REPLY
<p><b>5.(a)</b>The inventories have been valued at cost and not at 'lower of cost or net realizable value' as required by AS 2 "Valuation of inventories" (Refer accounting policy no. 5 of Note no. 29(A)).</p>	<p>zone/units. The business of the corporation is to purchase electricity from generation source and sale the same to distribution companies. Hence, the company do not have any trade inventory. The company maintains inventory only for internal use i.e. for construction and maintenance of fixed assets for which the company has a policy for valuation of stores and spares. Hence, there is no contravention of AS- 2.</p>
<p><b>(b)</b> Recognition of Subsidy, Grant, Insurance and other claims, refunds of Custom duty, Interest on Income tax &amp; Trade Tax , interest on loans to staff and other items of income covered by accounting policy no. 1 (c) of Note no. 29 (A) has been done on cash basis. This is not in accordance with the provisions of AS 9 "Revenue Recognition".</p>	<p>Considering the uncertainty of realization, income covered by accounting policy of the company is in line with AS- 9.</p>
<p><b>(c)</b>The cost of fixed assets includes employees cost, as per the accounting policy 2(d) of Note no. 29(A). This is not in accordance with the provisions of Accounting Standard (AS) 10 "Accounting for fixed assets".</p>	<p>Due to multiplicity of functional units as well as multiplicity of function at particular unit, capitalization policy for employee cost are framed to capitalize the said expenses at a predetermined rate and accordingly the treatment has been given while capitalizing the employees cost.</p>
<p><b>(d)</b>Provisions for pension and gratuity in respect of employees has been made on the basis of actuarial valuation report dated 09.11.2000 adopted by the board of directors (Refer accounting policy no. 8 (a) of Note no. 29 (A) and point 4 of Notes on Accounts, Note no. 29(B)).</p> <p>Recognition, measurement and disclosure of employee benefits is not in accordance with the provisions of AS 15, "Employee Benefits" (revised 2005).</p>	<p>In absence of the latest actuarial valuation report, the provision for Pension and Gratuity has been made on the basis of actuarial valuation report dated 09.11.2000.</p>
<p><b>6.</b>Uttaranchal Power Corporation Limited came into existence on dated 05/11/2000 vide notification no. 42/7/2000-R &amp; R. The assets &amp; liabilities were transferred on dated 12/10/2003 Note No. 2(b). However there is an outstanding dues amounting to Rs. 192.60 crores which is still not recovered needs provisioning &amp; amount is Subject to balance confirmation.</p>	<p>The issue has been settled with the Uttarakhand Power Corporation Ltd and, accordingly, necessary accounting entries have been made in the accounts for the F.Y. 2018-19.</p>

AUDITOR'S REPORT	MANAGEMENT REPLY
7. For want of complete information, the cumulative impact of our observation in paras 1 to 6 above and in the annexure to this Report is not ascertained.	No Comments
<p><b>Opinion</b></p> <p>In our opinion and to the best of our information and according to the explanations given to us, except for matters described in 'Basis for Qualified Opinion' paragraph the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:</p>	No Comments
(a) In the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2016;	No Comments
(b) In the case of the Statement of Profit and Loss, of the loss for the year ended on that date and,	No Comments
(c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.	No Comments
<p><b>Report on Other Legal and Regulatory Requirements</b></p> <p>1. As required by the companies (Auditors' Report) order, 2016 ("the order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the <b>Annexure-I</b>, a statement on the matters specified in paragraph 3 and 4 of the order, to the extent applicable.</p>	No Comments
<p>2. We are enclosing our report in terms of section 143(5) of the Act, on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and expectations given to us, in the <b>Annexure-II</b> on the directions issued by the comptroller and Auditor General of India.</p>	No Comments
<p>3. As required by Section 143 (3) of the Act, we report that:</p> <p>(a) We have sought and obtained all the</p>	No Comments

AUDITOR'S REPORT	MANAGEMENT REPLY
information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.	
(b) In our opinion, and subject to the matters described in 'Basis of Opinion' paragraph proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and subject to our observation in basis for qualified opinion paragraph proper returns adequate for the purpose of our audit have been received from branches not visited by us.	No Comments
(c) The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.	No Comments
(d) In our opinion, subject to matters described in 'Basis for qualified opinion' the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.	No Comments
(e) Being a Government Company, pursuant to the Notification No. GSR 463(E) dated 05 <sup>th</sup> June 2015 issued by Ministry of Corporate Affairs, Government of India, provisions of sub-section (2) of Section 164 of the Companies Act, 2013, are not applicable to the company.	No Comments
(f) With respect to the adequacy of the internal financial control over financial reporting of the company and the operating effectiveness of such control, refer to our separate report in <b>Annexure-III</b> .	No Comments
(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:	No Comments
(i) The Company has disclosed the impact of pending litigations on its financial	No Comments

AUDITOR'S REPORT	MANAGEMENT REPLY
position in its financial statements..	
(ii)The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.	No Comments
(iii)There has been no requirement to transfer the amounts to the Investor Education and Protection Fund by the Company.	



(A.K. AWASTHI)  
Chief General Manager (Accounts)



(SUDHIR ARYA)  
Director (Finance)

**Annexure I to the Auditors' Report**

**Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" our report of even date to the members of U.P. Power Corporation Limited on the accounts for the year ended on 31<sup>st</sup> March, 2016**

ANNEXURE I OF STATUTORY AUDITORS' REPORT	MANAGEMENT REPLY
On the basis of such tests as we considered appropriate to apply, the information and explanation rendered to us by the management during the course of audit of head office and the Auditor Report of Zonal Accounts Office (Material Management) audited by other auditors, we report as under:-	No Comments
<b>(1) In Respect of Fixed Assets</b>	
(a) The company has not maintained proper records showing full particulars including quantitative details and situation of fixed assets as required by the Company Act, 2013	The company is in process to manage fixed assets in ERP system. However, necessary instructions have been issued to zone/units for maintenance and updating the fixed assets register showing full particulars including quantitative details and situation of fixed assets.
(b) The company has not carried out physical verification of the Fixed Assets hence we are unable to comment whether any material discrepancy was noticed as such or not.	Necessary instructions regarding physical verification have been issued to zone/unit.
(c) All the immovable properties held by the Company are mainly inherited from erstwhile UPSEB through GoUP Transfer Scheme. Immovable properties created after the incorporation of the Company are held by the respective unit of Company.	No Comments
<b>(2) In Respect of Inventory</b>	
Physical verification of inventory has not been conducted at reasonable intervals by the management. As the company has not physically verified the inventory during the year, the discrepancies on physical verification cannot be commented upon.	Zone/units have been instructed to conduct physical verification of stock regularly in accordance with procedure prescribed in the company.
<b>(3) Loans and advances to parties covered under section 189 of Companies Act 2013</b>	
As per the information and explanation given to us, the Company has not granted any loans Secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained	No Comments

ANNEXURE I OF STATUTORY AUDITORS' REPORT	MANAGEMENT REPLY																				
<p>under section 189 of the companies Act, 2013.</p> <p>In view of the above, the clause 3 (iii) (a), 3(iii)(b) and 3 (iii) (c) of the Order are not applicable.</p>																					
<p><b>(4) Loan to directors and investment by the company</b></p> <p>As informed to us, the company has complied with the provisions of section 185 and 186 of the companies Act, 2013.</p>	No Comments																				
<p><b>(5) Rules followed while accepting Deposits</b></p> <p>As per the information and explanation given to us, the company has not accepted any deposits from the public. Therefore, clause 3 (v) of the order regarding the directives issued by the Reserve Bank of India and the provisions of the section 73 to 76 or any other relevant provisions of the Act and the rules framed there under are not applicable</p>	No Comments																				
<p><b>(6) Maintenance of cost records</b></p> <p>In our opinion, the cost records prescribed under section 148(1) of the companies Act 2013 have been maintained by the company.</p>	No Comments																				
<p><b>(7) According to the information and explanations given to us in respect of statutory dues</b></p> <p><b>(a)</b>According to the information and explanation given to us, the company is generally regular in depositing undisputed statutory dues including Employee state insurance, Income Tax, Sales Tax, Service tax, custom duty, excise duty, cess, etc.</p>	No Comments																				
<p><b>(b)</b>As informed to us, there are following dues that have not been deposited on account of dispute:-</p> <table border="1" data-bbox="142 1543 743 1926"> <thead> <tr> <th>Sl. No</th> <th>Name of the statute</th> <th>Assessment year</th> <th>Amount (Rs. In Lakhs)</th> <th>Forum where dispute is pending</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Income Tax Act, 1961</td> <td>1991-92</td> <td>1.00</td> <td>Hon'ble Income Tax Appellate Tribunal</td> </tr> <tr> <td>2.</td> <td>Income Tax Act, 1961</td> <td>1992-93</td> <td>1.00</td> <td>Hon'ble Income Tax Appellate Tribunal</td> </tr> <tr> <td>3.</td> <td>Income Tax Act, 1961</td> <td>2016-2017</td> <td>0.74*</td> <td>Income tax Department</td> </tr> </tbody> </table> <p>* The status is given for the Assessment Year 2016-17 based on 26 AS report generated as on date.</p>	Sl. No	Name of the statute	Assessment year	Amount (Rs. In Lakhs)	Forum where dispute is pending	1.	Income Tax Act, 1961	1991-92	1.00	Hon'ble Income Tax Appellate Tribunal	2.	Income Tax Act, 1961	1992-93	1.00	Hon'ble Income Tax Appellate Tribunal	3.	Income Tax Act, 1961	2016-2017	0.74*	Income tax Department	<p>The decision in respect of disputed Income Tax for the A.Y. 1991-92 and 1992-93 is still pending.</p> <p style="text-align: center;">In respect of dues for Rs 0.74 lacs the assessment year 2016-17 corrective action is in process.</p>
Sl. No	Name of the statute	Assessment year	Amount (Rs. In Lakhs)	Forum where dispute is pending																	
1.	Income Tax Act, 1961	1991-92	1.00	Hon'ble Income Tax Appellate Tribunal																	
2.	Income Tax Act, 1961	1992-93	1.00	Hon'ble Income Tax Appellate Tribunal																	
3.	Income Tax Act, 1961	2016-2017	0.74*	Income tax Department																	

ANNEXURE I OF STATUTORY AUDITORS' REPORT	MANAGEMENT REPLY
<p><b>(8) Repayment of Dues</b> The company has defaulted in repayment of interest due on loans/borrowings amounting to Rs 212.93 Crores (refer annexure attached with Note no.04 forming part of the balance sheet).</p>	<p>Due to implementation of UDAY scheme on 20.11.2015, there was delay in payment of interest on loans but the same were paid will within the limit prescribed by the RBI.</p>
<p><b>(9) Utilisation of IPO and further public offer</b> The Company has not raised any money by way of initial public offer or further public offer. According to the information and explanation given to us, the money raised by the Company by way of debt instruments and term loans have been applied for the purpose for which they were obtained.</p>	<p>No Comments</p>
<p><b>(10) Reporting of Fraud during the year</b> According to the information and explanations given to us by the Management and based on our examination of the books and records of the Company and in accordance with generally accepted auditing practices in India, no case of frauds by the Company or fraud on the company by its officers or employees has been noticed or reported during the year.</p>	<p>No Comments</p>
<p><b>(11) Approval of managerial remuneration</b> As per Notification no. GSR 463(E) dated 05th June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 is not applicable to the Government Companies. Accordingly, provisions of clause 3(xi) of the Order are not applicable to the Company.</p>	<p>No Comments</p>
<p><b>(12) Nidhi Company</b> The provisions of clause 3(xii) of the Order, for Nidhi Company, are not applicable to the Company.</p>	<p>No Comments</p>
<p><b>(13) Related Party Transaction</b> The Company has not entered into in Related Party Transaction as per section 177 and 188 of the Companies Act 2013.</p>	<p>No Comments</p>
<p><b>(14) Private Placement of Preferential Issues</b> The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly,</p>	<p>No Comments</p>

ANNEXURE I OF STATUTORY AUDITORS' REPORT	MANAGEMENT REPLY
provisions of clause 3(xiv) of the Order are not applicable to the Company.	
<b>(15) Non Cash Transaction</b> The Company has not entered into any non-cash transactions with the directors or person connected with them as covered under Section 192 of the Companies Act, 2013.	No Comments
<b>(16) Register under RBI Act 1934</b> According to the information and explanation given to us, the Company is not required to be registered u/s 45-IA of Reserve Bank of India Act, 1934. Accordingly, provision of clause 3(xvi) of the Order is not applicable to the Company.	No Comments



**(A.K. AWASTHI)**  
**Chief General Manager (Accounts)**



**(SUDHIR ARYA)**  
**Director (Finance)**

**Annexure II to the Auditors Report**

Referred to in paragraph 2 under the heading of "Report on Other Legal and Regulatory Requirements" our report of even date to the members of U.P. Power Corporation Limited on the accounts for the year ended on 31<sup>st</sup> March, 2016

<b>ANNEXURE II OF STATUTORY AUDITORS' REPORT</b>			<b>MANAGEMENT REPLY</b>
<b>S.No</b>	<b>Directions</b>	<b>Action taken</b>	
1.	Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	All the immovable properties held by the Company are mainly inherited from erstwhile UPSEB through GoUP Transfer Scheme. Immovable properties created after the incorporation of the Company are held by the respective unit of Company.	No Comments
2.	Whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.	During the year 2015-16 various banks have waived off the overdue/penal interest Rs 44.88 Crores and the same has been adjusted against interest payment made in the year.	As per UDAY scheme of Govt. of India dated 20.11.2015, the banks and FI's shall waived off any unpaid overdue interest and penal interest on the DISCOM's debt and refund/adjust any such overdue/penal interest paid since 01.10.2013. Accordingly, banks and FI's have given credit in the account of Rs 44.88 Crore.
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities?	No such cases reported.	No Comments



**(A.K. AWASTHI)**  
**Chief General Manager (Accounts)**



**(SUDHIR ARYA)**  
**Director (Finance)**

**ANNEXURE-III TO THE AUDITORS' REPORT**

**Referred to in paragraph 3 (f) of the Auditors' Report of even date to the members of UPPCL on the standalone financial statements as of and for the year ended March 31st, 2016**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

<b>ANNEXURE III OF STATUTORY AUDITORS' REPORT</b>	<b>MANAGEMENT REPLY</b>
In conjunction with our audit of the standalone financial statements of the Company as of and for the year ended 31st March 2016, we have audited the internal financial controls over financial reporting of UP Power Corporation Limited, which is a company incorporated in India, as of that date.	No Comments
<b>Management's Responsibility for Internal Financial Controls</b> The Board of Directors of the company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company and the components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by "The Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.	No Comments
<b>Auditors' Responsibility</b> Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and	No Comments

ANNEXURE III OF STATUTORY AUDITORS' REPORT	MANAGEMENT REPLY
<p>deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.</p> <p>Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.</p> <p>We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters Paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.</p>	
<p><b>Meaning of Internal Financial Controls over Financial Reporting</b></p> <p>A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A</p>	<p>No Comments</p>

ANNEXURE III OF STATUTORY AUDITORS' REPORT	MANAGEMENT REPLY
<p>company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.</p>	
<p><b>Inherent Limitations of Internal Financial Controls over Financial Reporting</b>  Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.</p>	<p>No Comments</p>

*[Handwritten signature]*      *[Handwritten mark]*

ANNEXURE III OF STATUTORY AUDITORS' REPORT	MANAGEMENT REPLY
<p><b>Opinion</b>            In our opinion, the Company, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, based on the internal controls over financial reporting criteria established by the Company considering the components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.</p>	<p style="text-align: center;">No Comments</p>



(A.K. AWASTHI)

Chief General Manager (Accounts)



(SUDHIR ARYA)

Director (Finance)

**REPLY TO FINAL COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE STANDALONE FINANCIAL STATEMENTS OF U.P. POWER CORPORATION LIMITED FOR THE YEAR ENDED ON 31 MARCH, 2016.**

FINAL COMMENT	MANAGEMENT'S REPLY
<p>The Management is responsible for preparation of financial statements of <i>Uttar Pradesh Power Corporation Limited (UPPCL) for the year ended 31 March, 2016</i> in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act). The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their <i>Audit Report dated 19 February 2018</i>.</p>	<p align="center">NO COMMENT</p>
<p>I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143 (6) (a) of the Act of the financial statements of <i>Uttar Pradesh Power Corporation Limited for the year ended 31 March 2016</i>. 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 143 (6)(b) of the Act which have come to my attention and which in my view are necessary for enabling better understanding of the financial statements and the related Audit Report:</p>	<p align="center">NO COMMENT</p>
<p><b>A. Comments on Profitability:</b>  <b>Statement of Profit &amp; Loss</b>  <b>Expenses</b>  <b>Purchase of Stock-in-Trade (Power Purchased) (Note-21):</b>  <b>Rs.37199.34 crore</b>  <b>1.</b> Alaknanda Hydro Power Company Limited (AHPCL) submitted bill of Rs. 45.04 crore against supply of energy for the period from 01.06.2015 to 29.06.2015. Against this, UPPCL verified bills of Rs. 20.63 crore. Bills amounting to Rs. 24.41 crore have remained unverified. The unverified bills were for both firm as well as infirm<sup>1</sup> power supply. As per the provisions of Power Purchase Agreement, infirm power was to be supplied free of cost. Board of Directors accorded their approval to refer the matter to U.P. Electricity Regulatory Commission (UPERC) with the remarks that UPPCL is principally agreed to pay an amount of Rs. 3.21 crore towards cost of firm power supply. However, M/s AHPCL has demanded an amount of Rs. 12.99 crore.  As the Board has accepted power purchase liability of Rs. 3.21 crore, liability for the same should have been booked in the Accounts and the differential amount Rs. 9.78 crore (Rs. 12.99 crore -Rs. 3.21 crore) should have been shown as contingent</p>	<p>The comment of CAG for F.Y. 2015-16 was received vide letter no म.ले. (ई. एण्ड आर.एस.ए.)/इ.एस- 11/लेखा/यू.पी.पा.का.लि. /2015-16/465 dated 14.03.2019. In this connection, it is to mention that the accounts for the F.Y. 2016-17 had been approved by the BoD on 14.11.2018 and the accounts for the F.Y. 2017-18 had also been finalised for the approval of BoD (date of approval 22.03.2019), hence the power purchase liability amounting to ₹ 3.21 crore has been booked and contingent liability amounting to ₹ 9.78 Crore has been disclosed in the accounts in hand for the F.Y.2018-19.</p>

<p>liability. Thus, the Current Liability (Trade Payable), Power Purchased as well as Loss for the period are understated by Rs. 3.21 crore.</p>	
<p><b>B. Comments on Financial Position:</b>  <b>Balance Sheet as at 31<sup>st</sup> March 2016</b>  <b>Equity and Liabilities</b>  <b>Current Liabilities</b>  <b>Other Current Liabilities (Note-8)-Rs.20247.36 Crore</b>  2. UPERC vide its order dated 23.11.15 directed UPPCL to pay Rs. 498.58 crore to M/s Lanco for compensation against past losses (for the period from 10.12.2011 to 11.02.2013) and compensatory tariff for the period 12.02.2013 onwards. Accordingly, UPPCL provided for the liability of Rs. 499.58 crore for compensation against past losses and Rs. 80.37 crore as compensatory tariff for the period from November 2015 to March 2016. Later on, Appellate Tribunal of Electricity (APTEL) vide its order dated 30.11.2016 set aside UPERC order dated 23.11.2015. In view of APTEL order, the company withdrew the aforesaid liability by passing the reversal entry thereon during 2016-17.  As the reversal was made against the payment of losses related to earlier years i.e. 2011-12 to 2012-13 and 2015-16 and financial statements for the year 2015-16 were approved by the Board of Directors subsequently on 17 January, 2018, therefore, liability of Rs. 579.95 crore (Rs. 499.58 crore + Rs. 80.37 crore) was required to be reversed back in the financial year 2015-16 in order to depict the correct position of Balance Sheet. This has resulted into overstatement of Current Liabilities as well as loss for the year by Rs. 579.95 crore.</p>	<p>The appeal was filed on 11.08.2016 before Appellate Tribunal of Electricity (APTEL). Against the said appeal, APTEL order dated 30.11.2016 set aside UPERC order dated 23.11.2015. Since event relates to conditions existing after balance sheet date, the reversal entry was made in the accounts for the F.Y. 2016-17.</p>
<p>3. The above does not include Rs. 28.08 crore and Rs. 0.57 crore being interest payable on account of delay/non-deposit of General Provident Fund (GPF) and Pension and Gratuity as worked out and accounted for in the Financial Statements of Uttar Pradesh Power Sector Employees Trust for the year 2014-15. This has resulted in understatement of Current Liabilities and Accumulated Losses by Rs. 28.65 crore. Despite a similar comment of the CAG on the Accounts for the year 2012-13 to 2014-15, no corrective action has been taken by the Management.</p>	<p>As per audited accounts of the company, there was no amount payable to UPPSE Trust as on 31-03-2015 (after netting off of the liabilities towards G.P.F of Rs. 16.60 Crore Dr and pension &amp; gratuity of Rs. 3.92 Cr). Hence, the account of interest was not required. However, the UPPSE Trust has already been requested to reconcile its account with the company.</p>
<p><b>C. Disclosure:</b>  4. M/s AHPCL has issued bills amounting to Rs. 9.66 crore for firm energy supply to UPPCL during the period from 24.04.2015 to 30.04.2015 and 01.05.2015 to 09.05.2015 on the basis of Generating Transformer (GT) meter reading due to non-availability of main meter reading. This bill has not been verified by UPPCL on the ground that there is no provision in Power Purchase Agreement for assessing consumption on the basis of GT meter reading. The Management of UPPCL had submitted the proposal to of Board of Directors for approval to</p>	<p>Since the matter is still disputed, the liability of to Rs. 9.66 crore towards payment of energy purchased from M/s AHPCL has been shown as Contingent Liability in the hands i.e. 2018-19.</p>

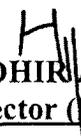
<p>refer the case to UPERC in Board Meeting dated 18 January 2016 accepting the fact that energy has been received by UPPCL and company is liable to pay the amount. However, no decision has been taken by the Board of Directors to refer the case to UPERC in that meeting or in subsequent meetings.</p> <p>As the Company accepted the fact that the energy has been received and did not deny the payment, the Company was required to disclose contingent liability of Rs. 9.66 crore towards payment of energy purchased.</p>	
<p>5. Income Tax Department seized (25 March 2015) Rs. 2.82 crore from UPPCL's Bank account under section 226 (3) of Income Tax Act, 1961 due to TDS default. However, this material fact has not been disclosed in the notes to accounts.</p>	<p>Out of the default of Rs. 2.82 crore the amount of Rs. 1.79 crore pertains to UPPTCL and Discoms, therefore, the same has been booked as receivable from concerned companies. However, as per information available TDS rectification/correction returns for Rs. 0.27 are pending.</p>
<p><b>D. Comments on Auditors' Report:</b></p> <p>6. Auditor has not incorporated following significant comments of Branch Auditors of Zonal Accounts Office (Material Management Zone) which have impact on the financial position of the company:</p> <p>(i) A revenue of Rs. 69.73 crore was not accounted for due to deviation from Accounting Standard-9 in accounting of subsidy, grant, insurance and other claims etc. which have been accounted for on receipt basis.</p> <p>(ii) A sum of Rs. 919.73 crore (Dr. Balance) and a sum of Rs. 594.66 crore (Cr. Balance) is outstanding since long.</p> <p>(iii) Under head 'Land and Land Rights', an amount of Rs.4.96 lakh was appearing in Electrical Training Institute and Rs. 4.65 crore in Maintenance unit under Material Management Zone. Further, a sum of Rs. 1.53 crore was appearing in 'Stock and related accounts'. However, in the absence of relevant details/records, the correctness of these balances could not be verified.</p>	<p>The matter has been communicated to Auditors.</p>

1. Electricity generated prior to commercial operation of a generating unit



(A.K. AWASTHI)

Chief General Manager(Accounts and Audit)

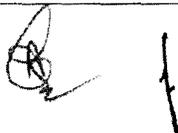


(SUDHIR ARYA)

Director (Finance)

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE  
STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE  
YEAR ENDED ON 31.03.2016

AUDITOR'S REPORT	MANAGEMENT REPLY
<p><b>TO,</b></p> <p><b>THE MEMBERS OF</b></p> <p><b>UP POWER CORPORATION LIMITED</b></p> <p><b>Report on the Standalone Financial Statements</b></p> <p>We have audited the accompanying financial statements of U. P. Power Corporation Limited("the Company"), which comprise the Balance Sheet as at <b>31st March 2016</b>, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (Which have been signed by us on this date with reference to this report) wherein are incorporated the accounts of Zonal Accounts Office (Material Management) audited by the branch auditor.</p>	<p align="center">No Comments</p>
<p><b>Management's Responsibility for the Financial Statements</b></p> <p>The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities;</p>	<p align="center">No Comments</p>



AUDITOR'S REPORT	MANAGEMENT REPLY
<p>selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.</p>	
<p><b>Auditor's Responsibility</b>  Our responsibility is to express an opinion on these financial statements based on our audit.</p> <p>We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.</p> <p>We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.</p> <p>An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes</p>	<p style="text-align: center;">No Comments</p>

AUDITOR'S REPORT	MANAGEMENT REPLY
<p>evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.</p> <p>We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.</p>	
<p><b>Basis for Qualified Opinion</b></p> <p>1. Regarding the un reconciled balance of inter Unit Transactions amounting to Rs 154.66 (previous year Rs 156.54), the company has informed that the reconciliation of inter unit account is under process {Refer Point 7 of Notes on Accounts of Note 29(B)}.</p>	<p>The reconciliation of the inter unit transactions is a continuous process and the effect of the entries is given in the accounts on reconciliation. However, necessary instructions have been issued to zone/units for taking effective steps in this regard.</p>
<p>2. Documentary evidence in respect of ownership/title of land and land rights, buildings were not provided to us and hence ownership as well as accuracy of balances could not be verified.</p>	<p>Documentary evidence in respect of ownership/title are kept at unit level. However, Units have been instructed to ensure that records are put up during the course of audit.</p>
<p>3. The balances of assets and liabilities of the Company/Transfer under Final Transfer Scheme other than secured loans, non-current investments and bank balances are subject to confirmation, reconciliation and consequential adjustments, if any, further in view of the above and in the absence of adequate information, we are unable to comment on the adequacy or otherwise of the provision for bad &amp; doubtful debts made in respect of long term loans &amp; advances (Note No. 12), other Non-Current Assets (Note No. 13), Trade Receivables (Note No. 15), Short-Term Loans &amp; Advances (Note No. 17) and Other Current Assets (Note No. 18)</p>	<p>Reconciliation and necessary confirmation of the balances of assets and liabilities is a continuous process and consequential account/ adjustment is made in the books of accounts, as and when required. As regards, the adequacy of the provision for Bad &amp; Doubtful Debts, it is stated that the provisions have been made on consistent basis and are adequate.</p>
<p>4. It was observed that the maintenance of party-wise subsidiary ledger and its reconciliation with primary books of accounts i.e. cash book and sectional journal are not proper and effective.</p>	<p>Proper and effective procedure for maintenance of sub-ledger are already prescribed in the Company. However, for implementing the procedure more smoothly and efficiently, necessary instructions have been issued to</p>

AUDITOR'S REPORT	MANAGEMENT REPLY
<p><b>5.(a)</b>The inventories have been valued at cost and not at 'lower of cost or net realizable value' as required by AS 2 "Valuation of inventories" (Refer accounting policy no. 5 of Note no. 29(A)).</p>	<p>zone/units. The business of the corporation is to purchase electricity from generation source and sale the same to distribution companies. Hence, the company do not have any trade inventory. The company maintains inventory only for internal use i.e. for construction and maintenance of fixed assets for which the company has a policy for valuation of stores and spares. Hence, there is no contravention of AS- 2.</p>
<p><b>(b)</b> Recognition of Subsidy, Grant, Insurance and other claims, refunds of Custom duty, Interest on Income tax &amp; Trade Tax , interest on loans to staff and other items of income covered by accounting policy no. 1 (c) of Note no. 29 (A) has been done on cash basis. This is not in accordance with the provisions of AS 9 "Revenue Recognition".</p>	<p>Considering the uncertainty of realization, income covered by accounting policy of the company is in line with AS- 9.</p>
<p><b>(c)</b>The cost of fixed assets includes employees cost, as per the accounting policy 2(d) of Note no. 29(A). This is not in accordance with the provisions of Accounting Standard (AS) 10 "Accounting for fixed assets".</p>	<p>Due to multiplicity of functional units as well as multiplicity of function at particular unit, capitalization policy for employee cost are framed to capitalize the said expenses at a predetermined rate and accordingly the treatment has been given while capitalizing the employees cost.</p>
<p><b>(d)</b>Provisions for pension and gratuity in respect of employees has been made on the basis of actuarial valuation report dated 09.11.2000 adopted by the board of directors (Refer accounting policy no. 8 (a) of Note no. 29 (A) and point 4 of Notes on Accounts, Note no. 29(B)).</p> <p>Recognition, measurement and disclosure of employee benefits is not in accordance with the provisions of AS 15, "Employee Benefits" (revised 2005).</p>	<p>In absence of the latest actuarial valuation report, the provision for Pension and Gratuity has been made on the basis of actuarial valuation report dated 09.11.2000.</p>
<p><b>6.</b>Uttaranchal Power Corporation Limited came into existence on dated 05/11/2000 vide notification no. 42/7/2000-R &amp; R. The assets &amp; liabilities were transferred on dated 12/10/2003 Note No. 2(b). However there is an outstanding dues amounting to Rs. 192.60 crores which is still not recovered needs provisioning &amp; amount is Subject to balance confirmation.</p>	<p>The issue has been settled with the Uttarakhand Power Corporation Ltd and, accordingly, necessary accounting entries have been made in the accounts for the F.Y. 2018-19.</p>

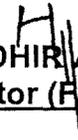
AUDITOR'S REPORT	MANAGEMENT REPLY
7. For want of complete information, the cumulative impact of our observation in paras 1 to 6 above and in the annexure to this Report is not ascertained.	No Comments
<p><b>Opinion</b></p> <p>In our opinion and to the best of our information and according to the explanations given to us, except for matters described in 'Basis for Qualified Opinion' paragraph the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:</p>	No Comments
(a) In the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2016;	No Comments
(b) In the case of the Statement of Profit and Loss, of the loss for the year ended on that date and,	No Comments
(c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.	No Comments
<p><b>Report on Other Legal and Regulatory Requirements</b></p> <p>1. As required by the companies (Auditors' Report) order, 2016 ("the order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the <b>Annexure-I</b>, a statement on the matters specified in paragraph 3 and 4 of the order, to the extent applicable.</p>	No Comments
<p>2. We are enclosing our report in terms of section 143(5) of the Act, on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and expectations given to us, in the <b>Annexure-II</b> on the directions issued by the comptroller and Auditor General of India.</p>	No Comments
<p>3. As required by Section 143 (3) of the Act, we report that:</p> <p>(a) We have sought and obtained all the</p>	No Comments

AUDITOR'S REPORT	MANAGEMENT REPLY
information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.	
<b>(b)</b> In our opinion, and subject to the matters described in 'Basis of Opinion' paragraph proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and subject to our observation in basis for qualified opinion paragraph proper returns adequate for the purpose of our audit have been received from branches not visited by us.	No Comments
<b>(c)</b> The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.	No Comments
<b>(d)</b> In our opinion, subject to matters described in 'Basis for qualified opinion' the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.	No Comments
<b>(e)</b> Being a Government Company, pursuant to the Notification No. GSR 463(E) dated 05 <sup>th</sup> June 2015 issued by Ministry of Corporate Affairs, Government of India, provisions of sub-section (2) of Section 164 of the Companies Act, 2013, are not applicable to the company.	No Comments
<b>(f)</b> With respect to the adequacy of the internal financial control over financial reporting of the company and the operating effectiveness of such control, refer to our separate report in <b>Annexure-III</b> .	No Comments
<b>(g)</b> With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:	No Comments
<b>(i)</b> The Company has disclosed the impact of pending litigations on its financial	No Comments

AUDITOR'S REPORT	MANAGEMENT REPLY
position in its financial statements..	
(ii)The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.	No Comments
(iii)There has been no requirement to transfer the amounts to the Investor Education and Protection Fund by the Company.	



(A.K. AWASTHI)  
Chief General Manager (Accounts)



(SUDHIR ARYA)  
Director (Finance)

**Annexure I to the Auditors' Report**

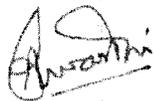
Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" our report of even date to the members of U.P. Power Corporation Limited on the accounts for the year ended on 31<sup>st</sup> March, 2016

ANNEXURE I OF STATUTORY AUDITORS' REPORT	MANAGEMENT REPLY
<p>On the basis of such tests as we considered appropriate to apply, the information and explanation rendered to us by the management during the course of audit of head office and the Auditor Report of Zonal Accounts Office (Material Management) audited by other auditors, we report as under:-</p>	<p align="center">No Comments</p>
<p><b>(1) In Respect of Fixed Assets</b></p>	
<p><b>(a)</b> The company has not maintained proper records showing full particulars including quantitative details and situation of fixed assets as required by the Company Act, 2013</p>	<p>The company is in process to manage fixed assets in ERP system. However, necessary instructions have been issued to zone/units for maintenance and updating the fixed assets register showing full particulars including quantitative details and situation of fixed assets.</p>
<p><b>(b)</b> The company has not carried out physical verification of the Fixed Assets hence we are unable to comment whether any material discrepancy was noticed as such or not.</p>	<p>Necessary instructions regarding physical verification have been issued to zone/unit.</p>
<p><b>(c)</b> All the immovable properties held by the Company are mainly inherited from erstwhile UPSEB through GoUP Transfer Scheme. Immovable properties created after the incorporation of the Company are held by the respective unit of Company.</p>	<p align="center">No Comments</p>
<p><b>(2) In Respect of Inventory</b></p>	
<p>Physical verification of inventory has not been conducted at reasonable intervals by the management. As the company has not physically verified the inventory during the year, the discrepancies on physical verification cannot be commented upon.</p>	<p>Zone/units have been instructed to conduct physical verification of stock regularly in accordance with procedure prescribed in the company.</p>
<p><b>(3) Loans and advances to parties covered under section 189 of Companies Act 2013</b></p>	
<p>As per the information and explanation given to us, the Company has not granted any loans Secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained</p>	<p align="center">No Comments</p>

ANNEXURE I OF STATUTORY AUDITORS' REPORT	MANAGEMENT REPLY																				
<p>under section 189 of the companies Act, 2013.</p> <p>In view of the above, the clause 3 (iii) (a), 3(iii)(b) and 3 (iii) (c) of the Order are not applicable.</p>																					
<p><b>(4) Loan to directors and investment by the company</b></p> <p>As informed to us, the company has complied with the provisions of section 185 and 186 of the companies Act, 2013.</p>	No Comments																				
<p><b>(5) Rules followed while accepting Deposits</b></p> <p>As per the information and explanation given to us, the company has not accepted any deposits from the public. Therefore, clause 3 (v) of the order regarding the directives issued by the Reserve Bank of India and the provisions of the section 73 to 76 or any other relevant provisions of the Act and the rules framed there under are not applicable</p>	No Comments																				
<p><b>(6) Maintenance of cost records</b></p> <p>In our opinion, the cost records prescribed under section 148(1) of the companies Act 2013 have been maintained by the company.</p>	No Comments																				
<p><b>(7) According to the information and explanations given to us in respect of statutory dues</b></p> <p>(a) According to the information and explanation given to us, the company is generally regular in depositing undisputed statutory dues including Employee state insurance, Income Tax, Sales Tax, Service tax, custom duty, excise duty, cess, etc.</p>	No Comments																				
<p><b>(b) As informed to us, there are following dues that have not been deposited on account of dispute:-</b></p> <table border="1" data-bbox="134 1559 737 1944"> <thead> <tr> <th>Sl. No</th> <th>Name of the statute</th> <th>Assessment year</th> <th>Amount (Rs. In Lakhs)</th> <th>Forum where dispute is pending</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Income Tax Act, 1961</td> <td>1991-92</td> <td>1.00</td> <td>Hon'ble Income Tax Appellate Tribunal</td> </tr> <tr> <td>2.</td> <td>Income Tax Act, 1961</td> <td>1992-93</td> <td>1.00</td> <td>Hon'ble Income Tax Appellate Tribunal</td> </tr> <tr> <td>3.</td> <td>Income Tax Act, 1961</td> <td>2016-2017</td> <td>0.74*</td> <td>Income tax Department</td> </tr> </tbody> </table> <p>* The status is given for the Assessment Year 2016-17 based on 26 AS report generated as on date.</p>	Sl. No	Name of the statute	Assessment year	Amount (Rs. In Lakhs)	Forum where dispute is pending	1.	Income Tax Act, 1961	1991-92	1.00	Hon'ble Income Tax Appellate Tribunal	2.	Income Tax Act, 1961	1992-93	1.00	Hon'ble Income Tax Appellate Tribunal	3.	Income Tax Act, 1961	2016-2017	0.74*	Income tax Department	<p>The decision in respect of disputed Income Tax for the A.Y. 1991-92 and 1992-93 is still pending.</p> <p style="text-align: center;">In respect of dues for Rs 0.74 lacs the assessment year 2016-17 corrective action is in process.</p>
Sl. No	Name of the statute	Assessment year	Amount (Rs. In Lakhs)	Forum where dispute is pending																	
1.	Income Tax Act, 1961	1991-92	1.00	Hon'ble Income Tax Appellate Tribunal																	
2.	Income Tax Act, 1961	1992-93	1.00	Hon'ble Income Tax Appellate Tribunal																	
3.	Income Tax Act, 1961	2016-2017	0.74*	Income tax Department																	

ANNEXURE I OF STATUTORY AUDITORS' REPORT	MANAGEMENT REPLY
<p><b>(8) Repayment of Dues</b> The company has defaulted in repayment of interest due on loans/borrowings amounting to Rs 212.93 Crores (refer annexure attached with Note no.04 forming part of the balance sheet).</p>	<p>Due to implementation of UDAY scheme on 20.11.2015, there was delay in payment of interest on loans but the same were paid within the limit prescribed by the RBI.</p>
<p><b>(9) Utilisation of IPO and further public offer</b> The Company has not raised any money by way of initial public offer or further public offer. According to the information and explanation given to us, the money raised by the Company by way of debt instruments and term loans have been applied for the purpose for which they were obtained.</p>	<p>No Comments</p>
<p><b>(10) Reporting of Fraud during the year</b> According to the information and explanations given to us by the Management and based on our examination of the books and records of the Company and in accordance with generally accepted auditing practices in India, no case of frauds by the Company or fraud on the company by its officers or employees has been noticed or reported during the year.</p>	<p>No Comments</p>
<p><b>(11) Approval of managerial remuneration</b> As per Notification no. GSR 463(E) dated 05th June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 is not applicable to the Government Companies. Accordingly, provisions of clause 3(xi) of the Order are not applicable to the Company.</p>	<p>No Comments</p>
<p><b>(12) Nidhi Company</b> The provisions of clause 3(xii) of the Order, for Nidhi Company, are not applicable to the Company.</p>	<p>No Comments</p>
<p><b>(13) Related Party Transaction</b> The Company has not entered into in Related Party Transaction as per section 177 and 188 of the Companies Act 2013.</p>	<p>No Comments</p>
<p><b>(14) Private Placement of Preferential Issues</b> The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly,</p>	<p>No Comments</p>

ANNEXURE I OF STATUTORY AUDITORS' REPORT	MANAGEMENT REPLY
provisions of clause 3(xiv) of the Order are not applicable to the Company.	
<b>(15) Non Cash Transaction</b> The Company has not entered into any non-cash transactions with the directors or person connected with them as covered under Section 192 of the Companies Act, 2013.	No Comments
<b>(16) Register under RBI Act 1934</b> According to the information and explanation given to us, the Company is not required to be registered u/s 45-IA of Reserve Bank of India Act, 1934. Accordingly, provision of clause 3(xvi) of the Order is not applicable to the Company.	No Comments



(A.K. AWASTHI)  
Chief General Manager (Accounts)



(SUDHIR ARYA)  
Director (Finance)

**Annexure II to the Auditors Report**

Referred to in paragraph 2 under the heading of "Report on Other Legal and Regulatory Requirements" our report of even date to the members of U.P. Power Corporation Limited on the accounts for the year ended on 31<sup>st</sup> March, 2016

ANNEXURE II OF STATUTORY AUDITORS' REPORT			MANAGEMENT REPLY
S.No	Directions	Action taken	
1.	Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	All the immovable properties held by the Company are mainly inherited from erstwhile UPSEB through GoUP Transfer Scheme. Immovable properties created after the incorporation of the Company are held by the respective unit of Company.	No Comments
2.	Whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.	During the year 2015-16 various banks have waived off the overdue/penal interest Rs 44.88 Crores and the same has been adjusted against interest payment made in the year.	As per UDAY scheme of Govt. of India dated 20.11.2015, the banks and FI's shall waived off any unpaid overdue interest and penal interest on the DISCOM's debt and refund/adjust any such overdue/penal interest paid since 01.10.2013. Accordingly, banks and FI's have given credit in the account of Rs 44.88 Crore.
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities?	No such cases reported.	No Comments



**(A.K. AWASTHI)**

**Chief General Manager (Accounts)**



**(SUDHIR ARYA)**

**Director (Finance)**

### ANNEXURE-III TO THE AUDITORS' REPORT

Referred to in paragraph 3 (f) of the Auditors' Report of even date to the members of UPPCL on the standalone financial statements as of and for the year ended March 31st, 2016

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

ANNEXURE III OF STATUTORY AUDITORS' REPORT	MANAGEMENT REPLY
<p>In conjunction with our audit of the standalone financial statements of the Company as of and for the year ended 31st March 2016, we have audited the internal financial controls over financial reporting of UP Power Corporation Limited, which is a company incorporated in India, as of that date.</p>	<p>No Comments</p>
<p><b>Management's Responsibility for Internal Financial Controls</b> The Board of Directors of the company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company and the components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by "The Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.</p>	<p>No Comments</p>
<p><b>Auditors' Responsibility</b> Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and</p>	<p>No Comments</p>

ANNEXURE III OF STATUTORY AUDITORS' REPORT	MANAGEMENT REPLY
<p>deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.</p> <p>Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.</p> <p>We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters Paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.</p>	
<p><b>Meaning of Internal Financial Controls over Financial Reporting</b></p> <p>A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A</p>	<p>No Comments</p>

ANNEXURE III OF STATUTORY AUDITORS' REPORT	MANAGEMENT REPLY
<p>company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.</p>	
<p><b>Inherent Limitations of Internal Financial Controls over Financial Reporting</b>  Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.</p>	<p>No Comments</p>



ANNEXURE III OF STATUTORY AUDITORS' REPORT	MANAGEMENT REPLY
<p><b>Opinion</b>            In our opinion, the Company, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, based on the internal controls over financial reporting criteria established by the Company considering the components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.</p>	<p>No Comments</p>



(A.K. AWASTHI)

Chief General Manager (Accounts)



(SUDHIR ARYA)

Director (Finance)

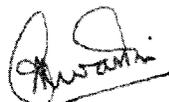
**REPLY TO FINAL COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE STANDALONE FINANCIAL STATEMENTS OF U.P. POWER CORPORATION LIMITED FOR THE YEAR ENDED ON 31 MARCH, 2016.**

FINAL COMMENT	MANAGEMENT'S REPLY
<p>The Management is responsible for preparation of financial statements of <i>Uttar Pradesh Power Corporation Limited (UPPCL) for the year ended 31 March, 2016</i> in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act). The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their <i>Audit Report dated 19 February 2018</i>.</p>	<p align="center">NO COMMENT</p>
<p>I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143 (6) (a) of the Act of the financial statements of <i>Uttar Pradesh Power Corporation Limited for the year ended 31 March 2016</i>. 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 143 (6)(b) of the Act which have come to my attention and which in my view are necessary for enabling better understanding of the financial statements and the related Audit Report:</p>	<p align="center">NO COMMENT</p>
<p><b>A. Comments on Profitability:</b>  <b>Statement of Profit &amp; Loss</b>  <b>Expenses</b>  <b>Purchase of Stock-in-Trade (Power Purchased) (Note-21):</b>  <b>Rs.37199.34 crore</b>  <b>1. Alaknanda Hydro Power Company Limited (AHPCL)</b> submitted bill of Rs. 45.04 crore against supply of energy for the period from 01.06.2015 to 29.06.2015. Against this, UPPCL verified bills of Rs. 20.63 crore. Bills amounting to Rs. 24.41 crore have remained unverified. The unverified bills were for both firm as well as infirm<sup>1</sup> power supply. As per the provisions of Power Purchase Agreement, infirm power was to be supplied free of cost. Board of Directors accorded their approval to refer the matter to U.P. Electricity Regulatory Commission (UPERC) with the remarks that UPPCL is principally agreed to pay an amount of Rs. 3.21 crore towards cost of firm power supply. However, M/s AHPCL has demanded an amount of Rs. 12.99 crore.  As the Board has accepted power purchase liability of Rs. 3.21 crore, liability for the same should have been booked in the Accounts and the differential amount Rs. 9.78 crore (Rs. 12.99 crore -Rs. 3.21 crore) should have been shown as contingent</p>	<p>The comment of CAG for F.Y. 2015-16 was received vide letter no म.ले. (ई. एण्ड आर.एस.ए.)/इ.एस- 11/लेखा/यू.पी.पा.का.लि. /2015-16/465 dated 14.03.2019. In this connection, it is to mention that the accounts for the F.Y. 2016-17 had been approved by the BoD on 14.11.2018 and the accounts for the F.Y. 2017-18 had also been finalised for the approval of BoD (date of approval 22.03.2019), hence the power purchase liability amounting to ₹ 3.21 crore has been booked and contingent liability amounting to ₹ 9.78 Crore has been disclosed in the accounts in hand for the F.Y.2018-19.</p>

<p>liability. Thus, the Current Liability (Trade Payable), Power Purchased as well as Loss for the period are understated by Rs. 3.21 crore.</p>	
<p><b>B. Comments on Financial Position:</b>  <b>Balance Sheet as at 31<sup>st</sup> March 2016</b>  <b>Equity and Liabilities</b>  <b>Current Liabilities</b>  <b>Other Current Liabilities (Note-8)-Rs.20247.36 Crore</b>  2. UPERC vide its order dated 23.11.15 directed UPPCL to pay Rs. 498.58 crore to M/s Lanco for compensation against past losses (for the period from 10.12.2011 to 11.02.2013) and compensatory tariff for the period 12.02.2013 onwards. Accordingly, UPPCL provided for the liability of Rs. 499.58 crore for compensation against past losses and Rs. 80.37 crore as compensatory tariff for the period from November 2015 to March 2016. Later on, Appellate Tribunal of Electricity (APTEL) vide its order dated 30.11.2016 set aside UPERC order dated 23.11.2015. In view of APTEL order, the company withdrew the aforesaid liability by passing the reversal entry thereon during 2016-17.  As the reversal was made against the payment of losses related to earlier years i.e. 2011-12 to 2012-13 and 2015-16 and financial statements for the year 2015-16 were approved by the Board of Directors subsequently on 17 January, 2018, therefore, liability of Rs. 579.95 crore (Rs. 499.58 crore + Rs. 80.37 crore) was required to be reversed back in the financial year 2015-16 in order to depict the correct position of Balance Sheet. This has resulted into overstatement of Current Liabilities as well as loss for the year by Rs. 579.95 crore.</p>	<p>The appeal was filed on 11.08.2016 before Appellate Tribunal of Electricity (APTEL). Against the said appeal, APTEL order dated 30.11.2016 set aside UPERC order dated 23.11.2015. Since event relates to conditions existing after balance sheet date, the reversal entry was made in the accounts for the F.Y. 2016-17.</p>
<p>3. The above does not include Rs. 28.08 crore and Rs. 0.57 crore being interest payable on account of delay/non-deposit of General Provident Fund (GPF) and Pension and Gratuity as worked out and accounted for in the Financial Statements of Uttar Pradesh Power Sector Employees Trust for the year 2014-15. This has resulted in understatement of Current Liabilities and Accumulated Losses by Rs. 28.65 crore. Despite a similar comment of the CAG on the Accounts for the year 2012-13 to 2014-15, no corrective action has been taken by the Management.</p>	<p>As per audited accounts of the company, there was no amount payable to UPPSE Trust as on 31-03-2015 (after netting off of the liabilities towards G.P.F of Rs. 16.60 Crore Dr and pension &amp; gratuity of Rs. 3.92 Cr). Hence, the accountal of interest was not required. However, the UPPSE Trust has already been requested to reconcile its account with the company.</p>
<p><b>C. Disclosure:</b>  4. M/s AHPCL has issued bills amounting to Rs. 9.66 crore for firm energy supply to UPPCL during the period from 24.04.2015 to 30.04.2015 and 01.05.2015 to 09.05.2015 on the basis of Generating Transformer (GT) meter reading due to non-availability of main meter reading. This bill has not been verified by UPPCL on the ground that there is no provision in Power Purchase Agreement for assessing consumption on the basis of GT meter reading. The Management of UPPCL had submitted the proposal to of Board of Directors for approval to</p>	<p>Since the matter is still disputed, the liability of to Rs. 9.66 crore towards payment of energy purchased from M/s AHPCL has been shown as Contingent Liability in the hands i.e. 2018-19.</p>

<p>refer the case to UPERC in Board Meeting dated 18 January 2016 accepting the fact that energy has been received by UPPCL and company is liable to pay the amount. However, no decision has been taken by the Board of Directors to refer the case to UPERC in that meeting or in subsequent meetings. As the Company accepted the fact that the energy has been received and did not deny the payment, the Company was required to disclose contingent liability of Rs. 9.66 crore towards payment of energy purchased.</p>	
<p>5. Income Tax Department seized (25 March 2015) Rs. 2.82 crore from UPPCL's Bank account under section 226 (3) of Income Tax Act, 1961 due to TDS default. However, this material fact has not been disclosed in the notes to accounts.</p>	<p>Out of the default of Rs. 2.82 crore the amount of Rs. 1.79 crore pertains to UPPTCL and Discoms, therefore, the same has been booked as receivable from concerned companies. However, as per information available TDS rectification/correction returns for Rs. 0.27 are pending.</p>
<p><b>D. Comments on Auditors' Report:</b></p> <p>6. Auditor has not incorporated following significant comments of Branch Auditors of Zonal Accounts Office (Material Management Zone) which have impact on the financial position of the company:</p> <p>(i) A revenue of Rs. 69.73 crore was not accounted for due to deviation from Accounting Standard-9 in accounting of subsidy, grant, insurance and other claims etc. which have been accounted for on receipt basis.</p> <p>(ii) A sum of Rs. 919.73 crore (Dr. Balance) and a sum of Rs. 594.66 crore (Cr. Balance) is outstanding since long.</p> <p>(iii) Under head 'Land and Land Rights', an amount of Rs.4.96 lakh was appearing in Electrical Training Institute and Rs. 4.65 crore in Maintenance unit under Material Management Zone. Further, a sum of Rs. 1.53 crore was appearing in 'Stock and related accounts'. However, in the absence of relevant details/records, the correctness of these balances could not be verified.</p>	<p>The matter has been communicated to Auditors.</p>

1 Electricity generated prior to commercial operation of a generating unit



(A.K. AWASTHI)

Chief General Manager(Accounts and Audit)



(SUDHIR ARYA)  
Director (Finance)

# **U.P. POWER CORPORATION LIMITED**

## **CONSOLIDATED BALANCE SHEET**

**AS AT**

**31<sup>st</sup> MARCH 2016**

**&**

## **CONSOLIDATED STATEMENT OF PROFIT & LOSS**

**FOR THE YEAR ENDED ON**

**31<sup>st</sup> MARCH 2016**

---

**Registered Office :- 14, Ashok Marg, Lucknow - 226001**

---