U.P. POWER CORPORATION LIMITED

STANDALONE BALANCE SHEET

AS AT

31st MARCH 2017

&

STANDALONE STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED ON

31st MARCH 2017

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

CONTENTS

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

BALANCE SHEET AS AT 31st MARCH 2017

(Amount in lakh ₹)

PARTICULAR	Note No.	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	Figures as at the beginning of previous reporting period
I. ASSETS				
1 Non-Current Assets				
a) Property, Plant and Equipment	2	4973.27	3532.42	2975.31
b) Capital Work-In-Progress	3	2.60	2919.01	1886.05
c) Intangible Assets	4	33.26	0.00	0.00
d) Financial Assets				
(i) Investments	5	232919.40	215193.93	228660.67
(ii) Loans	6	17550.00	17550.00	17550.00
(iii) Others	7	2324289.88	182.00	2787073.64
2 Current Assets				
a) Inventories	8	160.22	153.80	153.28
b) Financial Assets				
(i)Trade receivables	9	2112464.83	1354154.13	1729278.74
(ii) Cash and Cash Equivalents	10	197204.84	142001.64	104701.41
(iii) Bank balance other than (ii) above	11	30211.21	8942.66	1215.88
(v)Other	12	1140465.95	4218856.41	2411636.02
c) Other Current Assets	13	28320.71	28516.22	26652.77
Total		6088596.17	5992002.22	7311783.77
II. EQUITY AND LIABILITIES				
Equity				
a) Equity share Capital	14	7287520.82	5686271.86	3975081.84
b) Other Equity	15	(6717844.80)	(5231717.36)	(3614215.47)
Liabilities				
1 Non-Current Liabilities				
a) Financial Liabilities				
i)Borrowings	16	3496039.17	1601250.88	4795961.50
ii)Other Financial Liabilities	17	5875.29	0.00	0.00
2 Current Liabilties				
a) Financial Liabilities				
i)Borrowings	18	115849.16	117035.13	133727.35
ii)Trade Payables	19	1733291.01	1794573.33	1655365.23
iii)Other Financial Liabilities	20	167865.52	2024588.38	365863.32
Total		6088596.17	5992002.22	7311783.77
Company information & Significant accounting policies	1A			
Notes on Accounts	1B			

The accompanying notes form an integral part of the financial statements.

(Pradeep Soni)	(P.N.Sahay)	(Sudhanshu Dwivedi)	(Aparna U)
Company Secretary (Part Time)	Chief General Manager (Accounts)	Director (Finance) DIN - 6533235	Managing Director DIN - 6523278

Place : Lucknow
Date : 08 DEC 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

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH 2017

(Amount in lakh ₹)

	PARTICULAR	NOTE	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
I	Revenue from Operations	21	4266872.72	3719979.85
II	Other Income	22	5194.25	7024.15
III	TOTAL REVENUE (I+II)		4272066.97	3727004.00
IV	**EXPENSES**			
	Purchase of Stock in trade(Power Purchased)	23	4251177.77	3732461.21
	Employee benefits expense	24	16041.37	21271.44
	Finance cost	25	1.41	1.95
	Depreciation and Amortization expense	26	180.13	143.24
	Other Expenses			
	a) Administrative, General & Other Expense	27	3560.50	2879.19
	b) Repair & Maintenance	28	1386.65	1375.30
	c) Bad Debts & Provisions	29	856895.76	1525075.23
	TOTAL EXPENSES (IV)		5129243.59	5283207.56
V	Profit /(loss) before exceptional items and tax (III-IV)		(857176.62)	(1556203.56)
VI	Exceptional Items			
VII	Profit/ (loss) before tax (V+VI)		(857176.62)	(1556203.56)
VIII	Tax Expense :			
	(1) Current Tax		0.00	0.00
	(2) Deferred tax		0.00	0.00
IX	Profit/(Loss) for the period From continuing operations (VII+VIII)		(857176.62)	(1556203.56)
X	Profit/(loss) from discontiniuing operations			
XI	Tax Expense of discontiniuing operations			
XII	Profit/(loss) from discontiniuing operations (after tax) (X-XI)			
XIII	Profit/(Loss) for the period (IX+XII)		(857176.62)	(1556203.56)
	Other Comprehensive Income			
XIV	A- (i) Items that will not be reclassified to profit or loss			
	(ii) Income tax relating to items that will not be reclassified to profit or loss			
	B- (i) Items that will be reclassified to profit or loss			
	(ii) Income tax relating to items that will be reclassified to profit or loss			
XV	Total comprehensive Income for the period(XIII+XIV) (Comprising Profit/(Loss) and Other Comprehensive Income for the period)		(857176.62)	(1556203.56)
XVI	Earning per equity share (for continuing operation) :			
	(1) Basic		(126.65)	(299.49)
	(2) Diluted		(126.65)	(299.49)
XVII	Earning per equity share (for discontinuing operation) :			
	(1) Basic			
	(2) Diluted			
XVIII	Earning per equity share (for continuing and discontinuing operation) :			
	(1) Basic		(126.65)	(299.49)
	(2) Diluted		(126.65)	(299.49)

Company information & Significant accounting policies 1A

Notes on Accounts 1B

The accompanying notes form an integral part of the financial statements.

(Pradeep Soni)	(P.N.Sahay)	(Sudhanshu Dwivedi)	(Aparna U)
Company Secretary	Chief General Manager	Director (Finance)	Managing Director
(Part Time)	(Accounts)	DIN - 6533235	DIN - 6523278

Place : Lucknow

Date 08 DEC 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

STATEMENT OF CHANGES IN EQUITY

Equity Share Capital

Particulars	(Amount in lakh ₹)
Balance as on 1ST April 2015	3975081.84
Changes during the year	1711190.02
Balance as on 31ST March 2016	5686271.86
Changes during the year	1601248.96
Balance as on 31ST March 2017	7287520.82

OTHER EQUITY

(Amount in lakh ₹)

Particulars	For the year ended 31 march 2016				For the year ended 31 march 2017			
	Share application money pending allotment	Capital Reserve	Retained Earning	Total	Share application money pending allotment	Capital Reserve	Retained Earning	Total
Balance at the beginning of the reporting period	1017964.68	74671.12	(4703853.36)	(3611217.56)	956666.34	74671.12	(6263054.83)	(5231717.37)
Changes in accounting policy or prior period items	0.00	0.00	(2997.91)	(2997.91)	0.00	0.00	0.00	0.00
Restated balance at the beginning of the reporting period	1017964.68	74671.12	(4706851.27)	(3614215.47)	956666.34	74671.12	(6263054.83)	(5231717.37)
Total comprehensive income for the year	0.00	0.00	(1556203.56)	(1556203.56)	0.00	0.00	(857176.62)	(857176.62)
Share application money received	1649891.68	0.00	0.00	1649891.68	1288058.15	0.00	0.00	1288058.15
Share alloted against application money	1711190.02	0.00	0.00	1711190.02	1917008.96	0.00	0.00	1917008.96
Balance at the end of the reporting period	956666.34	74671.12	(6263054.83)	(5231717.37)	327715.53	74671.12	(7120231.45)	(6717844.80)

(Pradeep Soni)
Company Secretary
(Part Time)

(P.N.Sahay)
Chief General Manager
(Accounts)

(Sudhanshu Dwivedi)
Director (Finance)
DIN - 6533235

Aparna. U.
(Aparna U)
Managing Director
DIN - 6523278

Place : Lucknow
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(S.K Gupta)
Partner
M No. 016746

U.P. POWER CORPORATION LIMITED

CIN - U32201UP1999SGC024928

NOTE NO. 1(A)

COMPANY INFORMATION & SIGNIFICANT ACCOUNTING POLICIES OF STANDALONE FINANCIAL STATEMENT

1. REPORTING ENTITY

U.P Power Corporation Limited (the "Company") is a Company domiciled in India and limited by shares (CIN: U32201UP1999SGC024928). The shares of the Company are held by the GoUP and its Nominees. The address of the Company's registered office is Shakti Bhawan, Ashok Marg, Lucknow, Uttar Pradesh-226001. The Company is primarily involved in the purchase and sale/supply of power.

2. GENERAL/BASIS OF PREPARATION

(a) The standalone 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, in persuance of Ind AS, and on accounting assumption of going concern.

(c) 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.

(d) **Statement of compliance**

These standalone financial statements are prepared on accrual basis of accounting, unless stated otherwise, and comply with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto, the Companies Act, 2013 (to the extent notified and applicable), applicable provisions of the companies Act, 1956, and the provisions of the Electricity Act, 2003 to the extent applicable. These are the Company's first Ind AS compliant financial statement and Ind AS 101 'First Time Adoption of Indian Accounting Standards' has been applied.

For all the periods upto and including 31st March 2016, the Company prepared its financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in India, accounting standards specified under Section 133 of the Companies Act, 2013, the Companies Act, 2013 (to the extent notified and applicable) and applicable provisions of the Companies Act, 1956, and the provisions of the Electricity Act, 2003 to the extent applicable. The Company

MAG GAUR & ASSOCIATES * FRN-005354C * CHARTERED ACCOUNTANTS followed the provisions of Ind AS 101 in preparing its opening Ind AS Balance Sheet as of the date of transition, viz. 1st April 2015. As per Ind AS- 101 if the Company's Ind AS accounting policies used in the Opening Balance Sheet which are different from its previous GAAP policies applied as at 31st March 2015, then adjustments are required to be made to restate the opening balance as per Ind AS. Therefore, as required by Ind AS 101, the resulting adjustments are required to be recognized directly through retained earnings as at 1st April 2015. This is the effect to the general rule of Ind AS 101 which is to apply Ind AS retrospectively. However no such adjustments arose in case of company which is required to be made through retained earnings.

These financial statements were authorized for issue by Board of Directors on 14th November 2018.

(e) **Functional and presentation currency**

The financial statements are prepared in Indian Rupee (₹), which is the Company's functional currency. All financial information presented in Indian rupees has been rounded to the nearest rupees in lakhs (upto two decimals), except as stated otherwise.

(f) **Use of estimates and management judgments**

The preparation of financial statements require management to make judgments, estimates and assumptions that may impact the application of accounting policies and the reported value of asset, liabilities, income, expenses and related disclosures concerning the items involved as well as contingent Assets and Liabilities at the balance sheet date. The estimates and management's judgments are based on previous experience and other factor considered reasonable and prudent in the circumstances. Actual results may differ from this estimate.

Estimates and Underlying assumptions are reviewed as on ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate are reviewed and if any future periods affected.

(g) **Current and non-current classification**

1) The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for the last twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading:

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- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer settlement of the liability for at least twelve month after the reporting period.

All other liabilities are classified as non-current.

3. SIGNIFICANT ACCOUNTING POLICIES

The Company has elected to utilize the option under Ind AS 101 by not applying the provisions of Ind AS 16 & Ind AS 38 retrospectively and continue to use the previous GAAP carrying amount as a deemed cost under Ind AS at the date of transition to Ind AS. Therefore, the carrying amount of property, plant and equipment and intangible assets as per the previous GAAP as at 1st April 2015, i.e. the Company's date of transition to Ind AS, were maintained on transition to Ind AS.

I- Property, Plant and Equipment

(a) Property, Plant and Equipment are shown at historical cost less accumulated depreciation.

(b) All costs relating to the acquisition and installation of Property, Plant and Equipment 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 of functions 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 Ind AS-23.

II- CAPITAL WORK-IN-PROGRESS

Property, Plant and Equipment those are not yet ready for their intended use are carried at cost under Capital Work-In-Progress, comprising direct costs, related incidental expenses and attributable interest.

The value of construction stores is charged to capital work-in-progress as and when the material is issued. The material at the year end lying at the work site is treated as part of capital work in progress.

III- INTANGIBLE ASSETS

Intangible assets are measured on initial recognition at cost. Subsequently the intangible assets are carried at cost less accumulated amortization/accumulated impairment losses. The amortization has been charged over its useful life in accordance with Ind AS-38.

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An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use.

IV- 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 Property, Plant and Equipment during the year is charged on Pro rata basis.

(c) Property, Plant and Equipment are depreciated up to 95% of original cost except in case of temporary erections/constructions where 100% depreciation is charged.

V- INVESTMENTS

Financial Assets- investments (Non Current) are carried at cost. Provision is made for diminution/impairment, wherever required, other than temporary, in the value of such investments to bring it on its fair value in accordance with Ind AS 109.

VI- STORES & SPARES

(a) Stores and Spares are valued at cost.

(b) As per practice consistently following by the Compnay, 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.

VII- 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.

VIII- 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).

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(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.

IX- EMPLOYEE BENEFITS

(a) Liability for Pension & Gratuity in respect of employees has been determined on the basis of acturial 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.

X- 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 assets and liabilities, if any, are disclosed in the Notes on Accounts.

(c) The Contingent assets of unrealisable income are not recognized.

XI- GOVERNMENT GRANT, SUBSIDIES AND CONSUMER CONTRIBUTIONS

Government Grants (Including Subsidies) are recognised when there is reasonable assurance that it will be received and the company will comply the conditions attached, if any, to the grant. The amount of Grant, Subsidies and Loans are received from the State Government by the UPPCL centrally, being the Holding Company and distributed by the Holding Company to the DISCOMS.

Consumer Contributions, Grants and Subsidies received towards cost of capital assets are treated initially as capital reserve and subsequesntly amortized in the proportion in which depreciation on related asset is charged.

XII- FOREIGN CURRENCY TRANSACTIONS

Foreign Currency transactions are accounted at the exchange rates prevailing on the date of transaction. Gains and Losses, if any, as at the year end in respect of monetary assets and liabilities are recognized in the Statement of Profit and Loss.

XIII- 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

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of current loss and past accumulated losses as per Para 34 of Ind AS 12 "Income Taxes".

XIV- CASH FLOW STATEMENT

Cash Flow Statement is prepared in accordance with the indirect method prescribed in Ind AS – 7 'Statement of Cash Flow'.

XV- FINANCIAL ASSETS

Initial recognition and measurement:
Financial assets of the Company comprises, Cash & Cash Equivalents, Bank Balances, Trade Receivable, Advance to Contractors, Advance to Employees, Security Deposits, Claim recoverables etc. The Financial assets are recognized when the company become a party to the contractual provisions of the instrument.
All the Financial Assets are recognized initially at fair value plus transaction cost that are attributable to the acuisition or issue of the financial assets as the company purchase/acquire the same on arm length price and the arm length price is the price on which the assets can be exchanged.

Subsequent Measurement:

A- **Debt Instrument:-** A debt instrument is measured at the amortized cost in accordance with Ind AS 109.

B- **Equity Instrument:-** All equity investments in entities are measured at fair value through P & L (FVTPL) as the same is not held for trading.

Impairment on Financial Assets- Expected credit loss or provisions are recognized for all financial assets subsequent to initial recognistion. The impairment losses and reversals are recognised in Statement of Profit & Loss.

XVI- FINANCIAL LIABILITIES

Initial recognition and measurement:
Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. All the financial liabilities are recognised initially at fair value. The Company's financial liabilities include trade payables, borrowings and other payables.

Subsequent Measurement:
Borrowings have been measured at fair value using effective interest rate (EIR) method. Effective interest rate method is a method of calculating the amortised cost of a financial instrument and of allocating interest and other expenses over the relevant period. Since each borrowings has its own separate rate of interest and risk, therefore the rate of interest at which they have been acquired is treated as EIR. Trade and other payables are shown at contractual value/amortized cost.

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A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

XVII- MATERIAL PRIOR PERIOD ERRORS

Material prior period errors are corrected retrospectively by restating the comparative amount for the prior periods presented in which the error occurred. If the error occurred before the earliest period presented, the opening balance of assets, liabilities and equity for the earliest period presented, are restated.

(Pradeep Soni) **Company Secretary** **(Part Time)**	**(P.N. Sahay)** **Chief General Manager** **(Accounts)**	**(Sudhanshu Dwivedi)** **Director (Finance)** **DIN - 6533235**	**(Aparna U)** **Managing Director** **DIN - 6523278**

Place : Lucknow
Date : 08 DEC 2018

Subject to our report of even date

For Gaur & Associates
Chartered Accountants

FRN No. 005354C

FRN-005354C

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

U.P. POWER CORPORATION LIMITED

CIN - U32201UP1999SGC024928

NOTE NO. 1(B)

NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2017 AND STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON THAT DATE

1. (a) The Company 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-

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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 Uttranchal Power Corporation Ltd., w.e.f. 9.11.01.

3. (a) Ministry of Power, Govt. of India, with an objective to improve the operational and financial efficiency of the state Discoms, has issued UDAY (Ujwal Discom Assurance Yojna) Scheme for Operational and Financial Turnaround of power Distribution Companies (DISCOMs) vide order no-06/02/2015-NEF/FRP dated 20-11-2015. 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 Govt. of U.P. has taken over the DISCOM debt of ₹ 39133.76 Crore by issue of Special Security Bonds and the Govt. of U.P. has transferred 50% Grant of ₹ 19566.88 crore, 25% Equity of ₹ 9783.44 crore and 25% Interest free loan of ₹ 9783.44 crore upto 31.03.2017 by adjustment.

(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. (a) Based on actuarial valuation report dt. 09.11.2000 (adopted by Board of Directors), provision for accrued liability on account of Pension and Gratuity for GPF Employees have been made @ 16.70% and 2.38% respectively on the amount of basic Pay and D.A. paid to employees.

(b) As required by IND AS 19 and 101, the company has measured its liabilities arising from Gratuity for the employees covered under CPF Scheme & Leave encashment of all employees and stated the same in Balance Sheet and Statement of P&L in the financial year 2016-17. The Disclosure in the regard is as below:

S.No	Defined benefit plans:-	Gratuity		Leave Encashment	
	(In ₹)	As on 31/03/2017	As on 31/03/2016	As on 31/03/2017	As on 31/03/2016
1	Assumptions				

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	Discount Rate	7.46% per annum	NA	7.00% per annum	NA
	Salary Escalation	3.00% per annum	NA	3.00% per annum	NA
	Rate of return on Plan assets	NA	NA	NA	NA
2	**Table showing changes in present value of obligations**				
	Opening of defined benefit obligations	0	NA	0	NA
	Interest cost	0	NA	0	NA
	Service Cost	31,685,485	NA	6,53,224,961	NA
	Benefits Paid	0	NA	0	NA
	Actuarial (gain)/Loss on obligations	0	NA	0	NA
	Closing of defined benefit obligation	**31,685,485**	NA	**6,53,224,961**	NA
3	**Table showing changes in the fair value of plan assets**				
	Fair value of plan assets at beginning of year	0	NA	0	NA
	Expected return on plan assets	0	NA	0	NA
	Contributions	0	NA	0	NA
	Benefits paid	0	NA	0	NA
	Actuarial Gain/(Loss) on Plan assets	0	NA	0	NA
	Fair value of plan assets at end of year	0	NA	0	NA
6	**The amounts to be recognized in the Balance Sheet and Statement of Profit and Loss**				
	Present value of obligations as at the end of year	31,685,485	NA	6,53,224,961	NA
	Fair value of plan assets as at the end of the year	0	NA	0	NA
	Net Asset/(liability) recognized in balance sheet	(31,685,485)	NA	(6,53,224,961)	NA
7	**Expenses recognized in statement of Profit & loss**				
	Service cost	31,685,485	NA	6,53,224,961	NA
	Interest cost	0	NA	0	NA
	Expenses/(Income) recognized in statement of Profit & Loss	**31,685,485**	NA	**6,53,224,961**	NA
8.	**Sensitivity analysis**				
	Base liability	**31,685,485**	Impact	**6,53,224,961**	Impact
	Increase in Discount rate by 0.50%	29,404,342	(2,281,143)	6,35,487,382	(17,737,579)
	Decrease in Discount rate by 0.50%	34,212,026	2,526,541	6,71,964,135	18,739,174

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	Increase in salary inflation by 1%	36,531,194	4,845,709	6,90,351,965	37,127,004
	Decrease in salary inflation by 1%	27,540,011	(4,145,474)	6,19,389,980	(33,834,981)
	Increase withdrawal rate by 0.5%	33,405,771	1,720,286	6,58,399,723	5,174,762
	Decrease withdrawal rate by 0.5%	29,839,313	(1,846,172)	6,47,800,737	(5,424,224)

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 Property, Plant & Equipment, transferred under various Transfer Schemes for the purpose of maintaining Property, Plant & Equipment registers.

(b) Where historical cost of a discarded/ retired/ obsolete Property, Plant & Equipment 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 Property, Plant & Equipment 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 to the extent of 10% on the balances of suppliers/ contractors has been made under the Note no. 07 (Financial Assets- Others-Non Current) and Note no. 13 (Other Current Assets).

(ii) Provision @ 100% on interest accrued and due during the year on loan of NPCL has been made under the Note No. 06 (Financial Assets-Loans-Non Current).

(c) A provision for doubtful receivables to the extent of 10% on the balances appearing under the different heads of "Financial Assets-Other- Current" Note no. 12 (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. Sundry Debtors through Kesco amounting to Rs 62048.21 Lacs appearing in the schedule of Financial Assets-Trade Receivables (current) Note no .09, have been adjusted against the revenue

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received from the Kesco. Further Kesco has also agreed not to charge service charge @15% on such adjustments due to abnormally delayed payment of such debtors. The provision made on such debtors in the earlier years has also been reversed in view of above recovery.

8. 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.

9. Liability towards staff training expenses, medical expenses and LTC has been provided to the extent established.

10. (a) Some balances appearing under the heads 'Financial Assets-Other (Current)', Financial Assets- Loans (Non-Current)', 'Other Current Assets (including UP Power Sector Employees Trust)', 'Other Financial Liabilities (Current)' and Financial Liabilities-Trade Payables (Current)' are subject to confirmation/ reconciliation and subsequent adjustments as may be required.

(b) On an overall basis the assets other than Property, Plant & Equipment and Financial Assets-investments (Non-current) 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.

11. Basic and diluted earnings per share has been shown in the Statement of Profit & Loss in accordance with Ind-AS 33 "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 Lacs)

		31.03.2017	31.03.2016
	Earning per share:		
(a)	Net loss after tax (numerator used for calculation)	857176.62	1556203.56
(b)	Weighted average number of Equity Shares* (denominator for calculating Basic EPS)	6767.94	5196.09
(c)	Weighted average number of Equity Shares* (denominator for calculating Diluted EPS)	6999.29	5602.60
(d)	Basic earnings per share of Rs. 1000/- each (in INR)	(126.65)	(299.49)
(e)	Diluted earnings per share of Rs. 1000/- each (in INR)	(126.65)	(299.49)

(As per para 43 of Ind AS-33 issued by Institute of Chartered

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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 Earnings Per Share).

* Calculated on monthly basis.

12. 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.

13. 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.

14. 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 @ ₹ 4.273311922/kwh (previous year ₹ 4.230010338/kwh) and accounted for accordingly.

15. Payment to Directors and Officers in foreign currency towards foreign tour was NIL (Previous year NIL).

16. Debts due from Directors were ₹ NIL (previous year Nil).

17. Quantitative Details of Energy purchased and sold:-

S. No.	Details	2016-17	2015-16
(i)	Total number of Units purchased	107495.239 MU	93651.569 MU
(ii)	Total number of units sold	99849.316 MU	87942.571 MU

18. Contingent Liabilities:-

(Amount ₹ in lacs)

S. No.	Details	2016-17	2015-16
(i)	Income Tax*	2.03	12.61
(ii)	Power Purchase	47443.51	46800.45
(iii)	Other Contingencies	1413.49	1473.84

* *Includes ₹ 0.03 lacs on account of TDS default for FY 2016-17 and ₹ 10.61 lacs on account of TDS default for FY 2015-16 as per AS-26.*

19. Since the Company is principally engaged in the business of Electricity and there is no other reportable segment as per Ind AS-108 'Operating Segments', hence the disclosure as per Ind AS-108 on segment reporting is not required.

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20. Provision for Employees Cost has been made amounting to ₹ 1501.70 Lakh for the period 01.04.2016 to 31.03.2017 regarding 7th Pay Commission order no. 999/कार्मिनी एवं वे0प्र0–29/पाकालि/2017–5–कार्मिनी एवं वे0प्र0/16 dated 01.09.2017.

21. **Disclosure as per Ind AS-24 (Related Party): -**

A- List of Related Parties

(a) List of Subsidiary & Associates:-

Subsidiary
Madhyanchal Vidyut Vitran Nigam Limited
Pashchimanchal Vidyut Vitran Nigam Limited
Purvanchal Vidyut Vitran Nigam Limited
Dakshinanchal Vidyut Vitran Nigam Limited
Kanpur Electricity Supply Company Limited
Sonebhadra Power Generation Company Limited
Southern Power Transmission Corporation Limited
Associates
Yamuna Power Generation Company Limited

(b) Key management personnel:-

S. No.	Name	Designation	Working Period (For FY 2016-17)	
			Appointment	Retirement/ Cessation
1	Shri Sanjay Agarwal	Chairman	17/05/2013	Working
2	Shri Ayodhya Prasad Mishra	Managing Director	31/07/2012	23/03/2017
3	Shri Vishal Chauhan	Managing Director	25/03/2017	Working
4	Shri Sudhanshu Dwivedi	Director (Finance)	30/06/2016	Working
5	Shri Satya Prakash Pandey	Director (P.M. & Admin.)	01/07/2016	Working
6	Shri Krishna Murari Mittal	Director (Distribution)	06/12/2014	Working
7	Shri Ramanand Yadav	Director (Corporate planning)	23/02/2015	Working
			Additional Charge of Director (P.M. & Admin) from 20/11/2015 to 30/06/2016	
8	Shri Sanjay Kumar Singh	Director (Commercial)	06/03/2013	Working
			Additional Charge of Director (Finance) from 10/12/2015 to 30/06/2016	
9	Shri Vishal Chauhan (M.D. of UPPTCL)	Nominee Director	18/06/2015	29/06/2017

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10	Shri Neel Ratan Kumar (Special Secretary- Finance) GoUP	Nominee Director	16/04/2013	Working
11	Smt Manju Shankar (Bureau of Public Enterprises)	Nominee Director	10/12/2015	Working

(c) The Company is a State Public Sector Undertaking (SPSU) controlled by State Government. Pursuant to Paragraph 25 & 26 of Ind AS 24, entities over which the same government has control or joint control, or significant influence, then the reporting entity and other entities shall be regarded as related parties. The Company has applied the exemption available for Government related entities and have made limited disclosures in the financial statements. Such entities which company has significant transactions includes, but not limited to, UP Power Transmission Corporation Limited, Uttar Pradesh Rajya Utpadan Nigam Limited and Uttar Pradesh Jal Vidyut Nigam Limited.

(d) Post-Employment Benefit Plan:-

1- Uttar Pradesh Power Sector Employees Trust.

B- Transactions with Related Parties are as follows:

(a) Transaction with Subsidiaries and Associates:-

(Amount ₹ In Lacs)

Particulars	Subsidiaries		Associates	
	2016-17	2015-16	2016-17	2015-16
(i) Sales	4266872.72	3719979.85	-	-
(ii) Purchase	-	-	-	-
(iii) Dividend received	-	-	-	-
(iv) Equity Contribution made	879899.62	1531996.45	-	-
(v)Loans (Net Increase/ (Decrease))*	(760857.73)	(963765.79)	-	-
(vi) Receivable-Others (Net Increase/ (Decrease))	1.50	(812.60)	(91.70)	(60.96)

* Loans have been arranged by UPPCL on behalf of Discoms and the same has been routed through the accounts of UPPCL.

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

(Amount ₹ In Lacs)

	2016-2017	2015-2016
Salary & Allowances	100.18	102.48
Leave Encashment	17.78	---

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Contribution to Gratuity/ Pension/ PF	10.99	11.92

(c) Transaction with related parties under the control of same government:-

(Amount ₹ In Lacs)

S. No	Name of The Company	Nature of Transaction	2016-17	2015-16
1	UP Power Transmission Corporation Limited	Misc. Transactions (Net)	2491.59	1978.87
2	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	Power Purchase	1128531.13	940367.28
3	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	Receivables (Unsecured)	106.95	(350.83)
4	Uttar Pradesh Jal Vidyut Nigam Limited	Power Purchase	6254.71	6149.73

(d) Outstanding balances with related parties are as follows:-

(Amount ₹ In Lacs)

Particulars	31st March 2017	31st March 2016	01st April 2015
Amount recoverable towards loans			
From Subsidiaries			
➢ MVVNL	667090.27	815303.83	1039165.00
➢ PVVNL	555136.20	723486.06	932692.88
➢ PurVVNL	912365.56	1009683.08	1268891.32
➢ DVVNL	1299576.73	1617725.33	1820322.88
➢ Kesco	212778.74	230046.49	312350.80
Amount recoverable other than loans			
From Subsidiaries			
➢ MVVNL	539085.28	367631.23	405714.42
➢ PVVNL	169695.73	70824.55	207306.21
➢ PurVVNL	1213759.25	860016.25	828447.25
➢ DVVNL	304314.79	113122.77	349384.82
➢ Kesco	8903.49	11696.06	46891.97
➢ SPGCL	611.59	610.09	1422.69
➢ SPTCL	216.63	216.63	216.63
From Associates			
➢ YPGCL	62.76	154.46	215.42
From Others			

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➢ UPPSET	1193.20	1183.56	1267.35
➢ UPRVUNL	159.64	52.69	403.52
➢ UPPTCL	9757.66	7266.07	5287.20
Amount Payable towards loan			
To Subsidiaries			
➢ MVVNL	56343.81	56921.76	60776.28
➢ PVVNL	89506.01	79035.83	85415.53
➢ PurVVNL	76628.14	75094.62	75278.41
➢ DVVNL	65804.31	65669.62	68663.91
➢ Kesco	-	-	-
Amount Payable other than loan			
To Others			
➢ UPJVNL	8864.08	8879.75	3842.53

22. Due to heavy carried forward losses / depreciation and uncertainties to recover such losses/ depreciation in near future, the deferred tax assets have not been recognized in accordance with Para 34 of Ind AS-12 issued by ICAI.
23. In the opinion of management, there is no specific indication of impairment of any assets as on balance sheet date as envisaged by Ind AS-36 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.
24. Disclosure as per Ind AS-37 is as under:-

(Amount ₹ In Lacs)

S. NO.	PARTICULARS	MOVEMENT OF PROVISIONS			
		OPENING BALANCE AS ON 01.04.2016	PROVISION MADE DURING THE YEAR	WITHDRAWL / ADJUSTMENT OF PROVISION DURING THE YEAR	CLOSING BALANCE AS ON 31.03.2017
1	Provision for diminution in Investment	4,429,161.70	877,074.26		5,306,235.96
2	Provision for Doubtful debts on Sundry Debtors (Sale of power)	162,382.81		-22,137.12	140,245.69
3	Provision for Bad & doubtful debts-Other current assets.	1,156.32	0.00	-1.09	1,155.23
4	Provision for Bad & doubtful debts-Financial Assets -Loans (Non-Current)	16,811.96	1,120.09		17,932.05
5	Provision for Bad & doubtful debts-Financial Assets-other (Current)	13,365.65	823.54		14,189.19
6	Provision for Bad & doubtful debts-Financial Assets-others(non current)	2.35	16.08		18.43
7	Provision for unservisable stores	13.35			13.35
	Total	4,622,894.15	879,033.97	-22,138.21	5,479,789.91

25. The Annual Accounts of F.Y. 2015-16 have yet to be adopted in Annual General meeting as final comments of C&AG are still awaited.

26. **First Time Adoption of Ind AS**

These are Company's first financial statements in accordance with Ind AS for the year ended 31st March 2017. For periods up to and including year ended 31st March 2016, the Company prepared its financial statements in accordance with Indian GAAP, including accounting standard notified under the Companies (Accounting Standard) Rules, 2006 (as amended). The effective date for Company's Ind AS Opening Balance Sheet is 1st April 2015(the date of transition to Ind AS).

The accounting policies set out in Significant Accounting Policies have been applied in preparing the financial statements for the year ended 31st March 2017, the comparative information presented in these financial statement for the year ended 31st March 2016 and in the presentation of an opening Ind AS Balance Sheet at 1st April 2015 (the Company's date of transition). According to Ind AS 101, the first Ind AS Financial Statements must use recognition and measurement principles that are based on standard and interpretation that are effective at 31st March 2017, the date of first-time preparation of Financial Statement according to Ind AS. These accounting principles and measurement principles must be applied retrospectively to the date of transition to Ind AS and for all the periods presented within the first Ind AS Financial Statements.

Any resulting differences between carrying amount of assets and liabilities according to Ind AS 101 as of 1st April 2015 compared with those presented in the Indian GAAP Balance Sheet as of 31st March 2015, were recognized in equity under retained earnings within the Ind AS Balance Sheet. However no such adjustments arose which are required to be made through retained earnings.

Exemption and exceptions availed

In the Ind AS Opening Balance Sheet as at 1st April 2015, the carrying amount of assets and liabilities from the Indian GAAP as at 31st March 2015 are generally recognized and measured according to Ind AS in effect as on 31st March 2017. However for certain individual cases, Ind AS 101 provides for optional exemption and mandatory exceptions to the general principles of retrospectively application of Ind AS. The Company has made use of the following exemption and exception in preparing its Ind AS Opening balance Sheet.

i) **Property, Plant and Equipment:**

Ind As 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities.

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U.P.POWER CORPORATION LIMITED

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CIN - U32201UP1999SGC024928

NOTE - 16

FINANCIAL LIABILITIES - BORROWINGS (NON CURRENT)

(Amount in lakh ₹)

PARTICULARS	As at 31.03.2017		As at 31.03.2016		As at 1.04.2015	
BONDS/LOANS RELATE TO DISCOMS						
(a) Dakshinanchal VVNL						
SECURED						
9.68% Non Convertible Bonds	336682.93		161523.91		323048.12	
Banks	0.00		0.00		989262.17	
UNSECURED						
Non Convertibile Bonds	402294.59		0.00		126062.45	
REC	112741.90		30107.64		202636.87	
PFC	59899.08		165878.29		12607.95	
UP GOVERNMENT (UDAY SCHEME)						
LOAN	333798.33	1245416.83	204987.21	562497.05	0.00	1653617.56
(b) Madhyanchal VVNL						
SECURED						
9.68% Non Convertible Bonds	210641.41		100970.23		201940.65	
Banks	0.00		0.00		467692.92	
UNSECURED						
Non Convertibile Bonds	193338.84		0.00		122841.59	
REC	32537.07		57423.81		121220.65	
PFC	23313.95		24321.61		14888.76	
UP GOVERNMENT (UDAY SCHEME)						
LOAN	189350.88	649182.15	112932.40	295648.05	0.00	928584.57
(c) Paschimanchal VVNL						
SECURED						
9.68% Non Convertible Bonds	139202.15		98493.27		196986.73	
Banks	0.00		0.00		397333.41	
UNSECURED						
Non Convertibile Bonds	145457.89		0.00		88523.82	
REC	50149.31		64437.85		109901.92	
PFC	17441.23		790.17		20292.59	
UP GOVERNMENT (UDAY SCHEME)						
LOAN	188640.08	540890.66	117543.35	281264.64	0.00	813038.47
(d) Purvanchal VVNL						
SECURED						
9.68% Non Convertible Bonds	312388.27		133054.72		266109.69	
Banks	0.00		0.00		583744.96	
UNSECURED						
Non Convertibile Bonds	239599.30		0.00		0.00	
REC	79896.60		67218.97		131643.08	
PFC	29465.82		45673.48		140530.23	
HUDCO	0.00		0.00		10577.89	
UP GOVERNMENT (UDAY SCHEME)						
LOAN	214843.16	876193.15	137644.81	383591.98	0.00	1132605.85
(e) Kesco						
SECURED						
9.68% Non Convertible Bonds	62580.26		32969.87		65939.80	
Banks	0.00		0.00		141791.05	
UNSECURED						
Non Convertibile Bonds	56938.37		0.00		0.00	
REC	6665.40		4336.88		30766.73	
PFC	6460.80		5738.42		29617.47	
UP GOVERNMENT (UDAY SCHEME)						
LOAN	51711.55	184356.38	35203.99	78249.16	0.00	268115.05
GRAND TOTAL		3496039.17		1601250.88		4795961.50

Note - The terms of repayment, default details and security/guarantee details have been annexed with this note. (Refer Annexure to Note - 16)

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Annexure to Note - 16

DISCLOSURE OF BORROWINGS AS REQUIRED IN REVISED SCHEDULE-III OF COMPNIES ACT 2013

(Amount in lakh ₹)

Name of Bank	Repayment Terms: Drawl Date	Install-ment (Months)	Repay-ment Due From	ROI (%)	Guaranteed By	Outstanding as on 31.03.2017: Principal	Interest	Total	Default as on 31.03.2017: Principal	Interest	Principal Default w.e.f.	Interest Default w.e.f.	Aggregate Amount of Guaranteed Loans	Secured
Long Term Borrowing														
SECURED														
BONDS														
MVVNL	17.02.17/27.03.17	5/10 Years		9.68%/8.97%/8.48%		210641.41		210641.41					210641.41	Parri Passu/Receivables and Govt Guarantee
PoorVVNL						312388.27		312388.27					312388.27	
PasVVNL						139202.15		139202.15					139202.15	
DVVNL						336682.93		336682.93					336682.93	
KESCO						62580.26		62580.26					62580.26	
Total - Secured						1061495.02	0	1061495.02						
UNSECURED														
BONDS-														
MVVNL	04.07.16/28.09.16/30.03.17	15 Years		9.70%		193338.84		193338.84					193338.84	Government Guarantee
PoorVVNL						239599.30		239599.30					239599.30	
PasVVNL						145457.89		145457.89					145457.89	
DVVNL						402294.59		402294.59					402294.59	
KESCO						56938.37		56938.37					56938.37	
Sub Total						1037628.99		1037628.99						
REC												Mar-15		
MVVNL		9/24/84 EMI & 17 QY	Jun-16	10.40% to 11.99%		34679.57		34679.57	-		-	-	34679.57	Govt. Guarantee
PoorVVNL						96778.50		96778.50	-		-	-	96778.50	
PasVVNL						52230.24		52230.24	-		-	-	52230.24	
DVVNL						133855.87		133855.87	-		-	-	133855.87	
Kesco						9458.07		9458.07					9458.07	
Sub Total	Sub Total				Sub Total	327002.25	0	327002.25	-				327002.25	
Less-CM	Less-CM				Less-CM	45011.97		45011.97						
Total	Total				Total	281990.28	0	281990.28						
PFC														
PasVVNL		9/24 EMI & 17 QY	Jun-16	10.75% to 11.89%		26663.08		26663.08					26663.08	Govt. Guarantee
DVVNL						89444.77		89444.77					89444.77	
MVVNL						35876.82		35876.82					35876.82	
PoorVVNL						44456.88		44456.88					44456.88	
KESCO						9257.70		9257.70					9257.70	
Sub Total						205699	0	205699.25		0			205699.25	
Less-CM						69118.37		69118.37						
Total						136580.88	0	136580.88						
Unsecured GoUP UDAY Scheme Loan														
PasVVNL	31.03.2016	2017-18 (Conversion into Grant)		Interest Free		188640.08	0	188640.08						GOUP
DVVNL						333798.33	0	333798.33						
MVVNL						189350.88	0	189350.88						
PoorVVNL						214843.16	0	214843.16						
KESCO						51711.55	0	51711.55						
Sub Total						978344.00	0	978344.00						
Total - Unsecured						2434544.15	0	2434544.15						
Grand Total - Secured & Unsecured Rrelated to DISCOMs						3496039.17	0	3496039.17					0	

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

Short Term Borrowing

(F) NOIDA Loan (STL)				Interest Free					-	-	-	-	0	
PasVVNL						2942.75		2942.75						
DVVNL						3500.25		3500.25						
MVVNL						3202.75		3202.75						
PoorVVNL						4299.45		4299.45						
KESCO						1054.80		1054.80						
Sub Total						15000.00	0	15000.00	0	0	-	-	0	
Less-CM								0					0	
Total						15000.00	0	15000.00					0	

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CIN - U32201UP1999SGC024928

NOTE- 17

FINANCIAL LIABILITIES - OTHERS (NON CURRENT)

(Amount in lakh ₹)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 1.04.2015
Leave Enchashment	5563.28	0.00	0.00
Gratuity	312.01	0.00	0.00
TOTAL	5875.29	0.00	0.00

NOTE- 18

FINANCIAL LIABILITIES - BORROWINGS (CURRENT)

(Amount in lakh ₹)

Particulars	As at 31.03.2017		As at 31.03.2016		As at 1.04.2015	
Overdraft from Banks						
State Bank of India	0.00		3027.73		3036.96	
(Pari Passu charge on Receivables of Corporation) Central Bank of India	10454.43		10472.37		10621.49	
(Pari Passu charge on Receivables and Other Current Assets of Corporation) Canara Bank	7655.43		9976.01		10042.10	
(Pari Passu charge on Receivables of Corporation) Punjab National Bank	45134.09		2711.61		2999.83	
(Pari Passu charge on Receivables of Corporation) Allahabad Bank	37605.16		36323.23		36889.93	
(Pari Passu charge on Receivables of Corporation) ICICI Bank	0.05		10538.49		10012.10	
(Pari Passu charge on Receivables of Corporation) Indian Overseas Bank	0.00		116.29		10116.78	
(Charge on Stock,Receivables & Other Current Assets) Oriental Bank of Commerce	0.00		12077.37		12499.36	
(Pari Passu charge on Receivables of Corporation) Bank of India	0.00		4315.21		4931.81	
(Pari Passu charge on Receivables of DISCOMS) Karur Vysya Bank	0.00		7476.82		7576.99	
(Pari Passu charge on Receivables of the Company)		100849.16		97035.13		108727.35
Loans relates to DISCOMS (Unsecured)						
(a) Dakshinanchal VVNL						
New Okhla Industrial Dev. authority	3500.25		5581.25		7662.25	
(b) Madhyanchal VVNL						
New Okhla Industrial Dev. authority	3202.75		3996.25		4789.75	
(c) Paschimanchal VVNL						
New Okhla Industrial Dev. authority	2942.75		3807.50		4672.25	
(d) Purvanchal VVNL						
New Okhla Industrial Dev. authority	4299.45		5305.60		6311.75	
(e) Kesco						
New Okhla Industrial Dev. authority	1054.80	15000.00	1309.40	20000.00	1564.00	25000.00
TOTAL		115849.16		117035.13		133727.35

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

M/S ... & ASSOCIATES
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NOTE-19

FINANCIAL LIABILITIES -TRADE PAYABLE (CURRENT)

(Amount in lakh ₹)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 1.04.2015
Liabilitiy for Purchase of Power	1733291.01	1778878.36	1652151.62
PPE Adjustment	0.00	15694.97	3213.61
TOTAL	1733291.01	1794573.33	1655365.23

NOTE- 20

Other Financial Liabilities (CURRENT)

(Amount in lakh ₹)

Particulars	As at 31.03.2017		As at 31.03.2016		As at 1.04.2015	
Interest accrued & due		0.00		21293.33		60056.03
Current Maturity of Long Term Borrowings		114130.33		1943640.68		238765.27
Liability for Capital Supplies/ Works		14.51		43.47		43.47
Liability for O & M Supplies / Works	8.32		147.82		147.22	
PPE Adjustment of Liability for O & M Supplies / Works	0.00	8.32	(146.36)	1.46	(146.36)	0.86
Deposits & Retentions from Suppliers & Others		1122.52		917.67		766.30
Deposit works		0.00		1656.51		767.97
* Liabilities towards UPPCL CPF Trust		20.37		(10.49)		2.78
Interest Accrued but not Due on Borrowings		26124.59		34115.50		56159.56
Staff Related Liabilities		5527.66		9591.03		2493.01
Sundry Liabilities	11830.37		4180.25		2740.28	
PPE Adjustment	0.00	11830.37	0.65	4180.90	(48.05)	2692.23
Payable to UPJVNL		8864.08		8879.75		3842.53
Liabilities for Expenses	222.77		270.30		266.58	
PPE Adjustment	0.00	222.77	8.27	278.57	6.73	273.31
TOTAL		167865.52		2024588.38		365863.32

Note:- Details of Interest Accrued & Due and Current Maturity of Long Term Borrowings is annexed with this Note. (Refer Annexure to Note - 20)

* Includes interest on CPF

Annexure to Note - 20

Statement of Interest Accrued & Due

F.Y. 2016-17

(Amount in lakh ₹)

II	Loans Relate to Discoms					
Sl.No.	Name of the Discom	HUDCO	REC	PFC	Banks	Total
1	Madhyanchal Vidyut Vitran Nigam Limited	0	0	0	0	0
2	Purvanchal Vidyut Vitran Nigam Limited	0	0	0	0	0
3	Paschimanchal Vidyut Vitran Nigam Limited	0	0	0	0	0
4	Dakshinanchal Vidyut Vitran Nigam Limited	0	0	0	0	0
5	KESCO	0	0	0	0	0
	Total	**0**	**0**	**0**	**0**	**0**

F.Y. 2015-16

	Loans Relate to Discoms					
Sl.No.	Name of the Discom	HUDCO	REC	PFC	Banks	Total
1	Madhyanchal Vidyut Vitran Nigam Limited	431.69	0.00	0.00	3610.67	4042.36
2	Purvanchal Vidyut Vitran Nigam Limited	399.53	0.00	0.00	4210.16	4609.69
3	Paschimanchal Vidyut Vitran Nigam Limited	419.72	0.00	0.00	2146.45	2566.17
4	Dakshinanchal Vidyut Vitran Nigam Limited	389.85	0.00	0.00	8711.76	9101.61
5	KESCO	0.00	0.00	0.00	973.50	973.5
	Total Interest Accrued & Due	**1640.79**	**0**	**0**	**19652.54**	**21293.33**

Statement of Current Maturity of Long-Term Borrowings

(Amount in lakh ₹)

F.Y. 2016-17

I	Loans Relate to Discoms				
Sl. No.	Name of the Discom	Banks	REC	PFC	Total
1	MVVNL	0.00	2142.50	12562.87	**14705.37**
2	PoorVVNL	0.00	16881.90	14991.05	**31872.95**
3	PasVVNL	0.00	2080.93	9221.85	**11302.78**
4	DVVNL	0.00	21113.97	29545.69	**50659.66**
5	KESCO	0.00	2792.67	2796.90	**5589.57**
	Total	0	**45011.97**	**69118.36**	**114130.33**
	Total Current Maturity of Long-Term Borrowings				**114130.33**

F.Y. 2015-16

I	Loans Relate to Discoms				
Sl. No.	Name of the Discom	Banks	REC	PFC	Total
1	Madhyanchal VVNL	236269.83	56057.18	66054.09	**358381.1**
2	Purvanchal VVNL	283357.67	70232.53	75393.27	**428983.47**
3	Paschimanchal VVNL	160161.12	60581.69	64016.41	**284759.22**
4	Dakshinanchal VVNL	529734.09	154184.90	94676.49	**778595.48**
5	KESCO	66633.20	12204.10	14084.10	**92921.4**
	Total	**1276155.91**	**353260.40**	**314224.36**	**1943640.67**
	Total Current Maturity of Long-Term Borrowings				**1943640.67**

M/S GAUR & ASSOCIATES CHARTERED ACCOUNTANTS FRN-

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NOTE - 21

REVENUE FROM OPERATIONS (GROSS)

(Amount in lakh ₹)

Particulars	For the Year ended on 31.03.2017		For the Year ended on 31.03.2016	
SALE OF POWER				
Supply in Bulk				
Subsidiaries				
Dakshinanchal VVNL	950584.48		864264.29	
Madhyanchal VVNL	817440.64		691712.88	
Paschimanchal VVNL	1329452.68		1138979.63	
Purvanchal VVNL	1011754.84		872980.74	
KESCO	157640.08	4266872.72	152042.31	3719979.85
TOTAL		4266872.72		3719979.85

NOTE - 22

OTHER INCOME

(Amount in lakh ₹)

Particulars	For the Year ended on 31.03.2017		For the Year ended on 31.03.2016	
a **Interest from :**				
Loans to Staff	0.87		1.95	
Loans to NPCL (Licencee)	1120.09		974.55	
Fixed Deposits	1629.95		684.72	
PPE Adjustment of Interest	0.00		0.59	
Others	194.26	2945.17	168.88	1830.69
b **Other non operating income**				
Income from Contractors/Suppliers	34.96		3455.93	
Rental from Staff	15.44		41.04	
PPE Adjustment rent from staff	0.00		(21.26)	
Miscellaneous Receipts	2198.68		902.79	
PPE Adjustment exam fee	0.00		814.89	
PPE Adjustment misc. rcpt.	0.00	2249.08	0.07	5193.46
TOTAL		5194.25		7024.15

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NOTE - 23

PURCHASE OF POWER

(Amount in lakh ₹)

Particulars	For the Year ended on 31.03.2017	For the Year ended on 31.03.2016
Power Purchased from -		
NTPC	845435.30	831553.76
Power Trading Corporation Ltd.	172088.70	138504.98
NPCIL	70974.17	79467.90
UPRVUNL	1128531.13	940367.28
Satlaj JVNL	52276.26	51838.96
NHPC	132417.65	132984.95
UPJVNL	6254.71	6149.73
Adani Export	274.08	2966.02
NTPC (VVNL)	39761.84	38501.11
Tata Power Trading Co. Ltd.	9273.79	2511.26
THDC	89110.43	83957.04
Vishnu Prayag	38486.29	37589.70
ROSA Power Co. Ltd.	245457.64	366208.04
Arawali Power Co. Pvt. Ltd.	14021.51	18762.95
Power Purchase Through Energy Exchange	24417.51	9938.15
Bajaj Energy Pvt.Ltd.	137743.02	141071.52
Lanco Anpara Power Ltd.	172937.82	234846.85
SASAN (UMPP)	57332.45	54549.14
G.M.R. Energy Pvt. Ltd.	3306.02	2026.12
Lalitpur Power Project	186527.25	17580.46
Co-Generating Units	532757.18	279488.45
Surcharge	57982.74	50029.83
Unscheduled Interchange & Reactive Energy Charges	20812.99	30064.98
PPE Adjustment of Purchase of Power	0.00	12526.90
Inter-state Transmission & Related Charges to -		
Power Grid Corporation Ltd.	218740.44	180565.02
Power System Operation Corp.	516.57	581.41
WUPPTCL	5189.97	0.00
TOTAL - Purchase of Power	**4262627.46**	**3744632.51**
Less - Rebate against Power Purchase	11449.69	12171.30
TOTAL	**4251177.77**	**3732461.21**

NOTE - 24

Employee benefits expense

(Amount in lakh ₹)

Particulars	For the Year ended on 31.03.2017		For the Year ended on 31.03.2016	
Salaries & Allowances		6531.20		5351.97
Dearness Allowance		5614.19		5559.79
Other Allowances		663.12		615.44
Bonus/ Ex-gratia		35.61		43.57
Medical Expenses (Re-imbursement)		694.56		546.10
Leave Travel Assistance		0.55		0.23
Earned Leave Encashment		615.41		7495.75
Compensation		5.13		7.14
Staff Welfare Expenses		158.48		122.32
Pension & Gratuity		1545.88		1607.50
Other Terminal Benefits		463.35		100.89
Expenditure on Trust		15.20		13.41
SUB TOTAL		**16342.68**		**21464.11**
LESS - Expenses Capitalised	301.31		190.94	
PPE Adjustment of Expenses Capitalised	0.00	301.31	1.73	192.67
TOTAL		**16041.37**		**21271.44**

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NOTE - 25

FINANCE COSTS

(Amount in lakh ₹)

Particulars	For the Year ended on 31.03.2017		For the Year ended on 31.03.2016	
Interest on Loans				
Bank Charges		0.41	1.97	
PPE Adjustment of Bank charges			(0.02)	1.95
Interest to CPF Trust		1.00		0.00
GRAND TOTAL		**1.41**		**1.95**

NOTE - 26

DEPRECIATION AND AMORTIZATION EXPENSE

(Amount in lakh ₹)

Particulars	For the Year ended on 31.03.2017		For the Year ended on 31.03.2016	
Depreciation on -				
Buildings	70.63		62.69	
Other Civil Works	15.35		15.22	
Plant & Machinery	33.37		25.28	
Vehicles	11.15		10.07	
Furniture & Fixtures	23.13		9.64	
Office Equipments	25.44		20.34	
Intangible Assets	1.06	180.13	0.00	143.24
GRAND TOTAL		180.13		143.24

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U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

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NOTE - 27

ADMINISTRATIVE,GENERAL & OTHER EXPENSES

(Amount in lakh ₹)

Particulars	For the Year ended on 31.03.2017		For the Year ended on 31.03.2016	
Rent		0.72		3.35
Insurance		4.82		4.61
Communication Charges		75.47		83.86
Legal Charges		227.03		210.25
Auditors Remuneration & Expenses				
Audit Fee	4.88		4.68	
GST/Service Tax	0.88		0.84	
Travelling Expenses	0.00	5.76	0.00	5.52
Consultancy Charges		95.45		31.87
Technical Fees & Professional Charges		876.30		259.62
Travelling and Conveyance		391.09		316.54
Printing and Stationery		225.44		63.76
Advertisement Expenses		82.00	127.32	
PPE Adjustment of Advertisement Expenses			(30.83)	96.49
Electricity Charges		309.72		474.79
Water Charges		0.09		0.10
Entertainment		6.94		5.58
Expenditure on Trust		1.48		1.10
Miscellaneous Expenses		1258.19	1318.65	
PPE Adjustmentof Miscellaneous Expenses			3.10	1321.75
TOTAL		**3560.50**		**2879.19**

NOTE - 28

REPAIRS AND MAINTENANCE

(Amount in lakh ₹)

Particulars	For the Year ended on 31.03.2017		For the Year ended on 31.03.2016	
Plant & Machinery		90.00		307.11
Buildings		1149.02		952.88
Other Civil Works		6.10		2.55
Vehicles - Expenditure	177.17		146.72	
Less - Transferred to different Capital & O&M Works/Administrative Exp.	177.17	0	146.72	0
Furniture & Fixtures		3.09		3.45
Office Equipments		138.44		109.31
TOTAL		**1386.65**		**1375.30**

M/S GAUR & ASSOCIATES FRN-005354C CHARTERED ACCOUNTANTS

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NOTE - 29

BAD DEBTS & PROVISIONS

(Amount in lakh ₹)

Particulars	For the Year ended on 31.03.2017		For the Year ended on 31.03.2016	
PROVISIONS				
Doubtful Debts (Sale of Power)		(22137.12)		(19743.40)
Other Current Assets	(1.09)		245.40	
Financial Assets Others (Non Current)	16.08		0.00	
Loans (Non Current)	1120.09	1135.08	974.55	1219.95
Doubtful Financial Assets (Others)		823.54		(1859.51)
Provision for impairment in investment		877074.26		1545458.19
TOTAL		856895.76		1525075.23

M/S GAUR & ASSOCIATES
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CHARTERED ACCOUNTANTS

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

STATEMENT OF CASH FLOW FOR THE YEAR ENDED ON 31st MARCH 2017

(₹ in Lakhs)

			2016-17	2015-16
A	CASH FLOW FROM OPERATING ACTIVITIES			
	Net Loss Before Taxation & Extraordinary items		(8,57,176.62)	(15,56,203.56)
	Adjustment For:			
	a	Depreciation	180.13	143.24
	b	Interest & Financial Charges	1.41	1.95
	c	Bad Debts & Provision	8,56,895.76	15,25,075.23
	d	Interest Income	(2,945.17)	(1,830.69)
	Sub Total		8,54,132.13	15,23,389.73
	Operating Profit Before Working Capital Change		(3,044.49)	(32,813.83)
	Adjustment for:			
	a	Inventories	(6.42)	(0.52)
	b	Trade Receivable	(7,36,173.58)	3,94,868.01
	c	Other Current Assets	196.60	(2,108.85)
	d	Financial Assets-others	30,77,566.92	(18,05,360.88)
	e	Other financial Liab.	(18,56,722.86)	16,58,725.06
	f	Finacial liabilities -Borrowings	(1,185.97)	(16,692.22)
	g	Trade Payable	(61,282.32)	1,39,208.10
	h	Bank balance other than cash	(21,268.55)	(7,726.78)
	Sub Total		4,01,123.82	3,60,911.92
	NET CASH GENERATED/(USED) FROM OPERATING ACTIVITIES (A)		3,98,079.33	3,28,098.09
B	CASH FLOW FROM INVESTING ACTIVITIES			
	a	Decrease (Increase) in Property,Plant & Equipment	(1,620.98)	(700.35)
	b	Decrease (Increase) in Work in Progress	2,916.41	(1,032.96)
	c	(Increase)/Decrease in Investments	(8,94,799.73)	(15,31,991.45)
	d	Decrease/(Increase) in Other Non-Current Assets	(23,24,123.96)	27,86,891.64
	e	Decrease/(Increase) in Loans- Non-Current Assets	(1,120.09)	(974.55)
	f	Interest Incomes	2,945.17	1,830.69
	g	Decrease/(Increase) in Intangible assets	(33.26)	
	NET CASH GENERATED/(USED) FROM INVESTING ACTIVITIES (B)		(32,15,836.44)	12,54,023.02
C	CASH FLOW FROM FINANCING ACITIVITIES			
	a	Proceeds from Borrowing :	18,94,788.29	(31,94,710.62)
		Increase from Borrowing		
		Repayment of Borrowing		
	b	Proceeds from Share Capital	16,01,248.96	17,11,190.02
	c	Proceed from Other Equity	(6,28,950.82)	(61,298.33)
	d	Other Financial Liabilities	5,875.29	-
	e	Interest & Financial Charges	(1.41)	(1.95)
	NET CASH GENERATED/(USED) FROM FINANCING ACTIVITIES (C)		28,72,960.31	(15,44,820.88)
NET INCREASE/ (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)			55,203.20	37,300.23
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR			1,42,001.64	1,04,701.41
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR (Refer Note no.10)			1,97,204.84	1,42,001.64

Notes to the Cash-Flow Statement

(i) This Statement has been prepared under indirect method as prescribed by Ind AS-07

(ii) Cash and cash equivalent consists of cash in hand, bank balances with scheduled banks and fixed deposits having maturity less than three months with banks

(iii) Previous year figures have been regrouped and reclassifed wherever considered necessary.

(Pradeep soni)
Company Secretary
(Part Time)

(P.N. SAHAY)
Chief General Manager
(Accounts)

(Sudhanshu Dwivedi)
Director (Finance)
DIN - 6533235

Aparna U.
(Aparna U)
Managing Director
DIN - 6523278

Place : Lucknow
Date : 08 DEC 2018

Subject to our report of even date

For Gaur & Associates
Chartered Accountants
FRN No. 005354C

M/S GAUR & ASSOCIATES CHARTERED ACCOUNTANTS FRN 005354C

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

Gaur & Associates
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

TO,
THE MEMBERS OF
UP POWER CORPORATION LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of UP POWER CORPORATION LIMITED ("the Company"), which comprise the Balance Sheet as at 31 March 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity 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 Standalone Ind AS 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 Standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds andother 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

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and presentation of the Standalone Ind AS 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 Standalone Ind AS 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 of the Standalone Ind AS financial statements 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 Standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS 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 Standalone Ind AS 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 Standalone Ind AS 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 Ind AS financial statements.

Basis for Qualified Opinion

1. Regarding the un reconciled balance of inter Unit Transactions amounting to Rs 14537.37 Lacs (previous year Rs 15466.24 Lacs), the company has informed that the reconciliation of inter unit account is under process {Refer Point 8 of Notes on Accounts of Note 1(B)}.

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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 Financial Assets- Others-Non Current (Note No. 07), Other Current Assets (Note No. 13), Financial Assets-Loans-Non Current (Note No. 06), Trade Receivables (Note No. 09) and Financial Assets-Other- Current (Note No. 12).

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 Ind AS 2 "Inventories" (Refer accounting policy no. 3 (VI)(a) of Note no. 1(A)).

   (b) Recognition of 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. 2 (c) of Note no. 1 (A) has been done on cash basis. This is not in accordance with the provisions of Ind AS 18 "Revenue".

   (c) The cost of Property, Plant & Equipment includes employees cost, as per the accounting policy 3 (I) (d) of Note no. 01 (A). This is not in accordance with the provisions of Indian Accounting Standard (Ind AS) 16 "Property, Plant & Equipment".

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(d) Provisions for pension and gratuity in respect of employees covered under GPF have been made on the basis of actuarial valuation report dated .09.11.2000 adopted by the board of directors (Refer accounting policy no. 3 (IX) (a) of Note no. 1 (A) and point 4 (a) of Notes on Accounts, Note no. 1 (B)).

Recognition, measurement and disclosure of employee benefits for the above provision is not in accordance with the provisions of Ind AS 19, "Employee Benefits".

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 Point No. 2(b) of "Notes on Accounts" Note No. 2 (b). However there is an outstanding dues amounting to Rs. 19260.86 Lacs which is still not recovered needs provisioning & amount is subject to balance confirmation.

7. As per Branch Audit Report some units have not maintained proper stock accounts.

8. For want of complete information, the cumulative impact of our observation in paras 1 to 7 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 Standalone Ind AS 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 including the Ind AS:

(a) In the case of Balance Sheet, of the state of affairs (financial position) of the Company as at March 31, 2017;

(b) In the case of the Statement of Profit and Loss (financial performance including other comprehensive income), of the loss for the year ended on that date,

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(c) In the case of the Statement of Cash Flow, of the cash flows for the year ended on that date, and

(d) In the case of the changes in equity 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, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanation given to us, 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 Qualified 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 (including Other Comprehensive Income), Statement of Cash Flows and Statement of Change in Equity 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 Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.

(e) Being a Government Company, pursuant to the Notification No. GSR 463(E) dated 05th 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.

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(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 Standalone Ind AS financial statements.

ii. The Company has made provision, as required under the applicable law or Indian 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.

iv. The Company has provided requisite disclosures in Note No. 34 of its financial statements as to holdings as well as deadlines in Specified Bank Notes (SBN) during the period from 8th November 2016 to 30th December 2016. Based on the audit procedures and relying on the management representation, we report that the disclosures are in accordance with the books of accounts and records maintained by the Company.

4. The Annual Accounts of F.Y. 2015-16 have yet to be adopted in Annual General Meeting as final comments of C&AG are still awaited.

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 : 08 DEC 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 31st March, 2017

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 (Property, Plant & Equipment) as required by the Company Act, 2013

(b) The company has not carried out physical verification of the Fixed Assets (Property, Plant & Equipment) 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, Value Added Tax and 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 statue	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,	1992-93	1.00	Hon'ble Income Tax Appellate Tribunal

	1961			
3.	Income Tax Act, 1961	2017-18	0.03*	Income tax Department

* The status is given for the Assessment Year 2017-18 based on 26 AS report generated as on date.

(8) Repayment of Dues

The company has not defaulted in repayment of dues to financial institution, banks or debenture holders.

(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 i.e. Bonds etc. 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 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.

(12) Nidhi Company

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

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(13) Related Party Transaction

The Company has entered into in Related Party Transaction as per section 177 and 188 of the Companies Act 2013. Refer Point No. 21 of Note No. 1 (B) "Notes on Accounts".

(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

M/S GAUR & ASSOCIATES
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CA S. K. Gupta
Partner
Membership No. 016746

Place: Lucknow
Date : 08 DEC 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 31st March, 2017

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 2016-17 various banks have waived off the overdue/penal interest Rs. 152.42 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?	Proper records are maintained for inventories lying with third parties and no cases reported related to assets received as gift from Govt. or other authorities.

In terms of our report of even date
For GAUR & ASSOCIATES
Chartered Accountants
Firm Registration No. 005354C

M/S GAUR & ASSOCIATES FRN-005354C CHARTERED ACCOUNTANTS

CA S. K. Gupta
Partner
Membership No. 016746

Place: Lucknow
Date : 08 DEC 2018

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 31st March, 2017

SL. NO	SUB-DIRECTIONS	REMARKS
1.	Adequacy of steps to prevent encroachment of idle land owned by Company may be examined. In case land of the Company is encroached under litigation, not put to use or declared surplus, details may be provided.	No case of encroachment of idle land owned by Company has been reported.
2.	Has the company entered into agreements with franchisee for distribution of electricity in selected areas and revenue sharing agreements adequately protect the financial interest of the company.	Not applicable.
3.	Whether the Company recovers and accounts, the State Electricity Regulatory Commission (SERC) approved Fuel and Power Purchase Adjustment cost (FPPCA)?	Not applicable.
4.	Whether the reconciliation of receivables and payables between the generation, distribution and transmission companies has been completed. The reason for differences may be examined.	The Company takes the proper action for reconciliation of receivables and payables.
5.	Whether the Company is supplying power to franchisees, if so, whether the Company is not supplying power to franchisees at below its average cost of purchase.	Not applicable.

In terms of our report of even date
For GAUR & ASSOCIATES
Chartered Accountants
Firm Registration No. 005354C

M/S GAUR & ASSOCIATES FRN-005354C CHARTERED ACCOUNTANTS

CA S. K. Gupta
Partner
Membership No. 016746

Place: Lucknow
Date : 08 DEC 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 Ind AS financial statements as of and for the year ended March 31st, 2017

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 Ind AS financial statements of the Company as of and for the year ended 31st March 2017, 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

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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 31st March 2017, based on the

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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

M/S GAUR & ASSOCIATES FRN-005354C CHARTERED ACCOUNTANTS

CA S. K. Gupta
Partner
Membership No. 016746

Place: Lucknow
Date : 08 DEC 2018

Accordingly, the Company has elected to measure all of its property, plant and equipment at their previous GAAP carrying value.

ii) Estimates:

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistence with estimate made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1st April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP.

iii) Related Party Disclosures:

According to Para 25 of Ind AS- 24 "Related Party Disclosures" a reporting entity, being a Government Company, is exempt to disclose the particulars as prescribed in Para 18 of Ind AS-24 and as per Para 26 allowed for partial disclosure in relation to related party transactions.

27 -Notes to First-Time adoption:

(a) **Statement of Cash Flows:** The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash Flows.

28 - Financial Risk Management

The Company's principal financial liabilities comprise loans and borrowings, if any, trade payables and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets includes borrowings/advances, trade & other receivables and Cash that derive directly from its operations. The Company also holds equity investment. The Company is exposed to the following risks from its use of financial instruments:

(a) **Credit Risk:** Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligation resulting in a financial loss to the Company. Credit risk arises principally from cash & cash equivalents and deposits with banks and financial institutions. In order to manage the risk, company accepts only high rated bank/FIs.

(b) **Market Risk- Foreign Currency Risk:** Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income/loss. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return. The Company has no material foreign currency transaction hence there is no Market Risk w.r.t foreign currency translation.

(c) **Market Risk- Interest Rate Risk:** The Company is exposed to interest rate risk arising from borrowing with floating rates because the cash flows associated with floating rate borrowings will fluctuate with

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changes in interest rates. The Company manages the interest rate risks by entering into different kind of loan arrangements with varied terms (eg. Rate of interest, tenure etc.).

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments are as under:

(Amount ₹ In Lacs)

Particulars	31.03.2017	31.03.2016	01.04.2015
Financial Assets			
Fixed Interest Rate Instruments-Deposits with Bank	-	-	996.81
Variable Interest Rate Instruments-Deposits with Bank	52752.72	13409.77	33810.32
Total	52752.72	13409.77	34807.13
Financial Liabilities			
Fixed Interest Rate Instruments-Financial Instrument Loans	-	-	-
Variable Interest Rate Instruments-Cash Credit from Banks	-	-	-
Total	-	-	-

Fair value sensitivity analysis for fixed-rate instruments

The company's fixed rate instruments are carried at amortized cost. They are therefore not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Liquidity Risk: Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed condition, without incurring unacceptable losses or risking damage to the company's reputation.

The Company manages liquidity risk by maintaining adequate FI/Bank facilities and reserve borrowing facilities by continuously monitoring, forecast the actual cash flows and matching the maturity profile of financial assets and liabilities.

29. Capital Management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and maintain an appropriate capital structure of debt and equity.

The Company is wholly owned by the GoUP and the decision to transferring the share application money for issuing the shares is lay solely with GoUP. The Company acts on the instruction and orders of the GoUP to comply with the statutory requirements.

The debt portion of capital structure is funded by the various banks, FIs and other institutions as per the requirement of the company.

30. Recent accounting pronouncement:

Standards issued but not yet effective:

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, "Statement of Cash Flows". The amendments are applicable to the Company from 1st April 2017.

The amendments to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company shall evaluate the requirements of the amendment and the effect on the financial statement.

31. Net Prior Period Expenses during F.Y 2016-17 ₹ 14702.10/- Lacs (Previous Year Net Income ₹ 1.06/- Lacs). Out of which ₹ 11703.12/- Lacs was pertaining to F.Y 2015-16 and rest ₹ 2998.98/- Lacs was pertaining to F.Y 2014-15 or before (Previous Year ₹ 1.06/- Lacs was pertaining to F.Y 2014-15 or before). The same has been adjusted in the respective financial years in accordance with the provisions of Ind AS-8 "Accounting policies, change in accounting estimates and errors".

32. The accounting of Interest accrued on Commitment Advance given to UMPPs are done on the basis of amount reflected in Form 26AS as available with the IT department.

33. Reconciliation between Previous GAAP and Ind AS:-

A: Reconciliation of Total Equity as at 31st March, 2016 and 1st April, 2015:-

(Amount ₹ In Lakh)

	Particulars	31st March,2016	01st April,2015
	1	2	3
	Total Equity (Shareholder's Fund) as per previous GAAP	394585.47	289193.16
	Adjustments:-		
1	Prior Period Errors (Net)	(14702.10)	(2997.91)
Total Equity (Shareholder's Fund) as per Ind AS		379883.37	286195.25

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B: The Reconciliation of total comprehensive income for the year ended 31st March, 2016:-

(Amount ₹ In Lakh)

Particulars	31st March,2016
1	2
Profit after tax as per previous GAAP	(1544499.36)
Adjustments:-	
Prior Period Errors (Net)	(11704.20)
Profit after tax as per Ind AS	(1556203.56)
Add:- Other comprehensive Income (Net of Income Tax)	---
Total Comprehensive income for the year	(1556203.56)

C: Impact of Ind AS adoption on the statement of cash flows for the year ended 31st March, 2016:-

(Amount ₹ In Lakh)

Particulars	Previous GAAP	Effect of Transition to Ind AS	Ind AS
1	2	3	4
Net Cash Flow From Operating Activities	335823.51	(7725.42)	328098.09
Net Cash Flow From Investing Activities	1254024.13	(1.11)	1254023.02
Net Cash Flow From Financing Activities	(1544820.9)	0.02	(1544820.88)
Net Increase/(Decrease) in Cash and Cash Equivalents	45026.74	(7726.51)	37300.23
Cash and Cash Equivalents as at 01-April 2015	105917.56	(1216.15)	104701.41
Cash and Cash Equivalents as at 31st-March 2016	150944.3	(8942.66)	142001.64

34. Details of Specified Bank Notes (SBN) held and transacted during the period 08th November 2016 to 30th December 2016: Pursuant to MCA Notification No. GSR 308(E) dated 30th March 2017.

(Amount ₹ In Lakhs)

Particulars	SBN (₹ 500 and 1000 Notes)	Other denomination Notes	Total
Closing Cash in Hand as on 08-11-2016	1.12	0.54	1.66
Add: Permitted Receipts	0.99	5.33	6.32
Add: Non permitted Receipts	---	---	---
Less: Permitted Payments	---	4.87	4.87
Less: Amount Deposited in Banks	2.11	0.09	2.20
Closing Cash in Hand as on 30-12-2016	---	0.91	0.91

35. The figures as shown in the Balance Sheet, Statement of Profit & Loss, and Notes shown in (......) denote negative figures.

36. Consequent upon the applicability of Ind-AS the financial statements for the year ended 2016-17 has been prepared as per Ind AS.

Accordingly previous year's figures have been regrouped/ rearranged wherever necessary to confirm to this year classification.

(Pradeep Soni)	(P.N. Sahay)	(Sudhanshu Dwivedi)	(Aparna U)
Company Secretary	Chief General Manager	Director (Finance)	Managing Director
(Part Time)	(Accounts)	DIN - 6533235	DIN - 6523278

Place : Lucknow
Date : 08 DEC 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

NOTE - 2

PROPERTY PLANT AND EQUIPMENT

2016-17

(Amount in lakh ₹)

Particulars	Gross Block				Depreciation				Net Block	
	As at 31.03.2016	Additions	Deductions / Adjustments*	As at 31.03.2017	As at 31.03.2016	Additions **/PPE Adjustment	Deductions / Adjustments*	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
Land & Land Rights	470.45	0.00	0.00	470.45	0.00	0.00	0.00	0.00	470.45	470.45
Buildings	3060.93	1231.34	0.00	4292.27	1232.00	70.63	0.00	1302.63	2989.64	1828.93
Other Civil Works	669.48	4.94	0.00	674.42	352.55	15.35	0.00	367.90	306.52	316.93
Plant & Machinery	499.39	95.40	0.00	594.79	266.61	33.37	0.00	299.98	294.81	232.78
Vehicles	222.28	30.60	16.38	236.50	102.30	11.15	15.56	97.89	138.61	119.98
Furniture & Fixtures	252.59	164.21	0.00	416.80	43.76	23.13	0.00	66.89	349.91	208.83
Office Equipments	1164.33	94.25	0.00	1258.58	809.81	25.44	0.00	835.25	423.33	354.52
TOTAL	**6339.45**	**1620.74**	**16.38**	**7943.81**	**2807.03**	**179.07**	**15.56**	**2970.54**	**4973.27**	**3532.42**
Previous Year	**5645.64**	**700.70**	**6.89**	**6339.45**	**2670.33**	**143.24**	**6.54**	**2807.03**	**3532.42**	**2975.31**

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

**Includes in lakh Rs.00.58 for other civil works,00.93 for Plant & Machinery,2.89 for Furniture & Fixtures,00.12 for Office Equipments against PPE Adjustments.

2015-16

(Amount in lakh ₹)

Particulars	Gross Block				Depreciation				Net Block	
	As at 01.04.2015	Additions	Deductions / Adjustments*	As at 31.03.2016	** As at 01.04.2015	Additions **/PPE Adjustment	Deductions / Adjustments*	As at 31.03.2016	As at 31.03.2016	** As at 01.04.2015
Land & Land Rights	470.45	0.00	0.00	470.45	0.00	0.00	0.00	0.00	470.45	470.45
Buildings	2695.81	365.12	0.00	3060.93	1169.31	62.69	0.00	1232.00	1828.93	1526.50
Other Civil Works	669.48	0.00	0.00	669.48	337.33	15.22	0.00	352.55	316.93	332.15
Plant & Machinery	386.55	112.84	0.00	499.39	241.33	25.28	0.00	266.61	232.78	145.22
Vehicles	208.39	20.78	6.89	222.28	98.77	10.07	6.54	102.30	119.98	109.62
Furniture & Fixtures	115.46	137.13	0.00	252.59	34.12	9.64	0.00	43.76	208.83	81.34
Office Equipments	1099.50	64.83	0.00	1164.33	789.47	20.34	0.00	809.81	354.52	310.03
TOTAL	**5645.64**	**700.70**	**6.89**	**6339.45**	**2670.33**	**143.24**	**6.54**	**2807.03**	**3532.42**	**2975.31**
Previous Year	**5442.53**	**203.10**	**0.00**	**5645.63**	**2483.63**	**182.16**	**0.00**	**2665.79**	**2979.83**	**2958.90**

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

**Includes in lakh Rs.00.58 for other civil works,00.93 for Plant & Machinery,2.89 for Furniture & Fixtures,00.12 for Office Equipments against PPE Adjustments.

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NOTE - 3

CAPITAL WORKS IN PROGRESS

(Amount in lakh ₹)

PARTICULARS	As at 31.03.2016	Additions	Deduction/ Adjustments	Capitalised	As at 31.03.2017
Capital Work in Progress *	2879.63	2523.14	(3779.43)	1620.74	2.60
PPE Adjustment of C.W.P.	39.38	0.00	(39.38)	0.00	0.00
GRAND TOTAL	**2919.01**	**2523.14**	**(3818.81)**	**1620.74**	**2.60**

* It includes Employee cost related to works.

(Amount in lakh ₹)

PARTICULARS	As at 01.04.2015	Additions	Deduction/ Adjustments	Capitalised	As at 31.03.2016
Capital Work in Progress *	1848.40	1731.94	0.00	700.71	2879.63
PPE Adjustment of C.W.P.	37.65	1.73	0.00	0.00	39.38
GRAND TOTAL	**1886.05**	**1733.67**	**0.00**	**700.71**	**2919.01**

* It includes Employee cost related to works.

NOTE - 4

Intangible Assets

2016-17

(Amount in lakh ₹)

Particulars	Gross Block				Amortization				Net Block	
	As at 31.03.2016	Additions	Deductions / Adjustments	As at 31.03.2017	As at 31.03.2016	Additions /PPE Adjustment	Deductions / Adjustments	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
Intangible Assets	0.00	34.32	0.00	34.32	0.00	1.06	0.00	1.06	33.26	0.00
TOTAL	**0.00**	**34.32**	**0.00**	34.32	**0.00**	**1.06**	**0.00**	1.06	**33.26**	**0.00**
Previous Year	**0.00**	**0.00**	**0.00**	0.00	**0.00**	**0.00**	**0.00**	0.00	**0.00**	**0.00**

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NOTE - 5

FINANCIAL ASSETS - INVESTMENTS (NON-CURRENT)

(Amount in lakh ₹)

Particulars	As at 31.03.2017		As at 31.03.2016		As at 1.04.2015	
LONG TERM INVESTMENT IN EQUITY INSTRUMENT AT COST (Unquoted)						
TRADE INVESTMENTS						
I Subsidiaries						
(a) KESCO						
163147400 Equity Shares of ₹10/- each Fully paid up	16314.74		16314.74		16314.74	
(163147400) Equity Shares of ₹10/- each Fully paid up.)						
From this 60000000 shares are alloted for consideration other than cash persuant to KESA Zone EDU scheme 2000						
Share Application Money pending for allotment	140562.40		108911.00		37782.25	
	156877.14		125225.74		54096.99	
Less - Provision for impairment in investment	156877.14	0.00	125225.74	0.00	54096.98	0.01
(b) Dakshinanchal VVNL						
50022619 Equity shares of ₹ 1000/- each fully paid up	500226.19		399995.00		353514.79	
(39999500)Equity Shares of ₹1000/- each Fully paid up.)						
Share Application Money pending for allotment	908199.68		767547.28		388803.26	
	1408425.87		1167542.28		742318.05	
Less - Provision for impairment in investment	1408425.86	0.01	1167542.28	0.00	742318.05	0.00
(c) Madhyanchal VVNL						
72660383 Equity shares of ₹ 1000/- each fully paid up	726603.83		429635.17		429635.17	
(42963517) Equity Shares of ₹1000/- each Fully paid up.)						
Share Application Money pending for allotment	528721.34		640264.21		296968.67	
	1255325.17		1069899.38		726603.84	
Less - Provision for impairment in investment	1255325.16	0.01	1069899.37	0.01	726603.83	0.01
(d) Paschimanchal VVNL						
88820933 Equity shares of ₹ 1000/- each fully paid up	888209.33		413884.82		315563.79	
(41388482) Equity Shares of ₹1000/- each Fully paid up.)						
Share Application Money pending for allotment	211305.85		474324.51		278555.99	
	1099515.18		888209.33		594119.78	
Less - Provision for impairment in investment	1099515.17	0.01	888209.33	0.00	594119.78	0.00
(e) Purvanchal VVNL						
115403516 Equity shares of ₹ 1000/- each fully paid up	1154035.16		621614.73		393969.13	
(62161473)Equity Shares of ₹1000/- each Fully paid up.)						
Share Application Money pending for allotment	210658.12		532445.44		361832.66	
	1364693.28		1154060.17		755801.79	
Less - Provision for impairment in investment	1364693.28	0.00	1154060.17	0.00	755801.79	0.00
(f) Sonebhadra PGCL						
665 Equity shares of ₹ 1000/- each fully paid up	6.65		6.65		6.65	
(665) Equity Shares of ₹1000/- each Fully paid up.)						
Less - Provision for impairment in investment	6.65	0.00	0.00	6.65	0.00	6.65
(g) Jawaharpur Vidyut Utpadan Nigam		0.00		0.00		5.00
0 Equity shares of ₹ 10/- each fully paid up						
(0) Equity Shares of ₹10/- each Fully paid up.)						
(h) Southern U.P.Power Transmission Co. Ltd.	5.00		5.00		5.00	
50000 Equity Shares of ₹10/- each Fully paid up.)						
(50000) Equity Shares of ₹10/- each Fully paid up.)						
Less - Provision for impairment in investment	5.00	0.00	0.00	5.00	0.00	5.00
II Associates						
(a) Yamuna Power generation Co. Ltd.	1.25		1.25		1.25	
12500 Equity shares of ₹ 10/- each fully paid up						
(12500) Equity Shares of ₹10/- each Fully paid up.)						
Less - Provision for impairment in investment	1.25	0.00	1.25	0.00	0.00	1.25
III Others						
(a) UPPTCL						
22133352 Equity shares of ₹ 1000/- each fully paid up	221333.52		221333.52		221333.52	
(22133352) Equity Shares of ₹1000/- each Fully paid up.)						
from this 18429700 shares are alloted for consideration other than cash.						
Share Application Money pending for allotment	18072.31		18072.31		18072.31	
	239405.83		239405.83		239405.83	
Less - Provision for impairment in investment	21386.46	218019.37	24223.56	215182.27	10763.08	228642.75
(b) BONDS						
i) 7.75% PFC Bonds		10000.00		0.00		0.00
ii) 7.59% HUDCO Bonds		4900.00		0.00		0.00
TOTAL		232919.40		215193.93		228660.67

1 Aggregate amount of unquoted investment in equity shares & Share Application Money as on 31.03.2017 is ₹ 5524255.37 (Previous year ₹ 4644355.63)

2 Aggregate amount of provision for impairment made upto 31.03.2017 are ₹ 5305235.96 (Previous year ₹ 4429161.70)

3 Considering the accumulated losses of Discoms / UPPTCL / Yamuna PGCL a Provision for impairment has been made during the year are ₹ 877074.26 (Previous year ₹ 1545458.19)

4 The amount of provision for impairment is based on net worth calculated on the basis of audited balance sheets of DISCOMS,Southern PTCL, Sonbhadra and Yamuna PGCL for F.Y. 2016 -17 . And UPPTCL for F.Y. 2015-16

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NOTE - 6

FINANCIAL ASSETS - LOANS (NON - CURRENT)

(Amount in lakh ₹)

Particulars	As at 31.03.2017		As at 31.03.2016		As at 1.04.2015	
A **LOANS (Secured/Considered Good)**						
KESCO - (Subsidiary)	19500.00		19500.00		19500.00	
(as per UP Transfer of KESA Zone EDU Scheme - 2000)						
Less - Provision for Bad & Doubtful Debts Loan	1950.00	17550.00	1950.00	17550.00	1950.00	17550.00
Interest Accrued & Due	4725.35		4725.35		4725.35	
Less - Provision for Bad & Doubtful Debts interest	4725.35	0.00	4725.35	0.00	4725.35	0.00
B **LOANS (Unsecured/Considered Doubtful)**						
KESCO (Subsidiary)	2277.98		2277.98		2277.98	
Interest Accrued & Due	358.44		358.44		358.44	
	2636.42		2636.42		2636.42	
Less - Provision for Bad & Doubtful Debts Loan & interest	2636.42	0.00	2636.42	0.00	2636.42	0.00
NPCL (Licencee)	568.43		568.43		568.43	
Interest Accrued & Due	8051.84		6931.76		5957.21	
	8620.27		7500.19		6525.64	
Less - Provision for Bad & Doubtful Debts Loan & interest	8620.27	0.00	7500.19	0.00	6525.64	0.00
TOTAL		**17550.00**		**17550.00**		**17550.00**

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NOTE - 7

FINANCIAL ASSETS - OTHERS (Non-Current)

(Amount in lakh ₹)

Particulars	As at 31.03.2017		As at 31.03.2016		As at 1.04.2015	
Receivables on account of Loan						
(Unsecured and Considered good)						
Madhyanchal VVNL	449144.25		0.00		529360.79	
Paschimanchal VVNL	349676.04		0.00		530346.32	
Dakshinanchal VVNL	791510.52		0.00		900559.73	
Purvanchal VVNL	602864.57		0.00		664772.69	
KESCO	130928.63	2324124.01	0.00	0.00	161856.88	2786896.41
Advances to Capital Suppliers / Contractors	184.30		184.35		179.58	
Less - Provision for Doubtful Advances	18.43	165.87	2.35	182.00	2.35	177.23
TOTAL		2324289.88		182.00		2787073.64

NOTE - 8

INVENTORIES

(Amount in lakh ₹)

Particulars	As at 31.03.2017		As at 31.03.2016		As at 1.04.2015	
(a) **Stores and Spares**						
Stock of Materials - Capital Works	103.22		92.79		92.45	
Stock of materials - O & M	69.70	172.92	73.71	166.50	73.53	165.98
(b) **Others**		0.65		0.65		0.65
SUB TOTAL		173.57		167.15		166.63
Less - Provision for Unserviceable Stores		13.35		13.35		13.35
TOTAL		160.22		153.80		153.28

Inventories are valued at cost.

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NOTE - 9

FINANCIAL ASSETS - TRADE RECEIVABLES (CURRENT)

(Amount in lakh ₹)

Particulars	As at 31.03.2017		As at 31.03.2016		As at 1.04.2015	
Sundry Debtors	52297.94		52997.49		54676.43	
Less - Allowance for Bad & Doubtful Debts	30225.06	22072.88	30260.03	22737.46	30343.98	24332.45
Sundry Debtors through KESCO *	0.00		62048.21		62048.21	
Less - Allowance for Bad & Doubtful Debts	0.00	-	62048.21	-	62048.21	-
Debtors - Sale of Power (Subsidiary)						
KESCO	7317.72		11672.75		46855.92	
Dakshinanchal VVNL	297323.29		108995.22		340576.65	
Madhyanchal VVNL	530082.56		361108.32		394154.77	
Paschimanchal VVNL	159427.96		64486.20		195291.80	
Purvanchal VVNL	1206261.05		855228.74		817801.17	
SUB TOTAL	2200412.58		1401491.23		1794680.31	
Less - Allowance for Bad & Doubtful Debts	110020.63	2090391.95	70074.56	1331416.67	89734.02	1704946.29
Total		2112464.83		1354154.13		1729278.74
Debts outstanding for a period exceeding six months from the date they are due for payment						
Secured & Considered Good	-		-			
Unsecured & Considered Good	820395.57		463325.03		510493.00	
Considered Doubtful	72242.04		115497.06		117979.59	
	892637.61		578822.09		628472.59	
Other Debts						
Unsecured & Considered Good	1292069.27		890829.10		1218785.74	
Considered Doubtful	68003.65		46885.74		64146.62	
	1360072.92	2252710.52	937714.84	1516536.93	1282932.36	1911404.95
Less - Provision for Bad & Doubtful Debts		140245.69		162382.80		182126.21
TOTAL		2112464.83		1354154.13		1729278.74

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

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NOTE - 10

Financial Assets - CASH AND CASH EQUIVALENTS (CURRENT)

(Amount in lakh ₹)

Particulars	As at 31.03.2017		As at 31.03.2016		As at 1.04.2015	
A **Balances with Banks**						
In Current & Other account	174659.08		137528.48		70947.67	
PPE Adjustment of In Current & Other account	0.00		0.00		(0.27)	
In Fixed Deposit accounts	22541.51	197200.59	4467.11	141995.59	33748.52	104695.92
B **Cash on Hand**						
Cash in Hand (Including Stamps in hand)	1.95		1.35		1.15	
Cash Imprest with Staff	2.30	4.25	4.70	6.05	4.34	5.49
TOTAL		**197204.84**		**142001.64**		**104701.41**

NOTE - 11

Financial Assets - Bank Balances other than above (Current)

(Amount in lakh ₹)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 1.04.2015
Deposits having maturity more than 3 months but not more than 12 months	30211.21	8942.66	1215.88
TOTAL	**30211.21**	**8942.66**	**1215.88**

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NOTE - 12

Financial Assets - OTHER (CURRENT)

(Amount in lakh ₹)

Particulars	As at 31.03.2017		As at 31.03.2016		As at 1.04.2015	
Receivables (Unsecured) -						
Uttranchal PCL	19260.86		19260.86		19260.86	
UPRVUNL	159.64		52.69		403.52	
UPPTCL	9757.66		7266.07		5287.20	
Sub Total	29178.16		26579.62		24951.58	
Subsidiaries (Unsecured) -						
KESCO	1585.77		23.31		36.05	
Dakshinanchal VVNL	6991.50		4127.55		8808.17	
Madhyanchal VVNL	9002.72		6522.91		11559.65	
Paschimanchal VVNL	10267.77		6338.35		12014.41	
Purvanchal VVNL	7498.20		4787.51		10646.08	
Sub Total	35345.96		21799.63		43064.36	
Employees	0.78		1.88		2.14	
Others	77367.00		85275.37		84233.59	
Total	141891.90		133656.50		152251.67	
Less - Provision for Doubtful Receivables	14189.19	127702.71	13365.65	120290.85	15225.16	137026.51
PPE Adjustment of Others		0.00		820.58		(4.85)
Receivables on account of Loan (Unsecured)						
Madhyanchal VVNL	217946.02		815303.83		509804.21	
Less - Liabilities against Loan	56343.81	161602.21	56921.76	758382.07	60776.28	449027.93
Paschimanchal VVNL	205460.16		723486.06		402346.56	
Less - Liabilities against Loan	89506.01	115954.15	79035.83	644450.23	85415.53	316931.03
Dakshinanchal VVNL	508066.21		1617725.33		919763.15	
Less - Liabilities against Loan	65804.31	442261.90	65669.62	1552055.71	68663.91	851099.24
Purvanchal VVNL	309500.99		1009683.08		604118.63	
Less - Liabilities against Loan	76628.14	232872.85	75094.62	934588.46	75278.41	528840.22
KESCO	60072.13		208268.51		128715.94	
Less - Liabilities against Loan	0.00	60072.13	0.00	208268.51	0.00	128715.94
Total		1140465.95		4218856.41		2411636.02

NOTE - 13

OTHER CURRENT ASSETS

(Amount in lakh ₹)

Particulars	As at 31.03.2017		As at 31.03.2016		As at 1.04.2015	
UP Power Sector Employee Trust						
Provident Fund	1653.10		1645.11		1659.80	
Pension and Gratuity Liability	(459.90)	1193.20	(461.55)	1183.56	(392.45)	1267.35
ADVANCES (Unsecured/Considered Good)						
Suppliers / Contractors	11552.31		11563.18		9109.14	
Less - Provision for Doubtful Advances	1155.23	10397.08	1156.32	10406.86	910.91	8198.23
Tax deducted at source		1102.32		886.30		706.67
Advance Income Tax		13.28		13.28		13.28
Fringe Benefit Tax - Advance Tax	52.78		52.78		52.78	
Less - Provision	41.03	11.75	41.03	11.75	41.03	11.75
Income Accured & Due		518.39		504.53		504.53
Income Accrued but not Due		179.89		41.86		295.03
Prepaid Expenses		367.43		1.84		1.40
Inter Unit Trasactions		14537.37		15466.24		15654.53
Total		28320.71		28516.22		26652.77

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NOTE 14

EQUITY SHARE CAPITAL

(Amount in lakh ₹)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 1.04.2015
(A) AUTHORISED :			
900000000 Equity shares of par value of ₹1000/- each (previous year 750000000 Equity shares of par value ₹1000/- each)	9000000	7500000	6000000
(B) ISSUED SUBSCRIBED AND FULLY PAID UP			
728752082 Equity shares of par value ₹1000/- each (previous year 568627186 Equity shares of par value ₹1000/- each) (of the above shares 36113400 were alloted as fully paid up pursuant to UP Power Sector Reform Scheme for consideration other than cash)	7287520.82	5686271.86	3975081.84
TOTAL	7287520.82	5686271.86	3975081.84

a) During the year, the Company has issued 160124896 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 2017,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 31.03.2017		As at 31.03.2016		As at 1.04.2015	
	No. of shares	%age holding	No. of shares	%age holding	No. of shares	%age holding
Government of UP	728752082	100%	568627186	100%	397508184	100%

e) Reconciliation of No. of Shares

No. of Shares as on 31.03.2015	No. of Shares as on 31.03.2016	Issued during the year	Buyback during the year	No. of Shares as on 31.03.2017
397508184	568627186	160124896	-	728752082

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U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

NOTE - 15

OTHER EQUITY

(A) Reserves and Surplus

(Amount in lakh ₹)

Particulars	As at 31.03.2017		As at 31.03.2016		As at 1.04.2015	
A Capital Reserves						
Others		19595.12		19595.12		19595.12
B Other Reserves						
Restructuring Reserve		55076.00		55076.00		55076.00
Surplus						
As per last financial statement	(6263054.83)		(4706851.27)		(3436945.33)	
Add:- Profit/(Loss) for the year as per statement of Profit & Loss	(857176.62)	(7120231.45)	(1556203.56)	(6263054.83)	(1266908.03)	
Change in Accounting Policy or Prior Period items					(2997.91)	(4706851.27)
SUB TOTAL		(7045560.33)		(6188383.71)		(4632180.15)

(B) Share Application Money

(Amount in lakh ₹)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 1.04.2015
Share Application Money (Pending for allotment to the Govt. of UP)	327715.53	956666.35	1017964.68
SUB TOTAL	327715.53	956666.35	1017964.68
GRAND TOTAL	(6717844.80)	(5231717.36)	(3614215.47)

Reconciliation of Share Application Money

Share Application Money as on 31.03.2015	Share Application Money as on 31.03.2016	Received during the year	Allotted during the year	Share Application Money as on 31.03.2017
1017964.68	956666.35	972298.15	1601248.96	327715.53

M/S GAUR & ASSOCIATES
FRN-005354C
CHARTERED ACCOUNTANTS

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2017

AUDITOR'S REPORT	MANAGEMENT REPLY
TO, **THE MEMBERS OF** **UP POWER CORPORATION LIMITED** **Report on the Standalone Ind AS Financial Statements** We have audited the accompanying Standalone Ind AS financial statements of UP POWER CORPORATION LIMITED ("the Company"), which comprise the Balance Sheet as at 31 March 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity 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.	No Comments
Management's Responsibility for the Standalone Ind AS 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 Standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other	No Comments

AUDITOR'S REPORT	MANAGEMENT REPLY
comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Standalone Ind AS 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 Standalone Ind AS financial statements based on our audit. We have	No Comments

AUDITOR'S REPORT	MANAGEMENT REPLY
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 of the Standalone Ind AS financial statements 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 Standalone Ind AS financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS 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 Standalone Ind AS 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	

AUDITOR'S REPORT	MANAGEMENT REPLY
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 Standalone Ind AS 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 Ind AS financial statements.	
Basis for Qualified Opinion 1. Regarding the un reconciled balance of inter Unit Transactions amounting to Rs 14537.37 Lacs (previous year Rs 15466.24 Lacs), the company has informed that the reconciliation of inter unit account is under process {Refer Point 8 of Notes on Accounts of Note 1(B)}.	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.
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.	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.
3. The balances of assets and liabilities of the Company/Transfer under Final Transfer Scheme other than secured loans, non-current	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

AUDITOR'S REPORT	MANAGEMENT REPLY
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 Financial Assets- Others-Non Current (Note No. 07), Other Current Assets (Note No. 13), Financial Assets-Loans-Non Current (Note No. 06), Trade Receivables (Note No. 09) and Financial Assets-Other-Current (Note No. 12).	of the provision for Bad & doubtful debts, it is stated that the provisions have been made on consistent basis and are adequate.
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.	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 zone/units.
5. (a) The inventories have been valued at cost and not at 'lower of cost or net realizable value' as required by Ind AS 2 "Inventories" (Refer accounting policy no. 3 (VI)(a) of Note no. 1(A)).	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 Ind AS- 2.
(b) Recognition of Insurance and other claims, refunds of Custom duty,	Considering the uncertainty of realization, income covered by accounting policy of the company is in

AUDITOR'S REPORT	MANAGEMENT REPLY
Interest on Income tax & Trade Tax, interest on loans to staff and other items of income covered by Accounting Policy no. 2 (c) of Note no. 1 (A) has been done on cash basis. This is not in accordance with the provisions of Ind AS 18 "Revenue".	line with Ind AS 18.
(c) The cost of Property, Plant & Equipment includes employees cost, as per the accounting policy 3 (I) (d) of Note no. 01 (A). This is not in accordance with the provisions of Indian Accounting Standard (Ind AS) 16 "Property, Plant & Equipment".	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 rates and accordingly the treatment has been given while capitalizing the employee cost.
(d) Provisions for pension and gratuity in respect of employees covered under GPF have been made on the basis of actuarial valuation report dated .09.11.2000 adopted by the board of directors (Refer accounting policy no. 3 (IX) (a) of Note no. 1 (A) and point 4 (a) of Notes on Accounts, Note no. 1 (B)). Recognition, measurement and disclosure of employee benefits for the above provision is not in	In absence of the latest actuarial valuation report, the provision of pension and Gratuity has been made on the basis of actuarial valuation report dated 09.11.2000.

AUDITOR'S REPORT	MANAGEMENT REPLY
accordance with the provisions of Ind AS 19, "Employee Benefits".	
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 Point No. 2(b) of "Notes on Accounts" Note No. 2 (b). However there is an outstanding dues amounting to Rs. 19260.86 Lacs which is still not recovered needs provisioning & amount is subject to balance confirmation.	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.
7. As per Branch Audit Report some units have not maintained proper stock accounts.	Units/zone have been instructed to maintain the proper records in accordance with the procedure prescribed by the company.
8. For want of complete information, the cumulative impact of our observation in paras 1 to 7 above and in the annexure to this Report is not ascertained.	No Comments

AUDITOR'S REPORT	MANAGEMENT REPLY
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 Standalone Ind AS 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 including the Ind AS: (a) In the case of Balance Sheet, of the state of affairs (financial position) of the Company as at March 31, 2017; (b) In the case of the Statement of Profit and Loss (financial performance including other comprehensive income), of the loss for the year ended on that date, (c) In the case of the Statement of Cash Flow, of the cash flows for the year ended on that date, and (d) In the case of the changes in equity for the year ended on that date.	No Comments
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, and on the basis of such checks of the	No Comments

AUDITOR'S REPORT	MANAGEMENT REPLY
books and records of the Company as we considered appropriate and according to the information and explanation given to us, 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.	No Comments
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.	No Comments
(b) In our opinion, and subject to the matters described in 'Basis of Qualified 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	No Comments

AUDITOR'S REPORT	MANAGEMENT REPLY
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 (including Other Comprehensive Income), Statement of Cash Flows and Statement of Change in Equity 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 Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.	No Comments
(e) Being a Government Company, pursuant to the Notification No. GSR 463(E) dated 05th 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,	No Comments

AUDITOR'S REPORT	MANAGEMENT REPLY
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 Standalone Ind AS financial statements.	No Comments
ii. The Company has made provision, as required under the applicable law or Indian 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.	No Comments
iv. The Company has provided requisite disclosures in Note No. 34 of its financial statements as to holdings as well as deadlines	No Comments

AUDITOR'S REPORT	MANAGEMENT REPLY
in Specified Bank Notes (SBN) during the period from 8th November 2016 to 30th December 2016. Based on the audit procedures and relying on the management representation, we report that the disclosures are in accordance with the books of accounts and records maintained by the Company.	
4. The Annual Accounts of F.Y. 2015-16 have yet to be adopted in Annual General Meeting as final comments of C&AG are still awaited.	No Comments

Awasthi

(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 31st March, 2017

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
(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 (Property, Plant & Equipment) 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 (Property, Plant & Equipment) 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

ANNEXURE I OF STATUTORY AUDITORS' REPORT	MANAGEMENT REPLY
(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.	Zone/units have been instructed to conduct physical verification of stock regularly in accordance with procedure prescribed in the company.
(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.	No Comments
(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.	No Comments
(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.	No Comments
(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.	No Comments

<table>
<tr><th>ANNEXURE I OF STATUTORY AUDITORS' REPORT</th><th>MANAGEMENT REPLY</th></tr>
<tr><td>(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, Value Added Tax and cess, etc.</td><td>No Comments</td></tr>
<tr><td>(b) As informed to us, there are following dues that have not been deposited on account of dispute:-

<table>
<tr><th>Sl. No.</th><th>Name of the statue</th><th>Assessment year</th><th>Amount (Rs. In Lakhs)</th><th>Forum where dispute is pending</th></tr>
<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>2017-18</td><td>0.03*</td><td>Income tax Department</td></tr>
</table>
* The status is given for the Assessment Year 2017-18 based on 26 AS report generated as on date.</td><td>The decision in respect of disputed Income Tax for the A.Y. 1991-92 and 1992-93 is still pending.

In respect of dues of Rs. 0.03 lacs for the assessment year 2017-18, corrective action is in process.</td></tr>
<tr><td>(8) Repayment of Dues
The company has not defaulted in repayment of dues to financial institution, banks or debenture holders.</td><td>During the year all the dues to Financial Institutions, banks or debentures holders was paid in time.</td></tr>
<tr><td>(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 i.e. Bonds etc. and term loans have been applied for the purpose for</td><td>No Comments</td></tr>
</table>

ANNEXURE I OF STATUTORY AUDITORS' REPORT	MANAGEMENT REPLY
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.	No Comments
(11) Approval of managerial remuneration 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.	No Comments
(12) Nidhi Company The provisions of clause 3(xii) of the Order, for Nidhi Company, are not applicable to the Company.	No Comments
(13) Related Party Transaction The Company has entered into in Related Party Transaction as per section 177 and 188 of the Companies Act 2013. Refer Point No. 21 of Note No. 1 (B) "Notes on Accounts".	No Comments
(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	No Comments

ANNEXURE I OF STATUTORY AUDITORS' REPORT	MANAGEMENT REPLY
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.	No Comments
(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.	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 31st March, 2017

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 2016-17 various banks have waived off the overdue/penal interest Rs. 152.42 Crores and the same has been adjusted against interest payment made in the year.	As per the UDAY scheme of Govt. of India dated 20.11.2015, the banks and FI's shall waive 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 accounts of RS 152.42 Crore in 2016-17.
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities?	Proper records are maintained for inventories lying with third parties and no cases reported related to assets received as gift from Govt. or other authorities.	No Comments

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

(SUDHIR ARYA)
Director (Finance)

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 31st March, 2017

ANNEXURE II OF STATUTORY AUDITORS' REPORT			MANAGEMENT REPLY
S. No.	**SUB-DIRECTIONS**	**REMARKS**	
1.	Adequacy of steps to prevent encroachment of idle land owned by Company may be examined. In case land of the Company is encroached under litigation, not put to use or declared surplus, details may be provided.	No case of encroachment of idle land owned by Company has been reported.	No Comments
2.	Has the company entered into agreements with franchisee for distribution of electricity in selected areas and revenue sharing agreements adequately protect the financial interest of the company.	Not applicable.	
3.	Whether the Company recovers and accounts, the State Electricity Regulatory Commission (SERC)	Not applicable.	

	approved Fuel and Power Purchase Adjustment cost (FPPCA)?		
4.	Whether the reconciliation of receivables and payables between the generation, distribution and transmission companies has been completed. The reason for differences may be examined.	The Company takes the proper action for reconciliation of receivables and payables.	
5.	Whether the Company is supplying power to franchisees, if so, whether the Company is not supplying power to franchisees at below its average cost of purchase.	Not applicable.	

(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, 2017

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
In conjunction with our audit of the standalone Ind AS financial statements of the Company as of and for the year ended 31st March 2017, 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
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**	No Comments

ANNEXURE III OF STATUTORY AUDITORS' REPORT	MANAGEMENT REPLY
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	

ANNEXURE III OF STATUTORY AUDITORS' REPORT	MANAGEMENT REPLY
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.	No Comments
Inherent Limitations of Internal Financial Controls over Financial Reporting Because of the inherent limitations of internal financial controls over financial reporting,	No Comments

ANNEXURE III OF STATUTORY AUDITORS' REPORT	MANAGEMENT REPLY
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 31st March 2017, 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.	No Comments

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

(SUDHIR ARYA)
Director (Finance)

रतीय लेखापरीक्षा और लेखा विभाग
कार्यालय प्रधान महालेखाकार
(लेखापरीक्षा II), उ.प्र.
''आडिट भवन'', टीसी-35-V-1, विभूति खण्ड,
गोमती नगर, लखनऊ-226010

सत्यमेव जयते

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

स्पीड पोस्ट / गोपनीय

पत्रांकः प्र.म.ले.(ऑडिट-II) / ए.एम.जी-II / लेखा / यूपीपीसीएल / 2016–17 / Vol-I/ 130

दिनांकः 07-08.2020

सेवा में,

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

CGM(AA)

12/8

9502/MD/2020
12/08/2020

महोदय,

D(Fin.)

एतत्सह कम्पनी अधिनियम, 2013 की धारा 143(5) के अधीन उत्तर प्रदेश पॉवर कारपोरेशन लिमिटेड के 31 मार्च 2017 को समाप्त वर्ष के Stand alone वित्तीय लेखों पर भारत के नियंत्रक–महालेखापरीक्षक की टीका–टिप्पणियॉ 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।

11-8-2020

Managing Director
U.P.P.C.L

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

कृपया पत्र की पावती भेजें।

संलग्नकः यथोपरि

भवदीय
Utsav Parashar
7.8.2020
(उत्सव पराशर)
उपमहालेखाकार

2645/PSDF/2020
13/08/2020

AO II
13/08/2020

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6)(b) OF THE COMPANIES ACT, 2013 ON THE STANDALONE ACCOUNTS OF U.P. POWER CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2017

The Management is responsible for preparation of Standalone Financial Statements of U.P. Power Corporation Limited (UPPCL) for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under 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 08 December 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 Standalone Financial Statements of Uttar Pradesh Power Corporation Limited for the year ended 31 March 2017. This supplementary audit has been carried out independently without access to working papers of the Statutory Auditor and is limited primarily to inquiries of the Statutory Auditors and the Company personnel, and 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 and Loss

Expenses:

1. Purchase of Stock in Trade (Power Purchased) -Note 23: ₹ 42,511.78 crore

UPPCL received (31.08.2018) power purchase adjustment bill for an amount of ₹ 24.64 crore in respect of power purchased from U.P. Jal Vidyut Nigam Limited for the period 01.04.2002 to 30.06.2018 as per tariff approved by UPERC dated 03.07.2018. Out of the total amount of the bill, ₹ 23.53 crore pertained to the period from 01.04.2002 to 31.03.2017. The above bill was verified by UPPCL on 22.10.2018. Though UPPCL's (Standalone) accounts for the year 2016-17 were closed on 14.11.2018, the Company did not account for ₹ 23.53 crore of the above mentioned bill pertaining to the period 01.4.2002 to 31.3.2017 in the books of accounts for the year 2016-17. This has resulted in understatement of "Purchase of Stock in trade (Power Purchased)" as well as "Revenue from Operations" by ₹ 23.53 crore each.

Power Purchased from Co-Generating Unit ₹ 5,327.57 crore

2. Damodar Valley Project : ₹ (-) 2.46 crore

UPPCL levied a penalty of ₹ 3.24 crore on Damodar Valley Corporation (DVC) for deviation in power supply and deducted the penalty amount from the bill of power purchased from DVC for the year 2016-17. Later on, after scrutinising the bill of power purchase, the above penalty was withdrawn by UPPCL on 30.08.2018. However, UPPCL did not pass adjustment entry for the above said withdrawn penalty in the books of accounts for the year 2016-17 which were open on the date of withdrawal of the said penalty. This has resulted in understatement of Purchase of Stock in Trade (Power Purchased) as well as Revenue from Operations by ₹ 3.24 crore.

Depreciation and Amortisation expenses (Note-26): ₹ 1.80 crore

3. The Company has adopted Accounting Policy of charging depreciation on Straight Line Method as per Schedule II of the Companies Act 2013. Further, as disclosed in the Notes under para 6 (C) of Note No. 1(B), the Company is providing depreciation on Fixed Assets on the basis of their useful life approved by UPERC as per the provisions of Ministry of Corporate Affairs notification no. 627(E) dated 29.08.2014. Since useful life of computers was not given in the depreciation schedule approved by UPERC, the Company should have followed Schedule II of the Companies Act 2013 wherein the useful life of computers is provided as three years under a separate category "Computers and Data Processing Units". However, the Company has provided depreciation on computers assuming their useful life as 15 years which has resulted in understatement of Loss for the year by ₹ 0.38 crore and Accumulated Loss by ₹ 1.48 crore and overstatement of Property, Plant and Equipment by ₹ 1.86 crore.

B. Comments on Financial Position

Current Liabilities

4. Trade Payables (Note-19): ₹17,332.91 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. The remaining unverified bills amounting to ₹ 24.41 crore were for both firm as well as infirm[1] power supply. As per the provisions of Power Purchase Agreement,

[1] Electricity generated prior to commercial operation of a generating unit

infirm power was to be supplied free of cost. The Board of Directors accorded their approval to refer the matter relating to unverified bills to UPERC with the remarks that UPPCL has 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 Payables), Power Purchased as well as Accumulated Loss are understated by ₹ 3.21 crore.

Despite similar comment of the CAG on the Accounts of the Company for the year 2015-16, no corrective action has been taken by the Management.

Other Financial Liabilities (Note-20): ₹ 1,678.66 crore

5. The Significant Accounting Policy of the Company regarding 'Employee Benefits (para no. 3(IX)(a) under Note No. 1-A) states that 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.

However, the Company has not made provision amounting to ₹ 2.61 crore for Pension and Gratuity at the rate of 16.70 *percent* and 2.38 *percent* respectively towards GPF employee and 10 *percent* Employer's Contribution towards CPF employees in respect of Seventh Pay Commission arrear amounting ₹ 15.02 crore for the period 01.04.2016 to 31.03.2017. This has resulted in understatement of Other Financial Liabilities and also understatement of Employee Cost as well as Loss for the year 2016-17 by ₹ 2.61 crore.

6. Other Financial Liabilities 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 Loss by ₹ 28.65 crore.

Despite similar comment of the CAG on the Accounts of the Company for the years 2012-13 to 2015-16, no corrective action has been taken by the Management.

C. Other Comments

7. Significant Accounting Policies

Reference is invited to Significant Accounting Policy No. I (d) which states that "Due to multiplicity of functional units as well as multiplicity of functions at particular unit, Employees cost to capital works are capitalised @ 15% on deposit works and @ 9.5% on other works on the total expenditure". This policy is not in line with para 16 of Ind AS on Property Plant and Equipment (Ind AS 16) which provides that the cost of an item of Property, Plant and Equipment comprises any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.

Thus, the capitalisation of employees' cost amounting to ₹ 3.01 crore to capital works, on percentage basis to the amount of total expenditure incurred on capital works, is not in conformity with Ind AS -16.

8. As per Para 100 of Ind AS 38 on Intangible Assets, residual value of an Intangible Asset with a finite useful life shall be assumed to be zero unless: (a) there is a commitment by a third party to purchase the asset at the end of its useful life; or (ii) there is an active market for the asset and residual value can be determined by reference to that market; and it is probable that such a market will exist at the end of the asset's useful life.

The Company has amortised Intangible Assets up to 95 *per cent* value of their value considering residual value of 5 *per cent* and useful life of 6 years. Since there is no commitment by a third party to purchase the asset at the end of its useful life and residual value of software is not determinable, therefore the amortisation should have been done on 100 *per cent* value of the asset. Thus the policy adopted by the Company on amortisation of Intangible Assets is not in conformity with the provisions of Ind. AS 38.

9. Ind AS 24 (para 17) states that an entity shall disclose key management personnel compensation in total and for each of the following categories: short term employee benefits, post-employment benefits, other long-term benefits, termination benefits and share-based payment. As per Section 203 of the Companies Act 2013, key managerial personnel include Company Secretary and Chief Financial Officer.

The Company has, in its Financial Statements, mentioned its key managerial personnel under Note-21 A (b) and remuneration and benefits paid to them under Note-21B (b). The Company has, however, not included the names of its Company Secretary and Chief Financial Officer in the related party disclosure under Note 21 A(b) and 21B(b).

Thus reporting of related party transactions was incomplete and deficient to that extent.

10. The Company has netted off Liquidated Damages (LD) amounting to ₹ 381.91 crore (LD imposed on SEUPPTCL ₹ 200 crore and LD imposed on WUPPTCL: ₹ 181.91 crore) from Power Purchase Cost during the year 2016-17. The facts being material should have been disclosed in Notes on Accounts. Thus, Notes to Accounts are deficient to that extent.

11. 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 the 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 disputed cost of energy purchased.

Despite similar comment of the CAG on the Accounts of the Company for the year 2015-16, no corrective action has been taken by the Management.

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

Place: Lucknow
Date: 07-08-2020

(Jayant Sinha)
Principal Accountant General

भारतीय लेखापरीक्षा और लेखा विभाग
कार्यालय प्रधान महालेखाकार
(लेखापरीक्षा II), उ.प्र.
"आडिट भवन", टीसी-35-V-1, विभूति खण्ड,
गोमती नगर, लखनऊ-226010

सत्यमेव जयते

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

स्पीड पोस्ट / गोपनीय
पत्रांकः प्र.म.ले.(ऑडिट-II) / ए.एम.जी-II / लेखा / यू•पी•पा•का•लि• / 2016–17 / Vol-III/373
दिनांकः 24.12.2020

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सेवा में,

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

महोदय,

D(fin.)

एतत्सह कम्पनी अधिनियम, 2013 की धारा 143(5) के अधीन उत्तर प्रदेश पॉवर कारपोरेशन लिमिटेड के 31 मार्च 2017 को समाप्त वर्ष के समग्र वित्तीय लेखों पर भारत के नियंत्रक–महालेखापरीक्षक की टीका–टिप्पणियॉं 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।

30/12/2020
प्रबन्ध निदेशक
उ०प्र०पा०का०लि०

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

कृपया पत्र की पावती भेजें।

भवदीय

उत्सव पराशर
(उत्सव पराशर)
उपमहालेखाकार

संलग्नकः यथोपरि

03/PSDF/2021
01/01/2021

CGM(AA)

04/010०/
01-01-2021

No.: 03 CGM (A&A)
Date: 01/01/2021
Dy. GM (Audit) (Admin)
सहा. लेखा
1/1/21

AO II
02/01/21

Comments of the Comptroller and Auditor General of India under Section 143(6)(b) read with Section 129(4) of the Companies Act, 2013 on the Consolidated Financial Statements of U.P. Power Corporation Limited for the year ended 31 march 2017

The preparation of consolidated financial statements of U.P. Power Corporation Limited for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller & Auditor General of India under section 139 (5) read with section 129 (4) of the Act is responsible for expressing opinion on the financial statements under section 143 read with section 129 (4) 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 08 December 2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of Uttar Pradesh Power Corporation Limited for the year ended 31 March 2017, under section 143 (6) (a) read with section 129 (4) of the Act. We conducted a supplementary audit of the financial statements of parent company Uttar Pradesh Power Corporation Limited (UPPCL), subsidiary companies- Purvanchal Vidyut Vitran Nigam Limited (PuVVNL), Paschimanchal Vidyut Vitran Nigam Limited (PVVNL), Madhyanchal Vidyut Vitran Nigam Limited (MVVNL), Dakshinanchal Vidyut Vitran Nigam Limited (DVVNL), Kanpur Electricity Supply Company Limited (KESCO) and Southern UP Power Transmission Company Limited (SuUPPTCL) and associate company- Yamuna Power Generation Company Limited; but did not conduct supplementary audit of the financial statements of subsidiary company Sonebhadra Power Generation Company Limited for the year ended 31 March 2017. 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 the 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) read with section 129 (4) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

A. COMMENTS ON CONSOLIDATED PROFITABILITY

Statement of Profit and Loss

1. Revenue from Operations (Note-22): ₹ 40,524.26 crore

(a) The above includes revenue from Sale of Power (Regulatory Surcharge and Miscellaneous Revenue) pertaining to two divisions of DVVNL (i.e. Electricity Urban Distribution Division–II, Vrindavan and Electricity Distribution Division-II, Kamla Nagar, Agra) which was wrongly booked as ₹ 8.24 crore in place of ₹ 14.52 crore. This has resulted in understatement of Revenue from Operations as well as Trade Receivables by ₹ 6.28 crore.

(b) The above is understated by ₹ 8.90 crore (MVVNL: ₹ 4.46 crore and PuVVNL: ₹ 4.44 crore) due to short booking of revenue against the sale of power to the Railway Traction Consumers by MVVNL and PuVVNL. As a result, Revenue from Operations as well as Trade Receivables have been understated and Loss for year has been overstated by ₹ 8.90 crore.

Despite a similar comment of the C&AG of India on the accounts of the Company for the year 2015-16, no corrective action has not been taken by the Management.

(c) The above does not include ₹ 16.02 crore on account of electricity internally consumed in three divisions of LESA[1] Zone of MVVNL (EUDD- Aishabagh ₹ 4.21 crore, EUDD- University- ₹ 1.06 crore and EUDD Chinhat- ₹ 10.75 crore). This has resulted in understatement of Revenue from Operations and understatement of Administrative General and other Expenses each by ₹ 16.02 crore.

(d) The above includes the meter box charges of ₹ 1.35 crore recovered from the consumers in respect of PuVVNL. Since the meter box charges are recovered from consumers as Fixed Line Charges, the same should have been shown under 'Consumers Contribution towards Service Line and Other Charges' under the head Capital Reserve. This resulted in understatement of both Loss for the year as well as Capital Reserve by ₹ 1.35 crore.

Despite a similar comment of the C&AG of India on the accounts of the Company for the year 2015-16, no corrective action has not been taken by the Management.

(e) UPPCL levied a penalty of ₹ 3.24 crore on Damodar Valley Corporation (DVC) for deviation in power supply and deducted the penalty amount from the bill of power purchased from DVC for the year 2016-17. Later on, after scrutinising the earlier

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[1]Lucknow Electricity Supply Administration

verified bill of power purchase, the above penalty was withdrawn by UPPCL on 30.08.2018. However, UPPCL did not pass adjustment entry for the above said withdrawn penalty in the books of accounts for the year 2016-17 which were open on the date of withdrawal of the said penalty. This has resulted in understatement of Purchase of Stock in trade (Power Purchased) as well as Revenue from Operations by ₹ 3.24 crore.

2. Other Income (Note-23): ₹ 8,233.29 crore

(a) The above includes penalty of ₹ 0.75 crore deducted by DVVNL from the bills of contractors executing projects under IPDS and DDUGJY schemes on account of delay in execution of work. The same being incidental income earned in the projects should have been credited to the respective projects thereby reducing the project cost. However, DVVNL accounted the above items as its own income. Similarly, during 2015-16, the Company accounted penalty of ₹ 1.10 crore deducted from the contractors executing projects under RGGVY and R-APDRP schemes as its own income. This resulted in understatement of Loss for the year by ₹ 0.75 crore, Other Equity (minus balance) by ₹ 1.10 crore and overstatement of Capital Work-in-Progress by ₹ 1.85 crore.

Despite similar comment of the C&AG on the accounts of the Company for the year 2015-16, no corrective action has been taken by the Management.

(b) The above includes an amount of ₹ 160.60 crore (MVVNL: ₹ 24.80 crore, PVVNL: ₹ 15.31 crore and PuVVNL: ₹ 120.49 crore) towards late payment surcharge booked on accrual basis.

The recognition of above income is in contravention to the Accounting Policy No. VIII(b) of UPPCL which provides for accounting of late payment surcharge from consumers on cash basis due to uncertainty of realisation. As a result, Other Income and Trade Receivables both are overstated by ₹ 160.60 crore each resulting in understatement of Loss for the year by the same amount.

Despite a similar comment of the C&AG of India on the accounts of the Company for the year 2015-16, no corrective action has been taken by the Management.

(c) The above includes ₹ 60.87 lakh interest earned on fixed deposits of funds received under loan component of Rajiv Gandhi Gramin Vidyutikaran Yojna (RGGVY) in 11th and 12th plans. Under RGGVY scheme, funds have been received as 90 per cent subsidy from Government of India (GoI) and balance 10 per cent as loan from Rural

Electrification Corporation (REC) to the State Government. The Company (PuVVNL) transferred interest earned on subsidy component of RGGVY to the GoI amounting to ₹ 5.83 crore but retained ₹ 60.87 lakh and included the same under "Other Income" treating this amount as the Company's own income. Since, the loan under RGGVY has been received by the State Government from REC and not by the Company, interest earned on the loan component should have been credited to the State Government and should not have been treated as the Company's own income. This has resulted in understatement of both Loss for the year and Other Current Liabilities by ₹ 60.87 lakh each.

Despite a similar comment of the C&AG of India on the accounts of the Company for the year 2015-16, no corrective action has been taken by the Management.

Expenses:

3. Purchase of Stock in trade (Power Purchased) - Note 24: ₹ 44,175.88 crore

UPPCL received (31.08.2018) power purchase adjustment bill for an amount of ₹ 24.64 crore in respect of power purchased from U.P. Jal Vidyut Nigam Limited for period from 01.04.2002 to 30.06.2018 in accordance with tariff approved by U.P. Electricity Regulatory Commission dated 03.07.2018. Out of the total amount of the bill, ₹ 23.53 crore pertained to the period from 01.04.2002 to 31.03.2017. The above bill was verified by UPPCL on 22.10.2018. Though the UPPCL's (Stand alone) accounts for the year 2016-17 were closed on 14.11.2018, the Company did not account for the above bill amount of ₹ 23.53 crore as cost of power purchased and sale of power in the books of accounts for the year 2016-17.

This has resulted in understatement of Purchase of Stock in trade (Power Purchased) as well as Revenue from Operations by ₹ 23.53 crore.

4. Employee Benefit Expenses (Note-25): ₹ 1,356.99 crore

(a) The above does not include a provision of ₹ 4.36 crore which was required to be made by the DVVNL in respect of 7th Pay Commission arrears (₹ 0.75 crore), Pension & gratuity on 7th Pay Commission arrears of employees covered under GPF (₹ 2.71 crore) and 10 percent Employer's Contribution on 7th Pay Commission arrears of employees covered under CPF (₹ 0.90 crore). The above non-provision has resulted in understatement of Other Current Liabilities as well as Loss for the year by ₹ 4.36 crore.

(b) The above includes an expenditure of ₹ 3.19 crore on account of 6th Pay Commission arrears and other arrears for previous years by Aligarh Zone of the

DVVNL which was booked as current year expenditure whereas it was required to be debited against the existing provision/liability booked for the same purpose. This has resulted in overstatement of Employee Benefit Expenses as well as Loss for the year and Current Liabilities by ₹ 3.19 crore.

(c) The above includes excess provision for leave encashment amounting to ₹ 1.44 crore against an employee of KESCO. The provision for leave encashment against the employee was wrongly worked out to ₹ 1.60 crore in place of ₹ 0.16 crore thereby resulting into excess provision of ₹ 1.44 crore. Consequently, Loss for the year and Current Liabilities are overstated by ₹ 1.44 crore.

(d) The above does not include provision for gratuity for employees covered under CPF scheme (₹ 2.01 crore) and provision for pension and gratuity on increased salary on account of implementation of 7th Pay Commission (₹ 12.06 crore) in MVVNL. This has resulted in understatement of Loss as well as Current Liabilities by ₹ 14.07 crore.

5. Finance Cost (Note 26): ₹ 2,033.42 crore

(a) The above includes ₹ 7.71 crore being interest for the year 2016-17 on loans taken by MVVNL for capital works under APDRP and R-APDRP schemes which should have been capitalised. Non-capitalisation of the above amount resulted in overstatement of Loss for the year and understatement of Capital Work-in-Progress by ₹ 7.71 crore.

(b) The above does not include interest of ₹ 146.71 crore paid against the bonds/securities issued by the Government of Uttar Pradesh to the banks on behalf of the DISCOM (PuVVNL). The interest on these bonds is paid by UPPCL (holding company) on behalf of the DISCOM. The State Government reimburses the same to UPPCL/DISCOM. As the amount of bonds have been reflected as Secured Loan in the accounts of PuVVNL, the Company should have accounted for the interest on these bonds as expense and the reimbursement of the same as income in its Statement of Profit & Loss.

Further, as per the Significant Accounting Policies of the Company, the subsidy is to be accounted for on receipt basis. The Company, however, did not account for ₹ 209.10 crore of subsidy as income in the Statement of Profit & Loss in violation of its Significant Accountings policies. Due to non-accountal of interest and subsidy, the Company has overstated the Loss for the year and understated Current Assets by ₹ 62.39 crore.

Despite a similar comment of the C&AG of India on the accounts of the Company for the year 2015-16, no corrective action has been taken by the Management.

6. Depreciation and Amortisation expenses (Note-27): ₹ 860.43 crore

UPPCL, DVVNL and PVVNL have adopted Accounting Policy of charging depreciation on Straight Line Method as per Schedule II of the Companies Act, 2013. Further, as disclosed in the Notes to Accounts under Para 9(c), 7(c) and 6(c) by DVVNL, PVVNL and UPPCL respectively, these companies are providing depreciation on Fixed Assets on the basis of their useful life approved by UPERC as per the provisions of Ministry of Corporate Affairs, GoI notification no. 627(E) dated 29.8.2014. Since useful life of computers was not given in the depreciation schedule approved by UPERC, therefore, the Company should have followed Schedule II of the Companies Act, 2013 wherein the useful life of computers is provided as three years.

However, all three companies have provided depreciation on computers assuming their useful life as 15 years which has resulted in understatement of Depreciation and Amortisation Expenses as well as Loss for the year by ₹ 4.29 crore (UPPCL: ₹ 0.38 crore, DVVNL: ₹ 0.66 crore and PVVNL: ₹ 3.25 crore) and corresponding overstatement of Property, Plant and Equipment by the same amount.

7. Bad Debts & Provisions (Note -30): ₹ 9,181.00 crore

Mobilisation advance of ₹ 7.14 crore was provided to a contractor (M/s Biecco Lawarie Limited) by the PuVVNL. The agreement was terminated by the Company in July, 2015 due to submission of fake bank guarantee by the contractor. As per Notes to Accounts (Point No. 34), provision of irrecoverable Mobilisation advance ₹ 7.14 crore was not made in the Books of Accounts considering the advance as recoverable. The agreement was terminated in July, 2015, and till the date of approval of accounts (September, 2018) the Management could recover only an amount of ₹ 0.27 crore. As the remaining amount could not be recovered from the contractor for three years, keeping in view the conservatism principle of accounting a provision of ₹ 6.87 crore (₹ 7.14 crore - ₹ 0.27 crore) should have been made in the Books of Accounts. This has resulted in understatement of Loss for the year and overstatement of Current Assets by ₹ 6.87 crore.

B. COMMENTS ON CONSOLIDATED FINANCIAL POSITION

Assets

Non-current Assets

8. Property, Plant and Equipment (Note - 2) ₹ 27,295.86 crore

(a) Although no depreciation is applicable on land as per the Companies Act, 2013 and the depreciation schedule approved by UPERC, DVVNL and PVVNL charged depreciation of ₹ 1.02 crore (DVVNL: ₹ 0.40 and PVVNL: ₹ 0.62 crore) on the cost of Land and Land Rights in previous years.

(b) In case of assets 'Overhead line on wooden support', the cumulative depreciation charged is shown as ₹ 5.79 crore against the gross block of the said assets of ₹ 4.41 crore in the accounts of PVVNL resulting in negative net value of the asset.

As a result of (a) and (b) above, 'Property, Plant and Equipment' is understated and Other Equity (minus balance) is overstated by ₹ 2.40 crore.

Despite similar comment of the C&AG of India on the accounts of the Company for the year 2015-2016, no corrective action has been taken by the Management.

9. Capital Work-in-progress (Note-3): ₹ 4,622.08 crore

(a) The above does not include ₹ 13.30 crore against payment made to M/s HCL during 2015-16 by DVVNL for work of system integration project covering software, hardware, field survey and networking and work of GIS change management which were covered under R-APDRP scheme. The same being capital expenditure should have been booked as capital work-in-progress by the Company. However, the Company has included the amount in Inter Unit Transfers under Current Assets. This has resulted in understatement of Capital Work in Progress and overstatement of Current Assets by ₹ 13.30 crore.

Despite similar comment of the C&AG on the accounts of the Company for the year 2015-16, no corrective action was taken by the Management.

(b) The above includes balances of ₹ 85.60 crore related to APDRP works of LESA zone of MVVNL which were completed during 2015-16 but are pending for capitalisation. Non-capitalisation of above works resulted in overstatement of Capital Work-in-Progress and understatement of Fixed Assets by ₹ 85.60 crore and understatement of Depreciation as well as Loss for the year by ₹ 3.25 crore.

(c) The above includes the expenditure incurred under the scheme RGGVY. As per the scheme, 90 per cent of the expenditure was funded in form of a grant by the Central

Government and the balance 10 per cent was funded in form of loan from the REC to the State Government. The interest on loan component was reimbursed by the State Government to the Company as subsidy). PuVVNL paid interest of ₹ 43.22 crore to REC upto 2015-16. This amount was reimbursed by GoUP. Since, the loan was released to create capital assets/infrastructure under the scheme, the interest on loan component should have been booked under Capital Work-in-progress and amount of subsidy should have been shown as Capital Reserve. This resulted in understatement of both Capital Work-in-progress and Capital Reserve by ₹ 43.22 crore.

Despite similar comment of the C&AG on the accounts of the Company for the year 2015-16, no corrective action was taken by the Management.

Current Assets

10. Inventories (Note- 9): ₹ 2,527.69 crore

The above is overstated by ₹ 90.07 crore due to double accounting of the same figure in the books of both the Zone as well as the Divisions of PuVVNL. In the year 2015-16 the Company inventories were revalued as per Accounting Standand-2. The entries of impact of revaluation were passed at zonal level in 2015-16 and were transferred to concerned divisions in 2016-17. In 2016-17, while transferring the impact to concerned divisions by the Allahabad Zone, an entry amounting to ₹ 90.07 crore remained in Zonal books and accounted in concerned divisions also.

This has resulted into overstatement of Inventories by ₹ 90.07 crore and understatement of Other Equity (minus balance) by ₹ 90.07 crore.

Financial Assets

11. Trade Receivables (Note -10): ₹ 45,894.49 crore

The Private Tube Well (PTW) consumers are exempted from Electricity Duty (ED). However, DVVNL and MVVNL have accounted for ₹ 14.51 crore (DVVNL: ₹ 13.80 crore and MVVNL: ₹ 0.71 crore) as ED receivable from PTW consumers during year 2016-17. This has resulted in overstatement of Trade Receivables as well as Other Current Liabilities by ₹ 14.51 crore.

Although similar matter was apprised through Management Letter issued on the accounts of the Company for the year 2015-16, no corrective action has been taken by the Management.

12. Cash and Cash equivalent (Note-11-A):₹ 6,557.58 crore

(a) The above includes ₹ 25.91 crore being the amount of cheques received against sale of power and deposited in banks up to December 2016 (pertaining to nine divisions of DVVNL amounting ₹ 9.51 crore, eight divisions of MVVNL amounting ₹ 1.15 crore, nine divisons of PuVVNL amounting ₹ 10.63 crore and four divisions of PVVNL amounting ₹ 4.62 crore). These cheques could not be realised within their validity period and became time-barred as on 31 March 2017. However necessary entries for their reversal were not made in the accounts. This has resulted in overstatement of Cash and Cash Equivalents and understatement of Trade Receivables by ₹ 25.91 crore.

Despite a similar comment of the C&AG on the accounts of the Company for year 2015-16, no corrective action has been taken by the Management.

(b) Cheques amounting to ₹ 1.02 crore were issued against various Trade Payables during 2015-16 in five divisions (EUDD-III, Aligarh, EDD-II, Aligarh, EDD-III, Aligarh, EDD-Etah and EDD-Kasganj) of DVVNL which were not encashed by the parties up to 31 March 2016 and had become time barred. The same should have been written back in the accounts of the Company which was not done. This has resulted in understatement of Cash and Cash Equivalent as well as Trade Payable by ₹ 1.02 crore.

A similar matter was apprised through Management Letter on the accounts of the Company for the year 2015-16, however, no corrective action has been taken by the Management.

Equities and Liabilities

Equity

13. Other equity (Note-15): (-) ₹ 58,615.34 crore

The above includes subsidy received from the Government of Uttar Pradesh (GoUP) in 2015-16 as reimbursement against the payment of principal and interest amount on loans. The Government subsidy received towards reimbursement of the principal repayment of ₹ 54.06 crore (DVVNL: ₹ 52.31 crore and KESCO:₹ 1.75 crore) should have been treated as capital grant instead of income and credited to Capital Reserve. Thus, accounting of above capital subsidy as income resulted in understatement of Accumulated Losses as well as Capital Reserve under the head of Other Equity by ₹ 54.06 crore.

Despite a similar comment of the C&AG on the accounts of the Company for year 2015-16, no corrective action was taken by the Management.

Liabilities

Non-current Liabilities

14. Borrowings (Note 16) ₹ 40,247.04 crore

Southern UPPTCL has shown ₹ 25.67 lakh as payables to Uttar Pradesh Power Transmission Corporation Limited (UPPTCL) under the head 'Borrowings' on Liability side of the Balance Sheet. Further, an amount of ₹ 70 lakh has been depicted as Advances to ECTD Agra (Division of UPPTCL) under the head 'Loan' on assets side of the Balance Sheet. These balances pertaining to the same Company should have been shown after netting off. This has resulted in overstatement of Borrowing as well as Non-Current Assets by ₹ 25.67 lakh.

Despite a similar comment of the C&AG of India on the account of the Company for the years 2014-15 and 2015-16, no corrective action has been taken by the management.

15. Trade Payable (Note-19): ₹ 21,660.55 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 and remaining bills amounting to ₹ 24.41 crore remained unverified. The unverified bills were for both firm as well as infirm power supply. As per the provisions of Power Purchase Agreement, infirm power was to be supplied free of cost. Board of Directors approved to refer the matter to U.P. Electricity Regulatory Commission (UPERC) with the remarks that UPPCL has 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 ₹ 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 Other Equity (minus balance) are understated by ₹ 3.21 crore.

Despite a similar comment of the C&AG of India on the Accounts of the Company for the year 2015-16, no corrective action has been taken by the Management.

16. Other financial Liabilities (Current) - Note-20: ₹ 21,601.87 crore

(a) The above amount of Other Current Liabilities has been arrived after netting-off an amount of ₹ 30.48 crore which was receivable from consumers viz. Railways, State Tube wells, Jal Sansthan and Local Bodies and Others by DVVNL. The receivable amount from the consumers should have been shown separately under the head Other Current Assets. This has resulted in understatement of Other Current Liabilities as well as Other Current Assets by ₹ 30.48 crore.

(b) The above does not include an amount of ₹ 35.67 crore being the amount of interest payable by KESCO to the Government of Uttar Pradesh on account of delayed payment of conversion charges for conversion of najul land to freehold land.

The request for waiver of interest was finally rejected by Government of Uttar Pradesh (GoUP) in December 2009. As the interest was not waived off by GoUP, the provision for interest on delayed payment should have been made in the Accounts. However, the Company neither made any provision for the same nor depicted any contingent liability on this account. This resulted in understatement of Other Current Liabilities as well as Fixed Assets by ₹ 35.67 crore.

Despite a similar comment of the C&AG of India on the accounts of the Company for years 2014-15 and 2015-16, no corrective action has been taken by the Management.

(c) Above does not include provision of ₹ 10.65 crore for pension and gratuity on increased salary on account of 7th Pay Commission for the year 2015-16 (₹ 2.87 crore) and 2016-17 (₹ 7.78 crore) in PVVNL. This has resulted in understatement of Other Current Liabilities and Loss by ₹ 10.65 crore.

(d) As per Building and Other Construction Workers' Welfare Cess Act, 1996, the executing agency should deduct labour cess at the rate of one percent of the total cost of projects and the same should be deposited with the Labour cess Authority within 30 days of receipt of payment.

PuVVNL executed works under various schemes and released payment of ₹ 1,443.94 crore to various Contractors. However, no labour cess has been deducted against the required amount of ₹ 14.44 crore from the bills of the contractors. This has resulted in understatement of Other Current Liabilities as well as Other Current Assets by ₹ 14.44 crore.

Despite a similar comment of the C&AG of India on the accounts of the Company for years 2014-15 and 2015-16, no corrective action has been taken by the Management.

(e) The Significant Accounting policy of UPPCL regarding "Employee Benefits" (para no. 3(X)(a) under Note No. 1-A) states that 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.

However, UPPCL has not made provision amounting to ₹ 2.61 crore for pension and gratuity @ 16.70 percent and 2.38 *percent* respectively for employees covered under GPF and 10 *percent* Employer's Contribution towards employees covered under CPF in respect of 7th Pay Commission arrears amounting ₹ 15.02 crore for the period 01.04.2016 to 31.03.2017. This has resulted in understatement of Other Current Liabilities and also understatement of Employee Cost as well as Loss for the year by ₹ 2.61 crore.

(f) 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 Other Equity (minus balance) by ₹ 28.65 crore.

Despite similar comment of the C&AG of India on the Accounts of the Company for the year 2012-13 to 2015-16, no corrective action has been taken by the Management.

C. OTHER COMMENTS

17. Comments on Disclosure

(a) The Commercial Tax Department has raised a demand of ₹ 4.09 crore towards VAT on the deemed sale of meters and on sale of cable for the year 2010-11 against M/s Torrent Power Limited (TPL), an input based franchise of DVVNL. As per terms and conditions of the agreement executed with TPL, the Company was responsible to pay the taxes and duties. The Company has neither provided the above liability nor disclosed the same as Contingent Liability in the Notes to accounts.

Despite a similar comment of the C&AG on the accounts for the year 2015-16, no corrective action was taken by the Management.

(b) As per Point No. 15 of Note to Accounts No. 1(b) of PVVNL, provision for accrued liability on account of pension and gratuity has been made at the rate of 16.70 *per cent* and 2.38 *per cent* respectively on basic pay, grade pay and DA paid to employees based on actuarial valuation report dated 09.11.2000 submitted by M/s. Price Waterhouse Coopers to UPPCL (Holding Company).

However, the actuarial valuation formula (November, 2000) is being applied only for employees covered under GPF whereas for employees covered under CPF, provision for gratuity is being made on actual basis. This material fact should have been disclosed in Notes to Accounts which has not been done by the Company. Therefore, Notes to Accounts are deficient to that extent.

(c) DVVNL and PVVNL has charged depreciation on fixed assets on the basis of useful life prescribed by UPERC instead of those prescribed in Schedule II of the Companies Act, 2013. This material fact and its impact should have been disclosed in the Notes to Accounts which have not been done. Notes to Accounts are deficient to that extent.

(d) PVVNL has not disclosed contingent liability of ₹ 290.28 crore on account of interest on outstanding electricity duty[2]. Although, GoUP has not imposed any penal interest on account of outstanding/delayed payment of electricity duty in past years, however, the same should have been disclosed in contingent liabilities under Notes to Accounts.

(e) Employees Provident Fund authorities raised a demand of ₹ 277.33 crore on PuVVNL against dues of EPF for the financial year 2010-11 to 2013-14. The Company gave an application to the EPF Commissioner regarding exemption of establishment under Section 16(1)(b) of the Act but the EPF Commissioner dismissed the application. Subsequently, the Company has filed a petition in the High Court in March 2018. Since, the matter is sub-judice, it should have been disclosed under Contingent Liabilities in Notes to Accounts.

(f) In July 2017, it was revealed from bank reconciliation statement of PuVVNL, that deposits in bank were short by ₹ 1.89 crore. On scrutiny, some fraudulent activities of the Division Cashier came to notice during March, 2017 to July, 2017. The Company could not recover the money till date. This material fact involving significant amount should be disclosed in Notes to Accounts.

(g) UPPCL has netted of Liquidated Damages (LD) amounting to ₹ 381.91 crore (LD imposed on SEUPPTCL: ₹ 200 crore, LD imposed on WUPPTCL: ₹ 181.91 crore) from Power Purchase Cost during the year 2016-17. The above financially material

[2] Interest is payable @ 18 *per cent* per annum if electricity duty collected is not deposited in treasury within two months from the month of meter readings taken.

facts should have been disclosed in Notes to Accounts. Thus, Notes to Accounts are deficient to that extent.

(h) Ind AS 24 (Para 17) states that an entity shall disclose key management personnel compensation in total and for each of the following categories: short term employee benefits, post-employment benefits, other long-term benefits, termination benefits and share-based payment. Further, as per Section 203 of the Companies Act 2013, key managerial personnel includes Company Secretary and Chief Financial Officer.

The Company has, however, not included names of Company Secretary and Chief Financial Officers of UPPCL and its subsidiaries (except MVVNL and PVVNL) in related party disclosures under Note 21 A(b) and 21B(b). Thus reporting of related party transactions was incomplete and deficient to that extent.

(i) UPPCL in its 139th meeting of Board of Directors decided for closure of the Southern UP Power Transmission Company Limited after getting necessary approval from the Competent Authority.

The aforesaid material fact was neither disclosed by the Company nor commented by the Statutory Auditor on the Consolidated Financial Statements of the Company for the year ended 31 March 2017.

(j) Uttar Pradesh Jal Vidyut Utpadan Nigam Limited (UPJVUNL) has been supplying electricity to Staff and other consumers at Pipri, Sonbadhra on behalf of UPPCL since January 2000. Due to non-transfer of consumers to concerned Discom and non-remittance of collected amount to UPPCL/Discom a liability towards UPPCL amounting to ₹ 73.82 crore has been shown in the books of UPJUVNL for the year 2016-17. Further, the reduction in the above liability on account of cost of power sold to UPPCL is still undetermined by UPJVUNL.

This material fact has not been disclosed by UPPCL in the Financial Statements.

(k) 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 the

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.

Despite similar comment of the C&AG on the Accounts of the Company for the year 2015-16, no corrective action has been taken by the management.

(l) As per Section 158 of Companies Act 2013, every person or company while furnishing any return, information or particulars as are required to be furnished under this Act, shall mention the Director Identification Number (DIN) in such return, information or particulars in case such return, information or particulars relate to the Director or contain any reference of any Director.

In the Financial Statements of Southern UPPTCL, the DIN has not been mentioned in respect of the Managing Director and Director, who have signed the financial statement. Thus the Financial Statements are deficient to that extent.

(m) Section 173 of the Companies Act, 2013, stipulates that every company shall hold a minimum number of four meetings of its Board of Directors every year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board. Southern UPPTCL held only three Board meetings during the year 2016-17 in contravention of the above provisions of Companies Act, 2013.

18. Significant Accounting Policies

(a) Reference is invited to Significant Accounting Policy No. 3 (II) (e) of Note No. 1(A) of UPPCL (CFS) which states that "Due to multiplicity of functional units as well as multiplicity of functions at particular unit, Employees cost to capital works are capitalised @ 15 *per cent* on deposit works, 13.50 *per cent* on Distribution works and @ 9.5 *per cent* on other works on the amount of total expenditure." This policy is not in line with para 16 of Ind AS 16 on Property Plant and Equipment which provides that the cost of an item of Property, Plant and Equipment comprises any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.

Thus, the capitalisation of employees cost amounting to ₹ 861.98[3] crore to Capital works, on percentage basis to the amount of total expenditure incurred on capital works, is not in conformity with the provisions of Ind AS 16.

(b) As per para 100 of Ind AS 38 on Intangible Assets, residual value of an intangible asset with a finite useful life shall be assumed to be zero unless:

(1) there is a commitment by a third party to purchase the asset at the end of its useful life; or

(2) there is an active market for the asset and:

(i) residual value can be determined by reference to that market; and

(ii)It is probable that such a market will exist at the end of the asset's useful life.

UPPCL has amortised Intangible Assets up to 95 per cent of their value considering residual value of 5 per cent taking useful life of 6 years. Since, there is no commitment by a third party to purchase the asset at the end of its useful life and residual value of software is not determinable, amortisation should have been done on 100 per cent value of the assets, Thus Accounting Policy adopted by the Company on Amortisation of Intangible Asset is not in conformity with the provisions of Ind AS 38.

19. Comments on Auditor's Report of Consolidated Financial Statements

Reference is invited to Accounting Policy of Parent and subsidiaries/associates regarding employees benefits which stated that liability for pension and gratuity in respect of employees has been determined on the basis of actuarial valuation and has been accounted for on accrual basis.

The aforesaid provision was made based on PWC Actuarial Valuation Report of November 2000. This report was valid for three years *viz*. November 2003. The period of actuary report has expired long back and gratuity limit has also been revised from ₹ 3.50 lakh to ₹ 20.00 lakh. Yet the Company is making provision on the basis of the old report which is in-violation of Accounting Policy and also Ind AS 19. The Statutory Auditors also failed to point out above significant matter in their report.

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[3] UPPCL (standalone)- ₹ 3.01 crore, MVVNL- ₹ 230.03 crore, PuVVNL- ₹ 194.37 crore, PVVNL- ₹ 228.73 crore, DVVNL- ₹ 203.34 crore, KESCO- ₹ 2.49 crore.

Despite similar comment of the C&AG on the accounts of the Company and the Report of the Statutory Auditor for the year 2015-16, no corrective action has been taken by the Management/Statutory Auditors.

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

(Jayant Sinha)
Principal Accountant General

Place: Lucknow
Date: 24.12.2020

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, 2017.

FINAL COMMENT	**MANAGEMENT'S REPLY**
The Management is responsible for preparation of Standalone Financial Statements of U.P. Power Corporation Limited (UPPCL) for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under 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 08 December 2018.	NO COMMENT
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 Standalone Financial Statements of Uttar Pradesh Power Corporation Limited for the year ended 31 March 2017. This supplementary audit has been carried out independently without access to working papers of the Statutory Auditor and is limited primarily to inquiries of the Statutory Auditors and the Company personnel, and 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.	NO COMMENT
A. COMMENTS ON PROFITABILITY **Statement of Profit and Loss** **Expenses:** **1. Purchase of Stock in Trade (Power Purchased) -Note 23: ₹ 42,511.78 crore**	

UPPCL received (31.08.2018) power purchase adjustment bill for an amount of ₹ 24.64 crore in respect of power purchased from U.P. JalVidyut Nigam Limited for the period 01.04.2002 to 30.06.2018 as per tariff approved by UPERC dated 03.07.2018. Out of the total amount of the bill, ₹ 23.53 crore pertained to the period from 01.04.2002 to 31.03.2017. The above bill was verified by UPPCL on 22.10.2018. Though UPPCL's (Standalone) accounts for the year 2016-17 were closed on 14.11.2018, the Company did not account for ₹ 23.53 crore of the above mentioned bill pertaining to the period 01.4.2002 to 31.3.2017 in the books of accounts for the year 2016-17. This has resulted in understatement of "Purchase of Stock in trade (Power Purchased)" as well as "Revenue from Operations" by ₹ 23.53 crore each.	Necessary accountal has been done in the accounts for the F.Y. 2018-19.
Power Purchased from Co-Generating Unit ₹ 5,327.57 crore **2. Damodar Valley Project : ₹ (-) 2.46 crore** UPPCL levied a penalty of ₹ 3.24 crore on Damodar Valley Corporation (DVC) for deviation in power supply and deducted the penalty amount from the bill of power purchased from DVC for the year 2016-17. Later on, after scrutinising the bill of power purchase, the above penalty was withdrawn by UPPCL on 30.08.2018. However, UPPCL did not pass adjustment entry for the above said withdrawn penalty in the books of accounts for the year 2016-17 which were open on the date of withdrawal of the said penalty. This has resulted in understatement of Purchase of Stock in Trade (Power Purchased) as well as Revenue from Operations by ₹ 3.24 crore.	Necessary accountal has been done in the accounts for the F.Y. 2017-18.
Depreciation and Amortisation expenses (Note-26): ₹ 1.80 crore **3.** The Company has adopted Accounting Policy of charging depreciation on Straight Line Method as per Schedule II of the Companies Act 2013. Further, as disclosed in the Notes under	In the concerned notification of the UPERC, the useful life of "Office equipment" was given. Since the Computers are grouped under the

para 6 (C) of Note No. 1(B), the Company is providing depreciation on Fixed Assets on the basis of their useful life approved by UPERC as per the provisions of Ministry of Corporate Affairs notification no. 627(E) dated 29.08.2014. Since useful life of computers was not given in the depreciation schedule approved by UPERC, the Company should have followed Schedule II of the Companies Act 2013 wherein the useful life of computers is provided as three years under a separate category "Computers and Data Processing Units". However, the Company has provided depreciation on computers assuming their useful life as 15 years which has resulted in understatement of Loss for the year by ₹ 0.38 crore and Accumulated Loss by ₹ 1.48 crore and overstatement of Property, Plant and Equipment by ₹ 1.86 crore.	Account Head of "Office equipment" in the accounts of the company. And, accordingly, the depreciation was charged on computers on the basis of useful life given for office equipment in the UPERC's regulation. However, the useful life of 6 years for IT equipments including software has now specifically been given for the year 2017-18,2018-19 & 2019-20 in UPERC (Multiyear distribution tarrif) regulation 2014 and accordingly depreciation has been charged on computers.
B. Comments on Financial Position **Current Liabilities** **4. Trade Payables (Note-19): ₹17,332.91 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. The remaining unverified bills amounting to ₹ 24.41 crore were for both firm as well as infirm[1] power supply. As per the provisions of Power Purchase Agreement,infirm power was to be supplied free of cost. The Board of Directors accorded their approval to refer the matter relating to unverified bills to UPERC with the remarks that UPPCL has 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	The comment of CAG for F.Y. 2015-16 was received vide letter no म.ले. (ई. एण्ड आर.एस.ए.)/इ.एस–।।/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 accounted for in the accounts for the F.Y. 2018-19 and contingent liability amounting to ₹ 9.78 Crore has also been disclosed in the accounts of that year.

[1]Electricity generated prior to commercial operation of a generating unit

crore - ₹ 3.21 crore) should have been shown as contingent liability. Thus, the Current Liability (Trade Payables), Power Purchased as well as Accumulated Loss are understated by ₹ 3.21 crore. Despite similar comment of the CAG on the Accounts of the Company for the year 2015-16, no corrective action has been taken by the Management.	
Other Financial Liabilities (Note-20): ₹ 1,678.66 crore **5.**The Significant Accounting Policy of the Company regarding 'Employee Benefits (para no. 3(IX)(a) under Note No. 1-A) states that 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. However, the Company has not made provision amounting to ₹ 2.61 crore for Pension and Gratuity at the rate of 16.70 *percent* and 2.38 *percent* respectively towards GPF employee and 10 *percent* Employer's Contribution towards CPF employees in respect of Seventh Pay Commission arrear amounting ₹ 15.02 crore for the period 01.04.2016 to 31.03.2017. This has resulted in understatement of Other Financial Liabilities and also understatement of Employee Cost as well as Loss for the year 2016-17 by ₹ 2.61 crore.	Necessary provision has been made in the accounts for the F.Y 2018-19.
6. Other Financial Liabilities 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 Loss by ₹ 28.65 crore. Despite similar comment of the CAG on the Accounts of the Company for the years 2012-13 to 2015-16, no corrective action has been taken by the Management.	There was no amount payable to UPPSE Trust as on 31-03-2015 (after netting offof the liabilities towards G.P.F of ₹16.60 Crore Dr and pension & gratuity of ₹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.

C. Other Comments **7. Significant Accounting Policies** Reference is invited to Significant Accounting Policy No. I (d) which states that "Due to multiplicity of functional units as well as multiplicity of functions at particular unit, Employees cost to capital works are capitalised @ 15% on deposit works and @ 9.5% on other works on the total expenditure". This policy is not in line with para 16 of IndAS on Property Plant and Equipment (IndAS 16) which provides that the cost of an item of Property, Plant and Equipment comprises any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management. Thus, the capitalisation of employees' cost amounting to ₹ 3.01 crore to capital works, on percentage basis to the amount of total expenditure incurred on capital works, is not in conformity with Ind AS -16.	It is to submit that due to multiplicity of functional units as well as multiplicity of functions at particular unit, it was not possible to locate the directly attributable cost, therefore, the corporation has formed the policy to capitalize the employee cost at predetermined rate.
8. As per Para 100 of Ind AS 38 on Intangible Assets, residual value of an Intangible Asset with a finite useful life shall be assumed to be zero unless: (a) there is a commitment by a third party to purchase the asset at the end of its useful life; or (ii) there is an active market for the asset and residual value can be determined by reference to that market; and it is probable that such a market will exist at the end of the asset's useful life. The Company has amortised Intangible Assets up to 95 *per cent* value of their value considering residual value of 5 *per cent* and useful life of 6 years. Since there is no commitment by a third party to purchase the asset at the end of its useful life and residual value of software is not determinable, therefore the amortisation should have been done on 100 *per cent* value of the asset. Thus the policy adopted by the Company on amortisation of Intangible Assets is not in conformity with the	The matter will be examined and necessary action, if required, will be taken.

provisions of Ind. AS 38.	
9. Ind AS 24 (para 17) states that an entity shall disclose key management personnel compensation in total and for each of the following categories: short term employee benefits, post-employment benefits, other long-term benefits, termination benefits and share-based payment. As per Section 203 of the Companies Act 2013, key managerial personnel include Company Secretary and Chief Financial Officer. The Company has, in its Financial Statements, mentioned its key managerial personnel under Note-21 A (b) and remuneration and benefits paid to them under Note-21B (b). The Company has, however, not included the names of its Company Secretary and Chief Financial Officer in the related party disclosure under Note 21 A(b) and 21B(b). Thus reporting of related party transactions was incomplete and deficient to that extent.	The company secretary in UPPCL was in part time capacity not in whole time, therefore, the disclosure of his name was not done in the list of KMP. Further, it is to submit that the name of CFO was inadvertently left to be disclosed in the list of KMP. However, necessary disclosure has been made in the F.Y. 2018-19
10. The Company has netted off Liquidated Damages (LD) amounting to ₹ 381.91 crore (LD imposed on SEUPPTCL ₹200 crore and LD imposed on WUPPTCL: ₹ 181.91 crore) from Power Purchase Cost during the year 2016-17. The facts being material should have been disclosed in Notes on Accounts. Thus, Notes to Accounts are deficient to that extent.	Necessary disclosure has been made in accounts for the F.Y. 2018-19.
11. 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 the Board of Directors for approval to	Since the matter is still disputed, the liability of to ₹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.

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 disputed cost of energy purchased. Despite similar comment of the CAG on the Accounts of the Company for the year 2015-16, no corrective action has been taken by the Management.	

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

(SUDHIR ARYA)
Director (Finance)