DIRECTORS' REPORT

To,
The Members,
U.P. Power Corporation Ltd.

Your directors are pleased to present the 19th Annual Report together with Audited Accounts for the financial year ended on 31st March, 2018.

1. FINANCIAL RESULTS

The salient features of the Company's financial results for the period ended 31st March, 2018 are summarized below:-

A. Standalone Financial Statement **Rs. in Crores**

PARTICULARS	Year ended 31.03.2018	Year ended 31.03.2017
INCOME		
Revenue from sale of power	46424.92	42668.73
Other Income	136.39	51.94
TOTAL (A)	**46561.31**	**42720.67**
EXPENDITURE		
Operational Expenditure :-		
Purchase of Power	46424.98	42511.72
Repairs & Maintenance Expenses	16.60	13.87
Employees Cost	176.28	160.41
Administrative, General & Other Expenses	45.16	35.61
TOTAL (B)	**46663.02**	**42721.61**
Operational Profit/(Loss) A-B=C	**(101.71)**	**(0.94)**
Interest and Finance Charges	0.02	0.01
Depreciation	3.51	1.80
Bad debts & Provisions	8013.57	8568.96
TOTAL (D)	**8017.10**	**8570.77**
NET PROFIT/(Loss) Before Tax	**(8118.81)**	**(8571.71)**
Provision for Tax	0.00	0.00
NET PROFIT/(Loss) After Tax	**(8118.81)**	**(8571.71)**

B. Consolidated Financial Statements **Rs. in Crores**

PARTICULARS	Year ended 31.03.2018	Year ended 31.03.2017
INCOME		
Revenue from sale of power	44493.16	40524.26
Other Income	9062.29	8232.51
TOTAL (A)	**53555.45**	**48756.77**
EXPENDITURE		
Operational Expenditure :-		
Purchase of Power	48419.08	44175.82
Repairs & Maintenance Expenses	2427.26	1840.12
Employees Cost	1327.33	1369.86
Administrative, General & Other Expenses	1473.56	1067.83
TOTAL (B)	**53647.23**	**48453.63**
Operational Profit/(Loss) A-B=C	**(91.78)**	**303.14**
Interest and Finance Charges	3446.52	2033.42
Depreciation	1102.86	982.05
Bad debts & Provisions	8560.97	9181.00
TOTAL (D)	**13110.35**	**12196.47**
NET PROFIT/(Loss) Before Tax	**(13202.13)**	**(11893.33)**
Provision for Tax	0.00	0.00
NET PROFIT/(Loss) After Tax	**(13202.13)**	**(11893.33)**

2. TRANSFER TO RESERVE

The Company has incurred losses during the year, as no surplus is available for appropriation therefore no amount is being proposed to be transferred to reserves.

3. OPERATIONS

The Company deals with the bulk purchase of electricity and bulk sale of electricity to its Subsidiary distribution companies of the State. The Purchase volume of Company is as under:

S No.	Name of the Company	Status	FY 2017-18 Units Purchased (MU)	FY 2016-17 Units Purchased(MU)
A	U.P. Power Corporation Limited	Holding	*119163.55	107495.239

* Due to typographical mistake120301.239 MU of power purchase was disclosed instead of 119163.55 MU in Notes on accounts (1(B)-17).

The sales volume of company is as under:

S N	Name of the Company	Status	FY 2017-18 Unit sold (MU)	FY 2016-17 Unit sold (MU)
A	U.P. Power Corporation Limited	Holding	111999.645	99849.316

The Subsidiary Companies purchase the bulk electricity from the Company and sell it to the franchise/ultimate consumers. The sales volume of the Companies are as under:

S No.	Name of the Companies (Discoms)	Status	FY 2017-18 Units sold (MU)	FY 2016-17 Units sold (MU)
A	MadhyanchalVidyutVitran Nigam Limited	Subsidiary	17007.329	14759.009
B	DakshinanchalVidyutVitran Nigam Limited	Subsidiary	18735.574	16811.271
C	PurvanchalVidyutVitran Nigam Limited	Subsidiary	20758.596	18286.227
D	PashchimanchalVidyutVitran Nigam Limited	Subsidiary	28437.30	25334.79
E	Kanpur Electricity Supply Company Limited	Subsidiary	3199.737	3089.163

4. DEPOSITS

No Deposits have been accepted from the public as mentioned/covered under Chapter V of Companies Act, 2013.

5. AUDITORS

5.1 STATUTORY AUDITORS

The Comptroller & Auditor General of India, New Delhi appointed M/s. Guar & Associates, Chartered Accountants, Lucknow as Statutory Auditors of the company for the year ended 31st March, 2018. Pursuant to the Companies Act, 2013 management reply to the remarks of the Statutory Auditors is enclosed as Annexure I.

5.2 COST AUDITOR

M/s KB Saxena & Associates, Cost Accountant, Lucknow was appointed as Cost Auditor by the Company for the Financial year 2017-18 under section 148 of the Companies Act, 2013.

5.3 SECRETARIAL AUDITORS

CS Mardan Singh, Practicing Company Secretary has conducted the Secretarial Audit of the Company for the Financial Year 2017-18. The Secretarial Audit Report is placed at Annexure II with management reply.

5.4 COMPTROLLER AND AUDITOR GENERAL'S COMMENTS

The Company received the comments on the financial statements (Standalone and Consolidated) for the year ended 31st March, 2018 from the CAG under section 143(6) of the Companies Act, 2013. The comments of the CAG with management reply is placed as Annexure III

6. BOARD AND COMMITTEES

There have been following changes in the Board of Directors of the Company during the FY 2017-18

S.No.	Name	Designation	For FY 2017-18	
			From	to
1.	Shri Sanjay Agarwal	Chairman	01-04-2017	19-05-2017
	Shri Alok Kumar		20-05-2017	31-03-2018
2.	Shri Vishal Chauhan	Managing Director	25-03-2017	03-09-2017
	Smt. Aparna U.		26-10-2017	31-03-2018
3.	Shri Sudhanshu Dwivedi	Whole time director	01-04-2017	31-03-2018
4.	Shri Sanjay Kumar Singh,	Whole time director	01-04-2017	12-02-2018
5.	Shri Krishna Murari Mittal	Whole time director	01-04-2017	05-12-2017
	Shri Vijay Kumar		06-01-2018	31-03-2018
6.	Shri RamanndYadav,	Whole time director	01-04-2017	01-01-2018
	Shri V.P. Srivastava		04-01-2018	31-03-2018
7.	Shri Satya Prakash Pandey	Whole Time Director	01-04-2017	31-03-2018
8.	Shri Vishal Chauhan Nominee Director	Nominee Director	01-04-2017	29-06-2017
	Shri Kamran Rizvi		30-06-2017	31-12-2017
	Shri Amit Gupta		22-01-2018	31-08-2018
9.	Shri Neel Ratan Kumar Nominee Director	Nominee Director	01-04-2017	31-03-2018
10.	Smt. Manju Shankar, Nominee Director	Nominee Director	01-04-2017	31-03-2018

6.1 Number of Meetings of the Board

During the Financial Year 2017-18, there were ten meetings of the Board of Directors of the Company on the following dates:

S.No.	Date of Meeting	S.No.	Date of Meeting
1	129th Board Meeting – 19.06.2017	2	130th Board Meeting –02.08.2017
3	131st Board Meeting – 31.08.2017	4	132nd Board Meeting – 17.09.2017

5	133rd Board Meeting – 26.10.2017	6	134th Board Meeting –26.12.2017
7	135th Board Meeting – 08.01.2018	8	136th Board Meeting – 17.01.2018
9	137th Board Meeting – 24.02.2018	10	138th Board Meeting – 06.03.2018

6.2 COMMITTEE OF THE BOARD

According to section 177 of the Companies Act, 2013 Board has constituted an Audit Committee consisting of the following Directors:

1) Managing Director, UPPCL
2) Nominee Director
3) Director (Commercial)
4) Director (Finance), UPPCL
5) Company Secretary

The Audit Committee met five times during the financial year 2017-18 and the financial statements of the said year have been reviewed by the Committee.

The Company is exempted from the constitution of the Nomination & Remuneration Committee and Stakeholders Relationship Committee as the Company being a State Government Company.

6.3 DECLARATION BY INDEPENDENT DIRECTOR

Being a Government Company, the power to appoint Independent Director vests with the Government of UP and the company has taken up with the State Government for appointment of requisite number of Independent Directors. However, the State Government appointed Smt. Manju Shankar and Shri Neel Ratan Kumar as Non Executive Directors during the FY 2017-18.

6.4 PERFORMANCE EVALUATION OF DIRECTORS

The Ministry of Corporate Affairs (MCA) vide notification dated 5th June, 2015 has exempted the Government Companies from the provisions of Section 178(2) of the Companies Act, 2013 which provides the manner of evaluation of performance of Board, its committees and Directors by the Nomination & Remuneration Committee. The requirement of mentioning the statement on the manner of formal evaluation of performance of Directors in Boards' Report as per section 134(3) (p) of the Act has also been done away with for Government Companies where the directors are evaluated by the Ministry or Department of the State Government which is administratively in charge of the company, as per its own evaluation methodology. Further MCA vide its notification dated 5th July, 2017 has made an amendment in the schedule IV of the Act, whereby it has exempted Government Companies from complying with the requirement of performance evaluation by the independent directors of non-independent directors and Chairman and performance evaluation of the Independent Directors by the Board, if the concerned department or ministries have specified these requirements.

7. **CORPORATE SOCIAL RESPONSIBILITY**

Since the Company being into a heavy losses during the year its not mandatory for the company to make any expenditure towards the CSR activities during the year.

8. **VIGIL MECHANISM**

There is a common vigilance wing for all Government Utilities in U.P. Power Sector.

9. **MANAGERIAL REMUNERATION**

The details of the remuneration of the directors and key managerial is placed as Annexure IV

10. **DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013**

As per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules made thereunder, the Company has Internal Complaints Committee in place to redress complaints received regarding the sexual harassment. There was no complaint of sexual harassment filed during the FY 2017-18.

11. **FRAUD REPORTING**

No fraud reported during the year under consideration.

12. **COMPLIANCES**

12.1 CONSERVATION OF ENERGY

Pursuant to Section 134(3) (m) of Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014 information relating to 'Conservation of energy, technology absorption is given in Annexure-V to this Report.

12.2 RISK MANAGEMENT POLICY

Your Company is a Public Sector Undertaking wholly owned by the Government of Uttar Pradesh. Our Subsidiary Companies follow the Tariff rates approved by the UPERC to issue the bills to the consumers of the electricity. In case of other matters the guidelines mentioned in Supply Code issued by the UPERC is followed.

The policy related matters are to be followed from the directives issued by the U.P Government from time to time.

12.3 INTERNAL FINANCIAL CONTROLS AND ADEQUACY

The Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition, and to ensure that all transactions are authorized, recorded, and reported correctly and adequately.

All financial and audit control systems are also reviewed by the Audit Committee of the Board of Directors of the company.

12.4 ANNUAL RETURN OF THE COMPANY

The extract of the Annual Return of the Company for the FY 2017-18 is place as Annexure VI

12.5 PARTICULARS OF LOANS, GUARANTEES, AND INVESTMENTS UNDER SECTION 186

Loans, Guarantees or investments under section 186 of the Companies Act, 2013 form part of the notes to financial statements attached to this Report.

12.6 PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES UNDER SECTION 188(1)

Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013 in the prescribed form AOC-2 are given as Annexure VII of this Report. Further attention of the members is drawn on Note no. 1(B) (21) of the Financial Statement which sets out related party disclosure.

12.7 SUBSIDIARIES AND ASSOCIATE COMPANIES

As on 31st March, 2018 the Company has seven subsidiaries and one associate company. A statement containing the salient features of the financial statements of our subsidiaries and associate companies are covered in the management discussion and analysis and also annexed in the prescribed AOC-1, Part A& B as Annexure VIII of this report.

12.8 DIVIDEND DISTRIBUTION POLICY

The Directors do not recommend any dividend for the year, as the company has no profits to distribute.

12.9 SIGNIFICANT & MATERIAL ORDERS

There are no significant and material orders passed by the Regulators or Courts or tribunal impacting the going concern status and company's operations in future.

13. DIRECTORS RESPONSIBILITY STATEMENT:

In line with the Section 134(3)(c) of the Companies Act, 2013 the following declarations with regard to Directors responsibilities are being made:-

(i) That in the preparation of the Annual Accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;

(ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimate that are reasonable and prudent so as to give a true and fair view of the State of Affairs of the Company at the end of the Financial Year and of the Profit and Loss of the Company for that period.

(iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

(iv) That the Directors had prepared the annual accounts on a going concern basis.

(v) That the Directors has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

14. ACKNOWLEDGEMENT:

The Board of Directors wish to place on record their deep appreciation for the continued support received from the Government of Uttar Pradesh, especially the Departments of Energy, Finance, Planning, Law, Public Enterprises and other Departments of Govt. of U.P. and Government of India, the Central Electricity Authority, U.P Electricity Regulatory Commission, Power Finance Corporation, Rural Electrification Corporation & Other Financial Institutions.

The Board also thanks the Statutory Auditors M/s Gaur& Associates., Chartered Accountants, Lucknow, the Branch Statutory Auditors, Internal Auditors, Cost Auditors and the Office of the C&AG for their constructive suggestions, guidance and cooperation.

For and on behalf of the Board of Directors

M. Devraj
Chairman

Date: 29.09.21
Place: Lucknow

Annexure - 'I'

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED ON 31.03.2018

Audit Report	Management Reply
INDEPENDENT AUDITOR'S REPORT TO, THE MEMBERS OF UP POWER CORPORATION LIMITED **Report on the Consolidated Ind AS Financial Statements** We have audited the accompanying consolidated Ind AS financial statements of UP Power Corporation Limited (hereinafter referred to as "the Holding Company"), its seven subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and one associates which comprise the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss (Including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").	No Comment.
Management's Responsibility for the Consolidated Ind AS Financial Statements The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Ind As Financial Statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance (Including Other Comprehensive Income), consolidated cash flows and consolidated changes in Equity of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with the	No Comment.

(9)

Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the Companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.	
Auditors' Responsibility Our responsibility is to express an opinion on these Consolidated Ind AS financial statements based on our audit. While conducting the 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 thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated 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 consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including	**No Comment.**

the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred in Other Matters paragraph below is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated Ind AS financial statements.	
Basis for Qualified Opinion The consolidated Ind AS financial statements include the financial statements/financial information of the Holding Company and its Subsidiaries and Associate. The Accounts of the Holding company is audited by us and the Accounts of Subsidiaries and Associate are audited by other Auditors whose reports have been furnished to us by the Holding Company's management. Our opinion on the consolidated Ind AS financial statements, in so far it relates to the amounts and disclosures included in respect of these Subsidiaries and Associate, our report is qualified, to the extent applicable, on the basis of our audit report of Holding Company and the audit reports furnished to us by the management related to Subsidiaries and Associate.	No Comment as no observation on consolidation.
Opinion In our opinion and to the best of our information and according to the explanations	No Comment.

given to us, except for the possible effect of the matters described in the "Basis for Qualified Opinion" paragraph above, the aforesaid Consolidated Ind AS Financial Statement give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India; (a) In the case of Consolidated Balance Sheet, of the consolidated state of affairs (financial position) of the Group as at 31st March, 2018 (b) In the case of Consolidated Statement of Profit and Loss, of the consolidated net Loss (financial performance including Other Comprehensive Income) for the year ended on that date; (c) In the case of Consolidated Cash Flows and Changes in Equity for the year ended on that date.	
Other matter We did not audit the financial statements/financial information of following subsidiaries and associate companies whose financial statements/financial information reflect the details given below of total assets and net assets as at 31st March 2018, total revenues and net cash flows for the year ended on that date to the extent to which they are reflected in the consolidated Ind AS financial statements:	No Comment.

(Rupees in Lakhs)

Name of the Companies	Total Assets	Net Assets	Total Net Profit/ (Loss)	Net Cash Inflows/ (outflows)
Subsidiaries:				
Madhyanchal Vidyut Vitran Nigam Limited, Lucknow	2923418.23	96246.87	(43170.58)	28833.49
Purvanchal Vidyut Vitran Nigam Limited, Varanasi	3690389.70	(239503.11)	(83957.73)	8869.03
Pashchimanchal Vidyut Vitran Nigam Limited, Meerut	2528832.32	(185076.15)	(151695.16)	(17712.82)
Dakshinanchal Vidyut Vitran Nigam Limited, Agra	2768882.84	(947367.65)	(236649.86)	7948.24
Kanpur Electricity Supply Company Limited, Kanpur	373788.04	(142464.05)	6441.75	(7713.75)
Sonebhadra Power	1.84	(613.49)	(2.85)	1.39

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Generation Company Limited					
Southern UP Power Transmission Company Limited	62.24	(195.98)	(0.84)	(4.38)	
Total	[illegible]	[illegible]	(509028.28)	20327.30	
[illegible]					
Yamuna Power Generation Company Limited	0.80	(247.26)	(0.75)	(0.46)	
Total	0.80	(247.26)	(0.75)	(0.46)	
Grand Total	12286354.01	(2419180.82)	(509036.03)	20320.74	

These financial statements/financial information have been audited by other Auditor whose reports have been furnished to us by the management and our opinion on the consolidated Ind AS financial statements, in so far it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-sections (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate is based solely on the reports of other auditors.	No Comment.
Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the matters as stated in Other Matter paragraph above, with respect to our reliance on the work done and the reports of the other auditors and the financial statements/ financial information certified by the Holding Company's Management.	No Comment.
Report on Other Legal and Regulatory Requirements 1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and associate as noted in the other matter paragraph, we report, to the extent applicable, 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 of the aforesaid consolidated Ind AS financial statements. b) In our opinion, proper books of account as required by law relating to	No Comment.

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preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Change in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

d) In our opinion, except for the effect of the matters described in the basis for Qualified Opinion paragraph above, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards (Ind AS) specified 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 5th 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 Holding Company. Further, on the basis of the reports of the Statutory Auditors of its Subsidiaries and Associate incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the ACT.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, its Subsidiaries and Associate incorporated in India and the operating effectiveness of such controls, refer to our separate Report in **Annexure-1**.

g) With respect to the other matters to be included in the Auditor's Report in

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accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and associate , as noted in the 'other matter' paragraph: i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates. ii. Provision has been made in the consolidated Ind AS financial statements, 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 Holding Company and its subsidiaries and associate incorporated in India. 2. The Annual Accounts of F.Y 2015-16 and 2016-17 have yet to be adopted in Annual General meeting as final comments of CAG is awaited for F.Y 2015-16 and CAG Audit is yet to be started for F.Y 2016-17.	

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

(Ranjan Kumar Srivastava)
Director (Finance)

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ANNEXURE-1 TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 1 (f) of the Independent Auditors' Report of even date to the members of UPPCL on the consolidated Ind AS financial statements as of and for the year ended March 31st, 2018

ANNEXURE-1 to the Independent Auditors' Report	Management Reply
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 consolidated Ind AS financial statements of the Company as of and for the year ended 31st March 2018, we have audited the internal financial controls over financial reporting of UP Power Corporation Limited ("the Holding Company") and its Subsidiaries (the Holding Company and its Subsidiaries together referred as "the Group") and Associate, which are companies incorporated in India, as of that date.	No Comment.
Management's Responsibility for Internal Financial Controls The respective Board of Directors of the Holding company, its Subsidiaries, and Associate, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering 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" (ICAI). 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	No Comment.

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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 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	No Comment.

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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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or	No Comment.

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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.	No Comment.
Opinion In our opinion, to the best of our information and according to explanation given to us, the Holding Company, its subsidiaries and Associate, which are companies incorporated in India, have, 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 2018, 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	No Comment.

India.	
Other Matters Our Aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to seven Subsidiaries and one Associate, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.	No Comment.

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

(Ranjan Kumar Srivastava)
Director (Finance)

(M. B...)
Chairman

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Annexure - 'I'

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED ON 31.03.2018

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 2018, 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 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	No Comments

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, relevent 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 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.	**No Comments**

	MANAGEMENT REPLY
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 15692.91 Lacs (previous year Rs 14537.37 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.

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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).	Reconciliation and necessary confirmation of the balances of assets and liabilities is a continuous process and consequential accounting adjustment is made in the books of accounts, as and when required. As regards, the adequacy 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, Interest on Income tax & Trade Tax , interest on loans to staff and other items of income	Considering the uncertainty of realization, income covered by accounting policy of the company is in line with Ind AS 18.

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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".	Due to multiplicity of functional units as well as multiplicity of function at particular unit, capitalization policy for employee cost are framed to capitalize the said expenses at a predetermined rate and accordingly the treatment has been given while capitalizing the 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 accordance with the provisions of Ind AS 19, "Employee Benefits".	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.
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. 1 (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 (a) 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.

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(b) (PTC INDIA LIMITED- TRN ENERGY

As per clause 4.2.1 of PPA, the monthly bill for any month in a Contract year shall consist of the monthly capacity charges, energy charges , incentives and penalty determined in accordance with clause 4.2.5 of Schedule 4 (applicable on a cumulative basis and included in each monthly bill)

As per clause 4.2.5, the penalty shall be calculated in case the availability for a contract year is less than 80% of annual contracted quantity.

The penalty was calculated on monthly basis and Rs. 1203920088/- was deducted as penalty. In Jan 2018, in terms of letter from Planning department, penalty was calculated on monthly basis on non-cumulative basis and penalty amounting to Rs. 995827508/- was reversed which was not correct in terms of PPA. Hence, the expenditure and the liability was understated by Rs. 99,58,27,508/-.

The penalty for the year 2016-17, 2017-18 and 2018-19 has been revised in accordance with the terms and conditions of PPA and as per the CERC order dated 14.05.2019 and accordingly, the deduction has been made and necessary accountal has also been done in the accounts for the year 2018-19. As regards, the reversal of Rs. 995827508.00, the entry was reversed on account of excess penalty deducted earlier.

(c) Non-accounting of Interest on Loans:

A sum of 11542.91 lacs was outstanding as on 31st March 2018 in Loans and advances- Others (27.8) details of which is as under:

Name of Party	Amount of Advance	Interest taken in A/c
Orrisa Integrated Power Ltd	696882459.00	3495000.00
Coastal Tamilnadu Power Ltd	92680746.00	3495000.00
Sakhigopal Integrated Power Co.	48000000.00	3490965.00
Tatiya Andhra Mega Power Ltd	59500000.00	1725135.00
Karanpura Energy Limited	11277830.00	0.00
Bihar Mega Power	60000000.00	3813849.00

Unit/Zone concerned have been instructed to review the matter in detail and ensure proper accountal of interest in the existing amounts in hand.

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Limited		
	185950000.00	0.00
	1154291035.00	16019949.00

It was noticed that in case of M/s Karanpura Energy Limited and M/s Jharkhand Integrated Power Limited, interest was not accounted for in the books of accounts. Further, the basis/ rate of interest on which interest is payable is not available with the unit. The unit has accounted for the interest on the basis of information available on 26AS. The quantification of effect on profit/ loss could not be ascertained.	
(d) <u>INTEREST FROM LANCO POWER:</u> During the year 2017-2018, a sum of Rs. 58,32,76,956/- was accounted for towards interest on advance which includes Rs. 18,47,58,592/- of 2016-17 & Rs. 39,85,18,364/- of 2017-18. The basis of interest was not provided. In absence of the requisite information, correctness of the same could not be confirmed.	As per the order of APTEL dated 30.11.2016, the negative bill of Rs. 712.48 Crore given by M/s Lanco Anpara Power Limited had been adjusted against outstanding dues of LAPC on 30.11.2016 i.e. on the date of order of APTEL. After adjustment of negative bill, as agreed by the LAPC, UPPCL has charged additional rebate of 2 percent on the unadjusted amount after adjusting advance payments made during the year 2016-17 and 2017-18 in addition to normal rebate of 2 percent on instant payment. Accordingly, the amount of Rs. 58,32,76,956/- which was earlier accounted for as interest, has been withdrawn and the same has been adjusted/accounted for against power purchase in the F.Y. 2018-19.
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	No Comments

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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, 2018; (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 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.	No Comments

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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. **(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	No Comments

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of the Companies Act, 2013, are not applicable to the company. (f) With respect to the adequacy of the internal financial control over financial reporting of the company and the operating effectiveness of such control, refer to our separate report in **Annexure-III.** (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us: i. The Company has disclosed the impact of pending litigations on its financial position in its 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.	
4. The Annual Accounts of F.Y. 2015-16 and 2016-17 have yet to be adopted in Annual General meeting as final comment of CAG is awaited for the F.Y 2015-16 and CAG Audit for the F.Y 2016-17 is yet to be started.	**No Comments**

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

(RANJAN KUMAR SRIVASTAVA)
Director (Finance)

(30)

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, 2018

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
(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	Zone/units have been instructed to conduct physical verification of stock regularly in accordance with procedure prescribed in the company.

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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.	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
(7) According to the information and explanations given to us in respect of statutory dues (a) According to the information and	No Comments

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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, GST 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, 1961	1992-93	1.00	Hon'ble Income Tax Appellate Tribunal
3.	Income Tax Act, 1961	2018-19	2.13*	Income tax Department

* The status is given for the Assessment Year 2018-19 based on 26 AS report generated as on date.

The current status of dues that have not deposited on account of dispute is as under:-

Name of the statue	Assessment year	Amount (Rs. In Lakhs)	Current status
Income Tax Act, 1961	1991-92	1.00	Nil
Income Tax Act, 1961	1992-93	1.00	Nil
Income Tax Act, 1961	2018-19	2.13*	5925.18

(8) Repayment of Dues

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

During the year all the dues to Financial institution, banks or debenture holders was paid in time.

(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.

No Comments

(10) Reporting of Fraud during the year

According to the information and explanations given to us by the Management

No Comments

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.	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 under review. Accordingly, provisions of clause 3(xiv) of the Order are not applicable to the Company.	No Comments
(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	No Comments

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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.	

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

(RANJAN KUMAR SRIVASTAVA)
Director (Finance)

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Annexure II to the Auditors Report (Directions U/S 143(5))

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 31st March, 2018

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 2017-18 Principal amount of Loan has been paid by Kesco and Interest Rs. 5083.79 Lacs has been Waived off by UPPCL on request of Kesco.	No Comments
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)

(RANJAN KUMAR SRIVASTAVA)
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, 2018

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

[illegible] 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 2018, 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.	No Comments
Auditors' Responsibility Our responsibility is to express an opinion on	

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

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, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud	No Comments

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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 2018, 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)

(RANJAN KUMAR SRIVASTAVA)
Director (Finance)

(M. Devaraj)
Chairman

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CS Mardan Singh
B.Sc.LL.B.,F.C.S.
PracticingCompany Secretary

Office:- 115, Rajeev Nagar
Kanchan Bihari Marg, Kalyanpur
LUCKNOW-226016
Mob:- 9415467771, 8960630345
Pan No.:- AJUPS3081N

Form No. MR-3

SECRETARIAL AUDIT REPORT

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

FOR THE FINANCIAL YEAR ENDED: 31.03.2018

To,

The Members,
U.P. Power Corporation Limited
14 Ashok Marg
Lucknow-226001
CIN NO.U32201UP1999SGC024928

I have conducted the secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **U.P. Power Corporation Limited** (herein after referred as 'the company'). The secretarial audit was conducted in a manner that provides me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

I have examined the registers, records, books and papers of the Company as required to be maintained under the Companies Act, 2013,(the Act) and the rules made there under and the provisions contained in the Memorandum and Articles of Association of the Company for the year ended March 31, 2016

In my opinion and to the best of our information and according to the examinations carried out by me and explanations furnished and representations made to me by the Company, its officers and agents, we report that Subject to the observations given hereunder, the Company has complied with the provisions of the Act, the Rules made there under and the Memorandum and Articles of Association of the Company with regard to:

(a) Maintenance of various statutory registers and documents and making necessary entries therein
(b) forms, returns, documents and resolutions required to be filed with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities;
(c) Service of documents by the Company on its Members, and the Registrar of Companies;
(d) Notice of Board and various Committee meetings of Directors;
(e) Meetings of Directors and all the Committees of Directors and passing of circular resolutions;
(f) Notice and convening of Annual General Meeting.
(g) Minutes of the proceedings of the Board Meetings, Committee Meetings and

MARDAN SINGH
PCS No. 10705
COMPANY SECRETARY

Office:- 115, Rajeev Nagar
Kanchan Bihari Marg, Kalyanpur
LUCKNOW-226016
Mob:- 9415467771, 8960630345
Pan No.:- AJUPS3081N

General Meetings;

(h) Approvals of the Board of Directors, Committee of Directors, Members and government authorities, wherever required

(i) Constitution of the Board of Directors, Committees of Directors.

(j) Appointment and remuneration of Statutory Auditors and Cost Auditors;

(k) Transfer of the Company's shares, issue and allotment of shares;

(l) Declaration and payment of dividend;

(m)Borrowings and registration of charges;

(n) Report of the Board of Directors;

(o) Generally, all other applicable provisions of the Act and the Rules there under.

I further report that:

a) The Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings and directorships in other Companies and interest in other entities;

b) The Directors have complied with the disclosure requirements in respect to their eligibility of appointment, their being independent, compliance with the code of conduct for Directors and Senior or Management Personnel.

c) The Company has obtained all necessary approvals under various provisions of the Act where necessary;

d) There was no prosecution initiated against or show cause notice received by the Company during the year under review under the Companies Act and rules, regulations and guidelines under the Act. .

OBSERVATION:-

1. *As per the provisions of section 129 read with section 96 of the Companies Act, 2013, the Audited Financial Statement of the company for the financial year 2016-17 was required to be adopted in the annual general meeting of the company within six months of the closing of the financial year i.e. latest by 30/09/2017 . Though, by holding the Annual General Meeting on 25/09/2017, the company has complied with the provisions of section 96 of the Companies Act, 2013. The Annual Financial Statement (Annual Accounts) of the company for the financial year 2016-17 were not ready for their adoption and this General meeting was adjourned. Thus by the non adoption of Annual Accounts of the company for the financial year 2016-17 in this Annual General Meeting, the company has failed to comply with the provisions of section 129 of the Companies Act, 2013.*

2. *As per the provisions of section 148 of the Companies Act, 2013 and the rule (5) of the Companies (Cost Records and Audit) Rules, 2014, the company is required to appoint the cost auditor within 180 days of the commencement of every*

MARDAN SINGH
PCS No.
10705
COMPANY SECRETARY

CS Mardan Singh
B.Sc.LL.B.,F.C.S.
PracticingCompany Secretary

Office:- 115, Rajeev Nagar
Kanchan Bihari Marg, Kalyanpur
LUCKNOW-226016
Mob:- 9415467771, 8960630345
Pan No.:- AJUPS3081N

financial year and as per the provisions of rule(6) sub rule(5) of these rules, every cost auditor shall forward his report to the board of directors of the company within 180 days of the closure of the financial year to which the report relates.

M/S R.M. Bansal & company was appointed as the cost auditor of the company for the financial year 2016-17 in the 125th board meeting held on 14/06/2016 but as per perusal of the minutes of the board meetings held during the financial year 2017-18 and the information provided during the audit no one has been appointed as the cost auditor of the company for the financial year 2017-18 and as a result the cost audit report of the financial year 2016-17 which was required to be submitted to the board latest by 30/09/2017 has not been submitted before the board of directors in the financial year 2017-18 as required by rule(6) sub rule(5) of the above rules. Thus to this extent the above provisions of the Companies Act, 2013 and the relevant rules have not been complied with.

3. *As per the provisions of section 149 of the Companies Act, 2013 read with the Rule-(4) of the Companies (Appointment and Qualification of Directors) Rules, 2014, the Company is required to appoint at least two number of Independent Directors on the board of directors of the company. Further while constituting the Audit Committee under section 177 of the Companies Act, 2013, atleast one Independent Director is required to be appointed. Similarly while constituting the Corporate Social Responsibility Committee under section 135 of the Act at least one independent director has to be appointed on such committee. During the audit it has been found that the company has not appointed any Independent director on the board of directors of the company, the Audit Committee and Corporate Social Responsibility committee. Thus during the financial year ending on 31/03/2018, the company has failed to comply with the provisions of section 149, 177 and 135 of the Companies Act, 2013 and the relevant rules framed there under.*

4. *As per the provisions of section 203 read with rule (8) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the company has to appoint three key managerial personnel namely the (1) Managing Director, (2) Company Secretary and (3) The Chief Finance Officer.*

During the audit it has been found that the company has appointed Smt. Aparna U. as the Managing Directors of the company on 26/10/2017 and .Shri Indra Mohan Kausal, General Manager (Account and Audit) was designated as the chief finance officer of the company in the 134th board meeting held on 26/12/2017 but no one has been appointed on the posts of company secretary. Thus to the above extent the provisions of section 203 and the relevant rules have not been complied with by the company

MARDAN SINGH
FCS No. 10705
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5. *As per the provisions of section 179(3)(d) of the companies Act 2013, the board of director of a company shall exercise the power to borrow monies by means of resolutions passed at the meetings of the board.*

But it has been found that the proposal to borrow an amount of Rs.3111.00 crore from REC and another Rs. 3111.00 crore from PFC was approved by circular resolution dated 28/03/2017 which was later on confirmed in the board meeting held on 19/06/2017.

Thus while taking approval of the board of directors for borrowing monies from the bank and the financial institution the above provisions of section 179(3)(d) of the Companies Act, 2013 have not been followed though such circular resolutions have been confirmed by the board of directors in the subsequent board meetings and have been taken on record in the minute book of the company.

I further report that as per the information and representation by the officers, the company has complied with the provisions of the other laws applicable to the company subject to the observations mentioned below:-

1- The provident fund and miscellaneous provisions Act
2- Payment of gratuity Act, 1972,
3- Payment of bonus Act, 1965,
4- Minimum wages Act, 1948,
5- The Workmen compensation Act, 1923,
6- Industrial dispute Act, 1947,
7- The trade unions Act, 1926,
8- The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed there under.

I further report that compliance of applicable financial laws including Direct and Indirect Tax laws by the Company has not been reviewed in this Audit since the same has been subject to review by the Statutory Auditors and other designated professionals

I further report that subject to the above observations, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act. - Adequate notice was given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. - Decisions at the Board Meetings, as

MARDAN SINGH
PCS No.
10
COMPANY SECRETARY

CS Mardan Singh
B.Sc.LL.B.,F.C.S.
PracticingCompany Secretary

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Kanchan Bihari Marg, Kalyanpur
LUCKNOW-226016
Mob:- 9415467771, 8960630345
Pan No.:- AJUPS3081N

represented by the management and recorded in minutes, were taken unanimously.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

MARDAN SINGH
PCS No. 10705
COMPANY SECRETARY

Place: - Lucknow
Date: - 18/02/2019

(Mardan Singh)
Practicing Company Secretary
FCS.1933, C. P. No.10705

(M. Devaraj)
Chairman

REPLIES OF THE MANAGEMENT ON THE OBSERVATION IN THE SECRETARIAL AUDIT OF THE COMPANY FOR THE F.Y.2017-18

Sr. No.	OBSERVATION	Management Reply
1	*As per the provisions of section 129 read with section 96 of the Companies Act, 2013, the Audited Financial Statement of the company for the financial year 2016-17 was required to be adopted in the annual general meeting of the company within six months of the closing of the financial year i.e. latest by 30/09/2017. Though, by holding the Annual General Meeting on 25/09/2017, the company has complied with the provisions of section 96 of the Companies Act, 2013. The Annual Financial Statement (Annual Accounts) of the company for the financial year 2016-17 were not ready for their adoption and this General meeting was adjourned. Thus by the non adoption of Annual Accounts of the company for the financial year 2016-17 in this Annual General Meeting, the company has failed to comply with the provisions of section 129 of the Companies Act, 2013.*	The Financial Statement (Annual Accounts) for the financial year 2016-17 has been audited by the statutory auditors M/S Gaur & Associates and the C&AG audit has also been completed and thereafter these annual accounts has been adopted in the adjourned annual general meeting held on 25th September, 2017 As such the provisions of section 129 of the companies Act 2013 has been complied with regarding the annual accounts of the company for the financial year 2016-17.
2	*As per the provisions of section 148 of the Companies Act, 2013 and the rule (5) of the Companies (Cost Records and Audit) Rules, 2014, the company is required to appoint the cost auditor within 180 days of the commencement of every financial year and as*	*The provision has been complied with.*

	per the provisions of rule(6) sub rule(5) of these rules, every cost auditor shall forward his report to the board of directors of the company within 180 days of the closure of the financial year to which the report relates. *M/S R.M. Bansal & company was appointed as the cost auditor of the company for the financial year 2016-17 in the 125th board meeting held on 14/06/2016 but as per perusal of the minutes of the board meetings held during the financial year 2017-18 and the information provided during the audit no one has been appointed as the cost auditor of the company for the financial year 2017-18 and as a result the cost audit report of the financial year 2016-17 which was required to be submitted to the board latest by 30/09/2017 has not been submitted before the board of directors in the financial year 2017-18 as required by rule(6) sub rule(5) of the above rules. Thus to this extent the above provisions of the Companies Act, 2013 and the relevant rules have not been complied with.*	
3	*As per the provisions of section 149 of the Companies Act, 2013 read with the Rule-(4) of the Companies (Appointment and Qualification of Directors) Rules, 2014, the Company is required to appoint at least two number of Independent Directors on the board of directors of the company. Further while constituting the Audit Committee under section 177 of the Companies Act, 2013,*	Noted for compliance in future financial years.

	atleast one Independent Director is required to be appointed. Similarly while constituting the Corporate Social Responsibility Committee under section 135 of the Act at least one independent director has to be appointed on such committee. During the audit it has been found that the company has not appointed any Independent director on the board of directors of the company , the Audit Committee and Corporate Social Responsibility committee. Thus during the financial year ending on 31/03/2018, the company has failed to comply with the provisions of section 149, 177 and 135 of the Companies Act, 2013 and the relevant rules framed there under.	
4	*As per the provisions of section 203 read with rule (8) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the company has to appoint three key managerial personnel namely the (1) Managing Director, (2) Company Secretary and (3) The Chief Finance Officer.* *During the audit it has been found that the company has appointed Smt. Aparna U. as the Managing Directors of the company on 26/10/2017 and .Shri Indra Mohan Kausal, General Manager (Account and Audit) was designated as the chief finance officer of the company in the 134th board meeting held on 26/12/2017 but no one has been appointed on the posts of company secretary. Thus to the above extent the provisions of section 203 and*	The Company Secretary appointed by the Company joined w.e.f 30.07.2021 in respect of which DIR-12 has been filed, which complies with Section 203 of Companies Act, 2013.

	the relevant rules have not been complied with by the company.	
5	*As per the provisions of section 179(3)(d) of the companies Act 2013, the board of director of a company shall exercise the power to borrow monies by means of resolutions passed at the meetings of the board But it has been found that the proposal to borrow an amount of Rs.3111.00 crore from REC and another Rs. 3111.00 crore from PFC was approved by circular resolution dated 28/03/2017 which was later on confirmed in the board meeting held on 19/06/2017.* *Thus while taking approval of the board of directors for borrowing monies from the bank and the financial institution the above provisions of section 179(3)(d) of the Companies Act, 2013 have not been followed though such circular resolutions have been confirmed by the board of directors in the subsequent board meetings and have been taken on record in the minute book of the company.*	Noted for compliance in future financial years.

For and on behalf of the Board of Directors

M. Devaraj
Chairman

Date : 29.09.21
Place: Lucknow

Annexure - III

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

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

सत्यमेव जयते

स्पीड पोस्ट/गोपनीय

पत्रांकः प्र.म.ले.(ऑडिट-II)/ए.एम.जी-II/लेखा/यूपीपीसीएल/2017-18/371 दिनांकः 24-12-2020

सेवा में,

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

16264.../MD/2020.............

महोदय, ...31...12.............202........

D(fin)

एतत्सह कम्पनी अधिनियम, 2013 की धारा 143(5) के अधीन उत्तर प्रदेश पॉवर कारपोरेशन लिमिटेड के 31 मार्च 2018 को समाप्त वर्ष के Stand alone वित्तीय लेखों पर भारत के नियंत्रक-महालेखापरीक्षक की टीका-टिप्पणियाँ 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।

संलग्नकः यथोपरि

CGM(AA)
31/12

02|PSDF|2021
01|01|2021

भवदीय
उत्सव पराशर
(उत्सव पराशर)
उपमहालेखाकार

03|का०लेखा
4/01/2021

02
01/01/2021

→ सहा० लेखा

1/1/2021

AO I
07/01/2021

4/01/2021

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दूरभाष/Tel. : 0522-2970549, 2970559, फैक्स/Fax : 0522-2722106

COMMENTS OF THE COMPTROLLER AND 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 31 MARCH 2018

The preparation of financial statements of U.P. Power Corporation Limited (UPPCL) for the year ended 31 March 2018 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 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 29 March 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of U.P. Power Corporation Limited (UPPCL) for the year ended 31 March 2018 under section 143 (6)(a) of the Act. This supplementary audit has been carried out independently without access to working papers of the Statutory Auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143 (6)(b) of the Act which have come to my attention and which in my view are necessary for enabling better understanding of the financial statements and the related audit report.

A. **COMMENTS ON PROFITABILITY**
Statement of Profit and Loss
Other Income (Note 22): ₹ 136.39 crore

1. The above includes ₹ 58.32 crore towards additional rebate received from LANCO Anpara Power Limited (power supplier). The Company has booked the same as Other Income instead of deducting it from power purchase cost. This has resulted in overstatement of Other Income as well as Purchase of Stock in Trade (power purchased) by ₹ 58.32 crore.

Purchase of Stock in Trade (Power Purchased) – Note 23: ₹ 46,424.98 crore

2. (a) The Company 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, ₹ 23.89 crore pertained to the period from 01.04.2002 to 31.03.2018. The above bill was verified by UPPCL on 22.10.2018. Though UPPCL's accounts (Standalone) for the year 2016-17 and 2017-18 were closed on 14.11.2018 and 22.03.2019 respectively, the Company did not book liability for ₹ 23.89 crore of the above mentioned bill pertaining to the period 01.4.2002 to 31.3.2018 in the respective books of accounts for the year 2016-17 (₹ 23.53 crore) and 2017-18 (₹ 0.36 crore). This has resulted in understatement of Purchase of Stock in Trade (Power Purchased) as well as Revenue from Operations by ₹ 23.89 crore.

Despite a similar comment of the CAG of India on the Accounts for the year 2016-17, no corrective action has been taken by the Management.

(b) The Company received power purchase bills raised by the four power suppliers[1] during the period from 04.09.2017 to 14.03.2019. These Bills pertained to power purchased during April 2011 to March 2018. Though the UPPCL's (Standalone) accounts for the year 2017-18 were closed on 22.03.2019, the Company did not account for these bills amounting to ₹ 1939.38 crore in the books of accounts for the year 2017-18.

Non-accountal of these power purchase bills has resulted in understatement of Purchase of stock in Trade (Power Purchased) as well as Revenue from Operations by ₹ 1,939.38 crore.

(c) M/s Dalmia Chini Mill, Ramgrah had raised a power purchase bill of ₹ 3.67 crore on the Company during the year 2017-18. The Company, however, had accounted the same for ₹ 0.37 crore which led to short booking of power purchase cost by ₹ 3.30 crore.

Further, in another case, the Company has booked excess liability ₹ 14.50 crore in respect of power purchased from M/s Jakson Power Limited during the year 2017-18. The power purchase bill was ₹ 1.61 crore whereas company has accounted the same as ₹ 16.11 crore in the accounts.

[1] (1) Rosa Power Supply Company Limited - ₹266.65 crore, (2) Lanco Anpara Power Limited - ₹1225.52 crore, (3) Sukhabir Agro Energy Ltd. - ₹5.14 crore, (4) Tehri Hydroelectric Power Project - ₹442.07 crore

The above short/excess booking of power purchased has resulted in net overstatement of Purchase of Stock in Trade (Power Purchased) as well as Revenue from Operations by ₹ 11.20 crore.

B. COMMENTS ON FINANCIAL POSITION

Other Equity - Note 15: (-) ₹ 75,983.56 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 on Accounts at Para 5(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 Government of India notification no. 627(E) dated 29.08.2014.

Since useful life of computers was not given in the depreciation schedule approved by UPERC for the year 2016-17, 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 Other Equity (negative balance) by ₹ 1.86 crore and overstatement of Property, Plant and Equipment by ₹ 1.86 crore.

Despite a similar comment of the CAG of India on the Accounts for the year 2016-17, no corrective action has been taken by the Management.

4. Alaknanda Hydro Power Company Limited (AHPCL) submitted bill of ₹ 45.04 crore against supply of power 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[2] 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 had demanded an amount of ₹ 12.99 crore.

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

As the Board accepted power purchase cost 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 Trade Payables as well as Other Equity (negative balance) are understated by ₹ 3.21 crore.

Despite a similar comment of the CAG of India on the Accounts for the year 2015-16 and 2016-17, no corrective action has been taken by the Management.

Other Financial Liabilities (Note-20): ₹ 2,566.68 crore

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

However, the Company has not made provision amounting to ₹ 0.67 crore for pension and gratuity at the rate of 16.70 *percent* and 2.38 *percent* respectively towards GPF covered employee and 10 *percent* employer's contribution towards CPF covered employees on 7th Pay Commission arrears of ₹ 3.89 crore for the period from 01.04.2017 to 30.06.2017. Similarly, during the year 2016-17, provision for above employees benefits amounting to ₹ 2.61 crore on 7th Pay Commission arrears of ₹ 15.02 crore was not made. This has resulted in understatement of Other Financial Liabilities by ₹ 3.28 crore (for 2016-17: ₹ 2.61 crore + for 2017-18: ₹ 0.67 crore) and Employee Cost as well as Loss for the year by ₹ 0.67 crore and Other Equity (negative balance) by ₹ 2.61 crore.

Despite a similar comment of the CAG of India on the Accounts for the year 2016-17, no corrective action has been taken by the Management in Financial Year 2017-18.

6. Other Financial Liabilities does not include ₹ 28.08 crore and ₹ 0.57 crore being interest payable on account of delayed deposit/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 a similar comment of the CAG of India on the Accounts for the year 2012-13 to 2016-17, no corrective action has been taken by the Management.

(57)

C. OTHER COMMENTS

7. 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 its residual value is not determinable, the amortisation should have been done of 100 *per cent* value of the asset. Thus the accounting policy adopted by the Company on amortisation of Intangible Assets is not in conformity with the provisions of Ind. AS 38.

Despite similar comment of the CAG on the accounts for the year 2016-17, no corrective action has been taken by the Management.

8. Ind AS 24 (para 17) states that an entity shall disclose key management personnel compensation in total and for each of the categories viz.: 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 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 name of its Chief Financial Officer in the related party disclosures under Note 21 A(b) and 21B(b). Thus, reporting of related party transactions was incomplete and deficient to that extent.

Despite a similar comment of the CAG on the Accounts for the year 2016-17, no corrective action has been taken by the Management.

9. 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 the 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 a similar comment of the CAG of India on the Accounts for the year 2015-16 to 2016-17, no corrective action has been taken by the management.

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

Place: Lucknow

Date: 24.12.2020

(Jayant Sinha)
Principal Accountant General

लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

MANAGEMENT REPLY TO THE 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, 2018.

FINAL COMMENT	MANAGEMENT'S REPLY
The preparation of financial statements of U.P. Power Corporation Limited (UPPCL) for the year ended 31 March 2018 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 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 29 March 2019.	NO COMMENT
I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of U.P. Power Corporation Limited (UPPCL) for the year ended 31 March 2018 under section 143 (6)(a) of the Act. This supplementary audit has been carried out independently without access to working papers of the Statutory Auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 143 (6)(b) of the Act which have come to my attention and which in my view are necessary for enabling better understanding of the financial statements and the related audit report.	NO COMMENT
A. COMMENTS ON PROFITABILITY **Statement of Profit and Loss** **Other Income (Note 22): ₹ 136.39 crore** [redacted]The above includes ₹ 58.32 crore towards additional rebate	

(57)

received from LANCO Anpara Power Limited (power supplier). The Company has booked the same as Other Income instead of deducting it from power purchase cost. This has resulted in overstatement of Other Income as well as Purchase of Stock in Trade (power purchased) by ₹ 58.32 crore.	Necessary correction has been done in the accounts for the F.Y. 2018-19.
Purchase of Stock in Trade (Power Purchased) – Note 23: ₹ 46,424.98 crore **2. (a)** The Company 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, ₹ 23.89 crore pertained to the period from 01.04.2002 to 31.03.2018. The above bill was verified by UPPCL on 22.10.2018. Though UPPCL's accounts (Standalone) for the year 2016-17 and 2017-18 were closed on 14.11.2018 and 22.03.2019 respectively, the Company did not book liability for ₹ 23.89 crore of the above mentioned bill pertaining to the period 01.4.2002 to 31.3.2018 in the respective books of accounts for the year 2016-17 (₹ 23.53 crore) and 2017-18 (₹ 0.36 crore). This has resulted in understatement of Purchase of Stock in Trade (Power Purchased) as well as Revenue from Operations by ₹ 23.89 crore. Despite a similar comment of the CAG of India on the Accounts for the year 2016-17, no corrective action has been taken by the Management.	Necessary accounting has been done in the accounts for the F.Y. 2018-19.

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(b) The Company received power purchase bills raised by the four power suppliers[1] during the period from 04.09.2017 to 14.03.2019. These bills pertained to power purchased during April 2011 to March 2018. Though the UPPCL's (Standalone) accounts for the year 2017-18 were closed on 22.03.2019, the Company did not account for these bills amounting to ₹ 1939.38 crore in the books of accounts for the year 2017-18. Non-accountal of these power purchase bills has resulted in understatement of Purchase of stock in Trade (Power Purchased) as well as Revenue from Operations by ₹ 1,939.38 crore.	Necessary accounting has been done in the accounts for the F.Y. 2018-19.
(c) M/s Dalmia Chini Mill, Ramgrah had raised a power purchase bill of ₹ 3.67 crore on the Company during the year 2017-18. The Company, however, had accounted the same for ₹ 0.37 crore which led to short booking of power purchase cost by ₹ 3.30 crore. Further, in another case, the Company has booked excess liability ₹ 14.50 crore in respect of power purchased from M/s Jakson Power Limited during the year 2017-18. The power purchase bill was ₹ 1.61 crore whereas company has accounted the same as ₹ 16.11 crore in the accounts. The above short/excess booking of power purchased has resulted in net overstatement of Purchase of Stock in Trade (Power Purchased) as well as Revenue from Operations by ₹ 11.20 crore.	Necessary accounting has been done in the accounts for the F.Y. 2018-19

[1] (1) Rosa Power Supply Company Limited - ₹266.65 crore, (2) Lanco Anpara Power Limited - ₹1225.52 crore, (3) Sukhabir Agro Energy Ltd. - ₹5.14 crore, (4) Tehri Hydroelectric Power Project - ₹442.07 crore

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B. COMMENTS ON FINANCIAL POSITION **Other Equity - Note 15: (-) ₹ 75,983.56 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 on Accounts at Para 5(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, Government of India notification no. 627(E) dated 29.08.2014. Since useful life of computers was not given in the depreciation schedule approved by UPERC for the year 2016-17, 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 Other Equity (negative balance) by ₹ 1.86 crore and overstatement of Property, Plant and Equipment by ₹ 1.86 crore. Despite a similar comment of the CAG of India on the Accounts for the year 2016-17, no corrective action has been taken by the Management.	In the concerned notification of the UPERC, the useful life of "Office equipment" was given. Since the Computers are grouped under the 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 tarif) regulation 2014 and accordingly depreciation has been charged on computers.
4. Alaknanda Hydro Power Company Limited (AHPCL) submitted bill of ₹ 45.04 crore against supply of power 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[2] power supply. As per the provisions of Power Purchase Agreement,	The comment of CAG for F.Y. 2015-16 was received vide letter no म.ले. (ई. एण्ड आर.एस.ए.)/इ.एस-II/लेखा/यू.पी.पा.का.लि. /2015-16/486 dated 14.03.2019,but the accounts for the F.Y. 2016-17 had been approved by the BoD on 14.11.2018. The accounts for the F.Y. 2017-18 had been put up for the approval of BoD and the same had also been approved by the BoD on 22.03.2019. However, the power

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

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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 had demanded an amount of ₹ 12.99 crore. As the Board accepted power purchase cost 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 Trade Payables as well as Other Equity (negative balance) are understated by ₹ 3.21 crore. Despite a similar comment of the CAG of India on the Accounts for the year 2015-16 and 2016-17, no corrective action has been taken by the Management.	purchase liability amounting to₹3.21 crore has been accounted for and contingent liability amounting to ₹ 9.78 Crore has been disclosed in the accounts in hand for the F.Y.2018-19.
Other Financial Liabilities (Note-20): ₹ 2,566.68 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 and 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 ₹ 0.67 crore for pension and gratuity at the rate of 16.70 *percent* and 2.38 *percent* respectively towards GPF covered employee and 10 *percent* employer's contribution towards CPF covered employees on 7th Pay Commission arrears of ₹ 3.89 crore for the period from 01.04.2017 to 30.06.2017. Similarly, during the year 2016-17, provision for above employees benefits amounting to ₹ 2.61 crore on 7th Pay Commission arrears of ₹ 15.02 crore was not made. This has resulted in understatement of Other Financial Liabilities by ₹	Necessary provision has been made in the accounts for the F.Y. 2018-19.

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3.28 crore (for 2016-17: ₹ 2.61 crore + for 2017-18: ₹ 0.67 crore) and Employee Cost as well as Loss for the year by ₹ 0.67 crore and Other Equity (negative balance) by₹ 2.61 crore. Despite a similar comment of the CAG of India on the Accounts for the year 2016-17, no corrective action has been taken by the Management in Financial Year 2017-18.	
6. Other Financial Liabilities does not include ₹ 28.08 crore and ₹ 0.57 crore being interest payable on account of delayed deposit/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 a similar comment of the CAG of India on the Accounts for the year 2012-13 to 2016-17, no corrective action has been taken by the Management.	As per audited accounts of the company, there was no amount payable to UPPSE Trust as on 31-03-2015 (after netting off of the liabilities towards G.P.F of ₹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. 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 its residual value is not determinable, the	The matter will be examined and necessary action, if required, will be taken.

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amortisation should have been done of 100 *per cent* value of the asset. Thus the accounting policy adopted by the Company on amortisation of Intangible Assets is not in conformity with the provisions of Ind. AS 38. Despite similar comment of the CAG on the Accounts for the year 2016-17, no corrective action has been taken by the Management.	
8. Ind AS 24 (para 17) states that an entity shall disclose key management personnel compensation in total and for each of the categories viz.: 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 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 name of its Chief Financial Officer in the related party disclosures under Note 21 A(b) and 21B(b). Thus, reporting of related party transactions was incomplete and deficient to that extent. Despite a similar comment of the CAG on the Accounts for the year 2016-17, no corrective action has been taken by the Management.	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.
9. 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	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.

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 the 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 a similar comment of the CAG of India on the Accounts for the year 2015-16 to 2016-17, no corrective action has been taken by the management.	

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

(RANJAN KUMAR SRIVASTAVA)
Director (Finance)

(M. Devaraj)
Chairman
29/09/21

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Annexure - III

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

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

पत्रांक: प्र.म.ले.(ऑडिट-II)/ए.एम.जी-II/लेखा/यूपीपीसीएल/2017–18/124- दिनांक: 05.08.2021

सेवा में,

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

महोदय,

एतत्सह कम्पनी अधिनियम, 2013 की धारा 143(5) के अधीन उत्तर प्रदेश पॉवर कारपोरेशन लिमिटेड के 31 मार्च 2018 को समाप्त वर्ष के Consolidated वित्तीय लेखों पर भारत के नियंत्रक–महालेखापरीक्षक की टीका–टिप्पणियाँ कम्पनी अधिनियम, 2013 की धारा 143(6)(b) के निबन्धनों के अनुसरण में कम्पनी की वार्षिक सामान्य बैठक के समक्ष प्रस्तुत करने हेतु अग्रेषित की जा रही है। कृपया वार्षिक सामान्य बैठक के समक्ष इन टीका–टिप्पणियों के प्रस्तुत किये जाने की वास्तविक तिथि की सूचना दें।

The report has been prepared on the basis of information furnished and made available by the auditee. The Office of the 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।

No - 2514/PSDF/2021
Date 18.08.2021

संलग्नक: यथोपरि

2891/M.D.S/2021
12/08/2021

भवदीय

उत्सव पराशर

(उत्सव पराशर)
उपमहालेखाकार

18/08/2021

(रंजन कुमार श्रीवास्तव)
निदेशक (वित्त)

CGM (Audit)

11.8.21

1274
19-8/2021

341/कार० लेखा
18/8/21

18/8/2021

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 2018

The preparation of consolidated financial statements of U. P. Power Corporation Limited for the year ended 31 March 2018 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 and 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 29 March 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of U. P. Power Corporation Limited for the year ended 31 March 2018 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 U. P. 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), Southern UP Power Transmission Company Limited (SUPPTCL) and Sonebhadra Power Generation Company Limited, but did not conduct supplementary audit of the financial statements of associate company- Yamuna Power Generation Company Limited on that date. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143 (6) (b) 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:

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A. COMMENTS ON CONSOLIDATED PROFITABILITY

Statement of Profit and Loss

Revenue from Operations: (Note 22): ₹ 44,493.16 crore

(1) The above includes an amount of ₹ 31.75 crore (Delayed payment charges from consumers: ₹ 24.49 crore; Other recoveries from consumers: ₹ 1.44 crore; Sale of scrap: ₹ 2.24 crore; Penalty from contractors: ₹ 3.58 crore) on account of income from activities other than sale of power in respect of KESCO.

As per Electricity (Supply) Annual Accounts Rules, 1985, the delayed payment charges from consumers, income from trading and miscellaneous receipts should be categorised as Other Income. As a result of incorrect accountal of above incomes in Sale of Power, Revenue from Operations has been overstated and Other Income has been understated by ₹ 31.75 crore.

This issue was apprised to the Management through management letter on the accounts of the Company for the year 2016-17, but no corrective action has been taken.

(2) The above does not include [illegible] energy to railway traction consumers and Large and Heavy Consumers amounting to ₹ 49.92 crore (₹ 13.44 PVVNL, ₹ 4.46 crore MVVNL for 2016-17 and ₹ 32.02 crore DVVNL). This resulted in understatement of 'Revenue from Operations' and overstatement of 'Loss for the year' by ₹ 45.46 crore each and understatement of Other Equity (minus balance) by ₹ 4.46 crore as well as 'Trade receivables' by ₹ 49.92 crore.

(3) As per section 3 of U.P. Electricity (Duty) Act 1952, Electricity duty will not be levied on the amount of energy consumed by a licensee in construction, maintenance or operation of his or its works. A reference is also invited to point no. 2(VI)(c) of Significant Accounting Policies of PVVNL wherein it has been stated that the sale of electricity does not include electricity duty payable to the State Government.

Contrary to above, Ghaziabad Zone of PVVNL included electricity duty of ₹ 47.59 crore in the revenue booked on account of energy internally consumed in operations as well as in the repair and maintenance.

Thus, Revenue from Operation as well as expenditure in CFS is overstated by ₹ 47.59 crore.

(4) The above is overstated by a net amount of ₹ 25.41 crore due to excess booking of revenue from operations by five divisions of MVVNL amounting to ₹ 30.63 crore and short booking of revenue from operations by two divisions amounting to ₹ 5.22 crore.

This has resulted in understatement of Loss for the year and overstatement of Trade Receivables by ₹ 25.41 crore.

(5) The above does not include an amount of ₹ 15.70 crore on account of electricity internally consumed in three divisions of SIS Gomti Zone of MVVNL (EDD Vrindavan ₹ 4.76 crore, EDD Alambagh ₹ 7.78 crore, CESS-IV ₹ 3.16 crore). This has resulted in understatement of Revenue from Operations as well as Administrative, General & Other Expenses by ₹ 15.70 crore each.

Despite a similar comment of the CAG of India on the accounts of the Company for the year 2016-17, corrective action has not been taken by the Management in the accounts for the year 2017-18.

Other Income (Note-23): ₹ 9,062.[illegible] crore

(6) The above includes additional subsidy received from the Government of Uttar Pradesh (GoUP) against previous years' losses under UDAY scheme amounting to ₹ 321.26 crore (PuVVNL ₹ 144.09 crore, PVVNL ₹ 54.23 crore and DVVNL ₹ 122.94 crore). As per the tripartite MoU signed ([illegible] January 2016) among the Ministry of Power, GoI; Government of Uttar Pradesh (GoUP) and Uttar Pradesh Power Corporation Limited (on behalf of all DISCOMs) for implementation of UDAY scheme and credit note sent by UPPCL, GoUP was to refund five *per cent* of losses of 2016-17 in the year 2017-18. As per IND AS 20, Government grant for losses already incurred should be recognised in the statement of profit and loss for the year in which it becomes receivable. Thus, the amount receivable against losses of 2016-17 was ₹ 138.91 crore only (five *per cent* of losses for the year 2016-17 i.e. PuVVNL ₹ 866.[illegible] crore, PVVNL ₹ 468.00 crore, and DVVNL ₹1,443.48 crore) which should have been recognised as income while the remaining amount ₹ 182.35 crore (₹ 321.26 crore less ₹ 138.91 crore) should have been shown as deferred income in the Non- Current Liabilities.

However, in CFS total amount received of ₹ 321.26 crore is accounted for as income in the statement of profit and loss for the year 2017-18. Thus, the 'Loss' and 'Non-Current Liabilities' are understated by ₹ 182.35 crore.

(7) In respect of PuVVNL, Other Income includes ₹ 5.95 crore towards interest earned on unutilised funds of GoI sponsored Schemes (i.e. RGGVY, R-APDRP, IPDS and DDUGJY) deposited in the banks. However, the interest earned on the funds of these schemes was to be credited to the respective scheme funds and should have not been treated as the Company's own income.

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This has resulted in understatement of Loss for the year and Other Current Liabilities by ₹ 5.95 crore.

(8) The above wrongly included an amount of ₹ 13.73 crore on account of encashment of bank guarantee received against the mobilisation advance (MA) released to a contractor for electrification work under RGGVY-11th plan for Bijnore district. The unadjusted amount of MA in the year 2017-18 stood at ₹ 8.88 crore (including interest ₹ 0.87 crore). The PVVNL refunded (29 May 2017) the excess encashed amount of ₹ 4.85 crore (₹ 13.73 crore - ₹ 8.88 crore) to the contractor by debiting the Inter Unit Transfers head under Other Current Assets.

The aforesaid incorrect accounting of encashment amount of bank guarantee resulted in overstatement of Other Income by ₹ 13.73 crore as well as Other Non-Current Assets (Advances to Capital Suppliers/Contractors) by ₹ 8.01 crore and Other Current Assets (Inter Unit Transfers) by ₹ 5.72 crore (including interest ₹ 0.87 crore) with consequent understatement of Loss for the period by ₹ 13.73 crore.

(9) The above includes ₹ 58.32 crore towards additional rebate received from LANCO Anpara Power Limited (power supplier). UPPCL has booked the same as Other Income instead of deducting it from power purchase cost. This has resulted in overstatement of Other Income as well as Purchase of Stock in Trade (power purchased) by ₹ 58.32 crore.

Expenses

Purchases of Stock-in-Trade (Power Purchased) (Note-24) ₹48,419.08 crore

(10) The above does not include power purchase bills received amounting to ₹ 1,952.07 crore from suppliers for earlier years and current year. The bills were received before finalisation of accounts but same were not accounted for by UPPCL.

This has resulted in understatement of Purchase of Stock in Trade (Power Purchased) as well as Revenue from Operations by ₹ 1,952.07 crore.

Employee Benefit Expenses (Note-25) ₹ 1,327.83 crore

(11) The above does not include provision of ₹ 31.54 crore for Salary; Pension & Gratuity of GPF covered employees and Gratuity of CPF covered Employees and Employer's Contribution for CPF covered Employees in respect of DVVNL, PVVNL, UPPCL and MVVNL. Non-provision of employees benefits has resulted in understatement of Employees Benefit Expenses and loss for the year by ₹13.92 crore each and understatement of Other Current Liabilities by 31.54 crore and understatement of Other Equity (minus balance) by ₹ 17.62 crore.

Despite similar comment of the CAG of India on the accounts of the Company for the year 2016-17, no corrective action has been taken by the Management.

Finance Cost (Note 26): ₹ 3,446.52 crore

(12) The above does not include interest of ₹ 22.73 crore being short provision made by PuVVNL on loan from Power Finance Corporation Limited (PFC) for implementation of R-APDRP. This has resulted in understatement of 'Loss' as well as 'Other Current Liabilities' by ₹ 22.73 crore.

(13) The above is overstated by ₹ 20.24 crore due to wrong booking of interest on Consumers' Security Deposit as ₹ 20.99 crore instead of ₹ 0.75 crore by MVVNL and credited the same to Trade Receivables. This has resulted in overstatement of 'Loss' for the year by ₹ 20.24 crore and understatement of 'Other Financial Liabilities' and 'Trade Receivables' by ₹ 0.75 crore and ₹ 20.99 crore respectively.

Administrative, General & Other Expenses (Note -2[illegible]): ₹ [illegible],473.56 crore

(14) The above is understated by ₹ 6.69 crore due to non-provision of the differential amount between the actual license fee paid and the license fee amount payable as per the provision of UPERC (Fee and Fine) Regulations, 2010 in respect of MVVNL, PVVNL and KESCO. This has resulted in understatement of 'Loss' for the year by ₹ 2.04 crore, Other Equity (minus balance) by ₹ 4.65 crore as well as 'Other Current Liabilities' by ₹ 6.69 crore.

B. COMMENTS ON FINANCIAL POSITION

Non-Current Assets

Property Plant and Equipment - (Note-2): ₹ 31,748.73 crore

(15) DVVNL, PVVNL and UPPCL has adopted Accounting Policy of charging of depreciation on Straight Line Method as per Schedule II of the Companies Act, 2013. Further, these companies are providing depreciation on Fixed Assets on the basis of their useful life approved by Uttar Pradesh Electricity Regulatory Commission (UPERC) as per the provision of notification no. 627(E) dated 29 August 2014 of the Ministry of Corporate Affairs.

(70)

Since useful life of computers was not given in the depreciation schedule approved by UPERC upto the year 2016-17, they should have followed Schedule II of the Companies Act, 2013 wherein useful life of Computers is provided as three years. Further, for the year 2017-18, useful life of computers should have been taken as six years as notified in UPERC depreciation Schedule'. However, depreciation on Computers has been provided assuming their useful life as 15 years upto 2017-18. This resulted in overstatement of Property Plant and Equipment and understatement of 'Other Equity' (minus balance) by ₹ 5.84 crore.

Despite similar comment of the CAG of India on the accounts of the Company for the year 2016-17, no corrective action has been taken by the Management.

(16) A reference is invited to point 2(v)(e) of Significant Accounting Policies of PVVNL wherein it has been disclosed that 'Property, Plant and Equipment are depreciated up to 95% of original cost except in case of temporary erection/constructions where 100% depreciation is charged'.

Contrary to above policy, 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 asset of ₹ 4.41 crore resulting in negative net value of the assets.

Capital Work in Progress: (Note-3): ₹ 6,453.31 crore

(17) The above does not include ₹ 13.30 crore against payment made to M/s HCL during 2015-16 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 be booked as capital work-in-progress. However, DVVNL has included the amount in Inter Unit Transfers under other Current Assets. This resulted in understatement of Capital Work-in-Progress and overstatement of Current Assets by ₹ 13.30 crore.

Despite similar comment of the CAG of India on the accounts of the Company for the year 2016-17, no corrective action has been taken by the Management.

(18) Capital Work in Progress does not include interest amounting to ₹ 7.71 crore for the year 2016-17 on loan taken for capital works under R-APDRP scheme in respect of MVVNL. Since R-APDRP scheme works were under execution during 2016-17, the interest amount should have been capitalised but the same was charged to Finance Cost in the

Statement of Profit and Loss for the year 2016-17. As a result, Capital Work-in-Progress is understated and Other Equity (minus balance) is overstated by ₹ 7.71 crore.

Despite a similar comment of the CAG of India on the accounts of the Company for the year 2016-17, corrective action has not been taken by the Management in the accounts for the year 2017-18.

(19) Capital Work in Progress includes balances of ₹ 85.60 crore related to APDRP works of Lucknow Electricity Supply Administration (LESA) zone of MVVNL which were completed during 2015-16 but were pending for capitalisation. Non-capitalisation of above works has resulted in overstatement of Capital Work-in-Progress and understatement of Property, Plant and Equipment by ₹ 85.60 crore. This has also resulted in understatement of Depreciation by ₹ 6.50 crore for the years 2016-17 and 2017-18 and understatement of Loss for the year as well as Other Equity (minus balance) by ₹ 3.25 crore each.

Despite a similar comment of the CAG of India on the accounts of the Company for the year 2016-17, corrective action has not been taken by the Management in the accounts for the year 2017-18.

Current Assets

Trade Receivables (Note-10): ₹ 56,07[illegible] crore

(20) The above include ₹ 29.09 crore (PVVNL ₹ 8.16 crore, DVVNL ₹ 19.72 crore, MVVNL ₹ 0.50 crore for the year 2017-18 and ₹ 0.71 crore for the year 2016-17) against Electricity Duty receivable from Private Tube Well (PTW) consumers, which are exempt from Electricity Duty as per Section 3(5) of UP Electricity Duty (Amendment) Act 1970. This has resulted in overstatement of both Trade Receivables and Other Current Liabilities by ₹ 29.09 crore each.

Despite being issued through Management Letter on the accounts for the year 2015-16 and a similar comment of CAG of India on the Accounts for the year 2016-17, no corrective action has been taken by the Company.

(21) Point 3 (VIII) (b) of Significant Accounting Policies stipulates that "late payment surcharge recoverable from consumers on energy bills is accounted for on cash basis due to uncertainty of realisation". In contravention of aforesaid accounting policy, ten[1]

[1] EDD-I&II Moradabad, EUDD-II Moradabad, EDD.-Amroha, EDD -Sambhal, EDD-I&II Rampur, EDD-Najibabad, EDD-Dhampur and EDD- Chandpur

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distribution divisions of Moradabad Zone of PVVNL and two divisions[2] of MVVNL booked late payment surcharge amounting to ₹ 156.27 crore (PVVNL- ₹ 131.47 crore and MVVNL- ₹ 24.80 crore) under 'Trade Receivables'.

This resulted in overstatement of Trade Receivables ₹ 156.27 crore and understatement of Loss for the year by ₹ 131.47 crore and Other equity (minus balance) by ₹ 24.80 crore. Despite similar comment of CAG of India on the accounts of the Company for the year 2016-17, no corrective action has been taken by the Management.

Cash and Cash equivalents (Note-11A): ₹ 6,243.17 crore

(22) The above includes ₹ 32.17 crore being the amount of cheques received against sale of power and deposited in banks up to December 2017 (pertaining to five units of the PuVVNL ₹ 12.01 crore, five divisions of PVVNL ₹ 5.12 crore and DVVNL ₹ 15.04 crore). Since these cheques could not be realised upto 31 March 2018 and became time barred, their amount should have been reversed from the balances in bank accounts. Non-reversal of amount of these cheques resulted in overstatement of Cash and Cash Equivalents and understatement of Trade Receivables by ₹ 32.17 crore.

Despite a similar comment of CAG of India on the Accounts for the year 2016-17, no corrective action has been taken by the Management.

Equities and Liabilities

Other Equity (Note- 15): (-) ₹ 63,406.70 crore

(23) The above includes amount of subsidy of ₹ 73.33 crore (KESCO ₹ 21.02 crore, DVVNL ₹ 52.31 crore) received from Government of Uttar Pradesh for payment of principal as well as interest amount against the loan received from financial institutions.

The Government subsidy for payment of principal amount of loan of ₹ 73.33 crore received in 2015-16 should have been treated as capital grant instead of Other Income and credited to Capital Reserve. This resulted in understatement of Other Equity (minus balance) as well as Capital Reserve by ₹ 73.33 crore.

Despite similar comment of CAG of India on the accounts of the Company for the year 2015-16 and 2016-17, no corrective action has been taken by the Management.

(24) Revenue from sale of power (Regulatory Surcharge and Miscellaneous Revenue) pertaining to two divisions of DVVNL was wrongly booked as ₹ 8.24 crore instead of ₹ 14.52 crore during the year 2016-17. Non-rectification of the same during 2017-18

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[2] EDD-I Hardoi and EUDD IV Bareilly.

resulted in overstatement of Other Equity (minus balance) and understatement of Trade Receivables by ₹ 6.28 crore.

(25) In the year 2016-17, Aligarh Zone of DVVNL charged expenditure of ₹ 3.19 crore on account of sixth pay commission arrear and other arrears for previous years to head Employees Benefit Expenses in the Statement of Profit and Loss while it was required to be charged to the existing provision/liability which was created for the same purpose. Non-rectification of the same during the year 2017-18 resulted in overstatement of Other Equity (minus balance) as well as Other Current Liabilities by ₹ 3.19 crore.

Despite similar comment of the CAG of India on the accounts of the Company for the year 2016-17, no corrective action has been taken by the Management.

(26) Alaknanda Hydro Power Company Limited (AHPCL) submitted bill of ₹ 45.04 crore against supply of power for the period from 01.06.2015 to 2[illegible].06.2015. Against this, UPPCL verified bills of ₹ 20.63 crore. The remaining unverified bills amounting to ₹ 24.41 crore were for both firm and infirm[3] 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 had demanded an amount of ₹ 12.99 crore.

As the Board accepted power purchase cost 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 Trade Payables as well as Other Equity (minus balance) are understated by ₹ 3.21 crore.

Despite a similar comment of the CAG of India on the Accounts for the year 2015-16 and 2016-17, no corrective action has been taken by the Management.

(27) The above includes additional subsidy received from the Government of Uttar Pradesh (GoUP) against previous year losses under UDAY scheme amounting to ₹ 88.67 crore in respect of MVVNL. As per tripartite MoU signed (30 January 2016) among the Ministry of Power, GoI: Government of India, Government of Uttar Pradesh (GoUP) and Uttar Pradesh Power Corporation Limited (on behalf of all DISCOMs) for implementation of UDAY and credit note sent by the UPPCL, the GoUP was to refund five per cent of losses of 2016-17 in the year 2017-18. As per Ind-AS 20, Government

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

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grant for losses already incurred should be recognised in the Statement of Profit and Loss for the year in which it becomes receivable.

The amount receivable against losses of 2016-17 was ₹ 36.14 crore (five per cent of losses for the year 2016-17 i.e. ₹ 722.80 crore) only which should have been recognised as income while the remaining amount of ₹ 52.53 crore (₹ 88.67 crore – ₹ 36.14 crore) should have been shown as deferred income under Non-Current Liabilities.

Thus, booking of entire subsidy amount under Other Equity has resulted in understatement of Other Income and overstatement of Loss for the year by ₹ 36.14 crore each. This has also resulted in understatement of Non-Current Liabilities and overstatement of Other Equity (minus balance) by ₹ 52.53 crore each.

Non-current Liabilities

Other Financial Liabilities: (Note-17) ₹ 3,587.31 crore

(28) The above includes ₹ 435.89 crore (MVVNL ₹ 13.50 crore, PuVNNL ₹ 48.32 crore, PVVNL ₹ 319.41 crore, DVVNL ₹ 54.66 crore) on account of Interest on Security Deposit of consumers. As per clause [illegible] of Electricity Supply Code 2005, the Licensee shall pay interest on security deposit to the consumers by way of credit in the bill of the consumers in the months of April, May and June each year as per the applicable billing cycle.

As the interest amount is payable to Consumers within 12 months from the Balance Sheet date, hence this should have been classified as Current Liabilities instead of Non-Current Liabilities. This resulted in understatement of 'Current Liabilities' and overstatement of 'Non-Current Liabilities' by ₹ 435.89 crore.

The issue was apprised to the Management through management letter on the accounts of the Company for the year 2016-17, but no corrective action has been taken.

Current liabilities

Financial Liabilities –Borrowing: (Note-18): ₹ 2,104.02 crore

(29) PVVNL took two loan of ₹ 500 crore (loan of ₹ 150 crore on 24 March 2017 payable in 24 equated monthly installments (EMIs) w.e.f. 30 April 2018 and loan of ₹ 350 crore on 30 June 2017 payable in 24 EMIs w.e.f. 30 July 2018) from Rural Electrification Corporation (REC) which was classified as Borrowing (Current) under Current Liabilities.

Since EMIs amounting to ₹ 206.25 crore of above two loan[4] was only due within 12 months from the Balance Sheet date, the balance amount of loan of ₹ 293.75 crore should have been classified under Non-Current Liabilities instead of showing the entire amount of loan of ₹ 500 crore under Current Liabilities.

The issue was apprised to the Management through management letter on the accounts of the Company for the year 2016-17, but no corrective action has been taken.

Other Financial Liabilities (Note-20): ₹ 27,825.01 crore

(30) The above does not include an amount of ₹ 43.05 crore being the amount of interest payable to the Government of Uttar Pradesh on account of delayed payment of conversion charges for conversion of nazul land to freehold land.

The request for waiver of interest was finally rejected by the Government of Uttar Pradesh (GoUP) in December 2000. As the interest was not waived off by GoUP, the provision for interest on delayed payment should have been made in the Accounts. However, KESCO neither made any provision nor depicted any contingent liability on this account. This resulted in understatement of Other Current Financial Liabilities as well as Property, Plant and Equipment by ₹ 43.05 crore.

Despite similar comments of CAG of India on the accounts of the Company for the year 2016-17, no corrective action has been taken by the Management.

(31) Other Financial Liabilities does not include ₹ 28.08 crore and ₹ 0.57 crore being interest payable on account of delayed deposit/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 in respect of UPPCL. This has resulted in understatement of Current Liabilities and Other Equity (minus balance) by ₹ 28.65 crore.

Despite a similar comment of the CAG of India on the Accounts for the year 2012-13 to 2016-17, no corrective action has been taken by the Management.

C. COMMENTS ON DISCLOSURE

Contingent Liabilities and Commitments (Point 19 (b) of Note 1(B))

(32) The consolidated financial statements do not disclose contingent liabilities of ₹ 410.91 crore pertaining to Holding and subsidiaries companies as detailed below: -

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[4] ₹206.25 crore=(12 EMIs amounting to ₹ 75 crore of loan of ₹ 150 crore and 09 EMIs amounting to ₹ 131.25 crore of loan of ₹ 350 crore)

S. NO.	Pertaining to	Brief issue	Amount involved (` in crore)
1.	PVVNL	Interest payable on electricity duty	397.16
2.	UPPCL	Payment for the period 24.04.2015 to 9.05.2015 against bill of M/s AHPCL for firm energy supply which is disputed by UPPCL	9.66
3.	DVVNL	Commercial Tax department demand towards VAT on deemed sales of meters and sale of cable during 2010-11.	4.09
	Total		410.91

Despite similar comment of CAG of India on the accounts of Company for the year 2016-17, no corrective action has been taken by the Management.

(33) Uttar Pradesh Power Corporation Limited (holding Company) vide its order dated 19 March 2016 directed that while computing the depreciation on the fixed assets, the useful life of the assets is to be taken as approved in UPERC Regulation from time to time and the difference in amount of depreciation so calculated with that of in accordance with the useful life of corresponding assets given in the Schedule II of the Companies Act, 2013, should be shown in Notes to Accounts.

The Company adopted different useful life of assets than those provided in Schedule – II of the Companies Act, 2013. This fact along with the difference in amount of deprecation and its impact thereof on the financial statements was required to be disclosed in Notes to Accounts. Therefore, the Notes to Accounts are deficient to that extent.

(34) As per schedule III of Companies Act 2013, the following additional disclosure shall be given in case of borrowings:

- Bonds/debentures (along with the rate of interest and particulars of redemption or conversion, as the case may be) shall be stated in the descending order of maturity or conversion, starting from farthest redemption or conversion date, as the case may be. Where bonds/debentures are redeemable by installments the date of maturity for this purpose must be reckoned as the date on which first installment becomes due.
- Terms of repayment of term loans and other loans shall be stated. The Company has shown borrowings "term loans, working capital loan and bonds" amounting to ₹ 55,227.62 crore under financial liabilities (Non-Current Liabilities Note 16).

In term of schedule III of Companies Act, 2013 non-disclosure of additional details/disclosure pertaining to borrowings resulted in deficient presentation of financial statements.

(35) Ind AS 24 (para 17) states that an entity shall disclose key management personnel compensation in total and for each of the categories viz.: 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 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 name of its Chief Financial Officer in the related party disclosures under Note 21 A(b) and 21B(b). Thus reporting of related party transactions was incomplete and deficient to that extent.

Despite a similar comment of the CAG of India on the Accounts for the year 2016-17, no corrective action has been taken by the Management.

(36) Uttar Pradesh Jal Vidyut Nigam Limited (UPJVNL) has been supplying electricity to Staff and other consumers at Pipri, Sonebhadra 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 ₹ 76.83 crore has been shown in the books of UPJVNL for 2017-18. Further, the reduction in the above liability on account of cost of power sold to UPPCL is still undetermined by UPJVNL. This material fact has not been disclosed by the UPPCL in the Financial Statements.

Despite similar comment of CAG of India on the accounts of the Company for the year 2016-17, no corrective action has been taken by the Management.

(37) 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 Consolidated Financial Statements of the Company for the year ended 31 March 2018.

Despite a comment of the CAG on the Accounts for the year 2016-17, no corrective action has been taken by the Management.

D. OTHER COMMENTS

Significant Accounting Policies -Note-1 (A)

(38) A reference is invited to Significant Accounting Policy No. 3(II)(e) 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 at the rate of 15 per cent on deposit works, 13.50 per cent on distribution works and 9.50 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 the management.

Thus, the capitalisation of employees cost amounting to ₹ 861.98 crore[5] in 2016-17 and ₹ 1012.83 crore[6] in 2017-18 to capital works on the basis of percentage to the amount of total expenditure incurred on capital works is not in conformity with the provisions of Ind AS 16.

Despite similar comment of CAG of India on the accounts of the Company for the year 2016-17, no corrective action has been taken by the Management.

(39) 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 its residual value is not determinable, the amortisation should have been done of 100 *per cent* value of the asset. Thus the accounting policy adopted by the Company on amortisation of Intangible Assets is not in conformity with the provisions of Ind AS 38.

Despite similar comment of the CAG of India on the Accounts for the year 2016-17, no corrective action has been taken by the Management.

(40) Reference is invited to Accounting Policy No. X of holding and subsidiaries/associates regarding employees benefit which stated that liability for pension & gratuity in respect

[5] UPPCL ₹ 3.01 crore, MVVNL ₹ 230.03 crore, PuVVNL ₹ 194.37 crore, PVVNL ₹ 228.73 crore, DVVNL ₹ 203.34 crore, KESCO ₹ 2.50 crore

[6] UPPCL ₹ 1.48 crore, MVVNL ₹ 214.15 crore, PuVVNL ₹ 265.97 crore, PVVNL ₹ 276.72 crore, DVVNL ₹ 242.83 crore, KESCO ₹ 11.68 crore

of employees has been determined on the basis of actuarial valuation and has been accounted for on accrual basis.

The aforesaid provision is being applied only for employee covered under GPF was made based on PWC Actuarial Valuation Report of November 2000 which was valid for three years upto November 2003. As for employees covered under CPF different valuation was applied but this fact was not disclosed in Notes to Accounts.

As the period of actuary report has expired long back and gratuity limit has also been revised from ₹ 3.50 lakh to ₹ 20.00 lakh it has significant impact on accounts 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. Further the Statutory Auditors also failed to report this important fact in their report.

Despite a comment of the CAG of India on the Accounts for the year 2016-17, no corrective action has been taken by the Statutory Auditor.

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

Place: Lucknow
Date: 4.8.2021

(Raj Kumar)
Principal Accountant General (Audit-II), UP

लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

(80)

MANAGEMENT REPLY TO THE FINAL 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 2018

S No.	Audit Para	Management Reply
	The preparation of consolidated financial statements of U. P. Power Corporation Limited for the year ended 31 March 2018 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 and 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 29 March 2019.	No Comments
	I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of U. P. Power Corporation Limited for the year ended 31 March 2018 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 U. P. 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), Southern UP Power Transmission Company Limited (SUPPTCL) and Sonebhadra Power Generation Company Limited, but did not conduct supplementary audit of the financial statements of associate company- Yamuna Power Generation Company Limited on that date. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.	No Comments
	Based on my supplementary audit, I would like to highlight the following significant matters under	No Comments

(81)

	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** **Revenue from Operations: (Note 22): ₹ 44,493.16 crore**	
(1)	The above includes an amount of ₹ 31.75 crore (Delayed payment charges from consumers: ₹ 24.49 crore; Other recoveries from consumers: ₹ 1.44 crore; Sale of scrap: ₹ 2.24 crore; Penalty from contractors: ₹ 3.58 crore) on account of income from activities other than sale of power in respect of KESCO. As per Electricity (Supply) Annual Accounts Rules, 1985, the delayed payment charges from consumers, income from trading and miscellaneous receipts should be categorised as Other Income. As a result of incorrect accountal of above incomes in Sale of Power, Revenue from Operations has been overstated and Other Income has been understated by ₹ 31.75 crore. This issue was apprised to the Management through management letter on the accounts of the Company for the year 2016-17, but no corrective action has been taken.	Necessary corrective actions have been taken by the KESCO in its accounts for the F.Y. 2018-19.
(2)	The above does not include sale of energy to railway tractions consumers and Large and Heavy Consumers amounting to ₹ 49.92 crore (₹ 13.44 PVVNL, ₹ 4.46 crore MVVNL for 2016-17 and ₹ 32.02 crore DVVNL). This resulted in understatement of 'Revenue from Operations' and overstatement of 'Loss for the year' by ₹ 45.46 crore each and understatement of Other Equity (minus balance) by ₹ 4.46 crore as well as 'Trade receivables' by ₹ 49.92 crore.	Necessary accounting has been done by the MVVNL and PVVNL in its accounts for the F.Y. 2018-19 and 2019-20 respectively. DVVNL has accounted for Rs. 28.94 Lacs in the FY 2019-20 and necessary action for the remaining amount of Rs. 3.08 Lacs shall be taken in the Accounts of FY 2020-21.
(3)	As per section 3 of U.P. Electricity (Duty) Act 1952, Electricity duty will not be levied on the amount of energy consumed by a licensee in construction, maintenance or operation of his or its works. A reference is also invited to point no. 2(VI)(c) of Significant Accounting Policies of PVVNL wherein it has been stated that the sale of electricity does not include electricity duty payable to the State Government.	Due to the overstatement of revenue as well as expenditure by ₹ 47.59 crore, the overall impact on profit and loss account for the F.Y. 2017-18 was NIL. However, as informed by the PVVNL, necessary instructions have been issued to all divisions in order to ensure correct accounting in respect of internal consumption of energy.

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	Contrary to above, Ghaziabad Zone of PVVNL included electricity duty of ₹ 47.59 crore in the revenue booked on account of energy internally consumed in operations as well as in the repair and maintenance. Thus, Revenue from Operation as well as expenditure in CFS is overstated by ₹ 47.59 crore.	
(4)	The above is overstated by a net amount of ₹ 25.41 crore due to excess booking of revenue from operations by five divisions of MVVNL amounting to ₹ 30.63 crore and short booking of revenue from operations by two divisions amounting to ₹ 5.22 crore. This has resulted in understatement of Loss for the year and overstatement of Trade Receivables by ₹ 25.41 crore.	Necessary corrections have been made by the MVVNL in its accounts for the F.Y. 2019-20.
(5)	The above does not include an amount of ₹ 15.70 crore on account of electricity internally consumed in three divisions of SIS Gomti Zone of MVVNL (EDD Vrindavan ₹ 4.76 crore, EDD Alambagh ₹ 7.78 crore, CESS-IV ₹ 3.16 crore). This has resulted in understatement of Revenue from Operations as well as Administrative, General & Other Expenses by ₹ 15.70 crore each. Despite a similar comment of the CAG of India on the accounts of the Company for the year 2016-17, corrective action has not been taken by the Management in the accounts for the year 2017-18.	Necessary corrections have been done by the MVVNL in its account for the F.Y. 2019-20.
	Other Income (Note-23): ₹ 9,062.29 crore	
(6)	The above includes additional subsidy received from the Government of Uttar Pradesh (GoUP) against previous year losses under UDAY scheme amounting to ₹ 321.26 crore (PuVVNL ₹ 144.09 crore, PVVNL ₹ 54.23 crore and DVVNL ₹ 122.94 crore). As per the tripartite MoU signed (30 January 2016) among the Ministry of Power, GoI; Government of Uttar Pradesh (GoUP) and Uttar Pradesh Power Corporation Limited (on behalf of all DISCOMs) for implementation of UDAY scheme and credit note sent by UPPCL, GoUP was to refund five *per cent* of losses of 2016-17 in the year 2017-18. As per IND AS 20, Government grant for losses already incurred should be recognised in the statement of profit and loss for the year in which it becomes receivable. Thus, the amount receivable against losses of 2016-17 was ₹ 138.91 crore only (five *per cent* of losses for the year 2016-17 i.e. PuVVNL₹ 866.88 crore, PVVNL ₹ 468.00 crore, and DVVNL ₹1,443.48 crore) which should have been recognised as income while the remaining amount ₹ 182.35 crore (₹	As per tripartite MoU under the UDAY Scheme, the subsidy of ₹ 409.93 crore was received from Government of U.P. for DISCOMs in the F.Y. 2017-18 on the basis of 5 percent (i.e. ₹ 409.3 crore) of the projected loss (i.e. Gross Operational Funding Requirement calculated as per MoU) amounting to ₹ 8198.62 crore for the year F.Y. 2016-17. Out of the above total subsidy of ₹ 409.3 crore, ₹ 321.26 crore pertains to DVVNL (₹ 122.94 crore), PuVVNL (₹ 144.09 crore) and PVVNL (₹ 54.23 crore), Hence, the same have been accounted for by these companies in its accounts for the F.Y. 2017-18.

	321.26 crore less ₹ 138.91 crore) should have been shown as deferred income in the Non- Current Liabilities. However, in CFS total amount received of ₹ 321.26 crore is accounted for as income in the statement of profit and loss for the year 2017-18. Thus, the 'Loss' and 'Non-Current Liabilities' are understated by ₹ 182.35 crore.	
(7)	In respect of PuVVNL, Other Income includes ₹ 5.95 crore towards interest earned on unutilised funds of GoI sponsored Schemes (i.e. RGGVY, R-APDRP, IPDS and DDUGJY) deposited in the banks. However, the interest earned on the funds of these schemes was to be credited to the respective scheme funds and should have not been treated as the Company's own income. This has resulted in understatement of Loss for the year and Other Current Liabilities by ₹ 5.95 crore.	Necessary correction entries have been made by the PuVVNL in its accounts for the F.Y. 2018-19.
(8)	The above wrongly included an amount of ₹ 13.73 crore on account of encashment of bank guarantee received against the mobilisation advance (MA) released to a contractor for electrification work under RGGVY-11th plan for Bijnore district. The unadjusted amount of MA in the year 2017-18 stood at ₹ 8.88 crore (including interest ₹ 0.87 crore). The PVVNL refunded (29 May 2017) the excess encashed amount of ₹ 4.85 crore (₹ 13.73 crore - ₹ 8.88 crore) to the contractor by debiting the Inter Unit Transfers head under Other Current Assets. The aforesaid incorrect accounting of encashment amount of bank guarantee resulted in overstatement of Other Income by ₹ 13.73 crore as well as Other Non-Current Assets (Advances to Capital Suppliers/Contractors) by ₹ 8.01 crore and Other Current Assets (Inter Unit Transfers) by ₹ 5.72 crore (including interest ₹ 0.87 crore) with consequent understatement of Loss for the period by ₹ 13.73 crore.	Necessary corrections have been made by PVVNL in its accounts for the F.Y. 2019-20.
(9)	The above includes ₹ 58.32 crore towards additional rebate received from LANCO Anpara Power Limited (power supplier). UPPCL has booked the same as Other Income instead of deducting it from power purchase cost. This has resulted in overstatement of Other Income as well as Purchase of Stock in Trade (power purchased) by ₹ 58.32 crore.	Necessary correction has been made in the accounts for the F.Y. 2018-19
	Expenses **Purchases of Stock-in-Trade (Power Purchased) (Note-24) ₹48,419.08 crore**	
(10)	The above does not include power purchase bills received amounting to ₹ 1,952.07 crore from suppliers for earlier years and current year. The bills were received before finalisation of accounts but same were	Necessary accounting has been done in the accounts for the F.Y. 2018-19

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	not accounted for by UPPCL. This has resulted in understatement of Purchase of Stock in Trade (Power Purchased) as well as Revenue from Operations by ₹ 1,952.07 crore.	
	Employee Benefit Expenses (Note-25): ₹ 1,327.33 crore	
(11)	The above does not include provision of ₹ 31.54 crore for Salary; Pension & Gratuity of GPF covered employees and Gratuity of CPF covered Employees and Employer's Contribution for CPF covered Employees in respect of DVVNL, PVVNL, UPPCL and MVVNL. Non-provision of employees benefits has resulted in understatement of Employees Benefit Expenses and loss for the year by ₹13.92 crore each and understatement of Other Current Liabilities by 31.54 crore and understatement of Other Equity (minus balance) by ₹ 17.62 crore. Despite similar comment of the CAG of India on the accounts of the Company for the year 2016-17, no corrective action has been taken by the Management.	Necessary provision has been made by DVVNL in its accounts for the F.Y. 2019-20 and by MVVNL & UPPCL in the year 2018-19. PVVNL has been intimated to examine the matter and take the necessary corrective action.
	Finance Cost (Note 26): ₹ 3,446.52 crore	
(12)	The above does not include interest of ₹ 22.73 crore being short provision made by PuVVNL on loan from Power Finance Corporation Limited (PFC) for implementation of R-APDRP. This has resulted in understatement of 'Loss' as well as 'Other Current Liabilities' by ₹ 22.73 crore.	The error took place due to wrong reversal of the provision in the year 2017-18 in respect of interest of ₹ 22.73 lacs for the year 2016-17. However, necessary correction has been made by the PuVVNL for the F.Y. 2018-19.
(13)	The above is overstated by ₹ 20.24 crore due to wrong booking of interest on Consumers' Security Deposit as ₹ 20.99 crore instead of ₹ 0.75 crore by MVVNL and credited the same to Trade Receivables. This has resulted in overstatement of 'Loss' for the year by ₹ 20.24 crore and understatement of 'Other Financial Liabilities' and 'Trade Receivables' by ₹ 0.75 crore and ₹ 20.99 crore respectively.	Necessary corrections have been made by MVVNL in its accounts for the FY 2019-20.
	Administrative, General & Other Expense (Note - 28): ₹ 1,473.56 crore	
(14)	The above is understated by ₹ 6.69 crore due to non-provision of the differential amount between the actual license fee paid and the license fee amount payable as per the provision of UPERC (Fee and Fine) Regulations, 2010 in respect of MVVNL, PVVNL and KESCO. This has resulted in understatement of 'Loss' for the year by ₹ 2.04 crore, Other Equity (minus balance) by ₹ 4.65 crore as well as 'Other Current Liabilities' by ₹ 6.69 crore.	In view of the relevant provisions of UPERC (Fee and Fine) Regulation, the MVVNL, PVVNL and KESCO have been intimated examine the matter and take necessary action accordingly.
B.	**COMMENTS ON FINANCIAL POSITION** **Non-Current Assets**	

	Property Plant and Equipment - (Note-2): ₹ 31,748.73 crore	
(15)	DVVNL, PVVNL and UPPCL has adopted Accounting Policy of charging of depreciation on Straight Line Method as per Schedule II of the Companies Act, 2013. Further, these companies are providing depreciation on Fixed Assets on the basis of their useful life approved by Uttar Pradesh Electricity Regulatory Commission (UPERC) as per the provision of notification no. 627(E) dated 29 August 2014 of the Ministry of Corporate Affairs. Since useful life of computers was not given in the depreciation schedule approved by UPERC upto the year 2016-17, they should have followed Schedule II of the Companies Act, 2013 wherein useful life of Computers is provided as three years. Further, for the year 2017-18, useful life of computers should have been taken as six years as notified in UPERC depreciation Schedule'. However, depreciation on Computers has been provided assuming their useful life as 15 years upto 2017-18. This resulted in overstatement of Property Plant and Equipment and understatement of 'Other Equity' (minus balance) by ₹ 5.84 crore. Despite similar comment of the CAG of India on the accounts of the Company for the year 2016-17, no corrective action has been taken by the Management.	In the concerned notification of the UPERC, the useful life of "Office equipment" was given. Since the Computers are grouped under the 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 tariff) regulation 2014 and accordingly depreciation has been charged on computers by UPPCL. Necessary Compliance has also been made by DVVNL in its accounts for the FY 2018-19 & PVVNL in FY 2019-20.
(16)	A reference is invited to point 2(IV)(c) of Significant Accounting Policies of PVVNL wherein it has been disclosed that 'Property, Plant and Equipment are depreciated up to 95% of original cost except in case of temporary erection/constructions where 100% depreciation is charged'. Contrary to above policy, 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 asset of ₹ 4.41 crore resulting in negative net value of the assets.	Necessary correction/adjustment has been made by PVVNL in its accounts for the F.Y. 2019-20.
	Capital Work in Progress: (Note-3): ₹ 6,453.31 crore	
(17)	The above does not include ₹ 13.30 crore against payment made to M/s HCL during 2015-16 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 be booked as capital work-in-progress. However, DVVNL has included the amount in Inter Unit Transfers under other Current Assets. This resulted in understatement of Capital Work-in-Progress and overstatement of Current Assets by ₹	Necessary corrections have been made by DVVNL in its accounts for the F.Y 2019-20.

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	13.30 crore. Despite similar comment of the CAG of India on the accounts of the Company for the year 2016-17, no corrective action has been taken by the Management.	
(18)	Capital Work in Progress does not include interest amounting to ₹ 7.71 crore for the year 2016-17 on loan taken for capital works under R-APDRP scheme in respect of MVVNL. Since R-APDRP scheme works were under execution during 2016-17, the interest amount should have been capitalised but the same was charged to Finance Cost in the Statement of Profit and Loss for the year 2016-17. As a result, Capital Work-in-Progress is understated and Other Equity (minus balance) is overstated by ₹ 7.71 crore. Despite a similar comment of the CAG of India on the accounts of the Company for the year 2016-17, corrective action has not been taken by the Management in the accounts for the year 2017-18.	Corrective action has been taken by the MVVNL in its accounts for the year F.Y 2018-19.
(19)	Capital Work in Progress includes balances of ₹ 85.60 crore related to APDRP works of Lucknow Electricity Supply Administration (LESA) zone of MVVNL which were completed during 2015-16 but were pending for capitalisation. Non-capitalisation of above works has resulted in overstatement of Capital Work-in-Progress and understatement of Property, Plant and Equipment by ₹ 85.60 crore. This has also resulted in understatement of Depreciation by ₹ 6.50 crore for the years 2016-17 and 2017-18 and understatement of Loss for the year as well as Other Equity (minus balance) by ₹ 3.25 crore each. Despite a similar comment of the CAG of India on the accounts of the Company for the year 2016-17, corrective action has not been taken by the Management in the accounts for the year 2017-18.	Corrective action has been taken by the MVVNL in its accounts for the year F.Y 2018-19.
	Current Assets **Trade Receivables (Note-10): ₹ 56,071.84 crore**	
(20)	The above include ₹ 29.09 crore (PVVNL ₹ 8.16 crore, DVVNL ₹ 19.72 crore, MVVNL ₹ 0.50 crore for the year 2017-18 and ₹ 0.71 crore for the year 2016-17) against Electricity Duty receivable from Private Tube Well (PTW) consumers, which are exempt from Electricity Duty as per Section 3(5) of UP Electricity Duty (Amendment) Act 1970. This has resulted in overstatement of both Trade Receivables and Other Current Liabilities by ₹ 29.09 crore each. Despite being issued through Management Letter on the accounts for the year 2015-16 and a similar comment of CAG of India on the Accounts for the year 2016-17, no corrective action has been taken by the Company.	Necessary corrections have been made by PVVNL in its accounts for the year F.Y 2019-20 and MVVNL in F.Y 2018-19. DVVNL has been intimated to examine the matter and take necessary action accordingly.

(21)	Point 3 (VIII) (b) of Significant Accounting Policies stipulates that "late payment surcharge recoverable from consumers on energy bills is accounted for on cash basis due to uncertainty of realisation". In contravention of aforesaid accounting policy, ten[1] distribution divisions of Moradabad Zone of PVVNL and two divisions[2] of MVVNL booked late payment surcharge amounting to ₹ 156.27 crore (PVVNL- ₹ 131.47 crore and MVVNL- ₹ 24.80 crore) under 'Trade Receivables'. This resulted in overstatement of Trade Receivables ₹ 156.27 crore and understatement of Loss for the year by ₹ 131.47 crore and Other equity (minus balance) by ₹ 24.80 crore. Despite similar comment of CAG of India on the accounts of the Company for the year 2016-17, no corrective action has been taken by the Management.	Necessary corrections have been made by PVVNL in its accounts for the F.Y 2019-20 and MVVNL in F.Y 2018-19.
	Cash and Cash equivalents (Note-11A): ₹ 6,243.17 crore	
(22)	The above includes ₹ 32.17 crore being the amount of cheques received against sale of power and deposited in banks up to December 2017 (pertaining to five units of the PuVVNL₹ 12.01 crore, five divisions of PVVNL ₹ 5.12 crore and DVVNL ₹ 15.04 crore). Since these cheques could not be realised upto 31 March 2018 and became time barred, their amount should have been reversed from the balances in bank accounts. Non-reversal of amount of these cheques resulted in overstatement of Cash and Cash Equivalents and understatement of Trade Receivables by ₹ 32.17 crore. Despite a similar comment of CAG of India on the Accounts for the year 2016-17, no corrective action has been taken by the Management.	Necessary corrections have been made by the PuVVNL. However, PuVVNL, PVVNL and DVVNL have been intimated to take necessary action accordingly with respect to compliance the procedure for reversal of time barred cheques.
	Equities and Liabilities **Other Equity (Note- 15): (-) ₹ 63,406.70 crore**	
(23)	The above includes amount of subsidy of ₹ 73.33 crore (KESCO ₹ 21.02 crore, DVVNL ₹ 52.31 crore) received from Government of Uttar Pradesh for payment of principal as well as interest amount against the loan received from financial institutions. The Government subsidy for payment of principal amount of loan of ₹ 73.33 crore received in 2015-16 should have been treated as capital grant instead of Other Income and credited to Capital Reserve. This	Necessary corrections have been made by KESCO and DVVNL in its accounts for the year F.Y 2018-19.

[1] EDD-I&II Moradabad, EUDD-II Moradabad, EDD.-Amroha, EDD -Sambhal, EDD-I&II Rampur, EDD-Najibabad, EDD-Dhampur and EDD- Chandpur

[2] EDD-I Hardoi and EUDD IV Bareilly.

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	resulted in understatement of Other Equity (minus balance) as well as Capital Reserve by ₹ 73.33 crore. Despite similar comment of CAG of India on the accounts of the Company for the year 2015-16 and 2016-17, no corrective action has been taken by the Management.	
(24)	Revenue from sale of power (Regulatory Surcharge and Miscellaneous Revenue) pertaining to two divisions of DVVNL was wrongly booked as ₹ 8.24 crore instead of ₹ 14.52 crore during the year 2016-17. Non-rectification of the same during 2017-18 resulted in overstatement of Other Equity (minus balance) and understatement of Trade Receivables by ₹ 6.28 crore.	Necessary rectification entries have been made by DVVNL in its accounts for the F.Y 2018-19.
(25)	In the year 2016-17, Aligarh Zone of DVVNL charged expenditure of ₹ 3.19 crore on account of sixth pay commission arrear and other arrears for previous years to head Employees Benefit Expenses in the Statement of Profit and Loss while it was required to be charged to the existing provision/liability which was created for the same purpose. Non-rectification of the same during the year 2017-18 resulted in overstatement of Other Equity (minus balance) as well as Other Current Liabilities by ₹ 3.19 crore. Despite similar comment of the CAG of India on the accounts of the Company for the year 2016-17, no corrective action has been taken by the Management.	Necessary rectification entries have been made by DVVNL in its accounts for the F.Y 2018-19.
(26)	Alaknanda Hydro Power Company Limited (AHPCL) submitted bill of ₹ 45.04 crore against supply of power 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[3] 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 had demanded an amount of ₹ 12.99 crore. As the Board accepted power purchase cost 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 Trade Payables as well as Other Equity (minus balance) are understated by ₹ 3.21 crore. Despite a similar comment of the CAG of India on the	The comment of CAG for F.Y. 2015-16 was received vide letter no म.ले. (ई. एण्ड आर.एस.ए.) /इ.एस–II/लेखा/यू.पी.पा.का.लि/2015–16/465 dated 14.03.2019. But the accounts for the F.Y. 2016-17 had been approved by the BoD on 14.11.2018. The accounts for the F.Y. 2017-18 had also been put up for the approval of BoD and the same had been approved by the BoD on 22.03.2019. However, the power purchase liability amounting to ₹ 3.21 crore has been accounted for and contingent liability amounting to ₹ 9.78 Crore has been disclosed in the accounts in hand for the F.Y.2018-19.

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

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	Accounts for the year 2015-16 and 2016-17, no corrective action has been taken by the Management.	
(27)	The above includes additional subsidy received from the Government of Uttar Pradesh (GoUP) against previous year losses under UDAY scheme amounting to ₹ 88.67 crore in respect of MVVNL. As per tripartite MoU signed (30 January 2016) among the Ministry of Power, GoI: Government of India, Government of Uttar Pradesh (GoUP) and Uttar Pradesh Power Corporation Limited (on behalf of all DISCOMs) for implementation of UDAY and credit note sent by the UPPCL, the GoUP was to refund five per cent of losses of 2016-17 in the year 2017-18. As per Ind-AS 20, Government grant for losses already incurred should be recognised in the Statement of Profit and Loss for the year in which it becomes receivable. The amount receivable against losses of 2016-17 was ₹ 36.14 crore (five per cent of losses for the year 2016-17 i.e. ₹ 722.80 crore) only which should have been recognised as income while the remaining amount of ₹ 52.53 crore (₹ 88.67 crore – ₹ 36.14 crore) should have been shown as deferred income under Non-Current Liabilities. Thus, booking of entire subsidy amount under Other Equity has resulted in understatement of Other Income and overstatement of Loss for the year by ₹ 36.14 crore each. This has also resulted in understatement of Non-Current Liabilities and overstatement of Other Equity (minus balance) by ₹ 52.53 crore each.	The MVVNL has been intimated to examine the matter in the light of relevant rules/ procedure and take necessary action accordingly.
	Non-current Liabilities **Other Financial Liabilities: (Note-17) ₹ 3,587.31 crore**	
(28)	The above includes ₹ 435.89 crore (MVVNL ₹ 13.50 crore, PuVNNL₹ 48.32 crore, PVVNL ₹ 319.41 crore, DVVNL ₹ 54.66 crore) on account of Interest on Security Deposit of consumers. As per clause 4.20 (i) of Electricity Supply Code 2005, the Licensee shall pay interest on security deposit to the consumers by way of credit in the bill of the consumers in the months of April, May and June each year as per the applicable billing cycle. As the interest amount is payable to Consumers within 12 months from the Balance Sheet date, hence this should have been classified as Current Liabilities instead of Non-Current Liabilities. This resulted in understatement of 'Current Liabilities' and overstatement of 'Non-Current Liabilities' by ₹ 435.89 crore. The issue was apprised to the Management through	Necessary corrections have been made by MVVNL, PuVVNL, DVVNL & PVVNL in its accounts for the F.Y 2018-19.

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	management letter on the accounts of the Company for the year 2016-17, but no corrective action has been taken.	
	Current liabilities **Financial Liabilities –Borrowing: (Note-18): ₹ 2,104.02 crore**	
(29)	PVVNL took two loan of ₹ 500 crore (loan of ₹ 150 crore on 24 March 2017 payable in 24 equated monthly installments (EMIs) w.e.f. 30 April 2018 and loan of ₹ 350 crore on 30 June 2017 payable in 24 EMIs w.e.f. 30 July 2018) from Rural Electrification Corporation (REC) which was classified as Borrowing (Current) under Current Liabilities. Since EMIs amounting to ₹ 206.25 crore of above two loan[4] was only due within 12 months from the Balance Sheet date, the balance amount of loan of ₹ 293.75 crore should have been classified under Non-Current Liabilities instead of showing the entire amount of loan of ₹ 500 crore under Current Liabilities. The issue was apprised to the Management through management letter on the accounts of the Company for the year 2016-17, but no corrective action has been taken.	Corrective action has been taken by the PVVNL in its accounts for the F.Y 2018-19.
	Other Financial Liabilities (Note-20): ₹ 27,825.01 crore	
(30)	The above does not include an amount of ₹ 43.05 crore being the amount of interest payable to the Government of Uttar Pradesh on account of delayed payment of conversion charges for conversion of nazul land to freehold land. The request for waiver of interest was finally rejected by the 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, KESCO neither made any provision nor depicted any contingent liability on this account. This resulted in understatement of Other Current Financial Liabilities as well as Property, Plant and Equipment by ₹ 43.05 crore. Despite similar comment of CAG of India on the accounts of the Company for the year 2016-17, no corrective action has been taken by the Management.	As replied by the KESCO, no demand has been received from Government of U.P. for payment of interest on conversion charges. Hence, in absence of any demand from the Government of U.P. or reasonable certainty, accounting or disclosure as contingent liability is not required.
(31)	Other Financial Liabilities does not include ₹ 28.08 crore and ₹ 0.57 crore being interest payable on account of delayed deposit/non-deposit of General Provident Fund (GPF) and Pension and Gratuity as worked out and accounted for in the Financial	As per audited accounts of the company, there was no amount payable to UPPSE Trust as on 31-03-2015 (after netting off of the liabilities towards G.P.F of ₹16.60 Crore Dr and pension & gratuity of ₹3.92 Cr). Hence, the accountal

[4] ₹206.25 crore=(12 EMIs amounting to ₹ 75 crore of loan of ₹ 150 crore and 09 EMIs amounting to ₹ 131.25 crore of loan of ₹ 350 crore)

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<table>
<tr>
<td></td>
<td>Statements of Uttar Pradesh Power Sector Employees Trust for the year 2014-15 in respect of UPPCL. This has resulted in understatement of Current Liabilities and Other Equity (minus balance) by ₹ 28.65 crore.

Despite a similar comment of the CAG of India on the Accounts for the year 2012-13 to 2016-17, no corrective action has been taken by the Management.</td>
<td>of interest was not required. However, the UPPSE Trust has already been requested to reconcile its account with the company.</td>
</tr>
<tr>
<td>C.</td>
<td>COMMENTS ON DISCLOSURE
Contingent Liabilities and Commitments (Point 19 (b) of Note 1(B)</td>
<td></td>
</tr>
<tr>
<td>(32)</td>
<td>The consolidated financial statements do not disclose contingent liabilities of ₹ 410.91 crore pertaining to Holding and subsidiaries companies as detailed below:
-
<table>
<tr><th>S. NO.</th><th>Pertaining to</th><th>Brief issue</th><th>Amount involved (₹ in crore)</th></tr>
<tr><td>1.</td><td>PVVNL</td><td>Interest payable on electricity duty</td><td>397.16</td></tr>
<tr><td>2.</td><td>UPPCL</td><td>Payment for the period 24.04.2015 to 9.05.2015 against bill of M/s AHPCL for firm energy supply which is disputed by UPPCL</td><td>9.66</td></tr>
<tr><td>3.</td><td>DVVNL</td><td>Commercial Tax department demand towards VAT on deemed sales of meters and sale of cable during 2010-11.</td><td>4.09</td></tr>
<tr><td></td><td>Total</td><td></td><td>410.91</td></tr>
</table>

Despite similar comment of CAG of India on the accounts of Company for the year 2016-17, no</td>
<td>1. As informed by the PVVNL no demand for interest payable on electricity duty was received, hence no disclosure or accountal has been made.

2. Since the matter is still disputed, the liability of to Rs. 9.66 crore towards payment of energy purchased from M/s AHPCL has been shown as Contingent Liability in the heads i.e. 2018-19.

3. Necessary Compliance has been done by DVVNL in F.Y 2018-19.</td>
</tr>
</table>

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	corrective action has been taken by the Management.	
(33)	Uttar Pradesh Power Corporation Limited (holding Company) vide its order dated 19 March 2016 directed that while computing the depreciation on the fixed assets, the useful life of the assets is to be taken as approved in UPERC Regulation from time to time and the difference in amount of depreciation so calculated with that of in accordance with the useful life of corresponding assets given in the Schedule II of the Companies Act, 2013, should be shown in Notes to Accounts. The Company adopted different useful life of assets than those provided in Schedule – II of the Companies Act, 2013. This fact along with the difference in amount of deprecation and its impact thereof on the financial statements was required to be disclosed in Notes to Accounts. Therefore, the Notes to Accounts are deficient to that extent.	In terms of Part-B of Schedule of the Companies Act, 2013, the depreciation on fixed assets has been charged on straight line method following the rates notified by the UPERC Tariff Regulations. In the letter referred in the audit comment, it is stated that the impact on the financial statement was to be given, if the useful life is taken on the basis of technical evaluation instead of useful life given in the Regulations (As directed in the Regulations). Thus, the disclosure with respect to impact on profit and loss account was not required.
(34)	As per schedule III of Companies Act 2013, the following additional disclosure shall be given in case of borrowings: • Bonds/debentures (along with the rate of interest and particulars of redemption or conversion, as the case may be) shall be stated in the descending order of maturity or conversion, starting from farthest redemption or conversion date, as the case may be. Where bonds/debentures are redeemable by installments the date of maturity for this purpose must be reckoned as the date on which first installment becomes due. • Terms of repayment of term loans and other loans shall be stated. The Company has shown borrowings "term loans, working capital loan and bonds" amounting to ₹ 55,227.62 crore under financial liabilities (Non-Current Liabilities–Note 16). In term of schedule III of Companies Act, 2013 non-disclosure of additional details/disclosure pertaining to borrowings resulted in deficient presentation of financial statements.	Necessary details of Bonds issued by the UPPCL for the DISCOMs have been disclosed in the accounts of the Company for the F.Y 2018-19.
(35)	Ind AS 24 (para 17) states that an entity shall disclose key management personnel compensation in total and for each of the categories viz.: 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 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	The name of CFO was inadvertently left to be disclosed in the list of KMP. However necessary disclosure has been made in F.Y 2018-19.

	included the name of its Chief Financial Officer in the related party disclosures under Note 21 A(b) and 21B(b). Thus, reporting of related party transactions was incomplete and deficient to that extent. Despite a similar comment of the CAG of India on the Accounts for the year 2016-17, no corrective action has been taken by the Management.	
(36)	Uttar Pradesh Jal Vidyut Nigam Limited (UPJVNL) 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 ₹ 76.83 crore has been shown in the books of UPJVNL for 2017-18. Further, the reduction in the above liability on account of cost of power sold to UPPCL is still undetermined by UPJVNL. This material fact has not been disclosed by the UPPCL in the Financial Statements. Despite similar comment of CAG of India on the accounts of the Company for the year 2016-17, no corrective action has been taken by the Management.	This matter pertains to PuVVNL and UPJVNL. The authorities concerned of both the companies have been requested to take final decision and accordingly ensure necessary compliance in its books of accounts.
(37)	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 Consolidated Financial Statements of the Company for the year ended 31 March 2018. Despite a comment of the CAG on the Accounts for the year 2016-17, no corrective action has been taken by the Management.	The disclosure in respect of closure of Southern UP Power Transmission Company Limited has inadvertently been left to be disclosed. However the same has been disclosed in the FY 2018-19.
D.	**OTHER COMMENTS** **Significant Accounting Policies -Note-1 (A)**	
(38)	A reference is invited to Significant Accounting Policy No. 3(II)(e) 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 at the rate of 15 per cent on deposit works, 13.50 per cent on distribution works and 9.50 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 the management. Thus, the capitalisation of employees cost amounting	Due to multiplicity of functional units as well as multiplicity of functions at particular unit, it is not possible to locate the directly attributable cost, therefore, the corporation has formed the policy to capitalise the employee cost at predetermined rate.

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	to ₹ 861.98 crore[5] in 2016-17 and ₹ 1012.83 crore[6] in 2017-18 to capital works on the basis of percentage to the amount of total expenditure incurred on capital works is not in conformity with the provisions of Ind AS 16. Despite similar comment of CAG of India on the accounts of the Company for the year 2016-17, no corrective action has been taken by the Management.	
(39)	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 its residual value is not determinable, the amortisation should have been done of 100 *per cent* value of the asset. Thus the accounting policy adopted by the Company on amortisation of Intangible Assets is not in conformity with the provisions of Ind AS 38. Despite similar comment of the CAG of India on the Accounts for the year 2016-17, no corrective action has been taken by the Management.	The matter will be examined and necessary action, if required, will be taken.
(40)	Reference is invited to Accounting Policy No. X of holding and subsidiaries/associates regarding employees benefit which stated 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. The aforesaid provision is being applied only for employee covered under GPF was made based on PWC Actuarial Valuation Report of November 2000 which was valid for three years upto November 2003. As for employees covered under CPF different valuation was applied but this fact was not disclosed in Notes to Accounts. As the period of actuary report has expired long back and gratuity limit has also been revised from ₹ 3.50 lakh to ₹ 20.00 lakh it has significant impact on accounts yet the company is making provision on the basis of the old report which is in-violation of	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

[5] UPPCL ₹ 3.01 crore, MVVNL ₹ 230.03 crore, PuVVNL ₹ 194.37 crore, PVVNL ₹ 228.73 crore, DVVNL ₹ 203.34 crore, KESCO ₹ 2.50 crore

[6] UPPCL ₹ 1.48 crore, MVVNL ₹ 214.15 crore, PuVVNL ₹ 265.97 crore, PVVNL ₹ 276.72 crore, DVVNL ₹ 242.83 crore, KESCO ₹ 11.68 crore

	Accounting Policy and also Ind AS-19. Further the Statutory Auditors also failed to report this important fact in their report. Despite a comment of the CAG of India on the Accounts for the year 2016-17, no corrective action has been taken by the Statutory Auditor.	

Abbreviation: MVVNL is Madhyanchal Vidyut Vitran Nigam Limited, PuVVNL is Purvanchal Vidyut Vitran Nigam Limited, PVVNL is Pashchimanchal Vidyut Vitran Nigam Limited, DVVNL is Dakshinanchal Vidyut Vitran Nigam Limited and Kesco is Kanpur Electricity Supply Company Limited.

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

(Nanjan Kumar Srivastava)
Director (Finance)

(M. Devaraj)
Chairman

29/09/21

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Managerial Remuneration
Point No. 9
Annexure IV

वर्ष 2017 -18 मे कार्यरत अध्यक्ष एव प्रबन्ध निदेशक, निदेशको तथा कम्पनी सचिव के वेतन भत्ते सम्बन्धी सूचना

अधिकारी का नाम (श्री / श्रीमती)	सम्प्रेक्षा सं0	पदनाम	वेतन	जी0पी0एफ0	ई0पी0एफ0 अंशदान		अवकाश वेतन	पेंशन अंशदान (16.7%)	ग्रेज्युटी अंशदान (2.38%)	यात्रा व्यय	विभागीय वाहन को व्यक्तिगत कार्य के लिए प्रयोग के सम्बन्ध में वेतन से की गई कटौती
					कार्मिक अंशदान	नियोक्ता अंशदान					
आलोक कुमार	A1626	अध्यक्ष / प्रबन्ध निदेशक	0.00	0.00	0.00	0.00	0.00	0.00	0.00	42593.00	0.00
अपर्णा यू	A1608	प्रबन्ध निदेशक	831864.00	55000.00	0.00	0.00	0.00	0.00	0.00	55992.00	0.00
विशाल चौहान	V0652	पूर्व प्रबन्ध निदेशक	523014.00	0.00	0.00	0.00	0.00	0.00	0.00	79006.00	[illegible]
अयोध्या प्रसाद मिश्र	A0212	पूर्व प्रबन्ध निदेशक	67800.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	[illegible]
रामानन्द यादव	R1910	निदेशक	2855688.00	0.00	197072.00	187282.00	0.00	0.00	0.00	131093.00	[illegible]
के0एम0 मित्तल	K0236	निदेशक	1423657.00	0.00	0.00	0.00	0.00	222434.00	31700.00	100184.00	[illegible]
संजय कुमार सिंह	S1773	निदेशक	2694324.00	348720.00	0.00	0.00	0.00	389326.00	55485.00	96868.00	5714.00
सुधांशु द्विवेदी	S0828	निदेशक	2876211.00	1087660.00	0.00	0.00	0.00	413410.00	58917.00	215340.00	6000.00
विजय कुमार	V0242	निदेशक	434680.00	47000.00	0.00	0.00	0.00	72254.00	10297.00	0.00	1000.00
विनय प्रकाश श्रीवास्तव	V0266	निदेशक	472847.00	46000.00	0.00	0.00	0.00	74789.00	10659.00	11783.00	1000.00
सत्य प्रकाश पाण्डेय	S0760	निदेशक	2732430.00	510130.00	0.00	0.00	0.00	412270.00	58755.00	0.00	6000.00
योग			14912515.00	2094510.00	197072.00	187282.00	0.00	1584483.00	225813.00	732659.00	31312.00

11/10/18

(M. Devaraj)
Chairman
29/09/21

(57)

ANNEXURE V

A. CONSERVATION OF ENERGY

Uttar Pradesh is one of the largest states in the country. During the year 2017-18 the company was able to meet both in energy and demand through out the state with minimum possible restrictions and control measures.

The per capita consumption of electricity has been steadily increasing to 628 kWh as compared to 585 kWh in the previous year and the per capita availability of power in the state of UP during the year was 592.8 kWh as compared to 529.6 in the year 2016-17.

During the year 2017-18 average maximum demand met was 18061 MW on 23.06.17 at bus bar against maximum demand recorded 20274 MW on 17.08.17 and highest daily energy supply was 402.2 MU on 16.09.17 against maximum demand of 412.3 MU on 16.09.17.

The power purchased by the state during the year was 119051 Million Units. Going by past records, the consumption of electricity and also the power purchase bills in the state are increasing at the galloping rate of 10% to 15% per year. Under such a scenario, demand side management of consumption of electricity is one of the prudent methods to reduce power purchase bills of DISCOMs

B TECHNOLOGY ABSORPTION

Research and Development (R&D) -No Significant work has specifically been done in R&D during the year

1. Efforts, made towards Technology Absorption, Adaptation and Innovation are as under (brief description) :
   (i) Installation of electronic meters of updated technology as per the need of system.
   (ii) Installation of Capacitor banks at 33 kv S/Ss.
   (iii) LT less distribution system in rural areas.
   (iv) Feeder separation work.
2. Benefits derived as a result of the above efforts:
   (i) Accurate Metering.
   (ii) Sustained Accuracy.
   (iii) Reduction in Distribution losses AT & C Losses.
   (iv) Reduction in theft and line losses.
   (v) Improved quality in supply of Power.
3. Imported Technology - None

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

The foreign exchange earnings and outgo is nil during the FY 2017-18 as given in Note no. 1B (15)

For and on behalf of the Board of Directors

M.Devaraj
Chairman

Date : 29.09.21
Place: Lucknow

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Annexure VI

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
(as on financial year ended on 31.03.2018)

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management &Administration) Rules, 2014

I. REGISTRATION & OTHER DETAILS:

I	CIN	U32201UP1999SGC024928
II	Registration Date	30/11/1999
III	Name of the Company	U. P. POWER CORPORATION LIMITED
IV	Category/Sub-category of the Company	Company Limited by Shares State Government Company
V	Address of the Registered office & contact details	SHAKTI BHAWANASHOK MARG LUCKNOW UTTAR PRADESH UP 226001
VI	Whether listed company	Unlisted
VII	Name , Address & contact details of the Registrar & Transfer Agent, if any.	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated

SL No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Electric Power Generation, Transmission & Distribution	D1	100

III. PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

Si. No	Name & Address of the Company	CIN/GLN	HOLDING / SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	MADHYANCHAL VIDYUT VITRAN NIGAM LIMITED	U31200UP2003SGC027459	Wholly Owned Subsidiary	100	Section 2(87)(i)
2	DAKSHINANCHAL VIDYUT VITRAN NIGAM LIMITED	U31200UP2003SGC027460	Wholly Owned Subsidiary	100	Section 2(87)(i)
3	PURVANCHAL VIDYUT VITRAN NIGAM LIMITED	U31200UP2003SGC027461	Wholly Owned Subsidiary	100	Section 2(87)(i)

4	KANPUR ELECTRICITY SUPPLY COMPANY LIMITED	U40105UP1999SGC024626	Wholly Owned Subsidiary	100	Section 2(87)(i)
5	PASHCHIMANCHAL VIDYUT VITRAN NIGAM LIMITED	U31200UP2003SGC027458	Wholly Owned Subsidiary	100	Section 2(87)(i)
6	SONEBHADRA POWER GENERATION COMPANY LIMITED	U40101UP2007PLC032855	Wholly Owned Subsidiary	100	Section 2(87)(i)
7	SOUTHERN-UP POWER TRANSMISSION COMPANY LIMITED	U40300UP2013SGC058892	Wholly Owned Subsidiary	100	Section 2(87)(i)
8	YAMUNA POWER GENERATION COMPANY LIMITED	U40300UP2010SGC040291	Associate	25	Section 2(6)

IV. SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters										
(1) Indian	0	0	0	0	0	0	0	0	NA	0
a) Individual/HUF	0	0	0	0	0	0	0	0	0	0
b) Central Govt.or State Govt.	0	0	0	0	0	0	0	0	0	0
c) Bodies Corporates	0	0	0	0	0	0	0	0	0	0
d) Bank/FI	0	0	0	0	0	0	0	0	0	0
e) Any other(Hon'ble Governor of UP)	0	728752082	728752082	100	0	804007374	804007374	100	9.36% 0	
SUB TOTAL:(A) (1)	**0**	**728752082**	**728752082**	**100**	**0**	**804007381**	**804007381**	**100**	**9.36% 0**	
(2) Foreign										
a) NRI-Individuals	0	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0	0

d) Banks/FI	0	0	0	0	0	0	0	0	0	0
e) Any other…	0	0	0	0	0	0	0	0	0	0
SUB TOTAL (A) (2)	0	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	**0**	**728752082**	**728752082**	**100**	**0**	**804007381**	**804007381**	**100**	**9.36%**	**0**
B. PUBLIC SHAREHOLDING										
(1) Institutions	0	0	0	0	0	0	0	0	0	0
a) Mutual Funds	0	0	0	0	0	0	0	0	0	0
b) Banks/FI	0	0	0	0	0	0	0	0	0	0
C) Cenntralgovt	0	0	0	0	0	0	0	0	0	0
d) State Govt.	0	0	0	0	0	0	0	0	0	0
e) Venture Capital Fund	0	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0	0
g) FIIS	0	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0	0
SUB TOTAL (B)(1):	0	0	0	0	0	0	0	0	0	0
(2) Non Institutions										
a) Bodies corporates	0	0	0	0	0	0	0	0	0	0
i) Indian	0	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	0	0	0	0	0	0	0	0	0	0
ii) Individuals shareholders	0	0	0	0	0	0	0	0	0	0

holding nominal share capital in excess of Rs. 1 lakhs										
c) Others (specify)	0	0	0	0	0	0	0	0	0	0
SUB TOTAL (B)(2):	0	0	0	0	0	0	0	0	0	0
Total Public Shareholding (B)= (B)(1)+(B)(2)	0	0	0	0	0	0	0	0	0	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	**0**	**728752082**	**728752082**	**100**	**0**	**804007381**	**804007381**	**100**	**9.36% 0**	
SUB TOTAL:(A) (1)	**0**	**728752082**	**728752082**	**100**	**0**	**804007381**	**804007381**	**100**	**9.36% 0**	

V. SHARE HOLDING OF PROMOTERS

Sl No.	**Shareholders Name**	**Shareholding at the beginning of the year**			**Shareholding at the end of the year**			**% change in share holding during the year**
		No of shares	**% of total shares of the company**	**% of shares pledged encumbered to total shares**	**NO of shares**	**% of total shares of the company**	**% of shares pledged encumbered to total shares**	
1	Hon'ble Governor of UP	728752082	100.00	0	804007374	100.00	0	9.36%
	Total	**728752082**	**100.00**	**0**	**804007374**	**100.00**	**0**	**9.36% 0**

VI. CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)

Sl. No.		Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	728752082	100	728752082	100
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	75255299	-	75255299	-
	At the end of the year	804007381	100	804007381	100

VII. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**Shri S.P. Pandey**				
	At the beginning of the year	1	0.00%	1	0.00%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year	1	0.00%	1	0.00%
2	**Shri Sudhanshu Dwivedi**				

	At the beginning of the year	1	0.00%	1	0.00%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year	1	0.00%	1	0.00%
3	**Shri Vijai Kumar**				
	At the beginning of the year	0	0.00%	0	0.00%
	Transfer of Equity Shares	1	0.00%	1	0.00%
	At the end of the year	1	0.00%	1	0.00%
4	**Smt. Aparna U.**				
	At the beginning of the year	1	0.00%	1	0.00%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year	1	0.00%	1	0.00%
5	**Shri Neel Ratan Kumar**				
	At the beginning of the year	1	0.00%	1	0.00%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year	1	0.00%	1	0.00%
6	**Shri Alok Kumar**				
	At the beginning of the year	1	0.00%	1	0.00%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-

	At the end of the year	1	0.00%	1	0.00%
7	**Shri V.P. Srivastava**				
	At the beginning of the year	-	-	-	-
	Transfer of Equity Shares	1	0.00%	1	0.00%
	At the end of the year	1	0.00%	1	0.00%

VIII. <u>Shareholding Pattern of top ten Shareholders:</u>
(Other than Directors, Promoters and Holders of GDRs and ADRs)

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	NA	NA	NA	NA
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NA	NA	NA	NA
	At the end of the year	NA	NA	NA	NA

IX. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	10614.95	25636.73	-	36251.68
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	100.43	160.81	-	261.24
Total (i+ii+iii)	10715.38	25797.54	-	36512.92
Change in Indebtedness during the financial year				
Additions	9342.69	5919.80	-	15262.49
Reduction		-	-	-
Net Change	87.19%	22.95%	-	41.80%
Indebtedness at the end of the financial year				
i) Principal Amount	19850.57	31530.22	-	51380.79
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	207.50	187.12	-	394.62
Total (i+ii+iii)	20058.07	31717.34	-	51775.41

X. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

Sl.No	Particulars of Remuneration			Total Amount
1	**Gross salary**			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.			14912515.00
	Shri S.P. Pandey		2732430	
	Shri SudhanshuDwivedi		2876211	
	Shri Vijai Kumar		434680	
	Smt. Aparna U.		831864	
	Shri V.P. Srivastava		472847	
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961			NA
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961			NA
2	Stock option			NA
3	Sweat Equity			NA
4	Commission			NA
	as % of profit			NA
	others (specify)			NA

5	Others, please specify	NA
	Total (A)	**14912515**
	Ceiling as per the Act	

B. Remuneration to other directors:

Sl.No	Particulars of Remuneration	Name of the Directors			Total Amount
1	Independent Directors	NA	NA	NA	NA
	(a) Fee for attending board committee meetings			NA	NA
	(b) Commission		NA	NA	NA
	(c) Others, please specify	NA	NA	NA	NA
	Total (1)	NA	NA	NA	NA
2	Other Non Executive Directors	NA	NA	NA	NA
	(a) Fee for attending board committee meetings			NA	NA
	(b) Commission		NA	NA	NA
	(c) Others, please specify.	NA	NA	NA	NA
	Total (2)	NA	NA	NA	NA
	Total (B)=(1+2)	NA	NA	NA	NA
	Total Managerial Remuneration	NA	NA	NA	NA
	Overall Ceiling as per the Act.	NA	NA	NA	NA

C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD

Sl. No.	Key Managerial Personnel	CEO	Company Secretary	CFO	Total
1	**Gross Salary**	**CEO**	**Company Secretary**	**CFO**	**Total**
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	NA	NA	NA	NA
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	NA	NA	NA	NA
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	NA	NA	NA	NA
2	Stock Option	NA	NA	NA	NA
3	Sweat Equity	NA	NA	NA	NA
4	Commission	NA	NA	NA	NA
	as % of profit	NA	NA	NA	NA
	others, specify	NA	NA	NA	NA
5	Others, please specify	NA	NA	NA	NA
		NA	NA	NA	NA
	Total	NA	NA	NA	NA

XI. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made if any (give details)
A. COMPANY			**Not Applicable**		
Penalty					
Punishment					
Compounding					
B. DIRECTORS			**Not Applicable**		
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT			**Not Applicable**		
Penalty					
Punishment					
Compounding					

For and on behalf of the Board of Directors

M. Devaraj
Chairman

Date : 29.09.21
Place: Lucknow

Annexure VII L(B) 21 (188(L))

on account of TDS default for FY 2016-17 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.

20. Provision for Employees Cost has been made amounting to ₹ 388.82 Lakh for the period 01.04.2017 to 30.06.2017 regarding 7th Pay Commission order no. 999/काविनी एवं वेप्र0–29/पाकालि/ 2017–5–काविनी एवं वेप्र0/16 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 2017-18) Appointment	Retirement/ Cessation
1	Shri Sanjay Agarwal	Chairman	17/05/2013	20/05/2017
2	Shri Alok Kumar	Chairman	20/05/2017	Working
3	Shri Vishal Chawhan	Managing Director	25/03/2017	03/09/2017
4	Smt. Aparna U.	Managing Director	26/10/2017	Working
5	Shri Sudhanshu Dwivedi	Director (Finance)	30/06/2016	Working
6	Shri Satya Prakash Pandey	Director (P.M. & Admin.)	01/07/2016	Working
7	Shri Krishna Murari Mittal	Director (Distribution)	06/12/2014	05/12/2017
8	Shri Vijay Kumar	Director (Distribution)	06/01/2018	Working
9	Shri Ramanand Yadav	Director (Corporate Planning)	23/02/2015 Additional Charge of Director (Distribution) from 06/12/2017 to 01/01/2018.	01/01/2018

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Amount recoverable other than loans		
From Subsidiaries		
➢ MVVNL	385684.40	539085.28
➢ PVVNL	132881.14	169695.73
➢ PurVVNL	1138316.24	1213759.25
➢ DVVNL	248502.29	304314.79
➢ Kesco	47048.48	8903.49
From Associates		
➢ YPGCL	63.76	62.76
From Others		
➢ UPPSET	1082.35	1193.20
➢ UPRVUNL	206.91	159.64
➢ UPPTCL	11316.28	9737.06
Amount Payable towards loan		
To Subsidiaries		
➢ MVVNL	88469.53	56343.81
➢ PVVNL	110050.56	89506.01
➢ PurVVNL	112030.64	76628.14
➢ DVVNL	95194.37	65804.31
➢ Kesco	-	-
Amount Payable other than loan		
To Others		
➢ UPJVNL	8851.16	8864.08

22. Due to heavy unused 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.

(M. Devaraj)
Chairman
29/09/21

24. In Electricity Service Commission, examination fees collected and professional charges paid during the year is accounted for on cash basis.

25. The accounting of Interest accrued on Commitment Advance given to UMPPs are done on the basis of amount reflected in Form 26AS as

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)

	2017-18	2016-17
Salary & Allowances	149.12	100.18
Leave Encashment	0.00	17.78
Contribution to Gratuity/ Pension/ PF	19.98	10.99

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

(Amount ₹ in Lacs)

S. No	Name of The Company	Nature of Transaction	2017-18	2016-17
1	UP Power Transmission Corporation Limited	Misc. Transactions (Net)	1579.22	2491.59
2	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	Power Purchase	986822.01	1128531.13
3	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	Receivables (Unsecured)	47.27	106.95
4	Uttar Pradesh Jal Vidyut Nigam Limited	Power Purchase	8065.24	6254.71

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

(Amount ₹ in Lacs)

Particulars	31st March 2018	31st March 2017
Amount recoverable towards loans		
From Subsidiaries		
➢ MVVNL	1039224.79	667090.27
➢ PVVNL	814850.39	555136.20
➢ PurVVNL	1378442.09	912365.56
➢ DVVNL	1719847.80	1299576.73
➢ Kesco	185714.10	212778.74
➢ SPGCL	613.59	611.59
➢ SPTCL	216.63	216.63

S. No.	Name	Designation	Working Period (For FY 2017-18)	
			Appointment	Retirement/ Cessation
10	Shri V. P. Srivastava	Director (Corporate planning)	04/01/2018	Working
11	Shri Sanjay Kumar Singh	Director (Commercial)	06/03/2013	12/02/2018
12	Shri Vishal Chauhan (M.D of UPPTCL)	Nominee Director	18/06/2015	29/06/2017
13	Shri Kamran Rizvi (M.D of UPPTCL)	Nominee Director	30/06/2017	31/12/2017
14	Shri Amit Gupta (M.D of UPPTCL)	Nominee Director	22/01/2018	Working
15	Shri Neel Ratan Kumar (Special Secretary- Finance)	Nominee Director	16/04/2013	Working
16	Smt Manju Shankar (Department of Public Enterprises)	Nominee Director	10/12/2015	Working

(c) The Company is a State Public Sector Undertaking (SPSU) controlled by State Government by holding majority of shares. 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	
	2017-18	2016-17	2017-18	2016-17
(i) Sales	4642492.22	4266872.72	-	-
(ii) Purchase	-	-	-	-
(iii) Dividend received	-	-	-	-
(iv) Equity Contribution made	915699.46	879899.62	-	-
(v) Loans (Net Increase/(Decrease))*	1373668.84	(760857.73)	-	-
(vi) Receivable-Others (Net Increase/(Decrease))	2.00	1.50	1.00	(91.70)

*Loans have been arranged by UPPCL on behalf of Discoms and the

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Annexure VIII

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.
CIN: U32201UP1999SGC024928
CONSOLIDATED FINANCIAL STATEMENT

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures as at 31st March 2018

Part A:- Subsidiaries

(₹ in Lakhs)

1. Sl. No.	1	2	3	4	5	6	7
2. Name of the subsidiary	MVVNL, Lucknow	PurVVNL, Varanasi	PVVNL, Meerut	DVVNL, Agra	KESCo, Kanpur	Sonebhadra PGCL	Southern UPPTCL
3. The date since when subsidiary was acquired	12.08.2003	12.08.2003	12.08.2003	12.08.2003	15.01.2000	14.02.2007	08.08.2013
4. Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	N/A	N/A	N/A	N/A	N/A	N/A	N/A
5. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6. Share capital	1069904.37	1362186.25	888214.33	500231.19	132701.74	6.65	5.00
7. Reserves and surplus	(836110.88)	(1251305.28)	(927739.85)	(1646846.74)	(183831.49)	(620.14)	(160.98)
8. Total assets	2923418.23	3690369.70	2528832.32	2768882.84	373788.04	1.84	62.24
9. Total Liabilities	2689624.74	3579488.73	2568357.84	3915498.39	424917.79	615.33	218.22
10. Investments	-	-	-	-	-	-	-
11. Turnover	880173.38	996273.14	1476491.22	844284.15	252094.37	-	-
12. Profit/(Loss) before taxation	(43170.58)	(83957.73)	(151695.16)	(236649.85)	6441.75	(0.84)	(2.85)
13. Provision for taxation	-	-	-	-	-	-	-
14. Profit/(Loss) after taxation	(43170.58)	(83957.73)	(151695.16)	(236649.85)	6441.75	(0.84)	(2.85)
15. Proposed Dividend	-	-	-	-	-	-	-
16. Extent of shareholding (in percentage)	100%	100%	100%	100%	100%	100%	100%

Note:- Sonebhadra Power Generation Company Ltd. & Southern UP Power Transmission Corporation Ltd. are yet to commence operations.

(M. Devaraj)
Chairman
29/09/21

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN: U32201UP1999SGC024928

CONSOLIDATEO FINANCIAL STATEMENT

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures as at 31st March 2018

Part B:- Associates and Joint Ventures

(₹ in Lakhs)

Name of Associates or Joint Ventures	Yamuna Power Generation Company Ltd.
1. Latest audited Balance Sheet Date	2017-18
2. Date on which the Associate or Joint Venture was associated or acquired	20.04.2010
3. Shares of Associate or Joint Ventures held by the company on the year end	
No.	12500
Amount of Investment in Associates or Joint Venture	125000
Extent of Holding (in percentage)	25%
4. Description of how there is significant influence	NA
5. Reason why the associate/joint venture is not consolidated	NA
6. Networth attributable to shareholding as per latest audited Balance Sheet	(247.26)
7. Profit or Loss for the year	
i. Considered in Consolidation	(0.75)
ii. Not Considered in Consolidation	NA

(M. Devaraj)
Chairman