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(उत्तर प्रदेश सरकार का उपक्रम)

ANNUAL REPORT

FY - 2018-19

U. P. Power Corporation Ltd.
(A Government of UP undertaking)
CIN:U32201UP1999SGC024928

Registered address: Shakti Bhawan, 14 Ashok Marg, Lucknow-226001
Phone No. 0522-2286618, Email: csunit.uppcl@gmail.com

NOTICE

Notice is hereby given, pursuant to Section 101(1) of the Companies Act 2013, that the **20th Adjourned Annual General Meeting** of the Shareholders of U.P. Power Corporation Limited will be held (at a shorter notice) on **Friday, 31st March, 2023 at 10:30 AM** at its registered office i.e. **Shakti Bhawan, 14-Ashok Marg, Lucknow** to transact the following business:-

ORDINARY BUSINESS

1. **Adoption of Annual Accounts for the Financial Year 2018-19 i.e. for the Financial Year ended 31-03-2019.**

To consider and adopt :-

a). The Standalone Financial Statement of the Company for the Financial Year ended 31st March, 2019, the reports of the Board of Directors and Auditors thereon; and

b). The Consolidated Financial Statement of the Company for the Financial Year ended 31st March, 2019 and the report of the Auditors thereon.

By order of the Board,

(Jitesh Grover)
Company Secretary
(Additional Charge)

Note : 1- Member entitled to attend and vote at the meeting is entitled to appoint a proxy in his stead to attend and vote on a poll and such proxy need not be a member of the company. Proxies in order to be effective must be signed, stamped and deposited at the registered office of the company not less than forty eight hours before the commencement of the meeting. Blank proxy form is annexed hereto.

Copy to the following shareholders/directors with a request to please attend the above meeting :-

1. Hon'ble Governor of U.P. through Principal Secretary(Energy), U.P. Govt., Lucknow - **Shareholder.**

2. Shri M. Devaraj, Chairman, UPPCL, Lucknow - **Shareholder.**

3. Shri Pankaj Kumar, Managing Director, UPPCL, Lucknow - **Shareholder.**

4. Shri Neel Ratan Kumar, Special Secretary (Finance), U.P. Govt., Lucknow - **Shareholder.**

5. Shri Nidhi Kumar Narang, Director (Finance), UPPCL, Lucknow - **Shareholder.**

6. Shri Mrugank Shekhar Dash Bhattamishra, Director (PM & A), UPPCL, Lucknow - **Shareholder.**

7. Shri Sourajit Ghosh, Director (I.T.), UPPCL, Lucknow - **Shareholder.**

8. Shri Kamalesh Bahadur Singh, Director (Distribution), UPPCL, Lucknow – **Shareholder.**

By order of the Board,

Date : 30|03|2023
Place : Lucknow

(Jitesh Grover)
Company Secretary
(Additional Charge)

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FORM OF PROXY

Name of the member(s) :	
Registered address :	
Folio No/DP ID-Client id :	
Email Id :	
No. of Shares held :	

I/We, being the member(s) of shares of the above named company, hereby appoint:

1.	*Name :*		Signature	
	Address :			
	E-mail Id :			
Or failing him				
2.	Name :		Signature	
	Address :			
	E-mail Id :			
Or failing him				

as my/our proxy to attend and vote (on a poll) for me /us and on my/our behalf at 20th Adjourned Annual General Meeting of the Shareholders of U.P. Power Corporation Limited to be held on Friday, 31st March, 2023 at 10:30 AM and at any adjournment thereof in respect of such resolutions as are indicated below :

SL NO.	Resolutions	For	Against
Ordinary Business			
1.	Adoption of Standalone financial Statement of the Company for the Financial Year ended 31st March, 2019, the reports of the Board of Directors and Auditors thereon		
2.	Adoption of Consolidated Financial Statement of the Company for the Financial Year ended 31st March,2019, and the reports of the Auditors thereon		

Signed this ....day of.......2023

Affix
Revenue

Signature of shareholder..............................Signature of Proxy holder............................

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ATTENDENCE SLIP

20th Adjourned Annual General Meeting **of the Shareholders of U.P. Power Corporation Limited to be held on** Friday, 31st March, 2023 at 10:30 AM.

NAME OF THE ATTENDING MEMBER (IN BLOCK LETTERS)	
***Folio No.**	
DP ID No.	
Client ID No.	
No. of shares held	
NAME OF PROXY (IN BLOCK LETTERS) TO BE FILLED IN IF THE PROXY ATTENDS INSTEAD OF THE MEMBER)	

I, hereby record my presence at 20th Adjourned Annual General Meeting of the Shareholders of U.P. Power Corporation Limited held on Friday, 31st March, 2023 at 10:30 AM, Shakti Bhawan, 14-Ashok Marg, Lucknow.

Signature of Member/Proxy

DIRECTORS' REPORT

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

Your directors are pleased to present the 20th Annual Report together with Audited Accounts for the financial year ended on 31st March, 2019.

1. FINANCIAL RESULTS

The salient features of the Company's financial results for the period ended 31st March, 2019 are summarized below:-

A. Standalone Financial Statement

Rs. in Crores

PARTICULARS	Year ended 31.03.2019	Year ended 31.03.2018
INCOME		
Revenue from sale of power	53786.44	47275.79
Other Income	107.74	96.92
TOTAL (A)	**53894.18**	**47372.71**
EXPENDITURE		
Operational Expenditure :-		
Purchase of Power	53786.44	47275.85
Repairs & Maintenance Expenses	18.52	16.75
Employees Cost	188.96	176.96
Administrative, General & Other Expenses	82.73	45.15
TOTAL (B)	**54076.65**	**47514.71**
Operational Profit/(Loss) A-B=C	**(182.47)**	**(142.00)**
Interest and Finance Charges	0.04	0.03
Depreciation	3.94	3.51
Bad debts & Provisions	8062.56	8135.14
TOTAL (D)	**8066.54**	**8138.68**
NET PROFIT/(Loss) Before Tax	**(8249.01)**	**(8280.68)**
Provision for Tax	0.00	0.00
NET PROFIT/(Loss) After Tax	**(8249.01)**	**(8280.68)**

B. Consolidated Financial Statements Rs. in Crores

PARTICULARS	Year ended 31.03.2019	Year ended 31.03.2018
INCOME		
Revenue from sale of power	50025.42	44466.12
Other Income	13322.74	9036.08

TOTAL (A)	**63348.16**	**53502.20**
EXPENDITURE		
Operational Expenditure :-		
Purchase of Power	56024.49	49269.95
Repairs & Maintenance Expenses	2250.86	2420.87
Employees Cost	1413.89	1378.89
Administrative, General & Other Expenses	1970.40	1488.98
TOTAL (B)	**61659.64**	**54558.69**
Operational Profit/(Loss) A-B=C	**1688.52**	**(1056.49)**
Interest and Finance Charges	4616.28	3291.10
Depreciation	1129.63	1103.39
Bad debts & Provisions	8682.90	8682.54
TOTAL (D)	**14428.81**	**13077.03**
NET PROFIT/(Loss) Before Tax	**(12740.29)**	**(14133.52)**
Provision for Tax	0.00	0.00
NET PROFIT/(Loss) After Tax	**(12740.29)**	**(14133.52)**

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 2018-19 Units Purchased (MU)	FY 2017-18 Units Purchased (MU)
A	U.P. Power Corporation Limited	Holding	115435.51	119163.550

The sales volume of company is as under:

S N	Name of the Company	Status	FY 2018-19 Unit sold (MU)	FY 2017-18 Unit sold (MU)
A	U.P. Power Corporation Limited	Holding	108338.881	111999.645

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 2018-19 Units sold (MU)	FY 2017-18 Units sold (MU)
A	Madhyanchal Vidyut Vitran Nigam Limited	Subsidiary	16697.541	17007.329
B	Dakshinanchal Vidyut Vitran Nigam Limited	Subsidiary	19035.310	18735.574
C	Purvanchal Vidyut Vitran Nigam Limited	Subsidiary	20795.201	20758.596
D	Pashchimanchal Vidyut Vitran Nigam Limited	Subsidiary	28393.360	28437.300
E	Kanpur Electricity Supply Company	Subsidiary	3173.838	3199.737

	Limited			
F	Southern U.P. Power Transmission Company Limited	Subsidiary	-	-

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 RM Lall & Co. Chartered Accountants, Lucknow as Statutory Auditors of the company for the year ended 31st March, 2019. Pursuant to the Companies Act, 2013 management reply to the remarks of the Statutory Auditors is enclosed as **Annexure I** .The supplementary audit of the CAG is Completed and its final comments and our reply on such comments are enclosed as **Annexure X** . The above standalone financial statement and consolidated financial statements have been approved by the Board of Directors in its meeting held on 30.12.2020 band 02.03.2021 respectively.

5.2 COST AUDITOR

K.B Saxena & Associates, Cost Accountant, Lucknow was appointed as Cost Auditor by the Company for the Financial year 2018-19 under section 148 of the Companies Act, 2013.

5.3 SECRETARIAL AUDITORS

Dileep Dixit & Co. Practicing Company Secretary has conducted the Secretarial Audit of the Company for the Financial Year 2018-19. The Secretarial Audit Report is placed at **Annexure II** with management reply.

6. BOARD AND COMMITTEES

There have been following changes in the Board of Directors of the Company during the FY 2018-19

SN	Name	Post Held	Period	
			From	To
1.	Shri Alok Kumar	Chairman	20.05.2017	31.03.2019
2.	Smt. Aparna U.	Managing Director	26.10.2017	31.03.2019
3.	Shri Sudhanshu Dwivedi	Director (Finance)	30.06.2016	31.03.2019
4.	Shri Satya Prakash Pandey	Director (PM&A)	01.07.2016	31.03.2019
5.	Shri Vijai Kumar	Director (Distribution)	06.01.2018	31.03.2019
6.	Shri V.P. Srivastava	Director (Corporate Planning)	04.01.2018	31.03.2019
7.	Shri A.K. Srivastava	Director (Commercial)	27.06.2018	31.03.2019
8.	Shri Amit Gupta	Nominee Director	22.01.2018	31.08.2018
	Dr. Senthil Pandian C.	Nominee Director	10.09.2018	31.03.2019

SN	Name	Post Held	Period	
			From	To
9.	Shri Neel Ratan Kumar	Spl. Secretary (Finance) UP Government	16.04.2013	31.03.2019
10.	Smt. Manju Shankar	Woman Nominee Director	10.12.2015	31.03.2019

6.1 Number of Meetings of the Board

During the Financial Year 2018-19, there were eight meetings of the Board of Directors of the Company on the following dates:

S.No.	Date of Meeting	S.No.	Date of Meeting
1	139th Board Meeting – 21.05.2018	6	144th Board Meeting –04.02.2019
2.	140th Board Meeting – 19.07.2018	7	145th Board Meeting – 06.03.2019
3.	141st Board Meeting – 08.10.2018	8	146th Board Meeting -22.03.2019
4	142nd Board Meeting – 14.11.2018		
5	143rd Board Meeting – 11.01.2019		

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

and appointed Company Secretary as Secretary of the committee and to perform such duties and activities as prescribed.

The Audit Committee met on the following dates during the financial year 2018-19 and the financial statements of the said year have been reviewed by the Committee.

- 21.05.2018
- 19.07.2018
- 14.11.2018
- 06.03.2019
- 22.03.2019

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 2018-19.

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 it is 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 III.**

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 2018-19.

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-IV** 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 2018-19 is enclosed as **Annexure -VII**.

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 VI** 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, 2019 the Company has seven subsidiaries (subsidiary company Sonebhadra power generation company Limited has been inoperative since 27.03.2019) and one associate company (associate company Yamuna power generation company Limited has been inoperative since 25.03.2019). 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 as **Annexure V**, Part A& B 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. Other Disclosures:

14.1 A certificate from Company Secretary in practice for non-debarment/disqualification.
A certificate from the Practicing Company Secretaries has been received stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by SEBI/MCA or any such statutory authority and the same is reproduced at the end of this report and marked as **Annexure-VIII.**

14.2 A certificate from Company Secretary in practice on Corporate Governance.
The Company has obtained compliance certificate from the Practising Company Secretaries on corporate governance. The same is reproduced at the end of this report and marked as **Annexure-IX.**

15. 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, , 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

Managing Director **Director (Finance)**

Date: 27-03-2023
Place: Lucknow

Annexure I

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2019

AUDITOR'S REPORT	MANAGEMENT REPLY
To, **The Members,** **Uttar Pradesh Power Corporation Limited,** **Shakti Bhawan,** **Lucknow.** **Report on Standalone Financial Statements** **Qualified Opinion:** We have audited the accompanying Standalone Financial Statements of Uttar Pradesh Power Corporation Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, 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 notes to the financial statements, including a summary of significant accounting policies and other explanatory information ("the Standalone Financial Statements") in which are incorporated accounts of Material Management zone (Location code – 300, 330, 640 and 970) and its units ("MM Zone") thereof which have been audited by other auditor.	No Comments
In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the "Basis for Qualified Opinion"section of our report, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and the loss, including other comprehensive income, its cash flows and changes in equity for the year ended on that date.	No Comments
Basis for Qualified Opinion: We draw attention to the matters described in Annexure 'I', the effect of which, individually or in aggregate, are material but not pervasive to the financial statement and matters where we are unable	No Comments

AUDITOR'S REPORT	MANAGEMENT REPLY
to obtain sufficient and appropriate audit evidence. Our opinion is qualified in respect of these matters. We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.	
Key Audit Matters: Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters except for the matters described in Annexure I to the "Basis for Qualified Opinion" section. We have determined that there are no other key audit matters to communicate in our report.	No Comments
Information other than the Standalone Financial Statements and Auditor's Report thereon: The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report but does not include the Standalone Financial Statements and our auditor's report thereon.The above Report is expected to be made available to us after the date of this Auditor's Report. Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the standalone financial statements, our responsibility is to read the	No Comments

AUDITOR'S REPORT	MANAGEMENT REPLY
other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the above identified reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions necessitated by the circumstances and the applicable laws and regulations.	
Management's Responsibility for the Standalone Financial Statements: The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the Standalone Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with Governance are also responsible for overseeing the Company's financial reporting	No Comments

AUDITOR'S REPORT	MANAGEMENT REPLY
process.	
Auditor's Responsibility for the Audit of the Standalone Financial Statements: Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also: • Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. • Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls. • Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management. • Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit	No Comments

AUDITOR'S REPORT	MANAGEMENT REPLY
evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern. • Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. Materiality is the magnitude of misstatements in the Standalone Financial Statements that individually or in aggregate makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the	

AUDITOR'S REPORT	MANAGEMENT REPLY
matter or when, in extremely rare circumstance, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.	
Other Matters: a. *The financial statements of the Company for the year ended 31st March,2018 were audited by another auditor who expressed a modified opinion on these financial statements vide their report dated 29th March 2019.*	No comments
b. *The company had issued bonds (Refer Para 23 of note – 29 "Notes on Accounts") and had them listed on BSE. In view of the same, the company is required to comply with the regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The same has not been done by the company.*	The unaudited financial statements of the company for the half year ended September 2018 and March 2019 have been submitted on 30.09.2020 and 31.12.2020 respectively. Hence ,the compliance is being done by the company.

(Nidhi Kumar Narang)
Director (Finance)
DIN-03473420

(Pankaj Kumar)
Managing Director
DIN-08095154

Date: 27/03/2023
Place: Lucknow

Report on Other Legal and Regulatory Requirements:

ANNEXURE I OF STATUTORY AUDITORS' REPORT	MANAGEMENT REPLY
1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure-II", a statement on the matters specified in the paragraphs 3 and 4 of the said Order, to the extent applicable.	No comments
2. As required by directions issued by the Comptroller & Auditor General of India under section 143(5) of the Act, we give in "Annexure - III (a) and III (b)", a statement on the matters specified in the directions and sub-directions.	No comments
3. As required by section 143(3) of the Act, based on our audit, we report that: (a) Except the matters described in the "basis for qualified opinion" section, we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit	No comments
(b) In our opinion and except to the matters described in *Annexure 'I' of our report*, 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 proper returns adequate for the purposes of our audit have been received from the branch of the Company not visited and not audited by us.	No comments
(c) The reports on the accounts of the branch of the Company (i.e., MM Zone Location code- 300, 330, 640, 970) audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.	No comments
(d) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and with the returns received from the branch not visited and not audited by us.	No comments
(e) Except the matters described in the "basis for qualified opinion" section, in our opinion, the aforesaid Standalone Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued there under.	No comments
(f) 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 Act, regarding disqualification of the directors	No comments

ANNEXURE I OF STATUTORY AUDITORS' REPORT	MANAGEMENT REPLY
are not applicable to the Company.	
(g) With respect to the adequacy of the internal financial controls system in place and the operating effectiveness of such controls, refer to our report in "Annexure–IV".	No comments
(h) 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. Except for the effects of the matters described in the "Basis of Qualified Opinion" section, the Company has disclosed the impact of pending litigations on its financial position in its financial statement; ii. The Company did not have any long-term contracts including derivative contracts entailing any material foreseeable losses. iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.	No comments

Annexure I

As referred to in, and forming part of, our audit report of even date to the members of U.P. Power Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31st March, 2019.

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:	No comments
1. The Company has not complied with the following Ind AS notified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended): a. *Trade Receivable (Note-8), Financial Assets-Other (Note-11), Other Current Assets (Note-12), Trade payable (Note-18) and Other Financial Liabilities (Note-19)* have been classified as current assets/liabilities include balances which are outstanding for realisation/settlement since previous financial years and in the absence of adequate information/explanations regarding the realisability/settlement of such amounts within twelve months after the year end, reasons for not classifying them as non-current assets/liabilities ***is inconsistent with Ind AS 1 Presentation of Financial Statements***. This has resulted in over statement of respective current assets/liabilities and understatement of the corresponding non-current assets/liabilities.	 In accordance with the provisions contained in Ind AS 1, the assets and liabilities are to be classified into current/non-current based upon their nature. And therefore all those liabilities/assets that are expected to be settled within twelve months period have been classified as current. Hence, the classification of liabilities/assets into current/non-current is consistent with Ind AS 1.
b. Recognition of Insurance and other claims, refunds of Custom duty, Interest on Income Tax & trade tax, interest on loans to staff and other items of income covered by *Significant Accounting Policy no. 2 (c) of Note–1* has been done on cash basis. ***This is not in accordance with the provisions of Ind AS 1 Presentation of Financial Statements.***	As per the accounting policy of the Company, the insurance and other claims, refunds of Custom Duty, Interest on Income tax & trade tax, and interest on loans to staff is being conservatively accounted for on receipt basis.
c. Additions during the year in Property, Plant and Equipment include employee cost at a fixed percentage of the cost of each addition to Property, Plant and Equipment in accordance with *Note-1 Significant Accounting Policy Para (3)(I)(d)*. Such employee cost to the extent not directly attributable to the acquisition and/or installation of	Due to multiplicity of functional units as well as multiplicity of functions at particular unit, capitalization policy for employee cost are framed to capitalize the said expenses at a pre determined rate and accordingly the treatment has been given while capitalizing the employee cost.

	Property, Plant and Equipment ***is inconsistent with Ind AS 16 Property, Plant and Equipment.*** This has resulted in overstatement of fixed assets and depreciation and understatement of employee cost and loss.	
d.	Inventory which includes stores and spares for capital works, operation and maintenance and others is valued at cost *(Refer accounting policy no. 3(VI)(a) of Note-1).* Valuation of stores and spares for O & M and others ***is not consistent with Ind AS 2 Inventories i.e., valuation at*** lower of cost and net realizable value. Further, the stores and spares for capital work should be classified as part of Property, Plant and Equipment and recognised, measured and disclosed in accordance with ***Ind AS 16 Property, Plant and Equipment.***	The business of the Corporation is to purchase electricity from generation source and sell 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 the policy for valuation of assets for which the company has the policy for valuation of stores and spares. Hence, there is no contravention of Ind AS 2. Further, Stores issued for capital work has been shown as a part of CWIP as a normal business policy.
e.	Accounting for Employee Benefits: Actuarial Valuation of gratuity liability of the employees covered under GPF scheme has not been obtained. *(Refer Para 4(a) Note – 29 "Notes on Accounts").* ***This is inconsistent with Ind AS 19 Employee Benefits.***	Actuarial valuation has been done every year for Gratuity for CPF employees and Leave encashment for both GPF and CPF employees as per IND AS- 19 further in absence of the latest actuarial valuation report, the provision for Gratuity Liability of the employees covered under GPF scheme has been made on the basis of actuarial valuation report dated 09.11.2000.
f.	The Company has made a provision for impairment of investments *(Note-5, except Para (III)(b))*on the basis of net worth of investee companies as on 31st March,2019 *(Refer Para 25 Note – 29 "Notes on Accounts")*,which ***is not in accordance with Ind AS 36 Impairment of Assets.***	As per para 9 of Ind AS 36, which states that "An entity shall assess at the end of each reporting period, whether there is any indication that an assets may be impaired. If such indication exists, the entity shall estimate the recoverable amount. Hence, the company has estimated the recoverable amount on the basis of net worth of the subsidiaries.
g.	The Financial Assets *(Note-6, 8, 11 and 12)* have not been measured at fair value as required by ***Ind AS 109 Financial Instruments*** *(Refer Para 6 and 12(b) of Note – 29 "Notes on Accounts")* and proper disclosures as required in ***Ind AS 107 Financial Instruments: Disclosures*** have not been done for the same.	All the financial assets are recognised in accordance with the accounting policy no.XV and necessary disclosure has also been made in Notes to accounts.
2.	Inter unit transactions amounting Rs. 15440.75 lacs, are subject to reconciliation and consequential adjustments. *(Refer Note-12).*	The reconciliation of the Inter unit transactions is a continuous process and the effect of entries is given in the accounts on reconciliation. However, necessary instructions have been issued to zone/units for taking effective steps in this regard.
3.	*Loans and Other Financial Assets (Note-6), Trade Receivables Others (Note-8), Financial Assets-Others - Employees, Others (Note-11),*	Reconciliation and necessary confirmation of the balances of assets and liabilities is a continuous process and consequential accountal/adjustment is

	Other Current Assets - Suppliers & Contractors(Note-12), Financial Liability-Trade Payables (Note-18), Other Financial Liabilities - Liability for Capital/O&M Suppliers/Works, Deposits from Suppliers (Note-19) are subject to confirmation/reconciliation.	made in the books of accounts, as and when required.
4.	Documentary evidence in respect of ownership/title of land and land rights, building was not made available to us and hence ownership as well as accuracy of balances could not be verified. Additionally, the identity and location of Property, Plant and Equipment transferred under the various transfer schemes has also not been identified*(Refer Para 5(a) of Note – 29 "Notes on Account")*.	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 course of audit. Regarding identity & location, necessary instructions have been issued to complete physical verification of assets.
5.	It was observed that the maintenance of party-wise subsidiary ledgers and its reconciliation with primary books of accounts i.e., cash books and sectional journal are not proper and effective.	Proper and effective procedure for maintenance of subsidiary ledger are already prescribed in the Company. However, for implementing the procedure more smoothly and efficiently, necessary instructions have been issued to zone/units.
6.	Employees benefit expenses aggregating Rs. 18896.15 Lacs *(Refer Note-23 Employees benefit expenses)* is net off by Rs. 2095.60 Lacs have been determined and claimed from U.P. Power Transmission Corporation Limited (UPPTCL). However, no documentary evidence confirming agreement of this arrangement between Company and UPPTCL was available on records *(Refer Para 14 of Note – 29 "Notes on Accounts")*. Liability towards Goods and Service tax in respect of this amount claimed from UPPTCL has not been recognised and measured.	The amount related to employees benefit expenses determined and claimed from U.P. Power Transmission Corporation Limited (UPPTCL) is as per O.M. no 505/PCL/CA-AS/TRANSCO dated 14.11.2018 issued by UPPCL in this regard.
7.	Sufficient and appropriate documentary audit evidences in respect of Contingent liabilities disclosed in *Para 19 of Note – 29 "Notes on Accounts"* were not provided to us.	The related documents are available in the units concerned. However the units have already been instructed to maintain proper records.
8.	Revenue earned from the sale of power through Indian Energy Exchange Limited, India has not been recognised separately in the statement of Profit and Loss, but has been reduced from the cost of purchase of power aggregating Rs. 53,78,644.24Lacs*(Refer Note-22 Purchase of Power)*. Additionally, details of aggregate units sold during the year and revenue earned from such sale was not made available to us.	The matter is under consideration and the same will be recognised separately in the accounts, if required .In respect of the details of aggregate units sold during the year and revenue earned from such sale, the zone/units concerned have been instructed to provide the same in the next audit.
9.	The Company has not classified trade payable outstanding from Micro and Small enterprises as required by Schedule - III of the Companies Act, 2013. Further, in the absence of adequate information, we are unable to confirm	As reported by our divisions there are no outstanding balance in respect of MSME units.

	compliance with Section 22 of MSMED Act, 2006 regarding disclosures on principle amount and interest paid and/or payable to such enterprises *(Refer Para 15 of Note – 29 "Notes on Accounts").*	
10.	Records for inventories lying with the third parties are not being maintained properly at Zonal Offices/units of the Company.	Necessary instructions have been issued to units/Zones
11.	The Annual Accounts of F.Y 2016-17 and 2017-18 are yet to be adopted in Annual General Meeting *(ReferPara 27 of Note - 29 "Notes on Accounts").*	The Annual Accounts for the F.Y. 2016-17 and 2017 18 havo boon adoptcd in tho Annual General Meeting on 03.03.2021 and 30.09.2021 respectively.
12.	Aggregate amount of market value of quoted investment *(Refer Para (III)(b) of Note-5)* has not been disclosed as required in Division II of Schedule III of Companies Act, 2013.	Necessary disclosure in this regard has been made in the books of accounts for the F.Y. 2019-20.
13.	The branch auditor has expressed the audit opinion on the Trial Balances as at 31st March, 2019 of the Zonal Accounts Office (Material Management) and these have been considered for the preparation of the financial statement of the company. As per existing practices, financial statement of the branch has not been prepared.	No comments
14.	**Audit observations in Branch Audit report of MM Zone excluding those which have been appropriately dealt with elsewhere in the report.** a. There is no mechanism to cross-verify that the total power purchased during the year has been accounted for in the books of accounts. There is no practice to account energy purchases based on accrual but is based on actual receipt of bills from energy suppliers through funds division of UPPCL. There is no process of reconciliation of quantitative power purchase accounted for in the books with the power purchase as per REA of NPRC/ Energy account. Further, there is no process of periodic reconciliation from the power supplier/other agencies. At the initiative of auditor, balance confirmation letters were sent to all the parties and major differences/deficiencies were noticed in cases where letters/statements were reverted from some of the parties. Appropriate action for reconciliation of differences and its rectification was not done. The quantification of the effect on power purchase/sale and position of sundry payables/receivables is not possible. In previous audit reports also, major differences were noticed in the balance confirmation received from parties, but no action was taken for reconciliation of the same.	Necessary instructions have been issued to units/Zones.
	b. **Claim of differential rate of power purchase**	All invoices of the parties are getting verified as per the rates approved in accordance with PPA.

It was noticed that vide letter no. 742/CE/PPA dt. 08/09/2017, for all co-generation power suppliers, maximum rate for power purchase was restricted at Rs. 5.56. There are several cases where rates approved as per UPERC regulations were higher than Rs. 5.56. During the year 2018-2019, vide Board Approval Dated 06.08.2018, the payment was to be made in accordance of rates approved in PPA. It was noticed that in the following cases, provision for differential rate was not done for the intervening period:

Name of Supplier	Rate Approved in PPA	Rate at which payment Made	No. of Units purchased	Amount
M/s Rana Power Limited-Bilari	6.09	5.56	53091495 Kwh	28138492.00
M/s Superior Food Grain (P) Limited	6.09	5.56	67584155 Kwh	35819602.00
M/s Kesar Enterprises Limited, Baheri	5.75	5.56	7967582 Kwh	1513841.00
M/s Usher Eco Power Limited	6.54	5.56	1495076 Kwh	1465174.00
M/s DSM Rajpura, Sambhal	5.94	5.56	19477106 Kwh	7401304.00
M/s Triveni Engg& Industries Ltd, Sabitagarh	5.75	5.56	1589398 Kwh	301986.00
M/s Govind Sugar Mill	5.95	5.56	24120847 Kwh	9407131.00
				84047530.00
2018-19				
Yadu Sugar Mill, Bisauli	5.66	5.56	15259444 Kwh	1525944.36
Kesar Enterprises Ltd.	5.86	5.56	51288381 Kwh	15386514.40
Dhampur Sugar Mill. (Sambhal)	6.04	5.56	47552938 Kwh	22825410.24
Govind Sugar Mill	6.07	5.56	42014711 Kwh	21427502.61
Seksariva Biswan	6.11	5.56	11261192 Kwh	6193655.60
				67359027.21

Consent Letter was obtained in some cases for supply @ Rs. 5.56 per unit but in some cases like M/s Kesar Enterprises Limited, consent was conditional consent.

The above observation resulted in understatement of power purchase during the year by at least Rs. 15.14 Crores which ultimately affects the financial

The instances where power purchase bills were verified @Rs 5.56/kwh, the consent of concerned co-generators have been obtained, thereafter bills were verified accordingly. Subsequently no further claims have been made by such parties for differential payment: however, differential amount as quoted by the audit has been disclosed as contingent liabilities.

statements and profitability of DISCOMs.	
c. Generation based Incentives (GBI) receivable from IREDA amounting to Rs. 639.43 lacs and a sum of Rs. 3779.75 lacs from NEDA are subject to confirmation and reconciliation and consequential adjustment.	Necessary instructions have been issued to units/Zones
d. **Contingent liability not provided for / not reported as such:**	
As per UPERC CERC website, various orders regarding purchase of power were passed during the year 2018-2019 and thereafter but correct position of order passed were not available with the concerned unit/zone. It cannot be ascertained that whether the financial effect of the orders passed during 2018-2019 and thereafter has been incorporated in the financial statements as established liability/contingent liability. It seems that appropriate control over the cases/appeals pending at various level is not there. The correct position of various cases should be ascertained and appropriately accounted for. The unit is just going by the so-called cut-off date by which if they get claims from the power generators, they go for recording otherwise not. Details have been demanded of legal claims / other matters at any other forum outstanding at various units to arrive at the correct position of contingent / established liability. As per list provided by units/ zone, legal cases are pending at 5 units (330, 327, 645, 646 & 973). List of cases pending at various levels was provided by unit/ zone but in some cases, their present status and the position of contingent liability / established liability was not provided and the financial impact of the same were not disclosed in the contingent liabilities. In ESPC, Mahanagar (0327), several cases were pending at various levels, but the updated position of the cases were not made available to us. In absence of updated position of cases correct contingent liabilities cannot be quantified.	Units have been instructed to keep proper records and maintain necessary registers in respect of contingent liabilities and the same may be put up in the next audit.
15. For want of complete information, the cumulative impact of our observations in *paras 1 to 14* above and in the *Annexure II* to this report on assets, liabilities, income and expenditure is not ascertained.	No comments

(Nidhi Kumar Narang)
Director (Finance)
DIN-03473420

(Pankaj Kumar)
Managing Director
DIN-08095154

Date: 27/3/2023
Place: Lucknow

Annexure II

As referred to in, and forming part of, our audit report of even date to the members of U.P. Power Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31st March, 2019.

1. (a) The company has not maintained proper records showing full particulars including quantitative details and situation of fixed assets.	The company is in process to manage fixed assets in ERP system. However, necessary instructions have been issued to zone/units for maintenance and updating the fixed assets register showing full particulars including quantitative details and situation of fixed assets.
(b) The company has not carried out physical verification of the fixed assets hence we are unable to comment whether any material discrepancy was noticed as such or not.	Necessary instructions regarding physical verification have been issued to zone/unit.
(c) The title deeds of immovable properties have not been provided to us. Hence, we are unable to comment on the matter whether the title deeds of immovable properties are held in the name of the company or not.	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 course of audit.
2. Physical verification of inventory has not been conducted during the year. The branch auditor of MM Zone observed that: *Maintenance of records in respect to inventories is not satisfactory. The details of Inventories in hand are not provided to us for verification by the respective units. In many units, Material Stock a/c, in term of value, is lying in the trial balance but details of the same are not available with the respective units.* Hence, in view of the above, the discrepancies on physical verification cannot be commented upon.	Zone has been instructed to conduct physical verification of stock regularly in accordance with procedure prescribed in the company.
3. According to information and explanation given to us, the company has not granted any loan, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register required under section 189 of the Companies Act 2013. Accordingly, paragraph 3(iii) of the order is not applicable.	No comments
4. According to information and explanation given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013.	No comments
5. The company has not accepted any deposit from the public and therefore the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 and other relevant provisions of the Act and rules framed there under are not applicable.	No comments

6. The cost records prescribed under section 148(1) of the Companies Act, 2013 have not been made available to us by the company.	The cost records for the F.Y. 2018-19 has been made available to the auditor.
7. a) According to the information and explanation given to us and subject to *para 6 ofAnnexure I of our report*, the company is generally regular in depositing the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Value Added Tax, Cess, Duty of Customs, Duty of Excise and any other statutory dues to the appropriate authorities.	No comments
b) According to information and explanations given to us, there are no other statutory dues of Income Tax, Goods and Service Tax, Value Added Tax, Cess, Duty of Customs, Duty of Excise, which have not been deposited on account of any dispute.	No comments
8. The company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to bond holders.	No comments
9. As per the information given and explanations provided, money raised by the company by way of debt instrument i.e., Bonds etc. and term loans have been applied for the purpose for which they were obtained.	No comments
10. To the best of our knowledge and according to the information and explanations given to us by the Management, no fraud by the company or no material fraud on the company by its officers or employees have been noticed or reported for the year ended 31st March, 2019.	No comments
11. As per Notification no. GSR 463(E) dated 05th June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 relating to Managerial Remunerations is not applicable to the Government Companies. Accordingly, provision of clause 3(xi) of the Order are not applicable to the Company	No comments
12. The Company is not a chit fund or a Nidhi / mutual benefit fund/ society, hence clause3(xii) of the order is not applicable.	No comments
13. In our opinion and according to the information and explanation given to us, the company is in compliance with section 177 and 188 of the Companies Act, 2013 wherever applicable, for all transactions with the related party and the details of related party transactions have been disclosed in the standalone financial statements as required by the Ind AS.	No comments
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures	No comments

during the year.	
15. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them as referred to under section 192 of the Companies Act, 2013.	No comments
16. According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.	No comments

(Nidhi Kumar Narang)
Director (Finance)
DIN-03473420

(Pankaj Kumar)
Managing Director
DIN-08095154

Date: 27/03/2023

Place: Lucknow

Annexure III (a)

As referred to in, and forming part of, our audit report of even date to the members of U.P. Power Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31st March, 2019.

Directions of Comptroller and Auditor General of India under section 143 (5) of the Companies Act, 2013.

ANNEXURE III(a) OF STATUTORY AUDITORS' REPORT			MANAGEMENT REPLY
S.No.	**Directions**	**Reply**	
1.	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts for with the financial implications, if any, may be stated	No, the Company has no system in place to process the accounting transactions through IT system. The accounting is done manually and Cash book and Sectional Journals in SJ1, SJ2, SJ3 & SJ4 are maintained but ledgers/subledgers are not maintained.	No comments
2.	Whether there is any restructuring of an existing loans or cases of waiver/write off of debts/loans/interest etc. made by lender to the Company due to the company's inability to repay the loan? If yes, the financial implant may stated.	As informed by the management, there are no cases of restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by lender to the Company due to the company's inability to repay the loan	No comments
3.	Whether fund received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	Funds received from State government for scheme according to budget provisions of related financial year has been released by the company to Discoms for their utilization and accounted for.	No comments

(Nidhi Kumar Narang)
Director (Finance)
DIN-03473420

(Pankaj Kumar)
Managing Director
DIN-08095154

Date: 27/03/2023
Place: Lucknow

ANNEXURE-III (b)

As referred to in, and forming part of, our audit report of even date to the members of U.P. Power Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31st March, 2019.

Sub-Directions of Comptroller and Auditor General of India under section 143 (5) of the Companies Act, 2013.

<table>
<tr><th colspan="3">ANNEXURE III(b)OF STATUTORY AUDITORS' REPORT</th><th>MANAGEMENT REPLY</th></tr>
<tr><td>S.No.</td><td>Sub – Directions</td><td>Remarks</td><td rowspan="4">No comments</td></tr>
<tr><td>1.</td><td>Adequacy of steps to prevent encroachment of idle land owned by Company may be examined. In case land of the company is encroached, under litigation, not put to use or declared surplus, details may be provided.</td><td>As informed by the management, there is no encroachment of idle land owned by Company, refer para 4 of Annexure I of our report.</td></tr>
<tr><td>2.</td><td>Has the company entered into agreements with franchise for distribution of electricity in selected areas and revenue sharing agreements adequately protect the financial interest of the company?</td><td>Not Applicable</td></tr>
<tr><td>3.</td><td>Whether the Company recovers and accounts, the State Electricity Regulatory Commission (SERC)</td><td>Not Applicable</td></tr>
</table>

ANNEXURE III(b)OF STATUTORY AUDITORS' REPORT			MANAGEMENT REPLY
	approved Fuel and Power Purchase Adjustment Cost (FPPCA)?		
4.	Whether the reconciliation of receivables and payables between the generation, distribution and transmission companies has been completed. The reasons for difference may be examined.	As informed by the management, the reconciliation of receivables and payables between the generation, distribution and transmission companies is in process. Therefore, we are unable to comment.	
5.	Whether the Company is supplying power to franchisees, if so, whether the Company is not supplying power to franchisees at below its average cost of purchase.	Not Applicable	

(Nidhi Kumar Narang)
Director (Finance)
DIN-03473420

(Pankaj Kumar)
Managing Director
DIN-08095154

Date: 27/03/2023
Place: Lucknow

Annexure IV

As referred to in, and forming part of, our audit report of even date to the members of U.P. Power Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31[st]March, 2019.

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

We have audited the internal financial controls over financial reporting of U.P. Power Corporation Limited ("the Company") as of 31[st]March, 2019 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.	No comments
Management's Responsibility for Internal Financial Controls The management 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 considering the essential 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 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") 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	No comments

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 judgement, 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 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 presentation 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 timely detection of un-authorised 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 may occur and not be detected. Also, projections of any evaluation of the internal financial 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 comments
Opinion: In our opinion, the Company has, 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, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control over Financial Reporting issued by the Institute of Chartered Accountants of India except for the need to strengthen the existing internal audit mechanism considering the nature and scale of operations of the company and the overarching legal and regulatory framework and the audit observations reported in Annexure I and II of our audit report of even date on the Standalone Financial Statements of the Company for the year ended 31st March, 2019.	No comments

(Nidhi Kumar Narang)
Director (Finance)
DIN-03473420

(Pankaj Kumar)
Managing Director
DIN-08095154

Date: 27/03/2023
Place: Lucknow

Management Reply on the Statutory Audit Report of Consolidated Financial Statements for the FY 2018-19

INDEPENDENT AUDITOR'S REPORT	
To, **The Members,** **Uttar Pradesh Power Corporation Limited,** **Shakti Bhawan,** **Lucknow.** **<u>Report on Consolidated FinancialStatements</u>** **Qualified Opinion:** We have audited the accompanying consolidated financial statements of Uttar Pradesh Power Corporation Limited (hereinafter referred to as the "Holding Company"), and its six subsidiaries, namely Madhyanchal Vidyut Vitran Nigam Limited, Lucknow, (MVVNL), Purvanchal Vidyut Vitran Nigam Limited, Varanasi, (PuVVNL), Paschimanchal Vidyut Vitran Nigam Limited, Meerut, (PVVNL), Dakshinanchal Vidyut Vitran Nigam Limited, Agra, (DVVNL), Kanpur Electricity Supply Company Limited, Kanpur, (KESCO) and Southern UP Power Transmission Company Limited(SUPPTCL) (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31st March, 2019, 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 notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements")	No Comment
In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the "Basis for Qualified Opinion" paragraph of our report, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India. a) In the case of consolidated balance sheet, of the state of affairs (Financial Position)of the Group as at March 31, 2019. b) In the case of consolidated statement of Profit and Loss, of the consolidated net loss (financial performance including other comprehensive income) of the Group for the year ended on that date; c) In the case of consolidated cash flows and changes inequity of the Group for the year ended on that date.	No Comment

Basis for Qualified Opinion:	
We draw attention to the matters described in "Basis for Qualified Opinion" paragraph of the audit report on standalone financial statements of Holding company, audited by us and the subsidiaries namely MVVNL, PUVVNL, PVVNL, DVVNL, KESCO and SUPPTCL audited by other auditors. These matters in so far, as it relates to the amounts and disclosures included in respect of Holding and its Subsidiaries, are included in *'Annexure-1'*,which forms an integral part of our report, the effects of which are not ascertainable individually or in aggregate on the consolidated financial statements that constituted the basis for modifying our opinion. Our opinion on the consolidated financial statements ,is qualified in respect of the matters referred to in *'Annexure-1'*to this report, to the extent applicable.	No Comment
We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the consolidated financial statements.	
Key Audit Matters:	
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters except for the matters described in "Basis for Qualified Opinion" section. We have determined that there are no other key audit matters to communicate in our report.	No Comment
Information other than the consolidated financial statements and Auditor's Report thereon: The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditor's report thereon. The above Report is expected to be made available to us after the date of this Auditor's Report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the above identified reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions necessitated by the circumstances and the applicable laws and regulations.	No Comment
Management's responsibility for the consolidated financial statements:	

The Holding company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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 financial statements by the Directors of the Holding Company, as aforesaid. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.	No Comment

Auditor's Responsibility for the Audit of the consolidated financial statements: Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also: • Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. • Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls. • Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management. • Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern. • Evaluate the overall presentation, structure and content of theconsolidatedfinancial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation. • Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Materiality is the magnitude of misstatements in the consolidated financial statements that individually or in aggregate makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work;	No Comment

Other Matters:

a. We did not audit the financial statements / financial information of subsidiaries namely MVVNL, PUVVNL, PVVNL, DVVNL, KESCO and SUPPTCL, whose financial statements / financial information reflect the Group's share of total assets, as detailed below, and the net assets as at 31st March, 2019, total revenues and net cash flows for the year ended on that date, and also include the Group's share of net loss for the year ended 31st March, 2019, as considered in the consolidated financial statements in respect of these subsidiaries, whose financial statements / financial information have been audited by other auditors and whose reports have been furnished to us by the Management . Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, 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, is based solely on the reports of the other auditors.

(Rs. in Lakhs)

Name of the Companies	Total Assets as at 31.03.2019	Net Assets i.e., Total Assets minus Total Liabilities as at 31.03.2019	Total Net Profit/ (Loss) as at 31.03.2019	Net Cash inFlows/ (outflows) as at 31.03.2019
Subsidiaries:				
MadhyanchalVidyutVitran Nigam Limited, Lucknow, (MVVNL)	36,75,717.04	2,68,723.30	(74,648.22)	(14,532.26)
PurvanchalVidyutVitran Nigam Limited, Varanasi, (PuVVNL)	45,76,135.68	(67,500.19)	(98,761.34)	17,776.01
PaschimanchalVidyutVitran Nigam Limited, Meerut, (PVVNL)	28,05,003.00	(1,54,735.00	(1,29,049.55	(27,474.57)
DakshinanchalVidyutVitran Nigam Limited, Agra, (DVVNL)	33,17,254.08	(9,53,302.39	(2,56,716.23	(30,142.64)
Kanpur Electricity Supply Company Limited, Kanpur, (KESCO)	4,47,545.62	(1,61,581.15	(44,964.13)	15,143.21
Southern UP Power Transmission Company Limited (SUPPTCL)	61.64	60.91	0.26	43.88
Total	1,48,21,717.06	(10,68,334.52	(6,04,139.21)	(39,186.37)
CFS Adjustment	-	(8,81,31.18)	1,54,059.60	-
Grand Total	1,48,21,717.06	(11,56,465.70	(4,50,079.61)	(39,186.37)

b. One subsidiary company namely, Sonbhadra Power Generation Company Limited and one associate company namely, Yamuna Power Generation Company Limited has been dissolved w.e.f. 27th March, 2019 and 25th March, 2019 respectively and their names have been struck off by the ROC-Kanpur. Hence, the financial statements of these companies have not been incorporated in the Consolidated Financial Statements (Refer *Para 29 and 30 of Note 1(B) "Notes on Accounts"*).

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters 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 Management.

Report on Other Legal and Regulatory Requirements: I. As required by section 143(3) of the Act, based on our audit on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph to the extent applicable, we report that: a. Except for the matters described in the "Basis for Qualified Opinion" paragraph, 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 financial statements. b. In our opinion and except for the matters described in the "Basis for Qualified Opinion" paragraph of our report, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the company 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 Cash Flow Statement and the Consolidated Statement of Changes 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 financial statements. d. Except for the matters described in the "Basis for Qualified Opinion" paragraph, in our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued there under. 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 Act, regarding disqualification of the directors are not applicable to the Company. f. With respect to the adequacy of the internal financial controls system over financial reporting and the operating effectiveness of such controls, refer to our separate report in *"Annexure–II"*, which is based on the auditors' report of the holding company and its subsidiary companies incorporated in India. Our report expresses a qualified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of those companies, for reasons stated therein. 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,as amended in our opinion and to the best of our information and according to the explanations given to us: i. Except for the effects of the matters described in the "Basis of Qualified Opinion" paragraph, the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group; ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts. iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.	Comments have been given against the specific observations.

Annexure I to Independent Auditors Report	
(As referred to in "Basis of Qualified Opinion" paragraph of our audit report of even date to the members of U.P. Power Corporation Limited on the Consolidated Financial Statements of the Company for the year ended 31st March, 2019) Based on our audit on the consideration of our report of the Holding Company and the report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph to the extent applicable, we report that: 1. The Company has not complied with the following Ind AS notified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended):	
a. *Trade Receivable (Note-10), Financial Assets-Other (Note-12), Other Current Assets (Note-13), Trade payable (Current) (Note-19) and Other Financial Liabilities (Note-20)* have been classified as current assets/liabilities include balances which are outstanding for realisation/settlement since previous financial years and in the absence of adequate information/explanations regarding the realisability /settlement of such amounts within twelve months after the year end, reasons for not classifying them as non-current assets/liabilities ***is inconsistent with Ind AS-1 "Presentation of Financial Statements"***. This has resulted in over statement of respective current assets/liabilities and understatement of the corresponding non-current assets/liabilities.	In accordance with the provisions contained in Ind AS 1, the assets and liabilities are to be classified into current/non-current based upon their nature. And therefore all those liabilities/assets that are expected to be settled within twelve months period have been classified as current. Hence, the classification of liabilities/assets into current/non-current is consistent with Ind AS 1.
b. Recognition of Insurance and other claims, refunds of Custom duty, Interest on Income Tax & trade tax, license fees, interest on loans to staff and other items of income covered by *Significant Accounting Policy no. 2 (c) of Note–1(A)* has been done on cash basis. ***This is not in accordance with the provisions of Ind AS-1 "Presentation of Financial Statements".***	Considering the uncertainty of realization, income covered by accounting policy of the company is in line with Ind AS 18. And in case of License fees observation for PVVNL, due to nature of business and various external factors it is impractical to predict the actual consumption/input of energy. Thus, on the basis of previous year assessment the License fee for current year is calculated and any shortage or excess in payment is adjusted by PVVNL after completion of financial year.
c. Accounting for Employee Benefits: Actuarial Valuation of gratuity liability of the employees covered under GPF scheme has not been obtained. *(Refer Para 14 Note – 1(B) "Notes on Accounts").**This is inconsistent with Ind AS-19 "Employee Benefits".***	In absence of the latest actuarial valuation report, the provision for Gratuity Liability of the employees covered under GPF scheme has been made on the basis of actuarial valuation report dated 09.11.2000

g. Additions during the year in Property, Plant and Equipment include employee cost at a fixed percentage of the cost of each addition to Property, Plant and Equipment in accordance with *Note-1(A) Significant Accounting Policy Para (3)(II)(e)*. Such employee cost to the extent not directly attributable to the acquisition and/or installation of Property, Plant and Equipment ***is inconsistent with Ind AS-16"Property, Plant and Equipment"***. This has resulted in overstatement of fixed assets and depreciation and understatement of employee cost and loss.	Since the Company is engaged in supply of electricity, it has to comply with the provisions of Electricity Act 2003 (read with rules and regulations notified thereunder) as per section 1 (4) (d) of the Companies Act, 2013. Further, as per Electricity (Supply) Annual Accounts Rules, 1985 notified under the Electricity Act, the staff costs which are chargeable to capital works shall be allocated on an ad-valorem basis (i.e., allocation of capitalizable expenses as a percent of the capital expenditure incurred during the period on the project). Accordingly, the staff costs have been allocated on the basis on fixed percentage of the capital expenditure incurred during the period on the project which is consistent with the requirements of the Companies Act. Hence, there is no overstatement of fixed assets, depreciation and profit or understatement of employee cost.
(h) The auditors of the subsidiaries reported that depreciation on fixed assets have not been provided on pro-rata basis which is ***inconsistent with Schedule – II of the Companies Act, 2013 andIndAS-16"Property, Plant and Equipment"*** to the extent applicable.	As per PVVNL & MVVNL, due to multiplicity of nature of capital works and difficulty in establishing the correct date of installation of assets, the depreciation on addition of fixed assets during the year has been provided on prorata basis by taking average six months period. The same is also disclosed in Significant Accounting Policies at point no. IV(b) of PVVNL.
(i) Assessment of the Impairment of Assets has not been done by the company, ***which is inconsistent with Ind AS-36 "Impairment of Assets"***.	As per para 9 of Ind AS 36, which states that "An entity shall assess at the end of each reporting period, whether there is any indication that an assets may be impaired. If such indication exists, the entity shall estimate the recoverable amount. Hence, the company has estimated the recoverable amount on the basis of net worth of the subsidiaries.

d.	Inventory which includes stores and spares for capital works, operation and maintenance and others is valued at cost (*Refer accounting policy no. 3(VII)(a) of Note-1(A))*. Valuation of stores and spares for O & M and others ***is not consistent with Ind AS-2 "Inventories"*** *i.e., valuation at* lower of cost and net realizable value. Further, the stores and spares for capital work should be classified as part of Property, Plant and Equipment and recognised, measured and disclosed in accordance with ***Ind AS-16 "Property, Plant and Equipment"***.	The business of the Corporation is to purchase electricity from generation source and sell 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 the policy for valuation of assets for which the company has the policy for valuation of stores and spares. Hence, there is no contravention of Ind AS 2. Further, Stores issued for capital work has been shown as a part of CWIP as a normal business policy.
e.	As per the opinion drawn by the auditors of KESCO, according to ***Ind AS-16 "Property, Plant and Equipment"***, the carrying amount of an item of property, plant and equipment shall be derecognized on disposal or when no future economic benefits are expected from its use or disposal. There may be property, plant & equipment from which no future economic benefits are expected and the same have not been derecognized. The company has a prevalent practice of derecognizing property plant & equipment as and when it is sold as scrap which is in violation to Ind AS 16. The impact of the above is not ascertainable.	The scrap sold as mentioned by the Auditors is related to the old material received during various types of repair and maintenance work. No asset has been identified for which there is no future economic benefits for which the asset is required to be derecognized.
f.	"Inventories" includes obsolete stock, valued at cost, which is inconsistent ***with Ind AS-2 "Inventories"*** i.e., it should be valued at its Net Realisable Value.	The company does not have any trade inventory, however it maintains inventory only for internal use i.e. for construction and maintenance of fixed assets for which the company has the policy for valuation of stores and spares.

(j) Right to use an asset is classified as tangible asset instead of Intangible asset by PVVNL and distribution license taken by DVVNL is not yet recognised at all by the company which ***is inconsistent with Ind AS-38 "Intangible assets"***. This has resulted in understatement of Intangible assets and amortisation expenses.	Point Noted for Examination. As per PVVNL, power flows from 132 KV substations of TRANSCO to 33 KV sub-station of Discoms through Bay. Bay is constructed by TRANSCO under Deposit Works. The expenditure incurred on construction of Bay is bound by Discoms with exclusive right for use of such assets. As a uniform practice in all Discoms of Uttar Pradesh, it has been shown as assets not in possession of discom in the annual accounts. The same is amortized according to life. As per DVVNL, no payment under nomenclature of distribution license fees has ever been paid for acquiring distribution license, thus, no question for recognition as intangible assets in the books of accounts. As such audit comment does not seem to be reasonable.
(k) The *Financial Assets-Trade Receivables (Note-10), Advances to Suppliers/Contractors (O&M) (Note- 13), Employees(Receivables) (Note-12) and Loans (Note-7)*have not been measured at fair value as required by ***Ind AS-109 "Financial Instruments"****(Refer Para 8 of Note-1(B)"Notes on Accounts")* and proper disclosures as required in ***Ind AS-107 "Financial Instruments: Disclosures"*** have not been done for the same.	All the financial assets are recognised in accordance with the accounting policy no.XV and necessary disclosure has also been made in Notes to accounts.
(l) The Borrowing Cost allocated to CWIP amounting to Rs. 13,469.00 lacs by PVVNL is not in accordance with ***Ind AS-12 "Borrowing Cost"*** as there is no system of identification of qualifying assets and interrupted projects.	As per PVVNL, as per IND AS-23 Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. The total interest of Rs. 13469.00 lacs is directly attributed to the loan taken by the company specifically for construction of assets under various schemes and such schemes are yet to be closed.
(m) PVVNL has not made any disclosure with respect to nature of contingent liabilities and estimate of its financial effects which is not in compliance with disclosure requirement of ***Ind AS-37 "Provisions, Contingent Liabilities and Contingent Assets"***.	As per PVVNL, the contingent liabilities consists of Court cases other than Trade Revenue, Demand of Interest by UPERC, Interest on RAPDRP Loan, Statutory defaults, Statutory dues, etc. has already been disclosed separately with expected financial obligations in Notes on Accounts at point no. 19(b) of PVVNL.

(n) As per the opinion drawn by the auditors of KESCO, according to ***Ind AS-10 'Events after the reporting period'***, an entity shall adjust the amounts recognized in its Ind AS financial statements to reflect adjusting events after the reporting period. In this regard the company has not adjusted the liability of pending litigations as at 31st March, 2019 which have been settled till the date of approval of Ind AS financial statements by the Board of Directors. Also, no details were made available for verification. The impact of the above is not ascertainable.	As per KESCO, The observation of the auditors have been noted for future compliance, which has been complied in F.Y. 2020-21.
(o) As per the opinion drawn by the auditors of PVVNL, License Fees is not accounted for on accrual basis. License Fees is paid as and when the demand is raised by UPERC and no provision is made for the amount due, which is not in adherence to the provisions of ***Ind AS-37 "Provisions, Contingent Liabilities and Contingent Assets"***. Accordingly, the impact of non-compliance of the above IND AS on the financial statements is not ascertainable.	As per PVVNL, due to nature of business and various external factors it is impractical to predict the actual consumption/input of energy. Thus, on the basis of previous year assessment the License fee for current year is calculated and any shortage or excess in payment is adjusted after completion of financial year.
(p) As per the opinion drawn by the auditors of PVVNL, ***IND AS-20 Accounting for Government*** grants is done on the basis of advice from Uttar Pradesh Power Corporation Ltd., the holding company, which is not in accordance with accrual system of accounting as required by Indian GAAP and also not in consonance with the IND AS 20. Impact of non-compliance of the above IND AS on the financial statements is not ascertainable. (Refer to 2(X) of 'Significant Accounting Policies' to the Financial Statements.	Accounting for Govt Grants is done in accordance with the accounting policy of the Company which is well in consonance with the provisions of Ind AS-20.
2. Inter unit transactions amounting Rs.5,38,786.87 lacs, are subject to reconciliation and consequential adjustments. *(Refer Note-13)*	The reconciliation of the Inter unit transactions is a continuous process and the effect of entries is given in the accounts on reconciliation. However, necessary instructions have been issued to zone/units for taking effective steps in this regard.

3.	*Loans (Note-7), Financial Assets - Other (Note-8), Trade Receivables Others (Note10), Financial Assets-Others - Employees, Others (Note-12), Other Current Assets - Suppliers & Contractors (Note-13), Financial Liability-Trade Payables (Note-19), Other Financial Liabilities - Liability for Capital/O&M Suppliers/Works, Deposits from Suppliers (Note-20)* are subject to confirmation/reconciliation.	*Reconciliation and necessary confirmation of the balances of assets and liabilities is a continuous process and consequential accountal/adjustment is made in the books of accounts, as and when required.*
4.	Documentary evidence in respect of ownership/title of land and land rights, building was not made available to us and hence ownership as well as accuracy of balances could not be verified. Additionally, the identity and location of Property, Plant and Equipment transferred under the various transfer schemes has also not been identified *(Refer Para 6(a) of Note – 1(B) "Notes on Account").*	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 course of audit. Regarding identity & location, necessary instructions have been issued to complete physical verification of assets.
5.	It was observed that the maintenance of party-wise subsidiary ledgers and its reconciliation with primary books of accounts i.e., cash books and sectional journal are not proper and effective.	Proper and effective procedure for maintenance of subsidiary ledger are already prescribed in the Company. However, for implementing the procedure more smoothly and efficiently, necessary instructions have been issued to zone/units.
6.	Employees benefit expenses aggregating Rs. 1,41,389.33Lacs *(Refer Note-25 Employees benefit expenses)* is net off by Rs. 2095.60Lacs have been determined and claimed from U.P. Power Transmission Corporation Limited (UPPTCL). However, no documentary evidence confirming agreement of this arrangement between Company and UPPTCL was available on records. Liability towards Goods and Service tax in respect of this amount claimed from UPPTCL has not been recognised and measured.	The amount related to employees benefit expenses determined and claimed from U.P. Power Transmission Corporation Limited (UPPTCL) is as per O.M. no 505/PCL/CA-AS/TRANSCO dated 14.11.2018 issued by UPPCL in this regard.
7.	Sufficient and appropriate documentary audit evidences in respect of Contingent liabilities disclosed in *Para 18(b) of Note – 1(B) "Notes on Accounts"* were not provided to us.	The related documents are available in the units concerned. However the units have already been instructed to maintain proper records.
8.	Revenue earned from the sale of power through Indian Energy Exchange Limited, India has not been recognised separately in the statement of Profit and Loss, but has been reduced from the cost of purchase of power aggregating Rs. 53,78,644.24Lacs*(Refer Note-24 Purchase of Power).* Additionally, details of aggregate units sold during the year and revenue earned from such sale was not made available to us.	The matter is under consideration and the same will be recognised separately in the accounts, if required .In respect of the details of aggregate units sold during the year and revenue earned from such sale, the zone/units concerned have been instructed to provide the same in the next audit.
9.	The Company has not classified trade payable outstanding from Micro and Small enterprises as required by Schedule - III of the Companies Act, 2013. Further, in the absence of adequate information, we are unable to confirm compliance with Section 22 of MSMED Act, 2006 regarding disclosures on principle amount and interest paid and/or payable to such enterprises *(Refer Para 15*	As reported by our divisions there are no outstanding balance in respect of MSME units.

	of Note – 1(B) "Notes on Accounts").	
10.	The company has not maintained proper records showing full particulars including quantitative details and situation of fixed assets. Further, the physical verification of the fixed assets has not been carried out. Hence, we are unable to comment whether any material discrepancy exists or not.	Preparations of Records are under process.
11.	Maintenance of records in respect to inventories is not satisfactory. The details of inventories were not provided for verification by the respective zones of Holding Company and its Subsidiaries.	Records are maintained and kept at unit level. Instruction has been issued for verification at different level.
12.	Records for inventories lying with the third parties are not being maintained properly at Zonal Offices of the Holding Company and its Subsidiaries.	Necessary instructions have been issued to units/Zones
13.	Aggregate amount of market value of quoted investment *(Refer Note-6)* has not been disclosed as required in Division II of Schedule III of Companies Act, 2013.	Necessary disclosure has been made in the F.Y. 2019-20.
14.	The branch auditor has expressed the audit opinion on the Trial Balances as at 31st March, 2019 of the Zonal Accounts Office (Material Management) and these have been considered for the preparation of the financial statement of the company. As per existing practices, financial statement of the branch has not been prepared.	No Comment
15.	**Audit observations in Branch Audit report of MM Zone excluding those which have been appropriately dealt with elsewhere in the report.** a. There is no mechanism to cross-verify that the total power purchased during the year has been accounted for in the books of accounts. There is no practice to account energy purchases based on accrual but is based on actual receipt of bills from energy suppliers through funds division of UPPCL. There is no process of reconciliation of quantitative power purchase accounted for in the books with the power purchase as per REA of NPRC/ Energy account. Further, there is no process of periodic reconciliation from the power supplier/other agencies. At the initiative of auditor, balance confirmation letters were sent to all the parties and major differences/deficiencies were noticed in cases where letters/statements were reverted from some of the parties. Appropriate action for reconciliation of differences and its rectification was not done. The quantification of the effect on power purchase/sale and position of sundry payables/receivables is not possible. In previous audit reports also, major differences were noticed in the balance confirmation received from parties, but no action was taken for reconciliation of the same.	Necessary instructions have been issued to units/Zones.

<table>
<tr>
<td>
b. Claim of differential rate of power purchase
It was noticed that vide letter no. 742/CE/PPA dt. 08/09/2017, for all co-generation power suppliers, maximum rate for power purchase was restricted at Rs. 5.56. There are several cases where rates approved as per UPERC regulations were higher than Rs. 5.56. During the year 2018-2019, vide Board Approval Dated 06.08.2018, the payment was to be made in accordance of rates approved in PPA. It was noticed that in the following cases, provision for differential rate was not done for the intervening period:
<table>
<tr><th>Name of Supplier</th><th>Rate Approved in PPA</th><th>Rate at which payment Made</th><th>No. of Units purchased</th><th>Amount</th></tr>
<tr><td>M/s Rana Power Limited- Bilari</td><td>6.09</td><td>5.56</td><td>53091495 Kwh</td><td>28138492.00</td></tr>
<tr><td>M/s Superior Food Grain (P) Limited</td><td>6.09</td><td>5.56</td><td>67584155 Kwh</td><td>35819602.00</td></tr>
<tr><td>M/s Kesar Enterprises Limited, Baheri</td><td>5.75</td><td>5.56</td><td>7967582 Kwh</td><td>1513841.00</td></tr>
<tr><td>M/s Usher Eco Power Limited</td><td>6.54</td><td>5.56</td><td>1495076 Kwh</td><td>1465174.00</td></tr>
<tr><td>M/s DSM Rajpura, Sambhal</td><td>5.94</td><td>5.56</td><td>19477106 Kwh</td><td>7401304.00</td></tr>
<tr><td>M/s TriveniEngg& Industries Ltd, Sabitagarh</td><td>5.75</td><td>5.56</td><td>1589398 Kwh</td><td>301986.00</td></tr>
<tr><td>M/s Govind Sugar Mill</td><td>5.95</td><td>5.56</td><td>24120847 Kwh</td><td>9407131.00</td></tr>
<tr><td></td><td></td><td></td><td></td><td>84047530.00</td></tr>
<tr><td>2018-19</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Yadu Sugar Mill, Bisauli</td><td>5.66</td><td>5.56</td><td>15259444 Kwh</td><td>1525944.36</td></tr>
<tr><td>Kesar Enterprises Ltd.</td><td>5.86</td><td>5.56</td><td>51288381 Kwh</td><td>15386514.40</td></tr>
<tr><td>Dhampur Sugar Mill. (Sambhal)</td><td>6.04</td><td>5.56</td><td>47552938 Kwh</td><td>22825410.24</td></tr>
<tr><td>Govind Sugar Mill</td><td>6.07</td><td>5.56</td><td>42014711 Kwh</td><td>21427502.61</td></tr>
<tr><td>Seksaria Biswan</td><td>6.11</td><td>5.56</td><td>11261192 Kwh</td><td>6193655.60</td></tr>
<tr><td></td><td></td><td></td><td></td><td>67359027.21</td></tr>
</table>
Consent Letter was obtained in some cases for supply @ Rs. 5.56 per unit but in some cases like M/s Kesar Enterprises Limited, consent was conditional consent.
The above observation resulted in understatement of power purchase during the year by at least Rs. 15.14 Crores which ultimately affects the financial statements and profitability of DISCOMs.
</td>
<td>All invoices of the parties are getting verified as per the rates approved in accordance with PPA. The instances where power purchase bills were verified @Rs 5.56/kwh, the consent of concerned co-generators have been obtained, thereafter bills were verified accordingly. Subsequently no further claims have been made by such parties for differential payment: however, differential amount as quoted by the audit has been disclosed as contingent liabilities.</td>
</tr>
<tr>
<td>c. Generation based Incentives (GBI) receivable from IREDA amounting to Rs. 639.43 lacs and a sum of Rs. 3779.75 lacs from NEDA are subject to confirmation and reconciliation and consequential adjustment.</td>
<td>Necessary instructions have been issued to units/Zones</td>
</tr>
</table>

d. **Contingent liability not provided for / not reported as such:** As per UPERC CERC website, various orders regarding purchase of power were passed during the year 2018-2019 and thereafter but correct position of order passed were not available with the concerned unit/zone. It cannot be ascertained that whether the financial effect of the orders passed during 2018-2019 and thereafter has been incorporated in the financial statements as established liability/contingent liability. It seems that appropriate control over the cases/appeals pending at various level is not there. The correct position of various cases should be ascertained and appropriately accounted for. The unit is just going by the so-called cut-off date by which if they get claims from the power generators, they go for recording otherwise not. Details have been demanded of legal claims / other matters at any other forum outstanding at various units to arrive at the correct position of contingent / established liability. As per list provided by units/ zone, legal cases are pending at 5 units (330, 327, 645, 646 & 973). List of cases pending at various levels was provided by unit/ zone but in some cases, their present status and the position of contingent liability / established liability was not provided and the financial impact of the same were not disclosed in the contingent liabilities. In ESPC, Mahanagar (0327), several cases were pending at various levels, but the updated position of the cases were not made available to us. In absence of updated position of cases correct contingent liabilities cannot be quantified.	Units have been instructed to keep proper records and maintain necessary registers in respect of contingent liabilities and the same may be put up in the next audit.
16. **Audit observations in Audit Report of the Subsidiaries Companies excluding those which have been appropriately dealt elsewhere in the report are reproduced below-** (Notes referred to in the following sub paras form part of the notes on accounts to the standalone financial statements of the respective subsidiaries)	
DVVNL	
a. The DVVNL has received Depreciation on Land & Land rights in earlier years through gazette notification amounting to Rs. 39.81 lacs. No Depreciation is chargeable on Land & Land Rights hence the company is required to reverse the Depreciation on same and treat it as a Prior Period adjustment in Financial Statements.	These values have been received under Final Transfer Scheme, however we are reviewing this comment to pass necessary entries, if required.

b. The Block of assets of the company i.e., Note - 02 Property Plant and Equipment includes an amount of Rs. 4,536.00 lacs as "Assets not pertaining to DVVNL". As per expert advisory opinion issued by ICAI and Published in 2012 Opinion 1 "Treatment of capital expenditure on assets not owned by the company" the company cannot capitalize "The capital expenditure on strengthening of power transmission system not owned by the company " and should be expensed by way of charge to the profit and loss account of the period in which these are incurred. As there is no contradiction in IND AS comparing it with AS and paragraphs 49 and 88 of the 'Framework for the Preparation and Presentation of Financial Statements', issued by the Institute of Chartered Accountants of India on the basis which are considered by Expert Advisory committee while forming their opinion. Hence Capital expenditure on assets not owned by the company appearing in the schedule of Property Plant and Equipment at its written down value, being an error should be rectified and disclosed as a 'Prior Period Item' as per IND AS - 8. Hence Property Plant and Equipment are overstated by Rs.4,536.00lacs and accumulated losses are understated by Rs. 4,536.00 lacs.	Point Noted for Examination.
c. The CWIP includes an amount of Rs. 881.35 lacs in AO Headquarter account under AG Head 14.8 which is persisting since long for which no capitalization is made. As per management no reconciliation for the same is available. We recommend the management to reconcile the above at earliest, so that necessary adjustment can be made.	These are the old balances which are under reconciliation.
d. While scrutinizing the Zonal Trial balance of Aligarh Zone it was observed that an amount of Rs. 24.79 lacs is persisting since long in AG Head 14.73R (Ram Manohar Lohia) which is a serious anomaly as it is not capitalized yet and needs to be followed up immediately.	These are the old balances which are under reconciliation.
e. AG Head 22.780 "Transformers Sent for repairs" and AG Head 22.791 "LED" is reflecting Credit balances amounting to Rs. 272.81 lacs and Rs. 31.62 lacs respectively. As explained by the management no profit or loss is booked on sale/transfer of such items hence they are reflecting such abnormal balances.	These balances are under reconciliation.
f. Further we have observed that Zonal Trial of Kanpur zone and Jhansi Zone are reflecting a credit balance in AG 22.770 "Scrap Material" amounting Rs. 55.98 lacs and Rs. 1,790.05 lacs which is impracticable as Stock value cannot be negative. Thus, the Stock value has been understated by Rs.1,846.03lacs by the company.	These balances are under reconciliation.

g. During the verification a shortage of Rs. 19.14 lacs was observed. The Company has raised advances against 9 Junior Engineers and 9 Assistant store keepers for the same which would be recovered from the salaries in year 2019-20.	These advances have been reverted during F.Y.2019-20 after obtaining explanations with the respective employees by the Enquiry Committee.
h. During the audit it was observed that DVVNL Agra is having TDS demand reflecting over TRACES portal amounting to Rs.23.97 lacs for which neither provision has been made, nor the disclosure is proper since the liability of current year is only disclosed under contingent liability instead of entire accumulated liability.	TDS demands are majorly due to furnishing of wrong PAN and Challan mismatch which are regularly monitored and correction statements were filed by the respective divisions to reduce the same. Interest paid if any was recognised in the year of such payment made.
i. The Private Tube well (PTW) consumers are exempted from Electricity Duty. However, an amount of Rs. 15.49 lacs is accounted for by the company with respect to it. Due to which the company has overstated its Trade Receivables (Current Assets) and Electricity Duty & other levies payable to government (Current Liabilities) by the same amount.	During the F.Y. 2019-20 no Electricity duty has been accounted for these consumers and the opening balances has been reduced to NIL in F.Y. 2020-21 in books of accounts.
j. Sundry Liabilities under NOTE 16 includes an amount of Rs. 9,495.09 lacs of AG HEAD 46.922 "SALE OF SCRAP" which is the part of Material cost variance and should be written off in Profit and loss of Company Due to the above liabilities has been understated by Rs. 9,495.09 lacs and Loss has understated by Rs9,495.09 lacs. Details are as under:	In DVVNL sale proceedings of scrap sale were received by the Agra store centrally and the material was sold from various stores, Therefore the material cost of remaining zones has been transferred in AG 46.922 which would be cleared on receipt of ATC from Agra store.

ZONES	AMOUNT (lacs)
KANPUR	2,264.67
JHANSI	3,805.30
ALIGARH	3,425.15
TOTAL	9,495.09

KESCO a. The land of the company is on lease from UPPCL at Re.1/- per month as per transfer scheme. The value of such land is yet to be ascertained by UPPCL (Refer Point No. 9(d) of Notes on Accounts). However, we have not been produced with the Lease Agreement pertaining to such land. As a result of which we are unable to check whether the lease is in financial nature or operating.	The Company has received leasehold land from UPPCL as per the transfer scheme at a lease of Rs. 1.00 per month and holds the same at a nominal value of Rs 1.00 in the books of account. The land belongs to UPPCL and the company is paying nominal rent @ Rs. 1 p.m to UPPCL
b. The detail of individual fixed assets which have been created through matching deposits from customers which is subsequently amortized in the proportion of the depreciation amount is unavailable.	The details of fixed assets created through deposits from customer are available and the same has been shown to the auditors.Thereafter some additional required details were provided to the Auditors and the observation has now been removed in the Statutory Audit Report for FY 2019-20.

c. Advance to capital Contractors included in the value of Capital work in Progress as per Note No. 3 of Balance Sheet includes Rs. 14.64 lacs on account of Cash Advance given to contractors for execution of capital projects. In our opinion this should have been booked under the head Other Current Financial Assets rather than Capital WIP. Therefore, the Capital WIP as at 31/03/2019 is overstated and Other Current Financial Assets as at 31/03/2019 is understated by Rs. 14.64 lacs.	The Cash advance is on account of advance paid to contractor for execution of capital work which would subsequently be adjusted against the contractors bills raised for execution of Capital Asset and thus has been included as a part of capital Work in Progress. The accounting treatment has been followed uniformly by all DISCOM's under UPPCL. Moreover the compliance of the Audit observation has been done in FY 2019-20 and the para has also been removed in the Statutory Audit Report of FY 2019-20.
d. It has been observed that inoperative debtors have been continuously billed on the basis of IDF/RDF for more than 2 billing cycles which is in contravention of the provisions of Electricity Supply Code 2005. (Impact not ascertainable)	The company has now implemented smart meters in place of IDF/ADF meters as soon as they are reported and the cases of IDF/RDF are negligible now.
e. According to information and explanations given to us and as per the prevalent practice of the company, inventory of Stores and Spares is considered as an inventory only when the same is accounted for in the measurement book after due verification and quality check of the said items. Thus, liability in respect of Suppliers is accounted for only when the inventory is accounted for in the measurement book. Thus, in our opinion the liability as well as corresponding current assets to this extent in respect of material supplied is understated. This is also a violation of the provisions of section 128 of the Companies Act, 2013, which advocates the maintenance of books of account on accrual basis of accounting (Impact not ascertainable).	A liability is booked when there is a reasonable certainty of outflow of economic resources of the enterprise. As per the Purchase orders the material procured are subject to inspection and clearance. Liability of the Company towards purchase of inventory item arises only when the same is being inspected and checked accordingly and the company is not liable to pay for rejected items. Hence the practice followed by the company is in accordance with the accrual basis of accounting and there is no deviation of Companies Act and GAAP. Moreover the audit para has now been removed from the Statutory Audit Report of FY 2019-20 after providing necessary explanations to the auditors in this regard.
f. According to information and explanations given to us, inventories lying with third parties are accounted for on the basis of consumption statements received in this regard and are grouped under "Capital Work in Progress" and "Other Current Assets". However, no confirmation and reconciliation of the said inventory with the said third parties has been done at the year end. (Impact if any not ascertainable).	The company is having proper control over the material issued to contractors for execution of work and the same is properly been accounted for. Efforts are being made to provide balance confirmation from contractors with respect to material issued to them.
g. According to information and explanations given to us Obsolete, defective and unused store items have not been identified as Scrap during the financial year ended 31st March, 2019, pending identification by the committee formed in this regard (Impact not ascertainable).	No such items have been declared as obsolete during the year

<table>
<tr><td>h. The Company has not disclosed the impact of Rs. 3567.00 lacs pertaining to interest payable to Government of Uttar Pradesh on account of conversion of Najul land to freehold land. Out of this Rs. 2955.00 lacs pertain till F.Y. 2015-16 and Rs. 612.00 lacs pertain to F.Y. 2016-17. The final comments of Comptroller and Auditor General of India for F.Y. 2016-17 have not been received yet. Hence, the deficit as at 31st March,2019 is understated by Rs. 2955.00 lacs and other current financial liability is understated by Rs. 2955.00 lacs (The impact of Rs. 612.00 lacs has not been considered in our report awaiting final comments of Comptroller and Auditor General of India for FY 2016-17).</td><td>The company has not received any demand from Govt. of UP to pay interest on conversion charges due to which it is not possible to book the liability in the books of accounts.
A liability is booked when there is a reasonable certainty of outflow of economic resources of the enterprise. It is not possible to book a liability without any demand or a reasonable certainty and booking of liability only on the basis of future assumptions without any concrete fact or evidence will lead to overstatement of loss and liability and will not reflect the correct position of the financial statements.
However in compliance with the observation raised by the learned office of C&AG and matter being contingent in nature, we shall book the amount of Rs 51.96 crores along with further interest based on the calculation by the office of C&AG as a contingent liability in the financial statements of FY 2020-21</td></tr>
<tr><td>i. Restructuring Reserve: According to information and explanations given to us the Restructuring Reserve amounting to Rs. 14.46 lacs pertain to the transaction affecting the opening balance of KESCO as per the transfer scheme of KESA pending final adjustments/ reconciliation.</td><td>The difference in Balance of erstwhile KESA and KESCo amounting to Rs 14.46 lacs have been booked under Restructuring Reserve in Capital Reserve at the time of formation of KESCo in accordance with GAAP. Necessary adjustment entries in this regard shall be passed as soon as possible to ensure compliance with Audit Observation</td></tr>
<tr><td>j. During financial year 2016-17 and F.Y. 2015-16, the company was in receipt of a Government financial assistance of Rs.66,030.26lacs and 1,40,815.96 lacs respectively under the 'UDAY' Scheme. As per the terms of the scheme the said fund was to be treated as 25% as Equity, 25% as interest free loan and 50% as Subsidy / Grant.

On verification of the aforesaid the following was observed:
<table>
<tr><th>Particulars</th><th>2015-16 (Amount in lacs)</th><th>2016-17 (Amount inlacs)</th><th>Treatment in Ind AS Financial Statements</th></tr>
<tr><td>Amount treated as Equity</td><td>35,203.99</td><td>16,507.56</td><td>Under Share Application Money</td></tr>
</table></td><td>The Comptroller & Auditor General has clearly stated in the Final Comments for FY 2017-18 that the accounting treatment followed by the Company is correct and in accordance with Ind AS -20 and the observation raised by the Auditor is deficient.</td></tr>
</table>

Amount treated as Interest Free Loan	35,203.99	16,507.56	Non-Current Borrowings
Amount treated as Subsidy	68,360.59	32,428.38	Capital Reserves (Other Equity)
Amount treated as Subsidy for repayment of interest	2,047.39	586.75	Other Income
Total Amount	**1,40,815.96**	**66,030.26**	

Ind AS 20 requires all grants to be recognized as income over the period which bear the cost of meeting the obligation. As such 50% of the amount of total grant amounting to Rs. 32,428.38 lacs for F.Y. 2016-17 and Rs. 68,360.59 lacs for F.Y. 2015-16 which is treated as Subsidy (Capital Reserve) should have been recognized as income. Thus, the profit for F.Y. 2015-16 is understated by Rs. 68,360.59 lacs and Capital Reserve is overstated by Rs. 68,360.59 lacs similarly profit for F.Y. 2016-17 is understated by Rs. 32,428.38 lacs (cumulative Rs. 1,00,788.98 lacs) and Capital Reserve for F.Y. 2016-17 is overstated by Rs. 32,428.38 lacs.

Considering above the balance of Deficit (Other Equity) as at 31/03/2019 is overstated by Rs 1,00,788.98 lacs and Capital reserve as at 31/03/2019 is overstated by Rs. 1,00,788.98 lacs)

However, C&AG in their draft comments for FY 2016-17 have advised that "As per Ind AS 20, a government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognized in profit or loss of the period in which it becomes receivable. The above compensation also met against loan payable in instalment in future, thus, the treatment of reimbursable amount of loan in future should only have been treated as Capital Reserve" for which we have submitted our comments. Since the final comments of C&AG for FY 2016-17 are awaited, the above observation for treatment of grant is subject to their final comments.

k. During the year, Subsidy for repayment of loan was received for Rs 3,647.48 lacs from Government of U.P. As per the information and explanation given by the management, the above amount includes Rs. 743.50 lacs for repayment of Interest and Rs. 2,903.98 lacs towards repayment of Principal. Although Rs 743.50 lacs has been booked in Profit & Loss under other income, the amount received for Rs 2,903.98 lacs towards repayment of Principal has been credited to Capital Reserve which as per Ind AS 20 should	The Comptroller & Auditor General has clearly stated in the Final Comments for FY 2017-18 that the accounting treatment followed by the Company is correct and in accordance with Ind AS -20 and the observation raised by the Auditor is deficient.

have been recognized as income in F.Y. 2018-19. Similarly, during F.Y. 2017-18, and FY 2016-17, Subsidy for repayment of loan was received for Rs 3,994.58 lacs and Rs 4,008.67 lacs respectively from Government of U.P. As per the information and explanation given by the management, the above amount includes Rs. 2,903.98 lacs (for FY 2017-18) and Rs 2,040.51 lacs (for FY 2016-17) towards repayment of Principal which has been credited to Capital Reserve but as per Ind AS 20, the same should have been recognized as income. Thus, the loss for F.Y. 2018-19 is overstated by Rs. 2,903.98 lacs, balance of deficit (Other Equity) as at 31/03/2019 is overstated by Rs. 7,848.48 lacs and Capital Reserve as at 31/03/2019 is overstated by Rs. 7,848.48 lacs.	
PVVNL	
a. Due to non-availability of proper and complete records of Work Completion Reports, there have been instances of non-capitalization and/or delayed capitalization of Property, Plant and Equipments, resulting delay in capitalization with corresponding impact on depreciation for the delayed period. (Refer to 2(II) of 'Significant Accounting Policies' to the Financial Statements.)	Due to scattered geographical area and multiplicity in nature of Capital works, in some cases their might be delay in capitalization of assets. However most of the Capital works are capitalized in same month. The effect on depreciation is very insignificant because the company is providing depreciation on addition of Fixed Assets on prorata basis. The same has also been disclosed in Significant Accounting Policies at point no. IV(b).
b. The company has charged depreciation Rs. 62.28 lacs in earlier years on the value of land and land rights, while no depreciation is to be charged on the land as per Companies Act, 2013. UPERC also has taken useful life of land as infinity. As a result of this, Land & Land rights under fixed assets are under stated by Rs. 62.28 lacs and cumulated depreciation is overstated by Rs. 62.28 lacs.	The accumulated depreciation of Rs. 62.28 lakh on Land was allocated through Final Transfer Scheme, 2003 vide Govt. of U.P. notification no. 1528/24-P-2-2015-SA(218)/2014 Lucknow dated 03.01.2015.
c. Capital Work in progress is net off Material cost variance amounting to Rs. 1,114.67 lacs, which is pending reconciliation year together for more than a year.	The transaction of transfer of material between any two divisions is valued at issue rate as issued by UPPCL(The Holding Co.). The difference between Issue Rate and Actual purchase rate of such material is booked under the said AG Head and the same is booked in Capital Work in Progress. The necessary adjustment will be made in subsequent years after due reconciliation.
d. Assets amounting to Rs. 3,905.36 lacs, being expenses on construction of Bay are shown as "Assets not in possession of Pashchimanchal Vidyut Vitran Nigam Ltd.". The agreement with Transco is not available with the company. It is informed to us that the company has a right to use of the assets. Company has disclosed it as Tangible Assets, which is Intangible Assets, as being rightly disclosed in the earlier financial year 2017-18. This has resulted	Power flows from 132 KV substations of TRANSCO to 33 KV sub-station of Discoms through Bay. Bay is constructed by TRANSCO under Deposit Works. The expenditure incurred on construction of Bay is bound by Discoms with exclusive right for use of such assets. As a uniform practice in all Discoms of Uttar Pradesh, it has been shown as assets not in possession

understatement of intangible assets and overstatement of tangible assets by Rs. 3,905.36 lacs. (Referred to in note 2 of Financial statements)	of discom in the annual accounts. The same is amortized according to life.
e. In case of withdrawal of an asset, its gross value and accumulated depreciation is written off on estimated basis. In the absence of sufficient and appropriate audit evidence thereof, we are not in a position to ascertain impact of the same on financial statements.	Due to scattered geographical area and multiplicity in nature of capital works, it is quite difficult to establish the correct date of installation/put of use of assets. In case of withdrawal of an asset the accumulated depreciation is written off on useful life of that asset.
f. The depreciation/amortisation on Bay (Assets not in Possession of PaschimanchalVidyutVitran Nigam Ltd.) is calculated on the opening gross value of the assets with the life of 25 years on SLM basis and not on the additions during the financial year. In the absence of complete details, we are unable to quantify the impact of the same on depreciation/amortisation and consequential impact on the financial statements. (Refer to Note no. 2 Property, Plant and Equipment)	Noted for future compliance. The necessary correction/adjustment will be made in subsequent year.
g. It was seen that in case of asset "Overhead line on wooden support" company has charged cumulative deprecation more than the gross value of asset. Gross block of the said asset was 439.83 lacs, whereas cumulative depreciation was shown Rs. 579.18 lacs, which was more than the gross block of the asset by Rs.139.35 lacs. As a result of this, Lines, Cable networks, etc. under fixed assets are understated and cumulated depreciation is overstated by Rs. 139.35 lacs.	It is to submit that 95% depreciation was charged on 'Overhead line on wooden support'. At the time of withdrawal of such assets, the withdrawal of depreciation was not in proportion to the provision of depreciation charged on such asset. The negative net value of assets is occurred due to above said reason. Necessary adjustment/correctionwill be made in ensuing financial year 2019-20.
h. The company has calculated depreciation based on the rate approved by UPERC. As useful life of computer was not given in the depreciation schedule approved by UPERC, company should have considered 3 years useful life of computer taking conservative approach as given in schedule II of Companies act 2013 instead of taking 15 years. Consequential impact of the same on the financial statements is not ascertained.	As per the Notification no. GSR 627(E) dated 29 August 2014 of Ministry of Corporate Affairs, Govt. of India the useful life for depreciation on Office Equipments is 15 years in its Annexure-B. Office Equipments consists of Computer, Printers, Photocopy Machine, etc.
i. As per UPERC (MYT) Regulation 2013, In case the payment of any bills of Transmission charges, wheeling charges is delayed beyond the period of 60 days from the date of billing, a late payment surcharge @ 1.25% per month shall be levied by the transmission licensee. However, the company has not made any provision for liability for late payment surcharge on account of non-payment of dues in compliance of above regulation. Consequential impact of the same on the financial statements is not ascertained.	The PVVNL is the subsidiary of UPPCL. The Bulk Purchase of Power is made by UPPCL centrally. The liability of Transmission charges is booked on the basis of Bills received from UPPTCL and payment thereon is made by UPPCL and adjusted in Books of PVVNL through Debit Note received from UPPCL. The accountal of liability for Wheeling charges and payment thereof is only a book adjustment for PVVNL through UPPCL(The Holding Co.). Being the Government undertaking company,no such surcharge has been imposed in past years. Thus, following the past practice of company, no provision has been made during the year.

j. As per Note No. 5 of the Financial Statements, Trade Receivables includes a sum amounting to Rs. 78,701.15 lacs inherited by the Company in Transfer Scheme, which is lying unadjusted since long.	These balances are allocated through Final Transfer Scheme, 2003 vide Govt. of U.P. notification no. 1528/24-P-2-2015-SA(218)/2014 Lucknow dated 03.01.2015. The adjustment of these balances will be made in subsequent years.
k. The company has not furnished the details of advance deposit received from consumers against temporary connection and entire security deposits from them has been shown as non-current liabilities. In absence of such details, quantification of current and non- current liabilities therefrom is not possible.	In current accounting system no separate accounting heads for Temporary Connection exists. The Security Deposit from consumer against Temporary Connection is booked in AG Code specified for particular category.
l. Amount of outstanding under the head sundry debtors (AG- 23) is not reconciled with the billing ledger. Outstanding balance in trial balance as on 31-03-2019 under this head may not be verified with consumer ledger or with other available records available with the divisions/zone.	The amount under the head Sundry Debtors is booked on the basis of Online Billing Ledger after making necessary adjustments/correction like Inflated Bills, Manual Billing, etc. at divisional level.
m. According to the information and explanations given to us, frauds in shape of misappropriation of cash collected from customers but not deposited amounting to Rs.370.05 lacs were noticed. We are informed by the management that departmental and legal proceedings are in process against the concerned staff, as soon as these frauds surfaced.	No Comments
n. No subsidiary ledgers have been maintained for Consumer Security Deposit, Meter Security Deposit and Advance consumption charges. In absence of which the correctness of the figures appearing in the financial statements under these head could not be verified.	The company is maintaining Online Consumer Ledger through outsourced billing agencies which maintain all the required records of consumers like Consumption, Arrear, Security, Advance, etc.
o. Work in Progress Register (WIP Register) is not being maintained at all the units except ECWD-MBD, which has prepared WIP Register for the current financial year only.	Efforts are being made to maintain WIP Register.
p. The auditor had required to provide for contingent liability on bank guarantee for Rs. 15.00 lacs, which should be disclosed in the financials but the same was not done.	The company is showing consolidate Contingent Liability on account of statutory dues, bank guarantee, claim of staff and consumers & court cases and for other related liabilities in Notes on Accounts at point no. 19(b).

PuVVNL Stock shortage/ excess pending investigation amounting to Rs. 96.63 Lacsis outstanding as on 31/03/2019. In absence of proper information, we are unable to comment upon its nature and proper accounting. No movement analysis is available to categorize fast moving, slow moving, non-moving and dead stock items.	The units have been instructed to investigate the balances showing under the head "stock shortages/excess pending investigation" and adjust the same in books accordingly.However out of Rs. 96.63 Lacs, Rs. 57.13 Lacs pertains to opening balances arrived under transfer scheme.
MVVNL	
a. As per practice and policy of the Company, the Property, Plant and Equipment observed and declared "NOT IN USE" are transferred from Property, Plant and Equipment (Accounting Code No. AG- 10) to Assets "NOT IN USE" (Accounting Code No. AG- 16) and the depreciation already provided and kept in depreciation is reversed by the units. However, LESA Cis zone auditor reported that when the capital assets are decommissioned for major repairs the original cost is derived on estimated basis and the accumulated depreciation is derived on pro-ratabasis.	Due to unavailability of exact put to use date of old assets, the depreciation on such decommissioned assets is reversed on estimated basis. The company is in the process of implementing ERP project which will facilitate the company to map the actual capitalization date with the concerned assets and hence this problem will be resolved in the upcoming years.
b. When the store materials are issued for capital jobs the issue rate is on Resspo-rate basis. Since the value of capital assets on issue and value of decommissioned assets (including the value of asset under transfer scheme) is on estimated basis (time, rate and value), on many occasions closing balance shows negative closing balance for the current year. Physical verification of asset is not carried out by the management in any of the division s/ unit s. On receipt of repaired transformers of different sizes, the receiving and sending unit do not match / respond corresponding entries in their respective books hence the inter unit balances are outstanding in the books, reason as informed by the management is due to delay in submission of advice transfer of debit and advice transfer of credit.	Store materials are issued on respo-rate which is calculated & decided by the management, it is not on estimated basis. Negative balances appearing are primarily due to misclassification of heads which will be rectified in the current Financial Year. Inventories held by store/workshop division has been physically verified and the same has been valued by outsourced CA firms at the end of the year and impact, if any, arising due to valuation has been duly accounted for The management has taken cognizance of the audit observation and has formed a dedicated cell for reconciling Inter Unit balances in a time-bound manner.
c. **LESA Trans Gomti Zone Auditors** reported that some heads of Fixed Assets are reflecting credit balances which as explained to us is due to wrong classification. The zone recognizes its completed works as Fixed Assets only at the year end, hence yearly depreciation and WDV is not calculated correctly.	Audit observation has been noted and required correction will be made accordingly.
d. No details of Capital Work in Progress (including RGGVY Scheme, APDRP Scheme, RAPDRP Scheme and Other) amounting Rs.2,70,481.92 lacs (Rs. 2,11,051.28 lacs last year) and Advance to capital suppliers/ Contractors amounting Rs. 4,02,538.34 lacs (Rs. 2,50,410.78 lacs last year) provided to us. We are unable to comment on Capital Work in Progress as the required information for capitalization of various works/project, age wise analysis and item wise	All the relevant information relating to Capital Work in Progress have been provided to the Statutory Auditor of Financial Year 2020-21 which has been considered by them.

analysis was not made available by management. Such capitalization is delayed and consequently depreciation has also not been charged.	
e. **LESA Cis Zone Auditors** also reported that Capital work in progress (AG -14) is transferred/ capitalized to Property, Plant and Equipment (AG-10) without taking into account, any commissioning /completion certificate, the same is accounted on undetermined basis. On the same reason mentioned about the capital work in progress/ Property, Plant and Equipment are not correctly disclosed and hence yearly depreciation is not calculated accurately/ correctly.	Due to unavailability of exact put to use date of old assets, the depreciation on such decommissioned assets is reversed on estimated basis. The company is in the process of implementing ERP project which will facilitate the company to map the actual capitalization date with the concerned assets and hence this problem will be resolved in the upcoming years.
f. As per AG observations of previous year(s) EDC – Shahjahanpur 10882.00 lacs and EDC Hardoi Rs 2,604.00 lacs in respect of expenditure incurred under RGGVY already completed but not capitalized /transferred from CWIP to fixed assets. Due to which CWIP is overstated by Rs 13486.00 lacs and understatement of accumulated loss and depreciation. It also results in understatement of assets. The position of these works is not made clear to us during the period under audit.	Audit observation has been noted and required correction will be made accordingly.
g. Capital work in progress is transferred / capitalized without taking into account, any commissioning / completion certificate, hence the same is accounted for on undeterminedbasis.Thispracticeisnotasperacceptedaccountingpractice.	Due to unavailability of exact put to use datc of old asscts, the depreciation on such decommissioned assets is reversed on estimated basis. The company is in the process of implementing ERP project which will facilitate the company to map the actual capitalization date with the concerned assets and hence this problem will be resolved in the upcoming years.
h. As reported by management, a fraud of Rs. 99.62 lakhs have occurred during the Financial Year 2018-19, on which Departmental Action has been taken by the management on accused staff.	No Comment.
i. **Auditor of LESA Cis Zone** made the following comments Most of the divisions where collection of electricity is done by E-SUVIDHA (i.e. outside agency) a separate Cash Book are maintained on the basis of details provided by e-suvidha. Consolidated daily collections and remittance to HO are provided by e-suvidha and consumer wise collection is not available at division level. Entire collection by e-suvidha both in and cheque are deposited by e-suvidha in its own account, after realization of cheque directly remitted to accounts. In respect of amount collected by e-suvidha, outside agencies, on a day today basis, at present there is no check to ensure that all the money collected is deposited by e-suvidha in MVVNL/UPPCL A/c.	A dedicated separate cell at HO level duly reconcile the daily collections made at division level and remitted to UPPCL by e-Suvidha.

j. **LESA Cis Zone Auditors** reported that revenue from sales of power to various categories of consumers is not cent percent metered for the year in some cases and some ad hoc provisions are made at the end. Necessary records regarding tariff wise breakup, transit loss, self-consumption have not been provided to us. providing our reservation to the recognition and verification of revenue in accordance with accounting standards. Revenue from sales of power is recognized during the financial year 2018-19 on the basis of report generated (report no CM 315 and CM 309) from online billing system, and authenticity of the same needs to be verified and adverse financial impact if any, could not be determined. On verification of CM 309, no breakup or bifurcation of receipts made under "others" was furnished to us which were other than receipts recorded from E-Suvidha on account of electricity duty and electricity charge. In respect of power unit consumed by employees including ex-employees, no bill is raised on the basis of meter reading as it is done in the case of consumers, and is done on tariff rates of UPERC.	Revenue assessment is accounted for on the basis of report generated by online billing system which has category-wise bifurcation of consumers, which is authentic. No bills are raised to employees/ex-employees because a fixed amount are deducted from the salary/pension as per the Tariff regulations of UPERC.
k. **Bareilly Zone Auditors** reported that regarding Sale of energy to consumers, revenue is booked as per actual billing generated by computerized billing system. Necessary record regarding tariff wise breakup, transit loss and self-consumption have been provided to them which is according to Accounting Standards. Due to the above, the adverse financial impact if any, could not be determined	No comment.
For want of complete information, the cumulative impact of our observations in *paras 1 to 16* above to this report on assets, liabilities, income and expenditure is not ascertained.	No comment.

Annexure II to Independent Auditors Report	
(As referred to in paragraph 1(f) under "Report on Other Legal and Regulatory Requirements" section of our audit report of even date to the members of U.P. Power Corporation Limited on the Consolidated Financial Statements of the Company for the year ended 31st March, 2019)	No comment.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") We have audited the internal financial controls over financial reporting of U.P. Power Corporation Limited ("the Company") as of 31st March, 2019, in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.	No comment.
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 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.
Qualified Opinion	
According to the information and explanations provided to us and based on the reports on Internal Financial Controls Over Financial Reporting of Holding company audited by us and its subsidiaries, audited by the other auditors, which have been furnished to us by the Management, the following control deficiencies have been identified in operating effectiveness of the Company's internal financial control over financial reporting as at 31st March 2019 –	No comment.
1. The auditors of DVVNL have reported that - The Accounting entries at the unit level are being done manually, thereafter each unit submits its accounts prepared in computerised format to its respective Zone. The Zone subsequently forwards the merged accounts of all its unitsto the Head office. There is no automated integration of Accounts at different levels.	No comment.

2.The auditors of PVVNL have reported that - a) Internal control in respect of movement of inventories during maintenance and capital works, material issued/ received to/ from third parties and material lying with sub-divisions, need to be reviewed and strengthened. Further, implementation of real time integrated ERP software is strongly recommended. b) The Company does not have an appropriate internal control system for preparing debtors ageing and making provision for bad debts. Instead, the provision for bad debts is made on fixed percentage basis. This could potentially result in non-booking of bad debts. c) Instances of theft of assets (transformers, cables etc.) are noticed in divisions of Meerut zone. The accumulated amount of such theft assets is Rs. 2,278 Lacs as on 31st March 2019. Divisions in the Meerut zone have not made any adequate arrangements to safeguard its assets from these incidents in future. Assets of the zone are uninsured too. d) Manual Receipt Books are issued to the employees (cashiers) of divisions of Meerut zone for collecting cash from customers against bills raised for sale of power. These receipt books are kept with them indefinitely and cash is also not deposited regularly. There is no time limit within which these cashiers should submit the account of receipt books taken and return of unused receipts. Receipt books were kept for more than 5 years in EDD Baghpat. Some of receipt books issued prior to 31st March2019 were not returned in division in EDD Baghpat till the date of audit i.e., 24th August 2019 and the actual cash actual received in the division was not reconciled with receipts issued to customers. This weakness in the internal control system has resulted in a fraud of Rs.370.04 lacs in the Meerut Zone. e) Reconciliation of power received and power sold during year has not been done. Billing is not raised timely and correctly. A material weakness is a deficiency or a combination of deficiencies in internal financial control over financial reporting such that there is reasonable possibility that a material misstatement of the Companies' annual or interim financial statements will not be prevented or detected on timely basis.	No comment.

In our opinion, except for the effects/probable effects of the material weaknesses described above and in *'Annexure I'* on the achievement of the objectives of the control criteria, the Company has maintained in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019 based on the internal control over financial reporting criteria established by the company considering the essential components of the internal control stated in the guidance note on audit of internal financial control over financial reporting issued by the Institute of Chartered Accountants of India except for the need to strengthen the existing internal audit mechanism considering the nature and scale of operations of the company and the overarching legal and regulatory framework and the audit observations reported above and in *'Annexure I'*.	No comment.

(Nidhi Kumar Narang)
Director (Finance)
DIN-03473420

(Pankaj Kumar)
Managing Director
DIN-08095154

Date: 27/03/2023
Place: Lucknow

Annexure II

DILEEP DIXIT & Co.

Company Secretaries

Office: 19B, Cantt. Road, Lalbagh Lucknow-226001

Contact: 8354980010

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE PERIOD ENDED 31ST MARCH, 2019

[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]

To,
The Members,
M/s U. P. POWER CORPORATION LIMITED
CIN: U32201UP1999SGC024928
Regd. Office: Shakti Bhawan Ashok Marg
Lucknow Uttar Pradesh 226001
Email id: csuppcl2000@gmail.com

1. I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s U. P. POWER CORPORATION LIMITED (hereinafter referred to as "the company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

2. I have examined the registers, records, books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st Day of March, 2019 according to the provisions of:

i. The Companies Act, 2013 and Rules made there under and various allied acts [illegible] compliance;
ii. The Indian Electricity Act, 1948;
iii. The SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as amended from time to time;
iv. The Memorandum and Articles of Association of the Company;

3. Based on my verification of books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on **31st Day of March, 2019** complied with the statutory provisions listed hereunder *subject to the observations as annexed with this Audit report*:

i. maintenance of various statutory registers and documents and making necessary entries therein;
ii. forms, returns, documents and resolutions required to be filed with the Registrar of Companies;
iii. service of documents by the Company on its Members, Auditors and the Registrar of Companies;
iv. notice of Board and various Committee meetings of Directors;

Dileep [illegible] Company Secretaries

v. meetings of Directors and all the Committees of Directors and passing of circular resolutions;
vi. notice and convening of Annual General Meeting;
vii. minutes of the proceedings of the Board Meetings, Committee and Member Meetings;
viii. approvals of the Board of Directors, Committee of Directors, Members and Government authorities, wherever required;
ix. constitution of the Board of Directors, Committees of Directors and appointment and reappointment of Directors;
x. payment of remuneration to Directors and Managing Director and Key Managerial Personnel;
xi. appointment and remuneration of Statutory Auditors, Secretarial Auditors and Internal Auditors;
xii. transfer of Company's shares, issue and allotment shares;
xiii. contracts, registered office and publication of name of the Company;
xiv. report of the Board of Directors;
xv. investment of Company's funds;
xvi. generally, all other applicable provisions of the Act and the Rules there under;
xvii. The Company has, in our opinion, proper Board-processes and compliance mechanism and has complied with the applicable statutory provisions, Act(s), rules, regulations, guidelines, applicable secretarial standards, etc., mentioned above and as stipulated under the Memorandum and Articles of Association the Company.

4. I further report that as per the information and representation by the officers of the company, it has complied with the provisions of the other laws to the extent applicable on the company subject to the annexed observations on the basis of information provided to us mentioned below:-

   1-Payment of gratuity Act 1972
   2-Payment of bonus Act, 1965,
   3-Minimum wages Act, 1948,
   4- The Workmen compensation Act, 1923,
   5-Industrial dispute Act, 1947,
   6-The trade unions Act, 1926,
   7-The prevention of workplace sexual harassment Act, 2013 and the rules framed there under.

5. **I further report that:**

   The Company is a State Public Sector Undertaking (SPSU) controlled by State Government by holding majority of shares.

   i. 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;

M/s. Dileep ... Company Secretaries Lucknow

ii. 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 Management Personnel and;

iii. The Company has obtained all necessary approvals under various provisions of the Companies Act, 2013 wherever necessary;

iv. There was no prosecution initiated against or show cause notice found to be received by the Company during the year under review the Companies Act, 2013 and rules, regulations and guidelines there under.

6. **I further report that during the year:**

The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act, Articles of Association of the Company and as per the applicable orders issued by the concerned regulatory body and government in this regard.

Adequate notices were given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance in most of the meetings, however, the notices for meetings were found to be circulated for a period lesser than the time limit as statutorily prescribed yet 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.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

We 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.

We further report that the applicable financial laws, such as Direct and Indirect Tax Laws have not been reviewed under our audit in its entirety as same falls under review of the statutory audit and by other designated professionals and we relied upon the reports of such statutory auditor and other designated expert professionals.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India;

(ii) Auditing Standards (CSAS) issued by The Institute of Company Secretaries of India (ICSI)

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

M/s. Dileep Dixit & Co. Company Secretaries Lucknow

DILEEP DIXIT & Co.

Company Secretaries

Office: 19B, Cantt. Road, Lalbagh Lucknow-226001

Contact: 8354980010

Para wise Report on specific observations / audit qualification, reservation or adverse remarks in respect of the applicable laws are provided in the "Annexure A" attached with this report (forming integral part of report).

UDIN: F006244B000871944
Place: Lucknow
Date: 07.10.2020

For M/s. Dileep Dixit & Co.

Dileep Kumar Dixit
FCS No. 6244
C P No. 6770

M/s. Dileep Dixit & Co. Company Secretaries Lucknow

DILEEP DIXIT & Co.

Company Secretaries
Office: 19B, Cantt. Road, Lalbagh Lucknow-226001
Contact: 8354980010

__Annexure A__

1 As per the provisions of section 129 read with section 96 of the Companies Act, 2013, the Audited Financial Statements of the company for the financial year 2017-18 and the report of the board of directors 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 30/09/2018. The Annual General meeting of the company was held on 27/09/2018. But the Financial Statement (Annual Accounts) of the company for the financial year 2017-18 were not audited and consequently the report of the board of directors was not prepared and hence not ready for their adoption in this Annual General Meeting which was eventually got adjourned;

2. 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 numbers 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, at least one Independent Director is required to be appointed in the composition of the Audit Committee. Moreover, while constituting the Social Responsibility Committee under Section 135 of the Companies Act, 2013, 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 Directors on the board of directors of the Company, the Audit Committee and Social Responsibility Committee. Thus, during the financial year ending 31.03.2019, the Company has failed to appoint Independent Directors in the composition of its Board of directors nor in the composition of the Audit Committee and Social Responsibility Committee;

3. As per the provisions of section 203 of the Companies Act, 2013 read with the rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company was required to appoint three Key Managerial Personnel namely the (1) Managing Director; (2) Company Secretary; (3) Chief Financial Officer but it has been found that the Company has not appointed a Company Secretary during the year 2018-19 as per the applicable provisions of the Companies Act, 2013 and its related rules framed thereunder;

M/S. Dileep Dixit & Co. Company Secretaries

4. It was observed that all NCD's issued by the Company were privately placed and listed on Bombay Stock Exchange. However, the company has not complied with the various regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as amended from time to time, to the extent applicable on the Company.

5. As per the provisions of section 148 of the Companies Act, 2013 read with the rule 5 of the Companies (Cost 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 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. Further, During the audit, it has been found that the cost audit report of the Company for the Financial Year 2018-19 was required to be presented before the board of directors latest by 30/09/2019 but the same has not been submitted before the board of directors within 180 days of the closure of the Financial Year i.e., by 30/09/2019 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;

6. The share allotment committee in its meeting held on 27th Day of March, 2019 has COMPANY LIMITED (CIN: U40300UP2013SGC058892) into investment as equity share capital in the SOUTHERN-UP POWER TRANSMISSION COMPANY LIMITED.

7. It has been observed that the Company has maintained statutory registers as per provisions of the Companies Act, 1956.

8. The company was required to file its financial statements for the F/Y 2017-18 together with consolidated financial statements in e-form AOC-4-CFS within 30 days from the actual date of Annual General Meeting or the due date of Annual General Meeting for the F/Y 2017-18, whichever is earlier. However, the Company has not filed the same within its due date.

M/s. Dileep Dixit Company Secretaries Lucknow

DILEEP DIXIT & Co.

Company Secretaries

Office: 19B, Cantt. Road, Lalbagh Lucknow-226001

Contact: 8354980010

9. The Annual Accounts of F/Y 2016-17 and 2017-18 are yet to be adopted in Annual General Meeting.

10. As per the provisions of the Section 25A added by Companies (incorporation) amendment rules 2019, the Company was required to file e-form ACTIVE on or before 25/04/2019. During the audit it has been found that the Company has not filed the e-form INC-22A ACTIVE-KYC due to non-filing of the annual accounts of the Company for the Financial Year ending on 31/03/2018 on the MCA portal as a result of which the Company will not be able to file the following e-forms: -

1) SH-7 (change in the authorized share capital)
2) PAS-3 (change in the paid-up share capital)
3) DIR-12 (change in director except cessation)
4) INC-22 (change in registered office)
5) INC-28 (amalgamation, de-merger)

UDIN: F006244B000...
Place: Lucknow
Date: 07.10.2020

For M/s. Dileep Dixit & Co.

Dileep Kumar Dixit
FCS No. 6244
C P No. 6770

M/s. Dileep Dixit & Co. Company Secretaries Lucknow

DILEEP DIXIT & Co.

Company Secretaries

Office: 19B, Cantt. Road, Lalbagh Lucknow-226001

Contact: 8354980010

To,
The Members,
M/s U. P. POWER CORPORATION LIMITED
CIN: U32201UP1999SGC024928
Regd. Office: Shakti Bhawan Ashok Marg
Lucknow Uttar Pradesh 226001
Email id: csuppcl2000@gmail.com

Our Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company so far it is not concerned with our audit related matters.

4. Where ever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

7. Due consideration was given to the fact of widespread pandemic Covid-19 novel Coronavirus and maximum efforts were made to maintain social distancing while conducting the audit and all steps were taken to digitally conduct the audit with less physical presence at audit place.

UDIN: F006244B000871944
Place: Lucknow
Date: 07.10.2020

For M/s. Dileep Dixit & Co.

Dileep Kumar Dixit
FCS No. 6244
C P No. 6770

M/s. Dileep Dixit & Co. Company Secretaries Lucknow

REPLIES OF THE MANAGEMENT ON THE OBSERVATION IN THE SECRETARIAL AUDIT OF THE COMPANY FOR FY 2018-19

S.No.	OBSERVATIONS	MANAGEMENT REPLY
1.	As per the provisions of section 129 read with section 96 of the Companies Act, 2013, the Audited Financial Statements of the Company for the financial year 2017-18 and the report of the board of directors 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 30/09/2018. The Annual General meeting of the company was held on 27/09/2018. But the Financial Statement (Annual Accounts) of the company for the financial year 2017-18 were not audited and consequently the report of the board of directors was not prepared and hence not ready for their adoption in this Annual General Meeting which was eventually got adjourned;	The Compliance is in process
2.	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 numbers 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, at least one Independent Director is required to be appointed in the composition of the Audit Committee. Moreover, while constituting the Social Responsibility Committee under Section 135 of the Companies Act, 2013, 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 Directors on the board of directors of the Company, the Audit Committee and Social Responsibility Committee. Thus, during the financial year ending 31.03.2019, the Company has failed to appoint Independent Directors in the composition of its Board of directors nor in the composition of the Audit Committee and Social Responsibility Committee;	Since UPPCL is a State Government Company, Independent Directors are appointed by the Government of U.P. The necessary application has been made and the appointment is in process.

3.	As per the provisions of section 203 of the Companies Act, 2013 read with the rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company was required to appoint three Key Managerial Personnel namely the (1) Managing Director; (2) Company Secretary; (3) Chief Financial Officer but it has been found that the Company has not appointed a Company Secretary during the year 2018-19 as per the applicable provisions of the Companies Act, 2013 and its related rules framed thereunder;	The provision has been complied with
4.	It was observed that all NCD's issued by the Company were privately placed and listed on Bombay Stock Exchange. However, the company has not complied with the various regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as amended from time to time, to the extent applicable on the Company;	The provision has been complied with
5.	As per the provisions of section 148 of the Companies Act, 2013 read with the rule 5 of the Companies (Cost 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 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. Further, During the audit, it has been found that the cost audit report of the Company for the Financial Year 2018-19 was required to be presented before the board of directors latest by 30/09/2019 but the same has not been submitted before the board of directors within 180 days of the closure of the Financial Year i.e., by 30/09/2019 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;	The provision has been complied with
6.	The share allotment committee in its meeting held on 27^{th} Day of March, 2019 has resolved to convert the loan given to	The provision has been complied with

	SOUTHERN-UP POWER TRANSMISSION COMPANY LIMITED (CIN: U40300UP2013SGC058892) into investment as equity share capital in the SOUTHERN-UP POWER TRANSMISSION COMPANY LIMITED.	
7.	It has been observed that the Company has maintained statutory registers as per provisions of the Companies Act, 1956.	The provision has been complied with
8.	The company was required to file its financial statements for the F/Y 2017-18 together with consolidated financial statements in e-form AOC-4-CFS within 30 days from the actual date of Annual General Meeting or the due date of Annual General Meeting for the F/Y 2017-18, whichever is earlier. However, the Company has not filed the same within its due date.	The Annual Accounts of FY 2017-18 have been duly adopted in the Adjourned AGM and thereafter filed with ROC.
9.	The Annual Accounts of F/Y 2016-17 and 2017-18 are yet to be adopted in Annual General Meeting.	The Annual Accounts of FY 2016-17 and FY 2017-18 have been duly adopted in the Adjourned AGM and thereafter filed with ROC.
10.	As per the provisions of the Section 25A added by Companies (incorporation) amendment rules 2019, the Company was required to file e-form ACTIVE on or before 25/04/2019. During the audit it has been found that the Company has not filed the e-form INC-22A ACTIVE-KYC due to non-filing of the annual accounts of the Company for the Financial Year ending on 31/03/2018 on the MCA portal as a result of which the Company will not be able to file the following e-forms: - 1) SH-7 (change in the authorized share capital) 2) PAS-3 (change in the paid-up share capital) 3) DIR-12 (change in director except cessation) 4) INC-22 (change in registered office) 5) INC-28 (amalgamation, de-merger)	The provision has been complied with

(निधि कुमार नारंग)
निदेशक (वित्त)

(पंकज कुमार)
प्रबन्ध निदेशक
उत्तर प्रदेश पावर कारपोरेशन लि०

Date: 27/03/2023
Place: Lucknow

Annexure III

वर्ष 2018-19 में [illegible] अध्यक्ष एवं प्रबन्ध निदेशक, निदेशकों तथा कम्पनी सचिव के वेतन भत्ते सम्बन्धी सूचना

क्र०सं०	अधिकारी का नाम (श्री / श्रीमती)	कर्मचारी कोड	पदनाम	वेतन	भविष्यनिधि: अग्रिम भुगतान	भविष्यनिधि: कार्मिक अंशदान	[illegible] अंशदान: कार्मिक अंशदान	[illegible] अंशदान: नियोक्ता अंशदान	अवकाश वेतन	पेंशन अंशदान (16.7%)	ग्रेच्युटी अंशदान (1.38%)	अन्य	वाहन व्यय	[illegible] के लिए प्रयोग की गई कटौती
1	[illegible]	A1626	[illegible]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	59288.00	0.00	0.00
1	[illegible]	A1608	[illegible]	20528190.00	0.00	1969466.00	0.00	0.00	[illegible]	[illegible]	[illegible]	0.00	[illegible]	[illegible]
2	[illegible]	50828	[illegible]	25162580.00	2501922.00	0.00	0.00	0.00	[illegible]	[illegible]	[illegible]	0.00	[illegible]	[illegible]
3	[illegible]	50760	[illegible]	28120800.00	0.00	1342500.00	0.00	0.00	[illegible]	[illegible]	[illegible]	0.00	[illegible]	[illegible]
4	[illegible]	M0496	[illegible]	21827180.00	0.00	1963310.00	0.00	0.00	[illegible]	[illegible]	[illegible]	0.00	[illegible]	[illegible]
5	[illegible]	V0242	[illegible]	26710111.30	1100820.00	500000.00	0.00	0.00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	[illegible]	V0266	[illegible]	32579360.00	0.00	377056.00	0.00	0.00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	योग			15492822.00	6802750.00	1004106.00	0.00	0.00	7218430.00	1962811.00	279732.00	59288.00	810745.00	[illegible]

(निधि कुमार नारंग)
निदेशक (वित्त)

(~~पंकज~~ कुमार)
प्रबन्ध निदेशक
उत्तर प्रदेश पावर कारपोरेशन लि०

Date: 23/03/2023
Place: Lucknow

ANNEXURE IV

A. CONSERVATION OF ENERGY

Uttar Pradesh is one of the largest states in the country. U.P. Power Corporation Ltd. achieved 100% target in providing connections to the consumer of state under 'SAUBHAGYA' scheme. 24x7 power supply for all has been assured under the as a flagship scheme of Central Government funded.

During the year 2018-19, 660 MW (1st unit) of Meja Thermal Power Project has been commissioned, Net Energy Import was 115369.09 MU and max demand met was 20062 MW on dated 16.06.2018. Transmission Network at various voltage levels i.e. 132kV/220kV/ 400kV/765kV was extended up to total 566 Nos. of substations having 42390 ckt km lines in totality. Distribution Network comprises total 4328 Nos. of substations at 66kV/33kV level, with 50855 ckt km lines. 100% electrification of villages has been carried out. Revenue collection increased by 12.7% as compared to previous financial year amounting to Rs. 43759.78 crore. Different schemes i.e. Saubhagya Yojna, Uday Yojna, Ujala Yojna and Power For All have been implemented during the year with the support of State and Central Governments.

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 2018-19

Date : 27/03/2023

Place : Lucknow

(निधि कुमार नारंग)
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प्रबन्ध निदेशक
उत्तर प्रदेश पावर कारपोरेशन लि०

Annexure V

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 2019

Part A:- Subsidiaries

1 Sl. No.	1	2	3	4	5	6
2. Name of the subsidiary	MVVNL, Lucknow	PurVVNL, Varanasi	PVVNL, Meerut	DVVNL, Agra	KESCo, Kanpur	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	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
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
6. Share capital	1255330.16	1599079.91	1439778.14	1688100.00	165583.48	221.63
7 Reserves and surplus	(799235.84)	(1204763.81)	(946039.88)	(1635692.76)	(198004.50)	(160.72)
8 Total assets	3675717.04	4576135.68	2805003.00	3317254.08	447545.62	61.64
9. Total Liabilities	3219622.72	4181819.58	2311264.74	3264846.84	479966.64	0.73
10 Investments	-	-	-	-	-	-
11 Turnover	1002968.47	1103693.01	1633426.50	1017459.74	744994.31	-
12 Profit/(Loss) before taxation	(74648.22)	(98761.34)	(129049.55)	(256716.23)	(44964.13)	0.38
13 Provision for taxation	-	-	-	-	-	0.13
14. Profit/(Loss) after taxation	(74648.22)	(98761.34)	(129049.55)	(256716.23)	(44964.13)	0.25
15. Proposed Dividend			-	-	-	-
16. Extent of shareholding (in percentage)	100%	100%	100%	100%	100%	100%

Note - Southern UP Power Transmission Corporation Ltd. has not commence its operations and under the process of closure

U.P.POWER CORPORATION LIMITED
14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.
CIN: U32201UP1999SGC024928
CONSOLIDATED 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 2019

Part B:- Associates and Joint Ventures

(₹ in Lakhs)

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

Date: 27/03/2023
Place: Lucknow

(निधि कुमार नारंग)
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(पंकज कुमार)
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उत्तर प्रदेश पावर कारपोरेशन लि०

Annexure VI

20. **Disclosure as per IndAS-24 (Related Party):-**

A- List of Related Parties

(a) List of Subsidiary & Associates:-

Subsidiary
MadhyanchalVidyutVitran Nigam Limited
PashchimanchalVidyutVitran Nigam Limited
PurvanchalVidyutVitran Nigam Limited
DakshinanchalVidyutVitran Nigam Limited
Kanpur Electricity Supply Company Limited
Sonebhadra Power Generation Company Limited(inoperative service dated 27.03.2019, Refer Note No. 29)
Southern-UP Power Transmission Company Limited (Refer Note No. 31)
Associates
Yamuna Power Generation Company Limited(inoperative service dated 25.03.2019, Refer Note No. 30)

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(b) Key management personnel:-

S. No.	Name	Designation	Working Period (For FY 2018-19) Appointment	Retirement/ Cessation
	A- UPPCL (Holding Company)			
1	ShriAlok Kumar	Chairman	20.05.2017	Working
2	Smt. Aparna U.	Managing Director	26.10.2017	Working
3	ShriSudhanshuDwivedi	Director (Finance)	30.06.2016	Working
4	ShriSatyaPrakashPandey	Director (P.M. & Admin.)	01.07.2016	Working
5	Shri Vijay Kumar	Director (Distribution)	06.01.2018	Working
6	Shri V. P. Srivastava	Director (Corporate	04.01.2018	Working
7	Shri A.K. Srivastava	Director (Commercial)	27.06.2018	Working
8	ShriAmit Gupta (M.D of UPPTCL)	Nominee Director	22.01.2018	31.08.2018
9	Dr.SenthilPandiyan C.(M.D of UPPTCL)	Nominee Director	10.09.2018	Working
10	Shri Neel Ratan Kumar (Special Secretary- Finance)	Nominee Director	16.04,2013	Working
11	SmtManju Shankar (Department of Public Enterprises)	Nominee Director	10.12.2015	Working
12	ShriIndra Mohan Kaushal	Chief Financial Officer	26.12.2017	13.11.2018
13	ShriPramendraNathSahay	Chief Financial Officer	14.11.2018	Working
14	ShriPradeepSoni	Company Secretary (Part	01.08.2017	Working
	B- Subsidiary & Associates (Having Related Party Transactions)			
	I- MadhyanchalVidyutVitran Nigam Limited			
1	ShriAlok Kumar	Chairman	20.05.2017	Working
2	ShriSubh Chand Jha	Managing Director	27.03.2018	04.04.2018
3	Shri Sanjay Goyal	Managing Director	05.04.2018	Working
4	ShriRakesh Kumar	Director (Finance)	31.12.2016	Working

5	ShriSubh Chand Jha	Director (PM &A)	21.06.2017	Working
6	ShriAjit Singh	Director (Technical)	11.04.2017	01.09.2018
7	ShriSudhir Kumar Singh	Director (Technical)	03.09.2018	Working
8	ShriSubh Chand Jha	Director (Commercial)	17.10.2017	28.06.2018
9	ShriBrahm Pal	Director (Commercial)	29.06.2018	Working
10	ShriChelliahPandianSenthil	Nominee Director	10.09.2018	Working
11	Smt. Aparna U.	Nominee Director	26.10.2017	Working
12	ShriSudhanshuDwivedi	Nominee Director	30.06.2016	30.06.2019
13	ShriAmit Gupta	Nominee Director	22.01.2018	31.08.2018
14	Smt. SelvaKumari J	Woman Director	31.03.2016	02.08.2018
15	ShriUmakantYadav	Chief Financial Officer	05.09.2017	Working
16	Smt. NeetuAroraTandon	Company Secretary	10.09.2015	22.04.2018
17	Smt. AbhaSethiTandon	Company Secretary	23.04.2018	Working
	II- PashchimanchalVidyutVitran Nigam Limited			
1	ShriAlok Kumar	Chairman	20.05.2017	Working
2	ShriAshutoshNiranjan	Managing Director	21.12.2017	Working
3	ShriPawan Kumar Agarwal	Director (Finance)	04.02.2017	Working
4	ShriYatishVatsa	Director (P&A)	24.06.2017	Working
5	ShriArvindRajvedi	Director (Commercial)	22.09.2017	Working
6	Shri Raj Kumar Agarwal	Director(Technical)	11.10.2017	Working
7	Shri H.K Agarwal	Chief Financial Officer	16.02.2018	Working
8	Dr.JyotiAshwani Kumar Arora	Company Secretary	02.11.2015	31.03.2019
	III- PurvanchalVidyutVitran Nigam Limited			
1	ShriAlok Kumar	Chairman	20.05.2017	Working
2	Smt. Aparna U.	Managing Director	26.10.2017	Working
3	ShriAtul Nigam	Managing Director	19.06.2017	27.08.2018
4	ShriGovindRaju N.S.	Managing Director	28.08.2018	Working
5	Smt. SelvaKumari J	Women Director	31.03.2016	02.08.2018
6	Shri Anil Kumar Awasthi	Director (Finance)	29.12.2016	Working
7	Shri Anil Kumar Kohli	Director (P&A)	21.06.2017	Working
8	ShriAnshulAgarwal	Director (Technical)	28.06.2018	Working
9	ShriMohitArya	Director(Commercial)	30.12.2016	26.07.2018
10	Shri Om Prakash Dixit	Director(Commercial)	07.08.2018	Working

11	Shri Anil Kumar Awasthi	Chief Financial Officer	18.11.2015	Working
12	Shri S.C. Tiwari	Company Secretary	01.09.2015	Working
	IV-DakshinanchalVidyutVitran Nigam Limited			
1	ShriAlok Kumar	Chairman	20.05.2017	Working
2	SmtAparna U.	Director	26.10.2017	Working
3	ShriSudhanshuDwiwedi	Director	30.06.2016	Working
4	Dr.ChelliahPandianSenthil C	Director (UPPTCL)	10.09.2018	Working
5	Shri S.K. Verma	Managing Director	10.04.2017	Working
6	Shri. K.C Pandey	Director (Finance)	21.06.2017	Working
7	ShriRakesh Kumar	Director (Technical)	04.01.2018	Working
8	Shri D.K Singh	Director (Commercial)	22.06.2017	Working
9	ShriRakesh Kumar	Director (P&A)	27.06.2018	Working
10	Shri D.K Agarwal	Chief Financial Officer	06.06.2016	Working
	V- Kanpur Electricity Supply Company Limited			
1	ShriAlok Kumar	Principal Secretary & Chairman	20.05.2017	Working
2	Smt. SaumyaAgarwal	Managing Director	22.12.2017	Working
3	Shri Ajay Kumar Mathur	Director (Commercial)	28.06.2018	Working
4	SmtAparna U.	Managing Director, UPPCL (Nominee Director)	31.08.2018	Working
5	ShriSudhanshuDwivedi	Director (Finance), UPPCL (Nominee Director)	31.08.2018	Working
6	Shri VijayVishwas Pant	DM Kanpur (NomineeDirector)	25.06.2018	Working
7	ShriRadhaShyamYadav	Director (Technical)	02.07.2016	02.02.2019
8	ShriSurendra Singh	DM Kanpur (NomineeDirector)	27.04.2017	25.06.2018
9	Smt. AbhaSethiTandon	Company Secretary	14.03.2013	Working
	VI- Southern UP Power Transmission Company Limited			
1	ShriSudhanshuDwivedi	Nominee Director of UPPCL (Nominated as MD on 16.03.2018)	23.03.2017	Working
2	Shri Vijay Kumar	Nominee Director of UPPCL	16.03.2018	Working

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3	ShriVinayPrakashSrivastava	Nominee Director of UPPCL	16.03.2018	Working
4	Shri A. C. Pandey	D.G.M (Trans. HQ), UPPTCL/SUPPTCL	01.04.20118	06.08.2018
5	Shri P.K. Srivastava	D.G.M. (Trans. HQ), UPPTCL/SUPPTCL	06.08.2018	31.03.2019
6	ShriPradeepSoni	Company Secretary	01.08.2017	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 RajyaUtpadan Nigam Limited and Uttar Pradesh JalVidyut Nigam Limited.

(d) Post-Employment Benefit Plan:-
1- Uttar Pradesh Power Sector Employees Trust.

B- Transactions with Related Partiesare as follows:

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

(₹ InLacs)

	2018-2019	2017-2018
Salary & Allowances	1187.37	1115.14
Leave Encashment	168.54	221.16
Contribution to Gratuity/ Pension/ PF	230.89	129.54

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

(₹ In Lacs)

S No.	Name of The Company	Nature of Transaction	2018-19	2017-18
1	UP Power Transmission Corporation Limited	Power Transmission & Misc. Transaction	225768.91	200989.20
2	Uttar Pradesh RajyaVidyutUtpadan Nigam Limited	Power Purchase	979893.69	986822.01
3	Uttar Pradesh RajyaVidyutUtpadan	Receivable	48.36	47.27

	Nigam Limited	(Unsecured)		
4	Uttar Pradesh JalVidyut Nigam Limited	Power Purchase	8458.81	8065.24

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

(₹ InLacs)

Particulars	**31st March 2019**	**31st March 2018**
Amount Recoverable		
From Others		
➢ UPRVUNL	358.99	310.63
➢ UPPTCL	49247.10	46630.79
Amount Payable		
To Others		
➢ UPJVNL	8826.17	8837.52
➢ UPPSET	112809.16	126249.97

Date: 27/03/2023

Place: Lucknow

(निधि कुमार नारंग)
निदेशक (वित्त)

(पंकज कुमार)
प्रबन्ध निदेशक
उत्तर प्रदेश पावर कारपोरेशन लि०

Annexure - VII

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
(as on financial year ended on 31.03.2019)

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	50	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	804007374	804007374	100	0	911861625	911861625	100	13.41%	
SUB TOTAL:(A) (1)	**0**	**804007374**	**804007374**	**100**	**0**	**911861625**	**911861625**	**100**	13.41%	
(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**	**804007374**	**804007374**	**100**	**0**	**911861625**	**911861625**	**100**	13.41%	
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 holding nominal share capital in excess of Rs. 1 lakhs	0	0	0	0	0	0	0	0	0	0
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**	**804007374**	**804007374**	**100**	**0**	**911861625**	**911861625**	**100**	**13.41%**	
SUB TOTAL:(A) (1)	**0**	**804007374**	**804007374**	**100**	**0**	**911861625**	**911861625**	**100**	**13.41%**	

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	804007374	100.00	0	911861625	100	0	**13.41%**
	Total	**804007374**	**100.00**	**0**	**911861625**	**100.00**	**0**	**13.41%**

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	804007374	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.):	107854251	-	-	-
	At the end of the year	911861625	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%	-	-
	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%	-	-
2	Shri Sudhanshu Dwivedi				

	At the beginning of the year	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%	-	-
3	**Shri Vijai Kumar**				
	At the beginning of the year	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%	-	-
4	**Smt. Aparna U.**				
	At the beginning of the year	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%	-	-
5	**Shri Neel Ratan Kumar**				
	At the beginning of the year	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%	-	-
6	**Shri Alok Kumar**				
	At the beginning of the year	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%	-	-
7	**Shri V.P. Srivastava**				
	At the beginning of the year	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%	-	-

VIII. Shareholding Pattern of top ten Shareholders:
(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	2060415	2099320	-	4159735
ii) Interest due but not paid	0	0	-	0
iii) Interest accrued but not due	20751	18712	-	39463
Total (i+ii+iii)	2081166	2118032	-	4199198
Change in Indebtedness during the financial year				
Additions				
Reduction	61545			
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount	1998870	2525497	-	4524367
ii) Interest due but not paid	0	0	-	0
iii) Interest accrued but not due	27677	27064	-	54741
Total (i+ii+iii)	2026547	2552561	-	4579108

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.			
	Shri Alok Kumar		59288	
	Shri S.P. Pandey		2812080	
	Shri SudhanshuDwivedi		2516258	**15552110**
	Shri Vijai Kumar		2671011	
	Smt. Aparna U.		2052819	
	Shri V.P. Srivastava		3257936	
	Shri Ashok Kumar Shrivastava		2182718	
	(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)			**15552110**	**15552110**
	Ceiling as per the Act				

B. <u>Remuneration to other directors:</u>

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				
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	3521092	3521092
	(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
	Total	NA	NA	3521092	3521092

XI. PENALTIES/PUNISHMENT/COMPPOUNDING 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					

Date : 27/03/2023
Place : Lucknow

(निधि कुमार नारंग)
निदेशक (वित्त)

(पंकज कुमार)
प्रबन्ध निदेशक
उत्तर प्रदेश पावर कारपोरेशन लि०

Annexure VIII

Manish Mishra & Associates

Company Secretary in Practice

Off. Address: Flat No. G-2, B-1/65, Classic Mansion, Sector-K, Aliganj, Lucknow - 226024, Uttar Pradesh
Contact: +91-9454077716, +91-7084645555 | E-mail: fcsmanishmishra@gmail.com

CERTIFICATE

To,
U. P. POWER CORPORATION LIMITED
SHAKTI BHAWAN,
ASHOK MARG LUCKNOW
UTTAR PRADESH -226001

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of U. P. POWER CORPORATION LIMITED having CIN U32201UP1999SGC024928 and having registered office at Shakti Bhawan, Ashok Marg Lucknow Uttar Pradesh UP 226001 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and according to the verification of the status of Directors Identification Number (DIN) of each director done by us at the portal www.mca.gov.in and on the basis of information available with us as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

S.No	Name of the Director	DIN Number	Date of Appointment in Company
1	SHRI ALOK KUMAR	06517942	20.05.2017
2	SMT APARNA UPADHYAYULA	06523278	26.10.2017
3	SHRI CHELLIAH SENTHIL PANDIAN	08235586	10.09.2018
4	SHRI NEEL RATAN KUMAR	03616458	16.04.2013
5	SMT MANJU SHANKAR	03547276	10.12.2015
6	SHRI SATYA PRAKASH PANDEY	07581307	01.07.2016
7	SHRI VINAY PRAKASH SRIVASTAVA	08051823	04.01.2018

Kumar

8	SHRI VIJAI KUMAR	08051813	06.01.2018
9	SHRI ASHOK KUMAR SRIVASTAVA	08189765	27.06.2018
10	SHRI SUDHANSHU DWIVEDI	06533235	30.06.2016

*The date of appointment is as per the MCA Portal.

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Manish Mishra & Associates
Practicing Company Secretaries

S Kumar

Sukhmendra Kumar
Partner
ACS No: 37552 CP No: 21707
Lucknow, January 09, 2023
UDIN:A037552D002911051

Annexure IX

Manish Mishra & Associates

Company Secretary in Practice

Off. Address: Flat No. G-2, B-1/65, Classic Mansion, Sector-K, Aliganj, Lucknow - 226024, Uttar Pradesh
Contact: +91-9454077716, +91-7084645555 | E-mail: fcsmanishmishra@gmail.com

PRACTISING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE

To,
U. P. POWER CORPORATION LIMITED
Shakti Bhawan,
Ashok Marg Lucknow
Uttar Pradesh -226001

We have examined the compliance of the conditions of Corporate Governance by U. P. Power Corporation Limited ('the Company') for the year ended on March 31, 2019, as stipulated under Regulations 17 to 27, clauses (a) to (i) of sub-regulation (1A) of Regulation 62 and para C, D & E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and therepresentations made by the Directors and the Management, we certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2019. However as informed to us Compliance of Regulation 62(1A) is under process and will be updated within due course of time. Further, due to non appointment of Independent Director the Composition of various committee falling under Regulations 17 to 27 are not in consonance with Securities and Exchange Board of India (Listing Obligations and DisclosureRequirements) Regulations, 2015, the Company is in search for appointment of Independent Directors and once appointed the aforesaid committees will be reconstituted in alignment with the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further state that such compliance is neither an assurance as to the future viability of the Companynor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Manish Mishra & Associates
Practicing Company Secretaries

S Kumar

MANISH MISHRA & ASSOCIATES COMPANY SECRETARIES

Sukhmendra Kumar
Partner,
ACS No: 37552 CP No: 21707
Lucknow, January 09, 2023
UDIN- A037552D002911060

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

सत्यमेव जयते

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

स्पीड पोस्ट/गोपनीय

पत्रांकः प्र.म.ले.(ऑडिट-II)/ए.एम.जी-II/लेखा/यूपीपीसीएल/2018-19/2022-23/541 दिनांकः 23-12-2022

सेवा में,

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

748/MDS/22
27/12/2022

महोदय,

एतत्सह कम्पनी अधिनियम, 2013 की धारा 143(5) के अधीन उत्तर प्रदेश पॉवर कारपोरेशन लिमिटेड के 31 मार्च 2019 को समाप्त वर्ष के Standalone एवं Consolidated वित्तीय लेखाओं 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 Accountant General (Audit-II), Uttar Pradesh disclaims any responsibility for any misinformation and/or non-information on the part of auditee.

26.12.22

कृपया पत्र की पावती भेजें।

(... कुमार)
प्रबन्ध निदेशक
संलग्नकः यथोपरि
उ० प्रदेश पावर कारपोरेशन लि०

भवदीया

22/12/22
उपमहालेखाकार

Dy CAO (Audit)

D GM (MC)

1073/Corp A/c/22
28/12/2022

DY CAO A/C
28/12/22

AO (Consol)/Standalone
28/12/22

4137/DGM(A&A)/2022
29/12/22

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 2019

The preparation of financial statements of U.P. Power Corporation Limited (UPPCL) for the year ended 31 March 2019 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 January 2021.

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 2019 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

Purchase of Stock in trade (Power Purchased) (Note 22): ₹ 53,786.44 crore

1. The above does not include bill/supplementary bills amounting to ₹ 100.13 crore received from different parties as detailed below:

   a. Bill of M/ s R.K.M. Powergen Company Limited related to transmission charges and power purchase of (-) ₹ 33.46 crore for the period from 01.04.2017 to 31.03.2019 which were verified by the Company on 02/09/20 and 18/09/20. Though the UPPCL's (Standalone) accounts for the year 2018-19 were closed on 31.12.2020, the Company did not account for the above bills of (-) ₹ 33.46 crore in the books of accounts for the year 2018-19.

b) Supplementary bills of Efficiency Gain amounting to (-) ₹ 105.62 crore of four parties[1] pertaining to the period from 2014-15 to 2018-19 which was verified by the Company before the date of closing date (31.12.2020) of the Annual Accounts for the year 2018-19.

c) Bill amounting to ₹ 239.21 crore of M/s Power Grid Corporation of India Limited in respect of bill for transmission charges and power purchase for the period July 2011 to March 2019 which was verified[2] by the Company before the closing date (31.12.2020) of the Annual Accounts for the year 2018-19.

This resulted in understatement of Purchase of Stock in trade (Power Purchased) as well as Revenue from Operations by ₹ 100.13 crore.

B. COMMENTS ON FINANCIAL POSITION

Current Assets

Financial Assets- Other (Note -11): ₹ 19,844.12 crore

2. As per clause 1.2(i) of the tripartite MOU executed between Ministry of Power, GOI, Government of Uttar Pradesh and UPPCL, the Government of Uttar Pradesh (GoUP) shall take over the future losses of the DISCOMs in a graded manner. Accordingly, 5 *per cent* loss of 2016-17 and 10 *per cent* loss of 2017-18 was to be taken over by the GoUP in the years 2017-18 & 2018-19 respectively.

The net loss of the DISCOMs for the years 2016-17 and 2017-18 is depicted as under:

(₹ in lakh)

DISCOM	Net Loss 2016-17	Net Loss 2017-18
MVVNL	72,279.56	43,170.58
PuVVNL	86,732.37	83,256.03
PVVNL	46,800.13	1,51,695.16
DVVNL	1,44,348.34	2,36,649.85
KESCO	31,955.06 (Profit)	6,441.75 (Profit)
Net losses	**3,50,160.40**	**5,14,771.62**
	2017-18	**2018-19**
Percentage of net loss to be taken over by GoUP	5 *per cent* of losses of 2016-17 taken over in 2017-18	10 *per cent* of losses of 2017-18 taken over in 2018-19
Loss funding by GoUP in UDAY scheme	17,508.02 say ₹ 175.08 crore	51,477.16 say ₹ 514.77 crore
Actual funding by GoUP	₹ 409.93 crore	₹ 761.09 crore
Excess funding made by GoUP	₹ 243.85 crore	₹ 246.32 crore

Thus, it may be seen from the above that total excess funding of ₹ 490.17 crore (₹ 243.85 crore + ₹ 246.32 crore) was claimed/received from the GoUP in the years 2017-18 and

[1] ₹ 12.95 crore (M/s Bajaj Energy Limited) verified on 16/09/20, ₹ 92.40 crore (NTPC) verified on 27/07/20, ₹ 0.14 crore (Arawali Power Company) verified on 21/03/20 and ₹ 0.13 crore (NSM-II).

[2] ₹ 1.97 crore on 18/10/19, ₹ 47.52 crore on 11/11/19, ₹ 185.79 crore on 07/01/20, ₹ 3.05 crore on 27/07/20 and ₹ 0.88 crore on 28/07/20 *i.e.* total bill amounting to ₹ 239.21 crore.

2018-19 which should have been shown as liability payable to GoUP in the books of the accounts.

This resulted in understatement of 'Other Financial Liabilities' and 'Financial Assets-Other (Current)' by ₹ 490.17 crore, each.

Current Liabilities

Other Financial Liabilities (Note-19): ₹ 3,534.56 crore

3. The above does not include ₹ 28.65 crore being interest payable on account of delayed deposit/non-deposit of General Provident Fund (₹ 28.08 crore) and Pension and Gratuity (₹ 0.57 crore) as worked out and accounted for in the Financial Statements of Uttar Pradesh Power Sector Employees Trust for the year 2014-15. This resulted in understatement of Current Liabilities and Accumulated Loss by ₹ 28.65 crore.

Despite comment of the CAG of India on the Accounts for the year 2012-13 to 2017-18, no corrective action has been taken by the Management.

C. COMMENTS ON DISCLOSURE

Notes on Accounts (Note-29)

4. Para 8.1.1 L of Guidance note on Division II- IND AS schedule III to the Companies Act 2013 provides that earmarked balances for specific purpose with banks to be disclosed separately.

The Company maintained 12 number of accounts out of which eight accounts were having zero balance and four accounts were having account balance of ₹ 800.05 crore as on March 2019 which was earmarked for specific purpose, as detailed below:

Sl. No.	Name of bank	Account Number	Purpose	Balance as on 31 March 2019
1.	HDFC Bank	50200004167832	UPPCL DSRA ESCROW Account	3,84,31,507
2.	HDFC Bank	50200017358986	UPPCL DSRA Series- 2	88,39,247
3.	ICICI Bank	628105501280	UPPCL Debt Servicing Reserve Account (DSRA)	4,92,85,26,138
4.	ICICI Bank	628105501283	UPPCL Debt Service Reserve Account (DSRA)/ Series- II/ 2017-18	3,02,46,63,939
		Total		8,00,04,60,831

Thus, the disclosure accounts has not been made as per requirement of Guidance note.

5. As per requirement of Para 17 of Ind. AS-24 the Notes to accounts at para No. 22B (b) made disclosure of Related Parties. However, the company has not included the remuneration and benefit paid to Chief Financial Officer, and Company Secretary, in Key Management Personnel under related party disclosure of Remuneration and benefits paid to them.

Thus, the disclosure of related party transactions was incomplete and deficient to that extent.

6. At point No 19 of Notes to Accounts following Contingent Liabilities has not been included in respect of claims against the company raised by the parties, which are under consideration of the Appellate Tribunal of Electricity:

(₹ in crore)

Sl. No.	Name of the Party	Description of claim	Period of claim	Amount of claim
1.	M/s Rosa Power Supply Company	Energy Bills	April 2015 to March 2019	129.78
2.	M/s R.K.M. Powergen Private Limited	Transmission charges, LPSC & Penalty for short supply	After 2016 to May 2018	109.92
		Total		239.70

Thus, the Contingent Liabilities are understated by ₹ 239.70crore.

D. OTHER COMMENTS

7. Para 100 of Ind AS 38 on Intangible Assets provides that 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 and 2017-18, no corrective action has been taken by the Management.

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

Place: Lucknow
Date: 23-12-2022

(Tanya Singh)
Accountant General

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 UTTAR PRADESH POWER CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2019

The preparation of consolidated financial statements of Uttar Pradesh Power Corporation Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the Company. The Statutory Auditor appointed by the Comptroller & Auditor General of India under Section 139 (5) read with Section 129 (4) of the Act is responsible for expressing opinion on the financial statements under Section 143 read with Section 129 (4) of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 6 April 2021.

I, on behalf of the Comptroller and Auditor General of India (C&AG), have conducted a supplementary audit of the consolidated financial statements of Uttar Pradesh Power Corporation Limited for the year ended 31 March 2019, under Section 143 (6) (a) read with Section 129 (4) of the Act. We conducted a supplementary audit of the financial statements of parent company Uttar Pradesh Power Corporation Limited (UPPCL), subsidiary companies- Purvanchal Vidyut Vitran Nigam Limited (PuVVNL), Paschimanchal Vidyut Vitran Nigam Limited (PVVNL), Madhyanchal Vidyut Vitran Nigam Limited (MVVNL), Dakshinanchal Vidyut Vitran Nigam Limited (DVVNL), Kanpur Electricity Supply Company Limited (KESCO), Southern UP Power Transmission Company Limited (SuUPPTCL) and Sonebhadra Power Generation Company Limited and of associate company - Yamuna Power Generation Company Limited for the year ended 31 March 2019. 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:

A. COMMENTS ON CONSOLIDATED PROFITABILITY

Statement of Profit and Loss

Other Income (Note 23): 13,322.74 crore

1. The above includes additional subsidy received from the Government of Uttar Pradesh (GoUP) against previous year losses under UDAY scheme amounting to ₹ 761.09 crore (PVVNL ₹ 112.60 crore, DVVNL ₹ 256.50 crore, PuVVNL ₹ 208.38 crore and MVVNL ₹ 183.61 crore). As per the tripartite MoU signed (30 January 2016) among the Ministry of Power, GoI; GoUP and UPPCL (on behalf of all DISCOMs) for implementation of UDAY scheme, the GoUP was to refund ten *per cent* of losses of 2017-18 in the year 2018-19. 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 2017-18 was ₹ 530.00 crore only (ten *per cent* of losses for the year 2017-18 *i.e.* PVVNL ₹ 1,516.95 crore, DVVNL ₹ 2,366.50 crore, PuVVNL ₹ 832.56 crore and MVVNL ₹ 437.75 crore and add impact of understatement of loss by PVVNL ₹ 30.83 crore, DVVNL ₹ 50.77 crore and PuVVNL ₹ 100.75 crore, respectively less impact of overstatement of loss by MVVNL ₹ 36.14 crore) which should have been recognised as income while the remaining amount ₹ 231.09 crore (₹ 761.09 crore less ₹ 530.00 crore) should have been shown as deferred income in the Non-Current Liabilities.

   However, in CFS total amount received of ₹ 761.09 crore is accounted for as income in the statement of Profit and Loss for the year 2018-19. Thus, the 'Loss' and 'Non-Current Liabilities' are understated by ₹ 231.09 crore.

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

2. In respect of PuVVNL, Other Income was reduced ₹ 5.95 crore on account of adjustment of wrong accountal of interest earned during the financial year 2017-18 on unutilised funds of Government of India (GoI) sponsored Schemes (*i.e.* RGGVY, R-APDRP, IPDS and DDUGJY).

   As per requirement of Ind AS 8 read with Significant Accounting Policy (point 2 XVI of Note 1A) of the Company an entity shall correct material prior period errors retrospectively by restating the comparative amounts for the prior period(s) presented in which the error occurred.

   This resulted in understatement of 'Other Income' and overstatement of Loss for the year by ₹ 5.95 crore each. Consequently, disclosure under 'Other Equity' (Reserves and Surplus-

Retained earnings) in respect of prior period has not been made as per requirement of Ind AS 8 and Accounting Policy of the Company.

Purchase of Stock in trade (Power Purchased) (Note 24): ₹ 56,024.50 crore

3. The above does not include bill/supplementary bills amounting to ₹ 100.13 crore received from different parties as detailed below:

   a) Bill of M/ s R.K.M. Powergen Company Limited related to transmission charges and power purchase of (-) ₹ 33.46 crore for the period from 01.04.2017 to 31.03.2019 which were verified by the Company on 02/09/20 and 18/09/20. Though the UPPCL's (Standalone) accounts for the year 2018-19 were closed on 31.12.2020, the Company did not account for the above bills of (-) ₹ 33.46 crore in the books of accounts for the year 2018-19.

   b) Supplementary bills of Efficiency Gain amounting to (-) ₹ 105.62 crore of four parties[1] pertaining to the period from 2014-15 to 2018-19 which was verified by the Company before the date of closing date (31.12.2020) of the Annual Accounts for the year 2018-19.

   c) Bill amounting to ₹ 239.21 crore of M/s Power Grid Corporation of India Limited in respect of bill for transmission charges and power purchase for the period July 2011 to March 2019 which was verified[2] by the Company before the closing date (31.12.2020) of the Annual Accounts for the year 2018-19.

   This resulted in understatement of Purchase of Stock in trade (Power Purchased) as well as Revenue from Operations by ₹ 100.13 crore.

Finance Cost (Note 26): 4,616.29 crore

4. **a)** The above includes ₹ 22.73 crore on account of interest on loan taken from Power Finance Corporation Limited (PFC) by PuVVNL relating to financial year 2017-18. However, same was not accounted as required by Ind AS 8 read with Significant Accounting policy (point 2 XVI of Note 1A) of the Company.

   This resulted in overstatement of 'Finance cost' and 'Loss' for the year by ₹ 22.73 crore each. Consequently, disclosure under 'Other Equity' (Reserves and Surplus-Retained earnings) in respect of prior period error is not made as per requirement of Ind AS 8 and Accounting Policy of the Company.

[1] ₹ 12.95 crore (M/s Bajaj Energy Limited) verified on 16/09/20, ₹ 92.40 crore (NTPC) verified on 27/07/20, ₹ 0.14 crore (Arawali Power Company) verified on 21/03/20 and ₹ 0.13 crore (NSM-II).

[2] ₹ 1.97 crore on 18/10/19, ₹ 47.52 crore on 11/11/19, ₹ 185.79 crore on 07/01/20, ₹ 3.05 crore on 27/07/20 and ₹ 0.88 crore on 28/07/20 *i.e.* total bill amounting to ₹ 239.21 crore.

b) The above does not include interest of ₹ 89.19 crore relating to projects under R-APDRP which were already completed by DVVNL. As per requirement of Ind AS 23, entity shall charge interest as revenue expenditure on completion of Assets. However, the Company has capitalised the interest of ₹ 89.19 crore instead of booking as finance cost.

This resulted in overstatement of Capital Work-in-Progress and understatement of Finance cost by ₹ 89.19 crore each. Consequently, Loss for the year is also understated by ₹ 89.19 crore.

B. COMMENTS ON FINANCIAL POSITION

Assets

Non-Current Assets

Property Plant and Equipment (Note 2): ₹ 39,518.87 crore

5. The above includes interest of ₹ 114.27 crore on projects of PVVNL under R-APDRP which has been incurred after completion of all the projects under R-APDRP and closure report was also sent to PFC by March 2018. However, the Company capitalised the aforesaid interest amounting to ₹ 114.27 crore after March 2018 instead of charging as Expenditure.

This resulted in overstatement of Property, Plant and Equipment and understatement of Finance Cost by ₹ 114.27 crore each. Consequently, Loss for the year is also understated by ₹ 114.27 crore.

Current Assets

Cash and Cash Equivalents (Note 11-A): ₹ 5,998.64 crore

6. The above includes ₹ 10.32 crore being the amount of cheques received against sale of power by PuVVNL and deposited in banks up to December 2018 but remained unrealised up to 31 March 2019 and became time barred. However, amount of these cheques has not been reversed in the accounts.

This resulted in overstatement of 'Cash and Cash equivalents' and understatement of 'Trade Receivables' by ₹ 10.32 crore.

Despite comment of a similar nature of C&AG on the account for the year 2017-18, no corrective action has been taken by the Company.

Bank Balance Other than Cash and Cash Equivalent (Note 11-B): ₹ 529.57 crore

7. The above includes ₹ 2.57 crore being the amount of cheques received from consumers upto 31 December 2018 on account of sale of power by PVVNL which has become time barred but same has not been reversed in accounts.

This resulted in overstatement of Financial Assets-Bank Balance Other than Cash and Cash Equivalent (Current) and understatement of Trade Receivables by ₹ 2.57 crore each

Despite similar comment of Comptroller and Auditor General of India on the accounts for the years 2016-17 and 2017-18, no corrective action has been taken.

Equities and Liabilities
Other Equity (Note-15): (-) ₹ 63,502.24 crore

8. As per clause 1.2(i) of the tripartite MOU executed between Ministry of Power, GOI, GoUP and UPPCL, 'the GoUP shall take over the future losses of the DISCOMs in a graded manner. Accordingly, 5 *per cent* loss of 2016-17 and 10 *per cent* loss of 2017-18 was to be taken over by the GoUP in the years 2017-18 & 2018-19 respectively.

The net loss of the DISCOMs for the years 2016-17 and 2017-18 is depicted as under:

(₹ in lakh)

DISCOM	Net Loss 2016-17	Net Loss 2017-18
MVVNL	72,279.56	43,170.58
PuVVNL	86,732.37	83,256.03
PVVNL	46,800.13	1,51,695.16
DVVNL	1,44,348.34	2,36,649.85
KESCO	31,955.06 (Profit)	6,441.75 (Profit)
Net losses	**3,50,160.40**	**5,14,771.62**
	2017-18	**2018-19**
Percentage of net loss to be taken over by GoUP	5 *per cent* of losses of 2016-17 taken over in 2017-18	10 *per cent* of losses of 2017-18 taken over in 2018-19
Loss funding by GoUP in UDAY scheme	17,508.02 say ₹ 175.08 crore	51,477.16 say ₹ 514.77 crore
Actual funding by GoUP	₹ 409.93 crore	₹ 761.09 crore
Excess funding made by GoUP	₹ 243.85 crore	₹ 246.32 crore

Thus, it may be seen from the above that total excess funding of ₹ 490.17 crore (₹ 243.85 crore + ₹ 246.32 crore) was claimed/received from the GoUP in the years 2017-18 and 2018-19 which should have been shown as liability payable to GoUP in the books of the accounts. This resulted in understatement of 'Other Financial Liabilities' and 'Financial Assets-Other (Current)' by ₹ 490.17 crore, each.

9. The above includes ₹ 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 by PVVNL during 2017-18 which has been wrongly included in Other Equity. The unadjusted amount of MA in the year 2017-18 stood at ₹ 8.88 crore (including interest of ₹ 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 Equity 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).

10. The above is understated by ₹ 11.69 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 PVVNL. This has resulted in understatement of Other Equity (minus balance) as well as Other Current Liabilities by ₹ 11.69 crore.

Despite similar comment of C&AG on the accounts of for the year 2017-18, no corrective action has been taken.

Current Liabilities
Financial Liabilities-Borrowing (Note 18): ₹ 1,437.25 crore

11. PVVNL has shown outstanding loan amounting to ₹ 218.75 crore (balance of loan of ₹ 350 crore taken on 30 June 2017 payable in 24 EMIs *w.e.f.* 30 July 2018) from Rural Electrification Corporation (REC) as Borrowing (Current) under Current Liabilities. Since EMIs amounting to[3] ₹ 175.00 crore of loan was only due within 12 months from the Balance Sheet date, the balance amount of loan of ₹ 43.75 crore has been incorrectly classified under Non-Current Liabilities.

Other Financial Liabilities (Note 20): ₹ 31,200.96 crore

12. The above does not include ₹ 28.65 crore being interest payable on account of delayed deposit/non-deposit of General Provident Fund (₹ 28.08 crore) and Pension and Gratuity (₹ 0.57 crore) as worked out and accounted in the Financial Statements of Uttar Pradesh Power Sector Employees Trust for the year 2014-15. This resulted in understatement of Current Liabilities and Accumulated Loss by ₹ 28.65 crore.

Despite comment of the C&AG on the Accounts for the year 2012-13 to 2017-18, no corrective action has been taken by the Management.

13. The above does not include ₹ 51.96 crore being the interest payable to the GoUP by KESCO 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 GoUP in December 2009. As the interest was not waived off by GoUP, the provision for interest on delayed payment should have been made in the Accounts. However, the Company neither made any provision nor depicted any Contingent Liability on this account.

[3] ₹ 175 crore= (12 EMIOs of loan of ₹ 350.99 crore)

This resulted in understatement of 'Other Financial Liabilities' as well as 'Property, Plant and Equipment' by ₹ 51.96 crore each. Although the Statutory Auditor at point No. 8.2 in their report had commented the interest payable amount but impact for the years 2017-18 and 2018-19 was not commented.

14. In case of PVVNL the Statutory Auditors in their Report under Emphasis of Matters at point No. 8 of Annexure-B commented that interest payable to PFC amounting to ₹ 313.69 crore has been considered as contingent liability in accounts however, financial impact of the comment has not been commented. The interest of ₹ 313.69 crore (₹ 64.27 crore for the year 2018-19 and ₹ 249.42 crore for previous years *i.e.* 2009-10 to 2017-18) payable to PFC.
The demand for payment for the interest is regularly being made by the PFC, however, no liability for the same has been provided in accounts.
This resulted in understatement of Current liabilities by ₹ 313.69 crore, Finance cost by ₹ 64.27 crore and Property, Plant and Equipment by ₹ 249.42 crore. Consequently, Loss for the year is also understated by ₹ 64.27 crore.

C. COMMENTS ON DISCLOSURE

Notes to Accounts

15. Contingent Liabilities does not include the claims mentioned hereunder, which are under consideration of the Appellate Tribunal of Electricity (APTEL):

Sl. No.	Pertaining to	Name of the Party and description of claim	Period of claim	Amount of claim (in crore)
1.	UPPCL	M/s Rosa Power Supply Company – energy bills	April 2015 to March 2019	129.78
		M/s R.K.M. Powergen Private Limited-transmission charges, LPSC & penalty for short supply	After 2016 to May 2018	109.92
2.	KESCO	Delayed payment of license fee	2007-08 to 2013-14	36.52
Total				**276.22**

As the bills of ₹ 276.22 crore are disputed, therefore, the same should have been shown under the contingent liabilities in the disclosure of the financial statement. Thus, the contingent Liabilities are understated by ₹ 276.22 crore.

16. As per Schedule III of Companies Act 2013, in case of Borrowings, additional disclosures relating to maturity/redemption or conversion date of bonds, repayment of term loans and other loans etc. are required to be given. However, the Notes to Accounts do not include above disclosures in case of loans and bonds amounting to ₹ 56,109.79 crore shown under the head 'Borrowings' (Note 16).

Despite a similar comment of the CAG on the Accounts for the years 2016-17 and 2017-18, no corrective action has been taken by the Management.

17. 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 ₹ 80.73 crore has been shown in the books of UPJVNL for 2018-19. 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 Notes to Accounts.

    Despite similar comment of CAG on the accounts for the years 2016-17 and 2017-18, no corrective action has been taken by the Management.

18. An amount of ₹ 1.13 crore (in the form of Fixed Deposit) has been submitted by DVVNL as security in Court. Since, the amount has been deposited in Court, the same was not available for use by the Company. This fact has not been disclosed in Cash Flow Statement as per requirement of Ind AS 7.

D. OTHER COMMENTS

19. Para 100 of Ind AS 38 on Intangible Assets provides that 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 C&AG on the Accounts for the years 2016-17 and 2017-18, no corrective action has been taken by the Management.

20. a) The value of Inventory stores & spares of ₹ 73.17 crore includes slow moving stores amounting to ₹ 1.69 crore which are more than three years old in case of KESCO. However, Company has not formulated any accounting policy in respect of provision for diminution in

the value of unserviceable/ slow moving stores and in the absence of an accounting policy for the same no provision was made in the accounts.

b) MVVNL and DVVNL made Provision for obsolete stores of ₹ 41.22 crore and ₹ 78.09 crore for obsolete store in the year 2012-13 and 2016-17, respectively when value of Inventory was ₹ 229.99 crore and ₹ 1,019.67 crore. The value of inventory increased to ₹ 2,127.77 crore (MVVNL ₹ 815.54 crore and DVVNL ₹ 1,312.23 crore) in the year 2018-19, however, the amount of provision remained unchanged at ₹ 119.31 crore (MVVNL ₹ 41.22 crore and DVVNL ₹ 78.09 crore) in the absence of any accounting policy in this regard.

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

Place: Lucknow
Date: 23-12-2022

(Tanya Singh)
Accountant General

REPLY OF 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 2019.

<table>
<tr><th>AUDIT COMMENT</th><th>MANAGEMENT REPLY</th></tr>
<tr>
<td>
A. COMMENTS ON PROFITABILITY

Statement of Profit and Loss Purchase of Stock in trade (Power Purchased) (Note 22): ₹ 53,786.44 crore

1. The above does not include bill/supplementary bills amounting to ₹100.13 crore received from different parties as detailed below:
a. Bill of M/ s R.K.M. Powergen Company Limited related to transmission charges and power purchase of (-) ₹33.46 crore for the period from 01.04.2017 to 31.03.2019 which were verified by the Company on 02/09/20 and 18/09/20. Though the UPPCL's (Standalone) accounts for the year 2018-19 were closed on 31.12.2020, the Company did not account for the above bills of (-) ₹33.46 crore in the books of accounts for the year 2018-19.
</td>
<td>
The point wise reply is given below :-

1. A)

<table>
<tr><th>Verification No. and Date</th><th>Bill Reference</th><th>Particular of Bill</th><th>Amount included in the bill</th><th>Reply</th></tr>
<tr><td rowspan="2">3416
02.09.19</td><td rowspan="2">RKMP/UPPCL/POC/May(LTA)/2019/007</td><td>POC Bill 3(LTA)</td><td>0.49 Crore</td><td rowspan="2">The bills were raised by RKM Powergen Pvt. Ltd. on 28.08.19 on account of reimbursement of arrear bill raised by PGCIL to RKM. PGCIL has raised billed on RKM on the basis of various orders and regulatory changes. The provision against the aforesaid liability was not made in the accounts of the</td></tr>
<tr><td>POC Bill 3(MTOA)</td><td>0.17 Crore</td></tr>
</table>
</td>
</tr>
</table>

AUDIT COMMENT	MANAGEMENT REPLY				
					unit for the F.Y. 2018-19 as the amount was not ascertainable as on 31.03.2019. Hence, the accounting of the aforesaid bills have been done by the unit in the year in which the bills received. i.e. F.Y. 2019-20.
	4258 18.09.20	RKMPPL/PPA/CN/LPS/18092020	Credit Note 2017-18	- 12.01 Crore	Amount omitted from the accounts of Financial year 2018-19 due to non-presentation of bill up to 18.09.2020 by RKM. However, the same has been accounted in the books of financial year 2019-20 on the
			Credit Note 2018-19	- 22.11 Crore	

<table>
<tr><th>AUDIT COMMENT</th><th>MANAGEMENT REPLY</th></tr>
<tr><td></td><td>
<table>
<tr><td></td><td></td><td></td><td></td><td>basis of verification date accordingly.</td></tr>
<tr><td colspan="3">TOTAL (Rs.)</td><td>-33.46 Crore</td><td></td></tr>
</table>
</td></tr>
<tr><td>b) Supplementary bills of Efficiency Gain amounting to (-) ₹ 105.62 crore of four parties[1] pertaining to the period from 2014-15 to 2018-19 which was verified by the Company before the date of closing date (31.12.2020) of the Annual Accounts for the year 2018-19.</td><td>1. B)
It is stated that the amount of Rs. 105.62 crore includes bill of four parties (viz, NTPC- 92.40 crore: Bajaj Energy Ltd.- 12.95 crore; APCPL- 0.14 crore; NSM II- 0.14 crore) for Efficiency Gain on the basis of the orders passed by CERC date 30.12.2019. For example, photocopy of NTPC invoice and CERC order dated 30.12.2019 against Pt. No. 284/ RC/2019 (UPPCL was not a party of this petition) is enclosed herewith. The provision against the said liability was not made in the books of accounts of the unit for the F.Y. 2018-19 as the amount was not ascertainable as on 31.03.2019. Hence, the accountings of the aforesaid bills have been done by the unit in the year in which the bills received i.e. F.Y. 2019-20.</td></tr>
<tr><td>c) Bill amounting to ₹ 239.21 crore of M/s Power Grid Corporation of India Limited in respect of bill for transmission charges and power purchase for the period July 2011 to March</td><td>1. C)
<table>
<tr><th>Verification No. & Date</th><th>Bill Reference</th><th>Bill Amount (Rs.)</th><th>Amt. included in Rs. 239.21 Crore</th><th>Reply</th></tr>
<tr><td>4061
18.10.20</td><td>Various Invoices</td><td>3.04 Crore</td><td>1.97 Crore</td><td>The bills were raised by PGCIL on</td></tr>
</table>
</td></tr>
</table>

[1] ₹ 12.95 crore (M/s Bajaj Energy Limited) verified on 16/09/20, ₹ 92.40 crore (NTPC) verified on 27/07/20, ₹ 0.14 crore (Arawali Power Company) verified on 21/03/20 and ₹ 0.13 crore (NSM-II).

AUDIT COMMENT	MANAGEMENT REPLY				
2019 which was verified[2] by the Company before the closing date (31.12.2020) of the Annual Accounts for the year 2018-19. This resulted in understatement of Purchase of Stock in trade (Power Purchased) as well as Revenue from Operations by ₹100.13 crore.	19				account of CERC order dated 11.04.2019 against Petition No. 243/TT/2018 (UPPCL was not a party of this petition). Since the amount was not ascertainable as on 31.03.2019. Hence, the accounting of the aforesaid bills has been done by the unit in the year in which the bills received. i.e. 2019-20.
	4428 11.11.2019	MI 0908190007 06.11.2019	103.00 Crore	47.52 Crore	The bill for Inter-state transmission charges is revised time to time on the basis of true-up finalization or CERC orders issued time to time. The amount of revision is not ascertainable until CERC issues order. Hence, the amount of Rs. 475.21 crore which pertains to arrear for the period of July 2011 to March 2019 has been accounted for in the year in which the bills received i.e. F.Y. 2019-20.
	54 07.01.2020	MI 091090006 01.01.2020	304.98 Crore	185.79 Crore	As replied above against verification no. 4428 dated 11.11.2019.
	2766 27.07.2020	MI 0904200029 20.07.2020	3.05 Crore	3.05 Crore	The bill for Transmission Deviation Charges which was finalized after Revision-I by MOP Order No.

[2] ₹ 1.97 crore on 18/10/19, ₹ 47.52 crore on 11/11/19, ₹ 185.79 crore on 07/01/20, ₹ 3.05 crore on 27/07/20 and ₹ 0.88 crore on 28/07/20*i.e.* total bill amounting to ₹ 239.21 crore.

<table>
<tr><th>AUDIT COMMENT</th><th>MANAGEMENT REPLY</th></tr>
<tr><td></td><td>
<table>
<tr><td></td><td></td><td></td><td></td><td>NRPC/Comml/202/RTA/2020 dated 11.03.2020. As the liability was not ascertainable at the time of closing of accounts for F.Y. 2018-19. Hence, the accounting the aforesaid has been done in the year in which the bills received i.e. F.Y. 2019-20.</td></tr>
<tr><td>2791
28.07.2020</td><td>NI 0904200007
23.07.2020</td><td>1.57 Crore</td><td>0.88 Crore</td><td>PGCIL had raised the bill on account of FERV (Foreign Exchange Rate Variation) on Interest Payment & Loan Repayment for ULDC assets. These charges are not ascertainable before receiving of invoice and calculation with audited certificates from PGCIL and therefore, the liability could not be created in the books of F.Y. 2018-19. Hence, the accounting against the aforesaid liability has been done in the year in which the bills received i.e. F.Y. 2019-20.</td></tr>
<tr><td colspan="3">TOTAL (Rs.)</td><td>239.21 Crore</td><td></td></tr>
</table>
</td></tr>
<tr><td>B. COMMENTS ON FINANCIAL POSITION

Current Assets
Financial Assets- Other (Note-11):
₹ 19,844.12 crore

2. As per clause 1.2(i) of the tripartite MOU executed between Ministry of</td><td>In Point no 1.2(i) of UDAY MoU Sample format for calculation of future losses of discoms has been given to calculate the amount on which State Government shall take over the future losses of the discoms in a graded manner and shall fund the losses according to table mentioned therein. In point no. 1.2(m) it has stated that losses after 01.10.2015 shall be calculate according to indicated estimated losses to Annexure-B.</td></tr>
</table>

AUDIT COMMENT	MANAGEMENT REPLY
Power, GOI, Government of Uttar Pradesh and UPPCL, 'the Government of Uttar Pradesh (GoUP) shall take over the future losses of the DISCOMs in a graded manner. Accordingly, 5 *per cent* loss of 2016-17 and 10 *per cent* loss of 2017-18 was to be taken over by the GoUP in the years 2017-18 & 2018-19 respectively. The net loss of the DISCOMs for the years 2016-17 and 2017-18 is depicted as under: (₹ in lakh)	Thus, UPPCL Has calculated OFR as per MoU Provisions. The subsidies received under UDAY has been accounted for correctly.

DISCOM	Net Loss 2016-17	Net Loss 2017-18
MVVNL	72,279.56	43,170.58
PuVVNL	86,732.37	83,256.03
PVVNL	46,800.13	1,51,695.16
DVVNL	1,44,348.34	2,36,649.85
KESCO	31,955.06 (Profit)	6,441.75 (Profit)
Net losses	**3,50,160.40**	**5,14,771.62**
	2017-18	**2018-19**
Percentage of net loss to be taken over by GoUP	5 *per cent* of losses of 2016-17 taken over in 2017-18	10 *per cent* of losses of 2017-18 taken over in 2018-19
Loss funding by GoUP in UDAY	17,508.02 say ₹ 175.08	51,477.16 say ₹ 514.77

<table>
<tr><th>AUDIT COMMENT</th><th>MANAGEMENT REPLY</th></tr>
<tr><td>

scheme	crore	crore
Actual funding by GoUP	₹ 409.93 crore	₹ 761.09 crore
Excess funding made by GoUP	₹ 243.85 crore	₹ 246.32 crore

Thus, it may be seen from the above that total excess funding of ₹490.17 crore (₹ 243.85 crore + ₹ 246.32 crore) was claimed/received from the GoUP in the years 2017-18 and 2018-19 which should have been shown as liability payable to GoUP in the books of the accounts.

This resulted in understatement of 'Other Financial Liabilities' and 'Financial Assets-Other (Current)' by ₹ 490.17 crore, each.</td><td></td></tr>
<tr><td>

Current Liabilities
Other Financial Liabilities (Note-19): ₹ 3,534.56 crore

3. The above does not include ₹28.65 crore being interest payable on account of delayed deposit/non-deposit of General Provident Fund (₹28.08 crore) and Pension and Gratuity (₹0.57 crore) as worked out and accounted for in the Financial Statements of Uttar Pradesh Power Sector Employees Trust for the year 2014-15. This resulted in understatement of Current Liabilities and Accumulated Loss by ₹28.65</td><td>It is to submit that 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.</td></tr>
</table>

AUDIT COMMENT	MANAGEMENT REPLY
crore. Despite comment of the CAG of India on the Accounts for the year 2012-13 to 2017-18, no corrective action has been taken by the Management.	
C. COMMENTS ON DISCLOSURE **Notes on Accounts (Note-29)** 4. Para 8.1.11 of Guidance note on Division II- IND AS schedule III to the Companies Act 2013 provides that earmarked balances for specific purpose with banks to be disclosed separately. The Company maintained 12 number of accounts out of which eight accounts were having zero balance and four accounts were having account balance of ₹800.05 crore as on March 2019 which was earmarked for specific purpose, as detailed below:	Necessary disclosure regarding earmarked balances for specific purpose with banks has been disclosed in the Financial year 2019-20.

Sl. No.	Name of bank	Account Number	Purpose	Balance as on 31 March 2019
1.	HDFC Bank	50200004167832	UPPCL DSRA ESCROW Account	3,84,31,507
2.	HDFC Ban	50200017358986	UPPCL DSR	88,39,247

<table>
<tr><th>AUDIT COMMENT</th><th>MANAGEMENT REPLY</th></tr>
<tr><td>
<table>
<tr><td></td><td>k</td><td></td><td>A Series - 2</td><td></td></tr>
<tr><td>3.</td><td>ICICI Bank</td><td>628105501280</td><td>UPPCL Debt Servicing Reserve Account (DSRA)</td><td>4,92,85,26,138</td></tr>
<tr><td>4.</td><td>ICICI Bank</td><td>628105501283</td><td>UPPCL Debt Service Reserve Account (DSRA)/ Series - II/ 2017-18</td><td>3,02,46,63,939</td></tr>
<tr><td colspan="4">Total</td><td>8,00,04,60,831</td></tr>
</table>
Thus, the disclosure accounts has not been made as per requirement of Guidance note.
</td><td></td></tr>
<tr><td>5. As per requirement of Para 17 of Ind. AS-24 the Notes to accounts at para No. 22B (b) made disclosure of Related Parties. However, the company has not included the remuneration and benefit paid to Chief Financial Officer, and Company Secretary, in Key Management Personnel under related party disclosure of Remuneration</td><td>Necessary disclosure has been made in the F.Y. 2019-20.</td></tr>
</table>

<table>
<tr><th>AUDIT COMMENT</th><th>MANAGEMENT REPLY</th></tr>
<tr><td>and benefits paid to them.
Thus, the disclosure of related party transactions was incomplete and deficient to that extent.</td><td></td></tr>
<tr><td>6. At point No 19 of Notes to Accounts following Contingent Liabilities has not been included in respect of claims against the company raised by the parties, which are under consideration of the Appellate Tribunal of Electricity:
(₹ in crore)
<table>
<tr><th>Sl. No.</th><th>Name of the Party</th><th>Description of claim</th><th>Period of claim</th><th>Amount of claim</th></tr>
<tr><td>1.</td><td>M/s Rosa Power Supply Company</td><td>Energy Bills</td><td>April 2015 to March 2019</td><td>129.78</td></tr>
<tr><td>2.</td><td>M/s R.K. M. Powergen Private Limited</td><td>Transmission charges, LPSC & Penalty for short supply</td><td>After 2016 to May 2018</td><td>109.92</td></tr>
<tr><td colspan="4">Total</td><td>239.70</td></tr>
</table>
Thus, the Contingent Liabilities are understated by ₹239.70crore.</td>
<td>The point wise reply is given below:
<table>
<tr><th>Sl.No.</th><th>Name of Party</th><th>Description of claim</th><th>Amount of claim (Cr.)</th><th>Comments</th></tr>
<tr><td>1.</td><td>M/s Rosa power Supply Company</td><td>Energy Bills</td><td>247.91</td><td>Bill of LPS date 04.01.2019 was received from M/s Rosa for Rs. 129.78 Cr. which was later subjected to Pettion No. 1437/2019 under UPERC. Accordingly a contingent liability of Rs. 129.78 Cr. was shown in F.Y 2019-20. However M/s Rosa again submitted revised invoice amounting Rs. 247.91 Cr. which was returned in original to supplier as the same was not claimed as per UPERC' order. Hence, it has not been shown as contingent liability.</td></tr>
</table></td></tr>
</table>

AUDIT COMMENT	MANAGEMENT REPLY
	<table><tr><td>2.</td><td>M/s R.K.M Powergen Private Ltd.</td><td>Transmission charges LPSC & Penalty for short supply</td><td>109.92</td><td>Contingent Liability of Rs 109.92 Cr. has been shown in F.Y 2019-20 accounts.</td></tr></table>
D. OTHER COMMENTS 7. Para 100 of Ind AS 38 on Intangible Assets provides that 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	The compliance of the same has been done in the F.Y 2019-20.

REPLY OF 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 2019.

AUDIT COMMENT	MANAGEMENT REPLY
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 and 2017-18, no corrective action has been taken by the Management	

(Nidhi Kumar Narang)
Director (Finance)
DIN-03473420

(Pankaj Kumar)
Managing Director
DIN-08095154

Date: 27/03/2023
Place: Lucknow

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 UTTAR PRADESH POWER CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2019	
FINAL COMMENTS	**MANAGEMENT'S REPLY**
The preparation of consolidated financial statements of Uttar Pradesh Power Corporation Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the Company. The Statutory Auditor appointed by the Comptroller & Auditor General of India under Section 139 (5) read with Section 129 (4) of the Act is responsible for expressing opinion on the financial statements under Section 143 read with Section 129 (4) of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 6 April 2021.	No Comment
I, on behalf of the Comptroller and Auditor General of India (C&AG), have conducted a supplementary audit of the consolidated financial statements of Uttar Pradesh Power Corporation Limited for the year ended 31 March 2019, under Section 143 (6) (a) read with Section 129 (4) of the Act. We conducted a supplementary audit of the financial statements of parent company Uttar Pradesh Power Corporation Limited (UPPCL), subsidiary companies- PurvanchalVidyutVitran Nigam	No Comment

<table>
<tr><td>Limited (PuVVNL), PaschimanchalVidyutVitran Nigam Limited (PVVNL), MadhyanchalVidyutVitran Nigam Limited (MVVNL), DakshinanchalVidyutVitran Nigam Limited (DVVNL), Kanpur Electricity Supply Company Limited (KESCO), Southern UP Power Transmission Company Limited (SuUPPTCL) and Sonebhadra Power Generation Company Limited and of associate company - Yamuna Power Generation Company Limited for the year ended 31 March 2019. 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:</td><td></td></tr>
<tr><td colspan="2">A. COMMENTS ON CONSOLIDATED PROFITABILITY
Statement of Profit and Loss
Other Income (Note 23): 13,322.74 crore</td></tr>
<tr><td>1. The above includes additional subsidy received from the Government of Uttar Pradesh (GoUP) against previous year losses under UDAY scheme amounting to ₹ 761.09crore (PVVNL ₹112.60 crore, DVVNL ₹ 256.50crore,PuVVNL₹208.38crore and MVVNL</td><td>Reply attached. (Annexure-1)</td></tr>
</table>

₹ 183.61 crore). As per the tripartite MoU signed (30 January 2016) among the Ministry of Power, GoI; GoUP andUPPCL (on behalf of all DISCOMs) for implementation of UDAY scheme, theGoUP was to refundten*per cent* of losses of 2017-18 in the year 2018-19. 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 2017-18 was ₹ 530.00crore only (ten*per cent* of losses for the year 2017-18*i.e.* PVVNL ₹ 1,516.95crore, DVVNL ₹2,366.50crore, PuVVNL₹ 832.56crore andMVVNL ₹ 437.75 croreand add impact of understatement of loss by PVVNL₹ 30.83 crore, DVVNL ₹ 50.77 crore and PuVVNL₹ 100.75 crore, respectively less impact of overstatement of loss by MVVNL₹36.14 crore) which should have been recognised as income while the remaining amount ₹231.09crore(₹761.09croreless ₹530.00crore) should have been shown as deferred income in the Non-Current Liabilities. However, in CFS total amount received of ₹761.09crore is accounted for as income in the statement of Profit and Loss for the year 2018-19. Thus, the 'Loss' and 'Non-Current Liabilities' are understated by ₹231.09 crore. Despite a similar comment of the CAG on the accounts for the year 2017-18, corrective action has not been taken by the Management.	
2. In respect of PuVVNL, Other Income was reduced ₹5.95 croreon account of adjustment of wrong accountal of interest earned during the	In reference to the Draft comment it is to submit that the interest amounting to Rs. 5.95 Crore has inadvertently booked by PuVVNL during the current year income instead Prior

<table>
<tr>
<td>financial year 2017-18 on unutilised funds of Government of India (GoI) sponsored Schemes (i.e. RGGVY, R-APDRP, IPDS and DDUGJY). As per requirement of Ind AS 8 read with Significant Accounting Policy (point 2 XVI of Note 1A) of the Company an entity shall correct material prior period errors retrospectively by restating the comparative amounts for the prior period(s) presented in which the error occurred. This resulted in understatement of 'Other Income' and overstatement of Loss for the year by₹5.95 crore each. Consequently, disclosure under'Other Equity' (Reserves and Surplus-Retained earnings) in respect of prior period has not been made as per requirement of Ind AS 8 and Accounting Policy of the Company.</td>
<td>Period. Since the accounts for FY 2018-19 has been closed and it has no impact on Reserve & Surplus in the next years.</td>
</tr>
<tr>
<td>3. The above does not include bill/supplementary bills amounting to ₹ 100.13 crore received from different parties as detailed below:

a) Bill of M/ s R.K.M. Powergen Company Limited related to transmission charges and power purchase of (-) ₹ 33.46 crore for the period from 01.04.2017 to 31.03.2019 which were verified by the Company on 02/09/20 and 18/09/20. Though the UPPCL's (Standalone) accounts for the year 2018-19 were closed on 31.12.2020, the Company did not account for the above bills of (-) ₹ 33.46 crore in the books of accounts for the year 2018-19.</td>
<td>The point wise reply is given below :-

<table>
<tr><th>Verification No. and Date</th><th>Bill Reference</th><th>Particular of Bill</th><th>Amount included in the bill</th><th>Reply</th></tr>
<tr><td rowspan="2">3416
02.09.19</td><td rowspan="2">RKMP/UPPCL/POC/May(LTA)/2019/007</td><td>POC Bill 3(LTA)</td><td>0.49 Crore</td><td rowspan="2">The bills were raised by RKM Powergen Pvt. Ltd. on 28.08.19 on account of reimbursement of arrear bill raised by PGCIL to RKM. PGCIL has raised billed on RKM on the basis of various orders and regulatory changes. The provision against the aforesaid liability was not made in the accounts of the unit for the F.Y. 2018-19 as the amount was not ascertainable as on 31.03.2019. Hence, the accounting of the aforesaid bills have been done by the unit in the year in which the bills received. i.e. F.Y. 2019-20.</td></tr>
<tr><td>POC Bill 3(MTOA)</td><td>0.17 Crore</td></tr>
<tr><td>4258
18.09.20</td><td></td><td>Credit Note 2017-18</td><td>-12.01 Crore</td><td>Amount omitted from the accounts of</td></tr>
</table>
</td>
</tr>
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<table>
<tr>
<td></td>
<td>
<table>
<tr><td></td><td>RKMPPL/PPA/CN/LPS/18092020</td><td>Credit Note 2018-19</td><td>-22.11 Crore</td><td>Financial year 2018-19 due to non-presentation of bill up to 18.09.2020 by RKM. However, the same has been accounted in the books of financial year 2019-20 on the basis of verification date accordingly.</td></tr>
<tr><td colspan="3">TOTAL (Rs.)</td><td>-33.46 Crore</td><td></td></tr>
</table>
</td>
</tr>
<tr>
<td>b)Supplementary bills of Efficiency Gain amounting to (-) ₹ 105.62 crore of four parties[1] pertaining to the period from 2014-15 to 2018-19 which was verified by the Companybefore the date of closing date (31.12.2020) of the Annual Accounts for the year 2018-19.</td>
<td>It is stated that the amount ofRs. 105.62 crore includes bill of four parties (viz, NTPC- 92.40 crore: Bajaj Energy Ltd.- 12.95 crore; APCPL- 0.14 crore; NSM II- 0.14 crore) for Efficiency Gain on the basis of the orders passed by CERC date 30.12.2019. For example, photocopy of NTPC invoice and CERC order dated 30.12.2019 against Pt. No. 284/ RC/2019 (UPPCL was not a party of this petition) is enclosed herewith. The provision against the said liability was not made in the books of accounts of the unit for the F.Y. 2018-19as the amount was not ascertainable as on 31.03.2019. Hence, the accountings of the aforesaid bills have been done by the unit in the year in which the bills received i.e. F.Y. 2019-20.</td>
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<tr>
<td>c) Bill amounting to □ 239.21 crore of M/s Power Grid Corporation of India Limited in respect of bill for transmission charges and power purchase for the period July 2011 to March 2019 which was verified[2] by the Companybefore the closing date (31.12.2020) of the Annual Accounts for the year 2018-19.
This resulted in understatement of Purchase of Stock in trade (Power Purchased) as well as Revenue from Operations by □ 100.13 crore.</td>
<td>
<table>
<tr><th>Verification No. & Date</th><th>Bill Reference</th><th>Bill Amount (Rs.)</th><th>Amt. included in Rs. 239.21 Crore</th><th>Reply</th></tr>
<tr><td>4061 18.10.2019</td><td>Various Invoices</td><td>3.04 Crore</td><td>1.97 Crore</td><td>The bills were raised by PGCIL on account of CERC order dated 11.04.2019 against Petition No. 243/TT/2018 (UPPCL was not a party of this petition). Since the amount was not ascertainable as on 31.03.2019. Hence, the accounting of the aforesaid bills have been done by the unit in the year in which the bills received. i.e. 2019-20.</td></tr>
<tr><td>4428 11.11.2019</td><td>MI 0908190007 06.11.2019</td><td>103.00 Crore</td><td>47.52 Crore</td><td>The bill for Inter-state transmission charges is revised time to time on the basis of true-up finalization or CERC orders issued time to time. The amount of revision is not ascertainable until CERC issues order. Hence, the amount of Rs. 475.21 crore which pertains to arrear for the period of July 2011 to March 2019 has been accounted for in the year in which the bills received i.e. F.Y. 2019-20.</td></tr>
<tr><td>54 07.01.2020</td><td>MI 091090006 01.01.2020</td><td>304.98 Crore</td><td>185.79 Crore</td><td>As replied above against verification no. 4428 dated 11.11.2019.</td></tr>
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[1]□ 12.95 crore (M/s Bajaj Energy Limited) verified on 16/09/20, □ 92.40 crore (NTPC) verified on 27/07/20, □ 0.14 crore (Arawali Power Company) verified on 21/03/20 and □ 0.13 crore (NSM-II).

[2]□ 1.97 crore on 18/10/19, □ 47.52 crore on 11/11/19, □ 185.79 crore on 07/01/20, □ 3.05 crore on 27/07/20 and □ 0.88 crore on 28/07/20*i.e.* total bill amounting to □ 239.21 crore.

2766 27.07.2020	MI 0904200029 20.07.2020	3.05 Crore	3.05 Crore	The bill for Transmission Deviation Charges which was finalized after Revision-I by MOP Order No. NRPC/Comml/202/RTA/2020 dated 11.03.2020. As the liability was not ascertainable at the time of closing of accounts for F.Y. 2018-19. Hence, the accounting the aforesaid has been done in the year in which the bills received i.e. F.Y. 2019-20.
2791 28.07.2020	NI 0904200007 23.07.2020	1.57 Crore	0.88 Crore	PGCIL had raised the bill on account of FERV (Foreign Exchange Rate Variation)on Interest Payment & Loan Repayment for ULDC assets. These charges are not ascertainable before receiving of invoice and calculation with audited certificates from PGCIL and therefore, the liability could not be created in the books of F.Y. 2018-19. Hence, the accounting against the aforesaid liability has been done in the year in which the bills received i.e. F.Y. 2019-20.
			TOTAL (Rs.)	239.21 Crore

4. a) The above includes ₹22.73 crore on account of interest on loan taken from Power Finance Corporation Limited (PFC) by PuVVNL relating to financial year 2017-18. However, same was not accounted as required by Ind AS 8 read with Significant Accounting policy (point 2 XVI of Note 1A) of the Company. This resulted in overstatement of 'Finance cost' and 'Loss' for the yearby ₹ 22.73crore each.Consequently, disclosure under'Other Equity' (Reserves and Surplus-Retained earnings) in respect of prior period error is not made as per requirement of Ind AS 8 and Accounting Policy of the Company.	As per Para 42 of Ind AS-08 "An entity shall correct material prior period errors retrospectively in the first set of financial statements approved for issue after discovery" The amount of Rs. 22.73 crore is immaterial as compared to the total finance cost of Rs. 1203.46crore, hence in view of the above mentioned, the accounting has been done in the FY 2018-19.
b) The above does not include interest of ₹ 89.19 crore relating to projects under R-APDRP which were already completed by DVVNL. As per requirement of Ind AS 23, entity shall charge interest as revenue expenditure on completion of Assets. However, the Company has capitalised the interest of ₹ 89.19 crore instead of booking as finance cost.	No Capitalization of such interest has been made by DVVNL in FY 2019-20 and onwards.

This resulted in overstatement of Capital Work-in-Progress and understatement of Finance cost by ₹ 89.19 crore each. Consequently, Loss for the year is also understated by ₹ 89.19 crore.	
5.The above includes interest of ₹ 114 27 croreon projects of PVVNL under R-APDRP which has been incurred after completion of all the projects under R-APDRP and closure report was also sent to PFC by March 2018. However, the Company capitalised the aforesaid interest amounting to ₹ 114.27 crore after March 2018 instead of charging .s Expenditure. This resulted in overstatement of Property, Plant and Equipment and understatement of Finance Cost by ₹ 114.27 crore each. Consequently, Loss for the year is also understated by ₹ 114.27 crore.	PVVNL has been intimated to examine the matter and take the necessary action accordingly.
6. The above includes ₹10.32 crore being the amount of cheques received against sale of power by PuVVNL and deposited in banks up to December 2018 but remained unrealised up to 31 March 2019 and became time barred. However, amount of these cheques has not been reversed in the accounts. This resulted in overstatement of 'Cash and Cash equivalents' and understatement of 'Trade Receivables' by ₹ 10.32 crore. Despite comment of a similar nature of C&AG on the account for the year 2017-18, no	Un-cashed cheques are regularly monitored/ reconciled by the units and time barred un-cashed cheques are reversed in the Cash Book. It is a continues process as the Discoms receives number of cheques on daily basis. Although, PuVVNL has been intimated to take the necessary action to minimize such cases.

<table>
<tr>
<td>corrective action has been taken by the Company.</td>
<td></td>
</tr>
<tr>
<td>7. The above includes ₹ 2.57 crore being the amount of cheques received from consumers upto 31 December 2018 on account of sale of power by PVVNL which has become time barred but same has not been reversed in accounts.

This resulted in overstatement of Financial Assets-Bank Balance Other than Cash and Cash Equivalent (Current) and understatement of Trade Receivables by ₹ 2.57 crore each

Despite similar comment of Comptroller and Auditor General of India on the accounts for the years 2016-17 and 2017-18, no corrective action has been taken.</td>
<td>Un-cashed cheques are regularly monitored/ reconciled by the units and time barred un-cashed cheques are reversed in the Cash Book. It is a continues process as the Discoms receives number of cheques on daily basis. Although, PVVNL has been intimated to take the necessary action to minimize such cases.</td>
</tr>
<tr>
<td>8. As per clause 1.2(i) of the tripartite MOU executed between Ministry of Power, GOI, GoUP and UPPCL, 'the GoUP shall take over the future losses of the DISCOMs in a graded manner. Accordingly, 5 per cent loss of 2016-17 and 10 per cent loss of 2017-18 was to be taken over by the GoUP in the years 2017-18 & 2018-19 respectively.

The net loss of the DISCOMs for the years 2016-17 and 2017-18 is depicted as under:

(₹ in lakh)
<table>
<tr><th>DISCOM</th><th>Net Loss 2016-17</th><th>Net Loss 2017-18</th></tr>
<tr><td>MVVNL</td><td>72,279.56</td><td>43,170.58</td></tr>
<tr><td>PuVVNL</td><td>86,732.37</td><td>83,256.03</td></tr>
<tr><td>PVVNL</td><td>46,800.13</td><td>1,51,695.16</td></tr>
<tr><td>DVVNL</td><td>1,44,348.34</td><td>2,36,649.85</td></tr>
</table>
</td>
<td>In Point no 1.2(i) of UDAY MoU Sample format for calculation of future losses of discoms has been given to calculate the amount on which State Government shall take over the future losses of the discoms in a graded manner and shall fund the losses according to table mentioned therein. In point no. 1.2(m) it has stated that losses after 01.10.2015 shall be calculate according to indicated estimated losses to Annexure-2.

Thus, UPPCL Has calculated OFR as per MoU Provisions. The subsidies received under UDAY has be accounted for correctly.</td>
</tr>
</table>

KESCO	31,955.06 (Profit)	6,441.75 (Profit)
Net losses	**3,50,160.40**	**5,14,771.62**
	2017-18	**2018-19**
Percentage of net loss to be taken over by GoUP	5 *per cent* of losses of 2016-17 taken over in 2017-18	10 *per cent* of losses of 2017-18 taken over in 2018-19
Loss funding by GoUP in UDAY scheme	17,508.02 say ₹ 175.08 crore	51,477.16 say ₹514.77 crore
Actual funding by GoUP	₹ 409.93 crore	₹ 761.09 crore
Excess funding made by GoUP	₹ 243.85 crore	₹246.32 crore

Thus, it may be seen from the above that total excess funding of ₹490.17 crore (₹ 243.85 crore + ₹246.32 crore) was claimed/received from the GoUP in the years 2017-18 and 2018-19 which should have been shown as liability payable to GoUP in the books of the accounts.

This resulted in understatement of 'Other Financial Liabilities' and 'Financial Assets-Other (Current)' by ₹490.17 crore, each.

9. The above includes ₹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 by PVVNL during 2017-18 which has been wrongly included in Other Equity. The unadjusted amount of MA in the year 2017-18 stood at ₹ 8.88 crore (including interest of ₹ 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	The necessary correction has been made by PVVNL in annual accounts of FY 2019-20.

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 Equity 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).	
10. The above is understated by □ 11.69 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 PVVNL. This has resulted in understatement of Other Equity (minus balance) as well as Other Current Liabilities by □ 11.69 crore. Despite similar comment of C&AGon the accounts of for the year 2017-18, no corrective action has been taken.	The necessary correction has been made by PVVNL in annual accounts of FY 2020-21 **(Annexure-3).**
11. PVVNL has shown outstanding loan amounting to □ 218.75 crore (balance of loan of □ 350 crore taken on 30 June 2017 payable in 24 EMIs *w.e.f.* 30 July 2018) from Rural Electrification Corporation (REC) as Borrowing (Current) under Current Liabilities. Since EMIs amounting to ₹ 175.00 crore of loan[3] was only due within 12 months from the Balance Sheet date, the balance amount of loan of □ 43.75	The necessary presentation has been given by PVVNL in annual accounts of FY 2019-20.

[3]□ 175 crore= (12 EMIOs of loan of □ 350.99 crore)

crore has been incorrectly classified under Non-Current Liabilities.	
12. The above does not include 28.65 crore being interest payable on account of delayed deposit/non-deposit of General Provident Fund (₹ 28.08 crore) and Pension and Gratuity (0.57 crore) as worked out and accounted in the Financial Statements of Uttar Pradesh Power Sector Employees Trust for the year 2014-15. This resulted in understatement of Current Liabilities and Accumulated Loss by 28.65 crore. Despite comment of the C&AG on the Accounts for the year 2012-13 to 2017-18, no corrective action has been taken by the Management.	It is to submit that 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 CroreDr 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.
13. The above does not include 51.96 crore being the interest payable to the GoUP by KESCO on account of delayed payment of conversion charges for conversion of nazulland to freehold land. The request for waiver of interest was finally rejected by GoUPin December 2009. As the interest was not waived off by GoUP, the provision for interest on delayed payment should have been made in the Accounts. However, the Company neither made any provision nor depicted any Contingent Liability on this account. This resulted in understatement of 'Other Financial Liabilities' as well as 'Property, Plant and Equipment' by 51.96 crore each. Although the Statutory Auditor at point No. 8.2	As replied by the KESCO, no demand has been received from GoUP for payment of interest on conversion charges. Hence, in absence of any demand from the GoUP or reasonable certainty, accounting or disclosure as contingent liability is not required.

<table>
<tr>
<td>in their report had commented the interest payable amount but impact for the years 2017-18 and 2018-19 was not commented.</td>
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<tr>
<td>14. In case of PVVNL the Statutory Auditors in their Report under Emphasis of Matters at point No. 8 of Annexure-B commented that interest payable to PFC amounting to ₹ 313.69 crore has been considered as contingent liability in accounts however, financial impact of the comment has not been commented. The interest of ₹ 313.69 crore (₹ 64.27 crore for the year 2018-19 and ₹ 249.42 crore for previous years i.e. 2009-10 to 2017-18) payable to PFC.
The demand for payment for the interest is regularly being made by the PFC, however, no liability for the same has been provided in accounts.
This resulted in understatement of Current liabilities by ₹ 313.69 crore, Finance cost by ₹ 64.27 crore and Property, Plant and Equipment by ₹249.42 crore. Consequently, Loss for the year is also understated by ₹ 64.27 crore.</td>
<td>Whenever a Loan from Government converted into Grant, it's Interest and other charges also convert/treated into Grant. Power Finance Corporation vide letter no. 065598 dated 26.09.2019 has confirmed that a procedure for conversion of RAPDRP Part-B loans into Grant in under consideration at MoP.

In view of the above and in anticipation of conversion of loans into Grant PVVNL has not included the same in Finance Cost.</td>
</tr>
<tr>
<td>C. COMMENTS ON DISCLOSURE</td>
<td></td>
</tr>
<tr>
<td>Notes to Accounts</td>
<td></td>
</tr>
<tr>
<td>15. Contingent Liabilities does not include the claims mentioned hereunder, which are under consideration of the Appellate Tribunal of Electricity (APTEL):</td>
<td>1. The point wise reply is given below:
<table>
<tr><th>Sl.No.</th><th>Name of Party</th><th>Description of claim</th><th>Amount of claim (Cr.)</th><th>Comments</th></tr>
<tr><td>a</td><td>M/s Rosa power Supply Company</td><td>Energy Bills</td><td>247.91</td><td>Bill of LPS date 04.01.2019 was received from M/s Rosa for Rs. 129.78</td></tr>
</table>
</td>
</tr>
</table>

S. No.	Pertaining to	Name of the Party and description of claim	Period of claim	Amount of claim (₹ in crore)
1.	UPCL	M/s Rosa Power Supply Company – energy bills	April 2015 to March 2019	129.78
		M/s R.K.M. Powergen Private Limited- transmission charges, LPSC & penalty for short supply	After 2016 to May 2018	109.92
2.	KESCO	Delayed payment of license fee	2007-08 to 2013-14	36.52
Total				276.22

As the bills of ₹ 276.22 croreare disputed, therefore, the same should have been shown under the contingent liabilities in the disclosure of the financial statement. Thus, the contingent Liabilities are understated by ₹ 276.22crore.

				Cr. which was later subjected to Pettion No. 1437/2019 under UPERC. Accordingly a contingent liability of Rs. 129.78 Cr. was shown in F.Y 2019-20. However M/s Rosa again submitted revised invoice amounting Rs. 247.91 Cr. which was returned in original to supplier as the same was not claimed as per UPERC' order. Hence, it has not been shown as contingent liability.
b	M/s R.K.M Powergen Private Ltd.	Transmission charges LPSC & Penalty for short supply	109.92	Contingent Liability of Rs109.92 Cr. has been shown in F.Y 2019-20 accounts.

2. The compliance was made by KESCO in the financial statements of FY 2019-20.

16. As per Schedule III of Companies Act 2013, in case of Borrowings, additional disclosures relating to maturity/redemption or conversion date of bonds, repayment of term loans and other loans etc. are required to be given.However, the Notes to Accounts do not include above disclosures in case of loans and bonds amounting to ₹ 56,109.79croreshown under the head 'Borrowings' (Note 16).

Despite a similar comment of the CAG on the Accounts for the years 2016-17 and 2017-18, no

Disclosures related to Bond have given in Point no. 39 (VII) of Notes to Accounts.

corrective action has been taken by the Management.	
17. Uttar Pradesh JalVidyutNigam 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 ₹ 80.73crore has been shown in the books of UPJVNL for 2018-19. 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 UPPCLin the Notes to Accounts. Despite similar comment of CAG on the accounts for the years2016-17 and 2017-18, 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 takc final decision and accordingly ensure necessary compliance in its books of accounts.
18. An amount of 1.13 crore (in the form of Fixed Deposit) has been submitted by DVVNL as security in Court. Since, the amount has been deposited in Court, the same was not available for use by the Company. This fact has not been disclosed in Cash Flow Statement as per requirement of Ind AS 7.	DVVNL has disclosed the same in F.Y 2019-20.
D. OTHER COMMENTS	

19. Para 100 of Ind AS 38 on Intangible Assets provides that 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 amortisationof Intangible Assets is not in conformity with the provisions of Ind AS 38. Despite similar comment of the C&AG on the Accounts for the years 2016-17 and 2017-18, no corrective action has been taken by the management.	The Discoms have been intimated to examine the matter and take the necessary action.
20. a) The value of Inventory stores & spares of ₹ 73.17 croreincludes slow moving stores amounting to ₹ 1.69 crore which are more than three years old in case of KESCO. However, Company has not formulated any accounting policy in respect of provision for diminution in the value of unserviceable/	The matter pertain to Kesco and making the provision is a matter of company specific situation depending on the working of the employees, area covered in that company and Stores & Spares requirement and handling by the store/JE. It is an accounting estimate done by the company considering the facts in each case basis, hence, it may be concluded that the making of provisions are based on the company wise situation basis.

slow moving stores and in the absence of an accounting policy for the same no provision was made in the accounts.	
b) MVVNL andDVVNL made Provision for obsolete stores of ₹ 41.22 croreand ₹ 78.09 crore for obsolete store in the year 2012-13 and 2016-17, respectively when value of Inventory was ₹ 229.99 crore and ₹ 1,019.67 crore. The value of inventory increased to₹ 2,127.77 crore(MVVNL ₹ 815.54 crore and DVVNL ₹ 1,312.23 crore) in the year 2018-19, however, the amount of provision remained unchanged at ₹ 119.31 crore (MVVNL ₹ 41.22 crore and DVVNL ₹ 78.09 crore) in the absence of any accounting policy in this regard.	As informed by the MVVNL the amount of Rs. 41.22 crore appearing as provision for unserviceable stores in the books of accounts is received under Final Transfer Scheme of the Discoms. Also the provision is a matter of company specific situation depending on the working of the employees, area covered in that company and Stores & Spares requirement and handling by the store/JE. It is an accounting estimate done by the company considering the facts in each case basis, hence, it may be concluded that the making of provisions are based on the company wise situation basis.

(Nidhi Kumar Narang)
Director (Finance)
DIN-03473420

(Pankaj Kumar)
Managing Director
DIN-08095154

Date 27/3/2023
Place: Lucknow

U. P. Power Corporation Ltd.
(A Government of UP undertaking)
CIN:U32201UP1999SGC024928

Registered address: Shakti Bhawan, 14 Ashok Marg, Lucknow-226001
Phone No. 0522-2286618, Email: csunit.uppcl@gmail.com

CEO & CFO Certification

To

The Board of Directors
U. P. POWER CORPORATION LIMITED

We, the undersigned, in our respective capacities as Chief Financial Officer of U. P. POWER CORPORATION LIMITED ("the Company"), to the best of our knowledge and belief certify that:

a) We have reviewed the financial statements and the cash flow statement for the financial year ended 31st March 2019 and to the best of our knowledge and belief, we state that:
   i. These statements do not contain any materially untrue statement or omit any material factor contain statements that might be misleading;
   ii. These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.

b) There are no transactions entered into by the Company during the financial year, which are fraudulent, illegal or violative of the Company's code of conduct.

c) We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
   i. Significant changes, if any, in the internal control over financial reporting during the year;
   ii. Significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
   iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Date: 27/03/2023
Place: Lucknow

Nitin Nijhawan
CFO

Pankaj Kumar
Managing Director
DIN : 08095154

U.P POWER CORPORATION LIMITED

STANDALONE BALANCE SHEET

AS AT

31st MARCH 2019

&

STANDALONE STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED ON

31st MARCH 2019

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

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

BALANCE SHEET AS AT 31st MARCH 2019

(Amount in lakh ₹)

PARTICULAR	Note No.	As at 31st March, 2019	As at 31st March, 2018
I. ASSETS			
1 Non-Current Assets			
a) Property, Plant and Equipment	2	6070.97	5790.89
b) Capital Work-In-Progress	3	2.73	613.45
c) Intangible Assets	4	287.82	96.99
d) Financial Assets			
(i) Investments	5	499682.68	337236.57
(ii) Loans & Other Financial Assets	6	2785093.26	3811513.26
2 Current Assets			
a) Inventories	7	156.54	156.54
b) Financial Assets			
(i)Trade receivables	8	2954413.10	2072876.04
(ii) Cash and Cash Equivalents	9	162508.87	147874.44
(iii) Bank balance other than (ii) above	10	43257.11	55162.58
(iv)Other	11	1984412.64	1046485.16
c) Other Current Assets	12	50293.09	30605.65
Total		8486178.81	7508411.57
II. EQUITY AND LIABILITIES			
Equity			
a) Equity Share Capital	13	9118616.32	8040073.81
b) Other Equity	14	(8486663.85)	(7616583.11)
Liabilities			
1 Non-Current Liabilities			
a) Financial Liabilities			
i)Borrowings	15	4835817.74	4940210.64
ii)Other Financial Liabilities	16	6774.85	6078.50
2 Current Liabilties			
a) Financial Liabilities			
i)Borrowings	17	114350.06	152902.18
ii)Trade Payables	18	2543827.38	1728554.07
iii)Other Financial Liabilities	19	353456.31	257175.48
Total		8486178.81	7508411.57
Company information & Significant accounting policies	1		
Notes on Accounts	29		

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

(Niharika Gupta)
Company Secretary

(A.K.Awasthi)
Chief General Manager & CFO

(Sudhir Arya)
Director (Finance)
DIN - 05135780

(M.Devaraj)
Managing Director
DIN - 08677754

Place : Lucknow
Date : 29-01-2021

Subject to our report of even date
For R.M. Lall & Co.
Chartered Accountants
FRN No. 000932C

(R.P. Tewari)
Partner
M. No. 071448

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.
CIN - U32201UP1999SGC024928

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31st MARCH 2019

(Amount in lakh ₹)

	PARTICULAR	NOTE	For the year ended 31st March 2019	For the year ended 31st March 2018
I	Revenue from Operations	20	5378644.24	4727579.73
II	Other Income	21	10774.03	9692.05
III	TOTAL REVENUE (I+II)		5389418.27	4737271.78
IV	EXPENSES			
	Purchase of Stock in trade(Power Purchased)	22	5378644.24	4727585.21
	Employee benefits expense	23	18896.15	17696.08
	Finance cost	24	4.98	3.27
	Depreciation and Amortization expense	25	394.33	350.98
	Other Expenses			
	a) Administrative, General & Other Expense	26	8273.31	4515.51
	b) Repair & Maintenance	27	1652.59	1675.68
	c) Bad Debts & Provisions	28	806256.24	813514.31
	TOTAL EXPENSES (IV)		6214321.84	5565341.04
V	Profit /(loss) before exceptional items and tax (III-IV)		(824903.57)	(828069.26)
VI	Exceptional Items			
VII	Profit/ (loss) before tax (V+VI)		(824903.57)	(828069.26)
VIII	Tax Expense :			
	(1) Current Tax		0.00	0.00
	(2) Deferred tax		0.00	0.00
IX	Profit/(Loss) for the period From continuing operations (VII+VIII)		(824903.57)	(828069.26)
X	Profit/(loss) from discontinuing operations			
XI	Tax Expense of discontinuing operations			
XII	Profit/(loss) from discontinuing operations (after tax) (X-XI)			
XIII	Profit/(Loss) for the period (IX+XII)		(824903.57)	(828069.26)
	Other Comprehensive income			
XIV	A- (i) Items that will not be reclassified to profit or loss			
	Acturial Gain or (Loss)		(112.23)	32.81
	(ii) Income tax relating to items that will not be reclassified to profit or loss			
	B- (i) Items that will be reclassified to profit or loss			
	(ii) Income tax relating to items that will be reclassified to profit or loss			
XV	Total comprehensive Income for the period(XIII+XIV) (Comprising Profit/(Loss) and Other Comprehensive Income for the period)		(825015.80)	(828036.45)
XVI	Earning per equity share (for continuing operation) :			
	(1) Basic (₹)		(95.31)	(106.75)
	(2) Diluted (₹)		(95.31)	(106.75)
XVII	Earning per equity share (for discontinuing operation)			
	(1) Basic (₹)			
	(2) Diluted (₹)			
XVIII	Earning per equity share (for continuing and discontinuing operation) :			
	(1) Basic (₹)		(95.31)	(106.75)
	(2) Diluted (₹)		(95.31)	(106.75)

Company information & Significant accounting policies 1
Notes on Accounts 29
The accompanying notes form an integral part of the financial statements

(Niharika Gupta)
Company Secretary

(A.K.Awasthi)
Chief General Manager & CFO

(Sudhir Arya)
Director (Finance)
DIN - 05135780

(M.Devaraj)
Managing Director
DIN - 08677754

Place : Lucknow
Date : 23-01-2021

Subject to our report of even date
For R.M. Lall & Co.
Chartered Accountants
FRN No. 000932C

(R.P. Tewari)
Partner
M. No. 071448

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

STATEMENT OF CHANGES IN EQUITY

Equity Share Capital

Particulars	(Amount in lakh ₹)
Balance as at 1ST April 2017	7287520.82
Changes during the year	752552.99
Balance as at 1ST April 2018	8040073.81
Changes during the year	1078542.51
Balance as at 31ST March 2019	9118616.32

OTHER EQUITY

(Amount in lakh ₹)

Particulars	For the year ended 31 march 2019				
	Share application money pending allotment	Capital Reserve	Restructuring Reserve	Retained Earning	Total
Balance at the beginning of the reporting period	259075.02	19595.12	55076.00	(7950329.25)	(7616583.11)
Changes in accounting policy or prior period items	0.00	0.00	0.00	0.00	0.00
Restated balance at the beginning of the reporting period	259075.02	19595.12	55076.00	(7950329.25)	(7616583.11)
Total comprehensive income for the year	0.00	0.00		(825015.80)	(825015.80)
Share application money received	1033477.57	0.00		0.00	1033477.57
Share alloted against application money	1078542.51	0.00		0.00	1078542.51
Balance at the end of the reporting period	214010.08	19595.12	55076.00	(8775345.05)	(8486663.85)

Note - In the F.Y.2017-18 the amount of Rs.74671.12 lacs was shown as Capital Reserve which includes the Restructuring Reserve amounting to Rs. 55076.00 lacs (i.e.Rs.74671.12 lacs - Rs.19595.12 lacs). Hence the Restrucring Reserve has been shown separately in the current year.

U.P. POWER CORPORATION LIMITED

CIN - U32201UP1999SGC024928

NOTE NO. 1

COMPANY INFORMATION & SIGNIFICANT ACCOUNTING POLICIES OF STANDALONE FINANCIAL STATEMENT

1. **REPORTING ENTITY**

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

2. **GENERAL/BASIS OF PREPARATION**

(a) The standalone financial statements are prepared in accordance with the applicable provisions of the Companies Act, 2013. However where there is a deviation from the provisions of the Companies Act, 2013 in preparation of these accounts, the corresponding provisions of Electricity (Supply) Annual Accounts Rules 1985 have been adopted.

(b) The accounts are prepared under historical cost convention, on accrual basis, unless stated otherwise, in persuance of Ind AS, and on accounting assumption of going concern.

(c) Insurance and Other Claims, Refund of Custom Duty, Interest on Income Tax & Trade Tax and interest on loans to staff is accounted for on receipt basis after the recovery of principal in full.

(d) **Statement of compliance**

These standalone financial statements are prepared on accrual basis of accounting, unless stated otherwise, and comply with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto, the Companies Act, 2013 (to the extent notified and applicable), applicable provisions of the companies Act, 1956, and the provisions of the Electricity Act, 2003 to the extent applicable.

(e) **Functional and presentation currency**

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

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

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

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

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

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

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading:
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer settlement of the liability for at least twelve month after the reporting period.

All other liabilities are classified as non-current.

3. SIGNIFICANT ACCOUNTING POLICIES

I- PROPERTY, PLANT AND EQUIPMENT

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

(b) All costs relating to the acquisition and installation of Property, Plant and Equipment till the date of commissioning are capitalized.

(c) In the case of commissioned assets, where final settlement of bills with the contractor is yet to be affected, capitalization is done, subject to necessary adjustment in the year of final settlement.

(d) Due to multiplicity of functional units as well as multiplicity of functions at particular unit, Employees cost to capital works are capitalized @ 15% on deposit works and @ 9.5% on other works on the amount of total expenditure.

(e) Borrowing cost during construction stage of capital assets are capitalized as per provisions of Ind AS-23.

II- CAPITAL WORK-IN-PROGRESS

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

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

III- INTANGIBLE ASSETS

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

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

IV- DEPRECIATION

(a) Depreciation is charged on Straight Line Method as per Schedule II of the Companies Act 2013.

(b) Depreciation on additions to / deductions from Property, Plant and Equipment during the year is charged on Pro rata basis.

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

V- INVESTMENTS

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

VI- STORES & SPARES

(a) Stores and Spares are valued at cost.

(b) As per practice consistently following by the Compnay, Scrap is accounted for as and when sold.

(c) Any shortage /excess of material found during the year end are shown as "material short/excess pending investigation" till the finalization of investigation.

VII- REVENUE/ EXPENDITURE RECOGNITION

(a) Revenue from sale of energy is accounted for on accrual basis.

(b) Late payment surcharge recoverable from subsidiaries and other bulk power purchasers are accounted for on cash basis due to uncertainty of realisation.

(c) Sale of energy to subsidiary distribution companies is accounted for, on the rates decided by the management.

VIII- POWER PURCHASE

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

(a) In respect of Central Sector Generating Units and unscheduled interchange/reactive energy, at the rates approved by Central Electricity Regulatory Commission (CERC).

(b) In respect of State Sector Generating Units and unscheduled interchange/reactive energy, at the rates approved by U.P. Electricity Regulatory Commission (UPERC).

(c) In respect of Power Trading Companies, at the mutually agreed rates.

IX- EMPLOYEE BENEFITS

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

(b) Medical benefits and LTC are accounted for on the basis of claims received and approved during the year.

(c) Leave encashment has been accounted for on accrual basis.

X- PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

(a) Accounting of the Provisions is made on the basis of estimated expenditures to the extent possible as required to settle the present obligations.

(b) Contingent assets and liabilities are disclosed in the Notes on Accounts.

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

XI- GOVERNMENT GRANT, SUBSIDIES AND CONSUMER CONTRIBUTIONS

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

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

XII- FOREIGN CURRENCY TRANSACTIONS

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

XIII- DEFERRED TAX LIABILITY

Deferred tax liability of Income Tax (reflecting the tax effects of timing difference between accounting income and taxable income for the period) is provided on the profitability of the Company and no provision is made in case of current loss and past accumulated losses as per Para 34 of Ind AS 12 (Income Taxes).

XIV- STATEMENT OF CASH FLOW

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

XV- FINANCIAL ASSETS

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

Subsequent Measurement:

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

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

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

XVI- FINANCIAL LIABILITIES

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

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

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

XVII- MATERIAL PRIOR PERIOD ERRORS

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

(Niharika Gupta) **Company Secretary**	**(A. K. Awasthi)** **Chief General Manager & CFO**	**(Sudhir Arya)** **Director (Finance)** **DIN - 05135780**	**(M. Devaraj)** **Managing Director** **DIN - 08677754**

Place : Lucknow
Date : 29-01-2021

Subject to our report of even date
For R. M. Lall & Co.
Chartered Accountants
FRN No. 000932C

(R. P. Tewari)
Partner
M.No. 071448

U.P.POWER CORPORATION LIMITED

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NOTE - 2

PROPERTY PLANT AND EQUIPMENT

2018-19

(Amount in lakh ₹)

Particulars	Gross Block				Depreciation				Net Block
	As at 01.04.2018	Additions	Deductions / Adjustments*	As at 31.03.2019	As at 01.04.2018	Additions **/PPE Adjustment	Deductions / Adjustments*	As at 31.03.2019	As at 31.03.2019
Land & Land Rights	470.45	0.00	0.00	**470.45**	0.00	0.00	0.00	**0.00**	470.45
Buildings	4775.82	46.15	0.00	**4821.97**	1394.50	99.16	0.00	**1493.66**	3328.31
Other Civil Works	674.42	0.00	0.00	**674.42**	383.25	15.35	0.00	**398.60**	275.82
Plant & Machinery	866.96	107.56	0.00	**974.52**	340.96	69.13	0.00	**410.09**	564.43
Vehicles	220.20	9.57	14.92	**214.85**	99.82	11.80	10.19	**101.43**	113.42
Furniture & Fixtures	511.96	73.33	0.00	**585.29**	96.84	33.96	0.00	**130.80**	454.49
Office Equipments	1555.59	409.16	0.00	**1964.75**	969.14	131.56	0.00	**1100.70**	864.05
TOTAL	**9075.40**	**645.77**	**14.92**	**9706.25**	**3284.51**	**360.96**	**10.19**	**3635.28**	**6070.97**
Previous Year	**7943.81**	**1160.10**	**28.51**	**9075.40**	**2972.45**	**333.86**	**21.80**	**3284.51**	**5790.89**

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

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NOTE - 3

CAPITAL WORKS IN PROGRESS

(Amount in lakh ₹)

PARTICULARS	As at 01.04.2018	Additions	(Deduction)/ Adjustments	Capitalised	As at 31.03.2019
Capital Work in Progress *	613.45	874.33	(839 28)	645.77	2.73
GRAND TOTAL	**613.45**	**874.33**	**(839.28)**	**645.77**	**2.73**

* It includes Employee cost related to works.

NOTE - 4

INTANGIBLE ASSETS

2018-19

(Amount in lakh ₹)

Particulars	Gross Block				Amortization				Net Block
	As at 01.04.2018	Additions	Deductions / Adjustments	As at 31.03.2019	As at 01.04.2018	Additions /PPE Adjustment	Deductions / Adjustments	As at 31.03.2019	As at 31.03.2019
Software	115.17	224.20	0.00	339.37	18.18	33.37	0.00	51.55	287.82
TOTAL	**115.17**	**224.20**	**0.00**	**339.37**	**18.18**	**33.37**	**0.00**	**51.55**	**287.82**
Previous Year	**34.32**	**80.85**	**0.00**	**115.17**	**1.06**	**17.12**	**0.00**	**18.18**	**96.99**

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NOTE - 5

FINANCIAL ASSETS - INVESTMENTS (NON-CURRENT)

(Amount in lakh ₹)

Particulars	As at 31.03.2019		As at 31.03.2018	
LONG TERM INVESTMENT IN EQUITY INSTRUMENT AT COST (Unquoted)				
TRADE INVESTMENTS				
I Subsidiaries			132701.74	
(a) KESCO	165583.48			
1655834838 Equity Shares of ₹10/- each Fully paid up.				
(1327017476) Equity Shares of ₹10/- each Fully paid up.)				
From this 60000000 shares are alloted for consideration other than cash			36648.04	
persuant to KESA Zone EDU scheme 2000	30000.93		169349.78	
Share Application Money pending for allotment	195584.41		169349.78	0.00
	195584.41	0.00		
Less - Provision for impairment in investment			500226.19	
(b) Dakshinanchal VVNL	1688095.00			
168809500 Equity shares of ₹ 1000/- each fully paid up				
(50022619)Equity Shares of ₹1000/- each Fully paid up.)			1129227.49	
Share Application Money pending for allotment	153168.01		1629453.68	
	1841263.01		1629453.67	0.01
	1841263.01	0.00		
Less - Provision for impairment in investment			1069899.37	
(c) Madhyanchal VVNL	1255325.16			
125532516 Equity shares of ₹ 1000/- each fully paid up				
(106989937) Equity Shares of ₹1000/- each Fully paid up.)			424217.63	
Share Application Money pending for allotment	488716.06		1494117.00	
	1744041.22		1397870.45	96246.55
	1475318.68	268722.54		
Less - Provision for impairment in investment			888209.33	
(d) Paschimanchal VVNL	1439773.14			
143977314 Equity shares of ₹ 1000/- each fully paid up				
(88820933) Equity Shares of ₹1000/- each Fully paid up.)			420331.40	
Share Application Money pending for allotment	28158.29		1308540.73	
	1467931.43		1308540.72	0.01
	1467931.43	0.00		
Less - Provision for impairment in investment			1362181.25	
(e) Purvanchal VVNL	1599074.91			
159907491 Equity shares of ₹ 1000/- each fully paid up				
(136218125)Equity Shares of ₹1000/- each Fully paid up.)			236893.67	
Share Application Money pending for allotment	270769.27		1599074.92	
	1869844.18		1599074.92	0.00
	1869844.18	0.00		
Less - Provision for impairment in investment			6.65	
(f) Sonebhadra PGCL	620.23			
62023 Equity shares of ₹ 1000/- each fully paid up				
(665) Equity Shares of ₹1000/- each Fully paid up.)			6.65	0.00
	620.23	0.00		
Less - Provision for impairment in investment			5.00	
	221.63			
(h) Southern U.P.Power Transmission Co. Ltd.				
2216300 Equity Shares of ₹10/- each Fully paid up.)				
(50000) Equity Shares of ₹10/- each Fully paid up.)	160.72	60.91	5.00	0.00
Less - Provision for impairment in investment			1.25	
II Associates	66.01			
(a) Yamuna Power generation Co. Ltd.				
660111 Equity shares of ₹ 10/- each fully paid up				
(12500) Equity Shares of ₹10/- each Fully paid up.)	66.01	0.00	1.25	0.00
Less - Provision for impairment in investment				
III Others			221333.52	
(a) UPPTCL	221333.52			
22133352 Equity shares of ₹ 1000/- each fully paid up				
(22133352) Equity Shares of ₹1000/- each Fully paid up.)				
from this 18429700 shares are alloted for consideration other than cash.			18072.31	
Share Application Money pending for allotment	18072.31		239405.83	
	239405.83		20715.83	218690.00
	30806.60	208599.23		
Less - Provision for impairment in investment				17400.00
(b) BONDS (Listed and AAA Rated)		17400.00		4900.00
i) 7.75% PFC Bonds		4900.00		
ii) 7.59% HUDCO Bonds				337236.57
		499682.68		
TOTAL				

1 Aggregate amount of unquoted investment in equity shares & Share Application Money as on 31.03.2019 is ₹ 7358977.96 lakhs)
(Previous year ₹ 6439954.83 lakhs)

2 Aggregate amount of provision for impairment made upto 31.03.2019 are ₹ 6681595.27 (Previous year ₹ 6125018.27 lakhs)

3 Considering the accumulated losses of Discoms / UPPTCL / Yamuna PGCL & Southern PTCL a Provision for impairment has been made during the year are ₹ 756577.00 lakhs)
(Previous year ₹ 818782.30 lakhs)

4 The amount of provision for impairment is based on net worth calculated on the basis of balance sheets of DISCOMS,Southern PTCL, Sonbhadra, Yamuna PGCL and UPPTCL for F.Y. 2018 -19 .

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NOTE - 6

LOANS & OTHER FINANCIAL ASSETS (NON-CURRENT)

(Amount in lakh ₹)

	Particulars	As at 31.03.2019		As at 31.03.2018	
A	**LOANS**				
	Noida Power Corporation Ltd. (Licensee)				
	Unsecured and considered doubtful				
	Loan	568.43		568.43	
	Interest Accrued & Due	10818.83		9339.21	
		11387.26		9907.64	
	Less - Provision for Bad & Doubtful Debts Loan & interest	11387.26	0.00	9907.64	0.00
B	**Receivables on account of Loan**				
	(Unsecured and Considered good)				
	Madhyanchal VVNL	552188.84		805505.34	
	Paschimanchal VVNL	475657.89		592598.89	
	Dakshinanchal VVNL	897614.59		1224857.59	
	Purvanchal VVNL	723949.30		1066458.80	
	KESCO	135668.37	2785078.99	122078.37	3811498.99
C	**Advances to Capital Suppliers / Contractors**				
	Secured and Considered Good	14.27		14.27	
	Considered Dobtful	1.59		1.59	
		15.86		15.86	
	Less - Provision for Doubtful Advances	1.59	14.27	1.59	14.27
	TOTAL		**2785093.26**		**3811513.26**

Note in respect of 'A' -The figure in respect of KESCO for the year ended 31-03-2018 relating to Interest Accrued & Due on Secured & Unsecured Loan & Bad Debts written off have not been shown this year as the interest was finally written off in the year 2017-18 (Refer note no. 29(8))

NOTE - 7

INVENTORIES

(Amount in ₹)

	Particulars	As at 31.03.2019		As at 31.03.2018	
A	**Stores and Spares**				
	Stock of Materials - Capital Works	99.54		99.54	
	Stock of materials - O & M	69.70	169.24	69.70	169.24
B	**Others**		0.65		0.65
	SUB TOTAL		169.89		169.89
	Less - Provision for Unserviceable Stores		13.35		13.35
	TOTAL		**156.54**		**156.54**

Inventories are valued at cost.

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NOTE -8

FINANCIAL ASSETS - TRADE RECEIVABLES (CURRENT)

(Amount in lakh ₹)

Particulars	As at 31.03.2019		As at 31.03.2018	
Sundry Debtors	52297.94		52297.94	
Less - Provision for Bad & Doubtful Debts	30225.06	22072.88	30225.06	22072.88
Debtors - Sale of Power (Subsidiary)				
KESCO	104956.53		45462.19	
Dakshinanchal VVNL	591702.56		241221.97	
Madhyanchal VVNL	615118.89		377422.38	
Paschimanchal VVNL	237343.14		121788.99	
Purvanchal VVNL	1449421.62		1130653.86	
Debtors Unbilled revenue	88131.18		242190.78	
SUB TOTAL	3086673.92		2158740.17	
Less - Provision for Bad & Doubtful Debts	154333.70	2932340.22	107937.01	2050803.16
Total		**2954413.10**		**2072876.04**
Debts outstanding for a period exceeding six months from the date they are due for payment				
Secured & Considered Good	-		-	
Unsecured & Considered Good	1091511.49		881496.35	
Considered Doubtful	86511.30		75457.87	
	1178022.79		956954.22	
Other Debts				
Unsecured & Considered Good	1862901.62		1191379.70	
Considered Doubtful	98047.45		62704.19	
	1960949.07	3138971.86	1254083.89	2211038.11
Less - Provision for Bad & Doubtful Debts		184558.76		138162.07
TOTAL		**2954413.10**		**2072876.04**

U.P.POWER CORPORATION LIMITED

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NOTE - 9

Financial Assets - CASH AND CASH EQUIVALENTS (CURRENT)

(Amount in lakh ₹)

Particulars	As at 31.03.2019		As at 31.03.2018	
A Balances with Banks				
In Current & Other account	162414.81		140394.36	
In Fixed Deposit accounts	91.00	162505.81	7474.50	147868.86
B Cash on Hand				
Cash in Hand (Including Stamps in hand)	1.45		1.88	
Cash Imprest with Staff	1.61	3.06	3.70	5.58
TOTAL		**162508.87**		**147874.44**

NOTE - 10

Financial Assets - Bank Balances other than above (Current)

(Amount in lakh ₹)

Particulars	As at 31.03.2019	As at 31.03.2018
Deposits having maturity more than 3 months but not more than 12 months	43257.11	55162.58
TOTAL	**43257.11**	**55162.58**

U.P.POWER CORPORATION LIMITED

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CIN - U32201UP1999SGC024928

NOTE - 11

Financial Assets - OTHER (CURRENT)

(Amount in lakh ₹)

Particulars	As at 31.03.2019		As at 31.03.2018	
Receivables (Unsecured) -				
Uttranchal PCL	0.00		19260.86	
UPRVUNL	255.27		206.91	
UPPTCL	13928.78		11316.28	
IREDA	0.00		331.17	
Sub Total	14184.05		31115.22	
Subsidiaries (Unsecured) -				
KESCO	1829.38		1586.29	
Dakshinanchal VVNL	8112.77		7280.32	
Madhyanchal VVNL	9201.49		8262.02	
Paschimanchal VVNL	12596.60		11092.15	
Purvanchal VVNL	8579.71		7662.38	
Sub Total	40319.95		35883.16	
Employees	0.22		0.50	
Others	66502.92		72612.32	
Total	121007.14		139611.20	
Less - Provision for Doubtful Receivables	12100.71	108906.43	13961.12	125650.08
Receivables on account of Loan (Unsecured)				
Madhyanchal VVNL	485789.88		233719.45	
Less - Liabilities against Loan	91626.67	394163.21	88469.53	145249.92
Paschimanchal VVNL	383208.71		222251.50	
Less - Liabilities against Loan	110977.59	272231.12	110050.56	112200.94
Dakshinanchal VVNL	733115.65		494990.21	
Less - Liabilities against Loan	97613.60	635502.05	95194.37	399795.84
Purvanchal VVNL	650239.45		311983.29	
Less - Liabilities against Loan	114237.98	536001.47	112030.64	199952.65
KESCO	37650.95		63635.73	
Less - Liabilities against Loan	42.59	37608.36	0.00	63635.73
Total		1984412.64		1046485.16

Liabilities against loan shown as deduction from Receivables on account of loan relates to grant received from GOUP and misc. receipts from departments of GOUP on behalf of the subsidiaries.

NOTE - 12

OTHER CURRENT ASSETS

(Amount in lakh ₹)

Particulars	As at 31.03.2019		As at 31.03.2018	
UP Power Sector Employee Trust				
Provident Fund	17669.14		1638.93	
Pension and Gratuity Liability	(621.00)	17048.14	(556.58)	1082.35
ADVANCES (Unsecured/Considered Good)				
Suppliers / Contractors	16160.53		11563.82	
Less - Provision for Doubtful Advances	1616.05	14544.48	1156.38	10407.44
Tax deducted at source		1552.88		1423.05
Advance Income Tax		13.28		13.28
Fringe Benefit Tax - Advance Tax	52.78		52.78	
Less - Provision	41.03	11.75	41.03	11.75
Income Accured & Due		504.53		658.44
Income Accrued but not Due		827.61		925.30
Prepaid Expenses		349.67		391.15
Inter Unit Trasactions		15440.75		15692.89
Total		50293.09		30605.65

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NOTE - 13

EQUITY SHARE CAPITAL

Amount in lakh ₹)

Particulars	As at 31.03.2019	As at 31.03.2018
(A) AUTHORISED :		
1250000000 Equity shares of par value of ₹1000/- each (previous year 900000000 Equity shares of par value ₹1000/- each)	12500000.00	9000000.00
(B) ISSUED SUBSCRIBED AND FULLY PAID UP		
911861632 Equity shares of par value ₹1000/- each (previous year 804007381 Equity shares of par value ₹1000/- each) (of the above shares 36113400 were alloted as fully paid up pursuant to UP Power Sector Reform Scheme for consideration other than cash)	9118616.32	8040073.81
TOTAL	9118616.32	8040073.81

a) During the year, the Company has issued 107854251 Equity shares of ₹1000 each only and has not bought back any shares.

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

c) During the year ended 31st March 2019,no dividend has been declared by board due to heavy accumulated losses.

d) Authorised capital of the company has been increased from ₹900000000000 (As at 31-03-2018) to ₹1250000000000 (As at 31-03-2019) with the approval of shareholders in the Extra as Ordinary General Meeting of the company held on 14th June 2018. The, previous year figures of the authorised capital has been restated as the amount for the same was inadvertently shown as ₹1250000000000 instead of ₹900000000000

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

Shareholder's Name	As at 31.03.2019		As at 31.03.2018	
	No. of shares	%age holding	No. of shares	%age holding
Government of UP	911861632	100%	804007381	100%

e) Reconciliation of No. of Shares

No. of Shares as on 31.03.2018	Issued during the year	Buyback during the year	No. of Shares as on 31.03.2019
804007381	107854251	-	911861632

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NOTE - 14

OTHER EQUITY

(Amount in lakh ₹)

(A) Reserves and Surplus

Particulars	As at 31.03.2019		As at 31.03.2018	
A **Capital Reserves** Others		19595.12		19595.12
B **Other Reserves** Restructuring Reserve		55076.00		55076.00
Surplus As per last financial statement	(7950329.25)		(7120254.59)	
Change in Accounting Policy or Prior Period items	0.00		(2038.21)	
Restated Balance	(7950329.25)		(7122292.80)	
Add:- Profit/(Loss) for the year as per statement of Profit & Loss	(825015.80)	(8775345.05)	(828036.45)	(7950329.25)
SUB TOTAL		**(8700673.93)**		**(7875658.13)**

Capital Reserve and Restructuring Reserve relate to the balances transferred under Final Transfer Scheme issued by the GOUP vide notification no. 1529/24-P-2-2015 SA(218)- 2014 dated November 3,2015

(Amount in lakh ₹)

(B) Share Application Money

Particulars	As at 31.03.2019	As at 31.03.2018
Share Application Money (Pending for allotment to the Govt. of UP)	214010.08	259075.02
SUB TOTAL	**214010.08**	**259075.02**
GRAND TOTAL	**(8486663.85)**	**(7616583.11)**

(Amount in lakh ₹)

Reconciliation of Share Application Money

Share Application Money as on 31.03.2018	Received during the year	Allotted during the year	Share Application Money as on 31.03.2019
259075.02	1033477.57	1078542.51	214010.08

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NOTE - 15

FINANCIAL LIABILITIES - BORROWINGS (NON CURRENT)

(Amount in lakh ₹)

PARTICULARS	As at 31.03.2019		As at 31.03.2018	
BONDS/LOANS RELATE TO DISCOMS				
(a) **Dakshinanchal VVNL**				
SECURED				
Non Convertible Bonds	634614.71		658630.00	
UNSECURED				
Non Convertibile Bonds	402294.59		402294.59	
REC	117359.53		138511.21	
PFC	188677.14		114532.10	
UP GOVERNMENT				
UDAY SCHEME	166899.16		333798.33	
OTHER	18862.93	1528708.06	0.00	1647766.23
(b) **Madhyanchal VVNL**				
SECURED				
Non Convertibile Bonds	412479.12		428870.00	
UNSECURED				
Non Convertibile Bonds	193338.84		193338.84	
REC	121084.71		102495.41	
PFC	164821.20		93604.88	
UP GOVERNMENT				
UDAY SCHEME	94675.44		189350.88	
OTHER	11791.41	998190.72	0.00	1007660.01
(c) **Paschimanchal VVNL**				
SECURED				
Non Convertibile Bonds	207700.29		139202.15	
UNSECURED				
Non Convertibile Bonds	145457.89		220815.75	
REC	200700.29		148097.23	
PFC	172559.58		89486.55	
UP GOVERNMENT				
UDAY SCHEME	94320.04		188640.08	
OTHER	11502.15	832240.24	0.00	786241.76
(d) **Purvanchal VVNL**				
SECURED				
Non Convertibile Bonds	613355.88		638080.00	
UNSECURED				
Non Convertibile Bonds	239599.30		239599.30	
REC	141706.00		129311.87	
PFC	185760.06		102438.28	
UP GOVERNMENT				
UDAY SCHEME	107421.58		214843.16	
OTHER	15538.27	1303381.09	0.00	1324272.61
(e) **Kesco**				
SECURED				
Non Convertibile Bonds	58730.00		58730.00	
UNSECURED				
Non Convertibile Bonds	56938.37		56938.37	
REC	7510.81		3275.45	
PFC	20412.41		3614.66	
LOAN				
UP GOVERNMENT				
UDAY SCHEME	25855.76		51711.55	
OTHER	3850.26	173297.63	0.00	174270.03
GRAND TOTAL		4835817.74		4940210.64

Note - The terms of repayment, default details and security/guarantee details have been annexed with this note. (Refer Annexure to Note - 15)

Annexure to Note - 15

Name of Bank	Repayment Terms: Drawl Date	Install-ment (Months)	Repay-ment Due From	ROI (%)	Guaranteed By	Outstanding as on 31.03.2019: Principal	Interest	Total	Default as on 31.03.2019: Principal	Interest	Principal Default w.e.f.	Interest Default w.e.f.	Aggregate Amount of Guaranteed Loans	Security
Long Term Borrowing														
SECURED														
BONDS														
MVVNL	17.02.17/ 27.03.17/ 05.12.17/ 27.03.18	10 Years	Jul-19	8.97%/8.48%/9.75%/10.15%		428870.00		428870.00	-	-	-	-	428870.00	Receivables and Govt Guarantee
PoorVVNL						638080.00		638080.00	-	-	-	-	638080.00	
PasVVNL						214560.01		214560.01	-	-	-	-	214560.01	
DVVNL						658630.01		658630.01	-	-	-	-	658630.01	
KESCO						58730.00		58730.00	-	-	-	-	58730.00	
Total - Secured						1998870.02	0.00	1998870.02	0.00	0.00	0.00	0.00	1998870.02	
Less-CM						71990.02		71990.02						
Total						1926880.00	0.00	1926880.00						
UNSECURED														
BONDS-														
MVVNL	04.07.16/ 28.09.16/30.03.17	15 Years	Sep-20	9.70%		193338.84		193338.84	-	-	-	-	193338.84	Guarantee of GoUP
PoorVVNL						239599.30		239599.30	-	-	-	-	239599.30	
PasVVNL						145457.89		145457.89	-	-	-	-	145457.89	
DVVNL						402294.59		402294.59	-	-	-	-	402294.59	
KESCO						56938.37		56938.37	-	-	-	-	56938.37	
Sub Total						1037628.99	0.00	1037628.99	0.00	0.00	0.00	0.00	1037628.99	
REC														
MVVNL	Sep-15	24/84 EMI & 12/ 17/28/32 QTY	Jun-16	10.25% to 11.80%		131789.00		131789.00	-	-	-	-	131789.00	Guarantee of GoUP
PoorVVNL						167344.72		167344.72	-	-	-	-	167344.72	
PasVVNL						214077.25		214077.25	-	-	-	-	214077.25	
DVVNL						145191.52		145191.52	-	-	-	-	145191.52	
Kesco						10788.68		10788.68	-	-	-	-	10788.68	
	Sub Total					669191.17	0.00	669191.17	0.00	0.00	0.00	0.00	669191.17	
	Less-CM					80829.83		80829.83						
	Total					588361.34	0.00	588361.34						
PFC														
MVVNL	Sep-15	24 EMI & 12/17/20/28 QTY	Jun-16	10.10% to 11.89%		178444.54		178444.54	-	-	-	-	178444.54	Guarantee of GoUP
PoorVVNL						201869.36		201869.36	-	-	-	-	201869.36	
PasVVNL						183813.75		183813.75	-	-	-	-	183813.75	
DVVNL						216081.51		216081.51	-	-	-	-	216081.51	
Kesco						23467.29		23467.29	-	-	-	-	23467.29	
Sub Total						803676.45	0.00	803676.45	0.00	0.00	0.00	0.00	803676.45	
Less-CM						71446.06		71446.06						
Total						732230.39	0.00	732230.39						

Unsecured GoUP UDAY Scheme Loan														
MVVNL	Mar-16	(Conversion into Grant)	Jan-00	0		94675.44		94675.44	-	-	-	-	94675.44	Guarantee of GoUP
PoorVVNL						107421.58		107421.58	-	-	-	-	107421.58	
PasVVNL						94320.04		94320.04	-	-	-	-	94320.04	
DVVNL						166899.16		166899.16	-	-	-	-	166899.16	
Kesco						25855.78		25855.78	-	-	-	-	25855.78	
Sub Total						**489172.00**	**0.00**	**489172.00**					**489172.00**	
Unsecured GoUP Interest bearing Loan														
MVVNL	Mar-16 / Oct-18	20 HY	Jan-00	0		11791.41		11791.41	-	-	-	-	11791.41	Guarantee of GoUP
PoorVVNL						15538.27		15538.27	-	-	-	-	15538.27	
PasVVNL						11502.15		11502.15	-	-	-	-	11502.15	
DVVNL						18862.93		18862.93	-	-	-	-	18862.93	
Kesco						3850.26		3850.26	-	-	-	-	3850.26	
Sub Total						**61545.02**	**0.00**	**61545.02**					**61545.02**	
Total - Unsecured						**2908937.74**	**0.00**	**2908937.74**						
Grand Total - Secured & Unsecured related to DISCOMs						**4835817.74**	**0.00**	**4835817.74**						

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

Short Term Borrowing

New Okhla Industrial Development Authority Loan (STL)				Interest Free										
MVVNL						3202.75		3202.75	-	-	-	-		
PoorVVNL						4299.45		4299.45	-	-	-	-		
PasVVNL						2942.75		2942.75	-	-	-	-		
DVVNL						3500.25		3500.25	-	-	-	-		
Kesco						1054.80		1054.80	-	-	-	-		
Sub Total						**15000.00**	**0.00**	**15000.00**						
Less-CM								**0.00**						
Total						**15000.00**	**0.00**	**15000.00**						

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NOTE- 16

FINANCIAL LIABILITIES - OTHERS (NON CURRENT)

(Amount in lakh ₹)

Particulars	As at 31.03.2019	As at 31.03.2018
Leave Encashment	6231.50	5716.38
Gratuity	543.35	362.12
TOTAL	6774.85	6078.50

NOTE- 17

FINANCIAL LIABILITIES - BORROWINGS (CURRENT)

(Amount in lakh ₹)

Particulars	As at 31.03.2019		As at 31.03.2018	
Overdraft from Banks				
Central Bank of India	53.82		1656.30	
(Pari Passu charge on Receivables and Other Current Assets of Corporation)				
Punjab National Bank	1106.89		2846.86	
(Pari Passu charge on Receivables of Corporation)				
Punjab National Bank MID	27933.71		30131.42	
(Pari Passu charge on Receivables of Corporation)				
Allahabad Bank	28.22		27842.89	
(Pari Passu charge on Receivables of Corporation)				
ICICI Bank	20793.52		25828.52	
(Pari Passu charge on Receivables of Corporation)				
Oriental Bank of Commerce	0.00		0.02	
(Pari Passu charge on Receivables of DISCOMS)				
Bank of India	49433.90		49596.17	
(Pari Passu charge on Receivables of DISCOMS)		99350.06		137902.18
Loans relates to DISCOMS (Unsecured)				
(a) **Dakshinanchal VVNL**				
New Okhla Industrial Dev. authority	3500.25		3500.25	
(b) **Madhyanchal VVNL**				
New Okhla Industrial Dev. authority	3202.75		3202.75	
(c) **Paschimanchal VVNL**				
New Okhla Industrial Dev. authority	2942.75		2942.75	
(d) **Purvanchal VVNL**				
New Okhla Industrial Dev. authority	4299.45		4299.45	
(e) **Kesco**				
New Okhla Industrial Dev. authority	1054.80	15000.00	1054.80	15000.00
TOTAL		114350.06		152902.18

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

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NOTE-18

FINANCIAL LIABILITIES -TRADE PAYABLE (CURRENT)

(Amount in lakh ₹)

Particulars	As at 31.03.2019	As at 31.03.2018
Liabiltiy for Purchase of Power	2543827.38	1728554.07
TOTAL	2543827.38	1728554.07

NOTE- 19

Other Financial Liabilities (CURRENT)

(Amount in lakh ₹)

Particulars	As at 31.03.2019	As at 31.03.2018
Current Maturity of Long Term Borrowings	224265.91	182868.53
Liability for Capital Supplies/ Works	71.03	24.58
Liability for O & M Supplies / Works	162.09	1.02
Deposits & Retentions from Suppliers & Others	40885.51	8988.47
Deposit works	0.00	103.60
* Liabilities towards UPPCL CPF Trust	42.89	21.63
Interest Accrued but not Due on Borrowings	54741.10	39462.42
Staff Related Liabilities	6014.66	6016.30
Sundry Liabilities	17124.74	10236.79
Payable to UPJVNL	8639.81	8851.16
Liabilities for Expenses	1308.57	600.78
TOTAL	353456.31	257175.48

Note:- Details of Current Maturity of Long Term Borrowings is annexed with this Note. (Refer Annexure to Note - 19)

* Includes interest on CPF

Annexure to Note - 19

Statement of Current Maturity of Long-Term Borrowings

(Amount in lakh ₹)

F.Y. 2018-19					
I	Loans Relate to Discoms				
Sl. No.	Name of the Discom	Bonds	REC	PFC	Total
1	MVVNL	16390.88	10704.29	13623.34	40718.51
2	PoorVVNL	24724.12	25638.72	16109.31	66472.15
3	PasVVNL	6859.71	13376.96	11254.16	31490.83
4	DVVNL	24015.29	27832.00	27404.38	79251.67
5	KESCO	0.00	3277.87	3054.88	6332.75
	Total	71990.00	**80829.84**	**71446.07**	**224265.91**
	Total Current Maturity of Long-Term Borrowings				**224265.91**

F.Y. 2017-18					
I	Loans Relate to Discoms				
Sl. No.	Name of the Discom	Bonds	REC	PFC	Total
1	Madhyanchal VVNL	11791.41	5500.00	11070.63	**28362.04**
2	Purvanchal VVNL	15538.27	21172.65	13159.10	**49870.02**
3	Paschimanchal VVNL	11502.15	5415.00	8748.74	**25665.89**
4	Dakshinanchal VVNL	18862.93	24722.35	24996.04	**68581.32**
5	KESCO	3850.26	3484.12	3054.88	**10389.26**
	Total	**61545.02**	**60294.12**	**61029.39**	**182868.53**
	Total Current Maturity of Long-Term Borrowings				**182868.53**

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NOTE - 20

REVENUE FROM OPERATIONS (GROSS)

(Amount in lakh ₹)

Particulars	For the Year ended on 31.03.2019		For the Year ended on 31.03.2018	
SALE OF POWER				
Supply in Bulk				
Subsidiaries				
Dakshinanchal VVNL	1162242.96		1073408.91	
Madhyanchal VVNL	1119978.80		916201.69	
Paschimanchal VVNL	1591015.32		1457360.54	
Purvanchal VVNL	1194093.54		997211.49	
KESCO	229547.01		198309.59	
Unbilled amount of Sale of Power	81766.61	5378644.24	85087.51	4727579.73
TOTAL		**5378644.24**		**4727579.73**

(i) At the end of the year, the provision for unbilled revenue (sale of power) has been done. In the beginning of the next year theprovision shall be withdrawn and the billing shall be done in normal way.

(ii) Refer note No. 29(9) for prior period adjustment.

NOTE - 21

OTHER INCOME

(Amount in lakh ₹)

Particulars	For the Year ended on 31.03.2019		For the Year ended on 31.03.2018	
a **Interest from :**				
Loans to Staff	1.63		2.21	
Loans to NPCL (Licencee)	1479.62		1287.36	
Fixed Deposits	6592.87		1768.65	
Others	2030.09	10104.21	3714.95	6773.17
b **Other non operating income**				
Income from Contractors/Suppliers	37.00		22.50	
Rental from Staff	41.42		26.48	
Miscellaneous Receipts	591.40	669.82	2869.90	2918.88
TOTAL		**10774.03**		**9692.05**

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NOTE - 22

PURCHASE OF POWER

(Amount in lakh ₹)

Particulars	For the Year ended on 31.03.2019	For the Year ended on 31.03.2018
Power Purchased from Generators & Traders -	4884763.56	4395278.75
Surcharge	115949.05	45436.30
Unscheduled Interchange & Reactive Energy Charges	12385.89	31554.73
Inter-state Transmission & Related Charges to -	408403.77	286663.27
TOTAL - Purchase of Power	**5421502.27**	**4758933.05**
Less - Rebate against Power Purchase	42858.03	31347.84
TOTAL	**5378644.24**	**4727585.21**

(i) Power purchased includes net of purchase and sale through Indian Energy Exchange Limited, India.

NOTE - 23

Employee benefits expense

(Amount in lakh ₹)

Particulars	For the Year ended on 31.03.2019	For the Year ended on 31.03.2018
Salaries & Allowances	16722.93	15554.30
Staff Welfare Expenses	179.33	148.03
Pension & Gratuity	1709.81	1812.14
Other Terminal Benefits	348.43	317.29
Expenditure on Trust	11.68	11.65
SUB TOTAL	**18972.18**	**17843.41**
LESS - Expenses Capitalised	76.03	147.33
TOTAL	**18896.15**	**17696.08**

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NOTE - 24

FINANCE COSTS

(Amount in lakh ₹)

Particulars	For the Year ended on 31.03.2019	For the Year ended on 31.03.2018
Bank Charges	0.93	0.28
Interest to CPF Trust	4.05	2.99
GRAND TOTAL	4.98	3.27

NOTE - 25

DEPRECIATION AND AMORTIZATION EXPENSE

(Amount in lakh ₹)

Particulars	For the Year ended on 31.03.2019		For the Year ended on 31.03.2018	
Depreciation on -				
Buildings	99.16		91.87	
Other Civil Works	15.35		15.35	
Plant & Machinery	69.13		52.58	
Vehicles	11.80		12.13	
Furniture & Fixtures	33.96		28.04	
Office Equipments	131.56		133.89	
Intangible Assets	33.37	394.33	17.12	350.98
GRAND TOTAL		394.33		350.98

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NOTE - 26

ADMINISTRATIVE,GENERAL & OTHER EXPENSES

(Amount in lakh ₹)

Particulars	For the Year ended on 31.03.2019		For the Year ended on 31.03.2018	
Rent		1.75		4.94
Insurance		5.82		6.56
Communication Charges		83.17		81.78
Legal Charges		761.80		499.89
Auditors Remuneration & Expenses				
Audit Fee	5.00		4.68	
GST/Service Tax	0.90	5.90	0.84	5.52
Consultancy Charges		1297.80		676.64
Technical Fees & Professional Charges		3077.19		482.68
Travelling and Conveyance		478.29		401.77
Printing and Stationery		164.85		151.66
Advertisement Expenses		144.16		193.48
Electricity Charges		266.46		536.71
Entertainment		12.91		6.21
Expenditure on Trust		1.19		1.33
Miscellaneous Expenses		1972.02		1466.34
TOTAL		**8273.31**		**4515.51**

NOTE - 27

REPAIRS AND MAINTENANCE

(Amount in lakh ₹)

Particulars	For the Year ended on 31.03.2019		For the Year ended on 31.03.2018	
Plant & Machinery		266.83		372.88
Buildings		1235.08		1117.15
Other Civil Works		4.23		12.95
Vehicles - Expenditure	400.34		229.61	
Less - Transferred to different Capital & O&M Works/Administrative Exp.	400.34	0.00	229.61	0.00
Furniture & Fixtures		2.51		7.22
Office Equipments		343.94		165.48
TOTAL		**1852.59**		**1675.68**

R.M. LALL & CO.
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To,
The Members,
Uttar Pradesh Power Corporation Limited,
Shakti Bhawan,
Lucknow.

Report on Standalone Financial Statements

Qualified Opinion:

We have audited the accompanying Standalone Financial Statements of Uttar Pradesh Power Corporation Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, 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 notes to the financial statements, including a summary of significant accounting policies and other explanatory information ("the Standalone Financial Statements") in which are incorporated accounts of Material Management zone (Location code – 300, 330, 640 and 970) and its units ("MM Zone") thereof which have been audited by other auditor.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the "Basis for Qualified Opinion" section of our report, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and the loss, including other comprehensive income, its cash flows and changes in equity for the year ended on that date.

Basis for Qualified Opinion:

We draw attention to the matters described in Annexure 'I', the effect of which, individually or in aggregate, are material but not pervasive to the financial statement and matters where we are unable to obtain sufficient and appropriate audit evidence. Our opinion is qualified in respect of these matters.

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

R.M. LALL & CO. Chartered Accountants

Key Audit Matters:

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters except for the matters described in Annexure I to the "Basis for Qualified Opinion" section. We have determined that there are no other key audit matters to communicate in our report.

Information other than the Standalone Financial Statements and Auditor's Report thereon:

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report but does not include the Standalone Financial Statements and our auditor's report thereon. The above Report is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the above identified reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions necessitated by the circumstances and the applicable laws and regulations.

Management's Responsibility for the Standalone Financial Statements:

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are also responsible for overseeing the Company's financial reporting process.

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Auditor's Responsibility for the Audit of the Standalone Financial Statements:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone Financial Statements that individually or in aggregate makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstance, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters:

a. The financial statements of the Company for the year ended 31st March,2018 were audited by another auditor who expressed a modified opinion on these financial statements vide their report dated 29th March 2019.

b. The company had issued bonds (Refer Para 23 of note – 29 "Notes on Accounts") and had them listed on BSE. In view of the same, the company is required to comply with the regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The same has not been done by the company.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure-II", a statement on the matters specified in the paragraphs 3 and 4 of the said Order, to the extent applicable.

2. As required by directions issued by the Comptroller & Auditor General of India under section 143(5) of the Act, we give in "Annexure - III (a) and III (b)", a statement on the matters specified in the directions and sub-directions.

3. As required by section 143(3) of the Act, based on our audit, we report that:

   a. Except the matters described in the "basis for qualified opinion" section, 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 except to the matters described in *Annexure 'I' of our report*, 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 proper returns adequate for the purposes of our audit have been received from the branch of the Company not visited and not audited by us.

   c. The reports on the accounts of the branch of the Company (i.e., MM Zone Location code- 300, 330, 640, 970) audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.

   d. The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and with the returns received from the branch not visited and not audited by us.

R.M. LALL & CO. Chartered Accountants

e. Except the matters described in the "basis for qualified opinion" section, in our opinion, the aforesaid Standalone Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued there under.

f. 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 Act, regarding disqualification of the directors are not applicable to the Company.

g. With respect to the adequacy of the internal financial controls system in place and the operating effectiveness of such controls, refer to our report in "Annexure–IV".

h. 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. Except for the effects of the matters described in the "Basis of Qualified Opinion" section, the Company has disclosed the impact of pending litigations on its financial position in its financial statement;

   ii. The Company did not have any long-term contracts including derivative contracts entailing any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For R. M. LALL & CO.,
Chartered Accountants
(FRN: 000932C)

(CA R.K. Tewari)
Partner
M.No.: 071448

UDIN: 21071448AAAAAR7626

Place: Lucknow
Date : 29th January, 2021

Annexure I

As referred to in, and forming part of, our audit report of even date to the members of U.P. Power Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31st March, 2019.

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

1. The Company has not complied with the following Ind AS notified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended):

   a. *Trade Receivable (Note-8), Financial Assets-Other (Note-11), Other Current Assets (Note-12), Trade payable (Note-18) and Other Financial Liabilities (Note-19)* have been classified as current assets/liabilities include balances which are outstanding for realisation/settlement since previous financial years and in the absence of adequate information/explanations regarding the realisability/settlement of such amounts within twelve months after the year end, reasons for not classifying them as non-current assets/liabilities ***is inconsistent with Ind AS 1 Presentation of Financial Statements.*** This has resulted in over statement of respective current assets/liabilities and understatement of the corresponding non-current assets/liabilities.

   b. Recognition of Insurance and other claims, refunds of Custom duty, Interest on Income Tax & trade tax, interest on loans to staff and other items of income covered by *Significant Accounting Policy no. 2 (c) of Note-1* has been done on cash basis. ***This is not in accordance with the provisions of Ind AS 1 Presentation of Financial Statements.***

   c. Additions during the year in Property, Plant and Equipment include employee cost at a fixed percentage of the cost of each addition to Property, Plant and Equipment in accordance with *Note-1 Significant Accounting Policy Para (3)(I)(d).* Such employee cost to the extent not directly attributable to the acquisition and/or installation of Property, Plant and Equipment ***is inconsistent with Ind AS 16 Property, Plant and Equipment.*** This has resulted in overstatement of fixed assets and depreciation and understatement of employee cost and loss.

   d. Inventory which includes stores and spares for capital works, operation and maintenance and others is valued at cost (*Refer accounting policy no. 3(VI)(a) of Note-1*). Valuation of stores and spares for O & M and others ***is not consistent with Ind AS 2 Inventories i.e., valuation at*** lower of cost and net realizable value. Further, the stores and spares for capital work should be classified as part of Property, Plant and Equipment and recognised, measured and disclosed in accordance with ***Ind AS 16 Property, Plant and Equipment.***

   e. Accounting for Employee Benefits: Actuarial Valuation of gratuity liability of the employees covered under GPF scheme has not been obtained. *(Refer Para 4(a) Note – 29 "Notes on Accounts").* ***This is inconsistent with Ind AS 19 Employee Benefits.***

   f. The Company has made a provision for impairment of investments *(Note-5, except Para (III)(b))* on the basis of net worth of investee companies as on 31st March,2019 *(Refer Para 25 Note – 29 "Notes on Accounts")*, which ***is not in accordance with Ind AS 36 Impairment of Assets.***

   g. The Financial Assets *(Note-6, 8, 11 and 12)* have not been measured at fair value as required by ***Ind AS 109 Financial Instruments*** *(Refer Para 6 and 12(b) of Note – 29*

R.M. LALL & CO. Chartered Accountants

"Notes on Accounts") and proper disclosures as required in ***Ind AS 107 Financial Instruments: Disclosures*** have not been done for the same.

2. Inter unit transactions amounting Rs. 15440.75 lacs, are subject to reconciliation and consequential adjustments. *(Refer Note-12)*

3. *Loans and Other Financial Assets (Note-6), Trade Receivables Others (Note-8), Financial Assets-Others - Employees, Others (Note-11), Other Current Assets - Suppliers & Contractors (Note-12), Financial Liability-Trade Payables (Note-18), Other Financial Liabilities - Liability for Capital/O&M Suppliers/Works, Deposits from Suppliers (Note-19)* are subject to confirmation/reconciliation.

4. Documentary evidence in respect of ownership/title of land and land rights, building was not made available to us and hence ownership as well as accuracy of balances could not be verified. Additionally, the identity and location of Property, Plant and Equipment transferred under the various transfer schemes has also not been identified *(Refer Para 5(a) of Note – 29 "Notes on Account")*.

5. It was observed that the maintenance of party-wise subsidiary ledgers and its reconciliation with primary books of accounts i.e., cash books and sectional journal are not proper and effective.

6. Employees benefit expenses aggregating Rs. 18896.15 Lacs *(Refer Note-23 Employees benefit expenses)* is net off by Rs. 2095.60 Lacs have been determined and claimed from U.P. Power Transmission Corporation Limited (UPPTCL). However, no documentary evidence confirming agreement of this arrangement between Company and UPPTCL was available on records *(Refer Para 14 of Note – 29 "Notes on Accounts")*. Liability towards Goods and Service tax in respect of this amount claimed from UPPTCL has not been recognised and measured.

7. Sufficient and appropriate documentary audit evidences in respect of Contingent liabilities disclosed in *Para 19 of Note – 29 "Notes on Accounts"* were not provided to us.

8. Revenue earned from the sale of power through Indian Energy Exchange Limited, India has not been recognised separately in the statement of Profit and Loss, but has been reduced from the cost of purchase of power aggregating Rs. 53,78,644.24 Lacs *(Refer Note-22 Purchase of Power)*. Additionally, details of aggregate units sold during the year and revenue earned from such sale was not made available to us.

9. The Company has not classified trade payable outstanding from Micro and Small enterprises as required by Schedule - III of the Companies Act, 2013. Further, in the absence of adequate information, we are unable to confirm compliance with Section 22 of MSMED Act, 2006 regarding disclosures on principle amount and interest paid and/or payable to such enterprises *(Refer Para 15 of Note – 29 "Notes on Accounts")*.

10. Records for inventories lying with the third parties are not being maintained properly at Zonal Offices/units of the Company.

11. The Annual Accounts of F.Y 2016-17 and 2017-18 are yet to be adopted in Annual General Meeting *(Refer Para 27 of Note - 29 "Notes on Accounts")*.

12. Aggregate amount of market value of quoted investment *(Refer Para (III)(b) of Note-5)* has not been disclosed as required in Division II of Schedule III of Companies Act, 2013.

13. The branch auditor has expressed the audit opinion on the Trial Balances as at 31st March, 2019 of the Zonal Accounts Office (Material Management) and these have been considered for the

R. M. LALL & CO. Chartered Accountants

preparation of the financial statement of the company. As per existing practices, financial statement of the branch has not been prepared.

14. **Audit observations in Branch Audit report of MM Zone excluding those which have been appropriately dealt with elsewhere in the report.**

a. There is no mechanism to cross-verify that the total power purchased during the year has been accounted for in the books of accounts. There is no practice to account energy purchases based on accrual but is based on actual receipt of bills from energy suppliers through funds division of UPPCL. There is no process of reconciliation of quantitative power purchase accounted for in the books with the power purchase as per REA of NPRC/ Energy account.
Further, there is no process of periodic reconciliation from the power supplier/other agencies. At the initiative of auditor, balance confirmation letters were sent to all the parties and major differences/deficiencies were noticed in cases where letters/statements were reverted from some of the parties. Appropriate action for reconciliation of differences and its rectification was not done. The quantification of the effect on power purchase/sale and position of sundry payables/receivables is not possible.
In previous audit reports also, major differences were noticed in the balance confirmation received from parties, but no action was taken for reconciliation of the same.

b. **Claim of differential rate of power purchase**

It was noticed that vide letter no. 742/CE/PPA dt. 08/09/2017, for all co-generation power suppliers, maximum rate for power purchase was restricted at Rs. 5.56. There are several cases where rates approved as per UPERC regulations were higher than Rs. 5.56. During the year 2018-2019, vide Board Approval Dated 06.08.2018, the payment was to be made in accordance of rates approved in PPA. It was noticed that in the following cases, provision for differential rate was not done for the intervening period:

Name of Supplier	Rate Approved in PPA	Rate at which payment Made	No. of Units purchased	Amount
M/s Rana Power Limited-Bilari	6.09	5.56	53091495 Kwh	28138492.00
M/s Superior Food Grain (P) Limited	6.09	5.56	67584155 Kwh	35819602.00
M/s Kesar Enterprises Limited, Baheri	5.75	5.56	7967582 Kwh	1513841.00
M/s Usher Eco Power Limited	6.54	5.56	1495076 Kwh	1465174.00
M/s DSM Rajpura, Sambhal	5.94	5.56	19477106 Kwh	7401304.00
M/s Triveni Engg & Industries Ltd, Sabitagarh	5.75	5.56	1589398 Kwh	301986.00
M/s Govind Sugar Mill	5.95	5.56	24120847 Kwh	9407131.00
				84047530.00
2018-19				
Yadu Sugar Mill, Bisauli	5.66	5.56	15259444 Kwh	1525944.36
Kesar Enterprises Ltd.	5.86	5.56	51288381 Kwh	15386514.40
Dhampur Sugar Mill. (Sambhal)	6.04	5.56	47552938 Kwh	22825410.24
Govind Sugar Mill	6.07	5.56	42014711 Kwh	21427502.61
Seksariva Biswan	6.11	5.56	11261192 Kwh	6193655.60

P.M. LALL & CO. Chartered Accountants

Name of Supplier	Rate Approved in PPA	Rate at which payment Made	No. of Units purchased	Amount
				67359027.21

Consent Letter was obtained in some cases for supply @ Rs. 5.56 per unit but in some cases like M/s Kesar Enterprises Limited, consent was conditional consent.

The above observation resulted in understatement of power purchase during the year by at least Rs. 15.14 Crores which ultimately affects the financial statements and profitability of DISCOMs.

c. Generation based Incentives (GBI) receivable from IREDA amounting to Rs. 639.43 lacs and a sum of Rs. 3779.75 lacs from NEDA are subject to confirmation and reconciliation and consequential adjustment.

d. **Contingent liability not provided for / not reported as such:**

   As per UPERC CERC website, various orders regarding purchase of power were passed during the year 2018-2019 and thereafter but correct position of order passed were not available with the concerned unit/zone. It cannot be ascertained that whether the financial effect of the orders passed during 2018-2019 and thereafter has been incorporated in the financial statements as established liability/contingent liability.

   It seems that appropriate control over the cases/appeals pending at various level is not there. The correct position of various cases should be ascertained and appropriately accounted for. The unit is just going by the so-called cut-off date by which if they get claims from the power generators, they go for recording otherwise not.

   Details have been demanded of legal claims / other matters at any other forum outstanding at various units to arrive at the correct position of contingent / established liability. As per list provided by units/ zone, legal cases are pending at 5 units (330, 327, 645, 646 & 973). List of cases pending at various levels was provided by unit/ zone but in some cases, their present status and the position of contingent liability / established liability was not provided and the financial impact of the same were not disclosed in the contingent liabilities.

   In ESPC, Mahanagar (0327), several cases were pending at various levels, but the updated position of the cases were not made available to us. In absence of updated position of cases correct contingent liabilities cannot be quantified.

15. For want of complete information, the cumulative impact of our observations in *paras 1 to 14* above and in the *Annexure II* to this report on assets, liabilities, income and expenditure is not ascertained.

For R. M. LALL & CO.,
Chartered Accountants
(FRN: 000932C)

(CA R.P. Tewari)
Partner
M.No.: 071448

UDIN: 21071448AAAAAR7626

Place: Lucknow
Date : 29th January, 2021

Annexure II

As referred to in, and forming part of, our audit report of even date to the members of U.P. Power Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31st March, 2019.

1. (a) The company has not maintained proper records showing full particulars including quantitative details and situation of fixed assets.

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

   (c) The title deeds of immovable properties have not been provided to us. Hence, we are unable to comment on the matter whether the title deeds of immovable properties are held in the name of the company or not.

2. Physical verification of inventory has not been conducted during the year.

   The branch auditor of MM Zone observed that:

   Maintenance of records in respect to inventories is not satisfactory. The details of Inventories in hand are not provided to us for verification by the respective units. In many units, Material Stock a/c, in term of value, is lying in the trial balance but details of the same are not available with the respective units.

   Hence, in view of the above, the discrepancies on physical verification cannot be commented upon.

3. According to information and explanation given to us, the company has not granted any loan, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register required under section 189 of the Companies Act 2013. Accordingly, paragraph 3(iii) of the order is not applicable.

4. According to information and explanation given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013.

5. The company has not accepted any deposit from the public and therefore the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 and other relevant provisions of the Act and rules framed there under are not applicable.

6. The cost records prescribed under section 148(1) of the Companies Act, 2013 have not been made available to us by the company.

7. a) According to the information and explanation given to us and subject to *para 6 of Annexure I of our report*, the company is generally regular in depositing the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Value Added Tax, Cess, Duty of Customs, Duty of Excise and any other statutory dues to the appropriate authorities.

   b) According to information and explanations given to us, there are no other statutory dues of Income Tax, Goods and Service Tax, Value Added Tax, Cess, Duty of Customs, Duty of Excise, which have not been deposited on account of any dispute.

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8. The company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to bond holders.

9. As per the information given and explanations provided, money raised by the company by way of debt instrument i.e., Bonds etc. and term loans have been applied for the purpose for which they were obtained.

10. To the best of our knowledge and according to the information and explanations given to us by the Management, no fraud by the company or no material fraud on the company by its officers or employees have been noticed or reported for the year ended 31st March, 2019.

11. As per Notification no. GSR 463(E) dated 05th June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 relating to Managerial Remunerations is not applicable to the Government Companies. Accordingly, provision of clause 3(xi) of the Order are not applicable to the Company.

12. The Company is not a chit fund or a Nidhi / mutual benefit fund/ society, hence clause 3(xii) of the order is not applicable.

13. In our opinion and according to the information and explanation given to us, the company is in compliance with section 177 and 188 of the Companies Act, 2013 wherever applicable, for all transactions with the related party and the details of related party transactions have been disclosed in the standalone financial statements as required by the Ind AS.

14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

15. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them as referred to under section 192 of the Companies Act, 2013.

16. According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For R. M. LALL & CO.,
Chartered Accountants
(FRN: 000932C)

(CA R.P. Tewari)
Partner
M.No.: 071448

UDIN: 21071448AAAAAR7626

Place: Lucknow
Date : 29th January, 2021

Annexure III(a)

As referred to in, and forming part of, our audit report of even date to the members of U.P. Power Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31st March, 2019.

Directions of Comptroller and Auditor General of India under section 143 (5) of the Companies Act, 2013.

S.No.	Directions	Reply
1.	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts for with the financial implications, if any, may be stated	No, the Company has no system in place to process the accounting transactions through IT system. The accounting is done manually and Cash book and Sectional Journals in SJ1, SJ2, SJ3 & SJ4 are maintained but ledgers/subledgers are not maintained.
2.	Whether there is any restructuring of an existing loans or cases of waiver/write off of debts/loans/interest etc. made by lender to the Company due to the company's inability to repay the loan? If yes, the financial implant may stated.	As informed by the management, there are no cases of restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by lender to the Company due to the company's inability to repay the loan
3.	Whether fund received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	Funds received from State government for scheme according to budget provisions of related financial year has been released by the company to Discoms for their utilization and accounted for.

For R. M. LALL & CO.,
Chartered Accountants
(FRN: 000932C)

(CA R.P. Tewari)
Partner
M.No.: 071448

UDIN: 21071448AAAAAR7626

Place: Lucknow
Date : 29th January, 2021

Annexure III (b)

As referred to in, and forming part of, our audit report of even date to the members of U.P. Power Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31st March, 2019.

Sub-Directions of Comptroller and Auditor General of India under section 143 (5) of the Companies Act, 2013.

S.No.	Sub – Directions	Remarks
1.	Adequacy of steps to prevent encroachment of idle land owned by Company may be examined. In case land of the company is encroached, under litigation, not put to use or declared surplus, details may be provided.	As informed by the management, there is no encroachment of idle land owned by Company, *refer para 4 of Annexure I of our report.*
2.	Has the company entered into agreements with franchise for distribution of electricity in selected areas and revenue sharing agreements adequately protect the financial interest of the company?	Not Applicable
3.	Whether the Company recovers and accounts, the State Electricity Regulatory Commission (SERC) approved Fuel and Power Purchase Adjustment Cost (FPPCA)?	Not Applicable
4.	Whether the reconciliation of receivables and payables between the generation, distribution and transmission companies has been completed. The reasons for difference may be examined.	As informed by the management, the reconciliation of receivables and payables between the generation, distribution and transmission companies is in process. Therefore, we are unable to comment.
5.	Whether the Company is supplying power to franchisees, if so, whether the Company is not supplying power to franchisees at below its average cost of purchase.	Not Applicable

For R. M. LALL & CO.,
Chartered Accountants
(FRN: 000932C)

(CA R.P. Tewari)
Partner
M.No.: 071448

UDIN: 21071448AAAAAR7626

Place: Lucknow
Date : 29th January, 2021

Annexure IV

As referred to in, and forming part of, our audit report of even date to the members of U.P. Power Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31st March, 2019.

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

We have audited the internal financial controls over financial reporting of U.P. Power Corporation Limited ("the Company") as of 31stMarch, 2019 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The management 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 considering the essential 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 Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") 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 judgement, 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 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 presentation of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A

R.M. LALL & CO. Chartered Accountants

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 timely detection of un-authorised 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 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 has, 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, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control over Financial Reporting issued by the Institute of Chartered Accountants of India except for the need to strengthen the existing internal audit mechanism considering the nature and scale of operations of the company and the overarching legal and regulatory framework and the audit observations reported in Annexure I and II of our audit report of even date on the Standalone Financial Statements of the Company for the year ended 31st March, 2019.

For R. M. LALL& CO.,
Chartered Accountants
(FRN: 000932C)

(CA R.P. Tewari)
Partner
M.No.: 071448

UDIN: 21071448AAAAAR7626

Place: Lucknow
Date : 29th January, 2021

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

STATEMENT OF CASH FLOW FOR THE YEAR ENDED ON 31st MARCH 2019

(₹ in Lakhs)

			2018-19	2017-18
A		**CASH FLOW FROM OPERATING ACTIVITIES**		
		Net Loss Before Taxation & Extraordinary items	(824,903.57)	(828,069.26)
		Adjustment For		
	a	Depreciation	394.33	350.98
	b	Interest & Financial Charges	4.98	3.27
	c	Bad Debts & Provision	806,256.24	813,514.31
	d	Interest Income	(10,104.21)	(6,773.17)
		Sub Total	**796,551.34**	**807,095.39**
		Operating Profit Before Working Capital Change	**(28,352.23)**	**(20,973.87)**
		Adjustment for		
	a	Inventories	-	3.68
	b	Trade Receivable	(927,933.75)	41,672.41
	c	Other Current Assets	(20,147.11)	(2,286.09)
	d	Financial assets-others	(939,270.74)	94,188.26
	e	Other financial Liab.	96,168.60	89,336.61
	f	Financial Liabilities-Borrowings	(38,552.12)	37,053.02
	g	Trade Payable	815,273.31	(4,731.47)
	h	Bank balance other than cash	11,905.47	(24,951.37)
		Sub Total	**(1,002,556.34)**	**230,285.05**
		NET CASH FROM OPERATING ACTIVITIES (A)	**(1,030,908.57)**	**209,311.18**
B		**CASH FLOW FROM INVESTING ACTIVITIES**		
	a	Decrease (Increase) in Property,Plant & Equipment	(30.32)	(1,764.24)
	b	(Increase)/Decrease in Investments	(919,023.11)	(923,099.47)
	c	Decrease/(Increase) in Loans & Other financial assets Non-Current Assets	1,024,940.38	(1,466,715.93)
	d	Interest Incomes	10,104.21	6,773.17
	e	Decrease (Increase) in Intangible assets	(224.20)	(80.85)
		NET CASH GENERATED FROM INVESTING ACTIVITIES (B)	**115,766.96**	**(2,384,887.32)**
C		**CASH FLOW FROM FINANCING ACITIVITIES**		
	a	Proceeds from Borrowing	(104,392.90)	1,444,171.47
	b	Proceeds from Share Capital	1,033,477.57	683,912.48
	c	Proceed from other equity	-	(2,038.21)
	d	Other long term liabilities	696.35	203.21
	e	Interest & Financial Charges	(4.98)	(3.27)
		NET CASH GENERATED FROM FINANCING ACTIVITIES (C)	**929,776.04**	**2,126,245.68**
NET INCREASE/ (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)			**14,634.43**	**(49,330.46)**
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR			**147,874.44**	**197,204.90**
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR (Refer Note no.10)			**162,508.87**	**147,874.44**

Notes to the Cash-Flow Statement

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

(ii) Cash and cash equivalent consists of cash in hand, bank balances with scheduled banks and fixed deposits with banks.

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

(Niharika Gupta) Company Secretary	(A.K.Awasthi) Chief General Manager & CFO	(Sudhir Arya) Director (Finance) DIN - 05135780	(M.Devaraj) Managing Director DIN - 08677754

Place : Lucknow

Date : 23-01-2021

Subject to our report of even date

For R M Lall & Co.

Chartered Accountants

FRN No. 000932C

(R.P. Tewari)

Partner

M. No. 071448

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

NOTE - 28

BAD DEBTS & PROVISIONS

(Amount in lakh ₹)

Particulars	For the Year ended on 31.03.2019		For the Year ended on 31.03.2018	
Bad Debts written off - Others		3203.67		0.00
PROVISIONS				
Doubtful Debts (Sale of Power)		46396.69		(2083.62)
Doubtful Loans and Advances				
Other Current Assets	459.67		1.15	
Financial Assets Others (Non Current)	0.00		(16.84)	
Loans (Non Current)	1479.62	1939.29	(2940.61)	(2956.30)
Doubtful Financial Assets (Others)		(1860.41)		(228.07)
Provision for impairment in investment		756577.00		818782.30
TOTAL		**806256.24**		**813514.31**

U.P. POWER CORPORATION LIMITED

CIN - U32201UP1999SGC024928

NOTE NO. 29

NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2019 AND STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON THAT DATE

1. (a) U.P. Power Corporation Limited (the "Company") was incorporated under the Companies Act, 1956 on 30.11.1999 and commenced the business w.e.f. 15.01.2000 in terms of Government of U.P. Notification No. 149/P-1/2000-24 dated 14.01.2000.

   (b) Vide Govt. of U.P. Notification No. 186/XXIV-I-2000 dt. Jan 15, 2000 the distribution business of KESA Zone of erstwhile UPSEB has been transferred to KESCO, as wholly owned subsidiary company of the company, w.e.f. 15.1.2000.

   (c) Due to division of State of Uttar Pradesh a separate State named Uttaranchal (now Uttarakhand) came into existence w.e.f. 09.11.2001 and a separate Corporation Uttaranchal Power Corporation Ltd. had taken over commercial operations in the State of Uttaranchal as per Govt. of India notification no. 42/7/2000-R&R dated 05.11.2001.

   (d) The distribution business of U.P. Power Corporation Ltd. was transferred to subsidiary companies viz. Madhyanchal Vidyut Vitran Nigam Ltd., Lucknow, Paschimanchal Vidyut Vitran Nigam Ltd., Meerut, Poorvanchal Vidyut Vitran Nigam Ltd., Varanasi & Dakshinanchal Vidyut Vitran Nigam Ltd., Agra (Known as DISCOMs) on 11.08.2003 as per The Uttar Pradesh Power Sector Reforms (Transfer of Distribution Undertakings) Scheme, 2003 issued vide GoUP Notification No. 2740/P-1-2003-24-14P/2003 dated 12.08.2003.

   (e) The State Government through Gazette Notification No. 2974(1)/24-P-2-2010, Dated 23 Dec 2010 made a Provisional Transfer Scheme for the purpose of transfer of the transmission activities including Assets, Liabilities and related proceedings from U.P. Power corporation Ltd. to the Uttar Pradesh Power Transmission Corporation Limited (UPPTCL/TRANSCO). In terms of this Scheme, the transfer was made effective from 01.04.2007, the date since which the company and UPPTCL have started working as separate entities for purchase/sale of Bulk power and transmission work respectively.

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

1(d) and 1(e) above.

Consequent upon the above notification the necessary adjustments in this regard was done in the annual accounts of the company for F.Y. 2014-15.

(b) The assets and liabilities relating to Uttaranchal Power Corporation Ltd. were transferred as per an agreement dated 12.10.2003 with Uttranchal Power Corporation Ltd., w.e.f. 09.11.01.

(c) The receivable from Uttrakhand Power Corporation Ltd. amounting to Rs. 192.61 Crore as on 31.03.2019 (Refer Note-11) has now been mutually settled and the same has been approved by the Board of Directors of the company in their meeting held on 18th December, 2019. Accordingly, the amount of Rs. 160.58 Crore payable to Uttarakhand Power Corporation Ltd. by U.P. Power Sector Employees Trust on account of GPF contribution has been adjusted against the above receivable amounting to Rs. 192.61 Crore and the same has been accounted for by the company as receivable from U.P. Power Sector Employees Trust (Ref Note-12) and the balance amount of Rs. 32.03 Crore i.e (Rs. 192.61 Crore - Rs.160.58 Crore) has finally been written off and accounted for as Bad Debts.

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

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

(b) As required by IND AS 19 (Employee Benefits), the company has measured its liabilities arising from Gratuity for the employees covered under CPF Scheme on the basis of Actuarial Valuation Report for the F.Y. 2018-19.

(c) The provision for Earned Leave Encashment (Terminal Benefits) for all employees has been made as per Actuarial Valuation Report for the F.Y. 2018-19.

(d) The Disclosure with respect to the above point no 4(b) & 4(c) is as below:n

S.N	Defined benefit plans:- (Amount ₹ in Lacs)	Gratuity		Leave Encashment	
		As on 31/03/2019	As on 31/03/2018	As on 31/03/2019	As on 31/03/2018
1	**Assumptions**				
	Discount Rate	7.77%	7.89%	7.43%	7.69%

	Rate of increase in Compensation levels	4.00%	3.00%	4.00%	3.00%
	Rate of return on Plan assets	Not Applicable	Not Applicable	Not Applicable	Not Applicable
	Average future service (in Years)	25.76 Years	26.31 Years	14.88 Years	14.98 Years
2	**Service Cost**				
	Current Service Cost	64.55	43.64	72.08	67.20
	Past Service Cost (including curtailment Gains/ Losses)	0	18.98	0	0
	Gains or losses on Non Routine settlements	0	0	0	0
3	**Net Interest Cost**				
	Interest Cost on Defined Benefit Obligation	29.02	23.64	492.97	457.26
	Interest Income on Plan Assets	0	0	0	0
	Net Interest Cost (Income)	**29.02**	**23.64**	492.97	457.26
4	**Change in present value of obligations**				
	Opening of defined benefit obligations	367.82	316.85	6410.48	6532.25
	Interest cost	29.02	23.64	492.97	457.26
	Service Cost	64.55	62.62	72.08	67.20
	Benefits Paid	(6.01)	(2.48)	(1052.74)	(1134.50)
	Actuarial (gain)/Loss on total liabilities	**112.23**	(32.81)	**1114.72**	**488.27**
	due to change in financial assumptions	80.30	(24.58)	459.86	(255.99)
	due to change in demographic assumptions	0	0	0	0
	due to experience variance	31.93	(8.23)	654.86	744.26
	Closing of defined benefit obligation	**567.61**	**367.82**	**7037.51**	**6410.48**
5	**Change in the fair value of plan assets**				
	Opening Fair value of plan assets	0	0	0	0
	Actual return on plan assets	0	0	0	0

	Employer Contribution	6.01	2.48	1052.74	1134.50
	Benefits paid	(6.01)	(2.48)	(1052.74)	(1134.50)
	Closing Fair value of plan assets	0	0	0	0
6	**Actuarial (Gain)/Loss on Plan Asset**				
	Expected Interest Income	0	0	0	0
	Actual Income on Plan Assets	0	0	0	0
	Actuarial gain/(loss) on Assets	0	0	0	0
7	**Other Comprehensive Income**				
	Opening amount recognized on OCI . outside P&L account	0	0	N/A	N/A
	Actuarial gain/(loss) on liabilities	(112.23)	32.81	N/A	N/A
	Actuarial gain/(loss) on assets	0	0	N/A	N/A
	Closing amount recognized on OCI outside P&L account	(112.23)	**32.81**	N/A	N/A
8	**The amounts to be recognized in the Balance Sheet Statement**				
	Present value of obligations	567.61	367.82	7037.51	6410.48
	Fair value of plan assets	0	0	0	0
	Net Obligations	567.61	367.82	7037.51	6410.48
	Amount not recognized due to assets limit	0	0	0	0
	Net defined benefit liability/(assets) recognized in balance sheet	**567.61**	**367.82**	**7037.51**	**6410.48**
9	**Expenses recognized in Statement of Profit & loss**				
	Service cost	64.55	62.62	72.08	67.20
	Net Interest cost	29.02	23.64	492.97	457.26
	Net actuarial (gain)/loss			1114.72	488.27
	Expenses/(Income) recognized in statement of Profit & Loss	**93.57**	**86.26**	**1679.77**	**1012.73**

10	**Change in Net Defined Obligations**				
	Opening of Net defined benefit liability	367.82	316.85	6410.48	6532.25
	Service Cost	64.55	62.62	72.08	67.20
	Net Interest Cost	29.02	23.64	492.97	457.26
	Re-measurements	112.23	(32.81)	1114.72	488.27
	Contributions paid to fund	(6.01)	(2.48)	(1052.74)	(1134.50)
	Closing of Net defined benefit liability	**567.61**	**367.82**	**7037.51**	**6410.48**
11	**Sensitivity analysis**				
	Item	**As on 31/03/2019**	Impact	**As on 31/03/2019**	Impact
	Base liability	567.61		7037.51	
	Increase in Discount rate by 0.50%	528.76	(38.85)	6843.01	(194.50)
	Decrease in Discount rate by 0.50%	610.62	43.01	7243.90	206.39
	Increase in salary inflation by 1%	655.33	87.71	7444.68	407.17
	Decrease in salary inflation by 1%	495.31	(72.30)	6669.98	(367.53)
	Increase withdrawal rate by 0.5%	589.63	22.02	7091.41	53.90
	Decrease withdrawal rate by 0.5%	543.88	(23.73)	6980.59	(56.92)

5. (a) The Company is making efforts to recognize and identify the location of land along with its title deed as well as of other Property, Plant & Equipment, transferred under various Transfer Schemes for the purpose of maintaining fixed assets registers.

(b) Where historical cost of a discarded/ retired/ obsolete Property, Plant & Equipment is not available, the estimated value of such asset and depreciation thereon has been adjusted and accounted for.

(c) In terms of powers conferred by the Notification no. GSR 627(E) dated 29 August 2014 of Ministry of Corporate Affairs, Govt. of India, the depreciation/amortization on Property, Plant & Equipment/ Intangible Assets have been calculated taking into consideration the useful life of assets as approved in the orders of UPERC (Multi Year Distribution tariff) Regulation, 2014.

(d) Depreciation on Computers and peripherals and software has been provided on the basis of the useful life notified in the UPERC (Multi Year Distribution tariff) Regulation, 2014.

6. (a) The Provision for Bad & Doubtful Debts against revenue from Sale of

Power has been made @ 5% on incremental debtors during the year.

(b) The details of provision for doubtful loans & advances are as under:-

(i) Provision to the extent of 10% on the balances of suppliers/ contractors has been made under Note no. 12 (Other Current Assets).
(ii) Provision @ 100% on interest accrued and due during the year on loan of NPCL has been made under the Note No. 06 (Loans & Other financial assets-Non Current).

(c) A provision for doubtful receivables to the extent of 10% on the balances appearing under the different heads of "Financial Assets-Other- Current" Note no. 11 (excluding Receivable on account of loan) has been made.

7. Reconciliation of balances of IUT amounting to Rs. 15440.75 lacs is in under progress (refer note no. 12).

8. Interest on Secured and Unsecured Loan to Kesco amouting to Rs. 4725.35 lacs and Rs. 358.44 lacs respectively was written off during the year 2017-18 vide Board resolution 142(57) dated 14th November 2018 and corresponding accountal has been made in the books of accounts for the year 2017-18.

9. Net Prior Period Expenses/ (Income) during F.Y. 2018-19 (Rs. 18227.45 Lacs). Out of which (Rs. 16189.24 Lacs) was pertaining to F.Y. 2017-18 (Rs. 2038.21 Lacs) was pertaining to the F.Y. 2016-17 or before. The same has been restated in the respective financial yeats in accordance with the provisions of Ind AS-8 (Accounting Policies, Change in Accounting Estimated and Errors). Reconciliation of Financial Statement line items which are retrospectively restated as under:-

₹ In Lacs

A- Balance Sheet

S No.	Particulars	Note	Audited figures as on 31.03.2018	Adjustment	Restated figures as on 31.03.2018	Remarks
I	**ASSETS**					
1	Non-current assets					
	(a) Property, Plant and Equipment	2	5790.89	0.00	5790.89	
	(b) Capital work-in-progress	3	613.45	0.00	613.45	
	(c) Intangible assets	4	96.99	0.00	96.99	
	(d) Financial Assets					
	(i) Investments	5	337236.57	0.00	337236.57	
	(ii) Loans & Other Financial Assets	6	3811513.26	0.00	3811513.26	
2	Current assets					
	(a) Inventories	7	156.54	0.00	156.54	
	(b) Financial Assets					
	(i) Trade receivables	8	1842794.80	230081.24	2072876.04	PPE Adjustment

2/10/4

	(ii) Cash and cash equivalents	9	147773.02	101.42	147874.44	PPE Adjustment
	(iii) Bank balances other than (ii) above	10	55162.58	0.00	55162.58	
	(iv) Others	11	1046052.10	433.06	1046485.16	PPE Adjustment
	(c) Other Current Assets	12	30586.89	18.76	30605.65	PPE Adjustment
	Total Assets		**7277777.09**	**230634.48**	**7508411.57**	
II	**EQUITY AND LIABILITIES**					
	Equity					
	(a) Equity Share Capital	13	8040073.81	0.00	8040073.81	
	(b) Other Equity	14	-7598355.63	-18227.48	-7616583.11	PPE Adjustment
	LIABILITIES					
1	Non-current liabilities					
	(a) Financial liabilities					
	(i) Borrowings	15	4940210.64	0.00	4940210.64	
	(b) Other financial liabilities	16	6078.50	0.00	6078.50	
2	Current liabilities					
	(a) Financial liabilities					
	(i) Borrowings	17	152902.18	0.00	152902.18	
	(ii) Trade payables	18	1480199.35	248354.72	1728554.07	PPE Adjustment
	(iii) Other financial liabilities	19	256668.24	507.24	257175.48	PPE Adjustment
	Total Equity and Liabilities		**7277777.09**	**230634.48**	**7508411.57**	

B- Profit & Loss Account

S No.	Particulars	Note	Audited figures for the year ended 31.03.2018	Adjustment of Prior Period Errors			Restated figures for the Year ended 31.03.2018	Equity (Reserve & Surplus) restated for the period ended 31.03.2017 and before
				Related to the Year ended 31.03.2018	Related to the Year ended 31.03.2017 and before	Total		
I	Revenue From Operations	20	4642492.22	85087.51	157103.28	242190.79	4727579.73	157103.28
II	Other Income	21	13639.30	-3947.25	-1690.32	-5637.57	9692.05	-1690.32

III	Total Income (I+II)		4656131.52	81140.26	155412.96	236553.22	4737271.78	155412.96
IV	**EXPENSES**							
	Purchases of Stock-in-Trade (Power Purchased)	22	4642497.68	85087.51	157103.28	242190.79	4727585.21	157103.28
	Employee benefits expense	23	17628.45	67.62	347.89	415.51	17696.08	347.89
	Finance costs	24	2.27	1.00	0	1.00	3.27	0.00
	Depreciation and amortization expenses	25	350.98	0.00	0	0.00	350.98	0.00
	Other expenses							
	Adminstration, General & Other Expense	26	4515.51	0.00	0	0.00	4515.51	0.00
	Repair and Maintenance	27	1659.97	15.71	0	15.71	1675.68	0.00
	Bad Debts & Provisions	28	801356.65	12157.66	0	12157.66	813514.31	0.00
	Total expenses (IV)		5468011.51	97329.50	157451.17	254780.67	5565341.04	157451.17
V	Profit/(Loss) before exceptional items and tax (III-IV)		-811879.99	-16189.24	-2038.21	-18227.45	-828069.25	-2038.21
VI	Exceptional Items							
VII	Profit/(Loss) before tax (V(+/-)VI)		-811879.99	-16189.24	-2038.21	-18227.45	-828069.25	-2038.21
VIII	Tax expense:							
	(1) Current tax							
	(2) Deferred tax							
IX	Profit (Loss) for the period from continuing operations (VII-VIII)		-811,879.99	-16,189.24	-2,038.21	-18,227.45	-828,069.26	-2,038.21

X	Profit/(Loss) from discontiniuing operations							
XI	Tax expense of discontiniuing operations							
XII	Profit/(Loss) from discontiniuing operations (after tax) (X-XI)							
XIII	Profit/(Loss) for the period (IX+XII)		-811,879.99	-16,189.24	-2,038.21	-18,227.45	-828,069.26	-2,038.21
XIV	Other Comprehensive Income							
	A (i) Items that will not be reclassified to profit or loss-Remeasurement of Defined Benefit Plans (Acturial Gain or Loss)		32.81	0.00	0.00	0.00	32.81	0.00
	(ii) Income tax relating to items that will not be reclassified to profit or loss							
	B (i) Items that will be reclassified to profit or loss							
	(ii) Income tax relating to items that will be reclassified to profit or loss							

XV	Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit/(Loss) and Other Comprehensive Income for the period)		-811,847.18	-16,189.24	-2,038.20	-18,227.45	-828,036.45	-2,038.20

10. Liquidated damages (LD) amounting to ₹ 381.91 Crore (LD imposed on SE UPPTCL ₹200.00 Crore and LD imposed on WUPPTCL ₹181.91 Crore) had been netted off from power purchase cost in the year 2016-17.

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

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

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

13. Basic and diluted earnings per share has been shown in the Statement of Profit & Loss in accordance with Ind-AS 33 "Earnings Per Share". Basic earnings per share have been computed by dividing net loss after tax by the weighted average number of equity shares outstanding during the year. Number used for calculating diluted earnings per equity share includes the amount of share application money (pending for allotment).

	Earnings per share:	**31.03.2019**	**31.03.2018**
(a)	Net loss after tax (numerator used for calculation) ₹ in Lacs	(825015.80)	(828036.45)
(b)	Weighted average number of Equity Shares* (denominator for calculating Basic EPS)	865587584.83	775703593.17

(c)	Weighted average number of Equity Shares* (denominator for calculating Diluted EPS)	876062221.24	781656156.88
(d)	Basic earnings per share of ₹ 1000/- each in ₹	(95.31)	(106.75)
(e)	Diluted earnings per share of ₹1000/- each in ₹	(95.31)	(106.75)

(As per para 43 of Ind AS-33 issued by Institute of Chartered Accountants of India, Potential Equity Shares are treated as Anti Dilutive as their conversion to Equity Share would decrease loss per share, therefore, effect of Anti Dilutive Potential Equity Shares are ignored in calculating Diluted Earnings Per Share) * Calculated on monthly basis.

* Calculated on monthly basis.

14. Due to circumstances necessitated, two units of the company i.e. H.Q. Payment (Location Code-992) and Electricity Training Institute (Location Code-982) Unit of the company have been performing the work of UPPTCL. Therefore, the 25% of the employee cost of these units has been apportioned to UPPTCL as per O.M. No. 505 dated 14.11.2018 issued by Director (Finance) of the company.

15. Nothing adverse has been reported by the units/zone concerned regarding compliance of the provisions in respect of unpaid liabilities and interest thereon under the MSMED Act 2006.

16. The energy sold to Discoms has been billed on differential Bulk Sale Tariff (BST) which is calculated by apportioning the average BST in the ratio of Average Billing Rate of Discoms. The average BST is computed on the basis of cost of energy purchased by the company after prior period adjustments, divided by total quantum of energy supplied to UP Discoms.

17. Payment in foreign currency- Nil (previous year-Nil).

18. Quantitative Details of Energy purchased and sold:-

S. No.	Details	2018-19	2017-18
(I)	Total number of Units purchased	115435.51 MU	119163.550 MU
(II)	Total number of units sold	108338.881 MU	111999.645 MU
(III)	% of Loss	6.148	6.012

19. Contingent Liabilities:-

S. No.	Details	2018-19 Amount (₹. in lacs)	2017-18 Amount (₹. in lacs)
(i)	Capital commitments	-	-

(ii)	Income Tax*	-	4.13
(iii)	Power Purchase	1010143.82	516273.93
(iv)	Other Contingencies	1317.09	1317.09

* *In case of court cases, the amount of contingent liability has been disclosed to the extent possible.*

20. As per requirement of section 135 and schedule VII of the Companies Act, 2013 read with companies (Corporate Social Responsibility Policy) Rules 2014 the company has incurred losses during the three immediately preceding financial years, no amount has been spent on CSR, also no provision has been made by the company in this regard.

21. 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.

22. **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 (inoperative service dated 27.03.2019)
Southern U.P Power Transmission Company Limited
Associates
Yamuna Power Generation Company Limited (inoperative service dated 25.03.2019)

As per order of the Registrar of Companies (MCA), Kanpur, U.P. dated 18.08.2020 and 28.08.2020 Sonebhadra Power Generation Company Ltd. and Yamuna Power Generation Company Ltd. respectively have been struck off from the Register of Companies and the same have been dissolved.

(b) Key management personnel:-

S. No.	**Name**	**Designation**	**Working Period (For FY 2018-19)**	
			Appointment	**Retirement/ Cessation**
1	Shri Alok Kumar	Chairman	20.05.2017	Working
2	Smt. Aparna U.	Managing Director	26.10.2017	Working
3	Shri Sudhanshu Dwivedi	Director (Finance)	30.06.2016	Working

S. No.	Name	Designation	Working Period (For FY 2018-19)	
			Appointment	Retirement/ Cessation
4	Shri Satya Prakash Pandey	Director (P.M. & Admin.)	01.07.2016	Working
5	Shri Vijay Kumar	Director (Distribution)	06.01.2018	Working
6	Shri V. P. Srivastava	Director (Corporate planning)	04.01.2018	Working
7	Shri A.K. Srivastava	Director (Commercial)	27.06.2018	Working
8	Shri Amit Gupta (M.D of UPPTCL)	Nominee Director	22.01.2018	31.08.2018
9	Dr. Senthil Pandiyan C. (M.D of UPPTCL)	Nominee Director	10.09.2018	Working
10	Shri Neel Ratan Kumar (Special Secretary- Finance)	Nominee Director	16.04.2013	Working
11	Smt Manju Shankar (Department of Public Enterprises)	Nominee Director	10.12.2015	Working
12	Shri Indra Mohan Kaushal	Chief Financial Officer	26.12.2017	13.11.2018
13	Shri Pramendra Nath Sahay	Chief Financial Officer	14.11.2018	Working
14	Shri Pradeep Soni	Company Secretary (Part time)	01.08.2017	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 (Related Party Disclosures), 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. However, in view of the exemption available for Government related entities the Company has made limited disclosures in the financial statements. Such entities which company has significant transactions includes, but not limited to, are as follows:-

(i) UP Power Transmission Corporation Limited,
(ii) Uttar Pradesh Rajya Utpadan Nigam Limited
(iii) Uttar Pradesh Jal Vidyut Nigam Limited.

(d) Post-Employment Benefit Plan:-

1- Uttar Pradesh Power Sector Employees Trust.
2- U.P. Power Corporation Limited Contributory Provident Fund.

B- Transactions with Related Parties are as follows:

(a) Transaction with Subsidiaries and Associates:-

(Amount ₹ in Lacs)

Particulars	Subsidiaries		Associates	
	2018-19	2017-18	2018-19	2017-18
(i) Sales	5378644.24	4727579.73	/	-

(ii) Purchase	-	-	-	-
(iii) Dividend received	-	-	-	-
(iv) Equity Contribution made	918958.35	915699.46	64.76	-
(v) Loans (Net Increase/ (Decrease))*	(71748.87)	1373668.84	-	-
(vi) Amount Recoverable Other than Loan	1174561.32	(283325.99)	-	-
(vi) Receivable-Others (Net Increase/(Decrease))	(830.21)	2.00	(63.76)	1.00

**Loans have been arranged by UPPCL on behalf of Discoms and the same has been routed through the accounts of the company. The figures of Loans have been shown after adjustments of liabilities against loans i.e. grants received from Government and miscellaneous receipts from Governments's Department.*

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

(Amount ₹ in Lacs)

	2018-19	**2017-18**
Salary & Allowances	154.93	149.12
Leave Encashment	72.38	0.00
Contribution to Gratuity/ Pension/ PF	22.43	19.98

Debts due from Directors were Rs. NIL (Previous year Nil)

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

(Amount ₹ in Lacs)

S. No	**Name of The Company**	**Nature of Transaction**	**2018-19**	**2017-18**
1	UP Power Transmission Corporation Limited	Misc. Transactions (Net)	2612.50	1579.22
2	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	Power Purchase	979893.69	986822.01
3	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	Receivables (Unsecured)	48.36	47.27
4	Uttar Pradesh Jal Vidyut Nigam Limited	Power Purchase	8458.81	8065.24

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

(Amount ₹ in Lacs)

Particulars	31st March 2019	31st March 2018
Amount recoverable towards loans		
From Subsidiaries		
➢ MVVNL	1037978.72	1039224.79
➢ PVVNL	858866.60	814850.39
➢ PurVVNL	1374188.75	1378442.09
➢ DVVNL	1630730.24	1719847.80
➢ Kesco	173319.32	185714.10
➢ SPGCL	0.00	613.59
➢ SPTCL	0.00	216.63
Amount recoverable other than loans		
From Subsidiaries		
➢ MVVNL	643144.91	385684.40
➢ PVVNL	278082.15	132881.14
➢ PurVVNL	1478729.11	1138316.24
➢ DVVNL	616697.57	248502.29
➢ Kesco	110340.13	47048.48
From Associates		
➢ YPGCL	0	63.76
From Others		
➢ UPPSET	17048.14	1082.35
➢ UPRVUNL	255.27	206.91
➢ UPPTCL	13928.78	11316.28
Amount Payable towards loan		
To Subsidiaries		
➢ MVVNL	91626.67	88469.53
➢ PVVNL	110977.59	110050.56
➢ PurVVNL	114237.98	112030.64
➢ DVVNL	97613.60	95194.37
➢ Kesco	42.59	0.00
Amount Payable other than loan		
To Others		
➢ UPJVNL	8839.81	8851.16
➢ UPPCLCPF	42.89	21.63

23. The status of Bonds issued by the Company for the subsidiaries is as under:-

(Amount ₹ in Lacs)

S. No	Details of Bonds	Amount of Bonds	No of Bonds	Date of issue	Face Value	Rate of interest	Previous due date of interest payment	Paid / or not	Next date of interest payment	Amount of interest payable on next date	Next due date of Principal payment	Principal Amount payable on next due date	Security	Outstanding as at 31.03.2019	Outstanding as at 31.03.2018
1	THE COMPANY Bond series III/2016-17	651000.00	65100	17-Feb-2017	10	8.97%	15-Feb-2019	Paid	15-May-2019	14238.71	15-May-2020	23250.00	Govt. Guaranteed and Hypothecated for receivables	651000.00	651000.00
2	THE COMPANY Bond series IV/2016-17	348950.00	34895	27-Mar-2017	10	8.48%	15-Mar-2019	Paid	17-Jun-2019	7456.54	15-Jun-2020	12462.50		348950.00	348950.00
3	THE COMPANY Bond series I/2017-18	449820.00	44982	05-Dec-2017	10	9.75%	21-Jan-2019	Paid	22-Apr-2019	10934.32	19-Jul-2019	13230.00		449820.00	449820.00
4	THE COMPANY Bond series II/2017-18	549100.00	54910	27-Mar-2018	10	10.15%	21-Jan-2019	Paid	22-Apr-2019	13895.21	18-Oct-2019	16150.00		549100.00	549100.00
1	U.P. Power Corporation Ltd.- 2031	537682	537682	04-Jul-2016	1	9.70%	04-Jan-2019	Paid	04-Jul-2019	25863.74	04-Jan-2022	26884.10	Govt Guranted	537682.00	537682.00
2	U.P. Power Corporation Ltd.- 2031	469998	469998	28-Sep-2016	1	9.70%	28-Mar-2019	Paid	26-Sep-2019	22982.26	26-Mar-2022	23499.90		469998.00	469938.00
3	U.P. Power Corporation Ltd.- 2032	29949	29949	30-Mar-2017	1	9.70%	30-Sep-2018	Paid	01-Apr-2019	1440.59	30-Sep-2020	1247.97		29949.00	29949.00
		3036499.00	1237516							96812.30		116724.47		3036499.00	3036499.00

Payment of Principal amount is started from 19.07.2019.

24. Due to heavy unabsorbed losses i.e. ₹ 8775345.05 Lacs as on 31.03.2019 and uncertainties to recover such losses in near future, the deferred tax assets have not been recognized in accordance with Para 34 of Ind AS-12 (Income Taxes) issued by ICAI.

25. In the opinion of management, there is no specific indication of impairment of assets except Investment in Subsidiaries & Associates as on balance sheet date as envisaged by Ind AS-36 (Impairment of Assets). Further, the assets of the company have been accounted for at their historical cost and most of the assets are very old where the impairment of assets is very unlikely.The Impairment in Investment in Subsidiaries and Associates is calculated on the basis of Net worth of Subsidiaries & associates as on 31.03.2019.

26. Disclosure as per Ind AS-37 (Provisions, Contingent Liabilities and Contingent Assets) is as under:-

(Amount ₹ in Lacs)

S. NO.	PARTICULARS	MOVEMENT OF PROVISIONS			
		OPENING BALANCE AS ON 01.04.2018	PROVISION MADE DURING THE YEAR	WITHDRAWL / ADJUSTMENT OF PROVISION DURING THE YEAR	CLOSING BALANCE AS ON 31.03.2019
1	Provision for impairment in Investment	6,125,018.26	756,577.00		6,881,595.26
2	Provision for Doubtful debts on Sundry Debtors (Sale of power)	138,162.07	46,396.69		184,558.76
3	Provision for Bad & doubtful debts Other current assets.	1,156.38	459.67		1,616.05
4	Provision for Bad & doubtful debts Financial Assets -Loans (Non-Current)	9,907.64	1,479.62		11,387.26
5	Provision for Bad & doubtful debts Financial Assets-other (Current)	13,961.12		1,860.41	12,100.71
6	Provision for Bad & doubtful debts Advance to capital supplier	1.59			1.59
7	Provision for unservisable stores	13.35			13.35
	Total	6,288,220.41	804,912.98	1,860.41	7,091,272.98

27. The Annual Accounts of F.Y. 2016-17 and 2017-18 are yet to be adopted in Annual General Meeting as final comments of CAG on CFS F.Y 2016-17 and Stand Alone/ CFS F.Y 2017-18 are awaited.

28. **Financial Risk Management**

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

The Company is exposed to the following risks from its use of financial instruments:

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

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

(c) **Market Risk- Interest Rate Risk:** The Company is exposed to interest rate risk arising from borrowing with floating rates because the cash flows associated with floating rate borrowings will fluctuate with changes in interest rates. The Company manages the interest rate risks by entering into different kind of loan arrangements with varied terms (eg. Rate of interest, tenure etc.).

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

(Amount ₹ in Lacs)

Particulars	31.03.2019	31.03.2018
Financial Assets		
Fixed Interest Rate Instruments-Deposits with Bank	0.00	0.00
Variable Interest Rate Instruments-Deposits with Bank	43348.11	55251.08
Total	43348.11	55251.08
Financial Liabilities		
Fixed Interest Rate Instruments-Financial Instrument Loans	0.00	0.00
Variable Interest Rate Instruments-Cash Credit from Banks	0.00	0.00

Fair value sensitivity analysis for fixed-rate instruments

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

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

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

29. **Capital Management**

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

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

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

30. Revenue from Operation

The Company earns revenue primarily from bulk supply of power to its wholly owned subsidiary companies (Discoms). The Company procures the power from various sources on behalf of Discoms and to supply the same to its Discoms.

Effective 01st April, 2018, the Company has applied Ind AS 115, Revenue from Contracts with Customers, using the cumulative catch up transition method, applied to contracts with customers that were not completed as at 01st April, 2018. Accordingly, the comparative amounts of revenue have not been retrospectively adjusted and continue to be reported as per Ind AS 18 "Revenues" and Ind AS 11 "Construction Contracts" (to the extent applicable). The effect on the adoption of Ind AS 115 was insignificant as we supply the power to our Discoms at Purchase cost amount.

Revenue from sale of power is recognized on satisfaction of performance obligation upon supply of power to its Discoms at an amount that reflects the consideration the Company expects to receive in exchange for those supplied power.

31. Sonbhadra Power Generation Company Limited was incorporated as per directives of GoUP No. 609/ऊ0(नि0नि0)प्र0/24&60 dated 13.11.2006. As per guidelines issued by Ministry of Power, Government of India for the implementation/development of project, the Company initiated the preparatory activities such as process of land acquisition, arrangement for coal linkage, arrangement of water resources and environmental clearance etc. but Ministry of Coal, GOI did not communicate about allotment of coal to the project, due to resistance from land owners land acquisition process has abandoned, Ministry of Environment & Forest, GOI, finding Singraulli region as critically polluted declared Moratorium on establishing new projects in this area, the concerned department did not communicate regarding allocation of water to the project.

Board of Director took cognizance of the above facts and decided to abandon/close the project with dissolution of the Company and directed to present the case before Energy Task Force, Government of UP.

Energy Task Force, Government of UP also recommended to abandon the project with dissolution of this Company and further directed to get the approval by Hon'ble Cabinet, Govt. of UP. The Govt of UP vide its letter no 432/24-ऊ0नि0नि0प्र0/18–20(प्रकोष्ठ) 14 dated 02.07.2018 conveyed its decision to dissolve Sonbhadra Power Generation Company Limited. The Company has been closed with effect from 27.03.2019 in accordance with the provision of section 248(2) of the Companied Act 2013. Subsequently, the company has been strike off w.e.f. 18.08.2020 from the register of the Companies and the said company is dissolved. Resulting to this the treatment of balances of Sonbhadra Power Generation Company Limited has been done as below:

A. Sonbhadra Power Generation Company Limited has issued its equity share in the name of UP Power Corporation Limited for the amount of Rs. 613.58 Lacs in consideration of converting Sundry Payables to the Company during FY 2018-19. Correspondingly UP Power Corporation Limited has shown this equity shares under the head of Investments and the impairment of the same has been made since the subsidiary company is no more in existence.

B. An amount of Rupees one lakh under the head of Sundry Receivables, arisen after the issuance of Equity Shares mentioned in point No.1 above, from Sonbhadra Power Generation Company Limited has been written off during FY 2018-19 in accordance with approval of Board of Directors dated 22nd March, 2019.

C. Sonbhadra Power Generation Company Limited has transferred the closing balance of Bank Account Rs. 0.42 Lacs, as on the date of closure, to the Company. The Company has taken over the Statutory or Other Expenses/Dues to that extent of this Company in compliance of the decision of Board of Directors taken in the 146th meeting dated 22nd March, 2019.

D. The Board has also decided in its 146th meeting dated 22nd March, 2019 to bear Statutory or Other Expenses/Dues by UP Power Corporation Limited arisen over and above transferred from Sonbhadra Power Generation Company Limited as mentioned in Point No. C above.

32. Yamuna Power Generation Company Limited was incorporated on 20-04-2010 as a Government Company by the Company, Greater NOIDA Industrial Development Authority, New Okhla Industrial Development Authority and Yamuna Expressway Industrial Development Authority as per directives of Government of U.P. vide G.O. no. 2133/24-1-09-1794/09 dated 2nd July, 2009. The Company was formed with the objective to meet out growing demand of electricity during 12th five year plan and was given to perform initial project preparation activities such as acquisition of land, arrangement for fuel linkage, water resources and environmental clearance etc.

Due to non-availability of required land and uncertainty of allocation of fuel (coal/gas) for the project, ultimately lead Energy Task Force (ETF) Govt. of U.P, come to conclusion to abandon the project in its meeting dated 07-05-2012. Subsequently on the recommendation of the said Task Force, Govt. of UP took the decision to abandon the project and wind up the company and conveyed its decision on 05.05.2015. Company has been closed with effect from 25.03.2019 in accordance to the provisions of sec. 248(2) of The Companies Act 2013. Subsequently, the Company has been strike off w.e.f. 28.08.2020 from the register of the companies and the said company is dissolved. Resulting to this the treatment of balances of Yamuna Power Generation Company Limited has been done as below:

A. Yamuna Power Generation Company Limited has issued its equity share in the name of the Company for the amount of Rs. 64.76 Lacs in consideration of converting Sundry Payables to the Company during FY 2018-19. Correspondingly UP Power Corporation Limited has shown this equity shares under the head of Investments and the impairment of the same has been made since the subsidiary company is no more in existence.

B. Yamuna Power Generation Company Limited has transferred the closing balance of Bank Account Rs. 1.39 Lacs, as on the date of closure, to the Company. The Company has taken over the Statutory or Other Expenses/Dues to that extent of this Company in compliance of the decision of Board of Directors taken in the 146th meeting dated 22nd March, 2019.

C. The Board has also decided in its 146th meeting dated 22nd March, 2019 to bear Statutory or Other Expenses/Dues by UP Power Corporation Limited arisen over and above transferred from Yamuna Power Generation Company Limited as mentioned in Point No. B above.

33. Southern U.P. Power Transmission Company Limited was incorporated on 08-08-2013 as a Government Company of Uttar Pradesh. The main Objectives of the Company consists evacuation/ transmission of Power from Lalitpur TPS to Agra and adjoining districts through 765/400 KV AIS/GIS substation and 765 & 400 KV transmission lines.

The Board of Directors of Southern U.P. Power Transmission Company Limited in its 6th meeting held on 20th September, 2016 has decided that necessary action for the closure of the Company/striking off of the name of the Company as per the provisions of the Companies Act, 2013 may be taken up. Since Southern U.P. Power Transmission Company Limited is a wholly owned subsidiary company of the Company, the Board of Directors of the Company in its 139th Meeting held on 21st May, 2018 has approved/ratify the above mentioned decision of the Directors of Southern U.P. Power Transmission Company Limited

The decision Board of Directors of the Company regarding closure of the Company/striking off of the name of the Company as per the provisions of Companies Act, 2013 has been approved by the Share Holders of the Company in its Extra Ordinary General Meeting held on 14th June, 2018.

Subsequently, this matter has been sent to the Energy Task Force (ETF) on 26th June, 2019 for its acceptance/approval. Resulting to this Southern U.P. Power Transmission Company Limited has issued its Equity Shares in the name of the Company for the amount of Rs. 216.63 Lacs in consideration of converting borrowings from UPPCL during FY 2018-19. Correspondingly the Company has shown this equity shares under the head of Investments and the impairment of the same has been made since the subsidiary company is in the process of closure/ striking off of the name from the register of the Company.

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

35. Previous year's figures have been regrouped/ rearranged/ reclassified wherever necessary to make them comparable/ better presentation with the current year figures.

(Niharika Gupta) **Company Secretary**	**(A. K. Awasthi)** **Chief General Manager & CFO**	**(Sudhir Arya)** **Director (Finance)** **DIN - 05135780**	**(M. Devaraj)** **Managing Director** **DIN - 08677754**

Place : Lucknow
Date : 28-01-2021

Subject to our report of even date
For R. M. Lall & Co.
Chartered Accountants
FRN No. 000932C

(R. P. Tewari)
Partner
M.No. 071448

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

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

स्पीड पोस्ट/गोपनीय

पत्रांकः प्र.म.ले.(ऑडिट-II)/ए.एम.जी-II/लेखा/यूपीपीसीएल/2018-19/2022-23/541 दिनांकः 23-12-22

सेवा में,

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

7481/MDS/22
27/12/2022

महोदय,

एतत्सह कम्पनी अधिनियम, 2013 की धारा 143(5) के अधीन उत्तर प्रदेश पॉवर कारपोरेशन लिमिटेड के 31 मार्च 2019 को समाप्त वर्ष के Standalone एवं Consolidated वित्तीय लेखाओं 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।

Dir(F)

Dir(D)

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

26.12.22

कृपया पत्र की पावती भेजें।

(पंकज कुमार)
प्रबन्ध निदेशक
उत्तर प्रदेश पावर कारपोरेशन लि०

संलग्नकः यथोपरि

भवदीया

22/12/

उपमहालेखाकार

~~Dy CAO (Audit)~~

D(W)(MC)

1073/Corp A/c/22
28/12/2022

DY CAO A/C
27/12/22

AO (Consol)/Standl
28/12/

4137/DGM(A&A)/2022
27/12/22

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 2019

The preparation of financial statements of U.P. Power Corporation Limited (UPPCL) for the year ended 31 March 2019 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 January 2021.

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 2019 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

Purchase of Stock in trade (Power Purchased) (Note 22): ₹ 53,786.44 crore

1. The above does not include bill/supplementary bills amounting to ₹ 100.13 crore received from different parties as detailed below:

a. Bill of M/ s R.K.M. Powergen Company Limited related to transmission charges and power purchase of (-) ₹ 33.46 crore for the period from 01.04.2017 to 31.03.2019 which were verified by the Company on 02/09/20 and 18/09/20. Though the UPPCL's (Standalone) accounts for the year 2018-19 were closed on 31.12.2020, the Company did not account for the above bills of (-) ₹ 33.46 crore in the books of accounts for the year 2018-19.

b) Supplementary bills of Efficiency Gain amounting to (-) ₹ 105.62 crore of four parties[1] pertaining to the period from 2014-15 to 2018-19 which was verified by the Company before the date of closing date (31.12.2020) of the Annual Accounts for the year 2018-19.

c) Bill amounting to ₹ 239.21 crore of M/s Power Grid Corporation of India Limited in respect of bill for transmission charges and power purchase for the period July 2011 to March 2019 which was verified[2] by the Company before the closing date (31.12.2020) of the Annual Accounts for the year 2018-19.

This resulted in understatement of Purchase of Stock in trade (Power Purchased) as well as Revenue from Operations by ₹ 100.13 crore.

B. COMMENTS ON FINANCIAL POSITION

Current Assets
Financial Assets- Other (Note -11): ₹ 19,844.12 crore

2. As per clause 1.2(i) of the tripartite MOU executed between Ministry of Power, GOI, Government of Uttar Pradesh and UPPCL, the Government of Uttar Pradesh (GoUP) shall take over the future losses of the DISCOMs in a graded manner. Accordingly, 5 *per cent* loss of 2016-17 and 10 *per cent* loss of 2017-18 was to be taken over by the GoUP in the years 2017-18 & 2018-19 respectively.

The net loss of the DISCOMs for the years 2016-17 and 2017-18 is depicted as under:

(₹ in lakh)

DISCOM	Net Loss 2016-17	Net Loss 2017-18
MVVNL	72,279.56	43,170.58
PuVVNL	86,732.37	83,256.03
PVVNL	46,800.13	1,51,695.16
DVVNL	1,44,348.34	2,36,649.85
KESCO	31,955.06 (Profit)	6,441.75 (Profit)
Net losses	**3,50,160.40**	**5,14,771.62**
	2017-18	**2018-19**
Percentage of net loss to be taken over by GoUP	5 *per cent* of losses of 2016-17 taken over in 2017-18	10 *per cent* of losses of 2017-18 taken over in 2018-19
Loss funding by GoUP in UDAY scheme	17,508.02 say ₹ 175.08 crore	51,477.16 say ₹ 514.77 crore
Actual funding by GoUP	₹ 409.93 crore	₹ 761.09 crore
Excess funding made by GoUP	₹ 243.85 crore	₹ 246.32 crore

Thus, it may be seen from the above that total excess funding of ₹ 490.17 crore (₹ 243.85 crore + ₹ 246.32 crore) was claimed/received from the GoUP in the years 2017-18 and

[1] ₹ 12.95 crore (M/s Bajaj Energy Limited) verified on 16/09/20, ₹ 92.40 crore (NTPC) verified on 27/07/20, ₹ 0.14 crore (Arawali Power Company) verified on 21/03/20 and ₹ 0.13 crore (NSM-II).

[2] ₹ 1.97 crore on 18/10/19, ₹ 47.52 crore on 11/11/19, ₹ 185.79 crore on 07/01/20, ₹ 3.05 crore on 27/07/20 and ₹ 0.88 crore on 28/07/20 *i.e.* total bill amounting to ₹ 239.21 crore.

2018-19 which should have been shown as liability payable to GoUP in the books of the accounts.

This resulted in understatement of 'Other Financial Liabilities' and 'Financial Assets-Other (Current)' by ₹ 490.17 crore, each.

Current Liabilities
Other Financial Liabilities (Note-19): ₹ 3,534.56 crore

3. The above does not include ₹ 28.65 crore being interest payable on account of delayed deposit/non-deposit of General Provident Fund (₹ 28.08 crore) and Pension and Gratuity (₹ 0.57 crore) as worked out and accounted for in the Financial Statements of Uttar Pradesh Power Sector Employees Trust for the year 2014-15. This resulted in understatement of Current Liabilities and Accumulated Loss by ₹ 28.65 crore.

Despite comment of the CAG of India on the Accounts for the year 2012-13 to 2017-18, no corrective action has been taken by the Management.

C. COMMENTS ON DISCLOSURE

Notes on Accounts (Note-29)

4. Para 8.1.11 of Guidance note on Division II- IND AS schedule III to the Companies Act 2013 provides that earmarked balances for specific purpose with banks to be disclosed separately.

The Company maintained 12 number of accounts out of which eight accounts were having zero balance and four accounts were having account balance of ₹ 800.05 crore as on March 2019 which was earmarked for specific purpose, as detailed below:

Sl. No.	Name of bank	Account Number	Purpose	Balance as on 31 March 2019
1.	HDFC Bank	50200004167832	UPPCL DSRA ESCROW Account	3,84,31,507
2.	HDFC Bank	50200017358986	UPPCL DSRA Series- 2	88,39,247
3.	ICICI Bank	628105501280	UPPCL Debt Servicing Reserve Account (DSRA)	4,92,85,26,138
4.	ICICI Bank	628105501283	UPPCL Debt Service Reserve Account (DSRA)/ Series- II/ 2017-18	3,02,46,63,939
		Total		8,00,04,60,831

Thus, the disclosure accounts has not been made as per requirement of Guidance note.

5. As per requirement of Para 17 of Ind. AS-24 the Notes to accounts at para No. 22B (b) made disclosure of Related Parties. However, the company has not included the remuneration and benefit paid to Chief Financial Officer, and Company Secretary, in Key Management Personnel under related party disclosure of Remuneration and benefits paid to them.

Thus, the disclosure of related party transactions was incomplete and deficient to that extent.

6. At point No 19 of Notes to Accounts following Contingent Liabilities has not been included in respect of claims against the company raised by the parties, which are under consideration of the Appellate Tribunal of Electricity:

(₹ in crore)

Sl. No.	Name of the Party	Description of claim	Period of claim	Amount of claim
1.	M/s Rosa Power Supply Company	Energy Bills	April 2015 to March 2019	129.78
2.	M/s R.K.M. Powergen Private Limited	Transmission charges, LPSC & Penalty for short supply	After 2016 to May 2018	109.92
		Total		239.70

Thus, the Contingent Liabilities are understated by ₹ 239.70crore.

D. OTHER COMMENTS

7. Para 100 of Ind AS 38 on Intangible Assets provides that 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 and 2017-18, no corrective action has been taken by the Management.

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

Place: Lucknow
Date: 23-12-2022

(Tanya Singh)
Accountant General

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 UTTAR PRADESH POWER CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2019

The preparation of consolidated financial statements of Uttar Pradesh Power Corporation Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the Company. The Statutory Auditor appointed by the Comptroller & Auditor General of India under Section 139 (5) read with Section 129 (4) of the Act is responsible for expressing opinion on the financial statements under Section 143 read with Section 129 (4) of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 6 April 2021.

I, on behalf of the Comptroller and Auditor General of India (C&AG), have conducted a supplementary audit of the consolidated financial statements of Uttar Pradesh Power Corporation Limited for the year ended 31 March 2019, under Section 143 (6) (a) read with Section 129 (4) of the Act. We conducted a supplementary audit of the financial statements of parent company Uttar Pradesh Power Corporation Limited (UPPCL), subsidiary companies- Purvanchal Vidyut Vitran Nigam Limited (PuVVNL), Paschimanchal Vidyut Vitran Nigam Limited (PVVNL), Madhyanchal Vidyut Vitran Nigam Limited (MVVNL), Dakshinanchal Vidyut Vitran Nigam Limited (DVVNL), Kanpur Electricity Supply Company Limited (KESCO), Southern UP Power Transmission Company Limited (SuUPPTCL) and Sonebhadra Power Generation Company Limited and of associate company - Yamuna Power Generation Company Limited for the year ended 31 March 2019. 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:

A. COMMENTS ON CONSOLIDATED PROFITABILITY

Statement of Profit and Loss
Other Income (Note 23): 13,322.74 crore

1. The above includes additional subsidy received from the Government of Uttar Pradesh (GoUP) against previous year losses under UDAY scheme amounting to ₹ 761.09 crore (PVVNL ₹ 112.60 crore, DVVNL ₹ 256.50 crore, PuVVNL ₹ 208.38 crore and MVVNL ₹ 183.61 crore). As per the tripartite MoU signed (30 January 2016) among the Ministry of Power, GoI; GoUP and UPPCL (on behalf of all DISCOMs) for implementation of UDAY scheme, the GoUP was to refund ten *per cent* of losses of 2017-18 in the year 2018-19. 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 2017-18 was ₹ 530.00 crore only (ten *per cent* of losses for the year 2017-18 *i.e.* PVVNL ₹ 1,516.95 crore, DVVNL ₹ 2,366.50 crore, PuVVNL ₹ 832.56 crore and MVVNL ₹ 437.75 crore and add impact of understatement of loss by PVVNL ₹ 30.83 crore, DVVNL ₹ 50.77 crore and PuVVNL ₹ 100.75 crore, respectively less impact of overstatement of loss by MVVNL ₹ 36.14 crore) which should have been recognised as income while the remaining amount ₹ 231.09 crore (₹ 761.09 crore less ₹ 530.00 crore) should have been shown as deferred income in the Non-Current Liabilities.

   However, in CFS total amount received of ₹ 761.09 crore is accounted for as income in the statement of Profit and Loss for the year 2018-19. Thus, the 'Loss' and 'Non-Current Liabilities' are understated by ₹ 231.09 crore.

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

2. In respect of PuVVNL, Other Income was reduced ₹ 5.95 crore on account of adjustment of wrong accountal of interest earned during the financial year 2017-18 on unutilised funds of Government of India (GoI) sponsored Schemes (*i.e.* RGGVY, R-APDRP, IPDS and DDUGJY).

   As per requirement of Ind AS 8 read with Significant Accounting Policy (point 2 XVI of Note 1A) of the Company an entity shall correct material prior period errors retrospectively by restating the comparative amounts for the prior period(s) presented in which the error occurred.

   This resulted in understatement of 'Other Income' and overstatement of Loss for the year by ₹ 5.95 crore each. Consequently, disclosure under 'Other Equity' (Reserves and Surplus-

Retained earnings) in respect of prior period has not been made as per requirement of Ind AS 8 and Accounting Policy of the Company.

Purchase of Stock in trade (Power Purchased) (Note 24): ₹ 56,024.50 crore

3. The above does not include bill/supplementary bills amounting to ₹ 100.13 crore received from different parties as detailed below:
   a) Bill of M/ s R.K.M. Powergen Company Limited related to transmission charges and power purchase of (-) ₹ 33.46 crore for the period from 01.04.2017 to 31.03.2019 which were verified by the Company on 02/09/20 and 18/09/20. Though the UPPCL's (Standalone) accounts for the year 2018-19 were closed on 31.12.2020, the Company did not account for the above bills of (-) ₹ 33.46 crore in the books of accounts for the year 2018-19.
   b) Supplementary bills of Efficiency Gain amounting to (-) ₹ 105.62 crore of four parties[1] pertaining to the period from 2014-15 to 2018-19 which was verified by the Company before the date of closing date (31.12.2020) of the Annual Accounts for the year 2018-19.
   c) Bill amounting to ₹ 239.21 crore of M/s Power Grid Corporation of India Limited in respect of bill for transmission charges and power purchase for the period July 2011 to March 2019 which was verified[2] by the Company before the closing date (31.12.2020) of the Annual Accounts for the year 2018-19.

   This resulted in understatement of Purchase of Stock in trade (Power Purchased) as well as Revenue from Operations by ₹ 100.13 crore.

Finance Cost (Note 26): 4,616.29 crore

4. a) The above includes ₹ 22.73 crore on account of interest on loan taken from Power Finance Corporation Limited (PFC) by PuVVNL relating to financial year 2017-18. However, same was not accounted as required by Ind AS 8 read with Significant Accounting policy (point 2 XVI of Note 1A) of the Company.

   This resulted in overstatement of 'Finance cost' and 'Loss' for the year by ₹ 22.73 crore each. Consequently, disclosure under 'Other Equity' (Reserves and Surplus-Retained earnings) in respect of prior period error is not made as per requirement of Ind AS 8 and Accounting Policy of the Company.

[1] ₹ 12.95 crore (M/s Bajaj Energy Limited) verified on 16/09/20, ₹ 92.40 crore (NTPC) verified on 27/07/20, ₹ 0.14 crore (Arawali Power Company) verified on 21/03/20 and ₹ 0.13 crore (NSM-II).

[2] ₹ 1.97 crore on 18/10/19, ₹ 47.52 crore on 11/11/19, ₹ 185.79 crore on 07/01/20, ₹ 3.05 crore on 27/07/20 and ₹ 0.88 crore on 28/07/20*i.e.* total bill amounting to ₹ 239.21 crore.

b) The above does not include interest of ₹ 89.19 crore relating to projects under R-APDRP which were already completed by DVVNL. As per requirement of Ind AS 23, entity shall charge interest as revenue expenditure on completion of Assets. However, the Company has capitalised the interest of ₹ 89.19 crore instead of booking as finance cost.

This resulted in overstatement of Capital Work-in-Progress and understatement of Finance cost by ₹ 89.19 crore each. Consequently, Loss for the year is also understated by ₹ 89.19 crore.

B. COMMENTS ON FINANCIAL POSITION

Assets

Non-Current Assets

Property Plant and Equipment (Note 2): ₹ 39,518.87 crore

5. The above includes interest of ₹ 114.27 crore on projects of PVVNL under R-APDRP which has been incurred after completion of all the projects under R-APDRP and closure report was also sent to PFC by March 2018. However, the Company capitalised the aforesaid interest amounting to ₹ 114.27 crore after March 2018 instead of charging as Expenditure.

   This resulted in overstatement of Property, Plant and Equipment and understatement of Finance Cost by ₹ 114.27 crore each. Consequently, Loss for the year is also understated by ₹ 114.27 crore.

Current Assets

Cash and Cash Equivalents (Note 11-A): ₹ 5,998.64 crore

6. The above includes ₹ 10.32 crore being the amount of cheques received against sale of power by PuVVNL and deposited in banks up to December 2018 but remained unrealised up to 31 March 2019 and became time barred. However, amount of these cheques has not been reversed in the accounts.

   This resulted in overstatement of 'Cash and Cash equivalents' and understatement of 'Trade Receivables' by ₹ 10.32 crore.

   Despite comment of a similar nature of C&AG on the account for the year 2017-18, no corrective action has been taken by the Company.

Bank Balance Other than Cash and Cash Equivalent (Note 11-B): ₹ 529.57 crore

7. The above includes ₹ 2.57 crore being the amount of cheques received from consumers upto 31 December 2018 on account of sale of power by PVVNL which has become time barred but same has not been reversed in accounts.

   This resulted in overstatement of Financial Assets-Bank Balance Other than Cash and Cash Equivalent (Current) and understatement of Trade Receivables by ₹ 2.57 crore each

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2019

AUDITOR'S REPORT	MANAGEMENT REPLY
To, **The Members,** **Uttar Pradesh Power Corporation Limited,** **Shakti Bhawan,** **Lucknow.** **Report on Standalone Financial Statements** **Qualified Opinion:** We have audited the accompanying Standalone Financial Statements of Uttar Pradesh Power Corporation Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, 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 notes to the financial statements, including a summary of significant accounting policies and other explanatory information ("the Standalone Financial Statements") in which are incorporated accounts of Material Management zone (Location code – 300, 330, 640 and 970) and its units ("MM Zone") thereof which have been audited by other auditor.	No Comments
In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the "Basis for Qualified Opinion"section of our report, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and the loss, including other comprehensive income, its cash flows and changes in equity for the year ended on that date.	No Comments
Basis for Qualified Opinion: We draw attention to the matters described in Annexure 'I', the effect of which, individually or in aggregate, are material but not pervasive to the financial statement and matters where we are unable	No Comments

AUDITOR'S REPORT	MANAGEMENT REPLY
to obtain sufficient and appropriate audit evidence. Our opinion is qualified in respect of these matters. We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.	
Key Audit Matters: Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters except for the matters described in Annexure I to the "Basis for Qualified Opinion" section. We have determined that there are no other key audit matters to communicate in our report.	No Comments
Information other than the Standalone Financial Statements and Auditor's Report thereon: The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report but does not include the Standalone Financial Statements and our auditor's report thereon.The above Report is expected to be made available to us after the date of this Auditor's Report. Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the standalone financial statements, our responsibility is to read the	No Comments

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AUDITOR'S REPORT	MANAGEMENT REPLY
other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the above identified reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions necessitated by the circumstances and the applicable laws and regulations.	
Management's Responsibility for the Standalone Financial Statements: The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the Standalone Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with Governance are also responsible for overseeing the Company's financial reporting	No Comments

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AUDITOR'S REPORT	MANAGEMENT REPLY
process.	
Auditor's Responsibility for the Audit of the Standalone Financial Statements: Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also: • Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. • Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls. • Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management. • Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit	No Comments

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AUDITOR'S REPORT	MANAGEMENT REPLY
evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern. • Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. Materiality is the magnitude of misstatements in the Standalone Financial Statements that individually or in aggregate makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the	

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AUDITOR'S REPORT	MANAGEMENT REPLY
matter or when, in extremely rare circumstance, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.	
Other Matters: a. *The financial statements of the Company for the year ended 31st March,2018 were audited by another auditor who expressed a modified opinion on these financial statements vide their report dated 29th March 2019.* b. *The company had issued bonds (Refer Para 23 of note – 29 "Notes on Accounts") and had them listed on BSE. In view of the same, the company is required to comply with the regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The same has not been done by the company.*	No comments The unaudited financial statements of the company for the half year ended September 2018 and March 2019 have been submitted on 30.09.2020 and 31.12.2020 respectively. Hence ,the compliance is being done by the company.

(Nitin Nijhawan)
Chief Financial Officer

(Nidhi Kumar Narang)
Director (Finance)

Report on Other Legal and Regulatory Requirements:

ANNEXURE I OF STATUTORY AUDITORS' REPORT	MANAGEMENT REPLY
1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure-II", a statement on the matters specified in the paragraphs 3 and 4 of the said Order, to the extent applicable.	No comments
2. As required by directions issued by the Comptroller & Auditor General of India under section 143(5) of the Act, we give in "Annexure - III (a) and III (b)", a statement on the matters specified in the directions and sub-directions.	No comments
3. As required by section 143(3) of the Act, based on our audit, we report that: (a) Except the matters described in the "basis for qualified opinion" section, we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit	No comments
(b) In our opinion and except to the matters described in *Annexure 'I' of our report*, 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 proper returns adequate for the purposes of our audit have been received from the branch of the Company not visited and not audited by us.	No comments
(c) The reports on the accounts of the branch of the Company (i.e., MM Zone Location code- 300, 330, 640, 970) audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.	No comments
(d) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and with the returns received from the branch not visited and not audited by us.	No comments
(e) Except the matters described in the "basis for qualified opinion" section, in our opinion, the aforesaid Standalone Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued there under.	No comments
(f) 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 Act, regarding disqualification of the directors	No comments

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ANNEXURE I OF STATUTORY AUDITORS' REPORT	MANAGEMENT REPLY
are not applicable to the Company.	
(g) With respect to the adequacy of the internal financial controls system in place and the operating effectiveness of such controls, refer to our report in "Annexure–IV".	No comments
(h) 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. Except for the effects of the matters described in the "Basis of Qualified Opinion" section, the Company has disclosed the impact of pending litigations on its financial position in its financial statement; ii. The Company did not have any long-term contracts including derivative contracts entailing any material foreseeable losses. iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.	No comments

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Annexure I

As referred to in, and forming part of, our audit report of even date to the members of U.P. Power Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31st March, 2019.

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:	No comments
1. The Company has not complied with the following Ind AS notified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended):	
a. *Trade Receivable (Note-8), Financial Assets-Other (Note-11), Other Current Assets (Note-12), Trade payable (Note-18) and Other Financial Liabilities (Note-19)* have been classified as current assets/liabilities include balances which are outstanding for realisation/settlement since previous financial years and in the absence of adequate information/explanations regarding the realisability/settlement of such amounts within twelve months after the year end, reasons for not classifying them as non-current assets/liabilities ***is inconsistent with Ind AS 1 Presentation of Financial Statements.*** This has resulted in over statement of respective current assets/liabilities and understatement of the corresponding non-current assets/liabilities.	In accordance with the provisions contained in Ind AS 1, the assets and liabilities are to be classified into current/non-current based upon their nature. And therefore all those liabilities/assets that are expected to be settled within twelve months period have been classified as current. Hence, the classification of liabilities/assets into current/non-current is consistent with Ind AS 1.
b. Recognition of Insurance and other claims, refunds of Custom duty, Interest on Income Tax & trade tax, interest on loans to staff and other items of income covered by *Significant Accounting Policy no. 2 (c) of Note–1* has been done on cash basis. ***This is not in accordance with the provisions of Ind AS 1 Presentation of Financial Statements.***	As per the accounting policy of the Company, the insurance and other claims, refunds of Custom Duty, Interest on Income tax & trade tax, and interest on loans to staff is being conservatively accounted for on receipt basis.
c. Additions during the year in Property, Plant and Equipment include employee cost at a fixed percentage of the cost of each addition to Property, Plant and Equipment in accordance with *Note-1 Significant Accounting Policy Para (3)(I)(d)*. Such employee cost to the extent not directly attributable to the acquisition and/or installation of	Due to multiplicity of functional units as well as multiplicity of functions at particular unit, capitalization policy for employee cost are framed to capitalize the said expenses at a pre determined rate and accordingly the treatment has been given while capitalizing the employee cost.

	Property, Plant and Equipment ***is inconsistent with Ind AS 16 Property, Plant and Equipment***. This has resulted in overstatement of fixed assets and depreciation and understatement of employee cost and loss.	
d.	Inventory which includes stores and spares for capital works, operation and maintenance and others is valued at cost *(Refer accounting policy no. 3(VI)(a) of Note-1)*. Valuation of stores and spares for O & M and others ***is not consistent with Ind AS 2 Inventories** i.e., valuation at* lower of cost and net realizable value. Further, the stores and spares for capital work should be classified as part of Property, Plant and Equipment and recognised, measured and disclosed in accordance with ***Ind AS 16 Property, Plant and Equipment***.	The business of the Corporation is to purchase electricity from generation source and sell 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 the policy for valuation of assets for which the company has the policy for valuation of stores and spares. Hence, there is no contravention of Ind AS 2. Further, Stores issued for capital work has been shown as a part of CWIP as a normal business policy.
e.	Accounting for Employee Benefits: Actuarial Valuation of gratuity liability of the employees covered under GPF scheme has not been obtained. *(Refer Para 4(a) Note – 29 "Notes on Accounts")*. ***This is inconsistent with Ind AS 19 Employee Benefits.***	Actuarial valuation has been done every year for Gratuity for CPF employees and Leave encashment for both GPF and CPF employees as per IND AS- 19 further in absence of the latest actuarial valuation report, the provision for Gratuity Liability of the employees covered under GPF scheme has been made on the basis of actuarial valuation report dated 09.11.2000.
f.	The Company has made a provision for impairment of investments *(Note-5, except Para (III)(b))*on the basis of net worth of investee companies as on 31st March,2019 *(Refer Para 25 Note – 29 "Notes on Accounts")*,which ***is not in accordance with Ind AS 36 Impairment of Assets.***	As per para 9 of Ind AS 36, which states that "An entity shall assess at the end of each reporting period, whether there is any indication that an assets may be impaired. If such indication exists, the entity shall estimate the recoverable amount. Hence, the company has estimated the recoverable amount on the basis of net worth of the subsidiaries.
g.	The Financial Assets *(Note-6, 8, 11 and 12)* have not been measured at fair value as required by ***Ind AS 109 Financial Instruments** (Refer Para 6 and 12(b) of Note – 29 "Notes on Accounts")* and proper disclosures as required in ***Ind AS 107 Financial Instruments: Disclosures*** have not been done for the same.	All the financial assets are recognised in accordance with the accounting policy no.XV and necessary disclosure has also been made in Notes to accounts.
2.	Inter unit transactions amounting Rs. 15440.75 lacs, are subject to reconciliation and consequential adjustments. *(Refer Note-12)*.	The reconciliation of the Inter unit transactions is a continuous process and the effect of entries is given in the accounts on reconciliation. However, necessary instructions have been issued to zone/units for taking effective steps in this regard.
3.	*Loans and Other Financial Assets (Note-6), Trade Receivables Others (Note-8), Financial Assets-Others - Employees, Others (Note-11),*	Reconciliation and necessary confirmation of the balances of assets and liabilities is a continuous process and consequential accountal/adjustment is

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	Other Current Assets - Suppliers & Contractors(Note-12), Financial Liability-Trade Payables (Note-18), Other Financial Liabilities - Liability for Capital/O&M Suppliers/Works, Deposits from Suppliers (Note-19) are subject to confirmation/reconciliation.	made in the books of accounts, as and when required.
4.	Documentary evidence in respect of ownership/title of land and land rights, building was not made available to us and hence ownership as well as accuracy of balances could not be verified. Additionally, the identity and location of Property, Plant and Equipment transferred under the various transfer schemes has also not been identified*(Refer Para 5(a) of Note – 29 "Notes on Account")*.	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 course of audit. Regarding identity & location, necessary instructions have been issued to complete physical verification of assets.
5.	It was observed that the maintenance of party-wise subsidiary ledgers and its reconciliation with primary books of accounts i.e., cash books and sectional journal are not proper and effective.	Proper and effective procedure for maintenance of subsidiary ledger are already prescribed in the Company. However, for implementing the procedure more smoothly and efficiently, necessary instructions have been issued to zone/units.
6.	Employees benefit expenses aggregating Rs. 18896.15 Lacs *(Refer Note-23 Employees benefit expenses)* is net off by Rs. 2095.60 Lacs have been determined and claimed from U.P. Power Transmission Corporation Limited (UPPTCL). However, no documentary evidence confirming agreement of this arrangement between Company and UPPTCL was available on records *(Refer Para 14 of Note – 29 "Notes on Accounts")*. Liability towards Goods and Service tax in respect of this amount claimed from UPPTCL has not been recognised and measured.	The amount related to employees benefit expenses determined and claimed from U.P. Power Transmission Corporation Limited (UPPTCL) is as per O.M. no 505/PCL/CA-AS/TRANSCO dated 14.11.2018 issued by UPPCL in this regard.
7.	Sufficient and appropriate documentary audit evidences in respect of Contingent liabilities disclosed in *Para 19 of Note – 29 "Notes on Accounts"* were not provided to us.	The related documents are available in the units concerned. However the units have already been instructed to maintain proper records.
8.	Revenue earned from the sale of power through Indian Energy Exchange Limited, India has not been recognised separately in the statement of Profit and Loss, but has been reduced from the cost of purchase of power aggregating Rs. 53,78,644.24Lacs*(Refer Note-22 Purchase of Power)*. Additionally, details of aggregate units sold during the year and revenue earned from such sale was not made available to us.	The matter is under consideration and the same will be recognised separately in the accounts, if required .In respect of the details of aggregate units sold during the year and revenue earned from such sale, the zone/units concerned have been instructed to provide the same in the next audit.
9.	The Company has not classified trade payable outstanding from Micro and Small enterprises as required by Schedule - III of the Companies Act, 2013. Further, in the absence of adequate information, we are unable to confirm	As reported by our divisions there are no outstanding balance in respect of MSME units.

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compliance with Section 22 of MSMED Act, 2006 regarding disclosures on principle amount and interest paid and/or payable to such enterprises *(Refer Para 15 of Note – 29 "Notes on Accounts")*.	
10. Records for inventories lying with the third parties are not being maintained properly at Zonal Offices/units of the Company.	Necessary instructions have been issued to units/Zones
11. The Annual Accounts of F.Y 2016-17 and 2017-18 are yet to be adopted in Annual General Meeting *(ReferPara 27 of Note - 29 "Notes on Accounts")*.	The Annual Accounts for the F.Y. 2016-17 and 2017-18 have been adopted in the Annual General Meeting on 03.03.2021 and 30.09.2021 respectively.
12. Aggregate amount of market value of quoted investment *(Refer Para (III)(b) of Note-5)* has not been disclosed as required in Division II of Schedule III of Companies Act, 2013.	Necessary disclosure in this regard has been made in the books of accounts for the F.Y. 2019-20.
13. The branch auditor has expressed the audit opinion on the Trial Balances as at 31st March, 2019 of the Zonal Accounts Office (Material Management) and these have been considered for the preparation of the financial statement of the company. As per existing practices, financial statement of the branch has not been prepared.	No comments
14. **Audit observations in Branch Audit report of MM Zone excluding those which have been appropriately dealt with elsewhere in the report.** a. There is no mechanism to cross-verify that the total power purchased during the year has been accounted for in the books of accounts. There is no practice to account energy purchases based on accrual but is based on actual receipt of bills from energy suppliers through funds division of UPPCL. There is no process of reconciliation of quantitative power purchase accounted for in the books with the power purchase as per REA of NPRC/ Energy account. Further, there is no process of periodic reconciliation from the power supplier/other agencies. At the initiative of auditor, balance confirmation letters were sent to all the parties and major differences/deficiencies were noticed in cases where letters/statements were reverted from some of the parties. Appropriate action for reconciliation of differences and its rectification was not done. The quantification of the effect on power purchase/sale and position of sundry payables/receivables is not possible. In previous audit reports also, major differences were noticed in the balance confirmation received from parties, but no action was taken for reconciliation of the same.	Necessary instructions have been issued to units/Zones.
b. **Claim of differential rate of power purchase**	All invoices of the parties are getting verified as per the rates approved in accordance with PPA.

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It was noticed that vide letter no. 742/CE/PPA dt. 08/09/2017, for all co-generation power suppliers, maximum rate for power purchase was restricted at Rs. 5.56. There are several cases where rates approved as per UPERC regulations were higher than Rs. 5.56. During the year 2018-2019, vide Board Approval Dated 06.08.2018, the payment was to be made in accordance of rates approved in PPA. It was noticed that in the following cases, provision for differential rate was not done for the intervening period:

Name of Supplier	Rate Approved in PPA	Rate at which payment Made	No. of Units purchased	Amount
M/s Rana Power Limited-Bilari	6.09	5.56	53091495 Kwh	28138492.00
M/s Superior Food Grain (P) Limited	6.09	5.56	67584155 Kwh	35819602.00
M/s Kesar Enterprises Limited, Baheri	5.75	5.56	7967582 Kwh	1513841.00
M/s Usher Eco Power Limited	6.54	5.56	1495076 Kwh	1465174.00
M/s DSM Rajpura, Sambhal	5.94	5.56	19477106 Kwh	7401304.00
M/s Triveni Engg& Industries Ltd, Sabitagarh	5.75	5.56	1589398 Kwh	301986.00
M/s Govind Sugar Mill	5.95	5.56	24120847 Kwh	9407131.00
				84047530.00
2018-19				
Yadu Sugar Mill, Bisauli	5.66	5.56	15259444 Kwh	1525944.36
Kesar Enterprises Ltd.	5.86	5.56	51288381 Kwh	15386514.40
Dhampur Sugar Mill. (Sambhal)	6.04	5.56	47552938 Kwh	22825410.24
Govind Sugar Mill	6.07	5.56	42014711 Kwh	21427502.61
Seksariva Biswan	6.11	5.56	11261192 Kwh	6193655.60
				67359027.21

Consent Letter was obtained in some cases for supply @ Rs. 5.56 per unit but in some cases like M/s Kesar Enterprises Limited, consent was conditional consent.

The above observation resulted in understatement of power purchase during the year by at least Rs. 15.14 Crores which ultimately affects the financial

The instances where power purchase bills were verified @Rs 5.56/kwh, the consent of concerned co-generators have been obtained, thereafter bills were verified accordingly. Subsequently no further claims have been made by such parties for differential payment: however, differential amount as quoted by the audit has been disclosed as contingent liabilities.

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statements and profitability of DISCOMs.	
c. Generation based Incentives (GBI) receivable from IREDA amounting to Rs. 639.43 lacs and a sum of Rs. 3779.75 lacs from NEDA are subject to confirmation and reconciliation and consequential adjustment.	Necessary instructions have been issued to units/Zones
d. **Contingent liability not provided for / not reported as such:** As per UPERC CERC website, various orders regarding purchase of power were passed during the year 2018-2019 and thereafter but correct position of order passed were not available with the concerned unit/zone. It cannot be ascertained that whether the financial effect of the orders passed during 2018-2019 and thereafter has been incorporated in the financial statements as established liability/contingent liability. It seems that appropriate control over the cases/appeals pending at various level is not there. The correct position of various cases should be ascertained and appropriately accounted for. The unit is just going by the so-called cut-off date by which if they get claims from the power generators, they go for recording otherwise not. Details have been demanded of legal claims / other matters at any other forum outstanding at various units to arrive at the correct position of contingent / established liability. As per list provided by units/ zone, legal cases are pending at 5 units (330, 327, 645, 646 & 973). List of cases pending at various levels was provided by unit/ zone but in some cases, their present status and the position of contingent liability / established liability was not provided and the financial impact of the same were not disclosed in the contingent liabilities. In ESPC, Mahanagar (0327), several cases were pending at various levels, but the updated position of the cases were not made available to us. In absence of updated position of cases correct contingent liabilities cannot be quantified.	 Units have been instructed to keep proper records and maintain necessary registers in respect of contingent liabilities and the same may be put up in the next audit.
15. For want of complete information, the cumulative impact of our observations in *paras 1 to 14* above and in the *Annexure II* to this report on assets, liabilities, income and expenditure is not ascertained.	No comments

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(Nitin Nijhawan)
Chief Financial Officer

(Nidhi Kumar Narang)
Director (Finance)

Annexure II

As referred to in, and forming part of, our audit report of even date to the members of U.P. Power Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31st March, 2019.

1. (a) The company has not maintained proper records showing full particulars including quantitative details and situation of fixed assets.	The company is in process to manage fixed assets in ERP system. However, necessary instructions have been issued to zone/units for maintenance and updating the fixed assets register showing full particulars including quantitative details and situation of fixed assets.
(b) The company has not carried out physical verification of the fixed assets hence we are unable to comment whether any material discrepancy was noticed as such or not.	Necessary instructions regarding physical verification have been issued to zone/unit.
(c) The title deeds of immovable properties have not been provided to us. Hence, we are unable to comment on the matter whether the title deeds of immovable properties are held in the name of the company or not.	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 course of audit.
2. Physical verification of inventory has not been conducted during the year. The branch auditor of MM Zone observed that: *Maintenance of records in respect to inventories is not satisfactory. The details of Inventories in hand are not provided to us for verification by the respective units. In many units, Material Stock a/c, in term of value, is lying in the trial balance but details of the same are not available with the respective units.* Hence, in view of the above, the discrepancies on physical verification cannot be commented upon.	Zone has been instructed to conduct physical verification of stock regularly in accordance with procedure prescribed in the company.
3. According to information and explanation given to us, the company has not granted any loan, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register required under section 189 of the Companies Act 2013. Accordingly, paragraph 3(iii) of the order is not applicable.	No comments
4. According to information and explanation given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013.	No comments
5. The company has not accepted any deposit from the public and therefore the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 and other relevant provisions of the Act and rules framed there under are not applicable.	No comments
6. The cost records prescribed under section	The cost records for the F.Y. 2018-19 has been

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148(1) of the Companies Act, 2013 have not been made available to us by the company.	made available to the auditor.
7. a) According to the information and explanation given to us and subject to *para 6 ofAnnexure I of our report*, the company is generally regular in depositing the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Value Added Tax, Cess, Duty of Customs, Duty of Excise and any other statutory dues to the appropriate authorities.	No comments
b) According to information and explanations given to us, there are no other statutory dues of Income Tax, Goods and Service Tax, Value Added Tax, Cess, Duty of Customs, Duty of Excise, which have not been deposited on account of any dispute.	No comments
8. The company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to bond holders.	No comments
9. As per the information given and explanations provided, money raised by the company by way of debt instrument i.e., Bonds etc. and term loans have been applied for the purpose for which they were obtained.	No comments
10. To the best of our knowledge and according to the information and explanations given to us by the Management, no fraud by the company or no material fraud on the company by its officers or employees have been noticed or reported for the year ended 31st March, 2019.	No comments
11. As per Notification no. GSR 463(E) dated 05th June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 relating to Managerial Remunerations is not applicable to the Government Companies. Accordingly, provision of clause 3(xi) of the Order are not applicable to the Company	No comments
12. The Company is not a chit fund or a Nidhi / mutual benefit fund/ society, hence clause3(xii) of the order is not applicable.	No comments
13. In our opinion and according to the information and explanation given to us, the company is in compliance with section 177 and 188 of the Companies Act, 2013 wherever applicable, for all transactions with the related party and the details of related party transactions have been disclosed in the standalone financial statements as required by the Ind AS.	No comments
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.	No comments

15. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them as referred to under section 192 of the Companies Act, 2013.	No comments
16. According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.	No comments

(Nitin Nijhawan)
Chief Financial Officer

(Nidhi Kumar Narang)
Director (Finance)

Annexure III (a)

As referred to in, and forming part of, our audit report of even date to the members of U.P. Power Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31st March, 2019.

Directions of Comptroller and Auditor General of India under section 143 (5) of the Companies Act, 2013.

ANNEXURE III(a) OF STATUTORY AUDITORS' REPORT			MANAGEMENT REPLY
S.No.	**Directions**	**Reply**	
1.	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts for with the financial implications, if any, may be stated	No, the Company has no system in place to process the accounting transactions through IT system. The accounting is done manually and Cash book and Sectional Journals in SJ1, SJ2, SJ3 & SJ4 are maintained but ledgers/subledgers are not maintained.	No comments
2.	Whether there is any restructuring of an existing loans or cases of waiver/write off of debts/loans/interest etc. made by lender to the Company due to the company's inability to repay the loan? If yes, the financial implant may stated.	As informed by the management, there are no cases of restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by lender to the Company due to the company's inability to repay the loan	No comments
3.	Whether fund received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	Funds received from State government for scheme according to budget provisions of related financial year has been released by the company to Discoms for their utilization and accounted for.	No comments

(Nitin Nijhawan)
Chief Financial Officer

(Nidhi Kumar Narang)
Director (Finance)

ANNEXURE-III (b)

As referred to in, and forming part of, our audit report of even date to the members of U.P. Power Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31st March, 2019.

Sub-Directions of Comptroller and Auditor General of India under section 143 (5) of the Companies Act, 2013.

ANNEXURE III(b)OF STATUTORY AUDITORS' REPORT			MANAGEMENT REPLY
S.No.	**Sub – Directions**	**Remarks**	
1.	Adequacy of steps to prevent encroachment of idle land owned by Company may be examined. In case land of the company is encroached, under litigation, not put to use or declared surplus, details may be provided.	As informed by the management, there is no encroachment of idle land owned by Company, *refer para 4 of Annexure I of our report.*	No comments
2.	Has the company entered into agreements with franchise for distribution of electricity in selected areas and revenue sharing agreements adequately protect the financial interest of the company?	Not Applicable	
3.	Whether the Company recovers and accounts, the State Electricity Regulatory Commission (SERC)	Not Applicable	

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ANNEXURE III(b)OF STATUTORY AUDITORS' REPORT			MANAGEMENT REPLY
	approved Fuel and Power Purchase Adjustment Cost (FPPCA)?		
4.	Whether the reconciliation of receivables and payables between the generation, distribution and transmission companies has been completed. The reasons for difference may be examined.	As informed by the management, the reconciliation of receivables and payables between the generation, distribution and transmission companies is in process. Therefore, we are unable to comment.	
5.	Whether the Company is supplying power to franchisees, if so, whether the Company is not supplying power to franchisees at below its average cost of purchase.	Not Applicable	

Nitin

(Nitin Nijhawan)
Chief Financial Officer

(Nidhi Kumar Narang)
Director (Finance)

Annexure IV

As referred to in, and forming part of, our audit report of even date to the members of U.P. Power Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31stMarch, 2019.

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

We have audited the internal financial controls over financial reporting of U.P. Power Corporation Limited ("the Company") as of 31stMarch, 2019 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.	No comments
Management's Responsibility for Internal Financial Controls The management 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 considering the essential 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 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") 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	No comments

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 judgement, 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 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 presentation 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 timely detection of un-authorised 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 may occur and not be detected. Also, projections of any evaluation of the internal financial 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 comments
Opinion: In our opinion, the Company has, 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, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control over Financial Reporting issued by the Institute of Chartered Accountants of India except for the need to strengthen the existing internal audit mechanism considering the nature and scale of operations of the company and the overarching legal and regulatory framework and the audit observations reported in Annexure I and II of our audit report of even date on the Standalone Financial Statements of the Company for the year ended 31st March, 2019.	No comments

<u>Note</u>:- The replies are to be placed before the BoD for approval and are to be adopted in the AGM. Hence, the above replies are draft reply. After adoption of the accounts in the AGM, the replies will be made available to the audit.

(Nitin Nijhwan)
<u>Chief Financial Officer</u>

(Nidhi Kumar Narang)
<u>Director (Finance)</u>

REPLY OF 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 2019.

<table>
<tr><th>AUDIT COMMENT</th><th>MANAGEMENT REPLY</th></tr>
<tr>
<td>
A. COMMENTS ON PROFITABILITY

Statement of Profit and Loss
Purchase of Stock in trade (Power Purchased) (Note 22): ₹ 53,786.44 crore

1. The above does not include bill/supplementary bills amounting to ₹100.13 crore received from different parties as detailed below:
a. Bill of M/ s R.K.M. Powergen Company Limited related to transmission charges and power purchase of (-) ₹33.46 crore for the period from 01.04.2017 to 31.03.2019 which were verified by the Company on 02/09/20 and 18/09/20. Though the UPPCL's (Standalone) accounts for the year 2018-19 were closed on 31.12.2020, the Company did not account for the above bills of (-) ₹33.46 crore in the books of accounts for the year 2018-19.
</td>
<td>
The point wise reply is given below :-

1. A)
<table>
<tr><th>Verification No. and Date</th><th>Bill Reference</th><th>Particular of Bill</th><th>Amount included in the bill</th><th>Reply</th></tr>
<tr><td rowspan="2">3416
02.09.19</td><td rowspan="2">RKMP/UPPCL/POC/May(LTA)/2019/007</td><td>POC Bill 3(LTA)</td><td>0.49 Crore</td><td rowspan="2">The bills were raised by RKM Powergen Pvt. Ltd. on 28.08.19 on account of reimbursement of arrear bill raised by PGCIL to RKM. PGCIL has raised billed on RKM on the basis of various orders and regulatory changes. The provision against the aforesaid liability was not made in the accounts of the</td></tr>
<tr><td>POC Bill 3(MTOA)</td><td>0.17 Crore</td></tr>
</table>
</td>
</tr>
</table>

REPLY OF 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 2019.

AUDIT COMMENT	MANAGEMENT REPLY					
						unit for the F.Y. 2018-19 as the amount was not ascertainable as on 31.03.2019. Hence, the accounting of the aforesaid bills have been done by the unit in the year in which the bills received . i.e. F.Y. 2019-20.
		4258 18.09.20	RKMPPL/PPA/CN/LPS/ 18092020	Credit Note 2017-18	- 12.01 Crore	Amount omitted from the accounts of Financial year 2018-19 due to non-presentation of bill up to 18.09.2020 by RKM. However, the same has been accounted in the books of financial year 2019-20 on the
				Credit Note 2018-19	- 22.11 Crore	

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REPLY OF 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 2019.

<table>
<tr><th>AUDIT COMMENT</th><th>MANAGEMENT REPLY</th></tr>
<tr><td></td><td><table>
<tr><td></td><td></td><td></td><td></td><td>basis of verification date accordingly.</td></tr>
<tr><td colspan="3">TOTAL (Rs.)</td><td>-33.46 Crore</td><td></td></tr>
</table></td></tr>
<tr><td>b) Supplementary bills of Efficiency Gain amounting to (-) ₹ 105.62 crore of four parties[1] pertaining to the period from 2014-15 to 2018-19 which was verified by the Company before the date of closing date (31.12.2020) of the Annual Accounts for the year 2018-19.</td><td>1. B)
It is stated that the amount of Rs. 105.62 crore includes bill of four parties (viz, NTPC- 92.40 crore: Bajaj Energy Ltd.- 12.95 crore; APCPL- 0.14 crore; NSM II- 0.14 crore) for Efficiency Gain on the basis of the orders passed by CERC date 30.12.2019. For example, photocopy of NTPC invoice and CERC order dated 30.12.2019 against Pt. No. 284/ RC/2019 (UPPCL was not a party of this petition) is enclosed herewith. The provision against the said liability was not made in the books of accounts of the unit for the F.Y. 2018-19 as the amount was not ascertainable as on 31.03.2019. Hence, the accountings of the aforesaid bills have been done by the unit in the year in which the bills received i.e. F.Y. 2019-20.</td></tr>
<tr><td>c) Bill amounting to ₹ 239.21 crore of M/s Power Grid Corporation of India Limited in respect of bill for transmission charges and power purchase for the period July 2011 to March</td><td>1. C)<table>
<tr><th>Verification No. & Date</th><th>Bill Reference</th><th>Bill Amount (Rs.)</th><th>Amt. included in Rs. 239.21 Crore</th><th>Reply</th></tr>
<tr><td>4061 18.10.20</td><td>Various Invoices</td><td>3.04 Crore</td><td>1.97 Crore</td><td>The bills were raised by PGCIL on</td></tr>
</table></td></tr>
</table>

[1]₹ 12.95 crore (M/s Bajaj Energy Limited) verified on 16/09/20, ₹ 92.40 crore (NTPC) verified on 27/07/20, ₹ 0.14 crore (Arawali Power Company) verified on 21/03/20 and ₹ 0.13 crore (NSM-II).

AUDIT COMMENT	MANAGEMENT REPLY				
2019 which was verified[2] by the Company before the closing date (31.12.2020) of the Annual Accounts for the year 2018-19. This resulted in understatement of Purchase of Stock in trade (Power Purchased) as well as Revenue from Operations by ₹100.13 crore.	19				account of CERC order dated 11.04.2019 against Petition No. 243/TT/2018 (UPPCL was not a party of this petition). Since the amount was not ascertainable as on 31.03.2019. Hence, the accounting of the aforesaid bills has been done by the unit in the year in which the bills received. i.e. 2019-20.
	4428 11.11.2019	MI 0908190007 06.11.2019	103.00 Crore	47.52 Crore	The bill for Inter-state transmission charges is revised time to time on the basis of true-up finalization or CERC orders issued time to time. The amount of revision is not ascertainable until CERC issues order. Hence, the amount of Rs. 475.21 crore which pertains to arrear for the period of July 2011 to March 2019 has been accounted for in the year in which the bills received i.e. F.Y. 2019-20.
	54 07.01.2020	MI 0910900006 01.01.2020	304.98 Crore	185.79 Crore	As replied above against verification no. 4428 dated 11.11.2019.
	2766 27.07.2020	MI 0904200029 20.07.2020	3.05 Crore	3.05 Crore	The bill for Transmission Deviation Charges which was finalized after Revision-I by MOP Order No.

[2] ₹ 1.97 crore on 18/10/19, ₹ 47.52 crore on 11/11/19, ₹ 185.79 crore on 07/01/20, ₹ 3.05 crore on 27/07/20 and ₹ 0.88 crore on 28/07/20*i.e.* total bill amounting to ₹ 239.21 crore.

Reply of 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 2019.

<table>
<tr><th>AUDIT COMMENT</th><th colspan="5">MANAGEMENT REPLY</th></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td>NRPC/Comml/202/RTA/2020 dated 11.03.2020. As the liability was not ascertainable at the time of closing of accounts for F.Y. 2018-19. Hence, the accounting the aforesaid has been done in the year in which the bills received i.e. F.Y. 2019-20.</td></tr>
<tr><td></td><td>2791 28.07.2020</td><td>NI 0904200007 23.07.2020</td><td>1.57 Crore</td><td>0.88 Crore</td><td>PGCIL had raised the bill on account of FERV (Foreign Exchange Rate Variation) on Interest Payment & Loan Repayment for ULDC assets. These charges are not ascertainable before receiving of invoice and calculation with audited certificates from PGCIL and therefore, the liability could not be created in the books of F.Y. 2018-19. Hence, the accounting against the aforesaid liability has been done in the year in which the bills received i.e. F.Y. 2019-20.</td></tr>
<tr><td></td><td colspan="3">TOTAL (Rs.)</td><td>239.21 Crore</td><td></td></tr>
<tr><td>B. COMMENTS ON FINANCIAL POSITION
Current Assets
Financial Assets- Other (Note-11):
₹ 19,844.12 crore
2. As per clause 1.2(i) of the tripartite MOU executed between Ministry of</td><td colspan="5">In Point no 1.2(i) of UDAY MoU Sample format for calculation of future losses of discoms has been given to calculate the amount on which State Government shall take over the future losses of the discoms in a graded manner and shall fund the losses according to table mentioned therein. In point no. 1.2(m) it has stated that losses after 01.10.2015 shall be calculate according to indicated estimated losses to Annexure-B.</td></tr>
</table>

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<table>
<tr><th>AUDIT COMMENT</th><th>MANAGEMENT REPLY</th></tr>
<tr><td>
Power, GOI, Government of Uttar Pradesh and UPPCL, 'the Government of Uttar Pradesh (GoUP) shall take over the future losses of the DISCOMs in a graded manner. Accordingly, 5 per cent loss of 2016-17 and 10 per cent loss of 2017-18 was to be taken over by the GoUP in the years 2017-18 & 2018-19 respectively.
The net loss of the DISCOMs for the years 2016-17 and 2017-18 is depicted as under:
(₹ in lakh)
<table>
<tr><th>DISCOM</th><th>Net Loss 2016-17</th><th>Net Loss 2017-18</th></tr>
<tr><td>MVVNL</td><td>72,279.56</td><td>43,170.58</td></tr>
<tr><td>PuVVNL</td><td>86,732.37</td><td>83,256.03</td></tr>
<tr><td>PVVNL</td><td>46,800.13</td><td>1,51,695.16</td></tr>
<tr><td>DVVNL</td><td>1,44,348.34</td><td>2,36,649.85</td></tr>
<tr><td>KESCO</td><td>31,955.06 (Profit)</td><td>6,441.75 (Profit)</td></tr>
<tr><td>Net losses</td><td>3,50,160.40</td><td>5,14,771.62</td></tr>
<tr><td></td><td>2017-18</td><td>2018-19</td></tr>
<tr><td>Percentage of net loss to be taken over by GoUP</td><td>5 per cent of losses of 2016-17 taken over in 2017-18</td><td>10 per cent of losses of 2017-18 taken over in 2018-19</td></tr>
<tr><td>Loss funding by GoUP in UDAY</td><td>17,508.02 say ₹ 175.08</td><td>51,477.16 say ₹ 514.77</td></tr>
</table>
</td><td>
Thus, UPPCL Has calculated OFR as per MoU Provisions. The subsidies received under UDAY has been accounted for correctly.
</td></tr>
</table>

REPLY OF 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 2019.

<table>
<tr><th>AUDIT COMMENT</th><th>MANAGEMENT REPLY</th></tr>
<tr><td>
<table>
<tr><td>scheme</td><td>crore</td><td>crore</td></tr>
<tr><td>Actual funding by GoUP</td><td>₹ 409.93 crore</td><td>₹ 761.09 crore</td></tr>
<tr><td>Excess funding made by GoUP</td><td>₹ 243.85 crore</td><td>₹ 246.32 crore</td></tr>
</table>
Thus, it may be seen from the above that total excess funding of ₹490.17 crore (₹ 243.85 crore + ₹ 246.32 crore) was claimed/received from the GoUP in the years 2017-18 and 2018-19 which should have been shown as liability payable to GoUP in the books of the accounts.
This resulted in understatement of 'Other Financial Liabilities' and 'Financial Assets-Other (Current)' by ₹ 490.17 crore, each.
</td><td></td></tr>
<tr><td>
Current Liabilities
Other Financial Liabilities (Note-19): ₹ 3,534.56 crore
3. The above does not include ₹28.65 crore being interest payable on account of delayed deposit/non-deposit of General Provident Fund (₹28.08 crore) and Pension and Gratuity (₹0.57 crore) as worked out and accounted for in the Financial Statements of Uttar Pradesh Power Sector Employees Trust for the year 2014-15. This resulted in understatement of Current Liabilities and Accumulated Loss by ₹28.65
</td><td>
It is to submit that 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.
</td></tr>
</table>

AUDIT COMMENT	MANAGEMENT REPLY
crore. Despite comment of the CAG of India on the Accounts for the year 2012-13 to 2017-18, no corrective action has been taken by the Management.	
C. COMMENTS ON DISCLOSURE **Notes on Accounts (Note-29)** 4. Para 8.1.11 of Guidance note on Division II- IND AS schedule III to the Companies Act 2013 provides that earmarked balances for specific purpose with banks to be disclosed separately. The Company maintained 12 number of accounts out of which eight accounts were having zero balance and four accounts were having account balance of ₹800.05 crore as on March 2019 which was earmarked for specific purpose, as detailed below:	Necessary disclosure regarding earmarked balances for specific purpose with banks has been disclosed in the Financial year 2019-20.

Sl. No.	Name of bank	Account Number	Purpose	Balance as on 31 March 2019
1.	HDFC Bank	50200004167832	UPPCL DSRA ESCROW Account	3,84,31,507
2.	HDFC Ban	50200017358986	UPPCL DSR	88,39,247

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REPLY OF 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 2019.

<table>
<tr><th>AUDIT COMMENT</th><th>MANAGEMENT REPLY</th></tr>
<tr><td>
<table>
<tr><td></td><td>k</td><td></td><td>A Series - 2</td><td></td></tr>
<tr><td>3.</td><td>ICICI Bank</td><td>628105501280</td><td>UPPCL Debt Servicing Reserve Account (DSRA)</td><td>4,92,85,26,138</td></tr>
<tr><td>4.</td><td>ICICI Bank</td><td>628105501283</td><td>UPPCL Debt Service Reserve Account (DSRA)/ Series - II/ 2017-18</td><td>3,02,46,63,939</td></tr>
<tr><td colspan="4">Total</td><td>8,00,04,60,831</td></tr>
</table>
Thus, the disclosure accounts has not been made as per requirement of Guidance note.
</td><td></td></tr>
<tr><td>5. As per requirement of Para 17 of Ind. AS-24 the Notes to accounts at para No. 22B (b) made disclosure of Related Parties. However, the company has not included the remuneration and benefit paid to Chief Financial Officer, and Company Secretary, in Key Management Personnel under related party disclosure of Remuneration</td><td>Necessary disclosure has been made in the F.Y. 2019-20.</td></tr>
</table>

<table>
<tr><th>AUDIT COMMENT</th><th>MANAGEMENT REPLY</th></tr>
<tr><td>and benefits paid to them.
Thus, the disclosure of related party transactions was incomplete and deficient to that extent.</td><td></td></tr>
<tr><td>6. At point No 19 of Notes to Accounts following Contingent Liabilities has not been included in respect of claims against the company raised by the parties, which are under consideration of the Appellate Tribunal of Electricity:

(₹ in crore)
<table>
<tr><th>Sl. No.</th><th>Name of the Party</th><th>Description of claim</th><th>Period of claim</th><th>Amount of claim</th></tr>
<tr><td>1.</td><td>M/s Rosa Power Supply Company</td><td>Energy Bills</td><td>April 2015 to March 2019</td><td>129.78</td></tr>
<tr><td>2.</td><td>M/s R.K. M. Powergen Private Limited</td><td>Transmission charges, LPSC & Penalty for short supply</td><td>After 2016 to May 2018</td><td>109.92</td></tr>
<tr><td colspan="4">Total</td><td>239.70</td></tr>
</table>
Thus, the Contingent Liabilities are understated by ₹239.70crore.</td><td>The point wise reply is given below:
<table>
<tr><th>Sl.No.</th><th>Name of Party</th><th>Description of claim</th><th>Amount of claim (Cr.)</th><th>Comments</th></tr>
<tr><td>1.</td><td>M/s Rosa power Supply Company</td><td>Energy Bills</td><td>247.91</td><td>Bill of LPS date 04.01.2019 was received from M/s Rosa for Rs. 129.78 Cr. which was later subjected to Pettion No. 1437/2019 under UPERC. Accordingly a contingent liability of Rs. 129.78 Cr. was shown in F.Y 2019-20. However M/s Rosa again submitted revised invoice amounting Rs. 247.91 Cr. which was returned in original to supplier as the same was not claimed as per UPERC' order. Hence, it has not been shown as contingent liability.</td></tr>
</table></td></tr>
</table>

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<table>
<tr><th>AUDIT COMMENT</th><th>MANAGEMENT REPLY</th></tr>
<tr><td></td><td><table><tr><td>2.</td><td>M/s R.K.M Powergen Private Ltd.</td><td>Transmission charges LPSC & Penalty for short supply</td><td>109.92</td><td>Contingent Liability of Rs 109.92 Cr. has been shown in F.Y 2019-20 accounts.</td></tr></table></td></tr>
<tr><td>D. OTHER COMMENTS

7. Para 100 of Ind AS 38 on Intangible Assets provides that 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</td><td>The compliance of the same has been done in the F.Y 2019-20.</td></tr>
</table>

AUDIT COMMENT	MANAGEMENT REPLY
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 and 2017-18, no corrective action has been taken by the Management	

(Nitin Nijhawan)
Chief Financial Officer

(Nidhi Kumar Narang)
Director (Finance)

Annexure - 'B'

Operational Funding Requirement- Detailed

Particulars	FY 16	FY 17	FY 18	FY 19	FY 20
Revenue (excluding Cash Support & ED Retention)	37,364	52,175	61,529	73,889	88,749
Other Incomes	123	132	141	151	162
Expenditure	50,741	62,819	70,201	79,474	89,112
Book Loss (+)/Profit(-)	-13,254	-10,512	-8,531	-5,434	-201
Add: Depreciation	980	1,176	1,393	1,639	1,899
Cash Loss (+)/Profit(-)	-12,274	-9,337	-7,138	-3,795	1,698
Less: Dec in Current Assets (excluding cash support)					
Less: Inc. In Current Liabilites					
Add: Inc. In Current Assets (excluding cash support)	4,297.31	4,362.05	3,383.38	3,046.16	2,921.14
Add. Dec in Long Term Liabilities	3,320.00	-		51.65	671.96
Gross Operational Funding Required (OFR) (Without Government Support)	-19,892	-13,699	10,521	-6,893	-1,895
Proportion allowed as per FRP scheme					
Allowed Funding (Without Government Support)					
Less: Support from State Govt,					
Cash Support from State Govt. incl ED retention	5,530.00	5,500.00	5,500.00	5,500.00	3,500.00
Support on Reimbursement of Losses			409.93	502.12	348.31
Interest Subsidy on IBRD Loan					
Total Support from State Govt.	5,530.00	5,500.00	5,909.93	6,002.12	3,848.31
Gross Operational Funding Required (OFR) (After Government Support)	14,361.76	8,198.62	4,611.25	891.10	1,953.33

U.P. POWER CORPORATION LIMITED

CONSOLIDATED BALANCE SHEET

AS AT

31st MARCH 2019

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CONSOLIDATED STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED ON

31st MARCH 2019

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

U.P.POWER CORPORATION LIMITED
14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.
CIN: U32201UP1999SGC024928
CONSOLIDATED FINANCIAL STATEMENT

CONSOLIDATED BALANCE SHEET AS AT 31.03.2019

(₹ in Lakhs)

Particulars	Note No.	As at 31.03.2019	As at 31.03.2018
(I) **ASSETS**			
(1) **Non-current assets**			
(a) Property, Plant and Equipment	2	3951886.68	3174758.54
(b) Capital work-in-progress	3	2085777.98	1474861.15
(c) Assets not in Possession	4	12978.10	11830.07
(d) Intangible assets	5	287.82	96.99
(i) Investments	6	230899.23	240990.00
(ii) Loans	7	14.27	14.27
(iii) Others	8	744.03	788.30
(2) **Current assets**			
(a) Inventories	9	349039.17	318107.30
(b) Financial Assets			
(i) Trade receivables	10	6844062.99	5701096.30
(ii) Cash and cash equivalents	11-A	599864.38	624416.32
(iii) Bank balances other than (ii) above	11-B	52956.90	79594.91
(iv) Others	12	263912.47	310592.53
(c) Other Current Assets	13	565858.70	604541.03
Total Assets		**14958282.72**	**12541687.71**
(II) **EQUITY AND LIABILITIES**			
Equity			
(a) Equity Share Capital	14	9118636.32	8040093.81
(b) Other Equity	15	(6350224.41)	(6452987.17)
LIABILITIES			
(1) **Non-current liabilities**			
(a) Financial liabilities			
(i) Borrowings	16	5610978.92	5522761.78
(b) Other financial liabilities	17	353162.93	322968.54
(2) **Current liabilities**			
(a) Financial liabilities			
(i) Borrowings	18	143725.06	210402.18
(ii) Trade payables	19	2961907.40	2116464.47
(iii) Other financial liabilities	20	3120095.77	2781982.51
(b) Provisions	21	0.73	1.59
Significant Accounting Policies of Consolidated Financial Statement	1(A)		
Notes on Accounts of Consolidated Financial Statement	1(B)		
Note 1(A) to 30 form integral part of Accounts.			
Total Equity and Liabilities		**14958282.72**	**12541687.71**

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

(Niharika Gupta)
Company Secretary

(A.K.Awasthi)
Chief General Manager & CFO

(Sudhir Arya)
Director (Finance)
DIN - 05135780

(M.Devaraj)
Chairman & Managing Director
DIN - 08677754

Place : Lucknow
Date : 06.04.2021
UDIN:- 21401216AAAAAO4019

Subject to our report of even date
For R.M. Lall & Co.
Chartered Accountants
FRN NO. 000932C

(Vikas C Srivastava)
Partner
M. No. 401216

U.P.POWER CORPORATION LIMITED
14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.
CIN: U32201UP1999SGC024928
CONSOLIDATED FINANCIAL STATEMENT

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31.03.2019

(₹ in Lakhs)

	Particulars	Note No.	For the year ended 31.03.2019	For the year ended 31.03.2018
I	Revenue From Operations	22	5002542.04	4446612.25
II	Other Income	23	1332274.34	903608.67
III	Total Income (I+II)		6334816.38	5350220.92
IV	EXPENSES			
	1 Cost of materials consumed			
	2 Purchases of Stock-in-Trade (Power Purchased)	24	5602449.64	4926995.19
	3 Changes in inventories of finished goods, Stock-in-Trade and work-in-progress			
	4 Employee benefits expense	25	141389.33	137889.53
	5 Finance costs	26	461628.71	329110.61
	6 Depreciation and amortization expenses	27	112963.00	110339.27
	7 Administration, General & Other Expense	28	197040.56	148896.97
	8 Repair and Maintenance	29	225086.86	242067.75
	9 Bad Debts & Provisions	30	868290.72	868254.76
	10 Other expenses			
IV	Total expenses (IV)		7608848.82	6763576.08
V	Profit/(Loss) before exceptional items and tax (III-IV)		(1274032.44)	(1413355.16)
VI	Exceptional Items		0.12	
VII	Profit/(Loss) before tax (V(+/-)VI)		(1274032.56)	(1413355.16)
VIII	Tax expense:			
	(1) Current tax			
	(2) Deferred tax		0.13	
IX	Profit (Loss) for the period from continuing operations (VII-VIII)		(1274032.69)	(1413355.16)
X	Profit/(Loss) from discontinued operations			
XI	Tax expense of discontinued operations			
XII	Profit/(Loss) from discontinued operations (after tax) (X-XI)			
XIII	Profit/(Loss) for the period (IX+XII)		(1274032.69)	(1413355.16)
XIV	Other Comprehensive Income			
	A (i) Items that will not be reclassified to profit or loss- Remeasurement of Defined Benefit Plans (Acturial Gain aor Loss)		(1062.72)	(668.89)
	(ii) Income tax relating to items that will not be reclassified to profit or loss			
	B (i) Items that will be reclassified to profit or loss			
	(ii) Income tax relating to items that will be reclassified to profit or loss			
XV	Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit/(Loss) and Other Comprehensive Income for the period)		(1275095.41)	(1414024.05)
XVI	Earnings per equity share (continuing operation):			
	(1) Basic		(147.31)	(182.29)
	(2) Diluted		(147.31)	(182.29)
XVII	Earnings per equity share (for discontinued operation)			
	(1) Basic			
	(2) Diluted			
XVIII	Earnings per equity share (for discontinued & continuing operations)			
	(1) Basic		(147.31)	(182.29)
	(2) Diluted		(147.31)	(182.29)
	Significant Accounting Policies of Consolidated Financial Statement	1(A)		
	Notes on Accounts of Consolidated Financial Statement	1(B)		
	Note 1(A) to 30 form integral part of Accounts.			

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

(Niharika Gupta)
Company Secretary

(A.K.Awasthi)
Chief General Manager & CFO

(Sudhir Arya)
Director (Finance)
DIN - 05135780

(M.Devaraj)
Chairman & Managing Director
DIN - 06677754

Place : Lucknow
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Subject to our report of even date
For R.M. Lall & Co.
Chartered Accountants
FRN No. 000932C

(Vikas C Srivastava)
Partner
M. No. 401216

R.M. LALL & CO. CHARTERED ACCOUNTANTS

U.P.POWER CORPORATION LIMITED
14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.
CIN: U32201UP1999SGC024928
CONSOLIDATED FINANCIAL STATEMENT

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

A. EQUITY SHARE CAPITAL AS AT 31.03.2019

(₹ In Lakhs)

Balance at the beginning of the reporting period	Changes in Equity Share Capital during the year	Balance at the end of the reporting period
8040093.81	1078542.51	9118636.32

B. OTHER EQUITY AS AT 31.03.2019

Particulars	Share application money pending allotment	Capital / Other Reserve	Retained Earnings	Total
Balance at the beginning of the reporting period	259075.02	2847734.16	(15775618.22)	(12668807.04)
Changes in accounting policy or prior period errors	0.00	0.00	0.00	0.00
Restated balance at the beginning of the reporting period	259075.02	2847734.16	(15775618.22)	(12668807.04)
Total Comprehensive Income for the year	0.00	0.00	(1429155.01)	(1429155.01)
Adjustment as per Point no. 36 of Note 1B	0.00	0.00	154059.60	154059.60
Addition during the Year	0.00	677660.83	0.00	677660.83
Reduction during the Year	0.00	47385.98	0.00	47385.98
Share Application Money Received	1033477.57	0.00	0.00	1033477.57
Share Allotted against Appliation Money	1078542.51	0.00	0.00	1078542.51
Balance at the end of the reporting period	214010.08	3478009.01	(17050711.63)	(13358692.54)
Adjustment of Reversed Provision on Investments				6850102.43
Adjustment of Reversed Provision on UPPCL Debtors				154333.70
Adjustment of Provision on Financial Assets-Other Current- Subsidiaries (Unsecured)				4032.00
Net Balance at the end of the reporting period				(6350224.41)

A. EQUITY SHARE CAPITAL AS AT 31.03.2018

(₹ In Lakhs)

Balance at the beginning of the reporting period	Changes in Equity Share Capital during the year	Balance at the end of the reporting period
7287540.82	752552.99	8040093.81

B. OTHER EQUITY AS AT 31.03.2018

Particulars	Share application money pending allotment	Capital / Other Reserve	Retained Earnings	Total
Balance at the beginning of the reporting period	327715.53	2745493.93	(14230101.34)	(11156891.88)
Changes in accounting policy or prior period errors	0.00	177.05	25612.44	25789.49
Adjustment as per Point no. 36 of Note 1B	0.00	0.00	(157103.27)	(157103.27)
Restated balance at the beginning of the reporting period	327715.53	2745670.98	(14361592.17)	(11268205.66)
Total Comprehensive Income for the year	0.00	0.00	(1414024.05)	(1414024.05)
Addition during the Year	0.00	133823.91	0.00	133823.91
Reduction during the Year	0.00	31760.73	0.00	31760.73
Share Application Money Received	683912.48	0.00	0.00	683912.48
Share Allotted against Appliation Money	752552.99	0.00	0.00	752552.99
Balance at the end of the reporting period	259075.02	2847734.16	(15775616.22)	(12668807.04)
Adjustment of Reversed Provision on Investments				6104294.54
Adjustment of Reversed Provision on UPPCL Debtors				107937.01
Adjustment of Provision on Financial Assets-Other Current- Subsidiaries (Unsecured)				3588.32
Net Balance at the end of the reporting period				(6452987.17)

R.M. LALL & CO. CHARTERED ACCOUNTANTS

U.P. POWER CORPORATION LIMITED
CIN - U32201UP1999SGC024928

NOTE NO. 1(A)

COMPANY INFORMATION &SIGNIFICANT ACCOUNTING POLICIES OF CONSOLIDATED FINANCIAL STATEMENT

1. **Reporting Entity**

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

2. **GENERAL/BASIS OF PREPARATION**

(a) The consolidated financial statements are prepared in accordance with the applicable provisions of the Companies Act, 2013. However where there is a deviation from the provisions of the Companies Act, 2013 in preparation of these accounts, the corresponding provisions of Electricity (Supply) Annual Accounts Rules 1985 have been adopted.

(b) The accounts are prepared under historical cost convention, on accrual basis, unless stated otherwise, in pursuance of Ind AS, and on accounting assumption of going concern.

(c) Insurance and Other Claims, Refund of Custom Duty, Interest on Income Tax & Trade Tax and Interest on loans to staff is accounted for on receipt basis after the recovery of principal in full.

(d) **Statement of compliance**

These Consolidated financial statements are prepared on accrual basis of accounting, unless stated otherwise, and comply with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto, the Companies Act, 2013 (to the extent notified and applicable), applicable provisions of the companies Act, 1956, and the provisions of the ElectricityAct, 2003 to the extent applicable.

These financial statements were authorized for issue by Board of Directors on 02-03-2021.

(e) **Functional and presentation currency**

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

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

R.M. LALL & CO. CHARTERED ACCOUNTANTS

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

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

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

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

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading:
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer settlement of the liability for at least twelve month after the reporting period.

All other liabilities are classified as non-current.

3. SIGNIFICANT ACCOUNTING POLICIES

I- BASIS OF CONSOLIDATION

The consolidated financial statements related to U.P Power Corporation Ltd. (the Company), its Subsidiaries and Associates together referred to as "Group".

(a) Basis of Accounting:

i) The financial statements of the Subsidiary Companies and Associates in the consolidation are drawn up to the same reporting period as of the Company for the purpose of consolidation.

ii) The consolidated financial statements have been prepared in accordance with theIndian Accounting Standard,Ind AS-110- 'Consolidated Financial Statements'and Ind AS-28- 'Investments in Associates and Joint Ventures' as specfied in Companies Act, 2013 and Companies (Indian Accounting Standards) Rules, 2015.

(b) Principles of consolidation:

R.M. LALL & CO. CHARTERED ACCOUNTANTS

The consolidated financial statements have been prepered as per the following principles:

i) The financial statements of the company and its Subsidiaries are combined on a line basis by adding together the like items of the assets, liabilities, income and expenses after eliminating intra-group balances, intra-group transactions, unrealized profits or losses.

ii) The consolidated financial statements include the investment in Associates, which has been accounted for using the method of accounting by diminution/impairment in investment in associates.

iii) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumatances and are presented to the extent possible, in the same manner as the Company's separate financial statements except as otherwise stated in the significant accounting policies/Notes on accounts.

II- Property, Plant and Equipment

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

(b) All costs relating to the acquisition and installation of Property, Plant and Equipment till the date of commissioning are capitalized.

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

(d) In the case of commissioned assets, where final settlement of bills with the contractor is yet to be affected, capitalization is done, subject to necessary adjustment in the year of final settlement.

(e) Due to multiplicity of functional units as well as multiplicity of function at particular unit, Employees cost to capital works are capitalized @ 15% on deposit works, 13.50% on Distribution works and @ 9.5% on other works on the amount of total expenditure.

(f) Borrowing cost during construction stage of capital assets are capitalized as per provisions of Ind AS-23.

III- Capital Work-In-Progress

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

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

IV- INTANGIBLE ASSETS

Intangible assets are measured on initial recognition at cost. Subsequently the intangible assets are carried at cost less accumulated amortization/accumulated

R.M. & CO. CHARTERED ACCOUNTANTS

impairment losses. The amortization has been charged over its useful life in accordance with Ind AS-38.

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

V- DEPRECIATION

(a) Depreciation is charged on Straight Line Method as per Schedule II of the Companies Act 2013.

(b) Depreciation on additions to / deductions from Property, Plant and Equipment during the year is charged on Pro rata basis.

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

VI- INVESTMENTS

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

VII- STORES & SPARES

(a) Stores and Spares are valued at cost.

(b) As per practice consistently following by the Compnay, Scrap is accounted for as and when sold.

(c) Any shortage /excess of material found during the year end are shown as "material short/excess pending investigation" till the finalization of investigation.

VIII- REVENUE/ EXPENDITURE RECOGNITION

(a) Revenue from sale of energy is accounted for on accrual basis.

(b) Late payment surcharge recoverable from consumers on energy bills is accounted for on cash basis due to uncertainty of realisation.

(c) Sale of energy is accounted for based on tariff rates approved by U.P. Electricity Regulatory Commission.

(d) In case of detection of theft of energy, the consumer is billed on laid down norms as specified in Electricity Supply Code.

(e) Penal interest, over due interest, commitment charges, restructuring charges and incentive/rebates on loans are accounted for on cash basis after final ascertainment.

IX- POWER PURCHASE

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

R. LALL & CO. CHARTERED ACCOUNTANTS

(a) In respect of Central Sector Generating Units and unscheduled interchange/reactive energy, at the rates approved by Central Electricity Regulatory Commission (CERC).

(b) In respect of State Sector Generating Units and unscheduled interchange/reactive energy, at the rates approved by U.P. Electricity Regulatory Commission (UPERC).

(c) In respect of Power Trading Companies, at the mutually agreed rates.

(d) Transmission charges are accounted for on accrual basis on bills raised by the U.P Power Transmission Corpration Limited at the rates approved by UPERC.

X- EMPLOYEE BENEFITS

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

(b) Medical benefits and LTC are accounted for on the basis of claims received and approved during the year.

(c) Leave encashment has been accounted for on accrual basis.

XI- PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

(a) Accounting of the Provisions is made on the basis of estimated expenditures to the extent possible as required to settle the present obligations.

(b) Contingent assets and liabilities, if any, are disclosed in the Notes on Accounts.

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

XII- GOVERNMENT GRANT, SUBSIDIES AND CONSUMER CONTRIBUTIONS

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

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

XIII- FOREIGN CURRENCY TRANSACTIONS

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

XIV- DEFERRED TAX LIABILITY

Deferred tax liability of Income Tax (reflecting the tax effects of timing difference between accounting income and taxable income for the period) is provided on the

R.M. Lall & Co. CHARTERED ACCOUNTANTS

profitability of the Company and no provision is made in case of current loss and past accumulated losses as per Para 34 of Ind AS 12 "Income Taxes".

XV- STATEMENT OF CASH FLOW

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

XVI- FINANCIAL ASSETS

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

Subsequent Measurement:
A- **Debt Instrument:-** A debt instrument is measured at the amortized cost in accordance with Ind AS 109.
B- **Equity Instrument:-** All equity investments in entities are measured at fair value through P & L (FVTPL) as the same is not held for trading.

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

XVII- FINANCIAL LIABILITIES

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

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

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

R.M. LALL & CO. CHARTERED ACCOUNTANTS

XVIII- MATERIAL PRIOR PERIOD ERRORS

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

(Niharika Gupta) **Company Secretary**	**(A. K. Awasthi)** **Chief General Manager & CFO**	**(Sudhir Arya)** **Director (Finance)** **DIN - 05135780**	**(M. Devraj)** **Chairman & Managing Director** **DIN - 08677754**

Place :Lucknow
Date : 06.04.2021
UDIN: 21401216AAAAAO4019

Subject to our report of even date

For R M Lall& Co.
Chartered Accountants
FRN No. 000932C

(Vikas C Srivastava)
Partner
M. No. 401216

U.P. Power Corporation Limited

CIN:U32201UP1999SGC024928

Note No.1 (B)

Notes to Accounts forming part of Consolidated Financial Statements for the F.Y 2018-19

1. The Holding, Subsidiary, and Associate companies considered in the Consolidated Financial Statements are as follows:

S No.	Name of Company	Status	Proportion (%) of Shareholding as on*	
			31-03-2019	31-03-2018
1	U.P Power Corporation Limited	Holding	NA	NA
2	PurvanchalVidyutVitran Nigam Limited**	Subsidiary	100	100
3	PashchimanchalVidyutVitran Nigam Limited**	Subsidiary	100	100
4	MadhyanchalVidyutVitran Nigam Limited**	Subsidiary	100	100
5	DakshinanchalVidyutVitran Nigam Limited**	Subsidiary	100	100
6	Kanpur Electricity Supply Company Limited**	Subsidiary	100	100
7	Sonebhadra Power Generation Company Limited*** (inoperative service dated 27.03.2019)	Subsidiary	0	100
8	Southern-UP Power Transmission Company Limited	Subsidiary	100	100
9	Yamuna Power Generation Company Limited*** (Inoperative service dated 25.03.2019)	Associate	0	25

* Includes the shares of promoters subsequently held by their Nominees.

** It represents the Distribution Companies (DISCOMs).

*** Sonebhadra Power Generation Company Limited and Yamuna Power Generation Company Limited areinoperative w.e.f. the date as cited above.As per order of the Registrar of Companies (MCA), Kanpur, U.P. dated 18.08.2020 and 28.08.2020 Sonebhadra Power Generation Company Ltd. and Yamuna Power Generation Company Ltd. respectively have been struck off from the Register of Companies and the same have been dissolved. (Refer Note 29 & 30)

2. The amount of Loans, Subsidies and Grants were received from the State Government by the Uttar Pradesh Power Corporation Limited centrally, being the Holding Company and distributed by the Holding Company to the DISCOMs, which have been accounted for accordingly.

R.M. LALL & CO. CHARTERED ACCOUNTANTS

3. The loan taken by the Subsidiary Companies during the financial year 2018-19 amounting to ₹ 908110.44 Lacs. ₹ 592843.69 Lacs received from the Holding Company i.e. UPPCL (The UPPCL takes loan from financial institution for and on behalf of Discoms) as per details given below:-

(₹ InLacs)

Sl. No.	Particulars	DVVNL	PuVVNL	PVVNL	MVNNL	Kesco	UPPCL	Total
1	REC	29,862.55	37,399.72	85,747.04	44,603.92	-	1,52,915.00	350528.23
2	PFC	15,340.00	36,401.09	51,910.78	9,533.65		4,08,748.75	521934.27
3	PFC Loan (IPDS)					4,468.00		4468.00
4	Bond							
5	Uday (Intt. Free					-	-	-
6	Govt. Loan						31179.94	31179.94
	Total	45,202.55	73,800.81	1,37,657.82	54,137.57	4,468.00	592843.69	908110.44

4. The Board of Directors of Discoms have escrowed all the Revenue receipt accounts in favour of U.P. Power Corporation Limited, Lucknow. The Holding Company has been further authorized to these escrow revenue accounts for raising or borrowing the funds for & on behalf of distribution companies for all necessary present and future financial needs including Power Purchase obligation.

5. Accounting entries after reconciliation (IUT) have been incorporated in the current year. Reconciliation of outstanding balances of IUT is under progress and will be accounted for in coming years.

6. (a) The Property, Plant & Equipment including Land remained with the company after notification of final transfer scheme are inherited from erstwhile UPSEB which had been the title holder of such Non-Current Assets. The title deeds of new Property, Plant & Equipment created/purchased after incorporation of the company, are held in the respective units where such assets were created/purchased.

   (b) Where historical cost of a discarded/ retired/ obsolete Property, Plant & Equipment is not available, the estimated value of such asset and depreciation thereon has been adjusted and accounted for.

   (c) In terms of powers conferred by the Notification no. GSR 627(E) dated 29 August 2014 of Ministry of Corporate Affairs, Govt. of India, the depreciation/amortization on Property, Plant & Equipment/Intangible Assets have been calculated taking into consideration the useful life of assets as approved in the orders of UPERC (terms & conditions for determination of distribution tariff) Regulation, 2006 (Annexure C).

R.M. LALL & CO. CHARTERED ACCOUNTANTS

7. (a) Capitalisation of Interest on borrowed fund utilized during construction stage of Property, Plant & Equipment (i.e. Capital Assets) has been done by identifying the Schemes/Assets and the funds used for the purpose to the extent established.

   (b) Borrowing cost capitalized during the year is 49658.88Lacs(31st March 2018₹ 40954.18Lacs).

8. (a) The Provision for Bad &Doubtful Debts against revenue from sale of power has been made @5% on the incremental debtors during the year.

   (b) The details of provision for doubtful loans & advances are as under:-

   (i)Provision to the extent of 10% on the balances of suppliers/ contractors has been made by UP Power Corporation Limited,PurvanchalVidyutVitran Nigam Limited, PashchimanchalVidyutVitran Nigam Limited and an amount of ₹77.24Lacs by Kanpur Electricity Supply Company Limited against the unadjusted advances for more than two year and Rs. 536.04 Lacs by DakshinanchalVidyutVitran Nigam Limited against advances not recovered for more than 5 years.

   (ii)Provision @ 100% on interest accrued and due during the year on loan of NPCL has been made by UP Power Corporation Limited under the Note No. 07 (Financial Assets-Loans-Non Current).

   (c) A provision for doubtful receivables to the extent of 10% on the balances appearing under the different heads of "Financial Assets-Other- Current" (excluding Receivable on account of loan& Prepaid Expenses)/ "Other Current Assets" (Receivable from Employees) has been made by UP Power Corporation Limited, PurvanchalVidyutVitran Nigam Limited, PashchimanchalVidyutVitran Nigam Limited and an amount of ₹187.36Lacs by Kanpur Electricity Supply Company Limited against the doubtful receivables from Employees.

   (d) The provision for unserviceable store has been made @10% of closing balance and the 100% Provision for loss on account of theft of fixed assets pending investigation have been made for balance at the close of financial year by PashchimanchalVidyutVitran Nigam Limited.

9. Transmission charges are accounted for as per the bills raised by UPPTCL.

10. Government dues in respect of Electricity Duty and other Levies amounting to 704545.49Lacsshownin Note-20 include51204.80Lacs on account of Other Levies realized from consumers.

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

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12. (a) Some balances appearing under the heads 'Financial Assets-C(Current)', Financial Assets- Loans (Non-Current)', 'Other Current Assets' 'Other Financial Liabilities (Current)' and Financial Liabilities- Trade Payables (Current)' Material in transit/ under inspection/lying with contractors are subject to confirmation/ reconciliation and subsequent adjustments, as may required.

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

13. Basic and diluted earnings per share has been shown in the Statement of Profit & Loss in accordance with Ind-AS 33"Earnings Per Share". Basic earnings per share have been computed by dividing net loss after tax by the weighted average number of equity shares outstanding during the year. Number used for calculating diluted earnings per equity share includes the amount of share application money (pending for allotment).

Earning per share:

(₹in Lacs)

		31.03.2019	31.03.2018
(a)	Net loss after tax (numerator used for calculation)	(1275095.41)	(1414024.05)
(b)	Weighted average number of Equity Shares* (denominator for calculating Basic EPS)	865587584.83	775703593.17
(c)	Weighted average number of Equity Shares* (denominator for calculating Diluted EPS)	876062221.24	781656156.88
(d)	Basic earnings per share of Rs. 1000/- each (EPS Amount in Rupees)	(147.31)	(182.29)
(e)	Diluted earnings per share of Rs. 1000/- each (EPS Amount in Rupees)	(147.31)	(182.29)

(As per para 43 of IndAS-33 issued by Institute of Chartered Accountants of India, Potential Equity Shares are treated as Anti Dilutive as their conversion to Equity Share would decrease loss per share, therefore, effect of Anti Dilutive Potential Equity Shares are ignored in calculating Diluted Earnings Per Share)*Calculated on monthly basis.

14. Basedon actuarial valuation reportdt.9.11.2000 submitted by M/s Price Waterhouse Coopers to UPPCL (the Holding Company) provision for accrued liability on account of Pension and Gratuity for the employees covered under GPF scheme has been made @16.70% and 2.38% respectively on the amount of Basic pay, Grade pay and DA paid to employees.

15. Amountdue to Micro, Small and medium enterprises (under the MSMED Act 2006) could not be ascertained and interest thereon could not be provided for

want of sufficient related information. However, the company is in the process to obtain the complete information in this regard.

16. Debtsdue from Directors were Rs. NIL (previous year Nil).

17. Paymentto Directors and Officers in foreign currency towards foreign tour was NIL (Previous year NIL).

18. AdditionalInformation required under the Schedule-III of the Companies Act, 2013 areas under:-

(a) Quantitative Details of Energy Purchased and Sold:-

Sl. No.	Details	F.Y 2018-19 (Units in MU)	F.Y 2017-18 (Units in MU)
(i)	Total number of units purchased	115435.510	119163.550
(ii)	Total number of units sold	88095.250	88138.536
(iii)	Distribution Losses	27340.260	31025.014

(b) Contingent Liabilities and Commitments:-

Sl. No.	Details	Amount (₹ In Lacs)	
		F.Y 2018-19	F.Y 2017-18
1	Estimated amount of contracts remaining to be executed on capital	9002.44	40170.09
2	Power Purchase	1010143.82	516273.93
3	Interest on RAPDRP Loan	31368.62	27906.42
4	Amount involved in court cases	9138.19	16413.41
5	Claims by employees under litigation	503.57	524.82
6	Others Contingencies	20326.22	4953.52
	Total	**1080482.86**	**606242.19**

(c) Disclosure as per Schedule III to the Companies Act, 2013

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Sl. No.	Name of the Entity	Net Assets i.e. Total Assets minus Total Liabilities as at 31.03.2019		Share in Profit or Loss for the Year 2018-19	
		As % of Consolidated Net Assets	Amount (₹ in Lakhs)	As % of Consolidated Profit or Loss	Amount (₹ in Lakhs)
A	**Parent**				
	U.P. Power Corporation Ltd., Lucknow	(62.97)	446868.60	64.70	(825015.80)
B	**Subsidiaries**				
	MadhyanchalVidyutVitran Nigam Ltd., Lucknow	(37.87)	268723.30	5.85	(74648.22)
	PurvanchalVidyutVitran Nigam Ltd., Varanasi	9.51	(67500.19)	7.75	(98761.34)
	PashchimanchalVidyutVitran Nigam Ltd., Meerut	21.81	(154735.00)	10.12	(129049.55)
	DakshinanchalVidyutVitran Nigam Ltd., Agra	134.34	(953302.39)	20.13	(256716.23)
	Kanpur Electricity Supply Company Ltd., Kanpur	22.77	(161581.15)	3.53	(44964.13)
	Southern Power Transmission Corporation Ltd., Lucknow	(0.01)	60.91	(0.00)	0.26
C	**Others**				
	CFS Adjustment (Refer Note No. 36)	12.42	(88131.18)	(12.08)	1,54,059.60
	Total	100.00	(709597.10)	100.00	(1275095.41)

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

20. **Disclosure as per IndAS-24 (Related Party): -**

A- List of Related Parties

(a) List of Subsidiary & Associates:-

Subsidiary
MadhyanchalVidyutVitran Nigam Limited
PashchimanchalVidyutVitran Nigam Limited
PurvanchalVidyutVitran Nigam Limited
DakshinanchalVidyutVitran Nigam Limited
Kanpur Electricity Supply Company Limited
Sonebhadra Power Generation Company Limited(inoperative service dated 27.03.2019, Refer Note No. 29)
Southern-UP Power Transmission Company Limited (Refer Note No. 31)
Associates
Yamuna Power Generation Company Limited(inoperative service dated 25.03.2019, Refer Note No. 30)

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(b) Key management personnel:-

S. No.	Name	Designation	Working Period (For FY 2018-19)	
			Appointment	Retirement/ Cessation
	A- UPPCL (Holding Company)			
1	ShriAlok Kumar	Chairman	20.05.2017	Working
2	Smt. Aparna U.	Managing Director	26.10.2017	Working
3	ShriSudhanshuDwivedi	Director (Finance)	30.06.2016	Working
4	ShriSatyaPrakashPandey	Director (P.M. & Admin.)	01.07.2016	Working
5	Shri Vijay Kumar	Director (Distribution)	06.01.2018	Working
6	Shri V. P. Srivastava	Director (Corporate	04.01.2018	Working
7	Shri A.K. Srivastava	Director (Commercial)	27.06.2018	Working
8	ShriAmit Gupta (M.D of UPPTCL)	Nominee Director	22.01.2018	31.08.2018
9	Dr.SenthilPandiyan C.(M.D of UPPTCL)	Nominee Director	10.09.2018	Working
10	Shri Neel Ratan Kumar (Special Secretary- Finance)	Nominee Director	16.04.2013	Working
11	SmtManju Shankar (Department of Public Enterprises)	Nominee Director	10.12.2015	Working
12	ShriIndra Mohan Kaushal	Chief Financial Officer	26.12.2017	13.11.2018
13	ShriPramendraNathSahay	Chief Financial Officer	14.11.2018	Working
14	ShriPradeepSoni	Company Secretary (Part	01.08.2017	Working
	B- Subsidiary & Associates (Having Related Party Transactions)			
	I- MadhyanchalVidyutVitran Nigam Limited			
1	ShriAlok Kumar	Chairman	20.05.2017	Working
2	ShriSubh Chand Jha	Managing Director	27.03.2018	04.04.2018
3	Shri Sanjay Goyal	Managing Director	05.04.2018	Working
4	ShriRakesh Kumar	Director (Finance)	31.12.2016	Working

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5	ShriSubh Chand Jha	Director (PM &A)	21.06.2017	Working
6	ShriAjit Singh	Director (Technical)	11.04.2017	01.09.2018
7	ShriSudhir Kumar Singh	Director (Technical)	03.09.2018	Working
8	ShriSubh Chand Jha	Director (Commercial)	17.10.2017	28.06.2018
9	ShriBrahm Pal	Director (Commercial)	29.06.2018	Working
10	ShriChelliahPandianSenthil	Nominee Director	10.09.2018	Working
11	Smt. Aparna U.	Nominee Director	26.10.2017	Working
12	ShriSudhanshuDwivedi	Nominee Director	30.06.2016	30.06.2019
13	ShriAmit Gupta	Nominee Director	22.01.2018	31.08.2018
14	Smt. SelvaKumari J	Woman Director	31.03.2016	02.08.2018
15	ShriUmakantYadav	Chief Financial Officer	05.09.2017	Working
16	Smt. NeetuAroraTandon	Company Secretary	10.09.2015	22.04.2018
17	Smt. AbhaSethiTandon	Company Secretary	23.04.2018	Working
	II- PashchimanchalVidyutVitran Nigam Limited			
1	ShriAlok Kumar	Chairman	20.05.2017	Working
2	ShriAshutoshNiranjan	Managing Director	21.12.2017	Working
3	ShriPawan Kumar Agarwal	Director (Finance)	04.02.2017	Working
4	ShriYatishVatsa	Director (P&A)	24.06.2017	Working
5	ShriArvindRajvedi	Director (Commercial)	22.09.2017	Working
6	Shri Raj Kumar Agarwal	Director(Technical)	11.10.2017	Working
7	Shri H.K Agarwal	Chief Financial Officer	16.02.2018	Working
8	Dr.JyotiAshwani Kumar Arora	Company Secretary	02.11.2015	31.03.2019
	III- PurvanchalVidyutVitran Nigam Limited			
1	ShriAlok Kumar	Chairman	20.05.2017	Working
2	Smt. Aparna U.	Managing Director	26.10.2017	Working
3	ShriAtul Nigam	Managing Director	19.06.2017	27.08.2018
4	ShriGovindRaju N.S.	Managing Director	28.08.2018	Working
5	Smt. SelvaKumari J	Women Director	31.03.2016	02.08.2018
6	Shri Anil Kumar Awasthi	Director (Finance)	29.12.2016	Working
7	Shri Anil Kumar Kohli	Director (P&A)	21.06.2017	Working
8	ShriAnshulAgarwal	Director (Technical)	28.06.2018	Working
9	ShriMohitArya	Director(Commercial)	30.12.2016	26.07.2018
10	Shri Om Prakash Dixit	Director(Commercial)	07.08.2018	Working

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11	Shri Anil Kumar Awasthi	Chief Financial Officer	18.11.2015	Working
12	Shri S.C. Tiwari	Company Secretary	01.09.2015	Working
	IV-DakshinanchalVidyutVitran Nigam Limited			
1	ShriAlok Kumar	Chairman	20.05.2017	Working
2	SmtAparna U.	Director	26.10.2017	Working
3	ShriSudhanshuDwiwedi	Director	30.06.2016	Working
4	Dr.ChelliahPandianSenthil C	Director (UPPTCL)	10.09.2018	Working
5	Shri S.K. Verma	Managing Director	10.04.2017	Working
6	Shri. K.C Pandey	Director (Finance)	21.06.2017	Working
7	ShriRakesh Kumar	Director (Technical)	04.01.2018	Working
8	Shri D.K Singh	Director (Commercial)	22.06.2017	Working
9	ShriRakesh Kumar	Director (P&A)	27.06.2018	Working
10	Shri D.K Agarwal	Chief Financial Officer	06.06.2016	Working
	V- Kanpur Electricity Supply Company Limited			
1	ShriAlok Kumar	Principal Secretary & Chairman	20.05.2017	Working
2	Smt. SaumyaAgarwal	Managing Director	22.12.2017	Working
3	Shri Ajay Kumar Mathur	Director (Commercial)	28.06.2018	Working
4	SmtAparna U.	Managing Director, UPPCL (Nominee Director)	31.08.2018	Working
5	ShriSudhanshuDwivedi	Director (Finance), UPPCL (Nominee Director)	31.08.2018	Working
6	Shri VijayVishwas Pant	DM Kanpur (NomineeDirector)	25.06.2018	Working
7	ShriRadhaShyamYadav	Director (Technical)	02.07.2016	02.02.2019
8	ShriSurendra Singh	DM Kanpur (NomineeDirector)	27.04.2017	25.06.2018
9	Smt. AbhaSethiTandon	Company Secretary	14.03.2013	Working
	VI- Southern UP Power Transmission Company Limited			
1	ShriSudhanshuDwivedi	Nominee Director of UPPCL (Nominated as MD on 16.03.2018)	23.03.2017	Working
2	Shri Vijay Kumar	Nominee Director of UPPCL	16.03.2018	Working

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3	ShriVinayPrakashSrivastava	Nominee Director of UPPCL	16.03.2018	Working
4	Shri A. C. Pandey	D.G.M (Trans. HQ), UPPTCL/SUPPTCL	01.04.20118	06.08.2018
5	Shri P.K. Srivastava	D.G.M. (Trans. HQ), UPPTCL/SUPPTCL	06.08.2018	31.03.2019
6	ShriPradeepSoni	Company Secretary	01.08.2017	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 RajyaUtpadan Nigam Limited and Uttar Pradesh JalVidyut Nigam Limited.

(d) Post-Employment Benefit Plan:-
1- Uttar Pradesh Power Sector Employees Trust.

B- Transactions with Related Partiesare as follows:

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

(₹ InLacs)

	2018-2019	**2017-2018**
Salary & Allowances	1187.37	1115.14
Leave Encashment	168.54	221.16
Contribution to Gratuity/ Pension/ PF	230.89	129.54

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

(₹ In Lacs)

S No.	**Name of The Company**	**Nature of Transaction**	**2018-19**	**2017-18**
1	UP Power Transmission Corporation Limited	Power Transmission & Misc. Transaction	225768.91	200989.20
2	Uttar Pradesh RajyaVidyutUtpadan Nigam Limited	Power Purchase	979893.69	986822.01
3	Uttar Pradesh RajyaVidyutUtpadan	Receivable	48.36	47.27

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	Nigam Limited	(Unsecured)		
4	Uttar Pradesh JalVidyut Nigam Limited	Power Purchase	8458.81	8065.24

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

(₹ InLacs)

Particulars	**31st March 2019**	**31st March 2018**
Amount Recoverable		
From Others		
➢ UPRVUNL	358.99	310.63
➢ UPPTCL	49247.10	46630.79
Amount Payable		
To Others		
➢ UPJVNL	8826.17	8837.52
➢ UPPSET	112809.16	126249.97

21. 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.

22. **Financial Risk Management**

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

The group is exposed to the following risks from its use of financial instruments:

(a) **Regulatory Risk:**TheGroup's substantial operations are subject to regulatory interventions, introductions of new laws and regulations including changes in competitive framework. The rapidly changing regulatory landscape poses a risk to the Group.
Regulations are framed by State Regulatory Commission as regard to Standard of Performance for utilities, Terms & Conditions for determination of tariff, obligation of Renewable Energy purchase, grant of open Access, Deviation Settlement Mechanism, Power Market Regulations etc. Moreover, the State Government is notifying various guidelines and policy for growth of the sector. These Policies/Regulations are modified from time to time based on need and development in the sector. Hence the policy/regulation is not restricted only to compliance but also has implications for operational performance of utilities, return of Equity, Revenue, competitiveness, and scope of supply.
To protect the interest of utilities, State Utilities are actively participating while framing of Regulations. ARR is regularly filed to UPERCconsidering the effect of change, increase/decrease,of power purchase cost and other expenses in deciding the Tariff of Sales of Power to ultimate consumers.

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

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

(d) Market Risk- Interest Rate Risk: The Group is exposed to interest rate risk arising from borrowing with floating rates because the cash flows associated with floating rate borrowings will fluctuate with changes in interest rates. The Group manages the interest rate risks by entering into different kind of loan arrangements with varied terms (eg. Rate of interest, tenure etc.).

Fair value sensitivity analysis for fixed-rate instruments
The group's fixed rate instruments are carried at amortised cost. They are therefore not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

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

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

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

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

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

24. In the opinion of management, there is no specific indication of impairment of any assets as on balance sheet date as envisaged byInd AS-36 of ICAI.Further, the assetsof the corporation have been accounted for at their historical cost and most of the assets are very old where the impairment of assets is very unlikely.

25. Statement containing salient features of the financial statements of Subsidiaries and Associates of UP Power Corporation Limited pursuant to first proviso to sub section (3) of section 129 read with rule 5 of Companies (Accounts) Rules,2014, in form AOC-I is attached.

26. JawaharpurVidyutUtpadan Nigam Limited (a Subsidiary of UPPCL) was transferred to Uttar Pradesh RajyaVidyutUtpadan Nigam Limited on 16.06.2015 (Refer GoUP letter No. 836 dated 24.09.2014 read with letter No. 1029 dated 27.11.2014 and the decision of 116th BoD of UPPCL dated 03.06.2015).Thus,JawaharpurVidyutUtpadan Nigam Limited (JVUNL) was no more a subsidiary of UPPCL AS ON 31.03.2016. Hence, the balances of JVUNL have not been considered in Consolidated Financial Statementsfor the F.Y 2015-16 onwards with a corresponding effect in Previous Year.

27. Uttar Pradesh Power Transmission Corporation Limited was Associate of Uttar Pradesh Power Corporation Limited up to Financial Year 2015-16. During the Financial Year 2016-17 the percentage of Shareholding of Uttar Pradesh Power Corporation Limited in Uttar Pradesh Power Transmission Corporation Limited has been reduced below the required limit of Associates disclosure, hence, the Company Uttar Pradesh Power Transmission Corporation Limited is no more Associates of Uttar Pradesh Power Corporation Limited from Financial Year 2016-17 and treated in financial statement accordingly.

28. **Disclosure as per Ind AS 112 "Disclosure of Interest in Other Entities"**

Subsidiaries

The Group's subsidiaries at 31st March 2019 are set out below. They have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interest held equals the voting rights held by the Group.

Name of Entity	Place of Business/Country of Origin	Ownership interest held by the Group (%)		Ownership interest held by Non-controlling interest (%)		Principal activities
		31-03-19	31-03-18	31-03-19	31-03-18	
MVVNL	India	100	100	-	-	Distribution of energy

DVVNL	India	100	100	-	-	Distribution of energy
PVVNL	India	100	100	-	-	Distribution of energy
PUVNNL	India	100	100	-	-	Distribution of energy
Kesco	India	100	100	-	-	Distribution of energy
Southern UP Power Transmission Company Limited	India	100	100	-	-	Transmission of energy

29.Sonbhadra Power Generation Company Limited was incorporated as per directives of GoUP No. 609/ऊ0(नि0नि0)प्र0/24–60 dated 13.11.2006. As per guidelines issued by Ministry of Power, Government of India for the implementation/development of project, the Company initiated the preparatory activities such as process of land acquisition, arrangement for coal linkage, arrangement of water resources and environmental clearance etc. but Ministry of Coal, GOI did not communicate about allotment of coal to the project, due to resistance from land owners land acquisition process has abandoned, Ministry of Environment & Forest, GOI, finding Singraulli region as critically polluted declared Moratorium on establishing new projects in this area, the concerned department did not communicate regarding allocation of water to the project.

Board of Director took cognizance of the above facts and decided to abandon/close the project with dissolution of the Company and directed to present the case before Energy Task Force, Government of UP.

Energy Task Force, Government of UP also recommended to abandon the project with dissolution of this Company and further directed to get the approval by Hon'ble Cabinet, Govt. of UP. The Govt of UP vide its letter no 432/24 ऊ0नि0नि0प्र0/18–20(प्रकोष्ठ) 14 dated 02.07.2018 conveyed its decision to dissolve Sonbhadra Power Generation Company Limited. The Company has been closed with effect from 27.03.2019 in accordance with the provision of section 248(2) of the Companied Act 2013. Resulting to this the treatment of balances of Sonbhadra Power Generation Company Limited has been done as below:

A. Sonbhadra Power Generation Company Limited has issued its equity share in the name of UP Power Corporation Limited for the amount of Rs. 613.58 Lacs in consideration of converting Sundry Payables to UPPCL during FY 2018-19. Correspondingly UP Power Corporation Limited has shown this equity shares under the head of Investments and the impairment of the same has been made since the subsidiary company is no more in existence.

B. An amount of Rupees one lakh under the head of Sundry Receivables, arisen after the issuance of Equity Shares mentioned in point No.1 above, from Sonbhadra Power Generation Company Limited has been written off during FY 2018-19 in accordance with approval of Board of Directors dated 22nd March, 2019.

C. Sonbhadra Power Generation Company Limited has transferred the closing balance of Bank Account Rs. 0.42 Lacs, as on the date of closure, to UP Power Corporation Limited and UP Power Corporation Limited has taken over the Statutory or Other

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Expenses/Dues to that extent of this Company in compliance of the decision of Board of Directors taken in the 146th meeting dated 22nd March, 2019.

D. The Board has also decided in its 146th meeting dated 22nd March, 2019 to bear Statutory or Other Expenses/Dues by UP Power Corporation Limited arisen over and above transferred from Sonbhadra Power Generation Company Limited as mentioned in Point No. C above.

Since the name of the Company has been struck off by the ROC-Kanpur, the financial statement of the company has not been incorporated in this Consolidated Financial Statements.

30. Yamuna Power Generation Company Limited was incorporated on 20-04-2010 as a Government Company by UP Power Corporation Limited, Greater NOIDA Industrial Development Authority, New Okhla Industrial Development Authority and Yamuna Expressway Industrial Development Authority as per directives of Government of U.P. vide G.O. no. 2133/24-1-09-1794/09 dated 2nd July, 2009. The Company was formed with the objective to meet out growing demand of electricity during 12th five year plan and was given to perform initial project preparation activities such as acquisition of land, arrangement for fuel linkage, water resources and environmental clearance etc.

Due to non-availability of required land and uncertainty of allocation of fuel (coal/gas) for the project, ultimately lead Energy Task Force (ETF) Govt. of U.P, come to conclusion to abandon the project in its meeting dated 07-05-2012. Subsequently on the recommendation of the said Task Force, Govt. of UP took the decision to abandon the project and wind up the company and conveyed its decision on 05.05.2015. Company has been closed with effect from 25.03.2019 in accordance to the provisions of sec. 248(2) of The Companies Act 2013. Resulting to this the treatment of balances of Yamuna Power Generation Company Limited has been done as below:

A. Yamuna Power Generation Company Limited has issued its equity share in the name of UP Power Corporation Limited for the amount of Rs. 64.76 Lacs in consideration of converting Sundry Payables to UPPCL during FY 2018-19. Correspondingly UP Power Corporation Limited has shown this equity shares under the head of Investments and the impairment of the same has been made since the subsidiary company is no more in existence.

B. Yamuna Power Generation Company Limited has transferred the closing balance of Bank Account Rs. 1.39 Lacs, as on the date of closure, to UP Power Corporation Limited and UP Power Corporation Limited has taken over the Statutory or Other Expenses/Dues to that extent of this Company in compliance of the decision of Board of Directors taken in the 146th meeting dated 22nd March, 2019.

C. The Board has also decided in its 146th meeting dated 22nd March, 2019 to bear Statutory or Other Expenses/Dues by UP Power Corporation Limited arisen over and above transferred from Yamuna Power Generation Company Limited as mentioned in Point No. B above.

Since the name of the Company has been struck off by the ROC-Kanpur, the financial statement of the company has not been incorporated in this Consolidated Financial Statements.

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31. Southern U.P. Power Transmission Company Limited was incorporated on 08-08-2013 as a Government Company of Uttar Pradesh. The main Objectives of the Company consists transmission of Power generated from Lalitpur TPS to Agra and adjoining districts through 765/400 KV AIS/GIS substation and 765 & 400 KV transmission lines.

The Board of Directors of Southern U.P. Power Transmission Company Limited in its 6th meeting held on 20th September, 2016 has decided that necessary action for the closure of the Company/striking off of the name of the Company as per the provisions of the Companies Act, 2013 may be taken up. Since Southern U.P. Power Transmission Company Limited is a wholly owned subsidiary company of U.P Power Corporation Limited the Board of Directors of U.P Power Corporation Limited in its 139th meeting held on 21st May, 2018 has approved/ratify the above mentioned decision of the Board of Directors of Southern U.P. Power Transmission Company Limited.

The decision Board of Directors of U.P Power Corporation Limited regarding closure of the Company/striking off of the name of the Company as per the provisions of Companies Act, 2013 has been approved by the Share Holders of U.P Power Corporation Limited in its Extra Ordinary General Meeting held on 14th June, 2018.

Subsequently, this matter has been sent to the Energy Task Force (ETF) on 26th June, 2019 for its acceptance/approval. Resulting to this Southern U.P. Power Transmission Company Limited has issued its Equity Shares in the name of U.P Power Corporation Limited for the amount of Rs. 216.63 Lacs in consideration of converting borrowings from UPPCL during FY 2018-19. Correspondingly UP Power Corporation Limited has shown this equity shares under the head of Investments and the impairment of the same has been made since the subsidiary company is in the process of closure/ striking off of the name from the register of the Company.

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

33.The Annual Accounts of F.Y 2016-17 and 2017-18 have yet to be adopted in Annual General meeting as final comments of CAG has been received for F.Y 2016-17 on 24.12.2020 and final comments for F.Y 2017-18 is awaited on Consolidated Financial Statements.

34. Consequent to the applicability of Ind-AS the financial statements for the year ended 2018-19 has been prepared as per Ind-AS. Accordingly previous year's figures have been regrouped/ rearranged wherever necessary to confirm to this year classification.

35.Effective 01st April, 2018, the Company has applied Ind AS 115, Revenue from Contracts with Customers, using the cumulative catch up transition method, applied to contracts with customers that were not completed as at 01st April, 2018. Accordingly, the comparative amounts of revenue have not been retrospectively adjusted and continue to be reported as per Ind AS 18 "Revenues" and Ind AS 11 "Construction Contracts" (to the extent applicable). The effect on the adoption of Ind AS 115 was insignificant as we supply the power to our ultimate consumers and generate the bills on monthly consumption basis.

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Revenue from sale of power is recognized on satisfaction of performance obligation upon supply of power to the consumers at an amount that reflects the consideration (As per UPERC Tariff), adjusted with rebate on timely payment, the Company expects to receive in exchange for those supplied power.

Consumers Contribution received under Deposit Work has been amortized in the proportion in which depreciation on related asset is charged to allocate the transaction price over a period of life of assets.

36. **Reconciliation of Inter Company Transactions related to sale of power by the UPPCL to the DISCOMs and purchase of Power by the DISCOMs from the UPPCL for the year ended 31.03.2019**

Name of Company	Sale of Power as per audited accounts of the UPPCL for the F.Y. 2018-9	Purchase of Powr as per audited accounts of the DISCOMs for the F.Y. 2018-19	Amount remained as un-climinated in preperation of CFS (2-3)	For removing the uncliminated amount of inter Company Transactions, the figures of Power Purchased of DISCOMs have been adjusted				Total amount of restated figures of the power purchased by DISCOMs		
				In the F.Y. 2018-19	In the F.Y. 2017-18	In the F.Y. 2016-17 and before	Total (5+6+7)	In the F.Y. 2018-19 (3+5)-(6+7)	In the F.Y. 2017-18	Adjusted in F.Y. 2016-17 and before
1	2	3	4	5	6	7	8	9	10	11
DVVNL	1162242.96	1216769.26	54526.3		85087.51	150738.7	235826.21	5296877.63	85087.51	157103.27
MVVNL	1119978.8	1168519.40	48540.6							
PasVVNL	1591015.32	1665045.35	74030.03							
PuVVNL	1194093.54	1244749.22	50655.68							
KESCo	229547.01	239620.61	10073.6							
Unbilled Sale of Power by UPPCL for the year 2018-19	81766.61		81766.61	81766.61			81766.61	81766.61		
Unbilled Sale of Power by UPPCL for the year 2016-17 and before	6364.57 *		6364.57			6364.57	6364.57			
TOTAL	5385008.81	5532703.84	323857.39	81766.61	85087.51	157103.27	323857.39	5378644.24	85087.51	157103.27

* Not included in the total amount of Sale of Power for the F.Y. 2018-19.

<u>Note 1.</u> The amount of power purchase from generators amounting to Rs. 5532703.84 lacs was earlier accounted for/shown by UPPCL (Company) in their unauditedaccounts for the F.Y. 2018-19 and accordingly, the bills of sale of power amounting to Rs. 5532703.84 lacs were raised on the subsidiary companies and the same have been accounted for by the subsidiary companies in their audited books of accounts for in their accounts for the F.Y. 2018-19. The accounts for the subsidiary companies had been finalised till 26.09.2019, but due to some reasons and circumstances, the accounts of the company could finalise on 30.12.2020. During the course of audit of the accounts of the UPPCL for the F.Y. 2018-19, the error foRs. 235826.21 lacs in respect of purchase of power from generators related to prior period came into notice, hence the company has to make necessary corrections for Rs. 235826.21 lacs by reversal of saleof power and power purchase (earlier accounted for in the unaudited accounts) in the audited accounts for the F.Y. 2018-19, in accordance with the provisions of Ind AS-8. Thus, in order to avoid the misrepresentation of Consolidated Financial Statement of the company, the company has restated the purchase cost of the subsidiary companies by Rs. 235826.21 lacs in accordance with Ind AS-8.

<u>Note 2.</u> The sale of power to the subsidiary companiesamounting to Rs. 81766.61 lacs could not be billed by UPPCL against power purchased by the company in the F.Y. 2018-19. Hence, the provision for purchase cost against the aforesaid unbilled amount by the company has been adjusted in power purchase cost as well as Power Purchase liability of the subsidiary companies in the compilation of the Consolidated Financial Statement of the Company as at the end of the F.Y. 2018-19.

<u>Note 3.</u> The sale of power to the subsidiary companiesamounting to Rs. 6364.57 lacs could not be billed by UPPCL against power purchased by the company in the F.Y. 2017-18 or before. Hence, the provision for purchase cost against the aforesaid unbilled amount by the company has been adjusted in power purchase cost as well as Power Purchase liability of the subsidiary companies in the compilation of the Consolidated Financial Statement of the Company through other equity as at the end of the F.Y. 2017-18.

37. As a result of Prior Period Adjustments and/or Other Adjustments in the F.Y 2017-18 or before and Regrouping of items in the Balance Sheet, figures have been changed as under:

CHARTERED ACCOUNTANTS

A- RECONCILIATION OF CONSOLIDATED BALANCE SHEET AS AT 31.03.2018

(Rs. in Lakhs)

	Particulars	Note No.	Audited 2017-18	Corresponding of 2017-18 given in Audited 2018-19	Difference	Reasons
(I)	**ASSETS**					
(1)	**Non-current assets**					
	(a) Property, Plant and Equipment	2	3174873.17	3174758.54	(114.63)	PPE Adjustment+Windup of Subsidiary
	(b) Capital work-in-progress	3	645331.26	1474861.15	829,529.89	PPE Adjustment+ Regrouping
	(c) Assets not in Possession	4	11830.07	11830.07	-	
	(d) Intangible assets	5	96.99	96.99	-	
	(e) Financial Assets					
	(i) Investments	6	240990.00	240990.00	-	
	(ii) Loans	7	-	14.27	14.27	Regrouping
	(iii) Others	8	829586.52	788.30	(828798.22)	Regrouping+Windup of Subsidiary
(2)	**Current assets**					
	(a) Inventories	9	318107.30	318107.30	0.00	
	(b) Financial Assets					
	(i) Trade receivables	10	5607183.99	5701096.30	93912.31	PPE Adjustment+ Regrouping
	(ii) Cash and cash equivalents	11-A	624316.69	624416.32	99.63	PPE Adjustment+Windup of Subsidiary
	(iii) Bank balances other than (ii) above	11-B	79093.98	79594.91	500.93	PPE Adjustment
	(iv) Others	12	305774.66	310592.53	4817.87	PPE Adjustment+ Regrouping
	(c) Other Current Assets	13	604746.91	604541.03	(205.88)	PPE Adjustment+ Regrouping
	Total Assets		**12441931.54**	**12541687.71**	**99756.17**	
(II)	**EQUITY AND LIABILITIES**					
	Equity					
	(a) Equity Share Capital	14	8040093.81	8040093.81	-	
	(b) Other Equity	15	(6340669.76)	(6452987.17)	(112317.41)	PPE Adjustment+Windup of Subsidiary+ Regrouping
	LIABILITIES					
(1)	**Non-current liabilities**					
	(a) Financial liabilities					
	(i) Borrowings	16	5522761.78	5522761.78	-	
	(b) Other financial liabilities	17	358730.91	322968.54	(35762.37)	Regrouping+Windup of Subsidiary
(2)	**Current liabilities**					
	(a) Financial liabilities					
	(i) Borrowings	18	210402.18	210402.18	-	
	(ii) Trade payables	19	1868109.75	2116464.47	248354.72	PPE Adjustment

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(iii) Other financial liabilities	20	2782500.64	2781982.51	(518.13)	PPE Adjustment+ Regrouping+Windup of Subsidiary
(b) Provisions	21	2.23	1.59	-0.64	Windup of Subsidiary
Total Equity and Liabilities		12441931.54	12541687.71	99756.17	

B- Reconciliation of Statement of Profit & Loss for the Year ended 2017-18

(Rs. in Lakhs)

	Particulars	Note No.	Audited 2017-18	Corresponding of 2017-18 given in Audited 2018-19	Difference	Reasons
I	Revenue From Operations	22	4449316.26	4446612.25	- 2,704.01	PPE Adjustment+ Regrouping
II	Other Income	23	906229.04	903608.67	- 2,620.37	PPE Adjustment+ Regrouping
III	**Total Income (I+II)**		5355545.30	5350220.92	(5324.38)	
IV	**EXPENSES**					
1	Cost of materials consumed					
2	Purchases of Stock-in-Trade (Power Purchased)	24	4841907.66	4926995.19	85087.53	PPE Adjustment
3	Changes in inventories of finished goods, Stock-in-Trade and work-in-progress					
4	Employee benefits expense	25	132733.20	137889.53	5156.33	PPE Adjustment+ Regrouping
5	Finance costs	26	344652.03	329110.61	(15541.42)	PPE Adjustment+ Regrouping
6	Depreciation and amortization expenses	27	110286.41	110339.27	52.86	PPE Adjustment+Windup of Subsidiary
7	Administration, General & Other Expense	28	147355.95	148898.97	1543.02	PPE Adjustment+ Regrouping+Windup of Subsidiary
8	Repair and Maintenance	29	242726.50	242087.75	(638.75)	PPE Adjustment+ Regrouping
9	Bad Debts & Provisions	30	856097.10	868254.76	12157.66	PPE Adjustment
10	Other expenses					
IV	**Total expenses (IV)**		6675758.85	6763576.08	87817.23	
V	Profit/(Loss) before exceptional items and tax (III-IV)		(1320213.55)	(1413355.16)	(93141.61)	
VI	Exceptional Items			-		
VII	Profit/(Loss) before tax (V(+/-)VI)		(1320213.55)	(1413355.16)	(93141.61)	
VIII	Tax expense:					
	(1) Current tax		-		-	

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	(2) Deferred tax	-	-	-
IX	Profit (Loss) for the period from continuing operations (VII-VIII)	(1320213.55)	(1413355.16)	(93141.61)
X	Profit/(Loss) from discontinued operations	-	-	-
XI	Tax expense of discontinued operations	-	-	-
XII	Profit/(Loss) from discontinued operations (after tax) (X-XI)	-	-	-
XIII	Profit/(Loss) for the period (IX+XII)	(1320213.55)	(1413355.16)	(93141.61)
XIV	Other Comprehensive Income			
	A (i) Items that will not be reclassified to profit or loss- Remeasurement of Defined Benefit Plans (Acturial Gain aor Loss)	(668.89)	(668.89)	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-
	B (i) Items that will be reclassified to profit or loss	-	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-
XV	Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit/(Loss) and Other Comprehensive Income for the period)	(1320882.44)	(1414024.05)	(93141.61)

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

39. Other separate relevant notes given by the Holding, Subsidiary &Associates are given below:

U.P Power Corporation Limited (Holding Company)

(I) As required by IND AS 19, the company has measured its liabilities arising from Gratuity for the employees covered under CPF Scheme & Leave encashment of all employees and stated the same in Balance Sheet and Statement of P&L in the financial year 2018-19. The Disclosure in the regard is as below:

S.No	Defined benefit plans:- (Amount ₹ in Lacs)	Gratuity		Leave Encashment	
		As on 31/03/2019	As on 31/03/2018	As on 31/03/2019	As on 31/03/2018
1	**Assumptions**				
	Discount Rate	7.77%	7.89%	7.43%	7.69%
	Rate of increase in Compensation levels	4.00%	3.00%	4.00%	3.00%
	Rate of return on Plan assets	Not Applicable	Not Applicable	Not Applicable	Not Applicable
	Average future service (in Years)	25.76 Years	26.31 Years	14.88 Years	14.98 Years
2	**Service Cost**				

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	Current Service Cost	64.55	43.64	72.08	67.20
	Past Service Cost (including curtailment Gains/ Losses)	0	18.98	0	0
	Gains or losses on Non Routine settlements	0	0	0	0
3	**Net Interest Cost**				
	Interest Cost on Defined Benefit Obligation	29.02	23.64	492.97	457.26
	Interest Income on Plan Assets	0	0	0	0
	Net Interest Cost (Income)	**29.02**	**23.64**	492.97	457.26
4	**Change in present value of obligations**				
	Opening of defined benefit obligations	367.82	316.85	6410.48	6532.25
	Interest cost	29.02	23.64	492.97	457.26
	Service Cost	64.55	62.62	72.08	67.20
	Benefits Paid	(6.01)	(2.48)	(1052.74)	(1134.50)
	Actuarial (gain)/Loss on total liabilities	**112.23**	**(32.81)**	**1114.72**	**488.27**
	due to change in financial assumptions	80.30	(24.58)	459.86	(255.99)
	due to change in demographic assumptions	0	0	0	0
	due to experience variance	31.93	(8.23)	654.86	744.26
	Closing of defined benefit obligation	**567.61**	**367.82**	**7037.51**	**6410.48**
5	**Change in the fair value of plan assets**				
	Opening Fair value of plan assets	0	0	0	0
	Actual return on plan assets	0	0	0	0
	Employer Contribution	6.01	2.48	1052.74	1134.50
	Benefits paid	(6.01)	(2.48)	(1052.74)	(1134.50)
	Closing Fair value of plan assets	0	0	0	0
6	**Actuarial (Gain)/Loss on Plan Asset**				
	Expected Interest Income	0	0	0	0
	Actual Income on Plan Assets	0	0	0	0

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	Actuarial gain/(loss) on Assets	0	0	0	0
7	**Other Comprehensive Income**				
	Opening amount recognized on OCI outside P&L account	0	0	N/A	N/A
	Actuarial gain/(loss) on liabilities	(112.23)	32.81	N/A	N/A
	Actuarial gain/(loss) on assets	0	0	N/A	N/A
	Closing amount recognized on OCI outside P&L account	(112.23)	**32.81**	N/A	N/A
8	**The amounts to be recognized in the Balance Sheet Statement**				
	Present value of obligations	567.61	367.82	7037.51	6410.48
	Fair value of plan assets	0	0	0	0
	Net Obligations	567.61	367.82	7037.51	6410.48
	Amount not recognized due to assets limit	0	0	0	0
	Net defined benefit liability/(assets) recognized in balance sheet	**567.61**	**367.82**	**7037.51**	**6410.48**
9	**Expenses recognized in Statement of Profit & loss**				
	Service cost	64.55	62.62	72.08	67.20
	Net Interest cost	29.02	23.64	492.97	457.26
	Net actuarial (gain)/loss			1114.72	488.27
	Expenses/(Income) recognized in statement of Profit & Loss	**93.57**	**86.26**	**1679.77**	**1012.73**
10	**Change in Net Defined Obligations**				
	Opening of Net defined benefit liability	367.82	316.85	6410.48	6532.25
	Service Cost	64.55	62.62	72.08	67.20
	Net Interest Cost	29.02	23.64	492.97	457.26
	Re-measurements	112.23	(32.81)	1114.72	488.27
	Contributions paid to fund	(6.01)	(2.48)	(1052.74)	(1134.50)

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	Closing of Net defined benefit liability	567.61	367.82	7037.51	6410.48
11	**Sensitivity analysis**				
	Item	**As on 31/03/2019**	**Impact**	**As on 31/03/2019**	**Impact**
	Base liability	567.61		7037.51	
	Increase in Discount rate by 0.50%	528.76	(38.85)	6843.01	(194.50)
	Decrease in Discount rate by 0.50%	610.62	43.01	7243.90	206.39
	Increase in salary inflation by 1%	655.33	87.71	7444.68	407.17
	Decrease in salary inflation by 1%	495.31	(72.30)	6669.98	(367.53)
	Increase withdrawal rate by 0.5%	589.63	22.02	7091.41	53.90
	Decrease withdrawal rate by 0.5%	543.88	(23.73)	6980.59	(56.92)

(II) The Company is making efforts to recognize and identify the location of land along with its title deed as well as of other Property, Plant & Equipment, transferred under various Transfer Schemes for the purpose of maintaining fixed assets registers.

(III) In spite of formation of UPPTCL, two units of the company H.Q Payment and Electricity Training Institute (ETI) Unit are not fully equipped to operate the entire working of the company, so the corresponding units of UPPCL are still performing the work of UPPTCL. Therefore, the 25% of the employee cost of these units are apportioned to UPPTCL.

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

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

(VI) The receivable from Uttrakhand Power Corporation Ltd. amounting to Rs. 192.61 Crore as on 31.03.2019 (Refer Note-11) has now been mutually settled and the same has been approved by the Board of Directors of the company in their meeting held on 18th December, 2019. Accordingly, the amount of Rs. 160.58 Crore payable to Uttarakhand Power Corporation Ltd. by U.P. Power Sector Employees Trust on account of GPF contribution has been adjusted against the above receivable amounting to Rs. 192.61 Crore and the same has been accounted for by the company as receivable from U.P. Power Sector Employees Trust (Ref Note-12) and the balance amount of Rs. 32.03 Crorei.e (Rs. 192.61 Crore - Rs.160.58 Crore) has finally been written off and accounted for as Bad Debts.

(VII) The status of Bonds issued by the Company for the subsidiaries is as under:-

R.M. LALL & CO. CHARTERED ACCOUNTANTS

(Amount ₹ in Lacs)

S.No	Details of Bonds	Amount of Bonds	No. of Bonds	Date of Issue	Face Value	Rate of interest	Previous due date of interest payment	Paid/ or not	Next date of interest payment	Amount of interest payable on next date	Next due date of Principal payment	Principal Amount payable on next due date	Security	Outstanding as at 31.03.2019	Outstanding as at 31.03.2018
1	THE COMPANY Bond series III/2016-17	651000.00	65100	17-Feb-2017	10	8.97%	15-Feb-2019	Paid	15-May-2019	14238.71	15-May-2020	23250.00	[illegible]	651000.00	651000.00
2	THE COMPANY Bond series IV/2016-17	348950.00	34895	27-Mar-2017	10	8.48%	15-Mar-2019	Paid	17-Jun-2019	7458.54	15-Jun-2020	12462.50		348950.00	348950.00
3	THE COMPANY Bond series I/2017-18	449820.00	44982	05-Dec-2017	10	9.75%	21-Jan-2019	Paid	22-Apr-2019	10894.32	19-Jul-2019	13230.00		449820.00	449820.00
4	THE COMPANY Bond series II/2017-18	549100.00	54910	27-Mar-2018	10	10.15%	21-Jan-2019	Paid	22-Apr-2019	13896.24	18-Oct-2019	56150.00		549100.00	549100.00
1	U.P. Power Corporation Ltd.-2033	537682	537682	04-Jul-2016	1	9.70%	04-Jan-2019	Paid	04-Jul-2019	25863.24	04-Jan-2022	26884.10	Govt Guaranteed	537682.00	537682.00
2	U.P. Power Corporation Ltd.-2033	469998	469998	28-Sep-2016	1	9.70%	28-Mar-2019	Paid	28-Sep-2019	22962.76	28-Mar-2022	23499.90		469998.00	469998.00
3	U.P. Power Corporation Ltd.-2032	29949	29949	30-Mar-2017	1	9.70%	30-Sep-2018	Paid	01-Apr-2019	1444.58	30-Sep-2020	1243.97		29949.00	29949.00
		3036499.00	3237536							96812.98		118724.42		3036499.00	3036499.00

Payment of Principal amount is started from 19.07.2019.

PashchimanchalVidyutVitran Nigam Limited (Subsidiary Company)

I) The Company has large nos. of Stock items located at various divisions/sub-divisions/store centre etc. To establish the realizable value, as such, is practically very difficult. Same has been valued at cost. The difference of cost and realization value in overall position will be insignificant.

II) Management estimates that the provision for Bank Charges has not been made in current financial year, since the sufficient provision already exist.

(III) The Security deposit collected from the consumers on the basis of 2 month average billing. On overdue of the payment of bills raised, a notice is to be served to the consumers. The company has most of the consumers with capacity to meet their obligations and therefore the risk of default is negligible. Further, management believes that the unimpaired amounts that are passed due are still collectable. Hence, no impairment loss has been recognised during the reporting period in respect of Trade Receivables.

(IV) The following fraud/embezzlement were noticed/detected during the year as disclosed by Branch Auditor of Meerut Zone in its Audit Report are as follows:

S.NO.	Particulars	Amount (Rs. In lacs)
1	Fraud made by Mr. Raj Kumar, Lineman in EDD-IV, Meerut	4.00
2	Fraud made by Mr. Suresh Babu, TG-II in EDD, Baghpat	366.04
	Total	370.04

R.M. LALL & CO. CHARTERED ACCOUNTANTS

a. Manual Receipt Book are discontinued from FY 2019-20. Recovery had been initiated from Mr.Rajkumar Lineman, EDD-IV, Meerut.

b. In case of EDD-I, Baghpat, FIR have been lodged against Mr. Suresh Babu and departmental inquiry is in process against the officer for supervisory lapse.

(Niharika Gupta) **Company Secretary**	**(A. K. Awasthi)** **Chief General Manager& CFO**	**(Sudhir Arya)** **Director (Finance)** **DIN - 05135780**	**(M. Devraj)** **Chairman & Managing Director** **DIN - 08677754**

Place :Lucknow
Date : 06.04.2021
UDIN:- 21401216AAAAAO4019

Subject to our report of even date

For R M Lall& Co.
Chartered Accountants
FRN No. 000932C

(Vikas C Srivastava)
Partner
M. No. 401216

U.P.POWER CORPORATION LIMITED
14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.
CIN: U32201UP1999SGC024928
CONSOLIDATED FINANCIAL STATEMENT

PROPERTY, PLANT & EQUIPMENT

NOTE-2

(₹ in Lakhs)

Particulars	Gross Block				Depreciation				Net Block	
	As at 31.03.2018	Addition	Adjustment/ Deletion	As at 31.03.2019	As at 31.03.2018	Addition	Adjustment/ Deletion	As at 31.03.2019	As at 31.03.2019	As at 31.03.2018
Land & Land Rights	1072.76	0.00	0.00	1072.76	102.17	-	(45.60)	147.77	924.99	970.59
Buildings	91241.71	7577.32	0.17	98818.86	25886.68	1,846.57	0.29	27732.96	71085.90	65355.03
Plant & Pipe Lines	94.98	0.00	0.00	94.98	79.51	6.02	0.00	85.53	9.45	15.47
Other Civil Works	4075.47	0.00	0.00	4075.47	2589.21	79.92	0.00	2669.13	1406.34	1486.26
Plant & Machinery	1584053.15	552307.36	256658.80	1879701.71	142260.95	60,993.09	47757.25	155496.79	1724204.92	1441792.20
Lines, Cable Networks etc.	2376807.87	587978.10	13400.04	2951385.93	720869.81	94,740.65	8478.46	807132.00	2144253.93	1655938.06
Vehicles	1784.73	(41.04)	14.42	1729.27	1352.96	74.37	11.46	1415.87	313.40	431.77
Furniture & Fixtures	3725.05	1223.12	1.98	4946.19	1493.06	221.05	1.56	1712.55	3233.64	2231.99
Office Equipments	16312.42	1719.10	0.50	18031.02	9775.25	1,805.75	4.08	11576.92	6454.10	6537.17
Total	4079168.14	1150763.96	270075.91	4959856.20	904409.60	159767.42	56207.50	1007969.52	3951886.68	3174758.54

NOTE-2

PROPERTY, PLANT & EQUIPMENT

(₹ in Lakhs)

Particulars	Gross Block				Depreciation				Net Block	
	As at 31.03.2017	Addition	Adjustment/ Deletion	As at 31.03.2018	As at 31.03.2017	Addition	Adjustment/ Deletion	As at 31.03.2018	As at 31.03.2018	As at 31.03.2017
Land & Land Rights	1072.76	0.00	0.00	1072.76	39.89	-	0.00	39.89	1032.87	1032.87
Buildings	83119.94	8122.37	0.60	91241.71	24272.58	1,678.39	2.01	25948.96	65292.75	58847.36
Plant & Pipe Lines	94.98	0.00	0.00	94.98	73.49	6.02	0.00	79.51	15.47	21.49
Other Civil Works	4075.47	0.00	0.00	4075.47	2510.59	78.62	0.00	2589.21	1486.26	1564.88
Plant & Machinery	1381197.94	450920.53	248065.32	1584053.15	105988.44	66,794.80	30522.29	142260.95	1441792.20	1275209.50
Lines, Cable Networks etc.	2059701.50	325874.31	8767.94	2376807.87	676905.68	80,226.55	36262.42	720869.81	1655938.06	1382795.82
Vehicles	1726.07	76.22	17.56	1784.73	1255.65	107.79	10.48	1352.96	431.77	470.42
Furniture & Fixtures	3420.08	305.23	0.26	3725.05	1288.77	203.97	(0.32)	1493.06	2231.99	2131.31
Office Equipments	15244.30	1068.22	0.10	16312.42	7865.73	1,908.67	(0.85)	9775.25	6537.17	7378.57
Total	3549653.04	786366.88	256851.78	4079168.14	820200.82	151004.81	66796.03	904409.60	3174758.54	2729452.22
Previous Year	3014043.94	797040.99	261431.78	3549653.15	762207.96	132753.73	74824.44	820137.25	2729513.99	2251835.98

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Note-3

CAPITAL WORKS IN PROGRESS

(₹ in Lakhs)

Particulars	As at 01.04.2018	Additions	Deductions/ Adjustments	Capitalised During the Year	As at 31.03.2019
Capital Work in Progress	646076.23	1432690.48	(11805.33)	(1150763.95)	916197.42
Advance to Supplier/Contractor	828784.92	646311.21	(305515.57)	-	1169580.56
	1474861.15	2079001.69	(317320.90)	(1150763.95)	2085777.98

Particulars	As at 01.04.2017	Additions	Deductions/ Adjustments	Capitalised During the Year	As at 31.03.2018
Capital Work in Progress	462207.84	967341.51	2148.77	(786366.86)	645331.26
PPE Adjustment of C.W.P	744.96				744.96
Advance to Supplier/Contractor	618359.80	360671.62	(150246.49)	-	828784.93
	1081312.60	1328013.13	(148097.72)	(786366.86)	1474861.15

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Note-4

ASSETS NOT IN POSSESSION

(₹ in Lakhs)

Particulars	As At 31.03.2019	As At 31.03.2018
Lines, Cable Networks etc.	12978.10	11830.07
Total	12978.10	11830.07

Note-5

INTANGIBLE ASSETS

Particulars	As At 31.03.2019	As At 31.03.2018
Intangible Assets	287.82	96.99
Total	287.82	96.99

Note-6

FINANCIAL ASSETS - INVESTMENTS (NON-CURRENT)

(₹ in Lakhs)

Particulars	As At 31.03.2019		As At 31.03.2018	
UPPTCL-Investment in Share Capital	221333.52		221333.52	
Share Application Money	18072.31		18072.31	
Provision for Impairment	(30806.60)	208599.23	(20715.83)	218690.00
Yamuna PGCL	66.01		1.25	
Provision for Impairment	(66.01)	-	(1.25)	-
Other Investments-				
(a) 7.75% PFC Bonds	17400.00		17400.00	
(b) 7.59% HUDCO Bonds	4900.00	22300.00	4900.00	22300.00
Total		230899.23		240990.00

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Note-7

FINANCIAL ASSETS - LOANS (NON-CURRENT)

(₹ in Lakhs)

Particulars	As At 31.03.2019		As At 31.03.2018	
Capital Advances				
NPCL LOAN	568.43		568.43	
Interest Accrued and Due	10818.83		9339.21	
Provision for B/D Loan & Interest	(11387.26)	-	(9907.64)	-
Advance to Capital Suppliers/ Contractors				
Secured ad Considered Goods	14.27		14.27	
Condiered Dobtful	1.59		1.59	
	15.86		15.86	
Less Provision for Doubtful Advances	(1.59)	14.27	(1.59)	14.27
Total		**14.27**		**14.27**

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Note-8

FINANCIAL ASSETS - OTHERS (NON-CURRENT)

(₹ in Lakhs)

Particulars	As At 31.03.2019		As At 31.03.2018	
UPPTCL				
Receivable	-		70.00	
Payable	-	-	(25.67)	44.33
Advance paid to State Govt. for freehold title of Land		743.87		743.87
TDS F.Y. 2013-14		0.10		0.10
TDS F.Y. 2016-17		0.06		-
Total		744.03		788.30

Note-9

INVENTORIES

(₹ in Lakhs)

Particulars	As At 31.03.2019		As At 31.03.2018	
(a) Stores and Spares				
Stock of Materials - Capital Works	213021.56		242402.02	
Stock of Materials - O&M	128294.00	341315.56	81476.70	323878.72
(b) Others		32424.10		19325.48
B		373739.66		343204.20
Provision for Unserviceable Stores		(24700.49)		(25096.90)
Total		349039.17		318107.30

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Note-10

FINANCIAL ASSETS - TRADE RECEIVABLES (CURRENT)

(₹ in Lakhs)

Particulars	As At 31.03.2019		As At 31.03.2018	
Sundry Debtors		52297.94		52297.94
Trade Receivables outstanding from Customers on account of Sale of Power for a period exceeding six month from the date they are due for payment				
Secured & Considered goods	247288.88		253216.21	
Unsecured & considered good	5593561.25		3961890.97	
Unsecured & Considered doubtful	668965.43	6509815.56	604445.90	4819553.08
Trade Receivables outstanding from Customers on account of Sale of Power for a period Less than six month from the date they are due for payment				
Secured & considered good	36022.85		9795.03	
Unsecured & considered good	349742.44		981815.99	
Considered doubtful	31451.63	418216.92	30165.60	1021776.62
Trade Receivables outstanding from Customers on account of Eletricity Duty for a period exceeding six month from the date they are due for payment				
Secured & Considered goods	19780.86		24008.78	
Unsecured & considered good	508815.79		401855.88	
Unsecured & Considered doubtful	57668.33	586264.98	58801.56	484666.20
Trade Receivables outstanding from Customers on account of Electricity Duty for a period Less than six month from the date they are due for payment				
Secured & considered good	6065.25		662.23	
Unsecured & considered good	51570.36		47693.52	
Considered doubtful	4734.42	62370.03	2108.19	50463.94
Debtors-Sale of Power (subsidiary)				
Debtors Unbilled revenue	88131.18		242190.78	
Adjustment as per Point no. 36 of Note 18	(88131.18)	0.00	(242190.78)	0.00
Sub-Total		7629965.43		6428757.78
Allowance for Bad & Doubtful Debts		(785902.44)		(727661.48)
Total		6844062.99		5701096.30

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Note-11-A

FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS (CURRENT)

(₹ in Lakhs)

Particulars	As At 31.03.2019		As At 31.03.2018	
(a) Balance with Banks				
In Current & Other Account	549164.63		598228.99	
Dep. with original maturity upto 3 months	1179.93	550344.56	8615.6	606844.59
(b) Cash in Hand				
Cash in Hand (including Stamps in Hands)	47892		16166.57	
Cheque/Drafts in Hand	613.66		234.61	
Cash Imprest with Staff	1014.16	49519.82	1170.55	17571.73
Total		599864.38		624416.32

Note-11-B

FINANCIAL ASSETS - BANK BALANCES OTHER THAN ABOVE (CURRENT)

(₹ in Lakhs)

Particulars	As At 31.03.2019	As At 31.03.2018
Deposit with original maturity of more than 3 months but less than 12 months	52956.90	79093.98
PPE Adjustments	-	500.93
Total	52956.90	79594.91

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Note-12

FINANCIAL ASSETS - OTHERS (CURRENT)

(₹ in Lakhs)

Particulars	As At 31.03.2019		As At 31.03.2018	
Receivables (unsecured)				
Uttar Pradesh Government		115549.38		146297.34
IREDA				331.17
Uttaranchal PCL				
Receivable	1.41		19262.27	
Payable	(16.70)	(15.29)	(16.70)	19245.57
UPRVUNL				
Receivable	423.92		375.56	
Payable	(64.93)	358.99	(64.93)	310.63
UPPTCL				
Receivable	49515.72		46899.41	
Payable	(268.62)	49247.10	(268.62)	46630.79
Employees (Receivables)	24768.09		27670.80	
Provision for Doubtful receivables from Employees	(990.76)	23777.33	(924.43)	26746.37
Others	88481.57		86475.41	
Prov. For Doubtful Receivables	(13486.61)	74994.96	(15444.75)	71030.66
Theft of Fixed Assets Pending Investigation	15094.74		13549.86	
Prov. For estimated Losses	(15094.74)	-	(13549.86)	-
Total		**263912.47**		**310592.53**

Note-13

OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As At 31.03.2019		As At 31.03.2018	
Advances (Unsecured/Considered Good)				
Suppliers/Contractors	21657.78		15996.87	
Provision for Doubtful Advances	(2379.56)	19278.22	(1347.34)	14649.53
Tax Deducted at source		3558.97		3106.47
Advance Income Tax		13.28		13.28
Fringe Benefit Tax Advance Tax	52.78		52.78	
Provision	(41.03)	11.75	(41.03)	11.75
Advances recoverable in Cash or in kind of value to be received				
Unsecured Considered Good	68.15		359.88	
Unsecured Considered Doubtful	263.37		340.61	
PPE Adjustments	-		(41.73)	
Provision for Doubtful Loans & Advances	(263.37)	68.15	(340.61)	318.15
Misc. Recovery				
Unsecured Considered Good	64.85		163.27	
Unsecured Considered Doubtful	372.65		296.45	
Provision for Doubtful Loans & Advances	(372.65)	64.85	(296.45)	163.27
Income Accrued & Due		1517.80		2191.00
Income Accrued & but not Due		2158.58		7985.32
Prepaid Expenses		400.23		462.63
Inter Unit Transfers		538786.87		575639.63
Total		**565858.70**		**604541.03**

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NOTE-14

EQUITY SHARE CAPITAL

Particulars	As at 31.03.2019	As at 31.03.2018
(A) AUTHORISED :		
500000000 (Previous Year 750000000 & 600000000 respectively) Equity shares of par value of Rs. 1000/- each	12500000.00	12500000.00
(B) ISSUED SUBSCRIBED AND FULLY PAID UP		
911863632 (Previous Year 804009381) Equity shares of par value Rs. 1000/- each	9118636.32	8040093.81
(of the above shares 36113400 were allotted as fully paid up pursuant to UP Power Sector Reform Scheme for consideration other than cash) (It includes 2000 shares of 1000/- each of Promoter's Share of Discom)		
Total	9118636.32	8040093.81

a) During the year, The Company has issued 107854251 Equity Shares of Rs. 1000 each only and has not bought back any shares.
b) The Company has only one class of equity shares having a par value Rs. 1000/- per share.
c) During the year ended 31st March 2019, no dividend has been declared by board due to heavy accumulated losses.

d) Detail of Shareholders holding more than 5% share in the Company:

Shareholder's Name	As at 31.03.2019		As at 31.03.2018	
	No. of Shares	% of Holdings	No. of Shares	% of Holdings
Government of UP	911863632	100	804009381	100

e) Reconciliation of No. of Shares

No. of Shares as on 01.04.2018	Issued During the Year	Buy Back during the Year	No. of Shares as on 31.03.2019
804009381	107854251	-	911863632

NOTE-15

OTHER EQUITY

Particulars	As At 31.03.2019		As At 31.03.2018	
A. Share Application Money (Pending For Allotment)		214010.08		259075.07
B. Capital Reserve				
(i) Consumers Contributions towards Service Line and other charges	803715.98		709472.37	
(ii) Subsidies towards Cost of Capital Assets.	2470781.82		2586639.77	
(iii) PPE Adjustments	-		177.05	
(iv) APDRP Grant/Other Grants	749.68		38472.37	
(v) Restructuring Reserve	56521.64		34521.66	
(vi) Uday Grant	128844.75		658855.5	
(vii) Others	19585.12	3478009.01	19595.12	2847731.56
C. Surplus in Statement of P&L				
Opening Balance	(15775616.22)		(14230101.34)	
Add: Depreciation on expired life assets & earlier years	-		-	
Add: Operational Loss Subsidy	-		-	
Add: Profit/(Loss) for the year	(1429155.01)		(1414024.05)	
Less: Prior Period Expenditure/(Income)	0.00		25812.44	
Less: Adjustment as per Point no. 35 of Note 18	1,54,059.60	(17050711.63)	(157103.27)	(15775616.22)
Add: Provision for Impairment of Subsidiaries Reversed		8850102.43		6304794.54
Add: Provision on UPPCL Debtors Reversed		154333.70		107932.01
Add: Provision on Financial Assets-Other Current, Subsidiaries (Unsecured)		4037.00		3588.32
Total		(6350224.41)		(6452987.17)

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Note-16

FINANCIAL LIABILITIES - BORROWINGS (NON-CURRENT)

(₹ in Lakhs)

Particulars	As At 31.03.2019		As At 31.03.2018	
(A)SECURED LOANS				
TERM LOANS				
Rural Electrification Corporation Ltd.	109320.77		94837.20	
Power Finance Corporation Ltd.	0.00		112052.53	
R-APDRP(PFC)	167740.03		160174.53	
R-APDRP Part-B (PFC)	35315.18		0.00	
R-APDRP(REC)	174269.50		136421.86	
REC(Kesco)	16250.00		29000.00	
APDRP(REC)	0.00		217.79	
Sub Station Loan (REC)	2458.38		0.00	
RAPDRP SCADA Part B	35552.46		0.00	
Saubhagya (REC)	46500.00		0.00	
DDUGGY (PFC)	38501.00		0.00	
IPDS (PFC)	5600.00		0.00	
Non-Convertable Bonds	207700.29		0.00	
Rural Electrification Corporation Ltd.(Saubhagya)	10833.52		0.00	
Power Finanace Corporation Ltd. (IPDS)	28473.09		0.00	
REC (DDUGGY)	32240.00	910554.22	0.00	532704.01
(B) UNSECURED LOANS				
9.70% Uday Bonds/Bonds	1037828.99		1112986.85	
REC	588361.34		373593.94	
PFC	732230.39		314189.93	
U.P. State Industrial Development Corporation Ltd.	0.54		0.54	
Housing Development Finance Corporation Ltd.	0.07		0.07	
UP Government Loan (Others)	23293.55	2381514.88	0.00	1800771.33
(C) BONDS/ LOANS RELATE TO DISCOMS(Secured)				
9.68% Non Convertible Bonds	730299.12		1622353.78	
8.97% Rated Listed Bond	223620.00		178722.15	
10.15% Rated Listed Bonds	366098.83		205910.00	
9.75% Rated Listed Bonds	267201.76		134900.00	
8.68% /8.48% Rated Listed Bonds	131960.00	1719179.71	19210.00	2161095.93
(D) Interest free Loans (UDAY LOAN) (Unsecured)		489172.00		978344.00
(E) Loan from State Government for payment of FRP Bonds		38251.46		0.00
(E) Other than Bank				
REC	0.00		12500.00	
PFC	72306.65	72306.65	37346.51	49846.51
Total		**5610978.92**		**5522761.78**

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Note-17

FINANCIAL LIABILITIES - OTHERS (NON-CURRENT)

(₹ In Lakhs)

Particulars	As At 31.03.2019	As At 31.03.2018
Security Deposits From Consumers	305534.74	276034.42
Liability/Provision for Leave Encashment	27129.38	23884.04
Liability for Gratuity on CPF Employees	11644.77	9364.2
Provision VII Pay Commission	6178.78	9035.26
Staff related parties	2675.26	4850.62
Total	**353162.93**	**322968.54**

Note-18

FINANCIAL LIABILITIES - BORROWINGS (CURRENT)

(₹ In Lakhs)

Particulars	As At 31.03.2019		As At 31.03.2018	
Secured Loan				
Overdraft from Banks				
(Paripassu charge on Recivables on Corporation)				
Central Bank of India	53.82		1656.30	
Punjab National Bank	1106.89		2846.86	
Punjab National Bank (MID)	27933.71		30131.42	
Allahabad Bank	28.22		27842.89	
ICICI Bank	20,793.52		25828.52	
Oriental Bank of Commerce	0.00		0.02	
Bank of India	49433.90	99350.06	49,596.17	137902.18
Rural Electrification Corporation		29375.00		57500.00
NOIDA Loan		15000.00		15000.00
Total		**143725.06**		**210402.18**

Note-19

FINANCIAL LIABILITIES - TRADE PAYABLE (CURRENT)

(₹ In Lakhs)

Particulars	As At 31.03.2019		As At 31.03.2018	
Liabilitiy for Purchase of Power	2543827.38		1728554.07	
Liability for Power Purchase from Others	418.78		-	
Liabilitiy for Wheeling charges	417628.83		387879.26	
UHBVN Ltd.	32.41	2961907.40	31.14	2116464.47
Total		**2961907.40**		**2116464.47**

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Note-20

OTHER FINANACIAL LIABILITIES(CURRENT)

(₹ in Lakhs)

Particulars	As At 31.03.2019		As At 31.03.2018	
Interest accured & due on borrowings/Othr Dom. Or Rosi.		20940.90		8262.17
Current Maturity of Long Term Borrowings (Other)	31216.21		36617.02	
Current Maturity of Long Term Borrowings through UPPCL	224265.92	255482.13	182868.54	219485.56
Liability for Capital Supplies/works	929342.79		862738.75	
Liability for O&M Supplies/works	97989.82		83656.14	
PPE Adjustment of Liability For O&M Supplies/works	0.00	1027332.61	8.94	946403.83
Deposits & Retentions from Suppliers & others		505559.22		372719.87
Electricity Duty & other levies payable to govt.	704545.49		705674.73	
PPE Adjustment	-	704545.49	(42341.72)	663333.01
Deposit for Electrification works	111290.60		82647.09	
Deposit Works	3803.01	115093.61	2129.04	84776.13
Liabilties towards UPPCL CPF Trust	2882.77		1794.11	
Liabilities for Gratuity on CPF Employees	227.22		60.84	
Liability for Leave Encashment	1999.48	5109.47	1965.90	3820.85
Interest Accrued but not Due on Borrowings	78472.47		66892.82	
PPE Adjustment	-	78472.47	1.31	66894.13
Staff related Liabilities	155531.33		143980.03	
PPE Adjustment	-	155531.33	(667.69)	143312.34
Sundry Liabilities	81616.25		71176.2	
PPE Adjustment	-	81616.25	6211.56	77387.76
Liabilities for GST		46.93		0.02
Payable to UPJVNL				
Payable	8839.95		8851.30	
Receivable	(13.78)	8826.17	(13.78)	8837.52
Liabilities for Expenses		17634.42		13028.71
Liabilties towards UP Power Sector Employees Trust				
Provident Fund	66119.89		86156.79	
Provision for Interest on GPF Liabiliy	6590.92		5762.53	
Pension & Gratuity Liability	40098.35	112809.16	34330.66	126249.98
Provision VII Pay Commission		4456.21		3881.38
Interest on Security Deposits from Consumer		26639.40		43589.25
Total		**3120095.77**		**2781982.51**

Note-21

PROVISIONS (CURRENT)

(₹ in Lakhs)

Particulars	As At 31.03.2019	As At 31.03.2018
Legal & Professional Charges	0.60	1.59
Provision for Income Tax	0.13	-
Total	**0.73**	**1.59**

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Note-22

REVENUE FROM OPERATIONS (GROSS)

(₹ In Lakhs)

Particulars	For the year ended 31.03.2019		For the year ended 31.03.2018	
Supply in Bulk				
Torrent Power Ltd.		84590.13		90956.03
Unbilled amount of Sale of Power		81766.81		85087.51
Adjustment as per Point no. 36 of Note 1B		(81766.81)		(85087.51)
Large Supply Consumer				
Industrial	1123384.87		1059939.57	
Traction	39113.11		65353.85	
PPE Adjustment Traction	0.00		471.23	
Irrigation	59337.17		58660.90	
Other	0.00		3569.49	
Public Water Works	120420.35	1342255.60	132447.48	1340442.82
Small & Other Consumers				
Domestic	1753823.45		1402202.18	
Commercial	842824.28		547955.64	
Industrial Low & Medium Voltage	237107.24		230968.68	
Public Lighting	74149.12		74728.12	
STW & Pump Canals	214094.24		168503.54	
PTW & Sewage Pumping	181936.86		149570.31	
Institution	5857.27		81156.78	
Railway	0.00		8280.89	
Small Power (LMV VI)	27290.89		34284.12	
Water Work (LMV VII)	11206.86		9876.57	
Temp Connection (LMV IX)	2350.59		0.00	
Large & Heavy (HV I)	21519.99		20450.61	
Large & Heavy (HV II)	43503.95		41342.15	
Assessment against Theft	0.00		8458.76	
Regulatory Surcharge	0.00		40551.43	
Miscelloneous Charges form Consumers	263074.75		102624.64	
Energy Internally Consumed	94586.77	3573425.86	93234.31	3011999.53
Other Operating Revenue				
Extra State Consumer	2270.45	2270.45	3214.07	3214.07
Total		5002542.04		4446612.25

R.M. LALL & CO.
CHARTERED ACCOUNTANTS

U.P.POWER CORPORATION LIMITED
14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.
CIN: U32201UP1999SGC024928
CONSOLIDATED FINANCIAL STATEMENT

Note-23

OTHER INCOME

(₹ in Lakhs)

Particulars	For the year ended 31.03.2019		For the year ended 31.03.2018	
From U.P. Govt.				
RE Subsidy from Govt. of U.P.	170000.00		24000.01	
Revenue Subsidy from Govt. of U.P.	837021.00		555982.55	
Subsidy for Operational Losses	28621.54		31899.67	
Interest on UPPCL Loan written Back	0.00		5,083.60	
Subsidy Against Loan/Interest	15200.16		49738.19	
Subsidy for repayment of interest on loan	3672.39		0.00	
Cross Subsidy	273.41		856.13	
Subsidy from Govt.	2,961.40		0.00	
Additional Subsidy as per UDAY Loss	46,487.46		26,702.84	
Subsidy against UDAY/Govt. Guarance Loan	14,498.92	1119736.28	1108.40	895371.59
(a) Interest from :				
Loans to Staff	1.78		3.07	
Loans to NPCL (licencee)	1479.62		1287.36	
Fixed Deposits	11292.43		5426.55	
PPE Adjustment of Interest			-1.31	
Banks (Other than on Fixed Deposits).	804.09		966.75	
Others	3009.70		31651.43	
PPE adjustments	0.00	16587.62	500.93	39834.78
(b) Other non operating Income				
Delayed Payment Charges	188374.30		158400.66	
PPE Adjustments			(2286.09)	
Income from Contractors/Suppliers	3753.60		5666.02	
PPE Adjustments			-62.88	
Rental from Staff	102.74		75.03	
Miscellonous Income/ Receipts	3597.91		5856.63	
Excess found on Verification of Stores	1.16		6.19	
Other Recoveries from Consumers			144.27	
Sale of Scrap			224.29	
Penalty from Contractors			357.51	
Sale of Tender Forms	20.71	195850.44	19.67	168402.30
Total		**1332274.34**		**903608.67**

R.M. LALL & CO. CHARTERED ACCOUNTANTS

U.P.POWER CORPORATION LIMITED
14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.
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CONSOLIDATED FINANCIAL STATEMENT

Note-24

PURCHASE OF POWER

(₹ in Lakhs)

Particulars	For the year ended 31.03.2019		For the year ended 31.03.2018	
Transmission Charges	223156.41		199409.98	
UHBVN Ltd.	30.21		-	
PURCHASE FROM OTHERS	618.78	223805.40		199409.98
Generating Units		4884763.56		4395278.75
Surcharge		115949.05		45436.30
Unsheduled Interchange & Reactive Energy Charges		12385.89		31554.73
Inter-state Transmission & Related Charges to:		408403.77		286663.27
Sub Total		5645307.67		4958343.03
Rebate against Power Purchase		(42858.03)		(31347.84)
Total		5602449.64		4926995.19

R.M. LALL & CO.
CHARTERED ACCOUNTANTS

U.P.POWER CORPORATION LIMITED
14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.
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CONSOLIDATED FINANCIAL STATEMENT

Note-25

EMPLOYEE BENEFIT EXPENSES

(₹ in Lakhs)

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
Salaries & Allowances	170487.31	118716.71
PPE Adjustments	0.00	877.04
Dearness Alloance	15885.82	50328.34
Other Allowances	8881.79	7045.10
PPE Adjustments	0.00	141.39
Bonus/Ex.Gratia	1268.36	1079.14
Medical Expenses (Reimbursement)	4087.76	4012.88
Leave Travel Assistance	6.08	0.00
Earned Leave Encashment	26831.70	20238.28
Compensation	172.73	191.56
Staff Welfare Expenses	306.87	291.46
Pension & Gratuity	22130.80	20431.89
PPE Adjustments	0.00	1671.82
Other Comprehensive income of Gratuity	(950.49)	(701.70)
Other Terminal Benefits	5790.51	4382.39
Interest on GPF	5615.32	5975.86
Gratuity (CPF)	940.72	2567.55
Other Terminal Benefit (CPF)	1834.45	1485.10
Expenditure on Trust	80.47	80.24
Contributions to provident and other funds	274.71	223.06
PPE Adjustments	0.00	8.25
Others	81.00	125.90
Sub Total	263725.91	239172.26
Expense Capitalised	(122336.58)	(101282.73)
Total	141389.33	137889.53

R.M. LALL & CO. CHARTERED ACCOUNTANTS

U.P.POWER CORPORATION LIMITED
14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.
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CONSOLIDATED FINANCIAL STATEMENT

Note-26

FINANCE COST

Particulars	For the year ended 31.03.2019		For the year ended 31.03.2018	
(a) Interest on Loans				
Working Capital	4919.75		4076.47	
Interest expenses on Borrowings	17031.73		16226.36	
Less- Rebate of Timely Payment of Interest	-	21951.48	-	20302.83
(b) other borrowing costs				
Finance Charges/Cost of Raising Fund	5463.50		8725.07	
PPE Adjustments			162.58	
Bank Charges	588.60		504.37	
Service fees	0.01		-	
Guarantee Charges	0.34	6052.45	-	9392.02
(c)Interest on Loans				
Interest on Govt Loan		1395.73		0.00
Interest on Bonds		279299.74		197088.20
PFC		77353.49		40808.27
R-APDRP		11579.85		10958.62
REC		78312.19		50876.87
Bank Loan		606.67		1118.41
Interest on CPF		4.05		2.99
Interest to Consumers		15498.42		18682.42
Provision of Int. on ED/Licence Fee/GPF		928.83		13558.13
PPE Adjustments		-		(12543.59)
Interest on Secured Loan		18304.69		20590.81
Sub Total		511287.59		370835.98
Interest Capitalised		(49658.88)		(40954.18)
PPE Adjustments				(771.19)
Total		461628.71		329110.61

R.M. LALL & CO. CHARTERED ACCOUNTANTS

U.P.POWER CORPORATION LIMITED
14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.
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CONSOLIDATED FINANCIAL STATEMENT

Note-27

DEPRECIATION AND AMORTIZATION EXPENSE

(₹ in Lakhs)

Particulars	For the year ended 31.03.2019		For the year ended 31.03.2018	
Depreciation on -				
Buildings	1830.44		1653.67	
Hydraulic Work	0.00		1.01	
Other Civil Works	102.07		105.64	
Plant & Machinary	91316.93		92785.82	
Lines Cables Networks etc.	64416.81		55009.25	
Vehicles	74.37		107.76	
Furnitures & Fixtures	221.05		204.51	
Office Equipments	1805.75		1858.97	
Intangible Assets	33.37		17.12	
PPE Adjustments	-	159800.79	52.87	151796.62
Equivalent amount of dep. on assets aquired out of the consumer's contribution & GoUP subsidy		(47385.98)		(41890.28)
Capital Expenditure Assets not portains to Corporation/Nigam		548.19		432.93
Total		**112963.00**		**110339.27**

R.M. LALL & CO.
CHARTERED ACCOUNTANTS

U.P.POWER CORPORATION LIMITED
14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.
CIN: U32201UP1999SGC024928
CONSOLIDATED FINANCIAL STATEMENT

Note-28

ADMINISTRATIVE, GENERAL & OTHER EXPENSES

(₹ In Lakhs)

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
Interest Expense on Electricity duty	6438.20	5629.74
Rent	399.70	297.13
Rates & Taxes	403.36	391.90
Insurance	435.30	267.47
Communication Charges	2332.18	1863.52
Legal Charges	2820.99	2172.70
PPE Adjustments		0.35
Auditors Remuneration & Expenses	280.68	257.95
Consultancy Charges	31588.46	9715.03
Licence Fees	4020.10	1019.82
Technical Fees & Professional Charges	3497.59	624.96
Travelling & Conveyance	3235.31	2625.64
Printing & Stationery	1834.86	1702.30
Advertisement Expenses	1532.26	1408.81
PPE Adjustment of Advertisement expenses	-	0.42
Electricity Charges	71271.28	74911.01
Water Charges	12.29	6.58
Entertainment	12.91	24.68
Expenditure on Trust	128.35	69.44
Miscellaenous Expenses	12891.89	9770.21
PPE Adjustment of Miscellaneous Expenses	-	880.47
Expenses incurred for Revenue Realisation	7561.34	2528.90
Compensation	749.89	608.48
Compensation(Other than Staff)	2673.47	1934.59
Vehicle Expenses	219.30	655.92
Fees & Subscription	1352.12	901.28
Online, Spot Billing & Camp Charges	15590.48	5923.25
PPE Adjustments		6.70
Security charges	1495.67	1347.63
Rebate to consumer	1619.01	1419.08
Payment to Contractual Persons	12108.40	9168.39
Honrariams	84.37	64.13
Professional Charges	93.93	250.76
Interest on Late payment of TDS/VAT	-	2.30
Revenue Expenses	10356.87	10427.43
Sub Total	**197040.56**	**148898.97**
Expense Capitalised	**0**	**0**
Total	**197040.56**	**148898.97**

R.M. LALL & CO. CHARTERED ACCOUNTANTS

U.P.POWER CORPORATION LIMITED
14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.
CIN: U32201UP1999SGC024928
CONSOLIDATED FINANCIAL STATEMENT

Note-29

REPAIRS AND MAINTENANCE

(₹ in Lakhs)

Particulars	For the year ended 31.03.2019		For the year ended 31.03.2018	
Plant & Machinery	88540.17		117809.65	
Buildings	9158.10		9804.04	
Other Civil Works	286.89		274.90	
Lines, Cables Networks etc.	125363.96		113246.73	
Vehicles - Expenditure	18966.41		2378.38	
Less: Transferred to different Capital & O&M Works/ Administrative Exp.	(18966.41)	223355.12	(2304.52)	241209.18
Furnitures & Fixtures	20.84		69.16	
Office Equipments	1710.90		807.95	
PPE adjustments			1.46	
Payment to Contractual Persons	9574.65		8632.76	
Transferred to different Capital & O&M Works/ Administrative Exp.	(9574.65)	1,731.74	(8632.78)	878.57
Total		2,25,086.86		2,42,087.75

Note-30

BAD DEBTS & PROVISIONS

(₹ in Lakhs)

Particulars	For the year ended 31.03.2019		For the year ended 31.03.2018	
Bad Debts written off-Others		3203.67		0
PROVISIONS				
Doubtful Debts (Sale of Power)		106552.82		50543.06
Doubtful Loans and Advances		536.04		
Other Current Assets	569.79		28.94	
Financial Assets Others (Non Current)	0.00		(16.84)	
Loans (Non Current)	1479.62		(2940.61)	
Short Term	38.47	2087.88	60.41	(2868.10)
Provision (Other)/Loss in Land acquisition process		(396.42)		1166.54
Doubtful Other Current Assets (Receivables)	301.12		329.08	
Doubtful Financial Assets (Others)	(1860.41)		(278.07)	
Provision For Impairment of Assets	756577.00		0.00	
Loss of Materials	-253.91		-	
Impairment in Investments	-		8,18,782.30	
Advances to Supplier/Contrator	-1.95		2.22	
Provision for Theft of Fixed Assets/Estimated Losses(Fixed Assets)	1544.88	756306.73	527.73	819413.26
		868290.72		868254.76

R.M. LALL & CO. CHARTERED ACCOUNTANTS

U.P.POWER CORPORATION LIMITED
14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.
CIN: U32201UP1999SGC024928
CONSOLIDATED FINANCIAL STATEMENT

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED ON 31st MARCH 2019

(₹ in Lakhs)

		PARTICULARS	2018-19	2017-18
A		CASH FLOW FROM OPERATING ACTIVITIES		
		Net Loss Before Taxation & Extraordinary items	(1275095.39)	(1414024.05)
		Adjustment For:		
	a	Depreciation and Amortization Expenses	124027.16	120362.23
	b	Finance Cost	475649.60	344484.94
	c	Bad Debts & Provision	849529.78	848296.34
	d	Interest Income (Other Income)	(16285.99)	(11135.81)
	e	Other Comprehensive Income	112.23	(190.43)
		Sub Total	1433032.78	1301817.27
		Operating Profit Before Working Capital Change	3877.79	(27115.27)
		Adjustment for:		
	a	Inventories	(30931.87)	(68108.81)
	b	Financial Assets - Trade Receivable (Current)	(2111708.66)	(993871.41)
	c	Other Current Assets	(50187.88)	(166419.07)
	d	Financial Assets - Others(Current)	(850327.64)	(133643.11)
	e	Financial Assets - Bank Balance other than Financial Assets - Cash and Cash Equivalent (Current)	26838.01	(27782.60)
	f	Other Financial Liabilities (Current)	292161.43	385688.67
	g	Financial Liabilities - Borrowings(Current)	44101.18	359634.70
	h	Fiancial Liabilities - Trade Payable (Current)	1927435.26	(333449.48)
	i	Provisions (Current)	0.00	0.00
	j	CFS Adjustment	(154059.60)	85087.51
		Sub Total	(752828.96)	(977951.11)
		NET CASH FROM OPERATING ACTIVITIES (A)	(748952.17)	(1005070.38)
B		CASH FLOW FROM INVESTING ACTIVITIES		
	a	Decrease (Increase) in Property,Plant And Equipment	(908308.09)	(595535.30)
	b	Decrease (Increase) in Work in Progress	(596806.82)	(251106.35)
	c	(Increase)/Decrease in Financial Assets - Investments (Non-Current)	(919023.11)	(923099.47)
	d	Decrease/(Increase) in Fiancial Assets - Others(Non-Current)	1007579.87	(1503519.67)
	e	Decrease/(Increase) in Other Non-Current Assets - Assets Not in Possession	0.00	0.00
	f	Decrease/(Increase) in Intangible assets	(224.20)	(80.85)
	g	Decrease/(Increase) in Financial Assets - Loans(Non-Current)	0.00	0.00
	h	Interest Incomes (Other Income)	16285.99	11135.82
		NET CASH GENERATED FROM INVESTING ACTIVITIES (B)	(1400648.36)	(3357205.77)
C		CASH FLOW FROM FINANCING ACTIVITIES		
	a	Proceeds from Fianacial Liabilities - Borrowings(Non - Current)	5823.49	2925250.91
	b	Proceeds from Share Capital	3229105.24	1027208.02
	c	Proceed from Other Equity	(857203.94)	687699.99
	d	Financial liabilities - Others(Non-Current)	23171.40	30281.21
	e	Finance Cost	(475649.60)	(344484.94)
		NET CASH GENERATED FROM FINANCING ACTIVITIES (C)	2125646.55	4325835.18
		NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	-24561.94	-31340.96
		CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	624416.32	655757.28
		CASH & CASH EQUIVALENTS AT THE END OF THE YEAR (Refer Note No. 11-A)	599864.38	624416.32

Notes to the Consolidated Statement of Cash Flow

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

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

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

N. harika

(Niharika Gupta)
Company Secretary

(A.K.Awasthi)
Chief General Manager & CFO

(Sudhir Arya)
Director (Finance)
DIN- 05131780

(M.Devaraj)
Chairman & Managing Director
DIN-08677754

Place: Lucknow
Date: 06.04.2021
UDIN:- 21401216AAAAAO4019

Subject to our report of even date

For R.M. Lall & Co.
Chartered Accountants
FRN No. 000932C

R.M. LALL & CO. CHARTERED ACCOUNTANTS

(Vikas C Srivastava)
Partner
M. No. 401216

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 2019

Part A:- Subsidiaries

1. Sl. No.	1	2	3	4	5	6
2. Name of the subsidiary	MVVNL, Lucknow	PurVVNL, Varanasi	PVVNL, Meerut	DVVNL, Agra	KESCo, Kanpur	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	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
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
6. Share capital	1255330.16	1599079.91	1439778.14	1688100.00	165583.48	221.63
7. Reserves and surplus	(799235.84)	(1204763.81)	(946039.88)	(1635692.76)	(198004.50)	(160.72)
8. Total assets	3675717.04	4576135.68	2805003.00	3317254.08	447545.62	61.64
9. Total Liabilities	3219622.72	4181819.58	2311264.74	3264846.84	479966.64	0.73
10. Investments	-	-	-	-	-	-
11. Turnover	1002968.47	1103693.01	1633476.50	1017459.74	244994.31	-
12. Profit/(Loss) before taxation	(74648.22)	(98761.34)	(129049.55)	(256716.23)	(44964.13)	0.38
13. Provision for taxation	-	-	-	-	-	0.13
14. Profit/(Loss) after taxation	(74648.22)	(98761.34)	(129049.55)	(256716.23)	(44964.13)	0.25
15. Proposed Dividend	-	-	-	-	-	-
16. Extent of shareholding (in percentage)	100%	100%	100%	100%	100%	100%

Note:- Southern UP Power Transmission Corporation Ltd. has not commence its operations and under the process of closure.

R.M. LALL & CO. CHARTERED ACCOUNTANTS

U.P.POWER CORPORATION LIMITED
14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.
CIN: U32201UP1999SGC024928
CONSOLIDATED 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 2019

Part B:- Associates and Joint Ventures

(₹ in Lakhs)

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

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R.M. LALL & CO. CHARTERED ACCOUNTANTS

R.M. LALL & CO.
CHARTERED ACCOUNTANTS

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4/10, Vishal Khand, Gomti Nagar,
Lucknow-226 010, INDIA

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website: www.rmlallco.org

INDEPENDENT AUDITOR'S REPORT

To,
The Members,
Uttar Pradesh Power Corporation Limited,
Shakti Bhawan,
Lucknow.

Report on Consolidated Financial Statements

Qualified Opinion:

We have audited the accompanying consolidated financial statements of Uttar Pradesh Power Corporation Limited (hereinafter referred to as the "Holding Company"), and its six subsidiaries, namely Madhyanchal Vidyut Vitran Nigam Limited, Lucknow, (MVVNL), Purvanchal Vidyut Vitran Nigam Limited, Varanasi, (PuVVNL), Paschimanchal Vidyut Vitran Nigam Limited, Meerut, (PVVNL), Dakshinanchal Vidyut Vitran Nigam Limited, Agra, (DVVNL), Kanpur Electricity Supply Company Limited, Kanpur, (KESCO) and Southern UP Power Transmission Company Limited (SUPPTCL) (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31st March, 2019, 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 notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements")

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the "Basis for Qualified Opinion" paragraph of our report, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India.

a) In the case of consolidated balance sheet, of the state of affairs (Financial Position) of the Group as at March 31, 2019.
b) In the case of consolidated statement of Profit and Loss, of the consolidated net loss (financial performance including other comprehensive income) of the Group for the year ended on that date;
c) In the case of consolidated cash flows and changes in equity of the Group for the year ended on that date.

Basis for Qualified Opinion:

We draw attention to the matters described in "Basis for Qualified Opinion" paragraph of the audit report on standalone financial statements of Holding company, audited by us and the subsidiaries namely MVVNL, PuVVNL, PVVNL, DVVNL, KESCO and SUPPTCL audited by other auditors. These matters in so far, as it relates to the amounts and disclosures included in respect of Holding and its Subsidiaries, are included in *'Annexure-1'*, which forms an integral part of our report, the effects of which are not ascertainable individually or in aggregate on the consolidated financial statements that constituted the basis for modifying our opinion. Our opinion on the consolidated financial statements, is qualified in respect of the matters referred to in *'Annexure-1'* to this report, to the extent applicable.

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We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the consolidated financial statements.

Key Audit Matters:

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters except for the matters described in "Basis for Qualified Opinion" section. We have determined that there are no other key audit matters to communicate in our report.

Information other than the consolidated financial statements and Auditor's Report thereon:

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditor's report thereon. The above Report is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the above identified reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions necessitated by the circumstances and the applicable laws and regulations.

Management's responsibility for the consolidated financial statements:

The Holding company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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 financial statements by the

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Directors of the Holding Company, as aforesaid. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the consolidated financial statements:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial

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statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that individually or in aggregate makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstance, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters:

a. We did not audit the financial statements / financial information of subsidiaries namely MVVNL, PuVVNL, PVVNL, DVVNL, KESCO and SUPPTCL, whose financial statements / financial information reflect the Group's share of total assets, as detailed below, and the net assets as at 31st March, 2019, total revenues and net cash flows for the year ended on that date, and also include the Group's share of net loss for the year ended 31st March, 2019, as considered in the consolidated financial statements in respect of these subsidiaries, whose financial statements / financial information have been audited by other auditors and whose reports have been furnished to us by the Management . Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, 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, is based solely on the reports of the other auditors.

(Rs. in Lakhs)

Name of the Companies	Total Assets as at 31.03.2019	Net Assets i.e., Total Assets minus Total Liabilities as at 31.03.2019	Total Net Profit/ (Loss) as at 31.03.2019	Net Cash in Flows/ (outflows) as at 31.03.2019
Subsidiaries:				
Madhyanchal Vidyut Vitran Nigam Limited, Lucknow, (MVVNL)	36,75,717.04	2,68,723.30	(74,648.22)	(14,532.26)
Purvanchal Vidyut Vitran Nigam Limited, Varanasi, (PuVVNL)	45,76,135.68	(67,500.19)	(98,761.34)	17,776.01
Paschimanchal Vidyut Vitran Nigam Limited, Meerut, (PVVNL)	28,05,003.00	(1,54,735.00)	(1,29,049.55)	(27,474.57)
Dakshinanchal Vidyut Vitran Nigam Limited, Agra, (DVVNL)	33,17,254.08	(9,53,302.39)	(2,56,716.23)	(30,142.64)

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Kanpur Electricity Supply Company Limited, Kanpur. (KESCO)	4,47,545.62	(1,61,581.15)	(44,964.13)	15,143.21
Southern UP Power Transmission Company Limited (SUPPTCL)	61.64	60.91	0.26	43.88
Total	**1,48,21,717.06**	**(10,68,334.52)**	**(6,04,139.21)**	**(39,186.37)**
CFS Adjustment	-	**(8,81,31.18)**	**1,54,059.60**	-
Grand Total	**1,48,21,717.06**	**(11,56,465.70)**	**(4,50,079.61)**	**(39,186.37)**

b. One subsidiary company namely, Sonbhadra Power Generation Company Limited and one associate company namely, Yamuna Power Generation Company Limited has been dissolved w.e.f. 27th March, 2019 and 25th March, 2019 respectively and their names have been struck off by the ROC-Kanpur. Hence, the financial statements of these companies have not been incorporated in the Consolidated Financial Statements (Refer *Para 29 and 30 of Note 1(B) "Notes on Accounts"*).

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters 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 Management.

Report on Other Legal and Regulatory Requirements:

I. As required by section 143(3) of the Act, based on our audit on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph to the extent applicable, we report that:

a. Except for the matters described in the "Basis for Qualified Opinion" paragraph, 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 financial statements.

b. In our opinion and except for the matters described in the "Basis for Qualified Opinion" paragraph of our report, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the company 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 Cash Flow Statement and the Consolidated Statement of Changes 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 financial statements.

d. Except for the matters described in the "Basis for Qualified Opinion" paragraph, in our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued there under.

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 Act, regarding disqualification of the directors are not applicable to the Company.

f. With respect to the adequacy of the internal financial controls system over financial reporting and the operating effectiveness of such controls, refer to our separate report in *"Annexure-II"*, which is based on the auditors' report of the holding company and its subsidiary companies incorporated in India. Our report expresses a qualified opinion on

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the adequacy and operating effectiveness of the internal financial controls over financial reporting of those companies, for reasons stated therein.

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, as amended in our opinion and to the best of our information and according to the explanations given to us:

    i. Except for the effects of the matters described in the "Basis of Qualified Opinion" paragraph, the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;

    ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

    iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For R.M. LALL & CO.,
Chartered Accountants
(FRN: 000932C)

R.M. LALL & CO. CHARTERED ACCOUNTANTS

(CA Vikas C Srivastava)
Partner
M. No.: 401216
UDIN: 21401216AAAAAO4019

Place: Lucknow
Date: 6th April, 2021

Annexure I to Independent Auditors Report

(As referred to in "Basis of Qualified Opinion" paragraph of our audit report of even date to the members of U.P. Power Corporation Limited on the Consolidated Financial Statements of the Company for the year ended 31st March, 2019)

Based on our audit on the consideration of our report of the Holding Company and the report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph to the extent applicable, we report that:

I. The Company has not complied with the following Ind AS notified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended):

a. *Trade Receivable (Note-10), Financial Assets-Other (Note-12), Other Current Assets (Note-13), Trade payable (Current) (Note-19) and Other Financial Liabilities (Note-20)* have been classified as current assets/liabilities include balances which are outstanding for realisation/settlement since previous financial years and in the absence of adequate information/explanations regarding the realisability/settlement of such amounts within twelve months after the year end, reasons for not classifying them as non-current assets/liabilities ***is inconsistent with Ind AS-1 "Presentation of Financial Statements"***. This has resulted in over statement of respective current assets/liabilities and understatement of the corresponding non-current assets/liabilities.

b. Recognition of Insurance and other claims, refunds of Custom duty, Interest on Income Tax & trade tax, license fees, interest on loans to staff and other items of income covered by *Significant Accounting Policy no. 2 (c) of Note-1(A)* has been done on cash basis. ***This is not in accordance with the provisions of Ind AS-1 "Presentation of Financial Statements".***

c. Accounting for Employee Benefits: Actuarial Valuation of gratuity liability of the employees covered under GPF scheme has not been obtained. ***(Refer Para 14 Note – 1(B) "Notes on Accounts"). This is inconsistent with Ind AS-19 "Employee Benefits".***

d. Inventory which includes stores and spares for capital works, operation and maintenance and others is valued at cost ***(Refer accounting policy no. 3(VII)(a) of Note-1(A)).*** Valuation of stores and spares for O & M and others ***is not consistent with Ind AS-2 "Inventories" i.e., valuation at*** lower of cost and net realizable value. Further, the stores and spares for capital work should be classified as part of Property, Plant and Equipment and recognised, measured and disclosed in accordance with ***Ind AS-16 "Property, Plant and Equipment".***

e. As per the opinion drawn by the auditors of KESCO, according to ***Ind AS-16 "Property, Plant and Equipment"***, the carrying amount of an item of property, plant and equipment shall be derecognized on disposal or when no future economic benefits are expected from its use or disposal. There may be property, plant & equipment from which no future economic benefits are expected and the same have not been derecognized. The company has a prevalent practice of derecognizing property plant & equipment as and when it is sold as scrap which is in violation to Ind AS 16. The impact of the above is not ascertainable.

f. "Inventories" includes obsolete stock, valued at cost, which is inconsistent ***with Ind AS-2 "Inventories"*** i.e., it should be valued at its Net Realisable Value.

g. Additions during the year in Property, Plant and Equipment include employee cost at a fixed percentage of the cost of each addition to Property, Plant and Equipment in accordance with *Note-1(A) Significant Accounting Policy Para (3)(II)(e)*. Such employee cost to the extent

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not directly attributable to the acquisition and/or installation of Property, Plant and Equipment ***is inconsistent with Ind AS-16 "Property, Plant and Equipment"***. This has resulted in overstatement of fixed assets and depreciation and understatement of employee cost and loss.

h. The auditors of the subsidiaries reported that depreciation on fixed assets have not been provided on pro-rata basis which is ***inconsistent with Schedule – II of the Companies Act, 2013 and Ind AS-16 "Property, Plant and Equipment"*** to the extent applicable.

i. Assessment of the Impairment of Assets has not been done by the company, ***which is inconsistent with Ind AS-36 "Impairment of Assets"***.

j. Right to use an asset is classified as tangible asset instead of Intangible asset by PVVNL and distribution license taken by DVVNL is not yet recognised at all by the company which ***is inconsistent with Ind AS-38 "Intangible assets"***. This has resulted in understatement of Intangible assets and amortisation expenses.

k. The *Financial Assets- Trade Receivables (Note-10), Advances to Suppliers/Contractors (O&M) (Note- 13), Employees (Receivables) (Note-12) and Loans (Note-7)* have not been measured at fair value as required by ***Ind AS-109 "Financial Instruments" (Refer Para 8 of Note-1(B) "Notes on Accounts")*** and proper disclosures as required in ***Ind AS-107 "Financial Instruments: Disclosures"*** have not been done for the same.

l. The Borrowing Cost allocated to CWIP amounting to Rs. 13,469.00 lacs by PVVNL is not in accordance with ***Ind AS-12 "Borrowing Cost"*** as there is no system of identification of qualifying assets and interrupted projects.

m. PVVNL has not made any disclosure with respect to nature of contingent liabilities and estimate of its financial effects which is not in compliance with disclosure requirement of ***Ind AS-37 "Provisions, Contingent Liabilities and Contingent Assets"***.

n. As per the opinion drawn by the auditors of KESCO, according to ***Ind AS-10 'Events after the reporting period'***, an entity shall adjust the amounts recognized in its Ind AS financial statements to reflect adjusting events after the reporting period. In this regard the company has not adjusted the liability of pending litigations as at 31st March, 2019 which have been settled till the date of approval of Ind AS financial statements by the Board of Directors. Also, no details were made available for verification. The impact of the above is not ascertainable.

o. As per the opinion drawn by the auditors of PVVNL, License Fees is not accounted for on accrual basis. License Fees is paid as and when the demand is raised by UPERC and no provision is made for the amount due, which is not in adherence to the provisions of ***Ind AS-37 "Provisions, Contingent Liabilities and Contingent Assets"***. Accordingly, the impact of non-compliance of the above IND AS on the financial statements is not ascertainable.

p. As per the opinion drawn by the auditors of PVVNL, ***IND AS-20 Accounting for Government*** grants is done on the basis of advice from Uttar Pradesh Power Corporation Ltd., the holding company, which is not in accordance with accrual system of accounting as required by Indian GAAP and also not in consonance with the IND AS 20. Impact of non-compliance of the above IND AS on the financial statements is not ascertainable. (Refer to 2(X) of 'Significant Accounting Policies' to the Financial Statements.

2. Inter unit transactions amounting Rs. 5,38,786.87 lacs, are subject to reconciliation and consequential adjustments. *(Refer Note-13)*

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3. *Loans (Note-7), Financial Assets - Other (Note-8), Trade Receivables Others (Note10), Financial Assets-Others - Employees, Others (Note-12), Other Current Assets - Suppliers & Contractors (Note-13), Financial Liability-Trade Payables (Note-19), Other Financial Liabilities - Liability for Capital/O&M Suppliers/Works, Deposits from Suppliers (Note-20)* are subject to confirmation/reconciliation.

4. Documentary evidence in respect of ownership/title of land and land rights, building was not made available to us and hence ownership as well as accuracy of balances could not be verified. Additionally, the identity and location of Property, Plant and Equipment transferred under the various transfer schemes has also not been identified *(Refer Para 6(a) of Note – 1(B) "Notes on Account")*.

5. It was observed that the maintenance of party-wise subsidiary ledgers and its reconciliation with primary books of accounts i.e., cash books and sectional journal are not proper and effective.

6. Employees benefit expenses aggregating Rs. 1,41,389.33 Lacs *(Refer Note-25 Employees benefit expenses)* is net off by Rs. 2095.60 Lacs have been determined and claimed from U.P. Power Transmission Corporation Limited (UPPTCL). However, no documentary evidence confirming agreement of this arrangement between Company and UPPTCL was available on records. Liability towards Goods and Service tax in respect of this amount claimed from UPPTCL has not been recognised and measured.

7. Sufficient and appropriate documentary audit evidences in respect of Contingent liabilities disclosed in *Para 18(b) of Note – 1(B) "Notes on Accounts"* were not provided to us.

8. Revenue earned from the sale of power through Indian Energy Exchange Limited, India has not been recognised separately in the statement of Profit and Loss, but has been reduced from the cost of purchase of power aggregating Rs. 53,78,644.24 Lacs *(Refer Note-24 Purchase of Power)*. Additionally, details of aggregate units sold during the year and revenue earned from such sale was not made available to us.

9. The Company has not classified trade payable outstanding from Micro and Small enterprises as required by Schedule - III of the Companies Act, 2013. Further, in the absence of adequate information, we are unable to confirm compliance with Section 22 of MSMED Act, 2006 regarding disclosures on principle amount and interest paid and/or payable to such enterprises *(Refer Para 15 of Note – 1(B) "Notes on Accounts")*.

10. The company has not maintained proper records showing full particulars including quantitative details and situation of fixed assets. Further, the physical verification of the fixed assets has not been carried out. Hence, we are unable to comment whether any material discrepancy exists or not.

11. Maintenance of records in respect to inventories is not satisfactory. The details of inventories were not provided for verification by the respective zones of Holding Company and its Subsidiaries.

12. Records for inventories lying with the third parties are not being maintained properly at Zonal Offices of the Holding Company and its Subsidiaries.

13. Aggregate amount of market value of quoted investment *(Refer Note-6)* has not been disclosed as required in Division II of Schedule III of Companies Act, 2013.

14. The branch auditor has expressed the audit opinion on the Trial Balances as at 31st March, 2019 of the Zonal Accounts Office (Material Management) and these have been considered for the preparation of the financial statement of the company. As per existing practices, financial statement of the branch has not been prepared.

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15. **Audit observations In Branch Audit report of MM Zone excluding those which have been appropriately dealt with elsewhere in the report.**

a. There is no mechanism to cross-verify that the total power purchased during the year has been accounted for in the books of accounts. There is no practice to account energy purchases based on accrual but is based on actual receipt of bills from energy suppliers through funds division of UPPCL. There is no process of reconciliation of quantitative power purchase accounted for in the books with the power purchase as per REA of NPRC/ Energy account. Further, there is no process of periodic reconciliation from the power supplier/other agencies. At the initiative of auditor, balance confirmation letters were sent to all the parties and major differences/deficiencies were noticed in cases where letters/statements were reverted from some of the parties. Appropriate action for reconciliation of differences and its rectification was not done. The quantification of the effect on power purchase/sale and position of sundry payables/receivables is not possible.
In previous audit reports also, major differences were noticed in the balance confirmation received from parties, but no action was taken for reconciliation of the same.

b. **Claim of differential rate of power purchase**

It was noticed that vide letter no. 742/CE/PPA dt. 08/09/2017, for all co-generation power suppliers, maximum rate for power purchase was restricted at Rs. 5.56. There are several cases where rates approved as per UPERC regulations were higher than Rs. 5.56. During the year 2018-2019, vide Board Approval Dated 06.08.2018, the payment was to be made in accordance of rates approved in PPA. It was noticed that in the following cases, provision for differential rate was not done for the intervening period:

Name of Supplier	Rate Approved in PPA	Rate at which payment Made	No. of Units purchased	Amount
M/s Rana Power Limited-Bilari	6.09	5.56	53091495 Kwh	28138492.00
M/s Superior Food Grain (P) Limited	6.09	5.56	67584155 Kwh	35819602.00
M/s Kesar Enterprises Limited, Baheri	5.75	5.56	7967582 Kwh	1513841.00
M/s Usher Eco Power Limited	6.54	5.56	1495076 Kwh	1465174.00
M/s DSM Rajpura, Sambhal	5.94	5.56	19477106 Kwh	7401304.00
M/s Triveni Engg & Industries Ltd, Sabitagarh	5.75	5.56	1589398 Kwh	301986.00
M/s Govind Sugar Mill	5.95	5.56	24120847 Kwh	9407131.00
				84047530.00
2018-19				
Yadu Sugar Mill, Bisauli	5.66	5.56	15259444 Kwh	1525944.36
Kesar Enterprises Ltd.	5.86	5.56	51288381 Kwh	15386514.40
Dhampur Sugar Mill. (Sambhal)	6.04	5.56	47552938 Kwh	22825410.24
Govind Sugar Mill	6.07	5.56	42014711 Kwh	21427502.61
Seksariva Biswan	6.11	5.56	11261192 Kwh	6193655.60
				67359027.21

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Consent Letter was obtained in some cases for supply @ Rs. 5.56 per unit but in some cases like M/s Kesar Enterprises Limited, consent was conditional consent.

The above observation resulted in understatement of power purchase during the year by at least Rs. 15.14 Crores which ultimately affects the financial statements and profitability of DISCOMs.

c. Generation based Incentives (GBI) receivable from IREDA amounting to Rs. 639.43 lacs and a sum of Rs. 3779.75 lacs from NEDA are subject to confirmation and reconciliation and consequential adjustment.

d. **Contingent liability not provided for / not reported as such:**

As per UPERC CERC website, various orders regarding purchase of power were passed during the year 2018-2019 and thereafter but correct position of order passed were not available with the concerned unit/zone. It cannot be ascertained that whether the financial effect of the orders passed during 2018-2019 and thereafter has been incorporated in the financial statements as established liability/contingent liability.

It seems that appropriate control over the cases/appeals pending at various level is not there. The correct position of various cases should be ascertained and appropriately accounted for. The unit is just going by the so-called cut-off date by which if they get claims from the power generators, they go for recording otherwise not.

Details have been demanded of legal claims / other matters at any other forum outstanding at various units to arrive at the correct position of contingent / established liability. As per list provided by units/ zone, legal cases are pending at 5 units (330, 327, 645, 646 & 973). List of cases pending at various levels was provided by unit/ zone but in some cases, their present status and the position of contingent liability / established liability was not provided and the financial impact of the same were not disclosed in the contingent liabilities.

In ESPC, Mahanagar (0327), several cases were pending at various levels, but the updated position of the cases were not made available to us. In absence of updated position of cases correct contingent liabilities cannot be quantified.

16. **Audit observations in Audit Report of the Subsidiaries Companies excluding those which have been appropriately dealt elsewhere in the report are reproduced below-**
(Notes referred to in the following sub paras form part of the notes on accounts to the standalone financial statements of the respective subsidiaries)

DVVNL

a. The DVVNL has received Depreciation on Land & Land rights in earlier years through gazette notification amounting to Rs. 39.81 lacs. No Depreciation is chargeable on Land & Land Rights hence the company is required to reverse the Depreciation on same and treat it as a Prior Period adjustment in Financial Statements.

b. The Block of assets of the company i.e., Note - 02 Property Plant and Equipment includes an amount of Rs. 4,536.00 lacs as "Assets not pertaining to DVVNL". As per expert advisory opinion issued by ICAI and Published in 2012 Opinion 1 "Treatment of capital expenditure on assets not owned by the company" the company cannot capitalize "The capital expenditure on strengthening of power transmission system not owned by the company " and should be expensed by way of charge to the profit and loss account of the period in which these are incurred. As there is no contradiction in IND AS comparing it with AS and paragraphs 49 and 88 of the 'Framework for the Preparation and Presentation of Financial Statements', issued by the Institute of Chartered Accountants of India on the basis which are considered by Expert Advisory committee while forming

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their opinion. Hence Capital expenditure on assets not owned by the company appearing in the schedule of Property Plant and Equipment at its written down value, being an error should be rectified and disclosed as a 'Prior Period Item' as per IND AS - 8. Hence Property Plant and Equipment are overstated by Rs.4,536.00 lacs and accumulated losses are understated by Rs. 4,536.00 lacs.

c. The CWIP includes an amount of Rs. 881.35 lacs in AO Headquarter account under AG Head 14.8 which is persisting since long for which no capitalization is made. As per management no reconciliation for the same is available. We recommend the management to reconcile the above at earliest, so that necessary adjustment can be made.

d. While scrutinizing the Zonal Trial balance of Aligarh Zone it was observed that an amount of Rs. 24.79 lacs is persisting since long in AG Head 14.73R (Ram Manohar Lohia) which is a serious anomaly as it is not capitalized yet and needs to be followed up immediately.

e. AG Head 22.780 "Transformers Sent for repairs" and AG Head 22.791 "LED" is reflecting Credit balances amounting to Rs. 272.81 lacs and Rs. 31.62 lacs respectively. As explained by the management no profit or loss is booked on sale/transfer of such items hence they are reflecting such abnormal balances.

f. Further we have observed that Zonal Trial of Kanpur zone and Jhansi Zone are reflecting a credit balance in AG 22.770 "Scrap Material" amounting Rs. 55.98 lacs and Rs. 1,790.05 lacs which is impracticable as Stock value cannot be negative. Thus, the Stock value has been understated by Rs.1,846.03 lacs by the company.

g. During the verification a shortage of Rs. 19.14 lacs was observed. The Company has raised advances against 9 Junior Engineers and 9 Assistant store keepers for the same which would be recovered from the salaries in year 2019-20.

h. During the audit it was observed that DVVNL Agra is having TDS demand reflecting over TRACES portal amounting to Rs.23.97 lacs for which neither provision has been made, nor the disclosure is proper since the liability of current year is only disclosed under contingent liability instead of entire accumulated liability.

i. The Private Tube well (PTW) consumers are exempted from Electricity Duty. However, an amount of Rs. 15.49 lacs is accounted for by the company with respect to it. Due to which the company has overstated its Trade Receivables (Current Assets) and Electricity Duty & other levies payable to government (Current Liabilities) by the same amount.

j. Sundry Liabilities under NOTE 16 includes an amount of Rs. 9,495.09 lacs of AG HEAD 46.922 "SALE OF SCRAP" which is the part of Material cost variance and should be written off in Profit and loss of Company Due to the above liabilities has been understated by Rs. 9,495.09 lacs and Loss has understated by Rs9,495.09 lacs. Details are as under:

ZONES	AMOUNT (lacs)
KANPUR	2,264.67
JHANSI	3,805.30
ALIGARH	3,425.15
TOTAL	9,495.09

KESCO

a. The land of the company is on lease from UPPCL at Re.1/- per month as per transfer scheme. The value of such land is yet to be ascertained by UPPCL (Refer Point No. 9(d) of Notes on Accounts). However, we have not been produced with the Lease Agreement

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pertaining to such land. As a result of which we are unable to check whether the lease is in financial nature or operating.

b. The detail of individual fixed assets which have been created through matching deposits from customers which is subsequently amortized in the proportion of the depreciation amount is unavailable.

c. Advance to capital Contractors included in the value of Capital work in Progress as per Note No. 3 of Balance Sheet includes Rs. 14.64 lacs on account of Cash Advance given to contractors for execution of capital projects. In our opinion this should have been booked under the head Other Current Financial Assets rather than Capital WIP. Therefore, the Capital WIP as at 31/03/2019 is overstated and Other Current Financial Assets as at 31/03/2019 is understated by Rs. 14.64 lacs.

d. It has been observed that inoperative debtors have been continuously billed on the basis of IDF/RDF for more than 2 billing cycles which is in contravention of the provisions of Electricity Supply Code 2005. (Impact not ascertainable)

e. According to information and explanations given to us and as per the prevalent practice of the company, inventory of Stores and Spares is considered as an inventory only when the same is accounted for in the measurement book after due verification and quality check of the said items. Thus, liability in respect of Suppliers is accounted for only when the inventory is accounted for in the measurement book. Thus, in our opinion the liability as well as corresponding current assets to this extent in respect of material supplied is understated. This is also a violation of the provisions of section 128 of the Companies Act, 2013, which advocates the maintenance of books of account on accrual basis of accounting (Impact not ascertainable).

f. According to information and explanations given to us, inventories lying with third parties are accounted for on the basis of consumption statements received in this regard and are grouped under "Capital Work in Progress" and "Other Current Assets". However, no confirmation and reconciliation of the said inventory with the said third parties has been done at the year end. (Impact if any not ascertainable).

g. According to information and explanations given to us Obsolete, defective and unused store items have not been identified as Scrap during the financial year ended 31st March, 2019, pending identification by the committee formed in this regard (Impact not ascertainable).

h. The Company has not disclosed the impact of Rs. 3567.00 lacs pertaining to interest payable to Government of Uttar Pradesh on account of conversion of Najul land to freehold land. Out of this Rs. 2955.00 lacs pertain till F.Y. 2015-16 and Rs. 612.00 lacs pertain to F.Y. 2016-17. The final comments of Comptroller and Auditor General of India for F.Y. 2016-17 have not been received yet. Hence, the deficit as at 31st March,2019 is understated by Rs. 2955.00 lacs and other current financial liability is understated by Rs. 2955.00 lacs (The impact of Rs. 612.00 lacs has not been considered in our report awaiting final comments of Comptroller and Auditor General of India for FY 2016-17).

i. Restructuring Reserve: According to information and explanations given to us the Restructuring Reserve amounting to Rs. 14.46 lacs pertain to the transaction affecting the opening balance of KESCO as per the transfer scheme of KESA pending final adjustments/ reconciliation.

j. During financial year 2016-17 and F.Y. 2015-16, the company was in receipt of a Government financial assistance of Rs.66,030.26 lacs and 1,40,815.96 lacs respectively

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under the 'UDAY' Scheme. As per the terms of the scheme the said fund was to be treated as 25% as Equity, 25% as interest free loan and 50% as Subsidy / Grant.
On verification of the aforesaid the following was observed:

Particulars	2015-16 (Amount in lacs)	2016-17 Amount in lacs)	Treatment in Ind AS Financial Statements
Amount treated as Equity	35,203.99	16,507.56	Under Share Application Money
Amount treated as Interest Free Loan	35,203.99	16,507.56	Non-Current Borrowings
Amount treated as Subsidy	68,360.59	32,428.38	Capital Reserves (Other Equity)
Amount treated as Subsidy for repayment of interest	2,047.39	586.75	Other Income
Total Amount	**1,40,815.96**	**66,030.26**	

Ind AS 20 requires all grants to be recognized as income over the period which bear the cost of meeting the obligation. As such 50% of the amount of total grant amounting to Rs. 32,428.38 lacs for F.Y. 2016-17 and Rs. 68,360.59 lacs for F.Y. 2015-16 which is treated as Subsidy (Capital Reserve) should have been recognized as income. Thus, the profit for F.Y. 2015-16 is understated by Rs. 68,360.59 lacs and Capital Reserve is overstated by Rs. 68,360.59 lacs similarly profit for F.Y. 2016-17 is understated by Rs. 32,428.38 lacs (cumulative Rs. 1,00,788.98 lacs) and Capital Reserve for F.Y. 2016-17 is overstated by Rs. 32,428.38 lacs.
Considering above the balance of Deficit (Other Equity) as at 31/03/2019 is overstated by Rs 1,00,788.98 lacs and Capital reserve as at 31/03/2019 is overstated by Rs. 1,00,788.98 lacs)
However, C&AG in their draft comments for FY 2016-17 have advised that "As per Ind AS 20, a government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognized in profit or loss of the period in which it becomes receivable. The above compensation also met against loan payable in instalment in future, thus, the treatment of reimbursable amount of loan in future should only have been treated as Capital Reserve" for which we have submitted our comments. Since the final comments of C&AG for FY 2016-17 are awaited, the above observation for treatment of grant is subject to their final comments.

k. During the year, Subsidy for repayment of loan was received for Rs 3,647.48 lacs from Government of U.P. As per the information and explanation given by the management, the above amount includes Rs. 743.50 lacs for repayment of Interest and Rs. 2,903.98 lacs towards repayment of Principal. Although Rs 743.50 lacs has been booked in Profit & Loss under other income, the amount received for Rs 2,903.98 lacs towards repayment of Principal has been credited to Capital Reserve which as per Ind AS 20 should have been recognized as income in F.Y. 2018-19.
Similarly, during F.Y. 2017-18, and FY 2016-17, Subsidy for repayment of loan was received for Rs 3,994.58 lacs and Rs 4,008.67 lacs respectively from Government of U.P. As per the information and explanation given by the management, the above amount includes Rs. 2,903.98 lacs (for FY 2017-18) and Rs 2,040.51 lacs (for FY 2016-17) towards repayment of Principal which has been credited to Capital Reserve but as per Ind AS 20, the same should have been recognized as income.
Thus, the loss for F.Y. 2018-19 is overstated by Rs. 2,903.98 lacs, balance of deficit (Other Equity) as at 31/03/2019 is overstated by Rs. 7,848.48 lacs and Capital Reserve as at 31/03/2019 is overstated by Rs. 7,848.48 lacs.

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PVVNL

a. Due to non-availability of proper and complete records of Work Completion Reports, there have been instances of non-capitalization and/or delayed capitalization of Property, Plant and Equipments, resulting delay in capitalization with corresponding impact on depreciation for the delayed period. (Refer to 2(II) of 'Significant Accounting Policies' to the Financial Statements.)

b. The company has charged depreciation Rs. 62.28 lacs in earlier years on the value of land and land rights, while no depreciation is to be charged on the land as per Companies Act, 2013. UPERC also has taken useful life of land as infinity. As a result of this, Land & Land rights under fixed assets are under stated by Rs. 62.28 lacs and cumulated depreciation is overstated by Rs. 62.28 lacs.

c. Capital Work in progress is net off Material cost variance amounting to Rs. 1,114.67 lacs, which is pending reconciliation year together for more than a year.

d. Assets amounting to Rs. 3,905.36 lacs, being expenses on construction of Bay are shown as "Assets not in possession of Pashchimanchal Vidyut Vitran Nigam Ltd.". The agreement with Transco is not available with the company. It is informed to us that the company has a right to use of the assets. Company has disclosed it as Tangible Assets, which is Intangible Assets, as being rightly disclosed in the earlier financial year 2017-18. This has resulted understatement of intangible assets and overstatement of tangible assets by Rs. 3,905.36 lacs. (Referred to in note 2 of Financial statements)

e. In case of withdrawal of an asset, its gross value and accumulated depreciation is written off on estimated basis. In the absence of sufficient and appropriate audit evidence thereof, we are not in a position to ascertain impact of the same on financial statements.

f. The depreciation/amortisation on Bay (Assets not in Possession of Paschimanchal Vidyut Vitran Nigam Ltd.) is calculated on the opening gross value of the assets with the life of 25 years on SLM basis and not on the additions during the financial year. In the absence of complete details, we are unable to quantify the impact of the same on depreciation/amortisation and consequential impact on the financial statements. (Refer to Note no. 2 Property, Plant and Equipment)

g. It was seen that in case of asset "Overhead line on wooden support" company has charged cumulative deprecation more than the gross value of asset. Gross block of the said asset was 439.83 lacs, whereas cumulative depreciation was shown Rs. 579.18 lacs, which was more than the gross block of the asset by Rs.139.35 lacs. As a result of this, Lines, Cable networks, etc. under fixed assets are understated and cumulated depreciation is overstated by Rs. 139.35 lacs.

h. The company has calculated depreciation based on the rate approved by UPERC. As useful life of computer was not given in the depreciation schedule approved by UPERC, company should have considered 3 years useful life of computer taking conservative approach as given in schedule II of Companies act 2013 instead of taking 15 years. Consequential impact of the same on the financial statements is not ascertained.

i. As per UPERC (MYT) Regulation 2013, In case the payment of any bills of Transmission charges, wheeling charges is delayed beyond the period of 60 days from the date of billing, a late payment surcharge @ 1.25% per month shall be levied by the transmission licensee. However, the company has not made any provision for liability for late payment surcharge on account of non-payment of dues in compliance of above regulation. Consequential impact of the same on the financial statements is not ascertained.

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j. As per Note No. 5 of the Financial Statements, Trade Receivables includes a sum amounting to Rs. 78,701.15 lacs inherited by the Company in Transfer Scheme, which is lying unadjusted since long.

k. The company has not furnished the details of advance deposit received from consumers against temporary connection and entire security deposits from them has been shown as non-current liabilities. In absence of such details, quantification of current and non-current liabilities therefrom is not possible.

l. Amount of outstanding under the head sundry debtors (AG- 23) is not reconciled with the billing ledger. Outstanding balance in trial balance as on 31-03-2019 under this head may not be verified with consumer ledger or with other available records available with the divisions/zone.

m. According to the information and explanations given to us, frauds in shape of misappropriation of cash collected from customers but not deposited amounting to Rs.370.05 lacs were noticed. We are informed by the management that departmental and legal proceedings are in process against the concerned staff, as soon as these frauds surfaced.

n. No subsidiary ledgers have been maintained for Consumer Security Deposit, Meter Security Deposit and Advance consumption charges. In absence of which the correctness of the figures appearing in the financial statements under these head could not be verified.

o. Work in Progress Register (WIP Register) is not being maintained at all the units except ECWD-MBD, which has prepared WIP Register for the current financial year only.

p. The auditor had required to provide for contingent liability on bank guarantee for Rs. 15.00 lacs, which should be disclosed in the financials but the same was not done.

PuVVNL

Stock shortage/ excess pending investigation amounting to Rs. 96.63 Lacs is outstanding as on 31/03/2019. In absence of proper information, we are unable to comment upon its nature and proper accounting. No movement analysis is available to categorize fast moving, slow moving, non-moving and dead stock items. .

MVVNL

a. As per practice and policy of the Company, the Property, Plant and Equipment observed and declared "NOT IN USE" are transferred from Property, Plant and Equipment (Accounting Code No. AG- 10) to Assets "NOT IN USE" (Accounting Code No. AG- 16) and the depreciation already provided and kept in depreciation is reversed by the units. However, LESA Cis zone auditor reported that when the capital assets are decommissioned for major repairs the original cost is derived on estimated basis and the accumulated depreciation is derived on pro-rata basis.

b. When the store materials are issued for capital jobs the issue rate is on Resspo-rate basis. Since the value of capital assets on issue and value of decommissioned assets (including the value of asset under transfer scheme) is on estimated basis (time, rate and value), on many occasions closing balance shows negative closing balance for the current year. Physical verification of asset is not carried out by the management in any of the divisions/units. On receipt of repaired transformers of different sizes, the receiving and sending unit do not match / respond corresponding entries in their

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respective books hence the inter unit balances are outstanding in the books, reason as informed by the management is due to delay in submission of advice transfer of debit and advice transfer of credit.

c. **LESA Trans Gomti Zone Auditors** reported that some heads of Fixed Assets are reflecting credit balances which as explained to us is due to wrong classification. The zone recognizes its completed works as Fixed Assets only at the year end, hence yearly depreciation and WDV is not calculated correctly.

d. No details of Capital Work in Progress (including RGGVY Scheme, APDRP Scheme, RAPDRP Scheme and Other) amounting Rs.2,70,481.92 lacs (Rs. 2,11,051.28 lacs last year) and Advance to capital suppliers/ Contractors amounting Rs. 4,02,538.34 lacs (Rs. 2,50,410.78 lacs last year) provided to us. We are unable to comment on Capital Work in Progress as the required information for capitalization of various works/project, age wise analysis and item wise analysis was not made available by management. Such capitalization is delayed and consequently depreciation has also not been charged.

e. **LESA Cis Zone Auditors** also reported that Capital work in progress (AG -14) is transferred/ capitalized to Property, Plant and Equipment (AG-10) without taking into account, any commissioning /completion certificate, the same is accounted on undetermined basis. On the same reason mentioned about the capital work in progress/ Property, Plant and Equipment are not correctly disclosed and hence yearly depreciation is not calculated accurately/correctly.

f. As per AG observations of previous year(s) EDC – Shahjahanpur 10882.00 lacs and EDC Hardoi Rs 2,604.00 lacs in respect of expenditure incurred under RGGVY already completed but not capitalized /transferred from CWIP to fixed assets. Due to which CWIP is overstated by Rs 13486.00 lacs and understatement of accumulated loss and depreciation. It also results in understatement of assets. The position of these works is not made clear to us during the period under audit.

g. Capital work in progress is transferred / capitalized without taking into account, any commissioning / completion certificate, hence the same is accounted for on undetermined basis. This practice is not as per accepted accounting practice.

h. As reported by management, a fraud of Rs. 99.62 lakhs have occurred during the Financial Year 2018-19, on which Departmental Action has been taken by the management on accused staff.

i. **Auditor of LESA Cis Zone** made the following comments
Most of the divisions where collection of electricity is done by E-SUVIDHA (i.e. outside agency) a separate Cash Book are maintained on the basis of details provided by e-suvidha. Consolidated daily collections and remittance to HO are provided by e-suvidha and consumer wise collection is not available at division level. Entire collection by e-suvidha both in and cheque are deposited by e-suvidha in its own account, after realization of cheque directly remitted to accounts. In respect of amount collected by e-suvidha, outside agencies, on a day today basis, at present there is no check to ensure that all the money collected is deposited by e-suvidha in MVVNL/UPPCL A/c.

j. **LESA Cis Zone Auditors** reported that revenue from sales of power to various categories of consumers is not cent percent metered for the year in some cases and some ad hoc provisions are made at the end. Necessary records regarding tariff wise breakup, transit loss, self-consumption have not been provided to us, providing our reservation to the recognition and verification of revenue in accordance with

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accounting standards. Revenue from sales of power is recognized during the financial year 2018-19 on the basis of report generated (report no CM 315 and CM 309) from online billing system, and authenticity of the same needs to be verified and adverse financial impact if any, could not be determined.

On verification of CM 309, no breakup or bifurcation of receipts made under "others" was furnished to us which were other than receipts recorded from E-Suvidha on account of electricity duty and electricity charge.

In respect of power unit consumed by employees including ex-employees, no bill is raised on the basis of meter reading as it is done in the case of consumers, and is done on tariff rates of UPERC.

k. **Bareilly Zone Auditors** reported that regarding Sale of energy to consumers, revenue is booked as per actual billing generated by computerized billing system. Necessary record regarding tariff wise breakup, transit loss and self-consumption have been provided to them which is according to Accounting Standards. Due to the above, the adverse financial impact if any, could not be determined

17. For want of complete information, the cumulative impact of our observations in *paras 1 to 16* above to this report on assets, liabilities, income and expenditure is not ascertained.

For R.M. LALL & CO.,
Chartered Accountants
(FRN: 000932C)

(CA Vikas C Srivastava)
Partner
M.No.401216
UDIN: 21401216AAAAAO4019

Place: Lucknow
Date: 6th April, 2021

Annexure II to Independent Auditors Report

(As referred to in paragraph 1(f) under "Report on Other Legal and Regulatory Requirements" section of our audit report of even date to the members of U.P. Power Corporation Limited on the Consolidated Financial Statements of the Company for the year ended 31st March, 2019)

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

We have audited the internal financial controls over financial reporting of U.P. Power Corporation Limited ("the Company") as of 31st March, 2019, in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Holding company, its subsidiary companies, 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 essential 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 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 selected depend on the auditor's judgement, 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 the 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

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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 authorisations of management and directors of the company; and

3. provide reasonable assurance regarding prevention or timely detection of unauthorised 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 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.

Qualified Opinion

According to the information and explanations provided to us and based on the reports on Internal Financial Controls Over Financial Reporting of Holding company audited by us and its subsidiaries, audited by the other auditors, which have been furnished to us by the Management, the following control deficiencies have been identified in operating effectiveness of the Company's internal financial control over financial reporting as at 31st March 2019 –

1. The auditors of DVVNL have reported that -

> The Accounting entries at the unit level are being done manually, thereafter each unit submits its accounts prepared in computerised format to its respective Zone. The Zone subsequently forwards the merged accounts of all its units to the Head office. There is no automated integration of Accounts at different levels.

2. The auditors of PVVNL have reported that -

a) Internal control in respect of movement of inventories during maintenance and capital works, material issued/ received to/ from third parties and material lying with sub-divisions, need to be reviewed and strengthened. Further, implementation of real time integrated ERP software is strongly recommended.

b) The Company does not have an appropriate internal control system for preparing debtors ageing and making provision for bad debts. Instead, the provision for bad debts is made on fixed percentage basis. This could potentially result in non-booking of bad debts.

c) Instances of theft of assets (transformers, cables etc.) are noticed in divisions of Meerut zone. The accumulated amount of such theft assets is Rs. 2,278 Lacs as on 31st March 2019. Divisions in the Meerut zone have not made any adequate arrangements to safeguard its assets from these incidents in future. Assets of the zone are uninsured too.

d) Manual Receipt Books are issued to the employees (cashiers) of divisions of Meerut zone for collecting cash from customers against bills raised for sale of power. These receipt books are

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kept with them indefinitely and cash is also not deposited regularly. There is no time limit within which these cashiers should submit the account of receipt books taken and return of unused receipts. Receipt books were kept for more than 5 years in EDD Baghpat. Some of receipt books issued prior to 31st March2019 were not returned in division in EDD Baghpat till the date of audit i.e., 24th August 2019 and the actual cash actual received in the division was not reconciled with receipts issued to customers. This weakness in the internal control system has resulted in a fraud of Rs.370.04 lacs in the Meerut Zone.

e) Reconciliation of power received and power sold during year has not been done. Billing is not raised timely and correctly.

A material weakness is a deficiency or a combination of deficiencies in internal financial control over financial reporting such that there is reasonable possibility that a material misstatement of the Companies' annual or interim financial statements will not be prevented or detected on timely basis.

In our opinion, except for the effects/probable effects of the material weaknesses described above and in *'Annexure I'* on the achievement of the objectives of the control criteria, the Company has maintained in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019 based on the internal control over financial reporting criteria established by the company considering the essential components of the internal control stated in the guidance note on audit of internal financial control over financial reporting issued by the Institute of Chartered Accountants of India except for the need to strengthen the existing internal audit mechanism considering the nature and scale of operations of the company and the overarching legal and regulatory framework and the audit observations reported above and in *'Annexure I'*.

For R.M. LALL & CO.,
Chartered Accountants
(FRN: 000932C)

R.M. LALL & CO. CHARTERED ACCOUNTANTS

(CA Vikas C Srivastava)
Partner
M.No.401216
UDIN: 21401216AAAAAO4019

Place: Lucknow
Date: 6th April, 2021

उत्तर प्रदेश पावर कारपोरेशन लिमिटेड
(उ0प्र0 सरकार का उपक्रम)
U.P. Power Corporation Limited
(U.P. Government Undertaking)
कारपोरेट लेखा अनुभाग CORPORATE ACCOUNTS

शक्ति भवन विस्तार 14–अशोक मार्ग, लखनऊ–226001 Shakti Bhawan Ext., 14-Ashok Marg, Lucknow-226001

पत्रांक 132 /पी0सी0एल0/सी0ए0–बी0एस0/111/2020–21 दिनांक 27.02. 2021

कम्पनी सचिव,
उ0प्र0 पावर कारपोरेशन लि0,
शक्ति भवन,
लखनऊ।

विषयः– <u>वित्तीय वर्ष 2020–21 के वार्षिक लेखों मे दर्शाने के लिए कारपोरेशन एवं कारपोरेशन की सहायक कम्पनियों को दी गई अंश पूंजी के सापेक्ष आवंटित अंशो का अद्यतन विवरण एवं वर्ष 2020–21 में कार्यरत प्रमुख प्रबन्धन कार्मिक (Key Management Personnel) का विवरण।</u>

अवगत कराना है कि उ0प्र0 पावर कारपोरेशन लि0 के वित्तीय वर्ष 2020–21 के वार्षिक लेखे ससमय पूर्ण कर अंकेक्षित कराया जाना लक्षित है। अतः उक्त वर्ष के लेखों की टिप्पणियो में दर्शाये जाने के लिये कारपोरेशन एवं कारपोरेशन की सहायक कम्पनियों को दी गई अंश पूंजी के सापेक्ष आवंटित अंशो का अद्यतन विवरण एवं वर्ष 2020–21 में कार्यरत प्रमुख प्रबन्धन कार्मिक (Key Management Personnel) का विवरण उपलब्ध कराया जाना अपेक्षित है।

अतः आपसे अनुरोध है कि वित्तीय वर्ष 2020–21 में समस्त कम्पनियों में आवंटित अंशो का अद्यतन विवरण तथा वित्तीय वर्ष 2020–21 मे कार्यरत उ0प्र0 पावर कारपोरेशन लि0 के प्रमुख प्रबन्धन कार्मिक (Key Management Personnel) के नाम, पदनाम एवं उनकी कार्य अवधि का विवरण प्रत्येक दशा में दिनांक 06.04.2021 तक उपलब्ध कराने का कष्ट करें।

(ए0सी0 पाण्डेय)
उप महाप्रबन्धक (लेखा)

Respected Sir,
Kindly provide the required information, by 12-05-2021

— Company Secretary, DVVNL.

Management Reply on the Statutory Audit Report of Consolidated Financial Statements for the FY 2018-19

INDEPENDENT AUDITOR'S REPORT To, **The Members,** **Uttar Pradesh Power Corporation Limited,** **Shakti Bhawan,** **Lucknow.** **<u>Report on Consolidated FinancialStatements</u>** **Qualified Opinion:** We have audited the accompanying consolidated financial statements of Uttar Pradesh Power Corporation Limited (hereinafter referred to as the "Holding Company"), and its six subsidiaries, namely Madhyanchal Vidyut Vitran Nigam Limited, Lucknow, (MVVNL), Purvanchal Vidyut Vitran Nigam Limited, Varanasi, (PuVVNL), Paschimanchal Vidyut Vitran Nigam Limited, Meerut, (PVVNL), Dakshinanchal Vidyut Vitran Nigam Limited, Agra, (DVVNL), Kanpur Electricity Supply Company Limited, Kanpur, (KESCO) and Southern UP Power Transmission Company Limited(SUPPTCL) (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31st March, 2019, 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 notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements")	No Comment
In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the "Basis for Qualified Opinion" paragraph of our report, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India. a) In the case of consolidated balance sheet, of the state of affairs (Financial Position)of the Group as at March 31, 2019. b) In the case of consolidated statement of Profit and Loss, of the consolidated net loss (financial performance including other comprehensive income) of the Group for the year ended on that date; c) In the case of consolidated cash flows and changes inequity of the Group for the year ended on that date.	No Comment

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Basis for Qualified Opinion:	
We draw attention to the matters described in "Basis for Qualified Opinion" paragraph of the audit report on standalone financial statements of Holding company, audited by us and the subsidiaries namely MVVNL, PUVVNL, PVVNL, DVVNL, KESCO and SUPPTCL audited by other auditors. These matters in so far, as it relates to the amounts and disclosures included in respect of Holding and its Subsidiaries, are included in *'Annexure-1'*,which forms an integral part of our report, the effects of which are not ascertainable individually or in aggregate on the consolidated financial statements that constituted the basis for modifying our opinion. Our opinion on the consolidated financial statements ,is qualified in respect of the matters referred to in *'Annexure-1'*to this report, to the extent applicable.	No Comment
We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the consolidated financial statements.	
Key Audit Matters:	
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters except for the matters described in "Basis for Qualified Opinion" section. We have determined that there are no other key audit matters to communicate in our report.	No Comment
Information other than the consolidated financial statements and Auditor's Report thereon: The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditor's report thereon. The above Report is expected to be made available to us after the date of this Auditor's Report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the above identified reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions necessitated by the circumstances and the applicable laws and regulations.	No Comment
Management's responsibility for the consolidated financial statements:	

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The Holding company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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 financial statements by the Directors of the Holding Company, as aforesaid. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.	No Comment

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Auditor's Responsibility for the Audit of the consolidated financial statements: Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also: • Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. • Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls. • Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management. • Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern. • Evaluate the overall presentation, structure and content of theconsolidatedfinancial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation. • Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Materiality is the magnitude of misstatements in the consolidated financial statements that individually or in aggregate makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work;	No Comment

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Other Matters:

a. We did not audit the financial statements / financial information of subsidiaries namely MVVNL, PUVVNL, PVVNL, DVVNL, KESCO and SUPPTCL, whose financial statements / financial information reflect the Group's share of total assets, as detailed below, and the net assets as at 31st March, 2019, total revenues and net cash flows for the year ended on that date, and also include the Group's share of net loss for the year ended 31st March, 2019, as considered in the consolidated financial statements in respect of these subsidiaries, whose financial statements / financial information have been audited by other auditors and whose reports have been furnished to us by the Management . Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, 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, is based solely on the reports of the other auditors.

(Rs. In Lakhs)

Name of the Companies	Total Assets as at 31.03.2019	Net Assets i.e., Total Assets minus Total Liabilities as at 31.03.2019	Total Net Profit/ (Loss) as at 31.03.2019	Net Cash inFlows/ (outflows) as at 31.03.2019
Subsidiaries:				
MadhyanchalVidyutVitran Nigam Limited, Lucknow, (MVVNL)	36,75,717.04	2,68,723.30	(74,648.22)	(14,532.26)
PurvanchalVidyutVitran Nigam Limited, Veranasi, (PuVVNL)	45,76,135.68	(67,500.19)	(98,761.34)	17,776.01
PaschimanchalVidyutVitran Nigam Limited, Meerut, (PVVNL)	28,05,003.00	(1,54,735.00	(1,29,049.55	(27,474.57)
DakshinanchalVidyutVitran Nigam Limited, Agra, (DVVNL)	33,17,254.08	(9,53,302.39	(1,56,716.23	(30,142.64)
Kanpur Electricity Supply Company Limited, Kanpur, (KESCO)	4,47,545.62	(1,61,582.15	(44,964.13)	15,143.21
Southern UP Power Transmission Company Limited (SUPPTCL)	61.64	60.91	0.26	43.88
Total	1,48,21,717.06	(10,68,334.52	(6,04,139.21)	(39,186.37)
CFS Adjustment	-	(8,81,31.18)	1,54,059.60	-
Grand Total	1,48,21,717.06	(11,55,465.70	(4,50,079.61)	(39,186.37)

b. One subsidiary company namely, Sonbhadra Power Generation Company Limited and one associate company namely, Yamuna Power Generation Company Limited has been dissolved w.e.f. 27th March, 2019 and 25th March, 2019 respectively and their names have been struck off by the ROC-Kanpur. Hence, the financial statements of these companies have not been incorporated in the Consolidated Financial Statements (Refer *Para 29 and 30 of Note 1(B) "Notes on Accounts"*).

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters 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 Management.

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Report on Other Legal and Regulatory Requirements: 1. As required by section 143(3) of the Act, based on our audit on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph to the extent applicable, we report that: a. Except for the matters described in the "Basis for Qualified Opinion" paragraph, 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 financial statements. b. In our opinion and except for the matters described in the "Basis for Qualified Opinion" paragraph of our report, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the company 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 Cash Flow Statement and the Consolidated Statement of Changes 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 financial statements. d. Except for the matters described in the "Basis for Qualified Opinion" paragraph, in our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued there under. 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 Act, regarding disqualification of the directors are not applicable to the Company. f. With respect to the adequacy of the internal financial controls system over financial reporting and the operating effectiveness of such controls, refer to our separate report in *"Annexure–II"*, which is based on the auditors' report of the holding company and its subsidiary companies incorporated in India. Our report expresses a qualified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of those companies, for reasons stated therein. 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,as amended in our opinion and to the best of our information and according to the explanations given to us: i. Except for the effects of the matters described in the "Basis of Qualified Opinion" paragraph, the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group; ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts. iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.	Comments have been given against the specific observations.

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Annexure I to Independent Auditors Report	
(As referred to in "Basis of Qualified Opinion" paragraph of our audit report of even date to the members of U.P. Power Corporation Limited on the Consolidated Financial Statements of the Company for the year ended 31st March, 2019) Based on our audit on the consideration of our report of the Holding Company and the report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph to the extent applicable, we report that: 1. The Company has not complied with the following Ind AS notified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended):	
a. *Trade Receivable (Note-10), Financial Assets-Other (Note-12), Other Current Assets (Note-13), Trade payable (Current) (Note-19) and Other Financial Liabilities (Note-20)* have been classified as current assets/liabilities include balances which are outstanding for realisation/settlement since previous financial years and in the absence of adequate information/explanations regarding the realisability /settlement of such amounts within twelve months after the year end, reasons for not classifying them as non-current assets/liabilities ***is inconsistent with Ind AS-1 "Presentation of Financial Statements"***. This has resulted in over statement of respective current assets/liabilities and understatement of the corresponding non-current assets/liabilities.	In accordance with the provisions contained in Ind AS 1, the assets and liabilities are to be classified into current/non-current based upon their nature. And therefore all those liabilities/assets that are expected to be settled within twelve months period have been classified as current. Hence, the classification of liabilities/assets into current/non-current is consistent with Ind AS 1.
b. Recognition of Insurance and other claims, refunds of Custom duty, Interest on Income Tax & trade tax, license fees, interest on loans to staff and other items of income covered by *Significant Accounting Policy no. 2 (c) of Note–1(A)* has been done on cash basis. ***This is not in accordance with the provisions of Ind AS-1 "Presentation of Financial Statements".***	Considering the uncertainty of realization, income covered by accounting policy of the company is in line with Ind AS 18. And in case of License fees observation for PVVNL, due to nature of business and various external factors it is impractical to predict the actual consumption/input of energy. Thus, on the basis of previous year assessment the License fee for current year is calculated and any shortage or excess in payment is adjusted by PVVNL after completion of financial year.
c. Accounting for Employee Benefits: Actuarial Valuation of gratuity liability of the employees covered under GPF scheme has not been obtained. *(Refer Para 14 Note – 1(B) "Notes on Accounts").* ***This is inconsistent with Ind AS-19 "Employee Benefits".***	In absence of the latest actuarial valuation report, the provision for Gratuity Liability of the employees covered under GPF scheme has been made on the basis of actuarial valuation report dated 09.11.2000

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d.	Inventory which includes stores and spares for capital works, operation and maintenance and others is valued at cost (*Refer accounting policy no. 3(VII)(a) of Note-1(A))*. Valuation of stores and spares for O & M and others ***is not consistent with Ind AS-2 "Inventories"*** *i.e., valuation at* lower of cost and net realizable value. Further, the stores and spares for capital work should be classified as part of Property, Plant and Equipment and recognised, measured and disclosed in accordance with ***Ind AS-16 "Property, Plant and Equipment"***.	The business of the Corporation is to purchase electricity from generation source and sell 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 the policy for valuation of assets for which the company has the policy for valuation of stores and spares. Hence, there is no contravention of Ind AS 2. Further, Stores issued for capital work has been shown as a part of CWIP as a normal business policy.
e.	As per the opinion drawn by the auditors of KESCO, according to ***Ind AS-16 "Property, Plant and Equipment"***, the carrying amount of an item of property, plant and equipment shall be derecognized on disposal or when no future economic benefits are expected from its use or disposal. There may be property, plant & equipment from which no future economic benefits are expected and the same have not been derecognized. The company has a prevalent practice of derecognizing property plant & equipment as and when it is sold as scrap which is in violation to Ind AS 16. The impact of the above is not ascertainable.	The scrap sold as mentioned by the Auditors is related to the old material received during various types of repair and maintenance work. No asset has been identified for which there is no future economic benefits for which the asset is required to be derecognized.
f.	"Inventories" includes obsolete stock, valued at cost, which is inconsistent ***with Ind AS-2 "Inventories"*** i.e., it should be valued at its Net Realisable Value.	The company does not have any trade inventory, however it maintains inventory only for internal use i.e. for construction and maintenance of fixed assets for which the company has the policy for valuation of stores and spares.

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g.	Additions during the year in Property, Plant and Equipment include employee cost at a fixed percentage of the cost of each addition to Property, Plant and Equipment in accordance with *Note-1(A) Significant Accounting Policy Para (3)(II)(e)*. Such employee cost to the extent not directly attributable to the acquisition and/or installation of Property, Plant and Equipment ***is inconsistent with Ind AS-16"Property, Plant and Equipment"***. This has resulted in overstatement of fixed assets and depreciation and understatement of employee cost and loss.	Since the Company is engaged in supply of electricity, it has to comply with the provisions of Electricity Act 2003. (read with rules and regulations notified thereunder) as per section 1 (4) (d) of the Companies Act, 2013. Further, as per Electricity (Supply) Annual Accounts Rules, 1985 notified under the Electricity Act, the staff costs which are chargeable to capital works shall be allocated on an ad-valorem basis (i.e., allocation of capitalizable expenses as a percent of the capital expenditure incurred during the period on the project). Accordingly, the staff costs have been allocated on the basis on fixed percentage of the capital expenditure incurred during the period on the project which is consistent with the requirements of the Companies Act. Hence, there is no overstatement of fixed assets, depreciation and profit or understatement of employee cost.
(h)	The auditors of the subsidiaries reported that depreciation on fixed assets have not been provided on pro-rata basis which is ***inconsistent with Schedule – II of the Companies Act, 2013 andIndAS-16"Property, Plant and Equipment"*** to the extent applicable.	As per PVVNL & MVVNL, due to multiplicity of nature of capital works and difficulty in establishing the correct date of installation of assets, the depreciation on addition of fixed assets during the year has been provided on prorata basis by taking average six months period. The same is also disclosed in Significant Accounting Policies at point no. IV(b) of PVVNL.
(i)	Assessment of the Impairment of Assets has not been done by the company, ***which is inconsistent with Ind AS-36 "Impairment of Assets"***.	As per para 9 of Ind AS 36, which states that "An entity shall assess at the end of each reporting period, whether there is any indication that an assets may be impaired. If such indication exists, the entity shall estimate the recoverable amount. Hence, the company has estimated the recoverable amount on the basis of net worth of the subsidiaries.

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(j) Right to use an asset is classified as tangible asset instead of Intangible asset by PVVNL and distribution license taken by DVVNL is not yet recognised at all by the company which ***is inconsistent with Ind AS-38 "Intangible assets"***. This has resulted in understatement of Intangible assets and amortisation expenses.	Point Noted for Examination. As per PVVNL, power flows from 132 KV substations of TRANSCO to 33 KV sub-station of Discoms through Bay. Bay is constructed by TRANSCO under Deposit Works. The expenditure incurred on construction of Bay is bound by Discoms with exclusive right for use of such assets. As a uniform practice in all Discoms of Uttar Pradesh, it has been shown as assets not in possession of discom in the annual accounts. The same is amortized according to life. As per DVVNL, no payment under nomenclature of distribution license fees has ever been paid for acquiring distribution license, thus, no question for recognition as intangible assets in the books of accounts. As such audit comment does not seem to be reasonable.
(k) The *Financial Assets-Trade Receivables (Note-10), Advances to Suppliers/Contractors (O&M) (Note- 13), Employees(Receivables) (Note-12) and Loans (Note-7)*have not been measured at fair value as required by ***Ind AS-109 "Financial Instruments"****(Refer Para 8 of Note-1(B)"Notes on Accounts")* and proper disclosures as required in ***Ind AS-107 "Financial Instruments: Disclosures"*** have not been done for the same.	All the financial assets are recognised in accordance with the accounting policy no.XV and necessary disclosure has also been made in Notes to accounts.
(l) The Borrowing Cost allocated to CWIP amounting to Rs. 13,469.00 lacs by PVVNL is not in accordance with ***Ind AS-12 "Borrowing Cost"*** as there is no system of identification of qualifying assets and interrupted projects.	As per PVVNL, as per IND AS-23 Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. The total interest of Rs. 13469.00 lacs is directly attributed to the loan taken by the company specifically for construction of assets under various schemes and such schemes are yet to be closed.
(m) PVVNL has not made any disclosure with respect to nature of contingent liabilities and estimate of its financial effects which is not in compliance with disclosure requirement of ***Ind AS-37 "Provisions, Contingent Liabilities and Contingent Assets"***.	As per PVVNL, the contingent liabilities consists of Court cases other than Trade Revenue, Demand of Interest by UPERC, Interest on RAPDRP Loan, Statutory defaults, Statutory dues, etc. has already been disclosed separately with expected financial obligations in Notes on Accounts at point no. 19(b) of PVVNL.

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(n) As per the opinion drawn by the auditors of KESCO, according to ***Ind AS-10 'Events after the reporting period'***, an entity shall adjust the amounts recognized in its Ind AS financial statements to reflect adjusting events after the reporting period. In this regard the company has not adjusted the liability of pending litigations as at 31st March, 2019 which have been settled till the date of approval of Ind AS financial statements by the Board of Directors. Also, no details were made available for verification. The impact of the above is not ascertainable.	As per KESCO, The observation of the auditors have been noted for future compliance, which has been complied in F.Y. 2020-21.
(o) As per the opinion drawn by the auditors of PVVNL, License Fees is not accounted for on accrual basis. License Fees is paid as and when the demand is raised by UPERC and no provision is made for the amount due, which is not in adherence to the provisions of ***Ind AS-37 "Provisions, Contingent Liabilities and Contingent Assets"***. Accordingly, the impact of non-compliance of the above IND AS on the financial statements is not ascertainable.	As per PVVNL, due to nature of business and various external factors it is impractical to predict the actual consumption/input of energy. Thus, on the basis of previous year assessment the License fee for current year is calculated and any shortage or excess in payment is adjusted after completion of financial year.
(p) As per the opinion drawn by the auditors of PVVNL, ***IND AS-20 Accounting for Government*** grants is done on the basis of advice from Uttar Pradesh Power Corporation Ltd., the holding company, which is not in accordance with accrual system of accounting as required by Indian GAAP and also not in consonance with the IND AS 20. Impact of non-compliance of the above IND AS on the financial statements is not ascertainable. (Refer to 2(X) of 'Significant Accounting Policies' to the Financial Statements.	Accounting for Govt Grants is done in accordance with the accounting policy of the Company which is well in consonance with the provisions of Ind AS-20.
2. Inter unit transactions amounting Rs.5,38,786.87 lacs, are subject to reconciliation and consequential adjustments. *(Refer Note-13)*	The reconciliation of the Inter unit transactions is a continuous process and the effect of entries is given in the accounts on reconciliation. However, necessary instructions have been issued to zone/units for taking effective steps in this regard.

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3.	*Loans (Note-7), Financial Assets - Other (Note-8), Trade Receivables Others (Note10), Financial Assets-Others - Employees, Others (Note-12), Other Current Assets - Suppliers & Contractors (Note-13), Financial Liability-Trade Payables (Note-19), Other Financial Liabilities - Liability for Capital/O&M Suppliers/Works, Deposits from Suppliers (Note-20)* are subject to confirmation/reconciliation.	*Reconciliation and necessary confirmation of the balances of assets and liabilities is a continuous process and consequential accountal/adjustment is made in the books of accounts, as and when required.*
4.	Documentary evidence in respect of ownership/title of land and land rights, building was not made available to us and hence ownership as well as accuracy of balances could not be verified. Additionally, the identity and location of Property, Plant and Equipment transferred under the various transfer schemes has also not been identified *(Refer Para 6(a) of Note – 1(B) "Notes on Account").*	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 course of audit. Regarding identity & location, necessary instructions have been issued to complete physical verification of assets.
5.	It was observed that the maintenance of party-wise subsidiary ledgers and its reconciliation with primary books of accounts i.e., cash books and sectional journal are not proper and effective.	Proper and effective procedure for maintenance of subsidiary ledger are already prescribed in the Company. However, for implementing the procedure more smoothly and efficiently, necessary instructions have been issued to zone/units.
6.	Employees benefit expenses aggregating Rs. 1,41,389.33Lacs *(Refer Note-25 Employees benefit expenses)* is net off by Rs. 2095.60Lacs have been determined and claimed from U.P. Power Transmission Corporation Limited (UPPTCL). However, no documentary evidence confirming agreement of this arrangement between Company and UPPTCL was available on records. Liability towards Goods and Service tax in respect of this amount claimed from UPPTCL has not been recognised and measured.	The amount related to employees benefit expenses determined and claimed from U.P. Power Transmission Corporation Limited (UPPTCL) is as per O.M. no 505/PCL/CA-AS/TRANSCO dated 14.11.2018 issued by UPPCL in this regard.
7.	Sufficient and appropriate documentary audit evidences in respect of Contingent liabilities disclosed in *Para 18(b) of Note – 1(B) "Notes on Accounts"* were not provided to us.	The related documents are available in the units concerned. However the units have already been instructed to maintain proper records.
8.	Revenue earned from the sale of power through Indian Energy Exchange Limited, India has not been recognised separately in the statement of Profit and Loss, but has been reduced from the cost of purchase of power aggregating Rs. 53,78,644.24Lacs*(Refer Note-24 Purchase of Power).* Additionally, details of aggregate units sold during the year and revenue earned from such sale was not made available to us.	The matter is under consideration and the same will be recognised separately in the accounts, if required .In respect of the details of aggregate units sold during the year and revenue earned from such sale, the zone/units concerned have been instructed to provide the same in the next audit.
9.	The Company has not classified trade payable outstanding from Micro and Small enterprises as required by Schedule - III of the Companies Act, 2013. Further, in the absence of adequate information, we are unable to confirm compliance with Section 22 of MSMED Act, 2006 regarding disclosures on principle amount and interest paid and/or payable to such enterprises *(Refer Para 15*	As reported by our divisions there are no outstanding balance in respect of MSME units.

	of Note – 1(B) "Notes on Accounts").	
10.	The company has not maintained proper records showing full particulars including quantitative details and situation of fixed assets. Further, the physical verification of the fixed assets has not been carried out. Hence, we are unable to comment whether any material discrepancy exists or not.	Preparations of Records are under process.
11.	Maintenance of records in respect to inventories is not satisfactory. The details of inventories were not provided for verification by the respective zones of Holding Company and its Subsidiaries.	Records are maintained and kept at unit level. Instruction has been issued for verification at different level.
12.	Records for inventories lying with the third parties are not being maintained properly at Zonal Offices of the Holding Company and its Subsidiaries.	Necessary instructions have been issued to units/Zones
13.	Aggregate amount of market value of quoted investment *(Refer Note-6)* has not been disclosed as required in Division II of Schedule III of Companies Act, 2013.	Necessary disclosure has been made in the F.Y. 2019-20.
14.	The branch auditor has expressed the audit opinion on the Trial Balances as at 31st March, 2019 of the Zonal Accounts Office (Material Management) and these have been considered for the preparation of the financial statement of the company. As per existing practices, financial statement of the branch has not been prepared.	No Comment
15.	**Audit observations in Branch Audit report of MM Zone excluding those which have been appropriately dealt with elsewhere in the report.** a. There is no mechanism to cross-verify that the total power purchased during the year has been accounted for in the books of accounts. There is no practice to account energy purchases based on accrual but is based on actual receipt of bills from energy suppliers through funds division of UPPCL. There is no process of reconciliation of quantitative power purchase accounted for in the books with the power purchase as per REA of NPRC/ Energy account. Further, there is no process of periodic reconciliation from the power supplier/other agencies. At the initiative of auditor, balance confirmation letters were sent to all the parties and major differences/deficiencies were noticed in cases where letters/statements were reverted from some of the parties. Appropriate action for reconciliation of differences and its rectification was not done. The quantification of the effect on power purchase/sale and position of sundry payables/receivables is not possible. In previous audit reports also, major differences were noticed in the balance confirmation received from parties, but no action was taken for reconciliation of the same.	Necessary instructions have been issued to units/Zones.

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b. Claim of differential rate of power purchase

It was noticed that vide letter no. 742/CE/PPA dt. 08/09/2017, for all co-generation power suppliers, maximum rate for power purchase was restricted at Rs. 5.56. There are several cases where rates approved as per UPERC regulations were higher than Rs. 5.56. During the year 2018-2019, vide Board Approval Dated 06.08.2018, the payment was to be made in accordance of rates approved in PPA. It was noticed that in the following cases, provision for differential rate was not done for the intervening period:

Name of Supplier	Rate Approved in PPA	Rate at which payment Made	No. of Units purchased	Amount
M/s Rana Power Limited- Bilari	6.09	5.56	53091495 Kwh	28138492.00
M/s Superior Food Grain (P) Limited	6.09	5.56	67584155 Kwh	35819602.00
M/s Kesar Enterprises Limited, Baheri	5.75	5.56	7967582 Kwh	1513841.00
M/s Uttar Eco Power Limited	6.54	5.56	1495076 Kwh	1465174.00
M/s DSM Rajpura, Sambhal	5.94	5.56	19477106 Kwh	7401304.00
M/s Triveni Engg& Industries Ltd, Sabitagarh	5.75	5.56	1589398 Kwh	301986.00
M/s Govind Sugar Mill	5.95	5.56	24120847 Kwh	9407131.00
				84047538.06
2018-19				
Yadu Sugar Mill, Bisauli	5.66	5.56	15259444 Kwh	1525944.36
Kesar Enterprises Ltd.	5.86	5.56	51288381 Kwh	15386514.40
Dhampur Sugar Mill, (Sambhal)	6.04	5.56	47552938 Kwh	22825410.24
Govind Sugar Mill	6.07	5.56	42014711 Kwh	21427502.61
SekseriaBiswan	6.11	5.56	11261192 Kwh	6193655.60
				67359027.21

Consent Letter was obtained in some cases for supply @ Rs. 5.56 per unit but in some cases like M/s Kesar Enterprises Limited, consent was conditional consent.

The above observation resulted in understatement of power purchase during the year by at least Rs. 15.14 Crores, which ultimately affects the financial statements and profitability of DISCOMs.

All invoices of the parties are getting verified as per the rates approved in accordance with PPA. The instances where power purchase bills were verified @Rs 5.56/kwh, the consent of concerned co-generators have been obtained, thereafter bills were verified accordingly. Subsequently no further claims have been made by such parties for differential payment: however, differential amount as quoted by the audit has been disclosed as contingent liabilities.

c. Generation based Incentives (GBI) receivable from IREDA amounting to Rs. 639.43 lacs and a sum of Rs. 3779.75 lacs from NEDA are subject to confirmation and reconciliation and consequential adjustment.

Necessary instructions have been issued to units/Zones

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d. **Contingent liability not provided for / not reported as such:** As per UPERC CERC website, various orders regarding purchase of power were passed during the year 2018-2019 and thereafter but correct position of order passed were not available with the concerned unit/zone. It cannot be ascertained that whether the financial effect of the orders passed during 2018-2019 and thereafter has been incorporated in the financial statements as established liability/contingent liability. It seems that appropriate control over the cases/appeals pending at various level is not there. The correct position of various cases should be ascertained and appropriately accounted for. The unit is just going by the so-called cut-off date by which if they get claims from the power generators, they go for recording otherwise not. Details have been demanded of legal claims / other matters at any other forum outstanding at various units to arrive at the correct position of contingent / established liability. As per list provided by units/ zone, legal cases are pending at 5 units (330, 327, 645, 646 & 973). List of cases pending at various levels was provided by unit/ zone but in some cases, their present status and the position of contingent liability / established liability was not provided and the financial impact of the same were not disclosed in the contingent liabilities. In ESPC, Mahanagar (0327), several cases were pending at various levels, but the updated position of the cases were not made available to us. In absence of updated position of cases correct contingent liabilities cannot be quantified.	Units have been instructed to keep proper records and maintain necessary registers in respect of contingent liabilities and the same may be put up in the next audit.
16. **Audit observations in Audit Report of the Subsidiaries Companies excluding those which have been appropriately dealt elsewhere in the report are reproduced below-** (Notes referred to in the following sub paras form part of the notes on accounts to the standalone financial statements of the respective subsidiaries)	
DVVNL	
a. The DVVNL has received Depreciation on Land & Land rights in earlier years through gazette notification amounting to Rs. 39.81 lacs. No Depreciation is chargeable on Land & Land Rights hence the company is required to reverse the Depreciation on same and treat it as a Prior Period adjustment in Financial Statements.	These values have been received under Final Transfer Scheme, however we are reviewing this comment to pass necessary entries, if required.

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b. The Block of assets of the company i.e., Note - 02 Property Plant and Equipment includes an amount of Rs. 4,536.00 lacs as "Assets not pertaining to DVVNL". As per expert advisory opinion issued by ICAI and Published in 2012 Opinion 1 "Treatment of capital expenditure on assets not owned by the company" the company cannot capitalize "The capital expenditure on strengthening of power transmission system not owned by the company " and should be expensed by way of charge to the profit and loss account of the period in which these are incurred. As there is no contradiction in IND AS comparing it with AS and paragraphs 49 and 88 of the 'Framework for the Preparation and Presentation of Financial Statements', issued by the Institute of Chartered Accountants of India on the basis which are considered by Expert Advisory committee while forming their opinion. Hence Capital expenditure on assets not owned by the company appearing in the schedule of Property Plant and Equipment at its written down value, being an error should be rectified and disclosed as a 'Prior Period Item' as per IND AS - 8. Hence Property Plant and Equipment are overstated by Rs.4,536.00lacs and accumulated losses are understated by Rs. 4,536.00 lacs.	Point Noted for Examination.
c. The CWIP includes an amount of Rs. 881.35 lacs in AO Headquarter account under AG Head 14.8 which is persisting since long for which no capitalization is made. As per management no reconciliation for the same is available. We recommend the management to reconcile the above at earliest, so that necessary adjustment can be made.	These are the old balances which are under reconciliation.
d. While scrutinizing the Zonal Trial balance of Aligarh Zone it was observed that an amount of Rs. 24.79 lacs is persisting since long in AG Head 14.73R (Ram Manohar Lohia) which is a serious anomaly as it is not capitalized yet and needs to be followed up immediately.	These are the old balances which are under reconciliation.
e. AG Head 22.780 "Transformers Sent for repairs" and AG Head 22.791 "LED" is reflecting Credit balances amounting to Rs. 272.81 lacs and Rs. 31.62 lacs respectively. As explained by the management no profit or loss is booked on sale/transfer of such items hence they are reflecting such abnormal balances.	These balances are under reconciliation.
f. Further we have observed that Zonal Trial of Kanpur zone and Jhansi Zone are reflecting a credit balance in AG 22.770 "Scrap Material" amounting Rs. 55.98 lacs and Rs. 1,790.05 lacs which is impracticable as Stock value cannot be negative. Thus, the Stock value has been understated by Rs.1,846.03lacs by the company.	These balances are under reconciliation.

g. During the verification a shortage of Rs. 19.14 lacs was observed. The Company has raised advances against 9 Junior Engineers and 9 Assistant store keepers for the same which would be recovered from the salaries in year 2019-20.	These advances have been reverted during F.Y.2019-20 after obtaining explanations with the respective employees by the Enquiry Committee.
h. During the audit it was observed that DVVNL Agra is having TDS demand reflecting over TRACES portal amounting to Rs.23.97 lacs for which neither provision has been made, nor the disclosure is proper since the liability of current year is only disclosed under contingent liability instead of entire accumulated liability.	TDS demands are majorly due to furnishing of wrong PAN and Challan mismatch which are regularly monitored and correction statements were filed by the respective divisions to reduce the same. Interest paid if any was recognised in the year of such payment made.
i. The Private Tube well (PTW) consumers are exempted from Electricity Duty. However, an amount of Rs. 15.49 lacs is accounted for by the company with respect to it. Due to which the company has overstated its Trade Receivables (Current Assets) and Electricity Duty & other levies payable to government (Current Liabilities) by the same amount.	During the F.Y. 2019-20 no Electricity duty has been accounted for these consumers and the opening balances has been reduced to NIL in F.Y. 2020-21 in books of accounts.
j. Sundry Liabilities under NOTE 16 includes an amount of Rs. 9,495.09 lacs of AG HEAD 46.922 "SALE OF SCRAP" which is the part of Material cost variance and should be written off in Profit and loss of Company Due to the above liabilities has been understated by Rs. 9,495.09 lacs and Loss has understated by Rs9,495.09 lacs. Details are as under:	In DVVNL sale proceedings of scrap sale were received by the Agra store centrally and the material was sold from various stores, Therefore the material cost of remaining zones has been transferred in AG 46.922 which would be cleared on receipt of ATC from Agra store.

ZONES	AMOUNT (lacs)
KANPUR	2,264.67
JHANSI	3,805.30
ALIGARH	3,425.15
TOTAL	9,495.09

KESCO a. The land of the company is on lease from UPPCL at Re.1/- per month as per transfer scheme. The value of such land is yet to be ascertained by UPPCL (Refer Point No. 9(d) of Notes on Accounts). However, we have not been produced with the Lease Agreement pertaining to such land. As a result of which we are unable to check whether the lease is in financial nature or operating.	The Company has received leasehold land from UPPCL as per the transfer scheme at a lease of Rs. 1.00 per month and holds the same at a nominal value of Rs 1.00 in the books of account. The land belongs to UPPCL and the company is paying nominal rent @ Rs. 1 p.m to UPPCL
b. The detail of individual fixed assets which have been created through matching deposits from customers which is subsequently amortized in the proportion of the depreciation amount is unavailable.	The details of fixed assets created through deposits from customer are available and the same has been shown to the auditors.Thereafter some additional required details were provided to the Auditors and the observation has now been removed in the Statutory Audit Report for FY 2019-20.

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c. Advance to capital Contractors included in the value of Capital work in Progress as per Note No. 3 of Balance Sheet includes Rs. 14.64 lacs on account of Cash Advance given to contractors for execution of capital projects. In our opinion this should have been booked under the head Other Current Financial Assets rather than Capital WIP. Therefore, the Capital WIP as at 31/03/2019 is overstated and Other Current Financial Assets as at 31/03/2019 is understated by Rs. 14.64 lacs.	The Cash advance is on account of advance paid to contractor for execution of capital work which would subsequently be adjusted against the contractors bills raised for execution of Capital Asset and thus has been included as a part of capital Work in Progress. The accounting treatment has been followed uniformly by all DISCOM's under UPPCL. Moreover the compliance of the Audit observation has been done in FY 2019-20 and the para has also been removed in the Statutory Audit Report of FY 2019-20.
d. It has been observed that inoperative debtors have been continuously billed on the basis of IDF/RDF for more than 2 billing cycles which is in contravention of the provisions of Electricity Supply Code 2005. (Impact not ascertainable)	The company has now implemented smart meters in place of IDF/ADF meters as soon as they are reported and the cases of IDF/RDF are negligible now.
e. According to information and explanations given to us and as per the prevalent practice of the company, inventory of Stores and Spares is considered as an inventory only when the same is accounted for in the measurement book after due verification and quality check of the said items. Thus, liability in respect of Suppliers is accounted for only when the inventory is accounted for in the measurement book. Thus, in our opinion the liability as well as corresponding current assets to this extent in respect of material supplied is understated. This is also a violation of the provisions of section 128 of the Companies Act, 2013, which advocates the maintenance of books of account on accrual basis of accounting (Impact not ascertainable).	A liability is booked when there is a reasonable certainty of outflow of economic resources of the enterprise. As per the Purchase orders the material procured are subject to inspection and clearance. Liability of the Company towards purchase of inventory item arises only when the same is being inspected and checked accordingly and the company is not liable to pay for rejected items. Hence the practice followed by the company is in accordance with the accrual basis of accounting and there is no deviation of Companies Act and GAAP. Moreover the audit para has now been removed from the Statutory Audit Report of FY 2019-20 after providing necessary explanations to the auditors in this regard.
f. According to information and explanations given to us, inventories lying with third parties are accounted for on the basis of consumption statements received in this regard and are grouped under "Capital Work in Progress" and "Other Current Assets". However, no confirmation and reconciliation of the said inventory with the said third parties has been done at the year end. (Impact if any not ascertainable).	The company is having proper control over the material issued to contractors for execution of work and the same is properly been accounted for. Efforts are being made to provide balance confirmation from contractors with respect to material issued to them.
g. According to information and explanations given to us Obsolete, defective and unused store items have not been identified as Scrap during the financial year ended 31st March, 2019, pending identification by the committee formed in this regard (Impact not ascertainable).	No such items have been declared as obsolete during the year

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<table>
<tr><td>h. The Company has not disclosed the impact of Rs. 3567.00 lacs pertaining to interest payable to Government of Uttar Pradesh on account of conversion of Najul land to freehold land. Out of this Rs. 2955.00 lacs pertain till F.Y. 2015-16 and Rs. 612.00 lacs pertain to F.Y. 2016-17. The final comments of Comptroller and Auditor General of India for F.Y. 2016-17 have not been received yet. Hence, the deficit as at 31st March,2019 is understated by Rs. 2955.00 lacs and other current financial liability is understated by Rs. 2955.00 lacs (The impact of Rs. 612.00 lacs has not been considered in our report awaiting final comments of Comptroller and Auditor General of India for FY 2016-17).</td><td>The company has not received any demand from Govt. of UP to pay interest on conversion charges due to which it is not possible to book the liability in the books of accounts.
A liability is booked when there is a reasonable certainty of outflow of economic resources of the enterprise. It is not possible to book a liability without any demand or a reasonable certainty and booking of liability only on the basis of future assumptions without any concrete fact or evidence will lead to overstatement of loss and liability and will not reflect the correct position of the financial statements.
However in compliance with the observation raised by the learned office of C&AG and matter being contingent in nature, we shall book the amount of Rs 51.96 crores along with further interest based on the calculation by the office of C&AG as a contingent liability in the financial statements of FY 2020-21</td></tr>
<tr><td>i. Restructuring Reserve: According to information and explanations given to us the Restructuring Reserve amounting to Rs. 14.46 lacs pertain to the transaction affecting the opening balance of KESCO as per the transfer scheme of KESA pending final adjustments/ reconciliation.</td><td>The difference in Balance of erstwhile KESA and KESCo amounting to Rs 14.46 lacs have been booked under Restructuring Reserve in Capital Reserve at the time of formation of KESCo in accordance with GAAP. Necessary adjustment entries in this regard shall be passed as soon as possible to ensure compliance with Audit Observation</td></tr>
<tr><td>j. During financial year 2016-17 and F.Y. 2015-16, the company was in receipt of a Government financial assistance of Rs.66,030.26lacs and 1,40,815.96 lacs respectively under the 'UDAY' Scheme. As per the terms of the scheme the said fund was to be treated as 25% as Equity, 25% as interest free loan and 50% as Subsidy / Grant.

On verification of the aforesaid the following was observed:
<table><tr><th>Particulars</th><th>2015-16 (Amount in lacs)</th><th>2016-17 (Amount inlacs)</th><th>Treatment in Ind AS Financial Statements</th></tr><tr><td>Amount treated as Equity</td><td>35,203.99</td><td>16,507.56</td><td>Under Share Application Money</td></tr></table></td><td>The Comptroller & Auditor General has clearly stated in the Final Comments for FY 2017-18 that the accounting treatment followed by the Company is correct and in accordance with Ind AS -20 and the observation raised by the Auditor is deficient.</td></tr>
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Amount treated as Interest Free Loan	35,203.99	16,507.56	Non-Current Borrowings	
Amount treated as Subsidy	68,360.59	32,428.38	Capital Reserves (Other Equity)	
Amount treated as Subsidy for repayment of interest	2,047.39	586.75	Other Income	
Total Amount	**1,40,815.96**	**66,030.26**		

Ind AS 20 requires all grants to be recognized as income over the period which bear the cost of meeting the obligation. As such 50% of the amount of total grant amounting to Rs. 32,428.38 lacs for F.Y. 2016-17 and Rs. 68,360.59 lacs for F.Y. 2015-16 which is treated as Subsidy (Capital Reserve) should have been recognized as income. Thus, the profit for F.Y. 2015-16 is understated by Rs. 68,360.59 lacs and Capital Reserve is overstated by Rs. 68,360.59 lacs similarly profit for F.Y. 2016-17 is understated by Rs. 32,428.38 lacs (cumulative Rs. 1,00,788.98 lacs) and Capital Reserve for F.Y. 2016-17 is overstated by Rs. 32,428.38 lacs.

Considering above the balance of Deficit (Other Equity) as at 31/03/2019 is overstated by Rs 1,00,788.98 lacs and Capital reserve as at 31/03/2019 is overstated by Rs. 1,00,788.98 lacs)

However, C&AG in their draft comments for FY 2016-17 have advised that "As per Ind AS 20, a government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognized in profit or loss of the period in which it becomes receivable. The above compensation also met against loan payable in instalment in future, thus, the treatment of reimbursable amount of loan in future should only have been treated as Capital Reserve" for which we have submitted our comments. Since the final comments of C&AG for FY 2016-17 are awaited, the above observation for treatment of grant is subject to their final comments.

k. During the year, Subsidy for repayment of loan was received for Rs 3,647.48 lacs from Government of U.P. As per the information and explanation given by the management, the above amount includes Rs. 743.50 lacs for repayment of Interest and Rs. 2,903.98 lacs towards repayment of Principal. Although Rs 743.50 lacs has been booked in Profit & Loss under other income, the amount received for Rs 2,903.98 lacs towards repayment of Principal has been credited to Capital Reserve which as per Ind AS 20 should	The Comptroller & Auditor General has clearly stated in the Final Comments for FY 2017-18 that the accounting treatment followed by the Company is correct and in accordance with Ind AS -20 and the observation raised by the Auditor is deficient.

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have been recognized as income in F.Y. 2018-19. Similarly, during F.Y. 2017-18, and FY 2016-17, Subsidy for repayment of loan was received for Rs 3,994.58 lacs and Rs 4,008.67 lacs respectively from Government of U.P. As per the information and explanation given by the management, the above amount includes Rs. 2,903.98 lacs (for FY 2017-18) and Rs 2,040.51 lacs (for FY 2016-17) towards repayment of Principal which has been credited to Capital Reserve but as per Ind AS 20, the same should have been recognized as income. Thus, the loss for F.Y. 2018-19 is overstated by Rs. 2,903.98 lacs, balance of deficit (Other Equity) as at 31/03/2019 is overstated by Rs. 7,848.48 lacs and Capital Reserve as at 31/03/2019 is overstated by Rs. 7,848.48 lacs.	
PVVNL	
a. Due to non-availability of proper and complete records of Work Completion Reports, there have been instances of non-capitalization and/or delayed capitalization of Property, Plant and Equipments, resulting delay in capitalization with corresponding impact on depreciation for the delayed period. (Refer to 2(II) of 'Significant Accounting Policies' to the Financial Statements.)	Due to scattered geographical area and multiplicity in nature of Capital works, in some cases their might be delay in capitalization of assets. However most of the Capital works are capitalized in same month. The effect on depreciation is very insignificant because the company is providing depreciation on addition of Fixed Assets on prorata basis. The same has also been disclosed in Significant Accounting Policies at point no. IV(b).
b. The company has charged depreciation Rs. 62.28 lacs in earlier years on the value of land and land rights, while no depreciation is to be charged on the land as per Companies Act, 2013. UPERC also has taken useful life of land as infinity. As a result of this, Land & Land rights under fixed assets are under stated by Rs. 62.28 lacs and cumulated depreciation is overstated by Rs. 62.28 lacs.	The accumulated depreciation of Rs. 62.28 lakh on Land was allocated through Final Transfer Scheme, 2003 vide Govt. of U.P. notification no. 1528/24-P-2-2015-SA(218)/2014 Lucknow dated 03.01.2015.
c. Capital Work in progress is net off Material cost variance amounting to Rs. 1,114.67 lacs, which is pending reconciliation year together for more than a year.	The transaction of transfer of material between any two divisions is valued at issue rate as issued by UPPCL(The Holding Co.). The difference between Issue Rate and Actual purchase rate of such material is booked under the said AG Head and the same is booked in Capital Work in Progress. The necessary adjustment will be made in subsequent years after due reconciliation.
d. Assets amounting to Rs. 3,905.36 lacs, being expenses on construction of Bay are shown as "Assets not in possession of Pashchimanchal Vidyut Vitran Nigam Ltd.". The agreement with Transco is not available with the company. It is informed to us that the company has a right to use of the assets. Company has disclosed it as Tangible Assets, which is Intangible Assets, as being rightly disclosed in the earlier financial year 2017-18. This has resulted	Power flows from 132 KV substations of TRANSCO to 33 KV sub-station of Discoms through Bay. Bay is constructed by TRANSCO under Deposit Works. The expenditure incurred on construction of Bay is bound by Discoms with exclusive right for use of such assets. As a uniform practice in all Discoms of Uttar Pradesh, it has been shown as assets not in possession

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understatement of intangible assets and overstatement of tangible assets by Rs. 3,905.36 lacs. (Referred to in note 2 of Financial statements)	of discom in the annual accounts. The same is amortized according to life.
e. In case of withdrawal of an asset, its gross value and accumulated depreciation is written off on estimated basis. In the absence of sufficient and appropriate audit evidence thereof, we are not in a position to ascertain impact of the same on financial statements.	Due to scattered geographical area and multiplicity in nature of capital works, it is quite difficult to establish the correct date of installation/put of use of assets. In case of withdrawal of an asset the accumulated depreciation is written off on useful life of that asset.
f. The depreciation/amortisation on Bay (Assets not in Possession of PaschimanchalVidyutVitran Nigam Ltd.) is calculated on the opening gross value of the assets with the life of 25 years on SLM basis and not on the additions during the financial year. In the absence of complete details, we are unable to quantify the impact of the same on depreciation/amortisation and consequential impact on the financial statements. (Refer to Note no. 2 Property, Plant and Equipment)	Noted for future compliance. The necessary correction/adjustment will be made in subsequent year.
g. It was seen that in case of asset "Overhead line on wooden support" company has charged cumulative deprecation more than the gross value of asset. Gross block of the said asset was 439.83 lacs, whereas cumulative depreciation was shown Rs. 579.18 lacs, which was more than the gross block of the asset by Rs.139.35 lacs. As a result of this, Lines, Cable networks, etc. under fixed assets are understated and cumulated depreciation is overstated by Rs. 139.35 lacs.	It is to submit that 95% depreciation was charged on 'Overhead line on wooden support'. At the time of withdrawal of such assets, the withdrawal of depreciation was not in proportion to the provision of depreciation charged on such asset. The negative net value of assets is occurred due to above said reason. Necessary adjustment/correctionwill be made in ensuing financial year 2019-20.
h. The company has calculated depreciation based on the rate approved by UPERC. As useful life of computer was not given in the depreciation schedule approved by UPERC, company should have considered 3 years useful life of computer taking conservative approach as given in schedule II of Companies act 2013 instead of taking 15 years. Consequential impact of the same on the financial statements is not ascertained.	As per the Notification no. GSR 627(E) dated 29 August 2014 of Ministry of Corporate Affairs, Govt. of India the useful life for depreciation on Office Equipments is 15 years in its Annexure-B. Office Equipments consists of Computer, Printers, Photocopy Machine, etc.
i. As per UPERC (MYT) Regulation 2013, In case the payment of any bills of Transmission charges, wheeling charges is delayed beyond the period of 60 days from the date of billing, a late payment surcharge @ 1.25% per month shall be levied by the transmission licensee. However, the company has not made any provision for liability for late payment surcharge on account of non-payment of dues in compliance of above regulation. Consequential impact of the same on the financial statements is not ascertained.	The PVVNL is the subsidiary of UPPCL. The Bulk Purchase of Power is made by UPPCL centrally. The liability of Transmission charges is booked on the basis of Bills received from UPPTCL and payment thereon is made by UPPCL and adjusted in Books of PVVNL through Debit Note received from UPPCL. The accountal of liability for Wheeling charges and payment thereof is only a book adjustment for PVVNL through UPPCL(The Holding Co.). Being the Government undertaking company,no such surcharge has been imposed in past years. Thus, following the past practice of company, no provision has been made during the year.

j. As per Note No. 5 of the Financial Statements, Trade Receivables includes a sum amounting to Rs. 78,701.15 lacs inherited by the Company in Transfer Scheme, which is lying unadjusted since long.	These balances are allocated through Final Transfer Scheme, 2003 vide Govt. of U.P. notification no. 1528/24-P-2-2015-SA(218)/2014 Lucknow dated 03.01.2015. The adjustment of these balances will be made in subsequent years.
k. The company has not furnished the details of advance deposit received from consumers against temporary connection and entire security deposits from them has been shown as non-current liabilities. In absence of such details, quantification of current and non- current liabilities therefrom is not possible.	In current accounting system no separate accounting heads for Temporary Connection exists. The Security Deposit from consumer against Temporary Connection is booked in AG Code specified for particular category.
l. Amount of outstanding under the head sundry debtors (AG- 23) is not reconciled with the billing ledger. Outstanding balance in trial balance as on 31-03-2019 under this head may not be verified with consumer ledger or with other available records available with the divisions/zone.	The amount under the head Sundry Debtors is booked on the basis of Online Billing Ledger after making necessary adjustments/correction like Inflated Bills, Manual Billing, etc. at divisional level.
m. According to the information and explanations given to us, frauds in shape of misappropriation of cash collected from customers but not deposited amounting to Rs.370.05 lacs were noticed. We are informed by the management that departmental and legal proceedings are in process against the concerned staff, as soon as these frauds surfaced.	No Comments
n. No subsidiary ledgers have been maintained for Consumer Security Deposit, Meter Security Deposit and Advance consumption charges. In absence of which the correctness of the figures appearing in the financial statements under these head could not be verified.	The company is maintaining Online Consumer Ledger through outsourced billing agencies which maintain all the required records of consumers like Consumption, Arrear, Security, Advance, etc.
o. Work in Progress Register (WIP Register) is not being maintained at all the units except ECWD-MBD, which has prepared WIP Register for the current financial year only.	Efforts are being made to maintain WIP Register.
p. The auditor had required to provide for contingent liability on bank guarantee for Rs. 15.00 lacs, which should be disclosed in the financials but the same was not done.	The company is showing consolidate Contingent Liability on account of statutory dues, bank guarantee, claim of staff and consumers & court cases and for other related liabilities in Notes on Accounts at point no. 19(b).

Klit

PuVVNL Stock shortage/ excess pending investigation amounting to Rs. 96.63 Lacsis outstanding as on 31/03/2019. In absence of proper information, we are unable to comment upon its nature and proper accounting. No movement analysis is available to categorize fast moving, slow moving, non-moving and dead stock items.	The units have been instructed to investigate the balances showing under the head "stock shortages/excess pending investigation" and adjust the same in books accordingly.However out of Rs. 96.63 Lacs, Rs. 57.13 Lacs pertains to opening balances arrived under transfer scheme.
MVVNL	
a. As per practice and policy of the Company, the Property, Plant and Equipment observed and declared "NOT IN USE" are transferred from Property, Plant and Equipment (Accounting Code No. AG- 10) to Assets "NOT IN USE" (Accounting Code No. AG- 16) and the depreciation already provided and kept in depreciation is reversed by the units. However, LESA Cis zone auditor reported that when the capital assets are decommissioned for major repairs the original cost is derived on estimated basis and the accumulated depreciation is derived on pro-ratabasis.	Due to unavailability of exact put to use date of old assets, the depreciation on such decommissioned assets is reversed on estimated basis. The company is in the process of implementing ERP project which will facilitate the company to map the actual capitalization date with the concerned assets and hence this problem will be resolved in the upcoming years.
b. When the store materials are issued for capital jobs the issue rate is on Resspo-rate basis. Since the value of capital assets on issue and value of decommissioned assets (including the value of asset under transfer scheme) is on estimated basis (time, rate and value), on many occasions closing balance shows negative closing balance for the current year. Physical verification of asset is not carried out by the management in any of the division s/ unit s. On receipt of repaired transformers of different sizes, the receiving and sending unit do not match / respond corresponding entries in their respective books hence the inter unit balances are outstanding in the books, reason as informed by the management is due to delay in submission of advice transfer of debit and advice transfer of credit.	Store materials are issued on respo-rate which is calculated & decided by the management, it is not on estimated basis. Negative balances appearing are primarily due to misclassification of heads which will be rectified in the current Financial Year. Inventories held by store/workshop division has been physically verified and the same has been valued by outsourced CA firms at the end of the year and impact, if any, arising due to valuation has been duly accounted for The management has taken cognizance of the audit observation and has formed a dedicated cell for reconciling Inter Unit balances in a time-bound manner.
c. **LESA Trans Gomti Zone Auditors** reported that some heads of Fixed Assets are reflecting credit balances which as explained to us is due to wrong classification. The zone recognizes its completed works as Fixed Assets only at the year end, hence yearly depreciation and WDV is not calculated correctly.	Audit observation has been noted and required correction will be made accordingly.
d. No details of Capital Work in Progress (including RGGVY Scheme, APDRP Scheme, RAPDRP Scheme and Other) amounting Rs.2,70,481.92 lacs (Rs. 2,11,051.28 lacs last year) and Advance to capital suppliers/ Contractors amounting Rs. 4,02,538.34 lacs (Rs. 2,50,410.78 lacs last year) provided to us. We are unable to comment on Capital Work in Progress as the required information for capitalization of various works/project, age wise analysis and item wise	All the relevant information relating to Capital Work in Progress have been provided to the Statutory Auditor of Financial Year 2020-21 which has been considered by them.

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analysis was not made available by management. Such capitalization is delayed and consequently depreciation has also not been charged.	
e. **LESA Cis Zone Auditors** also reported that Capital work in progress (AG -14) is transferred/ capitalized to Property, Plant and Equipment (AG-10) without taking into account, any commissioning /completion certificate, the same is accounted on undetermined basis. On the same reason mentioned about the capital work in progress/ Property, Plant and Equipment are not correctly disclosed and hence yearly depreciation is not calculated accurately/ correctly.	Due to unavailability of exact put to use date of old assets, the depreciation on such decommissioned assets is reversed on estimated basis. The company is in the process of implementing ERP project which will facilitate the company to map the actual capitalization date with the concerned assets and hence this problem will be resolved in the upcoming years.
f. As per AG observations of previous year(s) EDC – Shahjahanpur 10882.00 lacs and EDC Hardoi Rs 2,604.00 lacs in respect of expenditure incurred under RGGVY already completed but not capitalized /transferred from CWIP to fixed assets. Due to which CWIP is overstated by Rs 13486.00 lacs and understatement of accumulated loss and depreciation. It also results in understatement of assets. The position of these works is not made clear to us during the period under audit.	Audit observation has been noted and required correction will be made accordingly.
g. Capital work in progress is transferred / capitalized without taking into account, any commissioning / completion certificate, hence the same is accounted for on undeterminedbasis.Thispracticeisnotasperaccepteda ccountingpractice.	Due to unavailability of exact put to use date of old assets, the depreciation on such decommissioned assets is reversed on estimated basis. The company is in the process of implementing ERP project which will facilitate the company to map the actual capitalization date with the concerned assets and hence this problem will be resolved in the upcoming years.
h. As reported by management, a fraud of Rs. 99.62 lakhs have occurred during the Financial Year 2018-19, on which Departmental Action has been taken by the management on accused staff.	No Comment.
i. **Auditor of LESA Cis Zone** made the following comments Most of the divisions where collection of electricity is done by E-SUVIDHA (i.e. outside agency) a separate Cash Book are maintained on the basis of details provided by e-suvidha. Consolidated daily collections and remittance to HO are provided by e-suvidha and consumer wise collection is not available at division level. Entire collection by e-suvidha both in and cheque are deposited by e-suvidha in its own account, after realization of cheque directly remitted to accounts. In respect of amount collected by e-suvidha, outside agencies, on a day today basis, at present there is no check to ensure that all the money collected is deposited by e-suvidha in MVVNL/UPPCL A/c.	A dedicated separate cell at HO level duly reconcile the daily collections made at division level and remitted to UPPCL by e-Suvidha.

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j. **LESA Cis Zone Auditors** reported that revenue from sales of power to various categories of consumers is not cent percent metered for the year in some cases and some ad hoc provisions are made at the end. Necessary records regarding tariff wise breakup, transit loss, self-consumption have not been provided to us, providing our reservation to the recognition and verification of revenue in accordance with accounting standards. Revenue from sales of power is recognized during the financial year 2018-19 on the basis of report generated (report no CM 315 and CM 309) from online billing system, and authenticity of the same needs to be verified and adverse financial impact if any, could not be determined. On verification of CM 309, no breakup or bifurcation of receipts made under "others" was furnished to us which were other than receipts recorded from E-Suvidha on account of electricity duty and electricity charge. In respect of power unit consumed by employees including ex-employees, no bill is raised on the basis of meter reading as it is done in the case of consumers, and is done on tariff rates of UPERC.	Revenue assessment is accounted for on the basis of report generated by online billing system which has category-wise bifurcation of consumers, which is authentic. No bills are raised to employees/ex-employees because a fixed amount are deducted from the salary/pension as per the Tariff regulations of UPERC.
k. **Bareilly Zone Auditors reported that** regarding Sale of energy to consumers, revenue is booked as per actual billing generated by computerized billing system. Necessary record regarding tariff wise breakup, transit loss and self-consumption have been provided to them which is according to Accounting Standards. Due to the above, the adverse financial impact if any, could not be determined	No comment.
For want of complete information, the cumulative impact of our observations in *paras 1 to 16* above to this report on assets, liabilities, income and expenditure is not ascertained.	No comment.

Annexure II to Independent Auditors Report	
(As referred to in paragraph 1(f) under "Report on Other Legal and Regulatory Requirements" section of our audit report of even date to the members of U.P. Power Corporation Limited on the Consolidated Financial Statements of the Company for the year ended 31st March, 2019)	No comment.

Alok

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") We have audited the internal financial controls over financial reporting of U.P. Power Corporation Limited ("the Company") as of 31st March, 2019, in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.	No comment.
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 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.
Qualified Opinion	
According to the information and explanations provided to us and based on the reports on Internal Financial Controls Over Financial Reporting of Holding company audited by us and its subsidiaries, audited by the other auditors, which have been furnished to us by the Management, the following control deficiencies have been identified in operating effectiveness of the Company's internal financial control over financial reporting as at 31st March 2019 –	No comment.
1. The auditors of DVVNL have reported that - The Accounting entries at the unit level are being done manually, thereafter each unit submits its accounts prepared in computerised format to its respective Zone. The Zone subsequently forwards the merged accounts of all its unitsto the Head office. There is no automated integration of Accounts at different levels.	No comment.

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2.The auditors of PVVNL have reported that - a) Internal control in respect of movement of inventories during maintenance and capital works, material issued/ received to/ from third parties and material lying with sub-divisions, need to be reviewed and strengthened. Further, implementation of real time integrated ERP software is strongly recommended. b) The Company does not have an appropriate internal control system for preparing debtors ageing and making provision for bad debts. Instead, the provision for bad debts is made on fixed percentage basis. This could potentially result in non-booking of bad debts. c) Instances of theft of assets (transformers, cables etc.) are noticed in divisions of Meerut zone. The accumulated amount of such theft assets is Rs. 2,278 Lacs as on 31st March 2019. Divisions in the Meerut zone have not made any adequate arrangements to safeguard its assets from these incidents in future. Assets of the zone are uninsured too. d) Manual Receipt Books are issued to the employees (cashiers) of divisions of Meerut zone for collecting cash from customers against bills raised for sale of power. These receipt books are kept with them indefinitely and cash is also not deposited regularly. There is no time limit within which these cashiers should submit the account of receipt books taken and return of unused receipts. Receipt books were kept for more than 5 years in EDD Baghpat. Some of receipt books issued prior to 31st March2019 were not returned in division in EDD Baghpat till the date of audit i.e., 24th August 2019 and the actual cash actual received in the division was not reconciled with receipts issued to customers. This weakness in the internal control system has resulted in a fraud of Rs.370.04 lacs in the Meerut Zone. e) Reconciliation of power received and power sold during year has not been done. Billing is not raised timely and correctly. A material weakness is a deficiency or a combination of deficiencies in internal financial control over financial reporting such that there is reasonable possibility that a material misstatement of the Companies' annual or interim financial statements will not be prevented or detected on timely basis.	No comment.

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In our opinion, except for the effects/probable effects of the material weaknesses described above and in *'Annexure I'*on the achievement of the objectives of the control criteria, the Company has maintained in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019 based on the internal control over financial reporting criteria established by the company considering the essential components of the internal control stated in the guidance note on audit of internal financial control over financial reporting issued by the Institute of Chartered Accountants of India except for the need to strengthen the existing internal audit mechanism considering the nature and scale of operations of the company and the overarching legal and regulatory framework and the audit observations reported above and in *'Annexure I'*.	No comment.

(NitinNijhawan)
Chief Financial Officer

(Nidhi Kumar Narang)
Director (Finance)

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 UTTAR PRADESH POWER CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2019	
FINAL COMMENTS	**MANAGEMENT'S REPLY**
The preparation of consolidated financial statements of Uttar Pradesh Power Corporation Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the Company. The Statutory Auditor appointed by the Comptroller & Auditor General of India under Section 139 (5) read with Section 129 (4) of the Act is responsible for expressing opinion on the financial statements under Section 143 read with Section 129 (4) of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 6 April 2021.	No Comment
I, on behalf of the Comptroller and Auditor General of India (C&AG), have conducted a supplementary audit of the consolidated financial statements of Uttar Pradesh Power Corporation Limited for the year ended 31 March 2019, under Section 143 (6) (a) read with Section 129 (4) of the Act. We conducted a supplementary audit of the financial statements of parent company Uttar Pradesh Power Corporation Limited (UPPCL), subsidiary companies- PurvanchalVidyutVitran Nigam	No Comment

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Limited (PuVVNL), PaschimanchalVidyutVitran Nigam Limited (PVVNL), MadhyanchalVidyutVitran Nigam Limited (MVVNL), DakshinanchalVidyutVitran Nigam Limited (DVVNL), Kanpur Electricity Supply Company Limited (KESCO), Southern UP Power Transmission Company Limited (SuUPPTCL) and Sonebhadra Power Generation Company Limited and of associate company - Yamuna Power Generation Company Limited for the year ended 31 March 2019. 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:	
A. COMMENTS ON CONSOLIDATED PROFITABILITY **Statement of Profit and Loss** **Other Income (Note 23): 13,322.74 crore**	
1. The above includes additional subsidy received from the Government of Uttar Pradesh (GoUP) against previous year losses under UDAY scheme amounting to ₹ 761.09crore (PVVNL ₹112.60 crore, DVVNL ₹ 256.50crore,PuVVNL₹208.38crore and MVVNL	Reply attached. **(Annexure-1)**

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₹ 183.61 crore). As per the tripartite MoU signed (30 January 2016) among the Ministry of Power, GoI; GoUP andUPPCL (on behalf of all DISCOMs) for implementation of UDAY scheme, theGoUP was to refundten*per cent* of losses of 2017-18 in the year 2018-19. 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 2017-18 was ₹ 530.00crore only (ten*per cent* of losses for the year 2017-18*i.e.* PVVNL ₹ 1,516.95crore, DVVNL ₹2,366.50crore, PuVVNL₹ 832.56crore andMVVNL ₹ 437.75 croreand add impact of understatement of loss by PVVNL₹ 30.83 crore, DVVNL ₹ 50.77 crore and PuVVNL₹ 100.75 crore, respectively less impact of overstatement of loss by MVVNL₹36.14 crore) which should have been recognised as income while the remaining amount ₹231.09crore(₹761.09croreless ₹530.00crore) should have been shown as deferred income in the Non-Current Liabilities. However, in CFS total amount received of ₹761.09crore is accounted for as income in the statement of Profit and Loss for the year 2018-19. Thus, the 'Loss' and 'Non-Current Liabilities' are understated by ₹231.09 crore. Despite a similar comment of the CAG on the accounts for the year 2017-18, corrective action has not been taken by the Management.	
2. In respect of PuVVNL, Other Income was reduced ₹5.95 croreon account of adjustment of	In reference to the Draft comment it is to submit that the interest amounting to Rs. 5.95 Crore has inadvertently booked

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<td>wrong accountal of interest earned during the financial year 2017-18 on unutilised funds of Government of India (GoI) sponsored Schemes (i.e. RGGVY, R-APDRP, IPDS and DDUGJY).
As per requirement of Ind AS 8 read with Significant Accounting Policy (point 2 XVI of Note 1A) of the Company an entity shall correct material prior period errors retrospectively by restating the comparative amounts for the prior period(s) presented in which the error occurred.
This resulted in understatement of 'Other Income' and overstatement of Loss for the year by₹5.95 crore each. Consequently, disclosure under'Other Equity' (Reserves and Surplus-Retained earnings) in respect of prior period has not been made as per requirement of Ind AS 8 and Accounting Policy of the Company.</td>
<td>by PuVVNL during the current year income instead Prior Period. Since the accounts for FY 2018-19 has been closed and it has no impact on Reserve & Surplus in the next years.</td>
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<td>3. The above does not include bill/supplementary bills amounting to ₹ 100.13 crore received from different parties as detailed below:
a) Bill of M/ s R.K.M. Powergen Company Limited related to transmission charges and power purchase of (-) ₹ 33.46 crore for the period from 01.04.2017 to 31.03.2019 which were verified by the Company on 02/09/20 and 18/09/20. Though the UPPCL's (Standalone) accounts for the year 2018-19 were closed on 31.12.2020, the Company did not account for the above bills of (-) ₹ 33.46 crore in the books of accounts for the year 2018-19.</td>
<td>The point wise reply is given below :-
<table>
<tr><th>Verification No. and Date</th><th>Bill Reference</th><th>Particular of Bill</th><th>Amount included in the bill</th><th>Reply</th></tr>
<tr><td rowspan="2">3416
02.09.19</td><td rowspan="2">RK MP /UP PCL /POC/ May(LTA) /2019/ 007</td><td>POC Bill 3(LTA)</td><td>0.49 Crore</td><td rowspan="2">The bills were raised by RKM Powergen Pvt. Ltd. on 28.08.19 on account of reimbursement of arrear bill raised by PGCIL to RKM. PGCIL has raised billed on RKM on the basis of various orders and regulatory changes. The provision against the aforesaid liability was not made in the accounts of the unit for the F.Y. 2018-19 as the amount was not ascertainable as on 31.03.2019. Hence, the accounting of the aforesaid bills have been done by the unit in the year in which the bills received. I.e. F.Y. 2019-20.</td></tr>
<tr><td>POC Bill 3(MTOA)</td><td>0.17 Crore</td></tr>
<tr><td>4258</td><td>RKMPPL/PP</td><td>Credit Note</td><td>-12.01 Crore</td><td>Amount omitted from</td></tr>
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<tr><td>18.09.20</td><td>A/CN/LPS/18 092020</td><td>2017-18
Credit Note 2018-19</td><td>-22.11 Crore</td><td>the accounts of Financial year 2018-19 due to non-presentation of bill up to 18.09.2020 by RKM. However, the same has been accounted in the books of financial year 2019-20 on the basis of verification date accordingly.</td></tr>
<tr><td colspan="3">TOTAL (Rs.)</td><td>-33.46 Crore</td><td></td></tr>
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<td>b) Supplementary bills of Efficiency Gain amounting to (-) ₹ 105.62 crore of four parties[1] pertaining to the period from 2014-15 to 2018-19 which was verified by the Companybefore the date of closing date (31.12.2020) of the Annual Accounts for the year 2018-19.</td>
<td>It is stated that the amount ofRs. 105.62 crore includes bill of four parties (viz, NTPC- 92.40 crore: Bajaj Energy Ltd.- 12.95 crore; APCPL- 0.14 crore; NSM II- 0.14 crore) for Efficiency Gain on the basis of the orders passed by CERC date 30.12.2019. For example, photocopy of NTPC invoice and CERC order dated 30.12.2019 against Pt. No. 284/ RC/2019 (UPPCL was not a party of this petition) is enclosed herewith. The provision against the said liability was not made in the books of accounts of the unit for the F.Y. 2018-19as the amount was not ascertainable as on 31.03.2019. Hence, the accountings of the aforesaid bills have been done by the unit in the year in which the bills received i.e. F.Y. 2019-20.</td>
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<td>c) Bill amounting to ₹ 239.21 crore of M/s Power Grid Corporation of India Limited in respect of bill for transmission charges and power purchase for the period July 2011 to March 2019 which was verified[2] by the Companybefore the closing date (31.12.2020) of the Annual Accounts for the year 2018-19.
This resulted in understatement of Purchase of Stock in trade (Power Purchased) as well as Revenue from Operations by ₹ 100.13 crore.</td>
<td>
<table>
<tr><th>Verification No. & Date</th><th>Bill Reference</th><th>Bill Amount (Rs.)</th><th>Amt. Included in Rs. 239.21 Crore</th><th>Reply</th></tr>
<tr><td>4061 18.10.2019</td><td>Various Invoices</td><td>3.04 Crore</td><td>1.97 Crore</td><td>The bills were raised by PGCIL on account of CERC order dated 11.04.2019 against Petition No. 243/TT/2018 (UPPCL was not a party of this petition). Since the amount was not ascertainable as on 31.03.2019. Hence, the accounting of the aforesaid bills have been done by the unit in the year in which the bills received. i.e. 2019-20.</td></tr>
<tr><td>4428 11.11.2019</td><td>MI 0908190007 06.11.2019</td><td>103.00 Crore</td><td>47.52 Crore</td><td>The bill for inter-state transmission charges is revised time to time on the basis of true-up finalization or CERC orders issued time to time. The amount of revision is not ascertainable until CERC issues order. Hence, the amount of Rs. 475.21 crore which pertains to arrear for the period of July 2011 to March 2019 has been accounted for in the year in which the bills received i.e. F.Y. 2019-20.</td></tr>
<tr><td>54 07.01.2020</td><td>MI 091090006 01.01.2020</td><td>304.98 Crore</td><td>185.79 Crore</td><td>As replied above against verification no. 4428 dated 11.11.2019.</td></tr>
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[1]₹ 12.95 crore (M/s Bajaj Energy Limited) verified on 16/09/20, ₹ 92.40 crore (NTPC) verified on 27/07/20, ₹ 0.14 crore (Arawali Power Company) verified on 21/03/20 and ₹ 0.13 crore (NSM-II).

[2]₹ 1.97 crore on 18/10/19, ₹ 47.52 crore on 11/11/19, ₹ 185.79 crore on 07/01/20, ₹ 3.05 crore on 27/07/20 and ₹ 0.88 crore on 28/07/20*i.e.* total bill amounting to ₹ 239.21 crore.

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<tr><td>2766
27.07.2
020</td><td>MI
0904200029
20.07.2020</td><td>3.05
Crore</td><td>3.05
Crore</td><td>The bill for Transmission Deviation Charges which was finalized after Revision-I by MOP Order No. NRPC/Comml/202/RTA/2020 dated 11.03.2020. As the liability was not ascertainable at the time of closing of accounts for F.Y. 2018-19. Hence, the accounting the aforesaid has been done in the year in which the bills received i.e. F.Y. 2019-20.</td></tr>
<tr><td>2791
28.07.2
020</td><td>NI
0904200007
23.07.2020</td><td>1.57
Crore</td><td>0.88
Crore</td><td>PGCIL had raised the bill on account of FERV (Foreign Exchange Rate Variation)on Interest Payment & Loan Repayment for ULDC assets. These charges are not ascertainable before receiving of invoice and calculation with audited certificates from PGCIL and therefore, the liability could not be created in the books of F.Y. 2018-19. Hence, the accounting against the aforesaid liability has been done in the year in which the bills received i.e. F.Y. 2019-20.</td></tr>
<tr><td colspan="4">TOTAL (Rs.)</td><td>239.21 Crore</td></tr>
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<td>4. a) The above includes ₹22.73 crore on account of interest on loan taken from Power Finance Corporation Limited (PFC) by PuVVNL relating to financial year 2017-18. However, same was not accounted as required by Ind AS 8 read with Significant Accounting policy (point 2 XVI of Note 1A) of the Company.

This resulted in overstatement of 'Finance cost' and 'Loss' for the yearby ₹ 22.73crore each.Consequently, disclosure under'Other Equity' (Reserves and Surplus-Retained earnings) in respect of prior period error is not made as per requirement of Ind AS 8 and Accounting Policy of the Company.</td>
<td>As per Para 42 of Ind AS-08 "An entity shall correct material prior period errors retrospectively in the first set of financial statements approved for issue after discovery"

The amount of Rs. 22.73 crore is immaterial as compared to the total finance cost of Rs. 1203.46crore, hence in view of the above mentioned, the accounting has been done in the FY 2018-19.</td>
</tr>
<tr>
<td>b) The above does not include interest of ₹ 89.19 crore relating to projects under R-APDRP which were already completed by DVVNL. As per requirement of Ind AS 23, entity shall charge interest as revenue expenditure on completion of Assets. However, the Company has capitalised the interest of ₹ 89.19 crore instead of booking as finance cost.</td>
<td>No Capitalization of such interest has been made by DVVNL in FY 2019-20 and onwards.</td>
</tr>
</table>

This resulted in overstatement of Capital Work-in-Progress and understatement of Finance cost by ₹ 89.19 crore each. Consequently, Loss for the year is also understated by ₹ 89.19 crore.	
5.The above includes interest of ₹ 114.27 croreon projects of PVVNL under R-APDRP which has been incurred after completion of all the projects under R-APDRP and closure report was also sent to PFC by March 2018. However, the Company capitalised the aforesaid interest amounting to ₹ 114.27 crore after March 2018 instead of charging as Expenditure. This resulted in overstatement of Property, Plant and Equipment and understatement of Finance Cost by ₹ 114.27 crore each. Consequently, Loss for the year is also understated by ₹ 114.27 crore.	PVVNL has been intimated to examine the matter and take the necessary action accordingly.
6. The above includes ₹10.32 crore being the amount of cheques received against sale of power by PuVVNL and deposited in banks up to December 2018 but remained unrealised up to 31 March 2019 and became time barred. However, amount of these cheques has not been reversed in the accounts. This resulted in overstatement of 'Cash and Cash equivalents' and understatement of 'Trade Receivables' by ₹ 10.32 crore. Despite comment of a similar nature of C&AG on the account for the year 2017-18, no corrective action has been taken by the	Un-cashed cheques are regularly monitored/ reconciled by the units and time barred un-cashed cheques are reversed in the Cash Book. It is a continues process as the Discoms receives number of cheques on daily basis. Although, PuVVNL has been intimated to take the necessary action to minimize such cases.

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<table>
<tr><td>Company.</td><td></td></tr>
<tr><td>7. The above includes ₹ 2.57 crore being the amount of cheques received from consumers upto 31 December 2018 on account of sale of power by PVVNL which has become time barred but same has not been reversed in accounts.
This resulted in overstatement of Financial Assets-Bank Balance Other than Cash and Cash Equivalent (Current) and understatement of Trade Receivables by ₹ 2.57 crore each
Despite similar comment of Comptroller and Auditor General of India on the accounts for the years 2016-17 and 2017-18, no corrective action has been taken.</td><td>Un-cashed cheques are regularly monitored/ reconciled by the units and time barred un-cashed cheques are reversed in the Cash Book. It is a continues process as the Discoms receives number of cheques on daily basis. Although, PVVNL has been intimated to take the necessary action to minimize such cases.</td></tr>
<tr><td>8. As per clause 1.2(i) of the tripartite MOU executed between Ministry of Power, GOI, GoUP and UPPCL, 'the GoUP shall take over the future losses of the DISCOMs in a graded manner. Accordingly, 5 per cent loss of 2016-17 and 10 per cent loss of 2017-18 was to be taken over by the GoUP in the years 2017-18 & 2018-19 respectively.
The net loss of the DISCOMs for the years 2016-17 and 2017-18 is depicted as under:
(₹ in lakh)
<table>
<tr><th>DISCOM</th><th>Net Loss 2016-17</th><th>Net Loss 2017-18</th></tr>
<tr><td>MVVNL</td><td>72,279.56</td><td>43,170.58</td></tr>
<tr><td>PuVVNL</td><td>86,732.37</td><td>83,256.03</td></tr>
<tr><td>PVVNL</td><td>46,800.13</td><td>1,51,695.16</td></tr>
<tr><td>DVVNL</td><td>1,44,348.34</td><td>2,36,649.85</td></tr>
<tr><td>KESCO</td><td>31,955.06 (Profit)</td><td>6,441.75 (Profit)</td></tr>
<tr><td>Net losses</td><td>3,50,160.40</td><td>5,14,771.6</td></tr>
</table></td><td>In Point no 1.2(i) of UDAY MoU Sample format for calculation of future losses of discoms has been given to calculate the amount on which State Government shall take over the future losses of the discoms in a graded manner and shall fund the losses according to table mentioned therein. In point no. 1.2(m) it has stated that losses after 01.10.2015 shall be calculate according to indicated estimated losses to Annexure-2.

Thus, UPPCL Has calculated OFR as per MoU Provisions. The subsidies received under UDAY has be accounted for correctly.</td></tr>
</table>

		2
	2017-18	**2018-19**
Percentage of net loss to be taken over by GoUP	5 *per cent* of losses of 2016-17 taken over in 2017-18	10 *per cent* of losses of 2017-18 taken over in 2018-19
Loss funding by GoUP in UDAY scheme	17,508.02 say ₹ 175.08 crore	51,477.16 say ₹514.77 crore
Actual funding by GoUP	₹ 409.93 crore	₹ 761.09 crore
Excess funding made by GoUP	₹ 243.85 crore	₹246.32 crore

Thus, it may be seen from the above that total excess funding of ₹490.17 crore (₹ 243.85 crore + ₹246.32 crore) was claimed/received from the GoUP in the years 2017-18 and 2018-19 which should have been shown as liability payable to GoUP in the books of the accounts.

This resulted in understatement of 'Other Financial Liabilities' and 'Financial Assets-Other (Current)' by ₹490.17 crore, each.

9. The above includes ₹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 by PVVNL during 2017-18 which has been wrongly included in Other Equity. The unadjusted amount of MA in the year 2017-18 stood at ₹ 8.88 crore (including interest of ₹ 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 necessary correction has been made by PVVNL in annual accounts of FY 2019-20.

The aforesaid incorrect accounting of encashment amount of bank guarantee resulted in overstatement of Other Equity 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).	
10. The above is understated by ₹ 11.69 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 PVVNL. This has resulted in understatement of Other Equity (minus balance) as well as Other Current Liabilities by ₹ 11.69 crore. Despite similar comment of C&AGon the accounts of for the year 2017-18, no corrective action has been taken.	The necessary correction has been made by PVVNL in annual accounts of FY 2020-21 **(Annexure-3).**
11. PVVNL has shown outstanding loan amounting to ₹ 218.75 crore (balance of loan of ₹ 350 crore taken on 30 June 2017 payable in 24 EMIs *w.e.f.* 30 July 2018) from Rural Electrification Corporation (REC) as Borrowing (Current) under Current Liabilities. Since EMIs amounting to ₹ 175.00 crore of loan[3] was only due within 12 months from the Balance Sheet date, the balance amount of loan of ₹ 43.75 crore has been incorrectly classified under Non-Current Liabilities.	The necessary presentation has been given by PVVNL in annual accounts of FY 2019-20.

[3]₹ 175 crore= (12 EMIOs of loan of ₹ 350.99 crore)

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12. The above does not include ₹ 28.65 crore being interest payable on account of delayed deposit/non-deposit of General Provident Fund (₹ 28.08 crore) and Pension and Gratuity (₹ 0.57 crore) as worked out and accounted in the Financial Statements of Uttar Pradesh Power Sector Employees Trust for the year 2014-15. This resulted in understatement of Current Liabilities and Accumulated Loss by ₹ 28.65 crore. Despite comment of the C&AG on the Accounts for the year 2012-13 to 2017-18, no corrective action has been taken by the Management.	It is to submit that 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 CroreDr 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.
13. The above does not include ₹51.96 crore being the interest payable to the GoUP by KESCO on account of delayed payment of conversion charges for conversion of nazulland to freehold land. The request for waiver of interest was finally rejected by GoUPin December 2009. As the interest was not waived off by GoUP, the provision for interest on delayed payment should have been made in the Accounts. However, the Company neither made any provision nor depicted any Contingent Liability on this account. This resulted in understatement of 'Other Financial Liabilities' as well as 'Property, Plant and Equipment' by ₹ 51.96 crore each. Although the Statutory Auditor at point No. 8.2 in their report had commented the interest payable amount but impact for the years 2017-18 and	As replied by the KESCO, no demand has been received from GoUP for payment of interest on conversion charges. Hence, in absence of any demand from the GoUP or reasonable certainty, accounting or disclosure as contingent liability is not required.

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<table>
<tr><td>2018-19 was not commented.</td><td></td></tr>
<tr><td>

14. In case of PVVNL the Statutory Auditors in their Report under Emphasis of Matters at point No. 8 of Annexure-B commented that interest payable to PFC amounting to ₹ 313.69 crore has been considered as contingent liability in accounts however, financial impact of the comment has not been commented. The interest of ₹ 313.69 crore (₹ 64.27 crore for the year 2018-19 and ₹ 249.42 crore for previous years *i.e.* 2009-10 to 2017-18) payable to PFC.

The demand for payment for the interest is regularly being made by the PFC, however, no liability for the same has been provided in accounts.

This resulted in understatement of Current liabilities by ₹ 313.69 crore, Finance cost by ₹ 64.27 crore and Property, Plant and Equipment by ₹249.42 crore. Consequently, Loss for the year is also understated by ₹ 64.27 crore.

</td><td>

Whenever a Loan from Government converted into Grant, it's Interest and other charges also convert/treated into Grant. Power Finance Corporation vide letter no. 065598 dated 26.09.2019 has confirmed that a procedure for conversion of RAPDRP Part-B loans into Grant in under consideration at MoP.

In view of the above and in anticipation of conversion of loans into Grant PVVNL has not included the same in Finance Cost.

</td></tr>
<tr><td>C. COMMENTS ON DISCLOSURE</td><td></td></tr>
<tr><td>Notes to Accounts</td><td></td></tr>
<tr><td>

15. Contingent Liabilities does not include the claims mentioned hereunder, which are under consideration of the Appellate Tribunal of Electricity (APTEL):

<table>
<tr><th>Sl. No</th><th>Pertaining to</th><th>Name of the Party and description of claim</th><th>Period of claim</th><th>Amount of claim (₹ in crore)</th></tr>
</table>

</td><td>

1. The point wise reply is given below:

<table>
<tr><th>Sl.No.</th><th>Name of Party</th><th>Description of claim</th><th>Amount of claim (Cr.)</th><th>Comments</th></tr>
<tr><td>a</td><td>M/s Rosa power Supply Company</td><td>Energy Bills</td><td>247.91</td><td>Bill of LPS date 04.01.2019 was received from M/s Rosa for Rs. 129.78 Cr. which was later subjected to Pettion No. 1437/2019 under UPERC. Accordingly a contingent liability of Rs. 129.78 Cr. was</td></tr>
</table>

</td></tr>
</table>

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1.	UPPCL	M/s Rosa Power Supply Company – energy bills	April 2015 to March 2019	129.78
		M/s R.K.M. Powergen Private Limited- transmission charges, LPSC & penalty for short supply	After 2016 to May 2018	109.92
2.	KESCO	Delayed payment of license fee	2007-08 to 2013-14	36.52
Total				276.22

As the bills of ₹ 276.22 croreare disputed, therefore, the same should have been shown under the contingent liabilities in the disclosure of the financial statement. Thus, the contingent Liabilities are understated by ₹ 276.22crore.

				shown in F.Y 2019-20. However M/s Rosa again submitted revised invoice amounting Rs. 247.91 Cr. which was returned in original to supplier as the same was not claimed as per UPERC' order. Hence, it has not been shown as contingent liability.
b	M/s R.K.M Powergen Private Ltd.	Transmission charges LPSC & Penalty for short supply	109.92	Contingent Liability of Rs109.92 Cr. has been shown in F.Y 2019-20 accounts.

2. The compliance was made by KESCO in the financial statements of FY 2019-20.

16. As per Schedule III of Companies Act 2013, in case of Borrowings, additional disclosures relating to maturity/redemption or conversion date of bonds, repayment of term loans and other loans etc. are required to be given.However, the Notes to Accounts do not include above disclosures in case of loans and bonds amounting to ₹ 56,109.79croreshown under the head 'Borrowings' (Note 16).

Despite a similar comment of the CAG on the Accounts for the years 2016-17 and 2017-18, no corrective action has been taken by the Management.

Disclosures related to Bond have given in Point no. 39 (VII) of Notes to Accounts.

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17. Uttar Pradesh JalVidyutNigam 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 ₹ 80.73crore has been shown in the books of UPJVNL for 2018-19. 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 UPPCLin the Notes to Accounts. Despite similar comment of CAG on the accounts for the years2016-17 and 2017-18, 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.
18. An amount of 1.13 crore (in the form of Fixed Deposit) has been submitted by DVVNL as security in Court. Since, the amount has been deposited in Court, the same was not available for use by the Company. This fact has not been disclosed in Cash Flow Statement as per requirement of Ind AS 7.	DVVNL has disclosed the same in F.Y 2019-20.
D. OTHER COMMENTS	
19. Para 100 of Ind AS 38 on Intangible Assets provides that residual value of an Intangible	The Discoms have been intimated to examine the matter and

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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 amortisationof Intangible Assets is not in conformity with the provisions of Ind AS 38. Despite similar comment of the C&AG on the Accounts for the years 2016-17 and 2017-18, no corrective action has been taken by the Management.	take the necessary action.
20. a)The value of Inventory stores & spares of ₹ 73.17 croreincludes slow moving stores amounting to ₹ 1.69 crore which are more than three years old in case of KESCO. However, Company has not formulated any accounting policy in respect of provision for diminution in the value of unserviceable/ slow moving stores and in	The matter pertain to Kesco and making the provision is a matter of company specific situation depending on the working of the employees, area covered in that company and Stores & Spares requirement and handling by the store/JE. It is an accounting estimate done by the company considering the facts in each case basis, hence, it may be concluded that the making of provisions are based on the company wise situation basis.

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the absence of an accounting policy for the same no provision was made in the accounts.	
b) MVVNL andDVVNL made Provision for obsolete stores of ₹ 41.22 croreand ₹ 78.09 crore for obsolete store in the year 2012-13 and 2016-17, respectively when value of Inventory was ₹ 229.99 crore and ₹ 1,019.67 crore. The value of inventory increased to₹ 2,127.77 crore(MVVNL ₹ 815.54 crore and DVVNL ₹ 1,312.23 crore) in the year 2018-19, however, the amount of provision remained unchanged at ₹ 119.31 crore (MVVNL ₹ 41.22 crore and DVVNL ₹ 78.09 crore) in the absence of any accounting policy in this regard.	As informed by the MVVNL the amount of Rs. 41.22 crore appearing as provision for unserviceable stores in the books of accounts is received under Final Transfer Scheme of the Discoms. Also the provision is a matter of company specific situation depending on the working of the employees, area covered in that company and Stores & Spares requirement and handling by the store/JE. It is an accounting estimate done by the company considering the facts in each case basis, hence, it may be concluded that the making of provisions are based on the company wise situation basis.

(NitinNijhawan)
Chief Financial Officer

(Nidhi Kumar Narang)
Director (Finance)

Annexure -01

पत्र संख्या– 418 दिनांक 27.07.2021 के माध्यम से प्रेषित ऑडिट नोट 29 के अन्तर्गत वित्तीय वर्ष 2018–19 में उदय योजना से सम्बन्धित हानियों हेतु राज्य सरकार से प्राप्त एवं वितरण निगमों को आवंटित अनुदान की धनराशि रू0 761.10 करोड़ के सापेक्ष उदय योजना के एम0ओ0यू0 के अनुसार वर्ष 2018–19 में प्राप्य अनुदान की धनराशि के रूप में वित्तीय वर्ष 2017–18 में वितरण निगमों की हानियों की 10 प्रतिशत धनराशि रू0 514.77 करोड़ आगणित करते हुए वर्ष के सी0एफ0एस0 अन्तर्गत उक्त धनराशि के स्थान पर प्राप्त धनराशि रू0 761.10 करोड़ को आय के रूप में दर्शाये जाने को अनुचित बताते हुए उक्त के परिणामस्वरूप अन्तर की धनराशि रू0 246.33 करोड़ से वर्ष की हानियों को कम कर दर्शाया जाना इंगित करते हुए उक्त तथ्यों/बिन्दुओं की पुष्टि करते हुए स्थिति स्पष्ट किये जाने की अपेक्षा की गयी है।

इस सम्बन्ध में अवगत कराना है कि उदय एम0ओ0यू0 के अनुसार वित्तीय वर्ष 2017–18 से 2020–21 तक परिचालकीय निधि की आवश्यकता (ओ0एफ0आर0) के अनुसार क्रमश: 05 प्रतिशत, 10 प्रतिशत, 25 प्रतिशत एवं 50 प्रतिशत धनराशियों की पूर्ति राज्य सरकार द्वारा बजट के माध्यम से किया जाना निर्धारित है, जिसके अनुसार वर्षवार आगणित देय, उसके सापेक्ष प्राप्त एवं समायोजित धनराशियों का विवरण निम्नवत् है:–

F. YEAR	Required Operational Loss Funding (round off)	% of Operational Loss Payable by GoUP	Amount Receivable from GoUP for Operational loss under UDAY (round off)	Amount Received From GoUP (Rs. In Crore)							
				In 2017-18		In 2018-19		In 2019-20		In 2020-21 (as per provision)	
				Amount	GoUP Sanction Order No. & Date (enclosed)	Amount	GoUP Sanction Order No. & Date (enclosed)	Amount	GoUP Sanction Order No. & Date (enclosed)	Amount	GoUP Sanction Order No. & Date
2016-17	13.376	0% of 2015-16	0.00								
2017-18	14171	5% of 2016-17	669.00	409.93	07/2017/2904/24-1-17-975(UDAY)/2016, Dated 16-11-2017	258.86	121/2018/3360/24-1-18-862(Budget)/2014, Dated 24-12-2018				
2018-19	16,83[illegible]	10% of 2017-18	1417.00			502.21	67/2018/900/24-1-19-862(Budget)/2014, Dated 11-05-2018	915	51/2019/778/24-1-19-862(Budget)/2014, Dated 02-04-2019, Rs. 1800.00 crore & G.O. Dated 30.07.2019, Rs. 300.00 crore & G.O. Dated 30.09.2019 Rs. 300.00 crore		
2019-20	11,510	25% of 2018-19	4209.00					1406		2200	Sanction for Rs 200.00 crore per month from April 20 to Feb 2021 issued by GoUP through various G.O.s
Total			6295.00	409.93		761.09		2400		2200	

उपरोक्त तालिकानुसार वर्ष 2017–18 में वर्ष 2016–17 की अनुमानित धनराशि के अनुसार देय 05 प्रतिशत धनराशि रू0 409.93 करोड़ के उपरान्त वर्ष 2018–19 में वर्ष 2016–17 के अंतिम आकड़ों के अनुसार देय अवशेष धनराशि रू0 258.88 करोड़ एवं एम0ओ0यू0 अन्तर्गत वर्ष 2017–18 हेतु अनुमानित रू0 5022.10 करोड़ की 10 प्रतिशत धनराशि के रूप में रू0 502.21 करोड़ सहित कुल धनराशि रू0 761.09 करोड़ कारपोरेशन को प्राप्त एवं डिस्काम्स को आवंटित कर लेखांकित की गयी है, जबकि सम्प्रेक्षा दल द्वारा अपने रफ नोट में ओ0 एफ0 आर0 के स्थान पर चारों डिस्काम्स की वर्ष 2017–18 की हानियों की कुल धनराशि रू0 5147.72 करोड़ लेते हुए उसके 10 प्रतिशत के रूप में रू0 514.77 करोड़ को ही वर्ष हेतु प्राप्य के रूप में लेखांकित किये जाने की अपेक्षा की गयी है, जबकि उक्त आगणन हानियों के स्थान पर ओ0 एफ0 आर0 के रूप में किया जाना अभीष्ट था। साथ ही राज्य सरकार द्वारा देय अनुदान की धनराशि का लेखांकन देय धनराशि की शासन द्वारा जारी स्वीकृति आदेश के अनुसार सुनिश्चितता के आधार पर ही प्राप्य के रूप में किया जाना अभीष्ट है। ऐसी स्थिति में वर्ष के सम्प्रेक्षित लेखों के अनुसार आगणित देय धनराशि एवं राज्य सरकार के आदेश की सुनिश्चितता के बिना अनुमानित आधार पर प्राप्य धनराशि के रूप में किसी धनराशि का लेखांकन किस प्रकार किया जाना सम्भव था। अतएव वित्तीय वर्ष में उस वर्ष के अनंतिम एवं गत वर्ष के अंतिम आकड़ों के अनुसार वास्तविक रूप में प्राप्त देय धनराशि का लेखांकन सम्बन्धित वर्ष में किया गया है।

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Annexure - 02

~~Annexure~~ - 'B'

Operational Funding Requirement- Detailed

Particulars	FY 16	FY 17	FY 18	FY 19	FY 20
Revenue (excluding Cash Support & ED Retention)	37,364	52,175	61,529	73,889	88,749
Other Incomes	123	132	141	151	162
Expenditure	50,741	62,819	70,201	79,474	89,112
Book Loss (+)/Profit(-)	-13,254	-10,512	-8,531	-5,434	-201
Add: Depreciation	980	1,176	1,393	1,639	1,899
Cash Loss (+)/Profit(-)	-12,274	-9,337	-7,138	-3,795	1,698
Less: Dec in Current Assets (excluding cash support)					
Less: Inc. in Current Liabilites					
Add: Inc. in Current Assets (excluding cash support)	4,297.31	4,862.05	3,383.38	3,046.16	2,921.14
Add: Dec in Long Term Liabilities	3,320.00	-	[illegible]	5?165	671.96
Gross Operational Funding Required (OFR) (Without Government Support)	-19,892	-13,699	-10,521	-6,893	-1,895
Proportion allowed as per FRP scheme					
Allowed Funding (Without Government Support)					
Less: Support from State Govt.	5,530.00	5,500.00	5,500.00	5,500.00	3,500.00
Cash Support from State Govt. incl ED retention			409.93	502.12	348.31
Support on Reimbursement of Losses					
Interest Subsidy on IBRD Loan					
Total Support from State Govt.	5,530.00	5,500.00	5,909.93	6,002.12	3,848.31
Gross Operational Funding Required (OFR) (After Government Support)	14,361.76	8,198.62	4,611.25	891.10	1,953.33

~~Annexure-03~~

Annexure-03

FOR ADJUSTMENT ONLY

Name of Unit : SE(HQ) ,Pashchimanchal Vidyut Vitran Nigam Limited Meerut   Code No: 953

Setion Jouranal Entry   Dated: 1/2021

Adjustment Of : SE (HQ) or Fy-2017-18 (Commission Licence Fees) Correction of January-2021

No. of Bills/ Invoices / Documents Enclosed :

Authority :

DEBIT   CLASSIFICATION   CREDIT

Description	Numerical Head	Amount (RS.)	Description	Numerical Head	Amount (RS.)
	46.430	117100000.00			
	76A.156	-117100000.00			
Total		0.00	Total		0.00

Dealing Assistant   Accountant   Executive Engineer

ANNEXURE I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results

(Rs. In Lacs)

Statement on Impact of Audit Qualifications for the financial Year ended March 31, 2019
[See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualification)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover/Total Income	5389418.27	5390932.33
	2	Total Expenditure	6214321.84	6215835.90
	3	Other Comprehensive Income	(112.23)	(112.23)
	4	Net Profit/(Loss)	(825015.80)	(825015.80)
	5	Earnings Per Share	(95.31)	(95.31)
	6	Total Assets	8486178.81	8487692.87
	7	Total Liabilities	7854226.34	7855740.40
	8	Net Worth	631952.47	631952.47
	9	Any other financial item(s) (as felt appropriate by the management)	-	-
II.	**Audit Qualification (each audit qualification separately)**			
		a. Details of Audit Qualification: Annexure-A		
		b. Type of qualification: Qualified Opinion		
		c. Frequency of qualification: Annexure-A		
		d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Refer Annexure-A		
		e. For Audit Qualification(s) where the impact is not quantified by the auditor:		
		(i) Management's estimation on the impact of audit qualification: NA		
		(ii) If Management is unable to estimate the impact, reasons for the same: Accounting of the Company is on Manual system and the records are maintained at different units. Hence, it is very difficult to collect the huge number of information to quantify the observations.		
		(iii)Auditor's Comments on (i) or (ii) above: NA		

For U.P. Power Corporation Ltd.

(Nitin Nijhawan)
Chief Financial Officer

(P. Guruprasad)
Chairman of Audit Committee
& Non- Executive Director
DIN:07979258

(Pankaj Kumar)
Managing Director
DIN: 08095154

Place: Lucknow
Date: 27-03-2023

For R. M. Lall & Co
Chartered Accountants
FRN: 000932C

(Vikas C Srivastava)
Partner
M No. 401216

Annexure-A

S No.	Basis of Qualified Opinion of Statutory Audit Report for F.Y 2018-19	Frequency
	UPPCL (Stand Alone)	
1	The Company has not complied with the following Ind AS notified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended):	
	a. *Trade Receivable (Note-8), Financial Assets-Other (Note-11), Other Current Assets (Note-12), Trade payable (Note-18) and Other Financial Liabilities (Note-19)* have been classified as current assets/liabilities include balances which are outstanding for realisation/settlement since previous financial years and in the absence of adequate information/explanations regarding the realisability/settlement of such amounts within twelve months after the year end, reasons for not classifying them as non-current assets/liabilities ***is inconsistent with Ind AS 1 Presentation of Financial Statements***. This has resulted in over statement of respective current assets/liabilities and understatement of the corresponding non-current assets/liabilities.	First time
	b. Recognition of Insurance and other claims, refunds of Custom duty, Interest on Income Tax & trade tax, interest on loans to staff and other items of income covered by *Significant Accounting Policy no. 2 (c) of Note-1* has been done on cash basis. ***This is not in accordance with the provisions of Ind AS 1 Presentation of Financial Statements.***	Repetitive
	c. Additions during the year in Property, Plant and Equipment include employee cost at a fixed percentage of the cost of each addition to Property, Plant and Equipment in accordance with *Note-1 Significant Accounting Policy Para (3)(I)(d)*. Such employee cost to the extent not directly attributable to the acquisition and/or installation of Property, Plant and Equipment ***is inconsistent with Ind AS 16 Property, Plant and Equipment***. This has resulted in overstatement of fixed assets and depreciation and understatement of employee cost and loss.	Repetitive
	d. Inventory which includes stores and spares for capital works, operation and maintenance and others is valued at cost (*Refer accounting policy no. 3(VI)(a) of Note-1*). Valuation of stores and spares for O & M and others ***is not consistent with Ind AS 2 Inventories*** *i.e., valuation at* lower of cost and net realizable value. Further, the stores and spares for capital work should be classified as part of Property, Plant and Equipment and recognised, measured and disclosed in accordance with ***Ind AS 16 Property, Plant and Equipment***.	Repetitive
	e. Accounting for Employee Benefits: Actuarial Valuation of gratuity liability of the employees covered under GPF scheme has not been obtained. ***(Refer Para 4(a) Note – 29 "Notes on Accounts"). This is inconsistent with Ind AS 19 Employee Benefits.***	First time
	f. The Company has made a provision for impairment of investments *(Note-5, except Para (III)(b))* on the basis of net worth of investee companies as on 31st March,2019 *(Refer Para 25 Note – 29 "Notes on Accounts")*, which ***is not in accordance with Ind AS 36 Impairment of Assets.***	First time

R.M. LALL & CO. CHARTERED ACCOUNTANTS

Annexure-A

	g. The Financial Assets *(Note-6, 8, 11 and 12)* have not been measured at fair value as required by ***Ind AS 109 Financial Instruments*** *(Refer Para 6 and 12(b) of Note – 29 "Notes on Accounts")* and proper disclosures as required in ***Ind AS 107 Financial Instruments: Disclosures*** have not been done for the same.	First time
2	Inter unit transactions amounting Rs. 15440.75 lacs, are subject to reconciliation and consequential adjustments. *(Refer Note-12)*	Repetitive
3	*Loans and Other Financial Assets (Note-6), Trade Receivables Others (Note-8), Financial Assets-Others - Employees, Others (Note-11), Other Current Assets - Suppliers & Contractors (Note-12), Financial Liability-Trade Payables (Note-18), Other Financial Liabilities - Liability for Capital/O&M Suppliers/Works, Deposits from Suppliers (Note-19)* are subject to confirmation/reconciliation.	Repetitive
4	Documentary evidence in respect of ownership/title of land and land rights, building was not made available to us and hence ownership as well as accuracy of balances could not be verified. Additionally, the identity and location of Property, Plant and Equipment transferred under the various transfer schemes has also not been identified *(Refer Para 5(a) of Note – 29 "Notes on Account")*.	Repetitive
5	It was observed that the maintenance of party-wise subsidiary ledgers and its reconciliation with primary books of accounts i.e., cash books and sectional journal are not proper and effective.	Repetitive
6	Employees benefit expenses aggregating Rs. 18896.15 Lacs *(Refer Note-23 Employees benefit expenses)* is net off by Rs. 2095.60 Lacs have been determined and claimed from U.P. Power Transmission Corporation Limited (UPPTCL). However, no documentary evidence confirming agreement of this arrangement between Company and UPPTCL was available on records *(Refer Para 14 of Note – 29 "Notes on Accounts")*. Liability towards Goods and Service tax in respect of this amount claimed from UPPTCL has not been recognised and measured.	First time
7	Sufficient and appropriate documentary audit evidences in respect of Contingent liabilities disclosed in *Para 19 of Note – 29 "Notes on Accounts"* were not provided to us.	First time
8	Revenue earned from the sale of power through Indian Energy Exchange Limited, India has not been recognised separately in the statement of Profit and Loss, but has been reduced from the cost of purchase of power aggregating Rs. 53,78,644.24 Lacs *(Refer Note-22 Purchase of Power)*. Additionally, details of aggregate units sold during the year and revenue earned from such sale was not made available to us.	First time
9	The Company has not classified trade payable outstanding from Micro and Small enterprises as required by Schedule - III of the Companies Act, 2013. Further, in the absence of adequate	First time

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R.M. LALL & CO. CHARTERED ACCOUNTANTS

	information, we are unable to confirm compliance with Section 22 of MSMED Act, 2006 regarding disclosures on principle amount and interest paid and/or payable to such enterprises (Refer Para 15 of Note – 29 "Notes on Accounts").	
10	Records for inventories lying with the third parties are not being maintained properly at Zonal Offices/units of the Company	First Time
11	The Annual Accounts of F.Y 2016-17 and 2017-18 are yet to be adopted in Annual General Meeting *(Refer Para 27 of Note - 29 "Notes on Accounts").*	Repetitive
12.	Aggregate amount of market value of quoted investment *(Refer Para (III)(b) of Note-5)* has not been disclosed as required in Division II of Schedule III of Companies Act, 2013.	First Time
13.	The branch auditor has expressed the audit opinion on the Trial Balances as at 31st March, 2019 of the Zonal Accounts Office (Material Management) and these have been considered for the preparation of the financial statement of the company. As per existing practices, financial statement of the branch has not been prepared.	First Time
14.	**Audit observations in Branch Audit report of MM Zone excluding those which have been appropriately dealt with elsewhere in the report.**	
	(a) There is no mechanism to cross-verify that the total power purchased during the year has been accounted for in the books of accounts. There is no practice to account energy purchases based on accrual but is based on actual receipt of bills from energy suppliers through funds division of UPPCL. There is no process of reconciliation of quantitative power purchase accounted for in the books with the power purchase as per REA of NPRC/ Energy account. Further, there is no process of periodic reconciliation from the power supplier/other agencies. At the initiative of auditor, balance confirmation letters were sent to all the parties and major differences/deficiencies were noticed in cases where letters/statements were reverted from some of the parties. Appropriate action for reconciliation of differences and its rectification was not done. The quantification of the effect on power purchase/sale and position of sundry payables/receivables is not possible. In previous audit reports also, major differences were noticed in the balance confirmation received from parties, but no action was taken for reconciliation of the same.	First Time
	(b) Claim of differential rate of power purchase It was noticed that vide letter no. 742/CE/PPA dt. 08/09/2017, for all co-generation power suppliers, maximum rate for power purchase was restricted at Rs. 5.56. There are several cases where rates approved as per UPERC regulations were higher than Rs. 5.56. During the year 2018-2019, vide Board Approval Dated 06.08.2018, the payment was to be made in accordance of rates approved in PPA. It was noticed that in the following cases, provision for differential rate was not done for the intervening period:	First Time

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Annexure-A

Name of Supplier	Rate Approved in PPA	Rate at which payment Made	No. of Units purchased	Amount
M/s Rana Power Limited-Bilari	6.09	5.56	53091495 Kwh	28138492.00
M/s Superior Food Grain (P) Limited	6.09	5.56	67584155 Kwh	35819602.00
M/s Kesar Enterprises Limited, Baheri	5.75	5.56	7967582 Kwh	1513841.00
M/s Usher Eco Power Limited	6.54	5.56	1495076 Kwh	1465174.00
M/s DSM Rajpura, Sambhal	5.94	5.56	19477106 Kwh	7401304.00
M/s Triveni Engg & Industries Ltd, Sabitagarh	5.75	5.56	1589398 Kwh	301986.00
M/s Govind Sugar Mill	5.95	5.56	24120847 Kwh	9407131.00
				84047530.00
2018-19				
Yadu Sugar Mill, Bisauli	5.66	5.56	15259444 Kwh	1525944.36
Kesar Enterprises Ltd.	5.86	5.56	51288381 Kwh	15386514.40
Dhampur Sugar Mill. (Sambhal)	6.04	5.56	47552938 Kwh	22825410.24
Govind Sugar Mill	6.07	5.56	42014711 Kwh	21427502.61
Seksariva Biswan	6.11	5.56	11261192 Kwh	6193655.60
				67359027.21

Consent Letter was obtained in some cases for supply @ Rs. 5.56 per unit but in some cases like M/s Kesar Enterprises Limited, consent was conditional consent.

The above observation resulted in understatement of power purchase during the year by at least Rs. 15.14 Crores which ultimately affects the financial statements and profitability of DISCOMs.

Management Reply

All invoices of the parties are getting verified as per the rates approved in accordance with PPA. The instances where power purchase bills were verified @Rs 5.56/kwh, the consent of concerned co-generators have been obtained, thereafter bills were verified accordingly. Subsequently no further claims have been made by such parties for differential payment; however, differential amount as quoted by the audit has been disclosed as contingent liabilities.

(c) Generation based Incentives (GBI) receivable from IREDA amounting to Rs. 639.43 lacs and a sum of Rs. 3779.75 lacs from NEDA are subject to confirmation and First Time

Annexure-A

	reconciliation and consequential adjustment. **(d) Contingent liability not provided for / not reported as such:** As per UPERC CERC website, various orders regarding purchase of power were passed during the year 2018-2019 and thereafter but correct position of order passed were not available with the concerned unit/zone. It cannot be ascertained that whether the financial effect of the orders passed during 2018-2019 and thereafter has been incorporated in the financial statements as established liability/contingent liability. It seems that appropriate control over the cases/appeals pending at various level is not there. The correct position of various cases should be ascertained and appropriately accounted for. The unit is just going by the so-called cut-off date by which if they get claims from the power generators, they go for recording otherwise not. Details have been demanded of legal claims / other matters at any other forum outstanding at various units to arrive at the correct position of contingent / established liability. As per list provided by units/ zone, legal cases are pending at 5 units (330, 327, 645, 646 & 973). List of cases pending at various levels was provided by unit/ zone but in some cases, their present status and the position of contingent liability / established liability was not provided and the financial impact of the same were not disclosed in the contingent liabilities. In ESPC, Mahanagar (0327), several cases were pending at various levels, but the updated position of the cases were not made available to us. In absence of updated position of cases correct contingent liabilities cannot be quantified.	First Time

R.M. LALL & CO. CHARTERED ACCOUNTANTS

ANNEXURE I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results

(Rs. In Lacs)

Statement on Impact of Audit Qualifications for the financial Year ended March 31, 2019 [See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	**Sl. No.**	**Particulars**	**Audited Figures (as reported before adjusting for qualification)**	**Adjusted Figures (audited figures after adjusting for qualifications)**
	1	Turnover/Total Income	6334816.38	6337720.36
	2	Total Expenditure	7608848.95	7610363.01
	3	Exceptional Items	0.12	0.12
	4	Other Comprehensive Income	-1062.72	-1062.72
	5	Net Profit/(Loss)	-1275095.41	-1273705.25
	6	Earnings Per Share	-147.31	-147.15
	7	Total Assets	14958282.72	14953972.67
	8	Total Liabilities	15667879.82	15570287.04
	9	Net Worth	-709597.10	-617704.29
	10	Any other financial item(s) (as felt appropriate by the management)	---	---
II.	**Audit Qualification (each audit qualification separately)**			
		a. Details of Audit Qualification: Annexure-A		
		b. Type of qualification: Qualified Opinion		
		c. Frequency of qualification: Annexure-A		
		d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Refer Annexure-A		
		e. For Audit Qualification(s) where the impact is not quantified by the auditor:		
		(i) Management's estimation on the impact of audit qualification: NA		
		(ii) If Management is unable to estimate the impact, reasons for the same: Accounting of the Company is on Manual system and the records are maintained at different units. Hence, it is very difficult to collect the huge number of information to quantify the observations.		
		(iii) Auditor's Comments on (i) or (ii) above: NIL		

For U. P. Power Corporation Ltd.

(Nitin Nijhawan)
Chief Financial Officer

(P. Guruprasad)
Chairman of Audit Committee & Non-Executive Director
DIN: 07979258

(Pankaj Kumar)
Managing Director
DIN - 08095154

Place : Lucknow
Date : 27-03-2023

For R M Lal & Co.
Chartered Accountants
FRN No. 000932C

(Vikas C Srivastava)
Partner
M No. 401216

Annexure A

S.NO	Basis of Qualified Opinion for the FY 2018-19	Frequency
1	The Company has not complied with the following Ind AS notified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended):	
	a. *Trade Receivable (Note-10), Financial Assets-Other (Note-12), Other Current Assets (Note-13), Trade payable (Current) (Note-19) and Other Financial Liabilities (Note-20)* have been classified as current assets/liabilities include balances which are outstanding for realisation/settlement since previous financial years and in the absence of adequate information/explanations regarding the realisability/settlement of such amounts within twelve months after the year end, reasons for not classifying them as non-current assets/liabilities ***is inconsistent with Ind AS-1 "Presentation of Financial Statements"***. This has resulted in over statement of respective current assets/liabilities and understatement of the corresponding non-current assets/liabilities.	Repetitive
	b. Recognition of Insurance and other claims, refunds of Custom duty, Interest on Income Tax & trade tax, license fees, interest on loans to staff and other items of income covered by *Significant Accounting Policy no. 2 (c) of Note-1(A)* has been done on cash basis. ***This is not in accordance with the provisions of Ind AS-1 "Presentation of Financial Statements".***	Repetitive
	c. Accounting for Employee Benefits: Actuarial Valuation of gratuity liability of the employees covered under GPF scheme has not been obtained. *(Refer Para 14 Note – 1(B) "Notes on Accounts")*. ***This is inconsistent with Ind AS-19 "Employee Benefits".***	Repetitive
	d. Inventory which includes stores and spares for capital works, operation and maintenance and others is valued at cost (*Refer accounting policy no. 3(VII)(a) of Note-1(A)*). Valuation of stores and spares for O & M and others ***is not consistent with Ind AS-2 "Inventories"*** *i.e., valuation at* lower of cost and net realizable value. Further, the stores and spares for capital work should be classified as part of Property, Plant and Equipment and recognised, measured and disclosed in accordance with ***Ind AS-16 "Property, Plant and Equipment"***.	Repetitive
	e. As per the opinion drawn by the auditors of KESCO, according to ***Ind AS-16 "Property, Plant and Equipment"***, the carrying amount of an item of property, plant and equipment shall be derecognized on disposal or when no future economic benefits are expected from its use or disposal. There may be property, plant & equipment from which no future economic benefits are expected and the same have not been derecognized. The company has a prevalent practice of	Repetitive

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	derecognizing property plant & equipment as and when it is sold as scrap which is in violation to Ind AS 16. The impact of the above is not ascertainable.	
f.	"Inventories" includes obsolete stock, valued at cost, which is inconsistent ***with Ind AS-2 "Inventories"*** i.e., it should be valued at its Net Realisable Value.	Repetitive
g.	Additions during the year in Property, Plant and Equipment include employee cost at a fixed percentage of the cost of each addition to Property, Plant and Equipment in accordance with *Note-1(A) Significant Accounting Policy Para (3)(II)(e)*. Such employee cost to the extent not directly attributable to the acquisition and/or installation of Property, Plant and Equipment ***is inconsistent with Ind AS-16 "Property, Plant and Equipment"***. This has resulted in overstatement of fixed assets and depreciation and understatement of employee cost and loss.	Repetitive
h.	The auditors of the subsidiaries reported that depreciation on fixed assets have not been provided on pro-rata basis which is ***inconsistent with Schedule – II of the Companies Act, 2013 and Ind AS-16 "Property, Plant and Equipment"*** to the extent applicable.	Repetitive
i.	Assessment of the Impairment of Assets has not been done by the company, ***which is inconsistent with Ind AS-36 "Impairment of Assets"***.	Repetitive
j.	Right to use an asset is classified as tangible asset instead of Intangible asset by PVVNL and distribution license taken by DVVNL is not yet recognised at all by the company which ***is inconsistent with Ind AS-38 "Intangible assets"***. This has resulted in understatement of Intangible assets and amortisation expenses.	Repetitive
k.	The *Financial Assets- Trade Receivables (Note-10), Advances to Suppliers/Contractors (O&M) (Note- 13), Employees (Receivables) (Note-12) and Loans (Note-7)* have not been measured at fair value as required by ***Ind AS-109 "Financial Instruments"*** *(Refer Para 8 of Note-1(B) "Notes on Accounts")* and proper disclosures as required in ***Ind AS-107 "Financial Instruments: Disclosures"*** have not been done for the same.	Repetitive
l.	The Borrowing Cost allocated to CWIP amounting to Rs. 13,469.00 lacs by PVVNL is not in accordance with ***Ind AS-12 "Borrowing Cost"*** as there is no system of identification of qualifying assets and interrupted projects.	Repetitive
m.	PVVNL has not made any disclosure with respect to nature of contingent liabilities and estimate of its financial effects which is not in compliance with disclosure requirement of ***Ind AS-37 "Provisions, Contingent Liabilities and Contingent Assets"***.	Repetitive

	n. As per the opinion drawn by the auditors of KESCO, according to ***Ind AS-10 'Events after the reporting period'***, an entity shall adjust the amounts recognized in its Ind AS financial statements to reflect adjusting events after the reporting period. In this regard the company has not adjusted the liability of pending litigations as at 31st March, 2019 which have been settled till the date of approval of Ind AS financial statements by the Board of Directors. Also, no details were made available for verification. The impact of the above is not ascertainable. o. As per the opinion drawn by the auditors of PVVNL, License Fees is not accounted for on accrual basis. License Fees is paid as and when the demand is raised by UPERC and no provision is made for the amount due, which is not in adherence to the provisions of ***Ind AS-37 "Provisions, Contingent Liabilities and Contingent Assets"***. Accordingly, the impact of non-compliance of the above IND AS on the financial statements is not ascertainable. p. As per the opinion drawn by the auditors of PVVNL, ***IND AS-20 Accounting for Government*** grants is done on the basis of advice from Uttar Pradesh Power Corporation Ltd., the holding company, which is not in accordance with accrual system of accounting as required by Indian GAAP and also not in consonance with the IND AS 20. Impact of non-compliance of the above IND AS on the financial statements is not ascertainable. (Refer to 2(X) of 'Significant Accounting Policies' to the Financial Statements.	Repetitive Repetitive Repetitive
2	Inter unit transactions amounting Rs. 5,38,786.87 lacs, are subject to reconciliation and consequential adjustments. *(Refer Note-13)*	Repetitive
3	*Loans (Note-7), Financial Assets - Other (Note-8), Trade Receivables Others (Note10), Financial Assets-Others - Employees, Others (Note-12), Other Current Assets - Suppliers & Contractors (Note-13), Financial Liability-Trade Payables (Note-19), Other Financial Liabilities - Liability for Capital/O&M Suppliers/Works, Deposits from Suppliers (Note-20)* are subject to confirmation/reconciliation.	Repetitive
4	Documentary evidence in respect of ownership/title of land and land rights, building was not made available to us and hence ownership as well as accuracy of balances could not be verified. Additionally, the identity and location of Property, Plant and Equipment transferred under the various transfer schemes has also not been identified *(Refer Para 6(a) of Note – 1(B) "Notes on Account")*.	Repetitive
5	It was observed that the maintenance of party-wise subsidiary ledgers and its reconciliation with primary books of accounts i.e., cash books and sectional journal are not proper and effective.	Repetitive
6	Employees benefit expenses aggregating Rs. 1,41,389.33 Lacs *(Refer Note-25 Employees benefit expenses)* is net off by Rs. 2095.60 Lacs have been determined and claimed from U.P. Power Transmission Corporation Limited (UPPTCL). However, no documentary evidence confirming agreement of this arrangement between Company and UPPTCL was available on records. Liability	First time

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	towards Goods and Service tax in respect of this amount claimed from UPPTCL has not been recognised and measured.	
7	Sufficient and appropriate documentary audit evidences in respect of Contingent liabilities disclosed in *Para 18(b) of Note – 1(B) "Notes on Accounts"* were not provided to us.	Repetitive
8	Revenue earned from the sale of power through Indian Energy Exchange Limited, India has not been recognised separately in the statement of Profit and Loss, but has been reduced from the cost of purchase of power aggregating Rs. 53,78,644.24 Lacs *(Refer Note-24 Purchase of Power)*. Additionally, details of aggregate units sold during the year and revenue earned from such sale was not made available to us.	Repetitive
9	The Company has not classified trade payable outstanding from Micro and Small enterprises as required by Schedule - III of the Companies Act, 2013. Further, in the absence of adequate information, we are unable to confirm compliance with Section 22 of MSMED Act, 2006 regarding disclosures on principle amount and interest paid and/or payable to such enterprises *(Refer Para 15 of Note – 1(B) "Notes on Accounts")*.	Repetitive
10	The company has not maintained proper records showing full particulars including quantitative details and situation of fixed assets. Further, the physical verification of the fixed assets has not been carried out. Hence, we are unable to comment whether any material discrepancy exists or not.	Repetitive
11	Maintenance of records in respect to inventories is not satisfactory. The details of inventories were not provided for verification by the respective zones of Holding Company and its Subsidiaries.	Repetitive
12	Records for inventories lying with the third parties are not being maintained properly at Zonal Offices of the Holding Company and its Subsidiaries.	Repetitive
13	Aggregate amount of market value of quoted investment *(Refer Note-6)* has not been disclosed as required in Division II of Schedule III of Companies Act, 2013.	Repetitive
14	The branch auditor has expressed the audit opinion on the Trial Balances as at 31st March, 2019 of the Zonal Accounts Office (Material Management) and these have been considered for the preparation of the financial statement of the company. As per existing practices, financial statement of the branch has not been prepared.	Repetitive
15	**Audit observations in Branch Audit report of MM Zone excluding those which have been appropriately dealt with elsewhere in the report.** a. There is no mechanism to cross-verify that the total power purchased during the year has been accounted for in the books of accounts. There is no practice to account energy purchases based on accrual but is based on actual receipt of bills from energy suppliers through funds division of UPPCL. There is no process of reconciliation of quantitative power purchase accounted for in the books with the power purchase as per REA of NPRC/ Energy account. Further, there is no process of periodic reconciliation from the power supplier/other agencies. At the initiative of auditor, balance confirmation letters were sent to all the parties and major differences/deficiencies were noticed in cases where letters/statements were reverted from some of the	Repetitive

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parties. Appropriate action for reconciliation of differences and its rectification was not done. The quantification of the effect on power purchase/sale and position of sundry payables/receivables is not possible.
In previous audit reports also, major differences were noticed in the balance confirmation received from parties, but no action was taken for reconciliation of the same.

b. **Claim of differential rate of power purchase**

It was noticed that vide letter no. 742/CE/PPA dt. 08/09/2017, for all co-generation power suppliers, maximum rate for power purchase was restricted at Rs. 5.56. There are several cases where rates approved as per UPERC regulations were higher than Rs. 5.56. During the year 2018-2019, vide Board Approval Dated 06.08.2018, the payment was to be made in accordance of rates approved in PPA. It was noticed that in the following cases, provision for differential rate was not done for the intervening period:

First Time

Name of Supplier	Rate Approved in PPA	Rate at which payment Made	No. of Units purchased	Amount
M/s Rana Power Limited- Bilari	6.09	5.56	53091495 Kwh	28138492.00
M/s Superior Food Grain (P) Limited	6.09	5.56	67584155 Kwh	35819602.00
M/s Kesar Enterprises Limited, Baheri	5.75	5.56	7967582 Kwh	1513841.00
M/s Usher Eco Power Limited	6.54	5.56	1495076 Kwh	1465174.00
M/s DSM Rajpura, Sambhal	5.94	5.56	19477106 Kwh	7401304.00
M/s Triveni Engg & Industries Ltd, Sabitagarh	5.75	5.56	1589398 Kwh	301986.00
M/s Govind Sugar Mill	5.95	5.56	24120847 Kwh	9407131.00
				84047530.00
2018-19				
Yadu Sugar Mill, Bisauli	5.66	5.56	15259444 Kwh	1525944.36
Kesar Enterprises Ltd.	5.86	5.56	51288381 Kwh	15386514.40
Dhampur Sugar Mill, (Sambhal)	6.04	5.56	47552938 Kwh	22825410.24
Govind Sugar Mill	6.07	5.56	42014711 Kwh	21427502.61
Seksariva Biswan	6.11	5.56	11261192 Kwh	6193655.60
				67359027.21

Consent Letter was obtained in some cases for supply @ Rs. 5.56 per unit but in some cases like M/s Kesar Enterprises Limited, consent was conditional consent.

The above observation resulted in understatement of power purchase during the year by at least Rs. 15.14 Crores which ultimately affects the financial statements and profitability of DISCOMs.

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		Management Views:- All invoices of the parties are getting verified as per the rates approved in accordance with PPA. The instances where power purchase bills were verified @Rs 5.56/kwh, the consent of concerned co-generators have been obtained, thereafter bills were verified accordingly. Subsequently no further claims have been made by such parties for differential payment: however, differential amount as quoted by the audit has been disclosed as contingent liabilities c. Generation based Incentives (GBI) receivable from IREDA amounting to Rs. 639.43 lacs and a sum of Rs. 3779.75 lacs from NEDA are subject to confirmation and reconciliation and consequential adjustment. d. **Contingent liability not provided for / not reported as such:** As per UPERC CERC website, various orders regarding purchase of power were passed during the year 2018-2019 and thereafter but correct position of order passed were not available with the concerned unit/zone. It cannot be ascertained that whether the financial effect of the orders passed during 2018-2019 and thereafter has been incorporated in the financial statements as established liability/contingent liability. It seems that appropriate control over the cases/appeals pending at various level is not there. The correct position of various cases should be ascertained and appropriately accounted for. The unit is just going by the so-called cut-off date by which if they get claims from the power generators, they go for recording otherwise not. Details have been demanded of legal claims / other matters at any other forum outstanding at various units to arrive at the correct position of contingent / established liability. As per list provided by units/ zone, legal cases are pending at 5 units (330, 327, 645, 646 & 973). List of cases pending at various levels was provided by unit/ zone but in some cases, their present status and the position of contingent liability / established liability was not provided and the financial impact of the same were not disclosed in the contingent liabilities. In ESPC, Mahanagar (0327), several cases were pending at various levels, but the updated position of the cases were not made available to us. In absence of updated position of cases correct contingent liabilities cannot be quantified.	 First Time First Time
16	**Audit observations in Audit Report of the Subsidiaries Companies excluding those which have been appropriately dealt elsewhere in the report are reproduced below-** (Notes referred to in the following sub paras form part of the notes on accounts to the standalone financial statements of the respective subsidiaries) **DVVNL** a. The DVVNL has received Depreciation on Land & Land rights in earlier years through gazette notification amounting to Rs. 39.81 lacs. No Depreciation is chargeable on Land & Land Rights hence the company is required to reverse the Depreciation on same and treat it as a Prior Period adjustment in		Repetitive

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		Financial Statements. **Management Views:-** These values have been received under Final Transfer Scheme, however we are reviewing this comment to pass necessary entries, if required.	
		b. The Block of assets of the company i.e., Note - 02 Property Plant and Equipment includes an amount of Rs. 4,536.00 lacs as "Assets not pertaining to DVVNL". As per expert advisory opinion issued by ICAI and Published in 2012 Opinion 1 "Treatment of capital expenditure on assets not owned by the company" the company cannot capitalize "The capital expenditure on strengthening of power transmission system not owned by the company " and should be expensed by way of charge to the profit and loss account of the period in which these are incurred. As there is no contradiction in IND AS comparing it with AS and paragraphs 49 and 88 of the 'Framework for the Preparation and Presentation of Financial Statements', issued by the Institute of Chartered Accountants of India on the basis which are considered by Expert Advisory committee while forming their opinion. Hence Capital expenditure on assets not owned by the company appearing in the schedule of Property Plant and Equipment at its written down value, being an error should be rectified and disclosed as a 'Prior Period Item' as per IND AS - 8. Hence Property Plant and Equipment are overstated by Rs.4,536.00 lacs and accumulated losses are understated by Rs. 4,536.00 lacs. **Management Views:-** Point Noted for Examination and future compliance.	Repetitive
		c. The CWIP includes an amount of Rs. 881.35 lacs in AO Headquarter account under AG Head 14.8 which is persisting since long for which no capitalization is made. As per management no reconciliation for the same is available. We recommend the management to reconcile the above at earliest, so that necessary adjustment can be made.	Repetitive
		d. While scrutinizing the Zonal Trial balance of Aligarh Zone it was observed that an amount of Rs. 24.79 lacs is persisting since long in AG Head 14.73R (Ram Manohar Lohia) which is a serious anomaly as it is not capitalized yet and needs to be followed up immediately.	Repetitive
		e. AG Head 22.780 "Transformers Sent for repairs" and AG Head 22.791 "LED" is reflecting Credit balances amounting to Rs. 272.81 lacs and Rs. 31.62 lacs respectively. As explained by the management no profit or loss is booked on sale/transfer of such items hence they are reflecting such abnormal balances.	Repetitive
		f. Further we have observed that Zonal Trial of Kanpur zone and Jhansi Zone are reflecting a credit balance in AG 22.770 "Scrap Material" amounting Rs. 55.98 lacs and Rs. 1,790.05 lacs which	Repetitive

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	is impracticable as Stock value cannot be negative. Thus, the Stock value has been understated by Rs.1,846.03 lacs by the company.	
	g. During the verification a shortage of Rs. 19.14 lacs was observed. The Company has raised advances against 9 Junior Engineers and 9 Assistant store keepers for the same which would be recovered from the salaries in year 2019-20.	Repetitive
	h. During the audit it was observed that DVVNL Agra is having TDS demand reflecting over TRACES portal amounting to Rs.23.97 lacs for which neither provision has been made, nor the disclosure is proper since the liability of current year is only disclosed under contingent liability instead of entire accumulated liability.	Repetitive
	i. The Private Tube well (PTW) consumers are exempted from Electricity Duty. However, an amount of Rs. 15.49 lacs is accounted for by the company with respect to it. Due to which the company has overstated its Trade Receivables (Current Assets) and Electricity Duty & other levies payable to government (Current Liabilities) by the same amount. **Management Views:-** During the F.Y. 2019-20 no Electricity duty has been accounted for these consumers and the opening balances has been reduced to NIL in F.Y. 2020-21 in books of accounts.	Repetitive
	j. Sundry Liabilities under NOTE 16 includes an amount of Rs. 9,495.09 lacs of AG HEAD 46.922 "SALE OF SCRAP" which is the part of Material cost variance and should be written off in Profit and loss of Company Due to the above liabilities has been understated by Rs. 9,495.09 lacs and Loss has understated by Rs9,495.09 lacs. Details are as under: ZONES — AMOUNT (lacs) KANPUR — 2,264.67 JHANSI — 3,805.30 ALIGARH — 3,425.15 TOTAL — 9,495.09 **Management Views:-** In DVVNL sale proceedings of scrap sale were received by the Agra store centrally and the material was sold from various stores, Therefore the material cost of remaining zones has been transferred in AG 46.922 which would be cleared on receipt of ATC from Agra store.	Repetitive

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a. The land of the company is on lease from UPPCL at Re.1/- per month as per transfer scheme. The value of such land is yet to be ascertained by UPPCL (Refer Point No. 9(d) of Notes on Accounts). However, we have not been produced with the Lease Agreement pertaining to such land. As a result of which we are unable to check whether the lease is in financial nature or operating.	Repetitive
b. The detail of individual fixed assets which have been created through matching deposits from customers which is subsequently amortized in the proportion of the depreciation amount is unavailable.	Repetitive
c. Advance to capital Contractors included in the value of Capital work in Progress as per Note No. 3 of Balance Sheet includes Rs. 14.64 lacs on account of Cash Advance given to contractors for execution of capital projects. In our opinion this should have been booked under the head Other Current Financial Assets rather than Capital WIP. Therefore, the Capital WIP as at 31/03/2019 is overstated and Other Current Financial Assets as at 31/03/2019 is understated by Rs. 14.64 lacs. **Management Views:-** The Cash advance is on account of advance paid to contractor for execution of capital work which would subsequently be adjusted against the contractors bills raised for execution of Capital Asset and thus has been included as a part of capital Work in Progress. The accounting treatment has been followed uniformly by all DISCOM's under UPPCL. Moreover the compliance of the Audit observation has been done in FY 2019-20 and the para has also been removed in the Statutory Audit Report of FY 2019-20.	Repetitive
d. It has been observed that inoperative debtors have been continuously billed on the basis of IDF/RDF for more than 2 billing cycles which is in contravention of the provisions of Electricity Supply Code 2005. (Impact not ascertainable)	Repetitive
e. According to information and explanations given to us and as per the prevalent practice of the company, inventory of Stores and Spares is considered as an inventory only when the same is accounted for in the measurement book after due verification and quality check of the said items. Thus, liability in respect of Suppliers is accounted for only when the inventory is accounted for in the measurement book. Thus, in our opinion the liability as well as corresponding current assets to this extent in respect of material supplied is understated. This is also a violation of the provisions of section 128 of the Companies Act, 2013, which	Repetitive

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		advocates the maintenance of books of account on accrual basis of accounting (Impact not ascertainable).	
	f.	According to information and explanations given to us, inventories lying with third parties are accounted for on the basis of consumption statements received in this regard and are grouped under "Capital Work in Progress" and "Other Current Assets". However, no confirmation and reconciliation of the said inventory with the said third parties has been done at the year end. (Impact if any not ascertainable).	Repetitive
	g.	According to information and explanations given to us Obsolete, defective and unused store items have not been identified as Scrap during the financial year ended 31st March, 2019, pending identification by the committee formed in this regard (Impact not ascertainable).	Repetitive
	h.	The Company has not disclosed the impact of Rs. 3567.00 lacs pertaining to interest payable to Government of Uttar Pradesh on account of conversion of Najul land to freehold land. Out of this Rs. 2955.00 lacs pertain till F.Y. 2015-16 and Rs. 612.00 lacs pertain to F.Y. 2016-17. The final comments of Comptroller and Auditor General of India for F.Y. 2016-17 have not been received yet. Hence, the deficit as at 31st March,2019 is understated by Rs. 2955.00 lacs and other current financial liability is understated by Rs. 2955.00 lacs (The impact of Rs. 612.00 lacs has not been considered in our report awaiting final comments of Comptroller and Auditor General of India for FY 2016-17). **Management Views:-** The company has not received any demand from Govt. of UP to pay interest on conversion charges due to which it is not possible to book the liability in the books of accounts. A liability is booked when there is a reasonable certainty of outflow of economic resources of the enterprise. It is not possible to book a liability without any demand or a reasonable certainty and booking of liability only on the basis of future assumptions without any concrete fact or evidence will lead to overstatement of loss and liability and will not reflect the correct position of the financial statements.	Repetitive
	i.	Restructuring Reserve: According to information and explanations given to us the Restructuring Reserve amounting to Rs. 14.46 lacs pertain to the transaction affecting the opening balance of KESCO as per the transfer scheme of KESA pending final adjustments/ reconciliation.	Repetitive
	j.	During financial year 2016-17 and F.Y. 2015-16, the company was in receipt of a Government financial assistance	Repetitive

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Rs.66,030.26 lacs and 1,40,815.96 lacs respectively under the 'UDAY' Scheme. As per the terms of the scheme the said fund was to be treated as 25% as Equity, 25% as interest free loan and 50% as Subsidy / Grant.
On verification of the aforesaid the following was observed:

Particulars	**2015-16 (Amount in lacs)**	**2016-17 (Amount in lacs)**	**Treatment in Ind AS Financial Statements**
Amount treated as Equity	35,203.99	16,507.56	Under Share Application Money
Amount treated as Interest Free Loan	35,203.99	16,507.56	Non-Current Borrowings
Amount treated as Subsidy	68,360.59	32,428.38	Capital Reserves (Other Equity)
Amount treated as Subsidy for repayment of interest	2,047.39	586.75	Other Income
Total Amount	**1,40,815.96**	**66,030.26**	

Ind AS 20 requires all grants to be recognized as income over the period which bear the cost of meeting the obligation. As such 50% of the amount of total grant amounting to Rs. 32,428.38 lacs for F.Y. 2016-17 and Rs. 68,360.59 lacs for F.Y. 2015-16 which is treated as Subsidy (Capital Reserve) should have been recognized as income. Thus, the profit for F.Y. 2015-16 is understated by Rs. 68,360.59 lacs and Capital Reserve is overstated by Rs. 68,360.59 lacs similarly profit for F.Y. 2016-17 is understated by Rs. 32,428.38 lacs (cumulative Rs. 1,00,788.98 lacs) and Capital Reserve for F.Y. 2016-17 is overstated by Rs. 32,428.38 lacs.
Considering above the balance of Deficit (Other Equity) as at 31/03/2019 is overstated by Rs 1,00,788.98 lacs and Capital reserve as at 31/03/2019 is overstated by Rs. 1,00,788.98 lacs)
However, C&AG in their draft comments for FY 2016-17 have advised that "As per Ind AS 20, a government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognized in profit or loss of the period in which it becomes receivable. The above compensation also met against loan payable in instalment in future, thus, the treatment of reimbursable amount of loan in future should only have been treated as Capital Reserve" for which we have submitted our comments. Since the final comments of C&AG for FY 2016-17 are awaited, the above observation for treatment of grant is subject to their final comments.
<u>**Management Views:-**</u> The Comptroller & Auditor General

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		has clearly stated in the Final Comments for FY 2017-18 that the accounting treatment followed by the Company is correct and in accordance with Ind AS -20 and the observation raised by the Auditor is deficient. k. During the year, Subsidy for repayment of loan was received for Rs 3,647.48 lacs from Government of U.P. As per the information and explanation given by the management, the above amount includes Rs. 743.50 lacs for repayment of Interest and Rs. 2,903.98 lacs towards repayment of Principal. Although Rs 743.50 lacs has been booked in Profit & Loss under other income, the amount received for Rs 2,903.98 lacs towards repayment of Principal has been credited to Capital Reserve which as per Ind AS 20 should have been recognized as income in F.Y. 2018-19. Similarly, during F.Y. 2017-18, and FY 2016-17, Subsidy for repayment of loan was received for Rs 3,994.58 lacs and Rs 4,008.67 lacs respectively from Government of U.P. As per the information and explanation given by the management, the above amount includes Rs. 2,903.98 lacs (for FY 2017-18) and Rs 2,040.51 lacs (for FY 2016-17) towards repayment of Principal which has been credited to Capital Reserve but as per Ind AS 20, the same should have been recognized as income. Thus, the loss for F.Y. 2018-19 is overstated by Rs. 2,903.98 lacs, balance of deficit (Other Equity) as at 31/03/2019 is overstated by Rs. 7,848.48 lacs and Capital Reserve as at 31/03/2019 is overstated by Rs. 7,848.48 lacs. **Management Views:-** The Comptroller & Auditor General has clearly stated in the Final Comments for FY 2017-18 that the accounting treatment followed by the Company is correct and in accordance with Ind AS -20 and the observation raised by the Auditor is deficient. **PVVNL** a. Due to non-availability of proper and complete records of Work Completion Reports, there have been instances of non-capitalization and/or delayed capitalization of Property, Plant and Equipments, resulting delay in capitalization with corresponding impact on depreciation for the delayed period. (Refer to 2(II) of 'Significant Accounting Policies' to the Financial Statements.) b. The company has charged depreciation Rs. 62.28 lacs in earlier years on the value of land and land rights, while no depreciation is to be charged on the land as per Companies Act, 2013. UPERC also has taken useful life of land as infinity. As a result of this, Land & Land rights under fixed assets are under stated by Rs. 62.28 lacs and cumulated depreciation is overstated by	Repetitive Repetitive Repetitive

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		Rs. 62.28 lacs. **Management Views:-** The accumulated depreciation of Rs. 62.28 lakh on Land was allocated through Final Transfer Scheme, 2003 vide Govt. of U.P. notification no. 1528/24-P-2-2015-SA(218)/2014 Lucknow dated 03.01.2015.	
		c. Capital Work in progress is net off Material cost variance amounting to Rs. 1,114.67 lacs, which is pending reconciliation year together for more than a year.	Repetitive
		d. Assets amounting to Rs. 3,905.36 lacs, being expenses on construction of Bay are shown as "Assets not in possession of Pashchimanchal Vidyut Vitran Nigam Ltd.". The agreement with Transco is not available with the company. It is informed to us that the company has a right to use of the assets. Company has disclosed it as Tangible Assets, which is Intangible Assets, as being rightly disclosed in the earlier financial year 2017-18. This has resulted understatement of intangible assets and overstatement of tangible assets by Rs. 3,905.36 lacs. (Referred to in note 2 of Financial statements)	Repetitive
		e. In case of withdrawal of an asset, its gross value and accumulated depreciation is written off on estimated basis. In the absence of sufficient and appropriate audit evidence thereof, we are not in a position to ascertain impact of the same on financial statements.	Repetitive
		f. The depreciation/amortisation on Bay (Assets not in Possession of Paschimanchal Vidyut Vitran Nigam Ltd.) is calculated on the opening gross value of the assets with the life of 25 years on SLM basis and not on the additions during the financial year. In the absence of complete details, we are unable to quantify the impact of the same on depreciation/amortisation and consequential impact on the financial statements. (Refer to Note no. 2 Property, Plant and Equipment)	Repetitive
		g. It was seen that in case of asset "Overhead line on wooden support" company has charged cumulative deprecation more than the gross value of asset. Gross block of the said asset was 439.83 lacs, whereas cumulative depreciation was shown Rs. 579.18 lacs, which was more than the gross block of the asset by Rs.139.35 lacs. As a result of this, Lines, Cable networks, etc. under fixed assets are understaled and cumulated depreciation is overstated by Rs. 139.35 lacs. **Management Views:-** It is to submit that 95% depreciation was charged on 'Overhead line on wooden support'. At the time of withdrawal of such assets, the withdrawal of depreciation was not in proportion to the	Repetitive

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	provision of depreciation charged on such asset. The negative net value of assets is occurred due to above said reason. Necessary adjustment/correction will be made in ensuing financial year 2019-20.	
	h. The company has calculated depreciation based on the rate approved by UPERC. As useful life of computer was not given in the depreciation schedule approved by UPERC, company should have considered 3 years useful life of computer taking conservative approach as given in schedule II of Companies act 2013 instead of taking 15 years. Consequential impact of the same on the financial statements is not ascertained.	Repetitive
	i. As per UPERC (MYT) Regulation 2013. In case the payment of any bills of Transmission charges, wheeling charges is delayed beyond the period of 60 days from the date of billing, a late payment surcharge @ 1.25% per month shall be levied by the transmission licensee. However, the company has not made any provision for liability for late payment surcharge on account of non-payment of dues in compliance of above regulation. Consequential impact of the same on the financial statements is not ascertained.	Repetitive
	j. As per Note No. 5 of the Financial Statements, Trade Receivables includes a sum amounting to Rs. 78,701.15 lacs inherited by the Company in Transfer Scheme, which is lying unadjusted since long.	Repetitive
	k. The company has not furnished the details of advance deposit received from consumers against temporary connection and entire security deposits from them has been shown as non-current liabilities. In absence of such details, quantification of current and non- current liabilities therefrom is not possible.	Repetitive
	l. Amount of outstanding under the head sundry debtors (AG- 23) is not reconciled with the billing ledger. Outstanding balance in trial balance as on 31-03-2019 under this head may not be verified with consumer ledger or with other available records available with the divisions/zone.	Repetitive
	m. According to the information and explanations given to us, frauds in shape of misappropriation of cash collected from customers but not deposited amounting to Rs.370.05 lacs were noticed. We are informed by the management that departmental and legal proceedings are in process against the concerned staff, as soon as these frauds surfaced.	Repetitive
	n. No subsidiary ledgers have been maintained for Consumer Security Deposit, Meter Security Deposit and Advance consumption charges. In absence of which the correctness of the figures appearing in the financial statements under these head	Repetitive

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	could not be verified.	
	o. Work in Progress Register (WIP Register) is not being maintained at all the units except ECWD-MBD, which has prepared WIP Register for the current financial year only.	Repetitive
	p. The auditor had required to provide for contingent liability on bank guarantee for Rs. 15.00 lacs, which should be disclosed in the financials but the same was not done.	Repetitive
	PuVVNL	
	Stock shortage/ excess pending investigation amounting to Rs. 96.63 Lacs is outstanding as on 31/03/2019. In absence of proper information, we are unable to comment upon its nature and proper accounting. No movement analysis is available to categorize fast moving, slow moving, non-moving and dead stock items.	Repetitive
	MVVNL	
	a. As per practice and policy of the Company, the Property, Plant and Equipment observed and declared "NOT IN USE" are transferred from Property, Plant and Equipment (Accounting Code No. AG- 10) to Assets "NOT IN USE" (Accounting Code No. AG- 16) and the depreciation already provided and kept in depreciation is reversed by the units. However, LESA Cis zone auditor reported that when the capital assets are decommissioned for major repairs the original cost is derived on estimated basis and the accumulated depreciation is derived on pro-rata basis.	Repetitive
	b. When the store materials are issued for capital jobs the issue rate is on Resspo-rate basis. Since the value of capital assets on issue and value of decommissioned assets (including the value of asset under transfer scheme) is on estimated basis (time, rate and value), on many occasions closing balance shows negative closing balance for the current year. Physical verification of asset is not carried out by the management in any of the divisions/units. On receipt of repaired transformers of different sizes, the receiving and sending unit do not match / respond corresponding entries in their respective books hence the inter unit balances are outstanding in the books, reason as informed by the management is due to delay in submission of advice transfer of debit and advice transfer of credit.	Repetitive
	c. **LESA Trans Gomti Zone Auditors** reported that some heads of Fixed Assets are reflecting credit balances which as explained to us is due to wrong classification. The zone recognizes its completed works as Fixed Assets only at the	Repetitive

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		year end. hence yearly depreciation and WDV is not calculated correctly.	
		d. No details of Capital Work in Progress (including RGGVY Scheme, APDRP Scheme, RAPDRP Scheme and Other) amounting Rs.2,70,481.92 lacs (Rs. 2,11,051.28 lacs last year) and Advance to capital suppliers/ Contractors amounting Rs. 4,02,538.34 lacs (Rs. 2,50,410.78 lacs last year) provided to us. We are unable to comment on Capital Work in Progress as the required information for capitalization of various works/project, age wise analysis and item wise analysis was not made available by management. Such capitalization is delayed and consequently depreciation has also not been charged.	Repetitive
		e. **LESA Cis Zone Auditors** also reported that Capital work in progress (AG -14) is transferred/ capitalized to Property, Plant and Equipment (AG-10) without taking into account, any commissioning /completion certificate, the same is accounted on undetermined basis. On the same reason mentioned about the capital work in progress/ Property, Plant and Equipment are not correctly disclosed and hence yearly depreciation is not calculated accurately/correctly.	Repetitive
		f. As per AG observations of previous year(s) EDC – Shahjahanpur 10882.00 lacs and EDC Hardoi Rs 2,604.00 lacs in respect of expenditure incurred under RGGVY already completed but not capitalized /transferred from CWIP to fixed assets. Due to which CWIP is overstated by Rs 13486.00 lacs and understatement of accumulated loss and depreciation. It also results in understatement of assets. The position of these works is not made clear to us during the period under audit.	Repetitive
		g. Capital work in progress is transferred / capitalized without taking into account, any commissioning / completion certificate, hence the same is accounted for on undetermined basis. This practice is not as per accepted accounting practice.	Repetitive
		h. As reported by management, a fraud of Rs. 99.62 lakhs have occurred during the Financial Year 2018-19, on which Departmental Action has been taken by the management on accused staff.	Repetitive
		i. **Auditor of LESA Cis Zone** made the following comments Most of the divisions where collection of electricity is done by E-SUVIDHA (i.e. outside agency) a separate Cash Book are maintained on the basis of details provided by e-suvidha. Consolidated daily collections and remittance to HO are provided by e-suvidha and consumer wise collection is not	Repetitive

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	available at division level. Entire collection by e-suvidha both in and cheque are deposited by e-suvidha in its own account, after realization of cheque directly remitted to accounts. In respect of amount collected by e-suvidha, outside agencies, on a day today basis, at present there is no check to ensure that all the money collected is deposited by e-suvidha in MVVNL/UPPCL A/c.	
	j. **LESA Cis Zone Auditors** reported that revenue from sales of power to various categories of consumers is not cent percent metered for the year in some cases and some ad hoc provisions are made at the end. Necessary records regarding tariff wise breakup, transit loss, self-consumption have not been provided to us, providing our reservation to the recognition and verification of revenue in accordance with accounting standards. Revenue from sales of power is recognized during the financial year 2018-19 on the basis of report generated (report no CM 315 and CM 309) from online billing system, and authenticity of the same needs to be verified and adverse financial impact if any, could not be determined. On verification of CM 309, no breakup or bifurcation of receipts made under "others" was furnished to us which were other than receipts recorded from E-Suvidha on account of electricity duty and electricity charge. In respect of power unit consumed by employees including ex-employees, no bill is raised on the basis of meter reading as it is done in the case of consumers, and is done on tariff rates of UPERC.	Repetitive
	k. **Bareilly Zone Auditors** reported that regarding Sale of energy to consumers, revenue is booked as per actual billing generated by computerized billing system. Necessary record regarding tariff wise breakup, transit loss and self-consumption have been provided to them which is according to Accounting Standards. Due to the above, the adverse financial impact if any, could not be determined	Repetitive

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