# उ०प्र० पावर कारपोरेशन लिमिटेड

(उत्तर प्रदेश सरकार का उपक्रम)

# ANNUAL REPORT

# FY - 2020-21

**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 **22nd 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 11:30 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 2020-21 i.e. for the Financial Year ended 31-03-2021.**

   To consider and adopt :-

   a). The Standalone Financial Statement of the Company for the Financial Year ended 31st March, 2021, 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, 2021 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)**

**U. P. Power Corporation Ltd.**
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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 22nd Adjourned Annual General Meeting of the Shareholders of U.P. Power Corporation Limited to be held on Friday, 31st March, 2023 at 11:30 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, 2021, 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, 2021, and the reports of the Auditors thereon | | |

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

Affix
Revenue

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

**U. P. Power Corporation Ltd.**
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CIN:U32201UP1999SGC024928
Registered address: Shakti Bhawan, 14 Ashok Marg, Lucknow-226001
Phone No. 0522-2286618, Email: csunit.uppcl@gmail.com

# ATTENDENCE SLIP

22nd Adjourned Annual General Meeting **of the Shareholders of U.P. Power Corporation Limited to be held on** Friday, 31st March, 2023 at 11:30 AM.

| | |
|---|---|
| **NAME OF THE ATTENDING MEMBER (IN BLOCK LETTERS)** | |
| ***Follo 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 22nd Adjourned Annual General Meeting of the Shareholders of U.P. Power Corporation Limited held on Friday, 31st March, 2023 at 11:30 AM, Shakti Bhawan, 14-Ashok Marg, Lucknow.

Signature of Member/Proxy

## DIRECTORS' REPORT

To,
**The Members,**
**Uttar Pradesh Power Corporation Ltd.**

Your Directors are pleased to present herewith the 22rd Annual Report on the business and operations of the company along with the audited standalone and consolidated financial statements of your Company for the financial year ended 31st March, 2021.

### COMPANY OVERVIEW

U.P. Power Corporation Ltd. ('Company') is primarily involved in bulk purchase of power from various generators and bulk sale of power to the subsidiary distribution companies. The company has five subsidiary distribution companies viz Purvanchal Vidyut Vitran Nigam Ltd (PuVVNL), Madhyanchal Vidyut Vitran Nigam Ltd (MVVNL), Dakshinanchal Vidyut Vitran Nigam Ltd (DVVNL), Paschimanchal Vidyut Vitran Nigam Ltd (PVVNL) and Kanpur Electricity Supply Co. Ltd. (KESCO). These distribution companies (DISCOMs) are engaged in the distribution of electricity to consumers. DVVNL also supplies electricity to the Torrent Power Company Ltd. (franchisee) for distributing the electricity to the consumers of its specified area. The company has successfully met the peak power demand of the state during the F.Y. 2020-21. The company sold 113858.89 MU as compared to 112224.92 MU in the previous year to the DISCOMs.

The Government of U.P has been making several efforts towards strengthening the power sector of the state whilst providing 24x7 affordable power supply. The company has emphasized on emerging technologies, new reforms and providing cost efficient good quality electricity to all categories of consumers for economic development/social upliftment of the state. The company is sensitive to its ultimate consumers interest and strives for uninterrupted supply of power.

### 1. Financial Results (Standalone and Consolidated)/Performance

The summarized financial results (Standalone and Consolidated) for year ended 31st March, 2021 are summarized below:

(₹ in Crore)

| Particulars | Standalone Results | | Consolidation Results | |
|---|---|---|---|---|
| | F.Y. 2020-21 | F.Y. 2019-20 | F.Y. 2020-21 | F.Y. 2019-20 |
| Revenue from sale of power | 60449.16 | 54012.52 | 55028.03 | 54012.40 |
| Other Income | 161.64 | 156.77 | 12605.88 | 13968.34 |
| **Total (A)** | **60610.80** | **54169.29** | **67633.91** | **67980.74** |
| **Expenditure** | | | | |
| Operational Expenditure :- | | | | |
| Purchase of Power | 60449.16 | 54012.52 | 63587.54 | 57386.06 |
| Employee Benefit Expenses | 54.87 | 70.36 | 1821.10 | 1647.65 |
| Repairs & Maintenance Expenses | 12.96 | 12.63 | 2318.24 | 2490.54 |
| Administrative, General & Other Expenses | 49.19 | 48.30 | 2215.49 | 2291.78 |
| **Total (B)** | **60,566.18** | **54,143.81** | **69,942.37** | **63,816.03** |
| **Operational Profit/Loss A – B = C** | **44.62** | **25.48** | **(2,308.46)** | **4,164.71** |
| Interest and Finance Charges | 0.06 | 0.05 | 6325.53 | 5339.39 |
| Depreciation | 5.04 | 4.65 | 2426.72 | 1264.25 |
| Bad Debts & Provisions | (17339.20) | 3171.51 | (16979.43) | 3693.00 |
| **Total (D)** | **(17,334.10)** | **3,176.21** | **(8,227.18)** | **10,296.64** |

| | | | | |
|---|---|---|---|---|
| **NET PORFIT/LOSS Before Exceptional Items/ Tax** | **17,378.72** | **(3,150.73)** | **5,918.72** | **(6,131.93)** |
| Exceptional Items | - | - | - | - |
| **Net Profit/Loss After Exceptional Items & Before Tax** | **17,378.72** | **(3,150.73)** | **5,918.72** | **(6,131.93)** |
| Provision for Tax | - | - | - | - |
| **NET PORFIT/LOSS After Tax** | **17,378.72** | **(3,150.73)** | **5,918.72** | **(6,131.93)** |

(i) The Company has incurred net profit of ₹ 17,378.72 Crore (Standalone) for the financial year 2020-21 as against net loss of ₹ 3,150.73 Crore in the previous financial year. The major reason for net profit in the financial year 2020-21 was due to reversal of impairment of investments in subsidiary DISCOMs amounting to 17,109.17 Crore due to increase in their net worth. The Net Worth of the DISCOMs was increased due to accountal of revenue subsidy of Rs. 39743.00 crore and UDAY loss of Rs. 6278.46 crore in their accounts for the F.Y. 2020-21

**2. Transfer to Reserve and Dividend**

No profit being available for appropriation after adjustment of accumulated losses, the board is neither able to recommend payment of dividend for the year nor is proposing to carry any amount to the reserves.

**3. Operations**

The company is primarily involved in the business of bulk purchase and sale of power to its subsidiary distribution companies. The purchase volume of the company is as under:

| **S.No.** | **Name of the Company** | **Status** | **FY 2020-21 Units Purchased (MU)** | **FY 2019-20 Units Purchased (MU)** |
|---|---|---|---|---|
| A | U.P. Power Corporation Ltd. | Holding | 120589.94 | 118140.93 |

The company sold 120589.94 MU in the financial year 2020-21 as compared to 118140.93 MU in the previous year to its own distribution subsidiary companies viz PuVVNL, MVVNL, DVVNL, PVVNL and KESCO.

The Company has also arranged power through bilateral arrangements and by putting bids in power exchange on day to day basis for and on behalf of the above five DISCOMs.

The sale volume of the subsidiary DISCOMs are as under:

| **S.No.** | **Name of the DISCOMs** | **Status** | **FY 2020-21 Units Purchased (MU)** | **FY 2019-20 Units Purchased (MU)** |
|---|---|---|---|---|
| A | Purvanchal Vidyut Vitran Nigam Ltd. | Subsidiary | 34,334.49 | 32,567.60 |
| B | Madhyanchal Vidyut Vitran Nigam Ltd. | Subsidiary | 23520.97 | 22851.68 |
| C | *Dakshinanchal Vidyut Vitran Nigam Ltd. | Subsidiary | 25888.03 | 24710.98 |
| D | Paschimanchal Vidyut Vitran Nigam Ltd. | Subsidiary | 33463.71 | 34432.42 |
| E | Kanpur Electricity Supply Company Ltd. | Subsidiary | 3382.74 | 3578.25 |
| | **TOTAL** | | 120589.94 | 118140.93 |

*DVVNL has also supplied the power to franchise (Torrent Power Ltd. Agra) in accordance with the agreement made between them.

**4. Share Capital**

The Government of U.P. has continued with its equity support to the Company. The Authorized Share Capital of the Company is presently Rs.125000.00 crore. The paid-up share capital of the company has increased by allotment of 73643688 equity shares of Rs.1000 each aggregating to Rs.5552.93 crore to the Hon'ble Governor of U.P during the year 2020-21. The present paid up share capital of the company is Rs.104126.45 crore.

## 5. Loans and Bonds

The Funds for the subsidiary distribution companies are arranged by the company through loans and bonds. The total Long Terms Borrowings as at 31st March 2021 were Rs.63332.08 crore and short terms Borrowings on that date were nil.

## 6. Key Management Personnel, Directors, Audit Committees and Meetings

### 6.1 Details of Key Management Personnel (KMP) and Directors are as under:

**Key Management Personnel**

| S. No. | Name | Designation | Period (For FY 2020-21) | |
|---|---|---|---|---|
| | | | From (Date of Appointment) | Date of Cessation |
| 1 | Shri M. Devaraj (DIN-08677754) | Managing Director | 05.11.2019 | 01.02.2021 |
| | | Chairman | 02.02.2021 | Working |
| 2 | Shri Arvind Kumar (DIN-01634887) | Chairman | 09.11.2019 | 01.02.2021 |
| 3 | Shri Pankaj Kumar (DIN-08095154) | Managing Director | 10.03.2021 | Working |
| 4 | Shri Ajay Kumar Purwar (DIN-08544396) | Director (PM&A) | 10.07.2019 | Working |
| 5 | Shri Ashok Kumar Srivastava (DIN-08189765) | Director (Commercial) | 27.06.2018 | Working |
| 6 | Shri Sudhir Arya (DIN-05135780) | Director (Finance) | 30.07.2019 | Working |
| 7 | Shri Ashwani Kumar Srivastava | Director (Distribution) | 19.01.2021 | Working |
| 8 | Dr. Senthil Pandian C (DIN-08235586) | Nominee Director | 10.09.2018 | Working |
| 9 | Shri Vijai Kumar (DIN-08051813) | Director (Distribution) | 06.01.2018 | 15.04.2020 |
| 10 | Shri Neel Ratan Kumar (DIN-03616458) | Nominee Director | 16.04.2013 | Working |
| 11 | Shri V. P. Srivastava (DIN-08051823) | Director (Corporate Planning) | 04.01.2018 | 03.01.2021 |
| 12 | Shri Jawed Aslam (DIN-08608001) | Nominee Director | 17.07.2020 | Working |
| 13 | Shri Anil Kumar Awasthi | Chief Financial officer | 05.03.2020 | Working |
| 14 | Miss. Niharika Gupta | Company Secretary | 18.03.2020 | Working |

### 6.2 Policy on Directors' Appointment

The Company being a Government Company, the provisions of section 134 (3)(e) of the Companies Act 2013 are not applicable in view of the Notification No. GSR-163(E) dated 05-Jun-2015 issued by the Ministry of Corporate Affairs, Government of India.

### 6.3 Number of Meeting of the Board

During the financial year 2020-21, 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 | 158th Board Meeting – 17.07.2020 | 5 | 162th Board Meeting – 09.12.2020 |
| 2 | 159th Board Meeting – 14.08.2020 | 6 | 163th Board Meeting – 30.12.2020 |
| 3 | 160th Board Meeting – 30.09.2020 | 7 | 164st Board Meeting – 02.03.2021 |
| 4 | 161nd Board Meeting – 11.11.2020 | 8 | 165rd Board Meeting – 23.03.2021 |

### 6.4 Details of attendance of Meeting of the Board

During the financial year 2020-21, there were eight meetings of the Board of Directors of the Company. The number of meetings attended by each director during the financial year is as following:-

| S. No. | Name of the Director | No. of Meetings which were entitled to attend | No. of Meetings attended | % of Attendance |
|---|---|---|---|---|
| 1 | Shri M. Devaraj | 8 | 8 | 100 |
| 2 | Shri Pankaj Kumar | 1 | 1 | 100 |
| 3 | Shri Senthil Pandian C | 8 | 8 | 100 |
| 4 | Shri Ajay Kumar Purwar | 8 | 8 | 100 |
| 5 | Shri Sudhir Arya | 8 | 8 | 100 |
| 6 | Shri Ashwani Kumar Srivastava | 0 | 0 | 0 |
| 7 | Shri Jawed Aslam | 5 | 4 | 80 |
| 8 | Shri A.K. Srivastava | 8 | 8 | 100 |
| 9 | Shri Neel Ratan Kumar | 8 | 2 | 25 |

### Audit Committee

According to section 177 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of the Board and its power), the board of the company has constituted the audit committee consisting of the following Directors as on 31st March, 2021:

| S.No. | Designation | Position Hold |
|---|---|---|
| 1. | Managing Director, UPPCL | Executive Director |
| 2. | Managing Director, UPPTCL | Non -Executive Director |
| 3. | Special Secretary (Finance) Govt. Of U.P. | Non -Executive Director |
| 4. | Director (Deptt. Of Public Enterprise) | Non -Executive Director |
| 5. | Director (Finance), UPPCL | Executive Director |

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

### Number of Meeting of the Audit Committee

9

During the financial year 2020-21, there were 06 Meetings of the Audit Committee on the following date

| S. No. | Date of Meeting | S. No. | Date of Meeting |
|---|---|---|---|
| 1 | 14.08.2020 | 4 | 30.12.2020 |
| 2 | 30.09.2020 | 5 | 02.03.2021 |
| 3 | 09.12.2020 | 6 | 23.03.2021 |

The recommendations made by the Audit Committee during the year were accepted by the Board.

7. **Declaration by Independent Director**
   Being a Government Company, the power to appoint Independent Director vests with the Government of U.P and the Company has taken up with the State Government for appointment of requisite number of Independent Directors.

8. **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 And 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) of the Act has also been done away with the Government Companies where the Directors are evaluated by the Ministry and 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 compliance with the requirement of performance evaluation by the independent directors of non-independent directors and Chairman and performance evaluation of the independent director by the Board, if the concerned department or Ministry has specified these requirement.

9. **Auditors And Their Report**

**10.1 Statutory Auditor**

The Comptroller and Auditor General of India as appointed M/s RM Lall & Co., Chartered Accountants, Lucknow as the Statutory Auditors of the company for the F.Y. 2020-21.

The replies of management to the observations of the Statutory Auditors on the annual financial statements (Standalone as well as Consolidated) for the financial year ended 31st March, 2021 are annexed herewith marked as **Annexure-I** of this Director Report.

**10.2 Cost Auditor**

In terms of the provisions of section 148 of the Companies Act, 2013 and the Companies (Cost record and Cost Audit) Rules, 2014, the Board of Directors appointed M/s Sunil Singh & Co., Cost Accountants, Lucknow as Cost Auditor for the financial year 2020-21. The cost audit for the F.Y. 2020-21 is completed.

**10.3 Secretarial Auditor**

In terms of provision of section 204 of the Companies Act, 2013 company has appointed M/s Mardan Singh, Practicing Company Secretaries, Lucknow for conducting Secretarial Audit for the financial year 2020-21. The Secretarial Audit Report is placed at **Annexure-II** of this Director Report along with replies of management to the observation(s) therein.

### 10.4 Adoption of Annual Accounts

The Comptroller and Auditor General of India (CAG's) conducts supplementary audit u/s 143 of the Companies Act, 2013. Supplementary Audit by CAG'S for the financial year 2020-21 is completed and, therefore, the reply to the CAG'S Comments will be attached with the Director Report along with CAG'S comments as enclosed as **Annexure VIII**

## 11 Reports on Subsidiaries and Associates Company

11.1 The company has following five subsidiaries as on 31st March, 2021:

**₹ in Crore**

| S. No. | Name of the DISCOMs | Status | % of share held | Authorized Capital (Amount) | Paid-up Share Capital (Amount) |
|---|---|---|---|---|---|
| A | Purvanchal Vidyut Vitran Nigam Ltd. (PuVvNL) (CIN-U31200UP2003SGC027461) | Subsidiary | 100% | 30000.00 | 19981.48 |
| B | Madhyanchal Vidyut Vitran Nigam Ltd. (MVVNL) (CIN-U31200UP2003SGC027459) | Subsidiary | 100% | 30000.00 | 17440.46 |
| C | Dakshinanchal Vidyut Vitran Nigam Ltd. (DVVNL) (CIN-U31200UP2003SGC027460) | Subsidiary | 100% | 24000.00 | 19522.05 |
| D | Paschimanchal Vidyut Vitran Nigam Ltd. (PasVVNL) (CIN-U31200UP2003SGC027458) | Subsidiary | 100% | 25000.00 | 15647.52 |
| E | Kanpur Electricity Supply Company Ltd. (KESCO) (CIN-U40105UP1999SGC024626) | Subsidiary | 100% | 2000.00 | 1974.21 |
| F | Southern U.P. Power Transmission Company Limited. (CIN-U40300UP2013SGC058892) | Subsidiary | 100% | - | - |

**Note: -**

(i) Southern Uttar Pradesh Power Transmission Company Ltd. (which was subsidiary of the company) was closed in the month of January 2021 and has been struck of in the record of the Registrar of Companies during the F.Y. 2020-21.

(II) The company has no associate companies or joint ventures as at 31.03.2021.

(iii) The company has prepared consolidated financial statements of the company and its subsidiaries.

(iv) A separate statements containing the salient features of the financial statements of subsidiary in form AOC-1 as enclosed as **Annexure -III** forms part of annual report.

### 11.2 Financial Results of the Subsidiaries

a. Financial results for the period ended 31.03.2021 along with previous year figures are summarized below:

**₹ in Crore**

| Particulars | PuVVNL | | MVVNL | | DVVNL | | PasVVNL | | KESCO | |
|---|---|---|---|---|---|---|---|---|---|---|
| | F.Y. 2020-21 | F.Y. 2019-20 | F.Y. 2020-21 | F.Y. 2019-20 | F.Y. 2020-21 | F.Y. 2019-20 | F.Y. 2020-21 | F.Y. 2019-20 | F.Y. 2020-21 | F.Y. 2019-20 |
| Revenue from Sale of Power | 11690.86 | 11642.26 | 3176.40 | 2671.63 | 10878.81 | 10831.65 | 17274.00 | 17039.25 | 2516.64 | 2619.39 |
| Other Income | 3360.07 | 4413.09 | 3176.40 | 2671.63 | 2338.18 | 3159.99 | 3017.16 | 3524.33 | 552.42 | 42.50 |
| **TOTAL (A)** | **15,050.93** | **16,055.35** | **15,844.87** | **14550.73** | **13297.18** | **13991.64** | **20,291.16** | **20,563.58** | **3069.06** | **2661.89** |
| **Expenditure** | | | | | | | | | | |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Operational Expenditure:- | | | | | | | | | | |
| Purchase of power | 14096.66 | 13723.22 | 13521.29 | 12400.71 | 11988.72 | 11261.52 | 20532.62 | 18562.40 | 2630.25 | 2321.57 |
| Employee Benefit Expenses | 726.59 | 309.19 | 315.97 | 361.95 | 170.91 | 305.22 | 424.26 | 486.12 | 128.51 | 115.10 |
| Repairs & Maintenance Expenses | 598.09 | 869.83 | 382.56 | 369.60 | 507.37 | 545.49 | 746.15 | 609.30 | 71.11 | 83.69 |
| Administrative, General & Other Expenses | 538.68 | 412.08 | 573.24 | 585.30 | 521.28 | 546.89 | 401.95 | 562.29 | 131.13 | 136.90 |
| TOTAL (B) | **15,960.02** | **15,314.32** | **14,793.06** | **13,717.56** | **13188.28** | **12759.03** | **22104.98** | **20220.11** | **2961.00** | **2657.26** |
| **Operational Profit/Loss A-B=C** | **(909.09)** | **741.03** | **1,051.81** | **833.17** | **108.90** | **1232.61** | **(1813.82)** | **343.47** | **108.06** | **4.53** |
| Interest and Finance Charges | 1748.89 | 1421.67 | 1336.65 | 1154.90 | 1725.25 | 1613.49 | 1291.90 | 977.19 | 222.78 | 172.08 |
| Depreciation | 814.82 | 427.82 | 519.36 | 294.14 | 480.68 | 108.71 | 555.12 | 397.32 | 51.71 | 31.62 |
| Bad Debts & Provisions | 93.34 | 165.44 | 121.61 | 134.22 | 64.02 | 162.53 | 75.12 | 36.82 | 5.67 | 22.48 |
| TOTAL (D) | **2,657.05** | **2,014.93** | **1,977.62** | **1583.26** | **2,269.95** | **3,606.93** | **1922.14** | **1411.33** | **280.16** | **226.18** |
| **Net Profit/Loss Before Exceptional Items/Tax** | **(3,566.14)** | **(1,273.90)** | **(925.81)** | **(750.09)** | **(2161.05)** | **(2374.32)** | **(3735.96)** | **(1067.86)** | **(172.10)** | **(221.55)** |
| **Exceptional Items** | - | - | - | - | - | - | - | - | - | - |
| **Net Profit/Loss After Exceptional Items & Before Tax** | **(3,566.14)** | **(1,273.90)** | **(925.81)** | **(750.09)** | **(2161.05)** | **(2374.32)** | **(3735.96)** | **(1067.86)** | **(172.10)** | **(221.55)** |
| Provision for Tax | - | - | - | - | - | - | - | - | - | - |
| **Net Profit/Loss After Tax** | **(3,565.14)** | **(1,273.90)** | **(925.81)** | **(750.09)** | **(2161.05)** | **(2374.32)** | **(3735.96)** | **(1067.86)** | **(172.10)** | **(221.55)** |

### 11.3 Adoption of Annual Accounts

The audited accounts of the DISCOMs for the F.Y. 2020-21 have been sent to the AG's office, Lucknow for conducting the supplementary audit. The annual accounts of the DISCOMs shall be presented in their respective annual general meeting for adoption after receipt of the CAG's final comments.

## 12 Compliances

### 12.1 Directors Responsibility Statements

Pursuant to section 134 (3) (c) of the Companies Act, 2013 the Directors to the best of their knowledge and belief state that:

(i) In the preparation of Annual Account, the applicable accounting standards have been followed along with proper explanation relating to material departure;

(ii) Such accounting policies have been selected and applied them consistently and made judgments and estimates 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 financial year and of the profit and loss of the company for that period;

(iii) Proper and sufficient share has been taken for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 2013 for safeguarding the asset of the company and for preventing and directing fraud and other irregularity;

(iv) The annual accounts have been prepared on a going concern basis; and

(v) Proper system have been revised to ensure compliance with the provisions of all applicable laws and that such system works adequate and operating effectively.

### 12.2 Adequacy of Internal Control System

The company has a proper and adequate system of internal control to ensure that all assets are safeguarded and protected against loss from unauthorized use of disposition and to ensure that all transactions are authorized, recorded, and prepared correctly and adequately. All financial and audit control systems are also reviewed by the audit committee of the Board of the Directors of the Company.

### 12.3 Annual Return of the Company

The extract of the Annual Return of the Company for the FY 2020-21 is enclosed as **Annexure -V.**

### 12.4 Particulars of Loans, Guarantees, Investment and Securities u/s 186 of Companies Act, 2013

(I) There are no guarantees given and securities provided during the year to any other body corporate or person.

(ii) The investment of the company in its subsidiaries DISCOMs during the year are given as under:

**₹ in Crore**

| S.No. | Name of the DISCOMs | Amount |
|---|---|---|
| A | Purvanchal Vidyut Vitran Nigam Ltd. | 1194.40 |
| B | Madhyanchal Vidyut Vitran Nigam Ltd. | 938.67 |
| C | Dakshinanchal Vidyut Vitran Nigam Ltd. | 979.61 |
| D | Paschimanchal Vidyut Vitran Nigam Ltd. | 762.00 |
| E | Kanpur Electricity Supply Company Ltd. | 10.55 |
| F | Southern U.P. Power Transmission Company Ltd. | - |
| | **TOTAL** | **3885.23** |

The Status of investment of funds in subsidiaries and other companies as at 31.03.2021 has been given in note no.5 of the standalone financial statement of the company.

(iii) Financial arrangements through loans/bonds etc. are made on behalf of subsidiaries distribution companies and subsequently are transferred/adjusted against respective DISCOMs.

### 12.5 Risk Management Policy

The Company is a public sector undertaking wholly owned by the Government of Uttar Pradesh. The policy on different matters are to be followed from the directives issued by the Government of U.P. from time to time. The company has an adequate system of risk assessment and management. However, the policies are reviewed from time to time, as and when required.

### 12.6 Corporate Social Responsibility

The Company has incurred average losses during the three preceding financial year as per the calculation in accordance with provisions of section 198 of the Companies Act, 2013, hence no expenditure incurred by the company.

### 12.7 Particulars of Contract or Arrangement with Related Parties

The company's major related party transaction is generally with subsidiaries distribution companies. The details of transaction with related parties are annexed herewith marked as **Annexure-IV** of this audit report. Necessary disclosure of related party transactions has also been given on notes of the financial statements of the company.

### 12.8 Dividend Distribution Policy

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

### 12.9 Sexual Harassment of Women at Workplace

As per the sexual harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made there under, the Company has Internal Complaint Committee in place to redress complaints received regarding the sexual harassment. During the Financial Year 2021-22, No complaint sexual harassment was received.

### 12.10 Reporting of Fraud

During the year under review, the Statutory Auditors nor the Secretarial Auditors has reported any instances of fraud committed against your Company by its officers or employees, the details/need to be mentioned in the Directors Report.

In case of consolidated financial statements of the company, the Statutory Auditors has reported frauds/embezzlement.

### 12.11 Managerial Remuneration

Particulars of remuneration paid to executive key managerial personnel (as mentioned in above point no. 6.1) during the F.Y. 2020-21 are furnished hereunder:

**₹ in Lacs**

| S.No. | Name | Designation | Remuneration Paid |
|---|---|---|---|
| | | | **2020-21** |
| 1 | Shri M. Devaraj | Managing Director & Director | 2.38 |
| 2 | Shri Pankaj Kumar | Managing Director | - |
| 3 | Shri Arvind Kumar | Chairman | - |
| 4 | Shri Vijai Kumar | Director (Distribution) | - |
| 5 | Shri V. P. Srivastava | Director (Corporate Planning) | 32.86 |
| 6 | Shri Ajay Kumar Purwar | Director (Personnel & Admin) | 50.99 |
| 7 | Shri Sudhir Arya | Director (Finance) | 33.71 |
| 8 | Shri Ashwini Kumar Srivastava | Director (Distribution) | 2.11 |
| 9 | Shri Ashok Kumar Srivastava | Director (Commercial) | 36.87 |
| 10 | Shri Anil Kumar Awasthi | Chief Financial officer | 35.62 |
| 11 | Miss. Niharika Gupta | Company Secretary | 3.20 |
| | **Total** | | **197.74** |

### 12.12 Significant Material Order

No significant or material order work for by the Regulators or Courts or Tribunal which impact the going concern status and company's operation.

### 12.13 Deposits

The Company has not accepted are renewed any amount falling within the purview of provisions of section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules 2014 during the year under review. Hence, the details relating to deposits as also requirement for furnishing of details of deposits which are not in compliance which chapter-V of the Act may be treated as NIL.

### 12.14 Vigil Mechanism

The Company has a separate Vigilance Department to ensure transparency, objectivity and quality of decision making in various operations. There is also a common Vigilance Department of Government of U.P for all Government Departments/Undertakings. Appropriate disciplinary action is initiated against the involved employees. Necessary actions are also taken for improvement of the system, wherever found necessary.

### 12.15 Conservation of Energy, Technology Absorption and Foreign Exchange Earnings

Since the company is involved in the business of bulk purchase and sale of power to its subsidiary distribution companies, the provisions relating to Conservation of Energy, Technology Absorption are not applicable to the company. However, brief details of energy conservations measures taken through distribution companies are given here under:

**Conservation of Energy**

Uttar Pradesh is one of the largest states in the country. During the year 2020-21, the company was able to meet energy and demand throughout the state with minimum possible restrictions and control measures. Necessary steps are taken by the DISCOMs from time to time. The major steps that have been taken by the DISCOMs for conservation of energy are as follows:

(i) Distribution of LED Bulbs, Tube Lights and energy efficient fans under the UJALA Scheme.
(ii) Installation of grid connected solar power plant at 33KV/11KV Substations and feeder level solarisation under the PM-KUSUM YOJANA.
(iii) Installation of energy efficient equipment.
(iv) In, house renewal and modernization.
(v) Improving operation efficiency.
(vi) Monitoring of supply of electricity process and analysis of regular data important for energy conservation.
(vii) Under RSVP Regulation 2019 issued by the UPERC, Solar Power Consumers are allowed the facility of net meter.

**Technology Absorption**

(a) Efforts made towards technology absorption, adaptation and innovation are as under:
    (i) Installation of electronic meters/smart meters of updated technology as per the need of the system.
    (ii) Installation of capacitor banks at 33 KV substations.
    (iii) LT less distribution system in rural areas.
    (iv) Feeder separation works.
    (v) Technology up gradation in the areas of process improvement.
    (vi) Affective energy management for technology absorption and energy conservations measures.
(b) Benefits derived as a result of the above efforts:
    (i) Accurate metering
    (ii) Sustained Accuracy
    (iii) Reduction in aggregate transmission and commercial losses.
    (iv) Reduction in theft.
    (v) Improved quality in supply of power.

(c) Improvement and development activities in the electricity utility area are continued like energy efficiency of power network, power quality and power reliability, renewable energy for environmental benefits, improving customer services and safety, IT enabled applications etc.

**Foreign Exchange Earnings and Out Go**

During the year under review there was no foreign exchange earnings our out go.

## 13 Human Resources and Training

The Company has a separate Industrial Relations Department and Personnel and Administration Department. The Company takes pride in its well-trained, efficient, experienced and committed man power of Engineers, Officers, Staff and other workers. In the year 2020-21, exercise for promotions in all cadres was done. During the period under review, Our Personnel and Administration Department has been entrusted the recruitment work for the company and on behalf of the subsidiary distribution companies. The Company has also a separate Service Commission Wing for recruitment of the employees.

Communication meetings with unions and associations, workshop on transmission and distribution system, state load dispatch system etc. were conducted during the year. Both the employees and management complemented each others' efforts in furthering the interest of the company as well as stakeholders, signifying and highlighting overall harmony and cordial employ relations prevalent in the company.

The Company has a separate Training Institute at Lucknow. Newly recruited officers and employees under go company's training program. The knowledge of the engineers, officers and other employees is being updated on continuous basis both within the organizations and from outside training/refresher courses.

## 14. Particulars of Employees

As per provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, every listed company is required to disclose the ratio of the remuneration of each director to the median employee's remuneration and details of employees receiving remuneration exceeding limits as prescribed from time to time in the Directors' Report.

However, as per notification dated 5th June, 2015 issued by the Ministry of Corporate Affairs, Government Companies are exempted from complying with provisions of Section 197 of the Companies Act, 2013. Therefore, such particulars have not been included and do not form part of this Directors' Report.

## 15. Additional Disclosure

(i) As per GO no. 445-1-21-731 (Budget)/2020 dated 05.03.2021, GoUP has accepted to provide additional revenue subsidy of Rs. 39.743 Crore to the DISCOMs (subsidiaries) for the period 2007-08 to 2019-20 as approved by the UPERC through its Tariff/ True-up orders issued from time to time.

The above GO also also provided that, out of total additional revenue subsidy of Rs. 39,743 crore, Rs. 25,081.46 crore shall be deemed to be paid from the grants provided to the DISCOMs by the GoUP under UDAY in earlier years. The balance amount of Rs. 14,661.54 crore shall be paid to the DISCOMs by GoUP in the next 10 years, commencing from 2021-22. The company allocated the above additional revenue subsidy to DISCOMs as below:

| S.No. | Name of DISCOM | Amount (Rs in Crore) |
|---|---|---|
| 1 | Madhyanchal Vidyut Vitran Nigam Limited | 3,490.00 |
| 2 | Purvanchal Vidyut Vitran Nigam Limited | 12,367.00 |

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| | | |
|---|---|---|
| 3 | Paschimanchal Vidyut Vitran Nigam Limited | 14,673.00 |
| 4 | Dakshinanchal Vidyut Vitran Nigam Limited | 9,213.00 |
| 5 | Kanpur Electricity Supply Company Limited | 0.00 |
| | Total | 39,743.00 |

(ii) As per the above GO, the subsidies of Rs. 20940.00Crore (Rs 14661.54 Crore of revenue subsidy and Rs.6258.46 Crore of UDAY loss) is receivable from the GoUP in favour of DISCOMs through the company (UPPCL) and the same are to be paid by the GoUP in 10 years beginning 2021-22. DISCOM wise details are as under:

| **S.No.** | **Name of DISCOM** | **Amount (Rs in Crore)** |
|---|---|---|
| 1 | Madhyanchal Vidyut Vitran Nigam Limited | 978.08 |
| 2 | Purvanchal Vidyut Vitran Nigam Limited | 8115.54 |
| 3 | Pashchimanchal Vidyut Vitran Nigam Limited | 9146.45 |
| 4 | Dakshinanchal Vidyut Vitran Nigam Limited | 2159.69 |
| 5 | Kanpur Electricity Supply Company Limited | 540.24 |
| | **Total** | **20940.00** |

Grants/Subsidies received under different schemes for DISCOMs (subsidiaries) are treated initially as payable to DISCOMs and subsequently are transferred to/ adjusted against DISCOMs.

(iii)The DISCOMs (subsidiaries) have accounted for Rs.39743.00 Crore and Rs.6278.00 Crore towards revenue subsidy and UDAY loss Grant respectively, as stated above, in their account for the year 2020-21,and , therefore, due to impact on the net worth of the DISCOMs for the FY-2020-21, the company (UPPCL) has reversed the provision for impairment of investment in DISCOMs amounting to Rs.17109.17 Crore in the year 2020-21 from the accumulated provision of Rs 71502.12 crores created upto 2019-20 for the same.

## 16. Acknowledgement

The Directors of your company 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 and other Departments of Government of U.P. and support received from the Government of India particularly Ministry of Power, Ministry of New and Renewable Energy, Ministry of Environment, Forests and Climate Change, Ministry of Corporate Affairs, The Central Board of Direct Taxes and The Central Board of Indirect Taxes, GST Authorities and UP Electricity Regulatory Commission, Rural Electrification Corporation, Power Finance Corporation and other Financial Institutions, Central Electricity Authority, Central Electricity Regulatory Commission, Comptroller & Auditor General of India, Appellate Tribunal Electricity, Regional Power Committees, State Utilities and Stock Exchanges. Banks and Financial Institutions.

The Directors of your company also convey their gratitude to the ultimate electricity consumers of the state for their co-operation and confidence reposed by them in our subsidiary distribution companies the company.

The Directors of your company also thank Office of the Comptroller and Auditor General of India, Central Statutory Auditors, Branch Statutory Auditors, Internal Auditors, Cost Auditors and Secretarial Auditors for their constructive suggestion, guidance and co-operation.

The Directors also appreciate and value the contributions made by every member of the UPPCL and subsidiary Companies.

**For and on behalf of the Board of Directors**

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

**(Pankaj Kumar)**
**Managing Director**
**DIN-08095154**

**Date:**
**Place: Lucknow**

# MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2021

| AUDITOR'S REPORT | MANAGEMENT REPLY |
|---|---|
| **To,**<br>**The Members,**<br>**Uttar Pradesh Power Corporation Limited,**<br>**Shakti Bhawan,**<br>**Lucknow.**<br>**Report on Standalone Financial Statements**<br>**Qualified Opinion:**<br>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, 2021, 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) ("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, 2021, and the profit, including other comprehensive income, its cash flows and changes in equity for the year ended on that date. | No Comments |
| **Basis for Qualified Opinion:**<br>We draw attention to the matters described in | No Comments |

| AUDITOR'S REPORT | MANAGEMENT REPLY |
|---|---|
| '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.<br>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 there under, 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:**<br>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.<br>**Emphasis of Matter Paragraph:**<br>As explained in Para 38 of Note – 29 "Notes on Accounts", due to the outbreak of COVID -19 globally and in India, the Company's management has made an initial assessment of likely adverse impact on business and financial risks and believes that the impact is likely to be short term in nature. The management does not see any medium to long-term risks in the company's ability to continue as a going concern and meeting its liabilities as and when they fall due. Our opinion is not modified in respect of this matter. | No Comments |

| AUDITOR'S REPORT | MANAGEMENT REPLY |
|---|---|
| **Information other than the Standalone Financial Statements and Auditor's Report thereon:**<br>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.<br>Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.<br>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.<br>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 Comments |
| **Management's Responsibility for the Standalone Financial Statements:**<br>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 | No Comments |

| AUDITOR'S REPORT | MANAGEMENT REPLY |
|---|---|
| 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.<br>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.<br>Those charged with Governance are also responsible for overseeing the Company's financial reporting process. | |
| **Auditor's Responsibility for the Audit of the Standalone Financial Statements:**<br>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.<br>As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:<br>• 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. | No Comments |

| AUDITOR'S REPORT | MANAGEMENT REPLY |
|---|---|
| • 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.<br>• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.<br>• 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.<br>• 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.<br>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.<br>We communicate with those charged with governance regarding, among other matters, the planned scope and |  |

| AUDITOR'S REPORT | MANAGEMENT REPLY |
|---|---|
| timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.<br>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.<br>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:**<br>We did not audit the books of accounts / information of Zone included in the Standalone Financial Statements of the Company. The books of accounts / information of the Zone has been audited by the Zone auditor whose report have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of Zone, is based solely on the report of such auditor. | No comments |
| **Report on Other Legal and Regulatory Requirements:**<br>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 per Notification No. GSR 463(E) dated 5 | No comments |

| AUDITOR'S REPORT | MANAGEMENT REPLY |
|---|---|
| June 2015 issued by the Ministry of Corporate Affairs, Government of India, and Section 197 of the Act is not applicable to the Government Companies. Accordingly, reporting in accordance with requirement of provisions of section 197(16) of the Act is not applicable on the Company. | |
| 4. As required by section 143(3) of the Act, based on our audit, we report that:<br>a. Except for 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 for the matters described in "Basis for Qualified Opinion" section, 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 Zone of the Company not visited and not audited by us. | No comments |
| c. The reports on the accounts of the Zone of the Company, audited under Section 143(8) of the Act by Zone auditor 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 Zone not visited and not audited by us | No comments |
| e. Except for 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 are not applicable to the Company. | No comments |

| AUDITOR'S REPORT | MANAGEMENT REPLY |
|---|---|
| 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:<br>i. Except for the effects of the matters described in the "Basis for Qualified Opinion" section, the Company has disclosed the impact of pending litigations on its financial position in its financial statement;<br>ii. The Company did not have any long-term contracts including derivative contracts entailing any material foreseeable losses.<br>iii. There were no amounts, which were required to be transferred to the Investor Education and Protection Fund by the Company. | No comments |

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

**(Pankaj Kumar)**
**Managing Director**
**DIN-08095154**

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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, 2021.**

| | |
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| 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. Financial Assets-Trade Receivable (Note-8), Financial Assets-Other (Note-11), Other Current Assets (Note-12), Financial Liabilities-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) & 3 (vii)(b) of Note–I 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 | Due to multiplicity of functional units as well as multiplicity of functions at particular unit, |

| | |
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| 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. | 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. |
| 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 AS2 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**. Further, the company has not formulated any accounting policy in respect of provision for unserviceable stores & spares and slow-moving stores | 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. (ReferPara4 (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 investment in subsidiaries, associates and others [Note-5 except Para II (d) Bonds] on the basis of net worth of investee companies as on 31st March,2021 (Refer para 29of Note – 29 "Notes | 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 |

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| on Accounts"), which **is not in accordance with Ind AS 36 Impairment of Assets.** Further, the assessment of the impairment of assets has not been done by the company, **which is inconsistent with Ind As- 36 Impairment of Assets.** | subsidiaries. |
| g. The Financial Assets (Note-5 para II( c), 6, 8, 11 and 12) have not been measured at fair value as required by **Ind AS 109 Financial Instruments** (Refer Para 6 and 9(b) of Note – 29 "Notes on Accounts") and proper disclosures as required in **Ind AS 107Financial 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. |
| h. As reported by the Zone Auditor, Unit #972 (UP Vigilance Cell) and #unit 327 (Electricity Store Procurement Circle) are being maintained at rental premises. The lease agreement and the rent receipts were not provided. **This is inconsistent with Ind AS 116 Leases.** | It is to submit that, the lease agreement related to Unit 327 and rent receipt related to Unit 972 has been provided to central auditors during the course of audit for the FY 21-22. |
| 2. Inter unit transactions amounting Rs.15,202.00 lacs, are subject to reconciliation and consequential adjustments. (Refer Para 7 Note – 29 "Notes on Accounts" | The company has a complete system of clearance of Inter unit transactions. However, effective guidelines have already been issued for clearance of pending IUT balances. |
| 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 and UP Power Sector Employee Trust (Note-12), Financial Liability-Trade Payables (Note-18), Other Financial Liabilities (Current) – except Current maturities of long-term borrowings and Interest accrued but not due on borrowings (Note-19) are subject to confirmation/reconciliation.<br>The above notes balances include balances transferred from various transfer schemes, reconciliation and confirmation for the same is under process. | The company has a system of confirmation and reconciliation of balances. However, units have been instructed to take effective action in this regard and ensure necessary confirmation from third party. |
| 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 | 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 & |

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| | 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"). | 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 book and sectional journals are not proper and effective. | Proper and effective procedure for maintenance of subsidiary ledger is already prescribed in the Company. However, we are in process to implement ERP software for maintenance of party-wise subsidiary ledgers. |
| 6. | Employee benefit expenses (Note- 23), Administrative, General & Other Expenses (Note- 26), and Repair & Maintenance Expenses (Note- 27) have been allocated among DISCOMs and other power sector companies owned by the Go UP (i.e., UPPTCL, UPRVUNL & UPJVNL) on the basis of data / information (i.e., units of power sold to DISCOMs, no. of employees, area occupied} related to the financial year 2019-20, instead of financial year 2020-21. (Para 28 of Note- 29 "Notes on Accounts"). | In view of many difficulties in obtaining/collecting all the base information for allocation of expenditure at the end of the year, the basis of information for allocation has been taken for the previous year. |
| 7. | Sufficient and appropriate documentary audit evidences in respect of Contingent liabilities disclosed in Para 17 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 to Rs.60, 44,916.32 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. | Purchase and sale of power through energy exchange are being accounted for in the cost of power purchase of the company and accordingly the sale bills are being issued to DISCOMs. However, the matter is under review and appropriate decision will be taken, if required. |
| 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 12 of Note – 29 "Notes on Accounts"). | As reported by our divisions there are no outstanding balance in respect of MSME units. |
| 10. | Records for inventories lying with the third parties are not being maintained properly at | Necessary instructions have been issued to units/Zones |

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| Zonal Offices/units of the Company. | |
| 11. UPPCL had paid an amount of Rs. 13,431.00 lacs against a liability of Rs.10,871.00 lacs to Madhya Pradesh Power Trading Company. Due to non-creation of additional liability, there was a debit balance (receivable balance) of Rs. 256.00 lacs which has been adjusted in liabilities (Refer Note- 18 Trade payables), Hence, liabilities and other equities (Losses) are understated to that extent. | Payment of Rs. 13431.00 Lacs had been done to MPPMCL as compensation for retention of MP's share in Rihand and Matatila Hydro Power Stations in compliance of Supreme Court order dated 26.03.2012. There is a provisional Liability of Rs. 10871.00 Lacs under AG Code 41.206 against this payment. |
| 12. The Annual Accounts of F.Y 2018-19 are yet to be adopted in Annual General Meeting (Refer Para31 of Note - 29 "Notes on Accounts"). | The Annual Accounts for the 2017-18 have been adopted in the Annual General Meeting on 30.09.2021. |
| 13. **Audit observations in Zone Audit report excluding those which have been appropriately dealt with elsewhere in the report.**<br>a. **Purchase of power**<br>• There is no effective system in place to verify power purchase for completeness, only those bills are accounted in the books of accounts which are received, no system in place for quantitative reconciliation of the power actually purchased vis-à-vis power purchase accounted in the books of accounts, reconciliation of power purchased with suppliers are not done neither provided to us. Balance confirmation and reconciliation with the suppliers was not carried out therefore impact on power purchase and power sales and eventually on position of sundry payables and receivable in not quantifiable, this may consequently impact the profitability of the DISCOMs. | Necessary instructions have been issued to units/Zones. |
| • Generation based Incentives (GBI) receivable from IREDA amounting to INR 1,230.01 lacs (Previous Year – Rs. 1,147.68, lacs) and a sum of Rs. 4,997.55 lacs (Previous Year-Rs. 1,655.78, lacs) from UPNEDA are subject to confirmation and reconciliation and Consequential adjustment. | Generation Based Incentive for difference in 'Average Tariff' of solar power projects and 'PPA rate' is accounted for as receivable from UPNEDA and IREDA and received on regular basis.<br>The unit concerned has been directed to take effective steps for obtaining necessary confirmation from UPNEDA and IREDA |
| • The zone has received interest amounting to Rs. 56.33, lacs and TDS of Rs. 4.22 lacs have been deducted there from. But the amount of interest of Rs. 31.16 lacs (Out of Rs. 56.33 lacs) has been netted off in purchase cost in the books. (#Unit-330 EIE&PC) Purchase | Interest cost or Interest receivable included in the Power Purchase Bills presented by Generators on account of adjustment/revision in compliance of UPERC/CERC regulations or orders etc. have been accounted under power purchase cost. Since, the total power purchase cost is to be transferred |

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| cost and interest income have, therefore understated to the extent of Rs. 31.16 lacs. | to DISCOMs as Power sale price, hence, there is no understatement /<br>Overstatement of profit or loss and no impact on profitability. |
| b. **Provision for Late Payment Surcharge**<br>There is no proper system to compute the late payment surcharge payable to various power suppliers. We are therefore unable to comment on the amount of overstated profit/understated loss of the zone for the financial year 2020-21 on account of provision of late payment surcharge.<br>c. **Accounting of Accrued Interest for Noida Power Company Limited**<br>The Electricity Import Export & Payment Circle Unit (Unit#330 EIE&PC) of the Zone has accrued interest to the tune of Rs. 1,954.56 lacs during the Financial Year 2020-2021 (Previous Year- Rs.1,700.59 lacs) against advance provided to Noida Power Company Limited. However as explained to us the interest is being accrued for an amount of advance paid for supply of power, further no details including the actual amount of advance paid and status of the transaction including its recoverability were provided to us. Recognizing it as an income when the recovery is uncertain is in contravention to Ind AS 115. In the absence of proper details and information, we are unable to quantify the amount of same and its consequential impact on financial statement. | Necessary instructions have been issued to units/Zones.<br>The interest is being accrued on outstanding Loan amount recoverable from NPCL in terms of 'Agreement for supply of energy to NPCL' (dated November 1993).However, 100% provision for Bad & Doubtful Debts on loan along with interest receivable has been made. |
| d. **Accounting for Accrued Penal Interest Income**<br>Electricity Import Export & Payment Circle of the zone #Unit-330 has unadjusted late payment surcharge amounting to Rs. 7,045.79 lacs (Previous Year Rs. 6,966.79 lacs till the 31st March, 2021, as explained the unit has not identified the late payment surcharge upon receipt of fund and the process is under reconciliation, hence we cannot comment upon it. | The subjected Late Payment Surcharge is not related to the consumers and the power purchasers of UPPCL. It is related to the Reactive Energy Charges which is assessed by NRPC. In view of above and as per the prudent accounting practice, necessary accounting/adjustment is being made in the month in which the said bills are being verified. |

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| 14. For want of complete information, the cumulative impact of our observations in paras 1 to 13 above on assets, liabilities, income and expenditure is not ascertained. | No Comments |

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

**(Pankaj Kumar)**
**Managing Director**
**DIN-08095154**

## 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 31$^{st}$March, 2021**

| | | |
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| 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. | The Company has neither maintained the satisfactory records in respect of inventories nor carried out any physical verification of the inventories at periodic intervals and as such we are unable to determine whether any material discrepancies existed or not. | 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 | The cost records for the F.Y. 2020-21 has been made available to the auditor. |

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| been made available to us by the company. | |
| 7. (a)According to the information and explanations given to us and examined by us, in our opinion, the company is generally regular in depositing undisputed statutory dues with the appropriate authorities including provident fund, Employees State Insurance Fund, Income Tax, Sales Tax, Service Tax, goods and services tax, Duty of Custom, Duty of Excise, value added tax, cess and other statutory dues except Income Tax Act, 1961 amounting to Rs. 23.58 lacs, Finance Act, 1994 amounting to Rs.0.37 lacs, UP Trade Tax Act, 1948 amounting to Rs. 0.02 lacs, CGST Act, 2017 amounting to Rs. 4.17 lacs, SGST Act, 2017 amounting to Rs. 0.21 lacs, GST TDS under CGST Act, 2017 & SGST Act, 2017 amounting to Rs. 8.02 Lacs, and GST Liability of Rs. 3.94 lacs, Liability for recoverable against HRD Rs. 1.69 lacs and UPPCL CPF & REC EPF amounting to Rs. 45.55 lacs & 0.13 lacs only. | 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 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 | No comments |

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| 31st March, 2021. | |
| 11. As per Notification no. GSR 463(E) dated 05th June 2015 issued by the Ministry of Corporate Affairs, Government of India, and Section 197 relating to Managerial Remunerations is not applicable to the Government Companies. Accordingly, provision of clause 3(xi) of the Order is 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 |

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

**(Pankaj Kumar)**
**Managing Director**
**DIN-08095154**

## 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 31stMarch, 2021.**

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

| S.No. | Directions | Reply | MANAGEMENT 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**

## 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, 2021.**

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

| | | | MANAGEMENT REPLY |
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| **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) approved Fuel and Power Purchase | Not Applicable | |

| | | | MANAGEMENT REPLY |
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| | 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**

## 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, 2021.**

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

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| We have audited the internal financial controls over financial reporting of U.P. Power Corporation Limited ("the Company") as of 31stMarch, 2021 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**<br>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**<br>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 | No comments |

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| 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.<br>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.<br>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**<br>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** | No comments |

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| **Controls over Financial Reporting**<br>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:**<br>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, 2021, 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 deficiencies reported by us in '*Annexure I' and 'Annexure II* ' to our audit report of even date on the Standalone Financial Statements of the Company for the year ended 31st March, 2021, and as mentioned below -<br>1. Internal control system with regard to Cash transactions, Procurement /Works transactions, maintenance of inventory, maintenance of Books of accounts, Fixed Assets register, delegation of powers to various employees etc. requires to be further strengthened.<br>2. There is no effective system in place to verify power purchase for completeness, only those bills are accounted in the books of accounts which are received, no system is in place for quantitative reconciliation of the power actually purchased vis-à-vis power purchase accounted in the books of accounts, reconciliation of power purchased with suppliers are not done neither it was provided to us. Balance confirmation and reconciliation with the suppliers was not carried out therefore, the impact on power purchase, power sales and | No comments |

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| eventually on the position of sundry payables and receivable cannot be commented upon. |  |

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

**(Pankaj Kumar)**
**Managing Director**
**DIN-08095154**

## Management Reply on the Statutory Audit Report of Consolidated Financial Statements for the FY 2020-21

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| **INDEPENDENT AUDITOR'S REPORT**<br>**To,**<br>**The Members,**<br>**Uttar Pradesh Power Corporation Limited,**<br>**Shakti Bhawan,**<br>**Lucknow.** | No Comment |
| **Report on Consolidated Financial Statements**<br>**Qualified Opinion:**<br>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 VidyutVitran Nigam Limited, Meerut, (PVVNL), Dakshinanchal VidyutVitran 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, 2021, 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")<br>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. | No Comment |

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| a) In the case of consolidated balance sheet, of the state of affairs (Financial Position) of the Group as at March 31, 2021.<br>b) In the case of consolidated statement of Profit and Loss, of the consolidated net profit (financial performance including other comprehensive income) of the Group for the year ended on that date;<br>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:**<br>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.<br>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. | No Comment<br>No Comment |
| **Key Audit Matters:**<br>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 | No Comment |

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| 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:**<br>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.<br>Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.<br>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.<br>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:**<br>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 | No Comment |

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| 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.<br>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:**<br>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.<br>As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:<br>• Identify and assess the risks of material misstatement | No Comment |

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

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| 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.<br>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.<br>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.<br>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.<br>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, 2020, 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, 2021, 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 Lacs)**

| **Name of the Companies** | **Total Assets as at 31.03.2021** | **Net Assets i.e., Total Assets minus Total Liabilities as at 31.03.2021** | **Total Net Profit/ (Loss) as at 31.03.2021** | **Net Cash in Flows/ (outflows) as at 31.03.2021** |
|---|---|---|---|---|
| **Subsidiaries:** | | | | |
| MadhyanchalVidyutVitran Nigam Limited, Lucknow, (MVVNL) | 45,03,974.84 | 5,85,869.94 | (92,581.30) | 17,250.49 |
| PurvanchalVidyutVitran Nigam Limited, Varanasi, (PuVV | 60,00,892.79 | 10,47,489.75 | (3,56,613.82) | (10,996.86) |

No Comment

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| NL) |  |  |  |  |
| PaschimanchalVidyutVitran Nigam Limited, Meerut, (PVVNL) | 38,56,301.80 | 6,99,620.64 | (3,73,597.47) | 21,815.43 |
| DakshinanchalVidyutVitran Nigam Limited, Agra, (DVVNL) | 40,93,905.62 | 45,334.63 | (2,24,123.99) | 33,385.41 |
| Kanpur Electricity Supply Company Limited, Kanpur, (KESCO) | 5,22,185.91 | (1,97,545.65) | (17,209.55) | (4,012.73) |
| Southern UP Power Transmission Company Limited (SUPPTCL) | 0.10 | 0.10 | (0.03) | (62.37) |
| **Total** | **1,89,77,261.06** | **21,80,769.41** | **(10,64,126.16)** | **57,379.37** |
| CFS Adjustment | - | - | (81,874.04) | - |
| **Grand Total** | **1,89,77,261.06** | **(21,80,769.41)** | **(11,46,000.20)** | **(57,379.37)** |

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| 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. | No Comment |
| **Report on Other Legal and Regulatory Requirements:**<br>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:<br>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.<br>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.<br>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. | Comments have been provided against the specific observations. |

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.

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| **Annexure I to Independent Auditors Report**<br>(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 Group for the year ended 31st March, 2021)<br>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 Group 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 withInd 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 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.<br>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. | In absence of the latest actuarial valuation report, the provision for Gratuity Liability of the employees covered under GPF scheme has been |

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| | (Refer Para 14 Note – 31 "Notes on Accounts").**This is inconsistent with Ind AS-19 "Employee Benefits"**. | made on the basis of actuarial valuation report dated 09.11.2000 |
| 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). Valuation of stores and spares for O & M and others **is not consistent withInd 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. | "Inventories" includes obsolete stock, unserviceable/ slow-moving stock valued at cost, which is inconsistent **withInd 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. |
| f. | 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)(II)(e). Such employee cost to the extent not directly attributable to the acquisition and/or installation of Property, Plant andEquipment **is inconsistent withInd 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.<br>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).<br>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. |
| g. | The auditors of the subsidiaries reported that depreciation on fixed assets have not been provided on pro-rata basis which is **inconsistent withSchedule – II of the Companies Act, 2013** | 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 |

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| | **andInd AS-16 "Property, Plant and Equipment"** to the extent applicable. | during the year has been provided on prorata basis by taking average six months period.<br>The same is also disclosed in significant Accounting Policies at point no. 2(II) and IV(b) of PVVNL. |
| h. | Assessment of the Impairment of Assets has not been done by the Group, **which is inconsistent with IndAS-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. |
| i. | Consolidated Cash Flow Statement has been prepared without making any relevant adjustments as per requirements of **Ind AS-7 "Statement of Cash Flows"**. Thus, we are unable to comment on the same. | Noted. |
| j. | Distribution license taken by DVVNL is not yet recognised at all by the Group which **is inconsistent with Ind AS-38 "Intangible assets".** This has resulted in understatement of Intangible assets and amortisation expenses. | The Distribution License fee is paid annually as per UPERC (fees and fines) Regulations 2010 in the respective financial year, hence, it is fully chargeable to profit & loss account. Thus, no need for recognising under intangible assets. |
| 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-31 "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.XVI and necessary disclosure has also been made in Notes to accounts. |
| l. | The Borrowing Cost allocated to CWIP by PVVNL and MVVNL is not in accordance with **Ind AS-23 "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.<br>The total interest of Rs. 8620.55 lacs is directly attributed to the loan taken by the company specifically for construction of assets under various schemes. |

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| 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 claim of staff & court cases for Revenue and other related liabilities, Interest on RAPDRP Loan, Statutory defaults, Statutory dues, Court cases other than Trade Revenue etc. has already been disclosed in Notes on Accounts at point no. 18(b) of PVVNL. |
| n. 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. | The distribution licensee is required to pay Annual License fee in consonance with the provision of UPERC requirements/rules which is near to impossible to predict accurately. Thus, on the basis of previous year assessment the Annual License fee for current year is calculated and paid and for any shortage or excess in payment, adjustment is done after completion of financial year. |
| 2. Inter unit transactions amounting Rs. 4,17,857.02lacs, 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 and Other Financial Assets (Note-7), Trade Receivables (Note-10), Financial Assets-Others - Employees, Others (Note-12), Other Current Assets - Suppliers & Contractors (Note-13), Financial Liability-Trade Payables (Note-19), Other Financial Liabilities (Current) – except Current maturities of long-term borrowings and Interest accrued but not due on borrowings (Note-20) are subject to confirmation/reconciliation.<br>The above notes balances include balances transferred from various transfer schemes, reconciliation and confirmation for the same is under process. | No Comment |
| 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 – 31 "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, |

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| | necessary instructions have been issued to zone/units. |
| 6. Sufficient and appropriate documentary audit evidences in respect of Contingent liabilities disclosed in *Para 18(b) of Note – 31 "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. |
| 7. UPPCL had paid an amount of Rs. 13,431.00 lacs against a liability of Rs. 10,871.00 lacs to Madhya Pradesh Power Trading Company. Due to non-creation of additional liability, there was a debit balance (receivable balance) of Rs. 256.00 lacs whish has been adjusted in liabilities. Hence, liabilities and other equities (Losses) are understated to that extent. | Payment of Rs. 13431.00 Lacs had been done to MPPMCL as compensation for retention of MP's share in Rihand and Matatila Hydro Power Stations in compliance of Supreme Court order dated 26.03.2012. There is a provisional Liability of Rs. 10871.00 Lacs under AG Code 41.206 against this payment. |
| 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. 60,44,916.32Lacs (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. As per the opinion drawn by the auditors of DISCOMs, Bank Reconciliation Statement (BRS) in respect of various bank accounts, have not been prepared on regular basis and these contains numerous outstanding unreconciled entries of earlier years including those of stale cheques, un-cashed cheques and other debits/credits. | Necessary instructions have been issued to units/Zones. |
| 10. As per the opinion drawn by the auditors of DISCOMs, Revenue collection through NEFT/RTGS and unbilled revenue have not been properly dealt in books of accounts, impact of the same on receivable from consumers is unascertainable | Necessary instructions have been issued to units/Zones. |
| 11. The Group 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. |
| 12. 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. |
| 13. The Board of Directors in its meeting no. 159 dated 14th August 2020 vide resolution no. 51 had directed | For Implementation of Board order, Proper instructions have been sent to various |

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|  | DISCOMS to correct and write-off their fictitious arrears and irrecoverable dues. No action has been taken by DISCOMS in this regard. | distribution divisions for proper implementation. Action has been initiated. |
| 14. | 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. |
| 15. | **Audit observations in Zone Audit report excluding those which have been appropriately dealt with elsewhere in the report.**<br>a. **Purchase of power**<br>• There is no effective system in place to verify power purchase for completeness, only those bills are accounted in the books of accounts which are received, no system in place for quantitative reconciliation of the power actually purchased vis-à-vis power purchase accounted in the books of accounts, reconciliation of power purchased with suppliers are not done neither provided to us. Balance confirmation and reconciliation with the suppliers was not carried out therefore impact on power purchase and power sales and eventually on position of sundry payables and receivable in not quantifiable, this may consequently impact the profitability of the DISCOMs. | The unit has effective internal controls to verify total energy purchased during the year and have a mechanism to verify each and every bill on the basis of related energy account of concerned generator.<br>Bills for reimbursement of Statutory charges/ Income Tax and invoices as per UPERC/CERC true-up/tariff revision orders are being accounted for as per the event. We strive to ensure booking of all power purchase cost during the related financial year itself. In order to transfer the total power purchase cost to DISCOSMs reimbursement bills and other bills of nature that cannot be known to us in advance are considered till the date of preparation of trial balance as an internal control measure in practice to ensure all such costs such as reimbursement bills, bills pertaining to any latest UPERC/CERC orders etc raised after financial year end and received up-to-date get recorded in books and total cost gets accurately allocated to DISCOMSs for consideration in their books.<br>Regarding quantitative reconciliation of power, this is to submit that the energy booked in accounts is already verified from energy billed by Dispatch Centers (NRLDC, SLDC etc.). Further, a reconciliation of energy quantity booked in accounts with energy shown in MIS is being carried out month on month basis.<br>This is worth considering that an independent third party firm has been appointed for reconciliation of accounts with all suppliers and statements of almost is being carried out on top priority. Account statements of almost all suppliers have been received for FY 2018-19 and 2019-20, which have been reconciled/under |

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| | reconciliation for differences identified. Account statements of many suppliers have been received for FY 2020-21 which are under process of reconciliation. We are continuously following up with suppliers/creditors for the purpose of balance confirmation and reconciliation. Reconciliation is a continuous process and we are working in that direction. |
| • Generation based Incentives (GBI) receivable from IREDA amounting to Rs. 1,230.01 lacs (Previous Year – Rs. 1,147.68, lacs) and a sum of Rs. 4,997.55 lacs (Previous Year- Rs. 1,655.78, lacs) from UPNEDA are subject to confirmation and reconciliation and Consequential adjustment. | Necessary instructions have been issued to units/Zones |
| • The zone has received interest amounting to Rs. 56.33, lacs and TDS of Rs. 4.22 lacs have been deducted there from. But the amount of interest of Rs. 31.16 lacs (Out of Rs. 56.33 lacs) has been netted off in purchase cost in the books. (#Unit-330 EIE&PC) Purchase cost and interest income have, therefore understated to the extent of Rs. 31.16 lacs. | Interest cost or interest receivable included in the Power Purchase bills presented by Generators for prior periods on account of adjustment/revision in compliance of UPERC/CERC regulations or orders etc. have been accounted under power purchase cost. Since, the total power purchase cost is to be transferred to DISCOMs as power sale price, hence, is no understatement/overstatement of profit or loss and no impact on profitability. |
| b. **Provision for Late Payment Surcharge**<br>There is no proper system to compute the late payment surcharge payable to various power suppliers. We are therefore unable to comment on the amount of overstated profit/understated loss of the zone for the financial year 2020-21 on account of provision of late payment surcharge. | It is to submit that Electricity Import Export & Payment circle (EIEPC) is entrusted with verification of Invoices for purchase of power as per the PPAs and relevant regulations. LPS claims for delay in payment to generators are being verified as per the relevant PPAs and regulations. For precisely computing the delay in number of days each and every payment amount and payment date is verified by payment department. Further each and every invoice amount and invoice presentation date are verified jointly by Import Export unit and supplier for the purpose of calculation of LPS. Also, it is to submit that all LPS claims have been accounted for in the books and accordingly there is no understatement of loss or overstatement of profit for the year 2019-20. |
| c. **Accounting of Accrued Interest for Noida Power Company Limited** | |

| | |
|---|---|
| The Electricity Import Export & Payment Circle Unit (Unit#330 EIE&PC) of the Zone has accrued interest to the tune of Rs. 1,954.56 lacs during the Financial Year 2020-2021 (Previous Year- Rs.1,700.59lacs) against advance provided to Noida Power Company Limited. However as explained to us the interest is being accrued for an amount of advance paid for supply of power, further no details including the actual amount of advance paid and status of the transaction including its recoverability were provided to us. Recognizing it as an income when the recovery is uncertain is in contravention to Ind AS 115. In the absence of proper details and information, we are unable to quantify the amount of same and its consequential impact on financial statement. | It is to submit that the interest from Noida Power company limited is getting accounted for in accordance with agreement with NPCL on O/s balance receivable from NPCL.<br>Further interest has been correctly calculated over the advance of Rs. 113.87 crore, that is appearing in the HQ books as on 01.04.2019 @14% as mentioned in agreement. |
| d. **Accounting for Accrued Penal Interest Income**<br>Electricity Import Export & Payment Circle of the zone #Unit-330 has unadjusted late payment surcharge amounting to Rs. 7,045.79 lacs (Previous Year Rs. 6,966.79 lacs till the 31st March, 2021, as explained the unit has not identified the late payment surcharge upon receipt of fund and the process is under reconciliation, hence we cannot comment upon it. | Regarding audit point that Penal Income/Interest/Late Payment surcharge of Rs. 1.16 crores has been booked in contravention of company policy as the same has to be accounted for on cash basis due to uncertainty of realization, it is to mention that same has been realized by the company as NRPC is continuously making payments, however payments from NRPC cannot be segregated as earmarked for LPS receivable or other payments. |
| 16. **Audit observations in Audit Report of the Subsidiaries Companies excluding those which have been appropriately dealt elsewhere in the report are reproduced below-**<br>(Notes referred to in the following sub paras form part of the notes on accounts to the standalone financial statements of the respective subsidiaries) | No Comment |
| (i) <u>DVVNL</u><br>a. The Company 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. Despite similar comment in Statutory Audit Report for financial year 2018-19, no corrective action has been taken by the Management. | These values has been received under Final Transfer Scheme, however we are reviewing this comment to pass necessary entries, if required. |

<table>
<tr>
<td>

b. The following AG Code in the following zones are having credit balances:

<table>
<tr><th>AGCODES</th><th>ZONES</th><th>AMOUNT(InRs.)</th></tr>
<tr><td>22.780 (Transformersenttorepairs)</td><td>JHANSI</td><td>3,33,44,047.00</td></tr>
<tr><td></td><td>ALIGARH</td><td>5,59,06,415.00</td></tr>
<tr><td></td><td>AGRA</td><td>64,68,67,966.59</td></tr>
<tr><td>22.660</td><td>KANPUR</td><td>17,18,49,745.33</td></tr>
<tr><td></td><td>JHANSI</td><td>3,11,36,855.84</td></tr>
<tr><td>22.662</td><td>JHANSI</td><td>63,60,69,344.52</td></tr>
<tr><td>22.770 (ScrapMaterial)</td><td>JHANSI</td><td>27,11,42,455.70</td></tr>
<tr><td></td><td>KANPUR</td><td>90,58,432.42</td></tr>
<tr><td>22.810 (Stock ExcessPending forInvestigation )</td><td>KANPUR</td><td>3011.00</td></tr>
<tr><td></td><td>JHANSI</td><td>8,09,549.72</td></tr>
<tr><td colspan="2"><b><u>TOTAL</u></b></td><td><b><u>1,85,61,87,823.12</u></b></td></tr>
</table>

It is impracticable as Stock value cannot be negative. Moreover, these balances have been shown bydeduction from inventory therefore assets have been undervalued by Rs. 18,561.88 lacs and need to be reconciled.

</td>
<td>These balances are under reconciliation.</td>
</tr>
<tr>
<td>c. In EE Admin Head, we observed that many expenditure heads are not booked on accrual basis. Some instances are given below: 74.809 (OFFICE EQUIPMENTS {OTHERS}), 76.107 (INSURANCE), 76.112 (POSTAGE AND TELEGRAM), 76.121 (LEGAL EXPENSES), 76.153 (PRINTING AND STATIONERY), 76.155 (ADVERTISEMENT EXPENSES), 76.190 (MISC EXPENSES).</td>
<td>As the final liability of any bill has been arises only when the same has been verified and passed for payments at various level, the same has been accounted for as and when the same has been received at this unit.</td>
</tr>
<tr>
<td>d. As per Para 111 of IND AS 115," Revenue From Contracts With Customers" the company has not disclosed the total Cash flow realised from the customers, uncertainty of Revenue and timing of realization under Notes to accounts. Company has</td>
<td>Due care will be made in disclosures in Future.</td>
</tr>
</table>

<table>
<tr><td>not complied with the disclosure requirement as per IND AS 115.</td><td></td></tr>
<tr><td>e. As per sub point (c) of Para 39 of IND AS – 20, “an entity shall disclose all conditions and other contingencies attaching to government assistance that has been recognised”, but the management has not disclosed about the conditions and contingencies for each government grant received. We recommend the management to comply with these disclosure requirements in their financial statements.</td><td>The Company does not receive any grants directly from the Government, Hence the conditions and other contingencies attached with such grants are not available with the company to disclose.</td></tr>
<tr><td>f. WhilescrutinizingtheZonalTrialbalanceitwasobservedthatunderAGHead14(CWIP), various amounts are persisting since long for which no capitalization is made.Aspermanagementnoreconciliationforthesameisavailable.Werecommendthemanagementtoreconciletheaboveatearliest,sothatnecessaryadjustment canbemade.
<table>
<tr><th>ZONES</th><th>AGCODE</th><th>NAME</th><th>AMOU (InRs.</th></tr>
<tr><td>AGRA</td><td>14.73B</td><td>TajTrapezium</td><td>1,53,084</td></tr>
<tr><td>ALIGARH</td><td>14.72</td><td>RECNormalWork</td><td>1,38,771</td></tr>
<tr><td></td><td>14.73R</td><td>RamManohar Lohia</td><td>24,79,010</td></tr>
<tr><td></td><td>14.73B</td><td>RGCWorks</td><td>1,11,260</td></tr>
<tr><td></td><td>14.64</td><td>11KVUrban</td><td>5,08,740</td></tr>
<tr><td></td><td>14.73</td><td>RMNP</td><td>14,18,99</td></tr>
<tr><td></td><td>14.73A</td><td>Ambedkar Village Electricity</td><td>7,06,003</td></tr>
<tr><td></td><td>14.73S</td><td>SubhagyaYojana</td><td>12,73,59</td></tr>
</table>
</td><td>Reconciliation of these unreconciled balance are undergoing and the required adjustment will be made after completion of such reconciliation.</td></tr>
<tr><td>g. On scrutinising consolidated trial balance, it is found that in AG Code 23.8(REC-Theft ofPower) opening balance of Rs. 2,151.54 lacs (Debit) is outstanding for several yearswhich has not been provided for completely. Under AG Code 23.808(Provision for REC-Theft of Power) an amount of Rs. 8.94 lacs (Credit) is outstanding, hence. provision isshortby Rs.2,142.60 lacs.</td><td>These are the old balances which are under reconciliation.</td></tr>
</table>

<table>
<tr>
<td>h. While scrutinizing the Zonal Trial Balance, it has been observed that in case of Kanpur Zone,Aligarh Zone and Jhansi & Banda Zone under AG 28.210& 28.250 (Income Accrue and Due)followingamountsareoutstanding: -
<table>
<tr><th>AGCODE(28.210& 28.250)</th><th>AMOUNT(IN RS)</th></tr>
<tr><td>KANPURZONE</td><td>2,80,43,41</td></tr>
<tr><td>JHANSI&BANDA ZONE</td><td>23,64,876</td></tr>
<tr><td>**TOTAL**</td><td>**3,04,08,294**</td></tr>
</table>
The amount has neither been received nor adjusted during the year and the same value iscarriedforwardasclosingbalance,ason31.03.2021.The managementhasnotprovidedproperjustification forthesame.</td>
<td>These are the old balances which are under reconciliation</td>
</tr>
<tr>
<td>i. There are unreconciled entries under AG Code22.780 (Transformerssent for repairs),AGCode22.77(ScrapMaterials),AGcode31to 37(InterUnitTransfer)andAGCode 46.94(GoodsandServiceTax)ason31stMarch,2021.Theunreconciledentriesshouldbereconciled.</td>
<td>These balances are under reconciliation.</td>
</tr>
<tr>
<td>j. Under AG Code 46.910(Stale Cheques) indicates cheques which have become time barred. Proper adjustments are recommended in this regard.</td>
<td>These balances are under reconciliation.</td>
</tr>
<tr>
<td>k. There are various balances under AG Code 46.929(Service Tax Liability) amounting toRs. 152.98 lacs, AG code46.926 (CentralSales Tax) amountingtoRs. 3.52 lacsandAGCode46.927(StateSalesTax)amountingtoRs.160.29 lacs.Afterintroduction of Central Goods State Tax Act, 2017, service tax and sale tax are no moreapplicable but some credit entries have been passed during the year which does notseemstobejustified.Managementcouldnotprovideanyexplanationtous.</td>
<td>These balances are under reconciliation.</td>
</tr>
<tr>
<td>l. In the following codes balance are pending since long but management is unable to explain the nature of such accounts. The balance under this head should be identified and necessary rectification entries should be passed:
<table>
<tr><th>ZONES</th><th>AGCODE</th><th>NAME</th></tr>
<tr><td>Aligarh</td><td>42.2</td><td>SupplyControlAccou</td></tr>
<tr><td>Agra</td><td>22.710</td><td>WorkshopSuspenseA</td></tr>
</table></td>
<td>These balances are under reconciliation.</td>
</tr>
</table>

64

|  |  |  |  |  |  |
|---|---|---|---|---|---|
|  | Kanpur | 38 | LiabilityrelatedUPSEB | 96,54,570.00Cr |  |

<table>
<tr>
<td>m. Following is liability head which shows debit balance. It seems some entries from some other head have been parked in these codes which are understating Trade Payables, it needs to be reconciled and required entry must be passed.
<table>
<tr><th>ZONE</th><th>AG CODE</th><th>NAME</th><th>Amount (I Rs.)</th></tr>
<tr><td>Aligarh</td><td>47.410</td><td>Railways</td><td>16,82,89,324 Dr</td></tr>
</table>
</td>
<td>These balances are under reconciliation.</td>
</tr>
<tr>
<td>n. During the year company has revised its estimation related to residual value of fixed assets from5% to 10% as per UPERC letter. The company has credited the differential amount of assets havingless than 10% residual value to depreciation account to make book value of assets equal to salvagevalue.Inouropinionthetransfershouldhavebeen donefromgeneralreserveinsteadofdepreciationaccount .DuetothisdepreciationisunderstatedbyRs.7,193.00 lacs(approx.)resultinginunderstatementofcurrentyearloss.</td>
<td>As the above treatment of Residual value was change in Accounting Estimate, this is not a case of error or omission which needs to be treated as prior period item and require adjustment from Reserve.</td>
</tr>
<tr>
<td>o. Thecompanyisrequiredtode-recognizeassetsontheirdisposalandrecordgain/lossarisingfromdisposalofassets.However,thecompanyisnotrecognizinggain/lossarisingfromdisposalof Plant and Equipment. The quantification of totaleffect on the Profit & Loss Account of thecompanyisnotascertainableasrequireddocumentsforcalculatingeffectonProfit&LossAccountsarenotmaintainedproperly.</td>
<td>No asset has been disposed off during the year.</td>
</tr>
<tr>
<td>p. As reported in Audit Report of Agra Zone, “The Fixed assets withdrawn from the active use are takenback in the store after deducting only one year of depreciation from its cost irrespective of its actualuseperiod.Moreover,thecostisalsotakenonthebasisofitsreplacementcostratherthanhistorical cost. Both above lead to over Valuation of item taken back to store and in some cases also lead to thenegative balances in the fixed assets account. In the absence of specific data regarding above we areunabletoquantifytheeffect (INDAS16).”</td>
<td>Expired life of Assets withdrawn from active uses are determined by the concern JE and accordingly the depreciation has been deducted from the cost of assets, since there was no other mean to determine the actual use period.</td>
</tr>
<tr>
<td>q. During the year, company has sold LED bulb vide AG code-22.791. However, the company hascredited the value of sales under the same head, instead of recognizing it as income. Therefore, itleadstounderstatementofrevenueandstockbyanamou</td>
<td>Sale of LED has been made on Cost basis hence the same has been directly credited to LED Stock account.</td>
</tr>
</table>

| | |
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| ntofRs.4.88 lacs. | |
| r. On checking of cash flow statement, we observed that amortisation of Rs. 16,062.00 lacs is deductedfrom additions of Property, Plant and Equipment. In our opinion, the presentation of cash flow is notproper.Property,PlantandEquipmentshouldhavebeenshownatfullvalueandamortisationshould have been shown separately. Instead of amortisation being reflected separately the same isdeducted fromProceedsfromconsumer'scontribution&GoUPcapitalSubsidy. | This was due to misclassification; due care will be made in upcoming year. |
| s. As per Ind AS 20, "A government grant that becomes receivable as compensation for expenses or lossesalready incurred or for the purpose of giving immediate financial support to the entity with no futurerelated costsshallberecognised inprofitorlossoftheperiodinwhich itbecomesreceivable.Agovernment grantis not recognised until thereis reasonableassurance that the entitywill complywiththeconditions attachingtoit,andthat thegrantwillbereceived." The company has credited the subsidy receivable from government of U.P. amounting to Rs 2,15,969.00lacsingeneralreservebydebitingthesubsidy receivablefromgovernmentofU.P.underFinancial Assets –Others (Current). Company has disclosed this in Note no.38 of notes to accounts1B. As explained to us by management, this subsidy amount will be received in future10 years forwhich government will make budget in accordance with GO No. 958.24-1-2020-731(Budget)/2020dated 15.07.2020 and company will amortize this subsidy amount in Statement of Profit & Loss innext10yearsonthebasisofbudgetgivenby thegovernment. Since company has not provided us detailed explanation of this treatment, hence we are unable toframeproper opiniononthis. | The Grant receivable under Atmanirbhar Bharat Yojna has been accounted For as per the instruction of Holding Co. i.e. UPPCL. |
| t. The company is in practice of recognizing the amount of UDAY loss subsidy on the basis of credit noteissued by UPPCL. The amount of subsidy to be received from government is 50% of losses of FY 2019-20 which amounts to Rs. 31,452.00lacs (being 50% of Rs. 62,903.00 lacs). However, the company hasaccounted for Rs. 38,859.00lacs in other income in the statement of Profit & Loss for the FY 2020-21againstreceivableofRs.31,452.00lacs.Thus,thelossesofcompanyhavebeenunderstatedbyRs.7,407.00lacs | As per the practice of the Company the amount of Subsidy booked on the basis of Credit Notes received from UPPCL, These booking has been made on the basis of Credit Notes provided for UDAY loss subsidy in respective Years. |

|  |  |
|---|---|
| (Being difference between Rs. 38,859.00lacs and Rs. 31,452.00lacs) and other currentassetshasbeenoverstatedbyRs.7,407.00lacs. |  |
| u. In the draft comment no. 4 and 5 of C&AG of 2018-19, it has been informed by the auditee that reconciliation of Uday loss subsidy with UPPCL is under process and necessary adjustment if any willbemadein FY2020-21. However, nosuch reconciliation was made availablefor our verification andnoadjustmenthasbeenmadeinthisregard. | As per the practice of the Company the amount of Subsidy booked on the basis of Credit Notes received from UPPCL, These booking has been made on the basis of Credit Notes provided for UDAY loss subsidy in respective Years. |
| v. During the FY 2020-21, the company has reversed the provision for leave encashment of Rs. 12,256.00lacs in its statement of Profit & Loss. As informed to us by management, the company used to makeprovision for leave encashment by calculating the same on manual basis upto F.Y.2019-20 at zonal levels. While in current year i.e., 2020-21 calculation of leave encashment has been done throughsoftware by the company as a result of which reversal of excess provision of past years has been done.In absence of sufficient appropriate audit evidence and explanation in this regard by the Auditee we are unable to comment on correctness of the calculation. | The above calculation of Leave Encashment of GPF employees has been made centrally with the help of Employee Data Extracted from ERP database. |
| w. Energy internally consumed forms part of the revenue from operations, as per management there is a practice of showing energy internally consumed at market value and showing the same in revenue. However, the energy internally consumed can't be treated as regular supply. The result of this practice followed has resulting in overstatement of Revenue by Rs. 21,953.27 lacs for the year. Further this amount has been shown in Note-23 under Administrative, general and other expense and the same amount has also been included in purchase of power in Note-19 at cost, hence there is an overstatement of Administrative, general and other expense by this amount. | Since the Company's Revenue is Rate Regulated hence the energy internally consumed should also valued at the rate specific under the tariff applicable of such class and accordingly the Expenses has been booked. |
| x. In AG code 22.780(Transformer sent to repairs), revenue from sale of such items has not beenrecorded in Profit& lossaccount.In absenceof sufficient appropriate auditevidence, weareunabletoquantifyitsfinancialimpact. | Under this head the amount reflects the cost of Transformer sent to repairer for repairing, this is not a case of sales, hence the same has not been booked under the Profit & Loss account. |

<table>
<tr>
<td>y. The company is required to recognize revenue from sale of Scrap material but the company is notrecognizing revenue from sale of these items and instead of recognizing revenue the company isshowing these items as deduction from its inventory. The result of this is that the inventory andrevenuebothareunderstated.Thedetailsofscrapsalelyingincreditof AG-22.770isasfollows:
<table>
<tr><th>Zones</th><th>SALE OF MATERIAL(AG-</th></tr>
<tr><td>Agra</td><td>184282886.00</td></tr>
<tr><td>Aligarh</td><td>69481214.00</td></tr>
<tr><td>Kanpur</td><td>60906644.00</td></tr>
<tr><td>Jhansi&Banda</td><td>39380713.00</td></tr>
<tr><td><b>TOTAL</b></td><td><b>35,40,51,457.00</b></td></tr>
</table>
</td>
<td>These balances are under reconciliation and Profit/Loss on sale of Scrap will be booked after completion of such reconciliation.</td>
</tr>
<tr>
<td>z. As per IND AS – 115, “Revenue from Contracts with Customers”, Revenue should be recognised inthe year in which it is accrued, but in case of supply of power to Torrent Power Ltd. Agra, in theyear 2019-20, the company has recorded revenue amounting to Rs. 3,622.00 lacs for the month ofMarch 2020 twice in its books of accounts. As the company booked whole supply of power in theyear 2019-20 and has also made a provision for March’s last week supply under “provision forunbilled revenue”, hence company has overstated the revenue in previous financial year. Further,the company has reversed the provision for unbilled revenue amounting to Rs. 3,622.00 lacs incurrent year financial statements. As a result of which current year revenue has been understatedbythisamount.FurtherthecompanyhasnotmadeaprovisionforunbilledrevenueofTIRamountingtoRs. 5,098.00 lacsforthemonthofFebruaryandMarch2020inthefinancialyear2019-20 and it has recorded this TIR amount in F.Y. 2020-21, which belongs to F.Y. 2019-20. Therefore,currentyearrevenuehasbeenoverstatedwiththesameamount.</td>
<td>Due care will be made in future years.</td>
</tr>
<tr>
<td>aa. As per Para 16 of IND AS 37,“Provisions, Contingent Liabilities and Contingent Assets”,the Company is required to disclose Court Cases going on at the end of Financial Year,brief description related to nature of the contingent liability and estimate of its financialEffectsandpossibilityofreimbursement.Thecompanyhasnotmadeanysuchdisclosure with respect to the above, thus company has not complied with the</td>
<td>Due care will be made in future years</td>
</tr>
</table>

| | |
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| disclosurerequirementofIndAS37. | |
| bb. As perPara 86 of IND AS– 37, “an entity shall disclose for each classof contingentliabilityattheendofthereportingperiodabrief descriptionaboutthenatureofcontingentliabilitywithestimateofitsfinancialeffectandanindicationoftheuncertaintiesrelatingtotheamountortimingofanyoutflow”.Managementisinpracticetodisclosethecumulativeamountof ContingentLiabilitiesattheendofreportingperiod. Themanagementshoulddisclosethedetailedbreakupofeachclassof contingent liability with its effect on financial statement and expected future outflowwiththeir timings. | Due care will be made in future years. |
| cc. As per Para 26 of IND AS – 23, “An entity shall disclose the capitalisation rate used todeterminetheamountofborrowingcostseligibleforcapitalisation”.However,themanagementhasnotdisclosedthe samein notestoaccounts. | Due care will be made in future years. |
| dd. OnscrutinizingtheTrialBalanceofAligarhZone,acredit balanceamountingtoRs.1.62lacs was observed under the AG CODE 28.210(Income Accrued & Due on FundInvestment),Rs.0.65 lacsunderAGCode28.260(InterestAccruedandDue)andRs.12.74 lacs under AG Code 28.290(Other Income Accrued) which is abnormal as IncomeAccruedcanneverbenegative.Themanagement couldnotexplainthisdiscrepancy. | Due care will be made in future years. |
| ee. AspertheprovisionsofSection285baofIncomeTaxActeverypersonwhoissuesharesforaconsiderationofmorethanRs.10Lacs(Includingshareapplicationmoney)isrequired to file SFT-008. However, company has not filed the form which attracts penalprovisionsunderIncomeTaxAct. | Due care will be made in future years. |

<table>
<tr>
<td>ff. As mentioned in Audit report of Kanpur zone, “While checking of the Trial Balance of Units,wehaveobservedthatmanyCodes ofReceivablesagainstsupplyofpower(AG-23)areshowingexcessrealization,whichdonotappearto becorrect.Detailsaregivenasunder”:
<table>
<tr><th>S.No.</th><th>DivisionName</th><th>Amountappearinginaccountcode</th><th>Amount (InRs.)</th></tr>
<tr><td>1</td><td>EDDJhinjhak</td><td>OtherMisc.Receipts(AG-23.707)</td><td>-28975508.37</td></tr>
<tr><td>2</td><td>EDDRaniaK.Dehat</td><td>Reconnection/Disconnection (AG-23.702)</td><td>-510610.00</td></tr>
<tr><td>3</td><td>EDDChhibramau</td><td>Publicwaterworks(AG-23.107)<br>STWupto100H.P(AG-23.108)<br>LiftIrrigation(AG-23.111)</td><td>-17473848.59<br>-15190797.87<br>-21781885.66</td></tr>
<tr><td>4</td><td>EDDGhatampur</td><td>OtherMisc.Receipts(AG-23.707)</td><td>-21252128.01</td></tr>
<tr><td>5</td><td>EDDFarrukhabad</td><td>LiftIrrigation(AG-23.111)</td><td>-119669895.00</td></tr>
<tr><td>6</td><td>EDDKannauj</td><td>STWupto100H.P(AG-23.108)</td><td>-164957281.51</td></tr>
<tr><td>7</td><td>EDDSaifai</td><td>Publicwaterworks(AG-23.107)<br>Large&HeavyPower(AG-23.109)</td><td>-194629660.10<br>-98592595.88</td></tr>
<tr><td>8</td><td>EDDKaimganj</td><td>Publicwaterworks(AG-23.107)<br>STWUpto100H.P(AG-23.108)</td><td>-178564039.61<br>-54160351.51</td></tr>
</table>
</td>
<td>This was due to Intra-head misclassification,Due care will be made in future years.</td>
</tr>
<tr>
<td>gg. PriorperiodexpensesofRs.7,424.00lacshavebeenmentioned,howevernetadjustmentofRs.10,342.00lacshasbeenmadeinfinancialstatements.Therefore,theamountis wronglystatedinnotestoaccounts.</td>
<td>This was due to typographical mistake, Due care will be made in future years.</td>
</tr>
<tr>
<td>hh. Company had disclosed that Material at theyear-endlyingattheworksiteistreatedasapartofcapitalworkin progress.However,inourview,it shouldbetreatedasInventoryatsite.</td>
<td>This treatment has been done in view that the material at work site had been issued for Capital Work in Progress and which is continuously absorbed in Capital Project.</td>
</tr>
</table>

| | |
|---|---|
| ii. As mentioned in CAG draft comments of F.Y. 2018-19, “Point no. VII (b) of Note No. 1A-CompanyInformation&SignificantAccountingPoliciesstipulatesthattransmissioncharges are accounted for on accrual basis on bills raised by the UP Power TransmissionCorporation Limited at the rates approved by UPERC. Accordingly, the Company accountsfor the bills raised by UP Power Transmission Corporation Limited in the year in which billsare accrued. However, in case of true up bills, the bills are accounted for in the accounts asand when the bills are received by the Company irrespective of the year to which the billspertainto.” This fact has notbeen disclosedby the Company. Thus, thedisclosure of the Companyisdeficienttothisextent. | Matter will be examined and suitable action will be taken with consultation of holding company and other Discoms keeping in view uniformity for CFS. |
| (ii) KESCO<br>a. **Property plant and equipment Rs. 103463.18 lacs (refer note no.2)** The land of the Company is on lease from UPPCL at Re.1.00 per month as per the transfer scheme (Refer **point no.9(c) of Notes on Accounts**). As informed the value of such land is yet to be ascertained by UPPCL. However, we have not been furnished with the lease agreement and other related records pertaining to such land; as a result, we are unable to check whether the lease is of financial nature or operating; hence the financial impact on accounts and Ind AS financial statements is not ascertainable. | The Company has received leasehold land from UPPCL as per the transfer scheme at a lease of ₹ 1.00 per month and holds the same at a nominal value of ₹1.00 in the books of account. The land belongs to UPPCL and the company is paying nominal rent @ ₹1 p.m to UPPCL |
| b. **Other Equity: Rs. (-) 3,55,704.82 lacs (refer note no.12)** The above include ‘Restructuring Reserve’ of Rs.1445.68 lacs in respect of which proper reconciliation and consequential adjustments are lying pending; hence the financial impact on accounts and Ind AS financial statements is not ascertainable. | The difference in Balance of erstwhile KESA and KESCo amounting to Rs 144,568,024/ 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 |
| c. **Non-current liabilities – Financial liabilities – Borrowings: Rs.2,30,781.14lacs (refer note no.13)** The Company has not complied with the disclosure requirements envisaged by Schedule–III of the Act in as much as the following has not been disclosed in respect of non-current borrowings: Nature of security in respect of each case of borrowing Terms of repayment of term loans and other loans | Loans are taken by UPPCL on behalf of KESCo and details of security, terms of repayment etc. are available at UPPCL level. |

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| (iii) PVVNL<br>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 Equipment, resulting delay in capitalization with corresponding impact on depreciation for the delayed period. (Refer to 2(II) and IV(b) of 'Significant Accounting Policies' to the Financial Statements.) | Due to scattered geographical area and multiplicity in nature of Capital works, in some cases there might be delay in capitalization of assets. However, most of the Capital works are capitalized in same month. The company is providing depreciation on addition of Fixed Assets on monthly basis. The same has also been disclosed in Significant Accounting Policies at point no. 2(II) and IV(b) |
| b. 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 to use of assets. In case of withdrawal of an asset the accumulated depreciation is written off on estimated used life of that asset. |
| c. Assets amounting to Rs.4,209.88lacs, being expenses on construction of Bay are shown as "Assets not in possession of PashchimanchalVidyutVitran 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 these assets. Company has disclosed it as Tangible Assets, which is Intangible Assets, as being rightly disclosed earlier in the financial year 2017-18. This has resulted understatement of intangible assets and overstatement of tangible assets by Rs. 4,209.88 lacs. (Refer to note 2 of financial statements) | 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 and there is no agreement. The expenditure incurred on construction of Bay is borne by Discoms. 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. |
| d. The depreciation/amortisation on Bay (Assets not in Possession of PashchimanchalVidyutVitran Nigam Ltd.) is calculated on the opening gross value of the assets with the life of 25 years on SLM basis and on addition during the year has been provided on average 6-month basis instead of actual period of availability of asset for its intended use. 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 Para 2(IV)(b) of Significant Accounting Policies) | Due to multiplicity of nature of capital works and difficulty in establishing the correct date of installation of assets, the amortization on addition of assets not in possession of PVVNL during the year has been provided on monthly basis. |
| e. 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 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 |

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| 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. | 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. |
| f. Expenses for ERP software implementation amounting Rs. 4,659.92lacs are shown under Capital work in Progress. However, the same should be classified under the heading "Intangible assets under development" as per provisions of Schedule III of the Companies Act, 2013. | The accountal of ERP software has been made on the basis of Order no. 209 dated 19.05.2018 issued by UPPCL(The Holding Co.). The software will be treated as Intangible Assets and booked under Intangible Assets in AG Code 18.301. During FY 2020-21, ERP software implementation is under process and is booked under AG 14.8501 as Capital Expenditure on Software. |
| g. 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.<br>Rs. 1,30,143.00 lacs, for additional subsidy, wrongly transferred by UPPCL to other discoms in earlier years, is shown as receivable from UPPCL as per the letter no. 1526 dated 26.10.2021 of UPPCL (the Holding company) and credited in General Reserve of the company without impacting statement of Profit and Loss account. In the absence of its complete details and audit trail thereof with appropriate audit evidences with the company, we are not in a position to comment up on the correctness of the same. (Refer to note 11 of financial statements).<br>Rs.9,14,645.00lacs for additional subsidy for the years 2007-08 to 2019-20 as per letter no. 1526 dated 26.10.2021 of UPPCL (The Holding Co.) in compliance of letter/ order 445/24-1-21-731 dated 05.03.2021 of UP State Government.is shown as receivable from Government of UP and credited in General Reserve of the company without impacting statement of Profit and Loss account.In the absence | The amount of Grants are received centrally at Uttar Pradesh Power Corporation Limited (The Holding Company) from the State Government and have been distributed by the Holding Company to the DISCOMs through Debit/Credit Note, which have been accounted for accordingly. The necessary disclosure has been made in Notes on Account at point no. 2.<br>The accountal of Capital Grant of Rs. 1301.43 crore is being done in Annual Accounts of FY 2020-21 of this company, as per the letter no. 1526 dated 26.10.2021 of UPPCL(The Holding Co.) in which the proper calculation of Rs. 1301.43 crore has been shown to audit.<br>The accountal of Grant of Rs. 9146.45 crore in Annual Accounts of FY 2020-21, has been made as Receivable from State Govt. as per letter no. 1526 dated 26.10.2021 of UPPCL(The Holding Co.). The disclosure has been made in Notes on Accounts at point no. 35.<br>The balance of Capital Grant of UDAY Scheme |

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| of its complete details and audit trail thereof with appropriate audit evidences with the company, we are not in a position to comment up on the correctness of the same. (Refer to note 11 of financial statements and note No.35 of notes to accounts).<br>Capital grant of UDAY scheme Rs.1,47,772.00lacshas been converted into additional subsidy by debiting capital reserve and crediting General Reserve of the company in compliance of letter no. 1526 dated 26.10.2021 of UPPCL (The Holding Co.) read with letter/ order 445/24-1-21-731 dated 05.03.2021 of GoUP without impacting statement of Profit and Loss account. In the absence of its complete details and reasoning thereof with appropriate audit evidences with the company, we are not in a position to comment upon the correctness of the same. (Refer to note 11 of financial statements) | shown under AG 55.203 (UDAY Grant) is reversed and crediting to AG 56.1 (General Reserve) in compliance of letter no. 1526 dated 26.10.2021 of UPPCL (The Holding Co.). |
| **h.** Interest of Rs. 2,039.22 lacs (AG 51.229) has been charged during the year towards interest on NOIDA loan of Rs.2,942.75 lacs are booked on the advice received from UPPCL. As informed by the management that interest on all the loans taken by Uttar Pradesh Power Corporation Limited on behalf of DISCOM are booked on the advice received from UPPCL. In the absence of complete details thereof, we are not in position to comment up on the correctness of the same. (Refer to Note 16 interest accrued and due under Other Current Liabilities of Financial Statements | The booking of Interest of Rs. 2039.22 lacs (AG 51.229) has been made as per the statement/advice received from UPPCL (The Holding Co.). |
| **i.** Refer to Note no. 33 of Notes to accounts, there are various expenses like Employees Expenses, Repair & Maintenance Cost and Administrative & General Expenses etc. occurred at Uttar Pradesh Power Corporation Ltd. (the holding company) which has been allocated to the Company vide Debit/Credit Notes. However, we have not verified the same and relied on the Debit/Credit notes received from the holding company. | The various Expenditure like Employee Expenses, Repair & Maintenance Cost and Administrative & General Expenses etc. occurred at U.P. Power Corporation Ltd., Lucknow has been allocated to all the Discoms vide Debit/Credit Note. This Allocation of Expenses in Discoms has been made in accordance of approval in BOD of U.P. Power Corporation Ltd., Lucknow and also in PashchimanchalVidyutVitran Nigam Ltd. Meerut 130th BOD dated 25.09.2020 in compliance of O.M. no. 743 dated 10.06.2020 of U.P. Power Corporation Ltd., Lucknow (The Holding Co.)<br>The necessary disclosure has also been made in Notes on Accounts at point no. 33. |
| **j.** Liability for Material received on loan by the Company amounting to Rs. 72.73 lacs from PurvanchalVidyutVitran Nigam Limited (AG | The material received by PVVNL from PuVVNL on loan is booked under AG 22.40 (Material transfer Inward A/c) under Accounting group |

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| 22.730) is finally adjusted with Material Stock Account (AG 22.60), resulting no Liability and stock for Rs. 72.73 Lacs is shown in the Balance Sheet of the Company as on 31st March, 2020 and as on 31st March,2021` in respect of above transaction. This has resulted in understatement of both Other Current Liability and Inventory by Rs. 72.73 lacs. Also, no confirmation has been received from PurvanchalVidyutVitran Nigam Ltd. regarding the same. (Refer to in Note No. 4 of Financial Statements). | Inventories and Liability is created under AG 22.730 (Material on Loan to parties other than Contractors) as per Accounting Manual. (Refer Page no. 86). The balance will be adjusted in subsequent years when the material will be returned to PurvanchalVidyutVitran Nigam Ltd. |
| k. Power purchase and transmission charges are booked on the basis of bills raised by Uttar Pradesh Power Corporation Ltd. and Uttar Pradesh Power Transmission Corporation Ltd. However, the Company has no scientific method of its measurement for accounting and making provision thereof. Hence, we are not in a position to comment on the possible impact thereof on the financial statements of the company. (Refer Note No. 9 of Notes to accounts.) | The Bulk Purchase of Power is made by UPPCL centrally, then UPPCL distribute/allot the same to its subsidiary. The PVVNL is the subsidiary of UPPCL(The Holding Co.). The Power Purchase cost is accounted as per monthly bill received from UPPCL. The same has already been disclosed in Notes to Accounts at point no. 9. |
| l. Interest accrued but not due Rs. 727.70 lacs under Other Current Assets includes amount of Rs. 723.10 lacs (AG 28.240 & 28.250), which is pending for reconciliation for more than a year, impact of the same is not ascertainable on the financial statements.(Refer to Note 9 of Financial Statements) | The amount has been received under finalisation of Transfer Scheme 2003 vide Govt. of U.P. Notification No. 1528/24-P-2-2015-Sa(218)/2014 Lucknow Dated 03-11-2015 for Ghaziabad Zone. |
| m. Compliance/ Rectification of Zonal Auditor's report on the accounts of their zone for the year ended 31st March, 2021 were not done till finalization of our audit. | The necessary Compliance/Rectification observed by Zonal Auditor's will be done in subsequent years. |
| n. **Significant observations of Zonal Auditors are as Under:**<br>**(A) Meerut Zone**<br>i. Stock Shortage Pending Investigation (A/c Code 22.830): The status of stock shortage amounting to Rs. 112.00lacs. has remained unchanged and no follow up has been done. | Necessary instructions have been issued to all units. |
| ii. Subsidy Receivable from Government shows unadjusted negative Balance of Rs. 417.00lacsThe book entry to | The balance pertains to the transfer scheme and is hence unadjusted. |

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| adjust/set off these balances has not been made. | |
| iii. The Bank Reconciliation statements (BRS) include Bank charges charged by the bank under other debits but not accounted for in the books of accounts. The amount of these Bank charges, which is very substantial, has not been accounted for and continues to form part of the BRS. The total amount of Other Debit as on 31st March 2021 is Rs. 374.19 lacs and the year wise break up is as under: | Other debits are generally reversed at unit level and is a continuous process therefore there is balance outstanding, although necessary instructions have been issued to all units regarding this matter. |

| Particulars | Amount in Lac |
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| Bank Charges less than 1 year | 13.90 |
| Bank Charges from 1 to 3 years | 89.13 |
| Bank Charges above 3 years | 271.16 |
| **Total** | **374.19** |

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| iv. In EDD II Baghpat, a fraud case of collecting cash Rs. 31.30 lac from customers and not depositing the amount in division is under enquiry against Mr. Sanjay Kumar, cashier. | The case is under enquiry and action will be taken by the management against the involved/erring employee/officials. |
| v. In EDD I Meerut, 9 receipt books issued on 23-02-2012 to Postmaster Meerut Cantt. for collection of amounts on behalf of PVVNL were not returned back in division. The unit is reportedly in correspondence with the Postmaster for returning the same. | The 9 no. receipt books were issued to the Postmaster Meerut Cantt. andthe concerned unit is pursuing to receive them back. |
| vi. REVENUE FROM SALE OF POWER<br>Billing is not raised for all the supplies of power till 31-03-2021. The unbilled revenue has been booked only in the cases where bills are generated for the subsequent month of April. The unbilled revenue in case of bills not raised in the subsequent month of April (for any reason) has not been calculated and provided for. The basis of calculation of unbilled revenue is also not uniform- in some cases it is based on actual data whereas in other cases it is done as per average billing. | The billing is done through online billing system by outsource agencies. Due to difference in billing cycle of consumers of same category, the provision for unbilled revenue is made on average basis. |

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| vii. Mercantile basis of accounting is not followed properly. Expenses relating to previous years, which are in the nature of "Prior Period Expenses" are booked in the year under audit on payment basis. | Mercantile basis of accounting is followed as per the accounting policy of the company and provision for expenses is made by the units accordingly. |
| viii. Some units have delayed the deposition of GST and filing of returns beyond the stipulated time. In some cases, units have not charged GST on Miscellaneous receipts components like RO/DO charges, Cheque dishonour charges etc. which are otherwise covered under the provisions of GST. | Necessary provisions are made at HQ level. Further GST compliance is central based from the f/y 2021-22. |
| ix. The balance of security Deposit has not been verified and reconciled with the Billing Data/Online data of the Consumers. The interest payable on the security deposit forming part of the Trial Balance is not synchronized with the figures generated through Billing Data. Further, the reconciliation of the figures of Security Deposits and Interest payable thereon is not done with the corresponding figures as per the Billing Data. | Necessary instructions for due reconciliation of security deposits have been issued, as in the billing data a few bills are inflated/abnormal due to which such differences arise which requires due reconciliation and the same is a time taking process due to large no. of consumers in the zone. |
| x. In few units, it has been reported by Internal Auditors that there is a shortfall in Security Deposit however the demand/notice for the same has been raised by the concerned unit, while the same has not been fully deposited by the consumers. | No Comments |
| **(B) Moradabad Zone:**<br>i. Trucks & Tempo and Jeep & Motor Car (AG 10.710 & AG 10.730) Rs. 1.79lacsDr. and Rs 21.93 lacs Dr respectively - All assets lying here are unserviceable / condemn and in our opinion, it should be disposed off. | This balance is received vide U.P. Govt. notification no. 1528/24-P-2-2015-Sa (218)/2014 Lucknow Dated 03.11.2015 under finalization of Transfer Scheme, 2003 . |
| ii. Theft of Cash (AG 28.744) Rs. 4.47 lacsDr.- Two cases of cash theft, adequate provision | EDD Chandpur - Rs 3,10,086.00, In this |

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| should be made at H.O. | case division has already requested vide letter no. 2626 dated 09.08.2021 to GM (Audit & Accounts) to write off amount as it is not recoverable from insurance company.<br>EDD Bijnor - Rs 1,36,416.00. In this case division has confirmed that there is no information/Documents available related to the said matter. |
| iii. As informed by Branch Auditor of Moradabad Zone, during the year fraud by the employees has been detected amounting to Rs. 5.64lacs out of which Rs. 5.21lacs is deposited by the person concerned till date. An amount of Rs. 24.43lacs pertaining to cheques sent for collection in State bank of India, Babrala branch but nor credited to company account later on Rs. 17.43lacs credited by bank in company account till date balance amount is still retained by bank. In case of EDD-II, Moradabad revenue receipts books issued to employees not deposited by some employee since 2017. In our opinion these cases need close watch. | EDD II Amroha - As per division remaining amount Rs. 43194 will be deducted concern person salary soon.<br>EDD Babrala – Division has been placed FIR against Bank. Departmental investigation is under process against the defaulter and penalaction will be taken after completion, as confirmed by the bank. EDD-II, Moradabad – All missing 8 receipt book has been collected. |
| iv. Work In Progress Register (WIP Register) is not being maintained in the units except ECWD-MBD which has prepared WIP Register. | Only ECWD and ECCD MBD have WIP balance in March 2021.WIP amount has been transferred by Distribution Division to AG 10(Fixed Assets) on monthly basis on completion of assets for which Fixed Assets register is maintained. Instruction to all Divisions has been issued to Update WIP Register. |
| v. Provision for Depreciation A/c (code-12):<br>The unamortised value/ difference in cost and notional depreciation of the damaged/discarded asset is debited to this account and continued year to year instead of writing off these in the books of account. | The damage assets is withdrawn from AG-10 and transferred to AG-16. Then after the value of depreciation charged on such assets is debited to AG-12 according to used life and balance value of such assets is transferred to Stock Account. The balance appearing under AG-12 is the accumulated value of withdrawal of depreciation on withdrawal assets. The provision of depreciation is made centrally at Headquarter level. |
| vi. As per Accounting policy, the Company is following the Accrual basis of accounting subject to expenses pertaining to earlier years of Rs.534.80lacs, debited to current year and expenses of current year as well as work done and measured during the year has been provided in current year books of account. | Due to late receipts of bill from contractor side, provision of these expenses could not be done in concerned year. Same has been paid in current year, therefore booked in this year. |
| vii. No deduction for Tax at source under Income Tax | Provisions in books of accounts are made on the |

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| Act and under GST Act wherever applicable had been made on Rs. 2,404.26 lacs against the provision made in the books of account as on year end. Also, there is a Default Liability as per Traces of Rs. 127.73 lacs for which no provision has been made. | basis of measurement done, when actual bills are received same has been verified by concerned authority, after verification demand for fund of these bills are sent to Head Quarter. After getting fund, payment and TDS are made for these bill and deducted . |
| (C)Ghaziabad Zone:<br>i. Onscrutinyofmaincashbook,revenuecashbookandworkscashbookavailableatDivision Officelevel,weweregiven tounderstand thatcollectedcash isbeing depositedin bankondailybasis. However, insomecases, there isadelay ofaround1-2daysindepositofcollectedcash to the bank. Further,weweregiven to understandthatallbankaccountsareauto-sweepand balanceisregularly transferredtothemainbankaccountofUPPCL,Meerut.<br>Onphysicalverification ofMaincashbook, WorksCashbookavailable atDivisionOfficelevel,it isobservedthatcash bookisnotbeingupdated ondailybasis. Moreover,itisobserved thattotalingandbalancing incashbookisbeing done roughly using pencil. It is furtherobserved thatverification ofcashbyEE/AEatDivisionOffice levelis not beingdoneon regularbasis. Infurtheranceof theaforesaid,during theFY2020-21,therehasbeencashembezzlementof Rs.564.00lacsunder thedivisionEUDD-7,GhaziabadbyoneMr.SumitGupta duringtheperiodof July,2020 to November,2020 during whichhewasholding position ofHead CashierRevenueof the division.The accused cashierwas thepersoninchargeto collect the cash revenuefromcollection countersto deposits the sameintothe bank. Weweregiven tounderstandthatheFIRfiledby Sh.SurenderPalSingh,ExecutiveEngineerof divisionEUDD-7,Ghaziabad,bearingFIRno.1955/2020dated15.12.2020with PoliceStationSihaniGate,Ghaziabadinwhich amountofRs.295.45 lacswerereportedmisappropriatedbytheaccused headcashierSumitGupta anditwasalsosuspectedthat | Reply of EUDD-7,GZB has been provided to audit. |

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| thequantumofmisappropriated amount may go up.<br>TheamountmisappropriatedaspertheBRSfromJuly,2020toNovember,2020isRs.564.00lacs, and amount reported in FIR is Rs.295.45 lacsi.e. amountshort reported into FIR by Rs.268.73 lacs.<br>Wc wcregivcnto understandthattheletterdated 01.10.2020 written bySh. Surender PalSingh,ExecutiveEngineerofthedivision,addressedtotheSHO,SihaniThanainwhichthe amountofRs.220.06 lacswasalsointimatedtopolicefortheperiodofOctober,2020toNovember, 2020. We were givento understandthatthecaseiscurrently under investigation | |
| ii. On our examination ofphotocopy of BRS produced before us, outof totaluncashed cheques of Rs.12,036.00lacs,mostofthechequeshavebecome stale.Further,outoftotalothercreditsof Rs.7,750.00lacs,mostoftheentriesareoldentries,whichalsoconsistentriesofmorethan15years old, in supportofwhich,norecord/detailsareprovidedforourverificationand furthercomments. | It is enumerated to audit that all efforts are made at division level to minimize and reconcile the amount of Uncashed cheques and Other credit. |
| iii. We weregiven to understand that reconciliationofsucholdentries is notprobable.Itisfurtherobserved thatonourphysicalvisittoEUDD-2,Noida,acasewasobservedwherecustomerhasmadepayment ofdues/bill in cashagainstwhich cheque receiptwas issued. Taking intoconsideration the aforementionedfactsandintheabsenceofrequisite information/details/explanationsinthisregard, possibility of foulplay/fraud cannotbe ruledout. Presentstatusofthefraudsreportedasper branchstatutoryauditreportfortheyearended 31.03.2020conductedby VSD&Associates,charteredaccountants,notprovidedforourverification andfurthercomments.The aforementionedreported fraudasreported intheaforementioned report is reproduced hereinunder: "Asinformedbythemanagement, zonehasnoticedacaseof fraudinitsEUDD-II,EUDD-V,EUDD- VIINoidadivisionbyfew bankofficials.SomeofICICIbankofficialswrongly creditedthecheques amountingRs.172.37 lacsrelatedto | It is enumerated to audit that all efforts are made at division level to minimize and reconcile the amount of Uncashed cheques and Other credit. |

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| thesedivisioninsomeotheraccount.Managementh asduly takenthe matterinits notice andhaslodged the PoliceFIRwiththeauthorities." | |
| iv. OnourscrutinyofAGno.18ofTrialBalance,itisobservedthat"IntangibleAssets"ofRs.1,651.00lacsincludeRs.107.00lacsprovidedfortheFY 2020-21.Weweregiventounderstandthatallthe accounting entries related totheftof assets/inventories arepassed through this account forwhich copy ofFIR,recordspertainingtocriminalcasesfiled,copy ofpreliminary inquiry reports,internal incident reportspreparedbyJE/SDO/EE/SE/CE, currentcasestatus, insurancedetails, insuranceclaimstatus, other information/details/explanation in thisregard isnotprovidedforourverification andfurther comments. | Division wise details of booking made along with copy of FIR and Balances as on 31.03.2021 under AG 18.400 during the FY 2020-21 has been provided to audit. |
| v. OnourscrutinyofAGno. 23ofTrialBalance,itisobserved that"SupplyofPower"ofRs.2,63.593.00lacsincludeRs.37,939.00lacsofprovisionofunbilledrevenueinsupportofwhichproperdetails, document isnotprovidedforourverificationandfurthercomments.Weweregiventounderstand that theabovefigureisthebillingamountofsaleofpower forthemonthofMarch,2021.Further,Rs. 4,455.00lacs are outstandingsince longasDebtors ofRegulatoryChargeswhichhave nowbeen removed fromtariffandisnolongercharged fromcustomers.Therefore, currentoutstandingamount aredoubtfulfor recovery. Noprovision fordoubtfulrecoveryhasbeen madeinthis respect.Wewere giventounderstandthatthesameisbeingdoneatHeadOfficelevel.Details/information/explanation in thisregardisnotprovided forourverification and furthercomments. | Provision of Unbilled Revenue is done as per past experience and prevailing practice by making accountal of billing done in April 2021 which is pertains to March 2021. Amount outstanding under Regulatory Surcharge is pertains to old period and Provision with respect to doubtful recovery is being done at HQ Level. |

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<tr>
<td>vi. Onfurtherscrutiny, it isobservedthat"SupplyofPower" includesarrearsoutstanding forpaymentby the consumers. Age wise break up of totalarrears outstanding for paymentby the consumers are as follows:<br><table><tr><th>Particulars</th><th>No. ofConsumers</th><th>Amou (Rs. i</th></tr><tr><td>Upto 3months</td><td>1073354</td><td>34</td></tr><tr><td>Morethan 3monthsand under6 months</td><td>60608</td><td>7</td></tr><tr><td>Morethan 6months</td><td>197016</td><td>14</td></tr><tr><td><b>Total</b></td><td><b>1330978</b></td><td><b>19</b></td></tr></table></td>
<td>All the documents/register related to PD, theft and reconnection is available with Distribution Divisions under Zone which was shown to Auditor during the course of Branch Audit. In respect of provision of doubtful recovery of outstanding arrears it has already been explained that same is done at HQ Level.</td>
</tr>
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<td>vii. OnourscrutinyofAGno.47ofTrialBalance,itisobservedthat"DepositforElectrification ServiceConnections"ofRs.8,995.00 lacsincludeadvancedepositsreceivedfromconsumersin respect of works undertaken against which the zone has raised Invoices on whichGSTwas deposited. However, such invoices are wrongly treated as deposits and not as sales to consumers and consequently, saleshave beenunderstatedandassetshavebeenoverstatedbythatamount. Details/information/explanation in this regard is not provided verification and further comments.</td>
<td>Needs No Comment.</td>
</tr>
<tr>
<td>viii. OnourscrutinyofAGno.55ofTrialBalance,itisobservedthat"Contributiontowards CapitalAssets"ofRs.1,39.448.00lacsincludeRs. 26,205.00lacsofDepositwhich includesadvance deposits received fromconsumers in respectofworks undertaken againstwhich the zonehas raised InvoicesonwhichGSTwasdeposited.However,suchinvoicesarewronglytreatedasdepositsand not assales to consumers consequently, sales have been understated and assets have been overstatedbythatamount. Details/information/explanationinthisregardis notprovidedforour verificationandfurthercomments.</td>
<td>Needs No Comment.</td>
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| ix. OnourscrutinyofAGno.61ofTrialBalance,itisobservedthat"RevenuefromSaleof Power"ofRs.7,78,923.00lacs includeSundry ConsumersofRs.7,76,350.00 lacs,TheftofPowerof Rs.2,693.00lacs.OnsamplescrutinyofmonthlyElectricitybillsofhighconsumptioncustomers,it is observedthatsystemgenerated monthlyelectricitybillsofDelhiMetroRailCorporationRSSArthala, Ghaziabad(underEUDD-4Ghaziabad)fortheauditperiodhasnotchargedmandatoryElectricity Duty which is payable tothe stategovernment. However,manualcorrections on systemgenerated bills havebeen madeandconsequently, Electricity Duty has beenless collected by Rs.14,235.00lacsand the sameis lesspaid to thegovernment.Further,in casesofsystemgenerated monthlyelectricitybillsof DelhiMetroRailCorporation(underEUDD-7Noida) andDelhiMetroRailCorporationLtd(DMRC) (underEUDD-2Noida)fortheauditperiod,itisobservedthatElectricityDutyhasnotbeencharged atall. Weweregiventounderstand thatthesame isdueto systemerrorandthesame isbeingcharged separately.However, nosuchrecord/document/detailsoftheaforementionedadjustmentareprovided forourverificationandfurthercomments.Further,in caseofsystemgeneratedmonthlyelectricity billsofMaintenanceDMRCBotanicalGarden/38A (underEUDD-3Noida)for theauditperiod,itis observed thatElectricityDutyhasbeencalculatedat 5% insteadof7.5%ofDemandChargesasper ElectricityTariffratesforFY2020-21.Takingintoconsiderationtheaforementionedfactsandon the basisof recordsproducedbeforeus,weareunableto ascertain thecorrectnessofElectricityDuty collected in case of otherconsumers as well. In the absence of requisite records/documents/explanationto oursatisfaction,weare unable to furthercomment. | Reply of EUDD-4, GZB/EUDD-2, Noida/EUDD-3, Noida and EUDD-7, Noida has been provided to audit. |

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| x. | OnphysicalinspectionofSub-Division Offices,DivisionOfficesandZonalOffice,itisfound thatthe zoneisnotcomplyingwiththeprovisionsofthe SexualHarassmentofWomenatWorkplace (Prevention, Prohibition andRedressal)Act,2013 ('POSH'Act)anddirections/guidelinesof the Hon'bleSupremeCourtof India in this regard.EmployeesworkingatSub-DivisionOffices/Division Offices/ZonalOffice are notaware ofInternalpolicyof thecompany,ifany formulated in compliance ofthePOSH Act.Nonoticesinformingtheemployeesaboutthecompany'sstanceonsexual harassmenthasbeen displayed around theworkplaceareaof theSub-DivisionOffices/Division Offices/ZonalOfficewhichinviolationofthePOSH Act.AnnualcompliancereportasperSec.21 r.w.Rule14ofthePOSHActisnotprovidedforourverificationandfurthercomments.Wewere givento understandthat thesameis being dealtatHead Officelevel. | The committee regarding Sexual Harassment of Women at Workplace is exists at HQ level. |
| xi. | On our examination ofphotocopy of BRS produced before us, outof totaluncashed cheques of Rs.12,036.00lacs,mostofthechequeshavebecome stale.Further,outoftotalothercreditsof Rs.7,750.00lacs,mostoftheentriesareoldentries, whichalsoconsistentriesofmorethan15years old, in supportofwhich,norecord/detailsareprovidedforourverificationand furthercomments.We weregiven to understand that reconciliationofsucholdentries is notprobable.Itisfurtherobserved thatonourphysicalvisittoEUDD-2,Noida,acasewasobservedwherecustomerhasmadepayment ofdues/bill in cashagainstwhich cheque receiptwas issued. Taking intoconsideration the aforementionedfactsandintheabsenceofrequisite information/details/explanationsinthisregard, possibility of foulplay/fraud cannotbe ruledout. | It is enumerated to audit that all efforts are made at division level to minimize and reconcile the amount of Uncashed cheques and Other credit. |

xii. On the basis of a statement of line loss produced before us, it is observed that in case of some Distribution Divisions, transmission and distribution loss is enormous on comparison with the actual average transmission loss of the Ghaziabad Zone of 8.50% and Noida Zone of 9.20% (approx.) during the audit period:

inmillion units)

| **DivisionOffice** | **Energy Purchased** | **Energy Sold** | **Energy Loss (%)** |
|---|---|---|---|
| EDD GreaterNoida | 257.943 | 160.363 | 37.83 |
| EUDD-8 Noida | 168.484 | 107.534 | 36.18 |
| EDD-3 Loni | 241.170 | 158.996 | 34.07 |
| EDDMuradnagar | 399.188 | 302.302 | 24.27 |
| EDD-4 Noida | 410.617 | 313.510 | 23.65 |
| EDDModinagar | 328.885 | 251.740 | 23.46 |
| EDD-1 Loni | 344.614 | 278.208 | 19.27 |
| EDD-2 Loni | 211.304 | 189.295 | 10.42 |

Weweregiventounderstandthattheprimaryreasonforsuchexorbitantlossofenergyisonaccount oflackofregulationandregularmaintenanceoftransformersandpowerlinesinstalledinruralareas. Inthe absenceof requisite records, we areunable toverify the actualreasonwhich are causing such abnormalpowerlossandtopassfurthercomments.

Onfurtherscrutinyoftheaforesaidstatementproducedbefore us, it is observed that incase ofEUDD-6,Ghaziabad, totalenergyunitssold fortheauditperiodis464.087MNunitswhich is more that the totalenergyunitspurchasedat461.685MNunitsforthesameperiodwhichconstitutes“LineProfit” at0.52%whichisnotpossibleassoldunitscannot bemorethanpurchasedunits.Weareunableto understandthereasonastohowtherecanbesaleofmoreunitsofenergythantheactualunitsof energypurchasedoveraperiodoftime.Intheabsenceofsatisfactoryexplanationandrequisite supportingdocuments/records,weareunabletofurthercommentwhethertheaforesaidstatement/data

No Comments

<table>
<tr><td>whichis produced before us isreliable.</td><td></td></tr>
<tr><td>(D) <u><b>Saharanpur Zone</b></u>:<br><br>i. <b>Non-Matching of Dues Recoverable from consumers: -</b><br>The Commercial Wing raises invoices in the name of consumers on the basis of Energy Supplied but the balance due from consumers does not tally with dues shown by financial wing due to fake arrears/inflated bills in billing software. This bill is to be corrected: -Division Name: - EDD-1 Saharanpur.<br><br><table><tr><th>ACC No</th><th>Name</th><th>OLD DUE Amt</th><th>Total F</th></tr><tr><td>771705547332</td><td>Janeshwar PD</td><td>(29,022,796.01)</td><td>(29,022</td></tr></table></td><td>As informed by division EDD-II SRE vide letter no. 4670 dated 04-09-2021 that in the given case amount Rs. 29,022,355.27Showing as advance payment is due to billing software error and division has tried to correct that entry in fluent greed software but the software is not accepting that correction at division level. Hence a letter has been written by the division to fluent greed billing agency for making such correction in consumer bill.</td></tr>
<tr><td>ii. <b>Non Provision of Dues from entities matters of which are pending in NCLT:</b> -It has been observed that Rs.877.89 lacs are dues from entities (2 Cases) whose matter is pending in NCLT. According to the sequence of payment, the electricity dues do not get preference over bank and other dues. As such recoverability of these dues is in jeopardy and Provision for doubtful debts be made.</td><td>As informed by division EUDD-III, MZN by letter no. 1633 dated 06-09-2021 that these two cases are currently pending in NCLT and as and when decision is being made by authority (NCLT), accounting adjustment entry will be pass on in accounts.</td></tr>
<tr><td>iii. <b>Non-Provision of House Tax Demand of Rs. 1,264.24lacs for EUDD-1 Muzaffarnagar:</b> - The Municipal Corporation has issued a demand notice of Rs.1,264.24 lacs towards house tax and annual tax of substation no provision has been made pending determination & assessment.</td><td>As informed by division EUDD-I, MZN vide letter no. 6620 dated 06-09-2021 that the said amount was wrongly calculated by municipal authority and office of SDM Muzaffarnagar had order to recalculate the amount.</td></tr>
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| iv. **As per abstract of Sec.5 Recovery of RC as Land Revenue**: -As per abstract of Sec.5 Recovery certificate issued for recovery as Land Revenue. The Concerned Tehsil's are not taking up recovery of RCs prior to 27th December 2017 and are returning the same.In view of the above all RC's Cases prior to 27th December 2017 have become non-Recoverable and as such provision for doubtful debts should be made for all cases beyond Cut-off date. Amount Involved- 5.183.00lacs. The Zone has stated that fresh RCs are in the process of being issued in all such cases. | As informed by concerned divisions RC's returned by Tehsil of prior to 27th December 2017 has been sent again by divisions to Tehsil for recovery from consumers.<br>The view of the audit that the said RC's cases prior to 27th Dec 2017 have become Non-Recoverable is not correct as the Local administration entertained recoveries up to 27th Dec 2017 for the reason to recover the targeted amount in the current year. The recovery certificate after 27th Dec 2017 entered in next Financial year, so that the administration has ample time in current FY to recover the RC Amount. |
| v. During the year a substantial part of unproductive fixed assets has not been disposed of by the company, which may affect the 'going concern' assumption. | This is policy matter and decision will be taken at H.O. level. |
| vi. Arrear of Large and Heavy consumer as on 31.03.2021 are Rs. 3,08,00.00lacs from 478 consumers. | No Comments |
| vii. There is line loss of 24% of Saharanpur Zone. | No Comments |
| viii. There is short security deposited amounting to Rs. 3,670.00lacs as on 31.03.2021 in 277 cases of large and heavy consumers. | No Comments |
| (E)**<u>Bulandshahar Zone</u>:**<br>i. Various divisions have paid GST on bills to vendors / suppliers without verifying that some vendors do not have valid GSTIN and therefore not depositing CGST & SGST even after receiving the same from PVVNL. Rs. 1.44 lacs is recoverable from 9 vendors for the period of cancellation / surrender of GST registration Whereas these and some other vendors are not depositing their GST returns since long back. It may be a significant & material amount which the vendors have collected from this Zone. | The payment to contractors is being made as per the Terms & Conditions of Agreement. The supplier/contractor raise the bills with GST and the same is being paid to supplier/contractor after deduction of tax. The GST collected by supplier/ contractor from this company is fully responsible for depositing the same to Govt. account. The input Tax Credit is not availing by this company. Hence, GST paid to supplier/contractor cannot be treated as loss. |
| ii. As informed no fraud was detected during FY 2020-21. But the frauds of embezzlement detected up to FY 2019-20 has involved total amount of Rs. 349.47 | The division wise list has already been provided to audit and the recovery proceeding are being made. |

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| Lacs out of which Rs. 36.87 Lacs has been recovered. And balance sum of Rs. 312.60 Lacs are still to be recovered. | |
| (iv) <u>PuVVNL</u><br>a. The Company has categorized cost of bay construction for 33/11 KV substation under "Assets not in possession of PurvanchalVidyutVitran Nigam Limited" and disclosed the same under "Property, Plant & Equipment" in the Balance Sheet. | Since the cost of bay has been paid by the company and the bay is an asset in physical appearance, hence, the categorization of cost of bay construction for 33/11 KV sub-station under "Assets not in possession of Purvanchal Vidyut Vitran Nigam Limited" and disclosure of the same under "Property, Plant & Equipment" is correct. |
| b. Stock shortage/ excess pending investigation amounting to Rs.92.41 Lacsis outstanding as on 31/03/2021. 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. 92.41 Lacs, Rs. 57.13 Lacs pertains to opening balances arrived under transfer scheme. |
| c. No provision for obsolete, unserviceable stores and spares has been made. An old provision amounting to Rs.6,297.00lacsis lying against obsolete stores since 2003 under Final Transfer Scheme | The provision existing for obsolete, unserviceable stores and spares, provided in final transfer scheme 2015, amounting to Rs. 62.97 crores are sufficient to cover the unserviceable stores. |
| d. In almost all the banks flexi fix facility is available but there are huge balances in current account and amount has not been transferred by the bank to flexi fix account which is resulting into loss of interest. | Units have been instructed to enable the Flexi Fix facility in Expenditure accounts. However from 1st January, 2022 onwards, centralized payment system has been introduced in Discom and available balances of unit's accounts are being transferred to the head office account. Flexi Fix facility in head office accounts are available. |
| e. An amount of Rs. 48,240.00lacs (Net of Provisions) represent advance to suppliers /Contractors (Capital) which has no details with name and age wise break up. Out of Rs. 48,240.00lacs (Net of Provisions) there is no movement in AG code 25.1, and 25.6 amounting to Rs. 21.00lacswhich needs immediate attention of management. | Balances in AG code 25.1and 25.6 are old balances and these are being carried under Final Transfer Scheme. Most of the units are maintaining the party-wise break-up of advances to suppliers/contractors (capital). However the other units have been instructed to maintain the same. |
| (v) <u>MVVNL</u><br>a. We draw attention to para 3 (IV) (b) of General Information and Significant accounting policies stating that depreciation on addition to/ deduction from Property plant and equipment during the year | |

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| is charged on Pro Rata basis. However, it was noted that capitalization of fixed assets is done at the end of financial year irrespective of actual date of 'Put to use' and depreciation is not charged on assets capitalized during the year. This accounting practice is also not in accordance with provisions of Companies Act and IND AS 16 resulting in understatement of Loss and depreciation for the year and overstatement of Assets. In the absence of complete details, effect of said understatement of depreciation & Loss and Overstatement of fixed assets on financial statement could not be ascertained. | |
| b. The cost of fixed assets, which are decommissioned, and corresponding accumulated depreciation is reversed on estimated basis, which has no relation with their carrying cost in MTBs. As a result, the cost and accumulated depreciation of assets in use are not correctly reflected in MTB and some of fixed asset accounts reflect credit balances. | *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.* |
| c. It was informed that Billing for sale of electricity to consumers are accounted for on the basis of report generated through Online Billing System implemented by various outsourced agencies. However, system audit of the said billing system, if any, being dealt at UPPCL was not made available to us and as such we are unable to comment on the efficacy of the same. | *Status of System audit of billing system is not known as the same is dealt at UPPCL level.* |
| d. For the purpose of compilation of consolidated financial statements, only net balances of debit and credit transactions during the year is considered and closing balances as appearing in audited Trial balances of the units is not taken into account. These 'net balances' are then merged with the opening balances as per last year's audited financials to arrive at the final figures for the financial statements as at year end. In view of this, various balances are still outstanding at head office level since earlier years which have not been adjusted / transferred to various zones. | *The financial statements of the company are being prepared by following same methodology consistently since the incorporation of the company and hence the outcome will be the same even if financial statements are prepared by considering closing balances of zonal accounts. However, from the FY 2021-22, the accounts will be prepared on the basis of closing balances.* |
| e. Interest on GOI loan taken through PFC amounting to Rs 13,052.00 Lacs have been booked during the current financial year(including Rs 8,675.00 Lacs through prior year adjustments). It was noted that these amounts have been booked as expenditures | *Audit observation has been noted and required correction will be made accordingly.* |

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| on the basis of demand notes raised by PFC only and without ascertaining the total interest payable. Further, interest during moratorium period amounting to Rs 1,571.51 Lacs only have been provided during the year as against total liability of Rs 11,176.26 Lacs till 31.03.2021 which has been wrongly shown as contingent liability in Notes to accounts. Accordingly, 'interest expenditure for the year' and 'Other financial liability- current' are understated by Rs 9,604.75 Lacs and losses for the year are also understated to that extent. | |
| f. There are differences in sundry debtors as per billing ledger and amount shown in trial balance as the sales is booked on assessment basis and amount credited to sundry debtors on the basis of actual receipts. Further, credit balances of Rs. 65,811.00 lacs were reflected in 22 units of Ayodhya zone due to non-transfer of outstanding balances from old units to new units | *Audit observation has been noted and reconciliation of sundry debtors as per books of accounts & billing ledger is under process.*<br>*Audit observation has been noted and required correction will be made accordingly.* |
| g. A sum of Rs. 2,437.82 Lacs were transferred to fixed assets from capital WIP at head office level based on payment details provided by UPPCL. It was noted that these amounts comprised of part payments for different type of assets/ expenses like desktops, printers, kiosks and PMC costs etc and were acquired/ put to use at various field units during the year 2015-16. Further, the total work orders for these works were for Rs. 20641.00 Lacs but the details of capitalization of remaining amount of 18203.18 Lacs were not explained to us. In our opinion, the capitalization of different nature of assets in one head, non-charging of depreciation from the actual period of acquisition and capitalizing all the assets at head office level without identifying the actual location of assets was not proper. The resultant impact of the above on the financial statements for the year could not be ascertained in absence of complete details. | *A sum of Rs. 2,437.82 Lakh transferred to fixed assets from capital WIP is a rectification of error pertaining to F.Y. 2015-16 while the capitalizotion of remaining amount of Rs. 18,203.18 Lakh has already been done in the respective year.*<br>*The Retrospective effect of depreciation will be considered in the current F.Y.* |
| 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. | 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 Group for the year ended 31st March, 2021)

## 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, 2021, in conjunction with our audit of the consolidated financial statements of the Group 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 Group'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 Group's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

A Group's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Group'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 Group;
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 Group are being made only in accordance with authorisations of management and directors of the Group; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Group'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

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| 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**<br>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 Group's internal financial control over financial reporting as at 31st March 2021 – | |
| 1. The auditors of DVVNL have reported that -<br>a. Temporary Imprest provided to staff needs to be closed at the end of financial year, whileweobservedinmanyofthecasesTemporaryImprestwerenot closed. | Mostly Temporary Imprest provided to staff at the end of the year remains open which has been closed in subsequent year. |
| b. During the course of audit, we observed that the system of recording of entries is notproper. We observed several instances where the entries which should have been postedin another accounting head, for example, entries parked in AG Code -46 are pertaining tosomeotheraccountingheads. | Due to manual accounting there were such instances of wrong accounting head however efforts are made to minimize these errors. |
| c. Cashbook is not updated on regular basis. Furthermore, as stated in audit report of Jhansi&Bandazonetotallingofcashbookisdonebypencilinvariousdivisions. | No Comment |
| d. There are unreconciled entries under AG Code22.780 (Transformerssent for repairs),AGCode22.77(ScrapMaterials),AGcode31to37(InterUnitTransfer)andAGCode 46.94(GoodsandServiceTax)ason31stMarch,2021.Theunreconciledentriesshouldbereconciled. | These Balances are under reconciliation. |
| e. UnderAGCode46.910(StaleCheques)indicateschequeswhichhavebecometimebarred.Properadjustmentsarerecommendedinthis regard. | These Balances are under reconciliation. |
| f. Measurement Book provided to JuniorEngineer by the Company arenot returnedbackon timely basis by the Junior Engineer and Measurement Book are not closed on | No Comment |

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| timelybasis. | |
| g. TheCompanydidnothaveanappropriateinternalcontrolsystemfor reviewingcomputation and booking of Capital Work in Progress (CWIP) in accounts. This couldpotentially result in inaccurate CWIP disclosed in the booksof accounts, due to non-capitalizationand/ordelayedcapitalizationofProperty,plantandEquipment. | Efforts are being made to avoid any delay in capitalisation of Property, plant and Equipment. |
| h. The company updates financials by belated entries in zonal trial balances auditedbyZonal Auditors even after finalisation of Financial Statements which results in differenceinopeningbalanceinnextyear. | This is due to corrections appears after the finalization of Zonal Trail Balances however at the end of audit by the Central Auditor these entries are properly sent to zones for updation in their trial balances. |
| i. On verificationof vouchersof GMadjustment, we observedthatallthevouchers werenotsignedbyalltheauthorizedsignatories. | No Comment |
| j. AsmentionedinauditreportofJhansi&Bandazone,logbookswere notprovidedinmanydivisions. | No Comment |
| k. AsmentionedinauditreportofJhansi&Bandazone," Signature and Seal of executive engineer on Expenditure Cash Book not done on whole financial year"inEDD-MAHOBA. | No Comment |
| 2. The auditors of PVVNL have reported that -<br>a. The Company did not have an appropriate internal control system for reviewing computation and booking of Capital Work in Progress (CWIP) in accounts. This could potentially result in inaccurate CWIP disclosed in the books of accounts, due to non-capitalization and/or delayed capitalization of Property, Plant and Equipment. | No Comments |
| b. 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. ERP is under implementation phase.<br>The Branch Auditor of Bulandshahar Zone has also reported that the Biometric System should be installed for keeping the records of attendance of employees and CCTV camera should be placed to protect the assets and records. | No Comments |
| c. Company do not have an effective system for realizing revenue from customers as the amount of receivables as on 31st March, 2021 is Rs. 10,74,249.09 lacs, which is equivalent | No Comments |

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| to around 227 days sale of power by company and reasons of pendency are not examined. It is noticed that the company is not effectively exercising its powers of TD/PD and filing court cases against defaulted customers. | |
| d. The Company did not have an appropriate internal control system to minimize electricity theft and line losses. | No Comments |
| e. Reconciliation of power received and power sold during year has not been done. Billing is not raised timely and correctly. | No Comments |
| f. The Company has shown Rs. 20,463.80 lacs as Inter Unit Transfer under the head of Other Current Assets and no further details or reconciliation of these amounts are provided to us. Special attention of the management is called for periodical reconciliation of this account and necessary adjustments thereto. Management has informed that the reconciliation of these entries is under process. | No Comments |
| 3. The auditors of MVVNL have reported that –<br>a. Company has system of maintaining various Sectional Journals wherein vouchers relating to day to-day transactions are recorded in these Sectional Journals. The Existing system of balancing cash book on the monthly basis and posting transactions in different sectional journals, from journals to summaries and from summaries to monthly trial balance, in our opinion is not adequate to give the financial position of different account/s at any given time in an organized manner. The Zones/ units do not have an appropriate internal control system for maintenance of books of account and other subsidiary records to ascertain composition of financial transactions on time basis and party wise balances outstanding at any point of time. The monthly trial balances are compiled from vouchers through an outsourced software, which is not under control of the accounts department and only printouts of MTBs are available. Risk of security of data in accounting through this software has not been assessed. There is also no mechanism to check data entry in this software and to ensure correctness and completeness of the report (MTB) generated. | |
| b. The internal audit system was not found to be adequate and commensurate with the size and nature of organization and coverage/ scope needs to be enlarged particularly in area of reconciliation of revenue with the online billing system, status of work in progress under various schemes under implementation along with reasons for pendency, reconciliation of pending ATD/ ATC, Inventory records etc. System of timely receipts of internal Audit report and compliance thereof at zonal and HO Level also needs to be | |

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| streamlines and strengthened. | |
| c. It was noted that billing of power is generated through IT system but the billing system is independent of account department and reports generated from billing system were not reconciled with the accounts. Further, Consumer wise outstanding and ageing analysis of outstanding amount is not available with account department to reconcile trade receivable as per books of account with the data of commercial department. Further, quantitative reconciliation of power procured, billed and transmission loss is not prepared for reconciliation of actual sale of power with the books of account. | |
| 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.<br>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 Group 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, 2021 based on the internal control over financial reporting criteria established by the Group 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 Group and the overarching legal and regulatory framework and the audit observations reported above and in *'Annexure I'*. | |

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

**Pankaj Kumar**
**(Managing Director)**
**DIN: - 08095154**

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

**Office:-** 7/581/10, Sector 7,
Vikas Nagar, LUCKNOW-226022
**Mob:-** 7355060301, 8960630345
**Pan No.:-** AJUP53081N

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## Form No. MR-3

## SECRETARIAL AUDIT REPORT

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

FOR THE FINANCIAL YEAR ENDED: 31.03.2021

TO,
THE MEMBERS
U.P POWER CORPORATION LIMITED
SHAKTI BHAWAN, ASHOK MARG,
LUCKNOW.-226001
CIN NO.:- U32201UP1999SGC024928

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

I have examined the registers, records, books and papers of the Company as required to be maintained under the Companies Act, 2013, (the Act) and the rules made there under and the provisions contained in the Memorandum and Articles of Association of the Company for the year ended March 31, 2021

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

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

MARDAN SINGH
No. 10705

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(g) Minutes of the proceedings of the Board Meetings, Committee Meetings and General Meetings;
(h) Approvals of the Board of Directors, Committee of Directors, Members and government authorities, wherever required
(i) Constitution of the Board of Directors, Committees of Directors.
(j) Appointment and remuneration of Statutory Auditors and Cost Auditors;
(k) Transfer of the Company's shares, issue and allotment of shares;
(l) Declaration and payment of dividend;
(m) Borrowings and registration of charges;
(n) Report of the Board of Directors;
(o) Generally, all other applicable provisions of the Act and the Rules there under.

I further report that:

a) The Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings and directorships in other Companies and interest in other entities;
b) The Directors have complied with the disclosure requirements in respect to their eligibility of appointment, their being independent, compliance with the code of conduct for Directors and Senior or Management Personnel.
c) The Company has obtained all necessary approvals under various provisions of the Act where necessary;
d) There was no prosecution initiated against or show cause notice received by the Company during the year under review under the Companies Act and rules, regulations and guidelines under the Act..

**OBSERVATION:-**

1. *As per the provisions of section 129 read with section 96 of the Companies Act, 2013, the audited financial statement of the company for the financial year 2019-20 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 30/09/2020. But due to the covid-19 pandemic the companies were allowed to hold the AGM by 31/12 /2020. The Annual General Meeting for 2019-20 was held on 20/12/2020 but the Annual Accounts for the financial year 2019-20 were not adopted in this annual general meeting and for want of which this General meeting was adjourned, Thus to this extent the company has failed to comply with the provisions of section 129 of the Companies Act, 2013 .*

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 being a listed company on the Bombay Stock Exchange for*

FCS No. 10705

*the trading of its Bonds issued from time to time, at least $1/3^{rd}$ number of Independent Directors were required to be appointed on the board of directors of the company. Further while constituting the Audit Committee under section 177 of the Companies Act, 2013, at least three directors with the Independent directors forming the majority were required to be appointed. Similarly while constituting the Corporate Social Responsibility Committee under section 135 of the Act, at least one Independent director was required to be appointed as the member of the CS committee. During the audit it has been found that the company has not appointed any Independent director on the board of directors of the company and the Audit Committee and Corporate Social Responsibility Coomittee. Thus during the financial year ending on 31/03/2020, the company has failed to comply with the provisions of section 149, 177 and 135 of the Companies Act, 2013 and the relevant rules framed there under.*

3. *As per the provisions of section 203 read with rule( 8) of The Companies (Appointment and Remuneration of managerial personnel) Rules 2014, the company has to appoint three key managerial personnel namely the (1) managing director, (2) company secretary and (3) the chief finance officer.*

   *During the audit it has been found that in continuity of the previous financial year, Sh. M. Devraj, continued to participated in the board meetings of the company as managing director from 158th board meeting to165th board meeting. Sh. Anil Kumar Awasthi C.G.M. (Finance and Accounts) was designated as the chief finance officer of the company by the board of directors in its meeting held on 05/03/2020 Ms. Niharika Gupta was appointed to the post of the company secretary of the company by the board of directors in its meeting held on 05/03/2020. She was also appointed as the compliance officer of the company for the purpose of the compliance of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.*

4. *As per the provisions of section 148 of the Companies Act, 2013 and the rule (5) of the companies (Cost records and Audit) Rules, 2014, the company is required to appoint the cost auditor within 180 days of the commencement of every financial year and as per the provisions of rule (6) 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.*

   *The details of the appointment of the cost auditors of the company for the financial year 2019-20 could not be found in the minutes of the board meeting held during the financial year.*

MARDAN SINGH

*The cost audit report of the financial year 2019-20 was required to be placed before the board within 180 day of the closing of the financial yea i.e latest by 30/09/2020. As per the information based on record during audit, the cost audit report of 2019-20 has not been placed before the board of directors within the above prescribed time limit. Thus to this extent the above provisions of section 148 of the companies Act, 2013 were not complied with by the company.*

5. *As per the provisions of section 173 of the Companies Act, 2013, read with the secretarial standared-1 issued by the Institute of Company Secretaries of India, the board shall meet at least once in every quarter with a maximum interval of one hundred and twenty days between any two consecutive meetings of the Board such that at least four board meetings are held in each year. During the audit it has been found that though the company has held in total 8 number of board meetings during 2020-21 but no board meeting was held during the first quarter of the financial year.*

6. *NON- compliance of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:-*

   *As per the provisions of regulation-52(1) Of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time. The listed entity shall prepare and submit un-audited or audited financial results on a half yearly basis in the format as specified by the Board within forty five days from the end of the half year to the recognized stock exchange(s).*

   *During the audit it has been found from the available record that the unaudited financial results for the half year ending on 30/09/2020 was placed for the approval of the board in its 163rd meeting held on 30/12/2020 and LRR report submitted by the practicing chartered accountant M/s Prakhar & Associates Chartered Accountants Lucknow was taken on record.*

   *The half yearly results of period to end on 31/03/2021 were discussed by the board in its 163th meeting held on 30/12/2020 and it was informed to the board that since it is not possible to file the unaudited financial results of the company for the six month ending on 31 March 2021 by 15th of May 2021 the necessary steps should be taken to get the approval for extension of time till 31/08/2021*

7. *Due to the failure of the company to comply with the provisions of. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time. The following penalties were imposed on the company for delay in compliance of the following*

No. 10705

*provisions and as per the information placed before the board of directors these penalties has been paid by the company.*

| *Violations* | *Penal Provisions* | *Amount of penalty(Rs.)* |
|---|---|---|
| *Regulation13(3),13(4),50(3),52(1)(2)(4)95)and(8) and 54(2) of SEBI( LORD )Regulations, 2015* | *Section 15A(b) of SEBI ACT, 1992* | *1,00,000/-* |
| *Regulatio53 and57(2) of SEBI( LORD ) Regulations, 2015* | *Section 15HB of SEBI ACT, 1992* | *1,00, 000/-* |

8. *Due to the failure of the company to file its Annual Account of 2017-18 with the registrar of companies, the company was not allowed to file the form INC-22A during the financial year2019-20 as a result of which the company was barred from filing the Form DIR-12 for the appointment of directors of the company appointed during this financial year and thus though the directors have been appointed in the company according to the provisions of its Articles of association of the company but their name does not appear in the list of directors(list of signatories) of the company on the site of the Ministry of Corporate Affairs.*

   *Further for the above reason the company has also been barred from filing the form PAS-3 for change(increase) in the Paid-up capital of the company for the number of shares allotted in the name of the Hon'ble Governor of U.P. during the financial year 2020-21, as a result of which the increase in the Paid-up capital of the company due to allotment of these shares could not be recorded in the office of the Registrar of the company by way of filing of form PAS-3 on the portal of the Ministry of Corporate Affairs, Government of India.*

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

I further report that subject to the above observations, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors. The changes in the composition of the Board of

C.P. No. 10705

Directors that took place during the year under review were carried out in compliance with the provisions of the Act. - Adequate notice was given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. - Decisions at the Board Meetings, as represented by the management and recorded in minutes, were taken unanimously.

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

Place: - Lucknow
Date: - 08/02/2022

(Mardan Singh)
Practicing Company Secretary
FCS 1933, C. P. No.10705
UDIN:- F001933C002436365

## REPLIES OF THE MANAGEMENT ON THE OBSERVATION IN THE SECRETARIAL AUDIT OF THE COMPANY FOR THE F.Y.2020-21

| Sr. No. | OBSERVATION | Management Reply |
|---|---|---|
| 1 | As per the provisions of section 129 read with section 96 of the Companies Act, 2013, the audited financial statement of the company for the financial year 2019-20 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 30/09/2020. But due to the covid-19 pandemic the companies were allowed to hold the AGM by 31/12 /2020. The Annual General Meeting for 2019-20 was held on 20/12/2020 but the Annual Accounts for the financial year 2019-20 were not adopted in this annual general meeting and for want of which this General meeting was adjourned, Thus to this extent the company has failed to comply with the provisions of section 129 of the Companies Act, 2013. | The delay was due to non-completion of Statutory Audit and C&AG audit. The company is in process of complying with the applicable provisions. |
| 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 being a listed company on the Bombay Stock Exchange for the trading of its Bonds issued from time to time, at least 1/3 member of Independent Directors were required to be appointed on the board of directors of the company, Further while constituting the Audit Committee under section 177 of the Companies Act, 2014, at least three directors with the independent directors forming the majority were required to be appointed. Similarly while constituting the Corporate Social Responsibility Committee under section 135 of the Act, at least one independent director was required to be appointed as the member of the CS committee, During the audit it has been found that the company' has not appointed any Independent director on the board of directors of the company and the Audit Committee and Corporate Social Responsibility | Since UPPCL is a State Government Company, Independent Directors are appointed by the Government of Uttar Pradesh. The necessary application has been made and the appointment is in process. |

| | | |
|---|---|---|
| | Committee, Thus during the financial year ending on 31/03/2020, the company has failed to comply with the provisions of section 149, 177 and 135 of the Companies Act, 2013 and the relevant rules framed there under. | |
| 3 | As per the provisions of section 203 read with rule( 8) of The Companies (Appointment and Remuneration of managerial personnel) Rules 2014, the company has to appoint three key managerial personnel namely the (1) managing director, (2) company secretary and (3) the chief finance officer.<br>During the audit it has been found that in continuity of the previous financial year, Sh. M. Devaraj, continued to participated in the board meetings of the company as managing director from 158th Board Meeting to 165th Board Meeting. Sh. Anil Kumar Awasthi C.G.M. (Finance and Accounts) was designated as the chief finance officer of the company by the board of directors in its meeting held on 05/03/2020 Ms. Niharika Gupta was appointed to the post of the company secretary of the company by the board of directors in its meeting held on 05/03/2020. She was also appointed as the compliance officer of the company for the purpose of the compliance of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time. | The necessary compliances have been done. |
| 4 | As per the provisions of section 148 of the Companies Act, 2013 and the rule (3) of the companies (Cost records and Audit) Rules, 2014, the company is required for appoint the cost auditor within 180 days of the commencement of every financial year and as per the provisions of rule (6) 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.<br>The details of the appointment of the cost auditors of the company for the financial year 2019-20 could not be found in the minutes of the board meeting held during the financial year. The cost audit report of the financial year 2019-20 was required to be placed before the board within | The necessary compliances has been done and noted for timely compliances in future. |

| | | |
|---|---|---|
| | 180 day of the closing of the financial yea i.e latest by 30/09/2020. As per the information based on record during audit, the cost audit report of 2019-20 has not been placed before the board of directors within the above prescribed time limit. Thus to this extent the above provisions of section 148 of the companies Act, 2013 were not complied with by the company. | |
| 5 | As per the provisions of section 173 of the Companies Act, 2013, read with the secretarial standared-1 issued by the Institute of Company Secretaries of India, the board shall meet at least once in every quarter with a maximum interval of one hundred and twenty days between any two consecutive meetings of the Board such that at least four board meetings are held in each year. During the audit it has been found that though the company has held in total 8 number of board meetings during 2020-21 but no board meeting was held during the first quarter of the financial year. | On the evening of 24th March 2020, the Government of India ordered a nationwide lockdown for 21 days, limiting the movement of the entire population of India as a preventive measure against the COVID-19 pandemic in India which were further extended from time to time and thereafter reduced gradually.<br>In view of the above, Ministry of Corporate Affairs vide General Circular No. 11/0202 dated 24th March, 2020 and vide General Circular No. 08/2021 dated 3rd May, 2021 has granted relaxation w.r.t. the gap between two consecutive meetings of the Board may extend to 180 days instead of 120 days. |
| 6 | NON- compliance of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:-<br>As per the provisions of regulation-52(1) Of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time. The listed entity shall prepare and submit un-audited or audited financial results on a half yearly basis in the format as specified by the Board within forty five days from the end of the half year to the recognized stock exchange(s).<br>During the audit it has been found from the available record that the unaudited financial results for the half year ending on 30/09/2020 was | Noted for compliance in future financial years. |

<table>
<tr><td></td><td>placed for the approval of the board in its 163rd meeting held on 30/12/2020 and LRR report submitted by the practicing chartered accountant M/s Prakhar & Associates Chartered Accountants Lucknow was taken on record. The half yearly results of period to end on 31/03/2021 were discussed by the board in its 163th meeting held on 30/12/2020 and it was informed to the board that since it is not possible to file the unaudited financial results of the company for the six month ending on 31st March 2021 by 15th of May 2021 the necessary steps should be taken to get the approval for extension of time till 31/08/2021.</td><td></td></tr>
<tr><td>7</td><td>Due to the failure of the company to comply with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time. The following penalties were imposed on the company for delay in compliance of the following:
<table>
<tr><th>Violations</th><th>Penal Provisions</th><th>Amount of Penalty (Rs.)</th></tr>
<tr><td>Regulation 13(3), 13(4),50(3),52(1) (2)(4)(5) and (8) and 54(2) of SEBI (LODR) Regulations,2015</td><td>Section 15A(b) of SEBI ACT, 1992</td><td>1,00,000/-</td></tr>
<tr><td>Regulation 53 and 57(2) of SEBI (LODR) Regulations,2015</td><td>Section 15HB of SEBI ACT, 1992</td><td>1,00,000/-</td></tr>
</table></td><td>The board of directors in its meeting held on 05/03/2020 Ms. Niharika Gupta was appointed to the post of the company secretary of the company by the board of directors in its meeting held on 05/03/2020. She was also appointed as the compliance officer of the company for the purpose of the compliances of the SEBI (LODR) Regulations, 2015.</td></tr>
<tr><td>8</td><td>Due to the failure of the company to file its Annual Account of 2017-18 with the registrar of companies, the company was not allowed to file the form INC-22A during the financial year 2019-20 as a result of which the company was barred from filing the Form DIR-12 for the appointment of</td><td>The necessary compliances has been done and therefore, paid up share capital has been updated on the portal of the Ministry of Corporate Affairs, Government of India.</td></tr>
</table>

| | | |
|---|---|---|
| | directors of the company appointed during this financial year and thus though the directors have been appointed in the company according to the provisions of its Articles of association of the company but their name does not appear in the list of directors (list of signatories) of the company on the site of the Ministry of Corporate Affairs.<br><br>Further for the above reason the company has also been barred from filing the form PAS-3 for change(increase) in the Paid-up capital of the company for the number of shares allotted in the name of the Hon'ble Governor of U.P. during the financial year 2020-21, as a result of which the increase in the Paid-up capital of the company due to allotment of these shares could not be recorded in the office of the Registrar of the company by way of filing of form PAS-3 on the portal of the Ministry of Corporate Affairs, Government of India. | |

**For and on behalf of the Board of Directors**

**Date :**
**Place: Lucknow**

**Pankaj Kumar**
**Managing Director**
**(DIN-08095154)**

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

# 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 2021**

### Part A:- Subsidiaries

| Sl. No. | Particulars | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| 1 | Name of the subsidiary | MVVNL, Lucknow | PurVVNL, Varanasi | PVVNL, Meerut | DVVNL, Agra | KESCo, Kanpur |
| 2 | The date since when subsidiary was acquired | 12.08.2003 | 12.08.2003 | 12.08.2003 | 12.08.2003 | 15.01.2000 |
| 3 | 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 |
| 4 | 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 |
| 5 | Share capital (including Share Application Money pending Allotment) | 1923430.26 | 2075190.24 | 1598923.15 | 2020523.97 | 198476.50 |
| 6 | Reserves and surplus | (1067561.91) | (792321.55) | (313116.31) | (1592802.28) | (356760.09) |
| 7 | Total assets | 4502373.34 | 6000892.79 | 3856301.80 | 4093905.62 | 522185.91 |
| 8 | Total Liabilities | 3646504.99 | 4718024.10 | 2570494.96 | 3666183.93 | 680469.50 |
| 9 | Investments | - | - | - | - | - |
| 10 | Turnover | 1266846.73 | 1169085.66 | 1727399.84 | 1087881.31 | 251664.45 |
| 11 | Profit/(Loss) before taxation | (92581.30) | (364806.17) | (373597.47) | (224123.99) | (17039.93) |
| 12 | Provision for taxation | | | | | |
| 13 | Profit/(Loss) after taxation | (92581.30) | (364806.17) | (373597.47) | (224123.99) | (17039.93) |
| 14 | Proposed Dividend | | | | | |
| 15 | Extent of shareholding (in percentage) | 100% | 100% | 100% | 100% | 100% |

Note - Southern UP Power Transmission Corporation Ltd. is inoperative and under the 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 2021**

## Part B:- Associates and Joint Ventures

*( in Lakhs)*

| Name of Associates or Joint Ventures | |
|---|---|
| 1. Latest audited Balance Sheet Date | N.A |
| 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 | |

( निधि कुमार नारंग )
निदेशक (वित्त)

# U.P. Power Corporation Limited

**CIN:U32201UP1999SGC024928**

- **Disclosure as per IndAS-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 |
| Southern-UP Power Transmission Company Limited (Refer Note.) |

(b) Key management personnel:-

| **S. No.** | **Name** | **Designation** | **(For FY 2020-21)** | |
|---|---|---|---|---|
| | | | **Appointment From** | **To** |
| | **A- UPPCL (Holding Company)** | | | |
| 1 | Shri M. Devaraj, IAS (DIN-08677754) | Managing Director | 05.11.2019 | 01.02.2021 |
| | | Chairman & Managing Director | 02.02.2021 | 09.03.2021 |
| | | Chairman | 10.03.2021 | 31.03.2021 |
| 2 | Shri Pankaj Kumar (DIN-08095154) | Managing Director | 10.03.2021 | 31.03.2021 |
| 3 | Shri Ajay Kumar Purwar (DIN-08544396) | Director (PM&A) | 10.07.2019 | 31.03.2021 |
| 4 | Shri Ashok Kumar Srivastava (DIN-08189765) | Director (Commercial) | 27.06.2018 | 31.03.2021 |
| 5 | Shri V.P. Srivastava (DIN-08051823) | Director (Corporate Planning) | 04.01.2018 | 03.01.2021 |
| 6 | Shri Sudhir Arya (DIN-05135780) | Director (Finance) | 30.07.2019 | 31.03.2021 |
| 7 | Shri Vijai Kumar (DIN-08051813) | Director (Distribution) | 06.01.2018 | 15.04.2020 |
| 8 | Shri Ashwani Kumar Srivastava (DIN-07677222) | Director (Distribution) | 19.01.2021 | 31.03.2021 |
| 9 | Shri Anil Kumar Awasthi | Chief Financial officer | 05.03.2020 | 31.03.2021 |

|  |  |  |  |  |
|---|---|---|---|---|
| 10 | Miss Niharika Gupta | Company Secretary | 18.03.2020 | 31.03.2021 |
| **B- Subsidiaries (Having Related Party Transactions)** |  |  |  |  |
|  | **I- Madhyanchal Vidyut Vitran Nigam Limited** |  |  |  |
| 1 | Shri. Arvind Kumar (DIN- 01634887) | Chairman | 09.11.2019 | 01.02.2021 |
|  | Shri M. Devaraj, IAS (DIN-08677754) |  | 02.02.2021 | 31.03.2021 |
| 2 | Shri. Surya Pal Gangwar (DIN- 07082538) | Managing Director | 03.01.2020 | 31.03.2021 |
| 3 | Shri. Mahesh Chandra Pal (DIN- 08766010) | Director (Finance) | 29.02.2020 | 31.03.2021 |
| 4 | Shri. Pradeep Kakkar (DIN- 09096257) | Director (PM & A) | 19.01.2021 | 31.03.2021 |
| 5 | Shri. Sudhir Kumar Singh (DIN- 08387334) | Director (Tech.) | 03.09.2018 | 31.03.2021 |
| 6 | Shri. Brahm Pal (DIN- 08332241) | Director ( Comm) | 29.06.2018 | 31.03.2021 |
| 7 | Dr. Senthil Pandian C. (DIN- 08235586) | Nominee Director | 10-09-2018 | 31.03.2021 |
| 8 | Shri. M. Devaraj (DIN- 08677754) | Nominee Director | 05.11.2019 | 01.02.2021 |
| 9 | Shri. Sudhir Arya (DIN- 05135780) | Nominee Director | 06.08.2019 | 31.03.2021 |
| 10 | Smt. Saumya Agarwal (DIN- 08049292) | Women Director | 28.07.2020 | 31.03.2021 |
| 11 | Dr. Umakant Yadav | Chief Financial officer | 05.09.2017 | 31.01.2021 |
| 12 | Smt Neetu Arora Tandon | Company Secretary | 10.09.2015 | 15.10.2020 |
|  | **II- Pashchimanchal Vidyut Vitran Nigam Limited** |  |  |  |
| 1 | Shri. Arvind Kumar (DIN- 01634887) | Chairman (Nominee Director) | 09.11.2019 | 02.02.2021 |
| 2 | Shri M. Devaraj, IAS (DIN-08677754) | Chairman | 02.02.2021 | 31.03.2021 |
| 3 | Shri M. Devaraj, IAS (DIN-08677754) | Nominee Director | 05.11.2019 | 02.02.2021 |
| 4 | Shri Pankaj Kumar (DIN-08095154) | Nominee Director | 10.03.2021 | 31.03.2021 |
| 5 | Shri. Aravind Mallappa Bangari (DIN- 08638798) | Managing Director | 14.10.2019 | 31.03.2021 |
| 6 | Smt. Saumya Agarwal (DIN- 08049292) | Nominee Director | 28.07.2020 | 31.03.2021 |
| 7 | Dr. Senthil Pandian C. (DIN- 08235586) | Nominee Director | 22.09.2018 | 31.03.2021 |
| 8 | Shri. Sudhir Arya (DIN- 05135780) | Nominee Director | 10.07.2019 | 31.03.2021 |
| 9 | Shri. Raj Kumar Agarwal | Director | 11.10.2017 | 16.09.2020 |
| 10 | Shri. Naresh Kumar Arora | Director | 06.08.2019 | 31.12.2020 |
| 11 | Shri. Ishwar pal Singh (DIN- 08169871) | Director | 10.08.2019 | 31.03.2021 |
| 12 | Shri. Lalit Kumar Gupta (DIN- 08742955) | Director | 29.02.2020 | 31.03.2021 |
| 13 | Shri. Rakesh Kumar (DIN- 09114732) | Director | 19.01.2021 | 31.03.2021 |

|  |  |  |  |  |
|---|---|---|---|---|
| 14 | Shri. H.K. Agarwal | Chief Financial officer | 16.02.2018 | 31.03.2021 |
| 15 | Shri. S.C. Tiwari | Company Secretary (Additional Charge) | 01.04.2019 | 31.03.2021 |
|  | **III- Purvanchal Vidyut Vitran Nigam Limited** |  |  |  |
| 1 | Shri. Arvind Kumar (DIN- 01634887) | Addl. Chief Secretary (Energy) & Chairman | 10.11.2019 | 01.02.2021 |
| 2 | Shri M. Devaraj, IAS (DIN-08677754) | Chairman | 02.02.2021 | 31.03.2021 |
| 3 | Shri. K. Balaji, IAS | Managing Director | 12.10.2019 | 12.09.2020 |
| 4 | Shri. Surya Pal Gangwar, IAS | Managing Director Additional Charge | 14.09.2020 | 01.10.2020 |
| 5 | Dr. Saroj Kumar, IAS | Managing Director | 02.10.2020 | 31.03.2021 |
| 6 | Shri. Prithvi Pal Singh (DIN- 08716256) | Director (Technical) | 01.03.2020 | 31.03.2021 |
| 7 | Shri. Sudhir Arya (DIN- 05135780) | Director (Finance) (Additional Charge) | 03.01.2020 | 31.03.2021 |
| 8 | Shri. Anil Kumar Kohli | Director ( P. & A.) | 21.06.2017 | 21.06.2020 |
| 9 | Shri. Prithvi Pal Singh (DIN- 08716256) | Director ( P. & A.) (Additional Charge) | 22.06.2020 | 19.01.2021 |
| 10 | Shri. Shesh Kumar Baghel (DIN- 09074676) | Director ( P. & A.) | 20.01.2021 | 31.03.2021 |
| 11 | Shri. Om Prakash Dixit | Director (Commercial) | 07.08.2018 | 31.03.2021 |
| 12 | Shri. Pramendra Nath Sahay | Chief Finance Officer | 04.02.2020 | 30.09.2020 |
| 13 | Shri. Surendra Kumar | Chief Finance Officer | 01.10.2020 | 31.03.2021 |
| 14 | Shri. S. C. Tiwari | Company Secretary | 01.09.2015 | 31.03.2021 |
|  | **IV-Dakshinanchal Vidyut Vitran Nigam Limited** |  |  |  |
| 1 | Shri. Arvind Kumar (DIN- 01634887) | Chairman | 10.11.2019 | 01.02.2021 |
|  | Shri M. Devaraj, IAS (DIN-08677754) |  | 02.02.2021 | 31.03.2021 |
| 2 | Shri M. Devaraj, IAS (DIN-08677754) | Director | 05.11.2019 | 02.02.2021 |
|  | Shri Pankaj Kumar (DIN-08095154) |  | 10.03.2021 | 31.03.2021 |
| 3 | Shri. Sudhir Arya (DIN- 05135780) | Director | 30.07.2019 | 31.03.2021 |
| 4 | Dr. Senthil Pandian C. (DIN- 08235586) | Director (UPPTCL) | 10.09.2018 | 31.03.2021 |
| 5 | Smt. Saumya Agarwal | Managing Director | 17.09.2019 | 05.03.2021 |
|  | Shri Amit Kishore (DIN- 07662248) |  | 05.03.2021 | 31.03.2021 |
| 6 | Shri Bibhu Prasad Mahapatra | Director (Finance) | 01.12.2019 | 29.05.2020 |
|  | Shri Ashok Kumar Gupta |  | 30.05.2020 | 31.03.2021 |
| 7 | Shri Rakesh Kumar | Director (Technical) | 04.01.2018 | 14.04.2020 |
|  | Shri Brij Mohan Sharma (DIN- 09075494) |  | 20.01.2021 | 31.03.2021 |

|  |  |  |  |  |
|---|---|---|---|---|
| 8 | Shri Suneel Kumar Gupta (DIN- 08821627) | Director (Commercial) | 09.08.2019 | 31.03.2021 |
| 9 | Shri Rakesh Kumar | Director (P&A) | 27.06.2018 | 31.03.2021 |
|  | **V- Kanpur Electricity Supply Company Limited** |  |  |  |
| 1 | Shri M. Devaraj, IAS (DIN-08677754) | Managing Director, UPPCL | 05.11.2019 | 01.02.2021 |
|  |  | Chairman & Managing Director, | 02.02.2021 | 09.03.2021 |
|  |  | Chairman | 10.03.2021 | 31.03.2021 |
| 2 | Shri. Arvind Kumar (DIN- 01634887) | Additional Chief Secretary (Energy) & Chairman | 10.11.2019 | 01.02.2021 |
| 3 | Shri Pankaj Kumar (DIN-08095154) | Managing Director, UPPCL (Nominee Director) | 10.03.2021 | 31.03.2021 |
| 4 | Sri Anil Dhingra, IAS (DIN- 09342888) | Managing Director, KESCo | 12.02.2021 | 31.03.2021 |
| 5 | Sri A. K Srivastav | Managing Director, KESCo | 06.02.2021 | 11.02.2021 |
| 6 | Sri Ajay Kumar Mathur | Managing Director, KESCo | 24.09.2019 | 30.01.2021 |
| 7 | Sri Sanjay Srivastava (DIN- 09153926) | Director (Technical) | 20.01.2021 | 31.03.2021 |
| 8 | Sri Ajay Kumar Mathur | Director (Commercial) | 28.06.2018 | 30.01.2021 |
| 9 | Shri. Sudhir Arya (DIN- 05135780) | Director (Finance), UPPCL (Nominee Director) | 25.09.2019 | 31.03.2021 |
| 10 | Sri Alok Tiwari, IAS | DM Kanpur,(Nominee Director) | 25.08.2020 | 31.03.2021 |
| 11 | Sri Brahmdev Ram Tiwari, IAS (DIN- 02532893) | DM Kanpur (Nominee Director) | 13.01.2020 | 24.08.2020 |
| 12 | Smt. Saumya Agarwal (DIN- 08049292) | Women Director | 28.07.2020 | 31.03.2021 |
|  | Sri Panakaj Saxena | Chief Finance Officer | 03.03.2020 | 31.03.2021 |
|  | Smt Abha Sethi Tandon | Company Secretary | 14.03.2013 | 31.03.2021 |
|  | **VI- Southern UP Power Transmission Company Limited** |  |  |  |
| 1 | Shri. Vijay Kumar | Nominee Director of UPPCL | 16.03.2018 | 13.07.2020 |
| 2 | Shri. Vinay Prakash Srivastava | Nominee Director of UPPCL | 16.03.2018 | 03.01.2021 |

| | | | | |
|---|---|---|---|---|
| 3 | Shri. A. K. Srivastava<br>(DIN-08189765) | Nominee Director of UPPCL | 14.08.2019 | 31.03.2021 |
| 4 | Shri. Sudhir Arya<br>(DIN- 05135780) | Nominee Director of UPPCL | 03.01.2021 | 31.03.2021 |
| 5 | Shri. S. K. Awasthi | D.G.M. (Fin & Acc.) UPPTCL/SUPPTCL | 01.06.2019 | 31.03.2021 |
| 6 | Shri. Pradeep Soni | Company Secretary (Additional Charge) | 01.08.2017 | 31.03.2021 |

(c) The Company is a State Public Sector Undertaking (SPSU) controlled by State Government (Uttar Pradesh) 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. 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 RajyaUtpadan Nigam Limited
(iii) Uttar Pradesh JalVidyut 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) Transactions with related parties- Remuneration and Benefits paid to key management personnel (Chairman, Managing Director and Directors) are as follows: -

(₹ In Lacs)

| | 2020-21 | 2019-20 |
|---|---|---|
| Salary & Allowances | 692.75 | 741.69 |
| Leave Encashment | 77.91 | 26.60 |
| Contribution to Gratuity/ Pension/ PF | 60.70 | 71.06 |

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

(₹ In Lacs)

| S No. | Name of The Company | Nature of Transaction | 2020-21 | 2019-20 |
|---|---|---|---|---|
| 1 | UP Power Transmission Corporation Limited | Power Transmission & Misc. Transaction | 314624.42 | 337829.54 |

|  |  |  |  |  |
|---|---|---|---|---|
| 2 | Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited | Power Purchase | 865105 42 | 858055.73 |
| 3 | Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited | Receivable (Unsecured) | 229.40 | 269.64 |
| 4 | Uttar Pradesh Jal Vidyut Nigam Limited | Power Purchase | 17160.90 | 8791.11 |
| 5 | UP Power Transmission Corporation Limited | Employee, Administration and Repair & Maintenance Cost Allocation | 1913.23 | 2076.72 |
| 6 | Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited | Employee, Administration and Repair & Maintenance Cost Allocation | 244.61 | 231.57 |
| 7 | Uttar Pradesh Jal Vidyut Nigam Limited | Employee, Administration and Repair & Maintenance Cost Allocation | 45.85 | 44.53 |

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

(₹ In Lacs)

| **Particulars** | **31st March 2021** | **31st March 2020** |
|---|---|---|
| **Amount Recoverable** |  |  |
| **From Others** |  |  |
| ➢ UPRVUNL | 858.03 | 628.63 |
| ➢ UPPTCL | 52040.49 | 50761.75 |
| **Amount Payable** |  |  |
| **To Others** |  |  |
| ➢ UPJVNL | 8660.38 | 8777.19 |
| ➢ UPPSET | 124549.68 | 117086.68 |
| ➢ UPPCL CPF | 5301.03 | 4374.88 |

**NOTE :** 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.

As informed by the company the closure of the company and striking off the name of the company is under process. In process of closure the company has prepared its financial statements upto 04.01.2021.

( निधि कुमार नारंग )
निदेशक (वित्त)

# FORM NO. MGT 9
# EXTRACT OF ANNUAL RETURN
**(as on financial year ended on 31.03.2021)**

**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<br>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) |

## 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 | 0 | 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 | 967620857 | 967620857 | 100 | 0 | 1041264545 | 1041264545 | 100 | 7.61% | |
| | | | | | | | | | | |
| **SUB TOTAL:(A) (1)** | **0** | **967620857** | **967620857** | **100** | **0** | **1041264545** | **1041264545** | **100** | 7.61% | |
| | | | | | | | | | | |
| **(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 | **0** | 967620857 | 967620857 | **100** | **0** | 1041264545 | 1041264545 | **100** | 7.61% | |

|  |  |  |  |  |  |  |  |  |  |  |
|---|---|---|---|---|---|---|---|---|---|---|
| **Shareholding of Promoter (A)–(A)(1)+(A)(2)** |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
| **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 | 967620857 | 967620857 | 100 | 0 | 1041264545 | 1041264545 | 100 | 7.61% | |
| SUB TOTAL:(A) (1) | 0 | 967620857 | 967620857 | 100 | 0 | 1041264545 | 1041264545 | 100 | 7.61% | |
| | | | | | | | | | | |

## 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 | 967620857 | 100.00 | 0 | 1041264545 | 100 | 0 | 7.61% |
| | | | | | | | | |
| | Total | 967620857 | 100.00 | 0 | 1041264545 | 100.00 | 0 | 7.61% |

## 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 | 967620857 | 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.):** | 73643688 | - | - | - |
| | At the end of the year | 1041264545 | 100 | - | - |

## VII. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

| SN | 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 A. K. Srivastava** | | | | |
| | At the beginning of the year | 0 | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | 1 | 0.00% | - | - |
| | At the end of the year | 1 | 0.00% | - | - |
| | | | | | |
| 2 | **Shri Ashwini Kumar Srivastava** | | | | |
| | At the beginning of the year | 0 | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | 1 | 0.00% | - | - |
| | 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.): | (1) | 0.00% | - | - |
| | At the end of the year | 0 | - | - | - |
| | | | | | |
| 4 | **Shri Pankaj Kumar** | | | | |
| | At the beginning of the year | 0 | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | 1 | 0.00% | - | - |
| | 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 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.): | (1) | 0.00% | - | - |
| | At the end of the year | 0 | - | - | - |
| | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| 7 | **Shri A.K. Purwar** | | | | |
| | 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% | - | - |
| | | | | | |
| 8 | **Shri Sudhir Arya** | | | | |
| | 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% | - | - |
| | | | | | |
| 9 | **Shri M. Devaraj** | | | | |
| | 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% | - | - |
| | | | | | |
| 10 | **Shri Arvind 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.): | (1) | 0.00% | - | - |
| | At the end of the year | 0 | - | - | - |
| | | | | | |

## 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 | 1926880 | 2775268 | - | 4702148 |
| ii) Interest due but not paid | - | 16963 | - | 16963 |
| iii) Interest accrued but not due | 26899 | 27807 | - | 54706 |
| iv) Overdraft | 60417.11 | 0.00 | - | 60417.11 |
| **Total (i+ii+iii)** | 2014196.11 | 2820038 | - | 4834234.1 |
| | | | | |
| **Change in Indebtedness during the financial year** | | | | |
| Additions | | | | |
| Reduction | 260371 | | | |
| **Net Change** | | | | |

|  |  |  |  |  |
|---|---|---|---|---|
| **Indebtedness at the end of the financial year** |  |  |  |  |
| i) Principal Amount | 1666509 | 4927068 | - | 6593577 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 22875 | 39804 | - | 62679 |
| iv) Overdraft | 0.00 | 0.00 | - | 0.00 |
| **Total (i+ii+iii)** | 1689384 | 4966872 | - | 6656256 |

## 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 (Including Others)** |  |  |  |
|  | (a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961. |  |  | **1,58,95,000** |
|  | **Shri M. Devaraj** |  | 238460 |  |
|  | **Shri Ashwani Kumar Srivastava** |  | 211776 |  |
|  | **Shri V.P. Srivastava** |  | 3286712 |  |
|  | **Shri Ajay Kumar Purwar** |  | 5099072 |  |
|  | **Shri Ashok Kumar Srivastava** |  | 3687813 |  |
|  | **Shri Sudhir Arya** |  | 3371167 |  |

|  |  |  |  |
|---|---|---|---|
|  | (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)** | **1,58,95,000** | **1,58,95,000** |
|  | **Ceiling as per the Act** |  |  |

**B. Remuneration to other directors:**

| **Sl.No** | **Particulars of Remuneration** | **Name of the Directors** |  |  | **Total Amount** |
|---|---|---|---|---|---|
| 1 | Independent Directors | NA | NA | NA | NA |
|  | (a) Fee for attending board committee meetings |  |  | NA | NA |
|  | (b) Commission |  | NA | NA | NA |
|  | (c ) Others, please specify | NA | NA | NA | NA |
|  | **Total (1)** | NA | NA | NA | NA |
| 2 | Other Non Executive Directors | NA | NA | NA | NA |
|  | (a) Fee for attending board committee meetings |  |  | NA | NA |
|  | (b) Commission | NA | NA | NA | 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 | 320000 | 3562356 | 3882356 |
| | (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 | NA | 320000 | 3562356 | 3882356 |

## 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 | | |

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| | | | | | |
|---|---|---|---|---|---|
| | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| | | | | | |
| **B. DIRECTORS** | | | **Not Applicable** | | |
| | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| | | | | | |
| **C. OTHER OFFICERS IN DEFAULT** | | | **Not Applicable** | | |
| | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |

**For and on behalf of the Board of Directors**

**Managing Director** **Director (Finance)**

**Date :**
**Place: Lucknow**

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, 2021, 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 the representations 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, 2021. 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 Disclosure Requirements) 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 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**
**Date: 29.03.2023**
**UDIN- A037552D003336925**

**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: +91-9451077716, +91 7081645555 | 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, 2021 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 ARVIND KUMAR | 1634887 | 10.11.2019 |
| 2. | SHRI M. DEVRAJ | 8677754 | 05.11.2019 |
| 3. | SHRI CHELLIAH SENTHIL PANDIAN | 08235586 | 10.09.2018 |

| | | | |
|---|---|---|---|
| 4. | SHRI PANKAJ KUMAR | 8095154 | 10.03.2021 |
| 5. | SHRI VIJAI KUMAR | 08051813 | 06.01.2018 |
| 6. | SHRI A.K. PURWAR | 8544396 | 10.07.2019 |
| 7. | SHRI ASHOK KUMAR SRIVASTAVA | 08189765 | 27.06.2018 |
| 8. | SHRI SUDHIR ARYA | 5135780 | 30.07.2019 |
| 9. | SHRI ASHWANI KUMAR SRIVASTAVA | 7677222 | 19.01.2021 |
| 10. | SHRI VINAY PRAKASH SRIVASTAVA | 08051823 | 04.01.2018 |
| 11. | SHRI JAWED ASLAM | 8608001 | 17.07.2020 |
| 12. | SHRI NEEL RATAN KUMAR | 03616458 | 16.04.2013 |

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

Ensuring the eligibility for the appointment/continuity of every Director on the Board is theresponsibility 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**

**Sukhmendra Kumar**
**Partner**
**ACS No: 37552 CP No: 21707**
**Lucknow**
**Date: 29.03.2023**
**UDIN:A037552D003337068**

**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 2021 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:**
**Place: Lucknow**

**Nitin Nijhawan**
**CFO**

**Pankaj Kumar**
**Managing Director**
**DIN : 08095154**

## 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 2021.

| Auditor's Comment | Management Reply |
|---|---|
| The preparation of financial statements of U.P. Power Corporation Limited (UPPCL) for the year ended 31 March 2021 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 08 January 2022.<br>I, on behalf of the Comptroller and Auditor General (CAG), have conducted a supplementary audit of the financial statements of U.P. Power Corporation Limited for the year ended 31 March 2021 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.<br>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. | Audit comment is informative. |

**A. Comments on Financial Position**

**Current Assets**

**Financial Assets- Other (Note -11): ₹ 58,702.99 crore**

1. As per clause 1.2 (i) of the tripartite MOU executed under Ujjwal DISCOM Assurance Yojana(UDAY) 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, 10 *per cent* loss of 2017-18, 25 *per cent* loss of 2018-19 and 50 *per cent* loss of 2019-20 was to be taken over by the GoUP in the years 2017-18, 2018-19, 2019-20 and 2020-21 respectively. The losses of the DISCOMs for the years from 2016-17 to 2019-20 are depicted as under:

**(₹ in crore)**

| DISCOM | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|---|---|---|---|---|
| MVVNL | 722.80 | 431.71 | 805.98 | 659.99 |
| PuVVNL | 867.32 | 832.56 | 988.89 | 1204.30 |
| PVVNL | 468.00 | 1516.95 | 1290.50 | 1067.86 |
| DVVNL | 1443.48 | 2366.50 | 2378.07 | 629.03 |
| KESCO | (Profit) | (Profit) | 448.21 | 231.05 |
| **Total loss (A)** | **3501.60** | **5147.72** | **5911.65** | **3792.23** |
| **Impact of previous Audit Comment on loss (B)** | **0** | **0** | **481.17**[1] | **1282.95**[2] |
| **Loss after including the impact of audit comment (A+B)** | **3501.60** | **5147.72** | **6392.82** | **5075.18** |
| Losses of previous year to be taken over in | | | | |

There is a provision in the Tripartite Memorandum of Understanding dated 30.01.2016 executed amongst Ministry of Power, Govt. of India, Govt. of Uttar Pradesh and UPPCL on behalf of the UP DISCOMs that GoUP shall take over the future losses of the DISCOMs in a graded manner and shall fund the losses as follows:

| Year | Percentage |
|---|---|
| 2015-16 | 0% of 2014-15 |
| 2016-17 | 0% of 2015-16 |
| 2017-18 | 5% of 2016-17 |
| 2018-19 | 10% of 2017-18 |
| 2019-20 | 25% of 2018-19 |
| 2020-21 | 50% of 2019-20 |

The company has correctly calculated the Loss on the basis of Gross Operational Funding Requirement (GOFR) of Discoms as per the methodology indicated in the above MoU.

Thus, there is no understatement of 'Other Financial Liabilities' and 'Financial Assets-Other (Current)' by ₹2,463.68 crore.

---

[1] Excess Income booked during 2017-18 and 2018-19 (₹234.85+₹246.32 = ₹ 481.17 crore)

[2] Excess Income booked during the year 2017-18 to 2019-20 ( ₹ 481.17 + ₹ 801.78= ₹ 1282.95 crore)

**subsequent year as given below**

| | **2017-18** | **2018-19** | **2019-20** | **2020-21** |
|---|---|---|---|---|
| Percentage of 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 | 25 *per cent* of losses of 2018-19 taken over in 2019-20 | 50 *per cent* of losses of 2019-20 taken over in 2020-21 |
| Loss to be funded by GoUP in UDAY scheme (P) | 175.08 | 514.77 | 1598.21 | 2537.59 |
| Actual amount booked as 'other income' on account of Govt. grant for operational loss(Q) | 409.93 | 761.09 | 2399.99 | 3718.32 |
| **Excess income booked (Q-P)** | **234.85** | **246.32** | **801.78** | **1180.73** |

It may be seen from the table above that a total amount of ₹ 4,825.65 crore[3] was eligible to be funded by GoUP in UDAY scheme for the period from 2017-18 to 2020-21 as per the aforesaid tripartite agreement. However, UPPCL booked other income of ₹ 7,289.33 crore[4] and thus, excess income of ₹ 2,463.68 crore (₹ 7,289.33 crore - ₹ 4,825.65 crore) was booked as other income on account of Government grant for operational losses during the period from 2017-18 to 2020-21. Instead of booking as 'Other Income' this excess grant should have been shown as liability payable to GoUP in the books of the accounts.

---

[3] ₹175.08 crore +₹514.77 crore +₹1598.21 crore +₹ 2537.39 crore

[4] ₹ 409.93 crore + ₹761.09 crore+₹ 2399.99 crore+3718.32 crore

| | |
|---|---|
| This resulted in understatement of 'Other Financial Liabilities' and 'Financial Assets-Other (Current)' by ₹2,463.68 crore.<br>Despite similar comments of CAG on the accounts for the year 2018-19, no corrective action has been taken by the Management. | |
| **Other Financial Liabilities (Note-19)-₹ 8,822.04 crore**<br>2. The above does not include ₹28.08 crore and ₹0.57 crore being interest payable on account of delayed deposit/non-deposit of General Provident Fund (GPF) and Pension and Gratuity as worked out and accounted for in the Financial Statements of Uttar Pradesh Power Sector Employees Trust for the year 2014-15. This resulted in understatement of Current Liabilities and Other Equity (negative balance) by ₹ 28.65 crore.<br>Despite similar comment of the CAG on the Accounts for the years 2012-13 to 2018-19, no corrective action has been taken by the Management. | As per audited accounts of the company for the F.Y 2012-13 to 2020-21, liability towards GPF contribution is showing the debit balance. Since there has always been a debit balance during the period 2012-13 to 2020-21, no provision of interest has been made. As regards accounting of interest on liability towards pension and gratuity, it is stated that regular interest is not payable to the employees on pension and gratuity as in the case of GPF. Hence, provision of interest on Pension and gratuity not required. The company is also in process of reconciliation with the GPF trust.<br>Thus, there is no understatement of Current Liabilities and Other Equity (negative balance) by ₹28.65 crore. |
| **Comments on disclosure**<br>**Notes to Accounts: Note No 29**<br>3. Para 28 of above Notes to Accounts provides that UPPCL has decided, vide Board's Meeting dated 14-08-2020, to allocate common expenditure and facility cost to subsidiaries and power sector companies owned by Go UP with effect from the year 2019-20. The Company has made the allocation of ₹196.32 crore out of total ₹ 313.33 crore | The company had decided to allocate the common expenditure from the year 2019-200 and accordingly, the common expenses have been allocated to Discoms and other related companies. The necessary disclosures regarding amount |

| | |
|---|---|
| in the heads Employee Cost, Administrative, General & Other Expense & Repair & Maintenance of F.Y. 2020-21.<br>The aforesaid allocation of common expenditure and facility cost to the subsidiaries is a change in accounting policy as per Para 19 (b) of Ind AS 8 which requires application of the changed policy retrospectively along with disclosures to be made as required under Para 29 of Ind AS 8<br>Thus, the accounting policy followed by UPPCL is in contravention to the provision of Ind AS 8. Further, disclosures made in the notes to Account are also deficient to the above extent.<br>Despite similar comments of CAG on the accounts for the year 2018-19, no corrective action has been taken by the Management. | of allocation of expenditure has been made in note no.23, 26, and 27 of financial statement for the F.Y. 2019-20& 2020-21.However, the same will be further elaborated in the ensuing accounts in hand. |
| 4. The UPPCL during the year 2020-21 wrote back ₹17,109.17 crore being reversal of the impairment in investments of UPPCL in its subsidiary companies i.e. the DISCOMs. This reversal has been worked out by UPPCL based on net worth of the DISCOMs as per annual accounts for the year 2020-21. Considering the impact of the CAG comments on the treatment of additional revenue subsidy of ₹ 39,743 crore, acceded by the GoUP (March 2021) and allocated to DISCOMs by UPPCL in October 2021 the provision for impairment in investments worked out to ₹ 77,719.49 crore against ₹ 54,392.94 crore already made by UPPCL in the Accounts as on 31 March 2021. However, this important fact should have been quantifiably disclosed in the Notes to Accounts. | Noted.However, necessary disclosure has been made in the Directors' Report for the FY 2020-21. |
| 5. A reference is invited to para No. 21(iii) of Note no. 29 where it has been disclosed that an amount of ₹ 20,940 | Noted. However, necessary disclosure has been made in the Directors' Report |

<table>
<tr>
<td>
crore is receivable from GoUP as subsidy in forthcoming 10 years. This amount includes ₹ 14,661.54 crore being balance amount of additional revenue subsidy and ₹6,278.46 crore being UDAY loss subsidy. The UDAY loss subsidy was claimed from the GoUP in addition to the admissible amount as per actual loss incurred by the DISCOMs during the period ending up to 2020-21.<br>
Further, as per GO dated 05 March 2021, GoUP has accepted to provide additional revenue subsidy of ₹39,743 crore to the DISCOMs for the period 2007-08 to 2019-20 as approved by UPERC through its Tariff/True-up orders issued from time to time. The above GO also provided that, out of total additional revenue subsidy of ₹ 39,743 crore, ₹ 25,081.46 crore shall be deemed to be paid from the grants provided to the DISCOMs by the GoUP under UDAY in earlier years. The balance amount of ₹ 14,661.54 crore shall be paid to the DISCOMs by GoUP in the next 10 years, commencing from 2021-22. The UPPCL has allocated (26 October 2021) the above additional revenue subsidy to DISCOMs as below:
<table>
<tr><th>Sl No.</th><th>Name of DISCOM</th><th>Amount (₹ in crore)</th></tr>
<tr><td>1</td><td>MadhyanchalVidyutVitran Nigam Limited</td><td>3,490.00</td></tr>
<tr><td>2</td><td>PurvanchalVidyutVitran Nigam Limited</td><td>12,367.00</td></tr>
<tr><td>3</td><td>PashchimanchalVidyutVitran Nigam Limited</td><td>14,673.00</td></tr>
<tr><td>4</td><td>DakshinanchalVidyutVitran Nigam Limited</td><td>9,213.00</td></tr>
<tr><td>5</td><td>Kanpur Electricity Supply Company Limited</td><td>0.00</td></tr>
<tr><td></td><td>**Total**</td><td>**39,743.00**</td></tr>
</table>
The above being material facts requiring specific accounting treatment has not been disclosed in Notes to the Accounts
</td>
<td>for the FY 2020-21.</td>
</tr>
</table>

| | |
|---|---|
| 6. Contingent Liability does not include the claim of ₹ 247.91 crore of M/s Rosa Power Supply Company for Energy bills for the period April 2015 to March 2019, which was under consideration of the Appellate Tribunal of Electricity (APTEL) during 2018-19. | 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. |

**(Nitin Nijhawan)**
**Chief Financial Officer**

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

## MANAGEMENT REPLY ON COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6)(b) READ WITH SECTION 129 (4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF U.P. POWER CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2021

| FINAL COMMENTS | MANAGEMENT'S REPLY |
|---|---|
| The preparation of Consolidated Financial Statements of Uttar Pradesh Power Corporation Limited (UPPCL), for the year ended 31 March 2021 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 22 February 2022. | No Comments |
| I, on behalf of the Comptroller and Auditor General of India (CAG), have conducted a supplementary audit of the Consolidated Financial Statements of UPPCL, for the year ended 31 March 2021, 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 UPPCL, subsidiary companies- PurvanchalVidyutVitran Nigam Limited (PuVVNL), PaschimanchalVidyutVitran Nigam Limited (PVVNL), MadhyanchalVidyutVitran Nigam Limited (MVVNL), DakshinanchalVidyutVitran Nigam Limited (DVVNL), Kanpur Electricity Supply Company Limited (KESCO) for the year ended 31 March 2021 but did not conduct supplementary audit of the financial statements of Southern UP Power Transmission Company Limited (SuUPPTCL) for the year ended 31 March 2021. 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.<br>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. | No Comments |
| **A. Comments on consolidated profitability**<br>**Consolidated Statement of Profit & Loss Account Income**<br>**Revenue from Operations (Note-22): ₹ 55,028.03 crore** | |
| 1. The above includes ₹ 97.79 crore (MVVNL: ₹ | 1. MVVNL informed that as per scheme guidelines |

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| 62.67 crore and DVVNL: ₹ 35.12 crore) charged from other than poor household consumers for connection charges under the SAUBHAGYA scheme @ ₹500 per connection. As the amount was recovered on account of providing connections to the consumers, the same should have been shown under Liabilities-Consumer Contribution towards service connection. This resulted in overstatement of Revenue from Operation and understatement of Liabilities (Consumer Contribution towards service connection) by ₹ 97.79 crore. Consequently, Profit for the year was also overstated by the same amount. | amount recovered from eligible consumers was added in the monthly bills of the consumers and the same was inadvertently booked under revenue head in the accounts of the divisions. Necessary correction has been made by MVVNL in the F.Y 2022-23.<br>2. Necessary correction entry has been made by the DVVNL in the accounts for the F.Y. 2022-23. |
| 2. The above includes ₹55.50 crore against AT&C Losses penalty (₹ 5.28 crore) and AT&C Losses incentive (₹ 50.22 crore) received from M/s Torrent Power Limited by EUDD-III, Agra of DVVNL. The Income from AT&C Losses penalty and AT&C Losses incentive are not the regular Revenue from Operation of the Company, hence, should have been treated as Other Income.<br>This resulted in overstatement of 'Revenue from Operation' and understatement of 'Other Income' by ₹55.50 crore each. | This is a matter of classification and there is no impact on the profitability of the Company. However, the concerned division has been instructed by the DVVNL to its units to book Penalty/incentive as other income vide letter no.1926 dt 18.01.2023. |
| **Other Income (Note-23)- ₹12605.88 crore** | |
| 3. The above includes additional subsidy received from the GoUP against previous year losses under UDAY scheme amounting to ₹ 2,200.00 crore[1]. Clause 1.2(i) of tripartite MOU executed between Ministry of Power, GOI, Government of Uttar Pradesh (GoUP) and UPPCL provides that GoUP shall take over the future losses of the DISCOMs in a graded manner w.e.f. 30.01.2016. Accordingly, 50 *per cent* of loss of 2019-20 was to be taken over by the GoUP in the year 2020-21. As per Ind-AS 20, government grant for losses already incurred should be recognised in the statement of profit and loss for the year in which it becomes receivable. The amount receivable against losses of 2019-20 was ₹ 2,391.19 crore[2]. Thus, the Company has accounted for the additional subsidy short by ₹ 191.19 crore. This resulted in understatement of 'Other Income' and 'Other Current Assets' by ₹ 191.19 crore with consequent understatement of Profit for the year to the same extent. | Ind-AS20 states that:-<br>"Government grants, including non-monetary grants at fair value, shall not be recognised until there is reasonable assurance that:<br>the entity will comply with the conditions attaching to them;<br>and the grants will be received.<br>The accounting policy of the company for accounting of Government Grants is in line with Ind-AS-20 which is also duly approved by the Board of the company.<br>In view of above it is hereby submitted that despite the claim proposal for grant & subsidies submitted to GoUP, the entire amount of the claim proposal is generally not agreed to, by GoUP. Hence, there is uncertainty as to quantum of amount to be received towards subsidies and grants. The certainty of the amount to be received is established only upon issuance of GO. Accordingly, it may be noted that the company has accounted for in line with its Accounting policy, and there is no contravention of IND AS 20 as |

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[1] PuVVNL:₹743.99 crore,MVVNL:₹407.73 crore, PVVNL:₹659.69 crore and DVVNL:₹388.59 crore

[2] PuVVNL: ₹898.31 crore, MVVNL: ₹487.42 crore, PVVNL: ₹700.44 crore, DVVNL: ₹250.26 and KESCO: ₹54.76 crore

<table>
<tr><td></td><td>well.<br><br>Further, the amount of loss funding subsidy of Rs. 2200.00 crore under UDAY during the F.Y. 2020-21 had been accounted for as per GO from GoUP and the same has been allocated to DISCOM's according to above policy which is well in compliance with IND AS 20. So there is no under or over statement in respect of the accounting of subsidy of Rs. 2200.00 crore.</td></tr>
<tr><td>4. The above includes ₹ 1,518.32 crore (MVVNL: ₹ 978.08 crore and KESCO: ₹ 540.24 crore) being claim of UDAY Loss subsidy made by the Company in addition to the admissible amount as per the actual loss incurred by it in previous years. As per clause 1.2 (i) of the tripartite MoU signed on 30 January 2016 among the Ministry of Power, Government of India (GoI), Government of Uttar Pradesh (GoUP) and UPPCL (on behalf of all DISCOMs), the admissible period for claim of UDAY loss subsidy has expired in 2020-21. However, the Companies has accounted inadmissible UDAY loss subsidy receivable from GoUP in its accounts for the year ending up to 2020-21.<br>This resulted in overstatement of Other Income and Receivables from GoUP by ₹ 1,518.32 crore, with consequent overstatement of Profit for the year to the same extent.</td><td>There is a provision in the Tripartite Memorandum of Understanding dated 30.01.2016 executed amongst Ministry of Power, Govt. of India, Govt. of Uttar Pradesh and UPPCL on behalf of the UP DISCOMs that GoUP shall take over the future losses of the DISCOMs in a graded manner and shall fund the losses as follows:
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<tr><td>2020-21</td><td>50% of 2019-20</td></tr>
</table>
In respect of above, it is submitted that the amount of Rs. 6278.47 crore relates to the balance arrear amount of loss subsidy claimed under UDAY scheme for the period 2017-18 to 2019-20 at UPPCL's (Holding Company) level for all the DISOMs as whole, which includes ₹ 978.08 crore and ₹ 540.24crorerelated to the MVVNL and KESCO respectively and the same has already been accepted by the GoUP and also committed to release the fund in the next 10 years, vide order no. 445/24-1-21-731(ctV)/2020 dated 05-03-2021 of GoUP. Thus, it is clear that the above UDAY loss subsidy is admissible as per the aforesaid GO.</td></tr>
<tr><td>5. The above includes ₹ 403.88 crore being inter-company transfer of UDAY grant for adjustment of additional revenue subsidy provided to the DVVNL as per GO dated 05 March 2021 issued by GoUP read with UPPCL letter dated 26 October 2021.<br>As the aforesaid amount of additional revenue subsidy has been adjusted from the UDAY grant, it should have been depicted in Retained Earnings instead of Other Income.<br>This resulted in overstatement of Other Income and Retained earnings (being negative) by ₹ 403.88 crore with consequent overstatement of Profit for the year to the same extent. Further, the Consolidated Statement of Changes in Equity is also deficient to the above extent.</td><td>As informed by DVVNL, out of `9213 Croresubsidy approved by GoUP as intimated by UPPCL, `8809.13 was adjusted from UDAY grant which was already accounted for in books of accounts till F.Y. 2019-20. The difference amount of Rs. 403.88 Crore has been accounted for FY 2020-21. In the current year, the basis of settlement as per reconciliation done by the UPPCL in the year 2020-21. Thus, the aforesaid accounting is in line with the event occurred in the Year 2020-21.</td></tr>
<tr><td>6. DVVNL, during the year 2020-21, made an adjustment entry in the Other Income head amounting to (-) ₹ 21.26 crore for rectification of error pertaining to the year 2019-20 in contravention to provisions of Ind AS-8. As per</td><td>Necessary instructions have been issued by DVVNL to its units to take care in future.</td></tr>
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| IndAS-8 adjustment in the books of accounts should have been made by restating the comparative amounts for the prior period i.e. year 2019-20.<br>This resulted in understatement of Other Income, understatement of Profit for the year and Other Equity (negative balance) by ₹ 21.26 crore. | |
| **Expenses**<br>**Purchase of Stock in Trade (Power Purchased) - (Note-24): ₹ 63,587.54 crore** | |
| 7. At Point No. IX (d) of the significant accounting policy it is provided that transmission charges are accounted for on accrual basis on bills raised by the UP Power Transmission Corporation Limited (UPPTCL) at the rates approved by UPERC. In contravention to the above policy, the DISCOMs accounted for the transmission charges of ₹ 557.09 crore (PuVVNL: ₹199.80 crore, MVVNL: ₹171.45 crore and DVVNL: ₹185.84 crore) in 2020-21 for which the bills were issued by the UPPTCL in August, 2021.<br>This resulted in overstatement of Cost of Power Purchased and Current Liabilities by ₹ 557.09 crore each. Further, the profit for the year was also understated by the same amount. | As pointed out by the Audit, the Company has a policy of accounting for the transmission charges on accrual basis on bills raised by the U.P. Power Transmission Corporation Ltd. at the rates approved by the UPERC. But in this case mentioned in the audit comment, Ind As 10 (Events After The Reporting Period) shall be applicable. As per the said accounting standard the transactions between the end of the reporting period and the date on which the financial statements are approved for issue are to be reviewed with reference to the provisions contained therein and accordingly necessary action towards accounting or disclosure, as the case may be, should be done. The following points given in the Ind As 10 (Events After The Reporting Period) may kindly be referred:<br>1. Adjusting Events<br>☐ Conditions must be existing on the Balance Sheet date.<br>☐ The entity does not have the complete or correct information about the items on the balance sheet date; if such information was available on the balance sheet date, the entity could have accounted for;<br>☐ Events occurring after the balance sheet date are confirming or giving more information about the conditions which were existing on the BS date;<br>☐ If the subsequent event is an adjusting event, the entity should record the transaction as on balance sheet date. Entity should consider all such adjusting events till the date of approval of financial statements by the approving authority.<br>2. Non-Adjusting Events<br>☐ No Condition exists on the balance sheet date;<br>☐ Subsequent event does not affect the financial statements. So, no need to account for as on balance sheet date;<br>☐ If Non-adjusting events are material, the entity should disclose the same in the financial statements as non-disclosure could influence the economic decisions that users make on the basis of the financial statements. It should disclose the following Non-adjusting material events.<br>☐ Nature of the event; and<br>☐ Financial effect or statement that such financial effect cannot be determined. |

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| | Further, it is stated that the UPPTCL has raised the bill of transmission charges in the month of August 2021 on the basis of True-up order issued by the UPERC on 20.07.2021 for the period FY 2020-21 and the accounts of the company was approved on 12.11.2021. Hence, as per the above conditions of Ind AS 10, the said event has been treated as being of Adjusting Nature. Accordingly, the company has accounted for the transmission charges of ₹557.09 crore (PuVVNL: ₹199.80 crore, MVVNL: ₹171.45 crore and DVVNL: ₹185.84 crore) in the F.Y. 2020-21, which is in order as per the provisions of the Ind As 10. |
| **Repair and Maintenance Expenses (Note - 29): ₹ 2,318.24 crore** | |
| 8. The above includes ₹ 38.52 crore in respect of KESCO, being value of energy internally consumed during the year 2020-21. As the energy internally consumed represents incurrence of cost to the Company as electricity charges and not the cost incurred on repair and maintenance, this should have been accounted for as Electricity charges under Administrative, General & Other Expenses.<br>This resulted in overstatement of Repair and Maintenance Expenses and understatement of Administrative, General & Other Expenses by ₹ 38.52 crore each. | The electricity charges booked by the company is the energy consumed by various sub stations which are incidental to providing electricity to consumer which is the sole operating activity of the company and is thus a direct operational expenditure and not administrative expense. The accounting treatment followed is on the accounting concept of "Substance over form" which states that the financial statements and accompanying disclosures of a business should reflect the underlying transactions.<br>The Sub Stations of the company are having a heavy machinery set up and are engaged in control and distribution of electricity to its consumers and is not an office expenditure. |
| **B. Comments on Consolidated Financial Position**<br>**Balance Sheet Assets**<br>**Non-Current Assets**<br>**Capital Work-in-progress (Note-3): ₹ 8,158.19 crore** | |
| 9. The above includes ₹ 429.22 crore (SAUBHAGYA: ₹179.73 crore + RGGVY: ₹210.40 crore + DDUGJY: ₹32.81 crore + RAPDRP: ₹6.28 crore) being Capital Work-in-Progress (CWIP) as on 31 March 2021 related to SAUBHAGYA, RGGVY, DDUGJY and RAPDRP schemes relating to DISCOMs. In respect of all the four schemes, these were already closed before or as on 31.03.2021, completion certificates were also issued up to 31 March 2021 and closure certificates of schemes were already approved by the REC/PFC before the close of books of accounts. However, same has not been capitalized in 2020-21.<br>This resulted in overstatement of CWIP and understatement of Property, Plant and Equipment by ₹429.22 crore each. | As Informed by PuVVNL, the amount booked as WIP under Saubhagya (including opening balances) has been capitalized during FY 2021-22. The amount shown as WIP under RGGVY reflects work in progress under other heads (due to wrong accountal in AG 14.74) since the RGGVY has been already closed in earlier year.<br>As informed by DVVNL, Physical closure of mentioned scheme has been submitted with REC, the capitalization of SAUBHAGYA and RAPDRP has been done in FY 2021-22. The amount booked under RGGVY and DDUGJY is under reconciliation and necessary capitalization shall be made in FY 2022-23. |
| 10. The above includes ₹ 555.85 crore pertaining to works of different schemes i.e. SAUBHAGYA, IPDS and RGGVY (10th, 11th and 12th plan) | MVVNL has stated that the related compliances towards scheme closure were completed in the financial year 2021-22. Hence, all the CWIP pertaining to these |

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| executed by MVVNL. The works under the schemes have already been completed till December 2018 and December 2020 but same has not been capitalised.<br>This resulted in overstatement of Capital Work in Progress and understatement of Property, Plant and Equipment by ₹ 555.85 crore each. | schemes i.e., Saubhagya, RGGVY and IPDS have been transferred to Property, Plant & Equipment during the financial year 2021-22. |
| 11. The above does not include expenditure of ₹ 3.03 crore on account of Project Management Unit and advertisement expenditure for SAUBHAGYA paid by UPPCL in the year 2019-20 and transferred to PuVVNL. The expenditure incurred under SAUBHAGYA being of capital nature, the same should have been capitalized. However, the PuVVNL has charged the same as expenditure in the Statement of Profit & Loss for the year 2019-20. This resulted in understatement of Non-Current Assets and overstatement of Other Equity (being negative) by ₹ 3.03 crore each. | This has been accounted for in the books of accounts as revenue expenditure. Since such expenditure is of revenue and recurring in nature which was intended to bring awareness of Government program amongst general public. This expenditure is not part of SAUBHAGYA Scheme. This expenditure is not creating any additional capacity/capital asset and incurred during running of scheme. |
| 12. The above includes interest on projects under R-APDRP amounting to ₹ 112.42 crore in respect of PVVNL. Paragraph 3-II (f) Significant Accounting Policy of Note No. 1 provides that Borrowing Cost during construction stage of capital assets are capitalized as per provisions of Ind-AS 23. Para 22 of the Ind-AS 23 provides that "an entity shall cease capitalising borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete." As all the projects under R-APDRP are already completed and closure of the projects had already been sent to PFC till March 2018, no interest amount on R-APDRP should be capitalized during the year 2019-20. However, PVVNL capitalized the interest amounting to ₹ 112.42 crore in 2019-20. This resulted in understatement of 'Other Equity (Negative balance)' and overstatement of 'Capital-Work-in-Progress' by ₹ 112.42 crore. | The required correction after reconciliation has been made in monthly accounts of 10/2022 of the company. |
| **Current Assets**<br>**Financial Assets-Others (Note-12)**<br>**Receivable from GoUP: ₹ 21,869.83 crore** | |
| 13. As per Para 66 read with Para 60 of Ind AS-1, an entity shall classify an asset as 'Current' when the asset is expected to be realized within 12 months from the reporting date; and all other assets as 'Non-Current'.<br>As per the GO dated 05 March 2021, the above receivables include ₹ 14,661.54 crore (PVVNL: ₹ 8,260.04 crore and PuVVNL: ₹ 6,401.50 crore) which are to be settled in next ten years commencing from 2021-22. Hence, the above receivables should have been depicted with an appropriate bifurcation in 'Current' and Non-Current', in the Balance Sheet as at 31 March 2021. Depiction of the receivables without bifurcation in 'Current' and Non-Current' is in contravention to the aforesaid provisions of Ind AS-1. | It is submitted that current and non- current classification of receivables from GoUP is now being done from FY 2021-22. |

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| **Equity and Liabilities**<br>**Other Equity (Note-15): (-) ₹ 58,293.78 crore** | |
| 14. The above is overstated by ₹4.44 crore due to excess payment of license fee payable by PVVNL as per provisions of UPERC (Fees and Fines) Regulations 2010.<br>This resulted in overstatement of 'Other Equity (negative balance)' as well as Other Current Liabilities by ₹4.44 crore. | The license fee has been deposited by the Discom on the basis of amount to be billed as projected in Annual Revenue Requirement (ARR) submitted to UPERC for approval.<br>Subsequently, UPERC demanded/ adjusted License fee from the Discom on the basis of the finalization of Truing up of that financial year, it is continues process on yearly basis.<br>Further, it is submitted that UPERC vide their letter no. 561 dated 19.08.2021 has informed that the demand of adjusted license fee for FY 2020-21 will be raised once the Truing up for FY 2020-21 is finalized and till date there is no such demand has been received at Discom as the Truing up of FY 2020-21 is yet to be finalized by UPERC. |
| 15. The above does not include interest of ₹ 89.19 crore relating to projects under R-APDRP which were already completed. As per requirement of Ind AS-23, entity shall charge interest as revenue expenditure on completion of Assets. However, the DVVNL has capitalized interest of ₹ 89.19 crore during the year 2018-19 instead of booking it as finance cost.<br>This resulted in understatement of 'Other Equity' (negative balance) and overstatement of CWIP by ₹ 89.19 crore each. | With reference to the Audit comment it is to submit that DVVNL has not capitalised the interest from FY 2019-20 and onwards in compliance of the comment issued by the Audit. |
| 16. The DVVNL has obtained loan from Power Finance Corporation (PFC) under R-APDRP scheme. However, no payment towards principal and interest due up to 2018-19 against the loan has been made. During the year 2018-19, the PFC imposed ₹ 8.52 crore as interest and penal interest for non-payment of the due amount. This resulted in understatement of 'Other Equity' (negative balance) and Current Liabilities by ₹8.52 crore each. | The aforesaid loan was due for conversion into Grant till F.Y. 2021-22 as per the terms of R-APDRP scheme. This has been converted into grant during the F.Y. 2022- 23 by PFC (letter attached)<br>Therefore, account for Interest and Penal Interest on overdue amounting to 8.52 crore had not been accounted for, as the interest was not payable on grant. However, the liability towards interest and penal interest on overdue as per last demand letter was shown under Contingent Liabilities in F.Y. 2020-21. |
| **Surplus in Profit and Loss Account**<br>**Adjustment against Reserves and Surplus: ₹ 14,044.62 crore** | |
| 17. The above includes additional revenue subsidy of ₹ 6,401.50 crore receivable from GoUP in the next 10 years as per GO dated 05 March 2021 issued by the GoUP, which was allocated to PuVNL by UPPCL vide letter dated 26 October 2021. The amount of subsidy receivable in next 10 years should have been accounted as 'Deferred Income' in terms of Para 55 of Ind-AS-1, which provides for inclusion of additional line item in the Balance Sheet. However, amount of ₹ 6,401.50 crore receivable from GoUP has been adjusted in Accumulated Deficit as adjustment against Reserves and Surplus | It is stated that deferred income/revenue or income received in advance is commonly known as 'unearned revenue'. According to Generally Accepted Accounting Principles, Deferred Income/Revenue or income received in advance refers to the payments received in advance for product/goods or services that are to be delivered or performed in the future and the same is treated as 'liability' in the financial statements since revenue recognition are incomplete. Whereas in this case i.e. receivables from GoUP towards subsidy against which the payment is to be received in next 10 |

<table>
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<td>instead of booking as Deferred Income. Thus, incorrect depiction has resulted in understatement of Accumulated Deficit (being negative) and Deferred Income by ₹ 6,401.50 crore each.</td>
<td>years, is completely different and an quite reverse from deferred income on the following grounds:<br>(i) The above subsidy of Rs. 6401.50 crore relates to the period from 2007-08 to 2019-20, which has been settled by the GoUP in the F.Y. 2020-21 and the GoUP has committed to pay the said subsidy in next 10 years (vide letter no. 445/24-1-21-731(ctV)/2020 dated. 05-03-2021 from GoUP-copy enclosed) and i.e why it has been treated as earned /accrued revenue. Thus, the same has become receivable from GoUP which is in order as per accounting principles.<br>(ii) No advance payment against the above accrued income/revenue has been received. Instead, the aforesaid subsidy will be received in next 10 years.</td>
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<tr>
<td>18. The above also includes ₹ 1,714.04 crore being claim of UDAY Loss subsidy made by PuVVNL in addition to the admissible amount as per the actual loss incurred by it in previous years. As per clause 1.2(i) of the tripartite MoU signed on 30 January 2016 among the Ministry of Power, Government of India (GoI), Government of Uttar Pradesh (GoUP) and UPPCL (on behalf of all DISCOMs), the admissible period for claim of UDAY loss subsidy has expired in 2020-21. Further, PuVVNL has already accounted inadmissible UDAY loss subsidy receivable from GoUP in its accounts for the year ending up to 2020-21. Hence, accounting of additional UDAY loss subsidy resulted in understatement of Accumulated Deficit (being negative) and overstatement of Receivables from GoUP by ₹ 1,714.04 crore.</td>
<td>There is a provision in the Tripartite Memorandum of Understanding dated 30.01.2016 executed amongst Ministry of Power, Govt. of India, Govt. of Uttar Pradesh and UPPCL on behalf of the UP DISCOMs that GoUP shall take over the future losses of the DISCOMs in a graded manner and shall fund the losses as follows:
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In respect of above, it is submitted that the amount of Rs. 6278.47 crore relates to the balance/arrear amount of loss subsidy claimed under UDAY scheme for the period 2017-18 to 2019-20 at UPPCL's (Holding Company) level for all the DISOMs as whole, which includes Rs. 1714.04 crore related to the company(PuVVNL) and the same has already been accepted by the GoUP and also committed to release the fund in the next 10 years, vide order no. 445/24-1-21-731(ctV)/2020 dated 05-03-2021 of GoUP (copy enclosed).<br>Thus, it is perfectly and transparently clear that the above UDAY loss subsidy is admissible as per the aforesaid GO.</td>
</tr>
<tr>
<td colspan="2"><b>General Reserve: ₹14085.29 crore(Note-15)</b></td>
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<td>19. The above includes additional revenue subsidy of ₹ 8,260.04 crore receivable from GoUP in the next 10 years as per GO dated 05 March 2021 issued by the GoUP, which was allocated to PVVNL by UPPCL vide letter dated 26 October 2021. The amount of subsidy receivable in next 10 years should have been accounted for as 'Deferred Income' in</td>
<td>It is stated that deferred income/revenue is commonly known as 'unearned revenue/ advance income'. According to Generally Accepted Accounting Principles, Deferred Income/Revenue refers to the payments received in advance for goods or services that are to be delivered or performed in the future and the</td>
</tr>
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<tr>
<td>terms of Para 55 of Ind-AS-1, which provides for inclusion of additional line item in the Balance Sheet. However, amount of ₹ 8,260.04 crore receivable from GoUP has been adjusted in General Reserve instead of booking as Deferred Income. Thus, incorrect depiction has resulted in overstatement of General Reserve and understatement of Deferred Income by ₹ 8,260.04 crore, each.</td>
<td>same is treated as 'liability' in the financial statements. Whereas in the present case, i.e. receivables from GoUP towards subsidy against which the payment is to be received in next 10 years, is completely different and an quite reverse from deferred income on the following grounds:<br>(a) The above subsidy of Rs. 8260.04 crore relates to the period from 2007-08 to 2019-20, which has been settled by the GoUP in the F.Y. 2020-21 and the GoUP has committed to pay the said subsidy in next 10 years (vide letter no. 445/24-1-21-731(ctV)/2020 dated. 05-03-2021 from GoUP) i.e why the treatment of same have been done accordingly. Thus, the same has become receivable from GoUP which is in order as per accounting principles. Thus, the said subsidy has not been received in FY 2020-21, but the aforesaid subsidy will be received in next 10 years.</td>
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<tr>
<td>20. The above includes ₹ 3,046.10 crore (DVVNL: ₹ 2,159.69 crore and PVVNL: ₹ 886.41 crore) being claim of UDAY Loss subsidy made by the Company in addition to the admissible amount as per the actual loss incurred by it in previous years. As per clause 1.2 (i) of the tripartite MoU signed on 30 January 2016 among the Ministry of Power, Government of India (GoI), Government of Uttar Pradesh (GoUP) and UPPCL (on behalf of all DISCOMs), the admissible period for claim of UDAY loss subsidy has expired in 2020-21. Further, the Company has already accounted for UDAY loss subsidy receivable from GoUP in its accounts for the year ending up to 2020-21. Hence, accounting of additional UDAY loss subsidy resulted into overstatement of General Reserve and Receivables from GoUP by ₹ 3,036.10 crore.</td>
<td>There is a provision in the Tripartite Memorandum of Understanding dated 30.01.2016 executed amongst Ministry of Power, Govt. of India, Govt. of Uttar Pradesh and UPPCL on behalf of the UP DISCOMs that GoUP shall take over the future losses of the DISCOMs in a graded manner and shall fund the losses as follows:
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<tr><td>2018-19</td><td>10% of 2017-18</td></tr>
<tr><td>2019-20</td><td>25% of 2018-19</td></tr>
<tr><td>2020-21</td><td>50% of 2019-20</td></tr>
</table>
In respect of above, it is submitted that the amount of Rs. 6278.47 crore relates to the balance arrear amount of loss subsidy claimed under UDAY scheme for the period 2017-18 to 2019-20 at UPPCL's (Holding Company) level for all the DISOMs as whole, which includes Rs. 886.41 crore and ₹2159.69 crorerelated to the PVVNL and DVVNL respectively and the same has already been accepted by the GoUP and also committed to release the fund in the next 10 years, vide order no. 445/24-1-21-731(ctV)/2020 dated 05-03-2021 of GoUP. Thus, it is clear that the above UDAY loss subsidy is admissible as per the aforesaid GO.</td>
</tr>
<tr>
<td>21. The above includes ₹ 2,779.15 crore (including ₹ 1,301.43 crore allocated to PVVNL through inter DISCOM Adjustment) in respect of remaining portion of UDAY Grant. This amount has already been received by the PVVNL during the year 2020-21 through book adjustment vide UPPCL letter dated 26.10.2021 and therefore, the same should have been transferred to 'Retained Earnings' instead of 'General Reserve' during the year 2020-21.<br>This resulted in overstatement of 'General Reserve'</td>
<td>The PVVNL has informed that the necessary correction will be made in the Year 2022-23. However, this correction entry does not have any financial implications on the overall financial results of the company.</td>
</tr>
</table>

| | |
|---|---|
| as well as Retained Earnings (being a negative balance). The Consolidated Statement of Changes in Equity for the year 2020-21 is also incorrect to that extent. | |
| **Non-current liabilities**<br>**Other Financial Liabilities (Note-17)**<br>**Security deposit from Consumers: ₹ 3,637.92 crore** | |
| 22. The above includes ₹ 16.00 corebeing the amount diverted by KESCO from the revenue received from the consumer on account of electricity charges, in contravention to the provisions under Clause 4.20 of the UP Electricity Supply Code 2005.<br>This resulted in overstatement of 'Other Financial Liabilities' as well as 'Trade Receivables' by ₹ 16.00 crore, each. | As per the Provisions of electricity supply code, the balance for security deposit should be 45 days of average billing and the amount of Rs 16 crore pertains to security deposit only and has thus correctly been accounted for.<br>The amount has not been diverted but has been deposited by the consumer along with the amount paid for electricity charges which was subsequently accounted for in the head of security deposit in compliance with the OM no. 821/DN/20-21 dt 24.09.20 of concerned distribution division which has clearly stated that Rs 16 crore deposited by consumer shall be booked in security deposit only in compliance with the provision of electricity supply code. (Copy enclosed in Ann-3) |
| 23. The above does not include ₹ 28.08 crore and ₹0.57 crore being interest payable on account of delayed deposit/non-deposit of General Provident Fund (GPF) and Pension and Gratuity as worked out and accounted for in the Financial Statements of Uttar Pradesh Power Sector Employees Trust for the year 2014-15. This has resulted in understatement of Current Liabilities and Other Equity (negative balance) by ₹ 28.65 crore.<br>Despite similar comment of the CAG on the Accounts for the years 2012-13 to 2018-19, no corrective action has been taken by the Management. | As per audited accounts of the company for the F.Y 2012-13 to 2020-21, liability towards GPF contribution is showing the debit balance. Since there has been always debit balance during the period 2012-13 to 2020-21, no provision of interest has been made. As regards accounting of interest on liability towards pension and gratuity, it is stated that regular interest is not payable to the employees on pension and gratuity as in the case of GPF. Hence, provision of interest on Pension and gratuity not required. The company is also in process of reconciliation with the trust. |
| **C. Comments on disclosure**<br>**Significant Accounting Policies** | |
| 24. At point No. 3 VIII (b) of Significant Accounting Policies, it is stipulated that late payment surcharge (LPS) recoverable from consumers is accounted for on cash basis due to uncertainty of realization. However, in violation of accounting policy, the Varanasi Zone and Prayagraj Zone of PuVVNL have accounted for LPS on ad-hoc basis instead of actual recovery on cash basis.<br>Further, PVVNL does not have any record related to actual realization of the late payment surcharge. In absence of any records of late payment surcharge actually collected, the amount of late payment surcharge was being accounted for on ad-hoc basis by the Divisions.<br>Thus, late payment surcharge is not accounted for in line with the accounting policy. | Breakup of amount collected was not available in our previous system i.e. BCS which is being rolled out in phases. Presently, the new system is being implemented in phases which provides the breakup of amount collected and accordingly appropriate accounting will be done. |
| 25. A provision of ₹ 78.09 crore for obsolete stores was made by DVVNL in the year 2016-17 when value of Inventory was ₹ 1,019.67 crore. The value of inventory increased to ₹ 1,312.34 crore as on 31 | DISCOMs concerned have been directed to review the status of provision for obsolete/unserviceable stores and take the necessary action in FY 2022-23. |

<table>
<tr>
<td>March 2019, which further increased to₹1,338.71 crore as on 31 March 2021. However, provision for obsolete stores remained unchanged at ₹ 78.09 crore in the absence of any accounting policy in this regard. Despite the comment of the CAG on the accounts for the year 2018-19, no corrective action has been taken by the Management.</td>
<td></td>
</tr>
<tr>
<td colspan="2"><b>Notes to Accounts (Note No 31)</b></td>
</tr>
<tr>
<td>26. At Note No44 (VI) (iii) of above Note it has been disclosed that as per GO dated 05.03.2021 of GoUP, the subsidies of ₹ 20,940 crore is receivable from the GoUP in favour of DISCOMs through UPPCL and the same are to be paid by the GoUP in the forthcoming 10 years". This amount includes ₹ 14,661.54 crore being balance amount of additional revenue subsidy and ₹ 6,278.46 crore being UDAY loss subsidy. The UDAY loss subsidy was claimed from the GoUP in addition to the admissible amount as per actual loss incurred by the DISCOMs in the period ending up 2020-21.<br>
As per the aforesaid GO dated 05 March 2021, GoUP has accepted to provide additional revenue subsidy of ₹ 39,743 crore to the DISCOMs for the period 2007-08 to 2019-20 as approved by UPERC through its Tariff/True-up orders issued from time to time. The above GO also provided that, out of total additional revenue subsidy of ₹ 39,743 crore, ₹ 25,081.46 crore shall be deemed to be paid from the grants provided to the DISCOMs by the GoUP under UDAY in earlier years. The balance amount of ₹ 14,661.54 crore shall be paid to the DISCOMs by GoUP in the next 10 years, commencing from 2021-22. The UPPCL vide its letter dated 26 October 2021, has allocated the above additional revenue subsidy as below:
<table>
<tr><th>Sl No.</th><th>Name of DISCOM</th><th>Amount (₹ in crore)</th></tr>
<tr><td>1</td><td>MadhyanchalVidyutVitran Nigam Limited</td><td>3490.00</td></tr>
<tr><td>2</td><td>PurvanchalVidyutVitran Nigam Limited</td><td>12367.00</td></tr>
<tr><td>3</td><td>PashchimanchalVidyutVitran Nigam Limited</td><td>14673.00</td></tr>
<tr><td>4</td><td>DakshinanchalVidyutVitran Nigam Limited</td><td>9213.00</td></tr>
<tr><td>5</td><td>Kanpur Electricity Supply Company Limited</td><td>0.00</td></tr>
<tr><td></td><td>Total</td><td>39743.00</td></tr>
</table>
The facts in para 2 above being material requiring specific accounting treatment should also have been disclosed in the Notes to the Accounts to enable better understanding of financial information.</td>
<td>In reference to the Audit comment it is stated that the receivable against revenue subsidy and loss under the UDAY scheme, has already been disclosed in the financial statements for the F.Y. 2020-21 in Para 44 (VI) (iii) of Note no. 31 "Notes on Accounts".<br><br>
However, the additional disclosure in respect of the above, if required, will be disclosed in the Director's Report for the F.Y. 2020-21which is to be presented in the annual general meeting of the Company.</td>
</tr>
<tr>
<td>27. Contingent Liability does not include the claim of ₹ 247.91 crore of M/s Rosa Power Supply Company for the period April 2015 to March 2019,</td>
<td>It is stated that the Contingent Liability of Rs.129.78 Crores to the extent ascertainable against the bill of M/s Rosa Power Supply Company has been disclosed in the year 2021-22.</td>
</tr>
</table>

| | |
|---|---|
| which was under consideration of the Appellate Tribunal of Electricity (APTEL) during 2018-19.<br>Despite similar comment of the CAG on the accounts for the year 2018-19, no corrective action has been taken by Management. | Further, since the matter is line with APTEL, necessary accounting/disclosures, as the case may be, will be made in the year 2022-23. |
| 28. Para 38 of above Note provides that the UPPCL has decided, vide Board's Meeting dated 14-08-2020, to allocate common expenditure and facility cost to subsidiaries and power sector companies owned by GoUP with effect from the year 2019-20. UPPCL has made the allocation of ₹ 196.32 crore out of total ₹ 313.33 crore in the heads Employee Cost, Administrative, General & Other Expense & Repair & Maintenance of F.Y. 2020-21.<br>The aforesaid allocation of common expenditure and facility cost to the subsidiaries is a change in accounting policy as per Para 19 (b) of Ind AS 8 which requires application of the changed policy retrospectively along with disclosures to be made as required under Para 29 of Ind AS 8. | The necessary disclosures regarding amount of allocation of expenditure has been disclosed in note no.23, 26, and 27 of balance sheet for the F.Y. 2019-20 and 2020-21 of Standalone Financial Statements.<br>Also the same has been disclosed in Para 38 and 41 of Note no. 31 "Notes on Accounts" of Consolidated Financial Statements for the FY 2020-21. It is worth mentioning here that these transactions have no impact on the Consolidated Financial Statements of UPPCL as all the Discoms have been consolidated. Separate disclosure of these transactions is not required as the effect of the same has been eliminated in consolidation. |
| 29. The UPPCL during the year 2020-21 wrote back ₹ 17,109.17 crore being reversal of the impairment in investments of UPPCL in its subsidiary companies i.e. the DISCOMs. This reversal has been worked out by UPPCL based on net worth of the DISCOMs as per annual accounts for the year 2020-21. Considering the impact of the CAG comments on the treatment of additional revenue subsidy of ₹ 39,743 crore, acceded by the GoUP (March 2021) and allocated to DISCOMs by UPPCL in October 2021 the provision for impairment in investments worked out to ₹ 77,719.49 crore against ₹ 54,392.94 crore already made by UPPCL in the Accounts as on 31 March 2021. However, this important fact should have been quantifiably disclosed in the Notes to Accounts. | Noted. However, necessary disclosure has been made in the Directors' Report for the FY 2020-21. |

**(NitinNijhawan)**
**Chief Financial officer**

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

# U.P. POWER CORPORATION LIMITED

## STANDALONE BALANCE SHEET

AS AT

31st MARCH 2021

&

## STANDALONE STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED ON

31st MARCH 2021

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

# CONTENTS

# U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

## BALANCE SHEET AS AT 31st MARCH 2021

( Amount in lakh ₹ )

| PARTICULAR | Note No. | As at 31st March, 2021 | As at 31st March, 2020 |
|---|---|---|---|
| I. **ASSETS** | | | |
| 1 Non-Current Assets | | | |
| a) Property, Plant and Equipment | 2 | 6323.02 | 6197.44 |
| b) Capital Work-In-Progress | 3 | 250.05 | 32.97 |
| c) Intangible Assets | 4 | 223.97 | 249.10 |
| d) Financial Assets | | | |
| (i) Investments | 5 | 2616863.30 | 527173.62 |
| (ii) Loans & Other Financial Assets | 6 | 936063.46 | 1532694.28 |
| 2 Current Assets | | | |
| a) Inventories | 7 | 1.68 | 228.85 |
| b) Financial Assets | | | |
| (i)Trade receivables | 8 | 3037404.73 | 3550175.40 |
| (ii) Cash and Cash Equivalents | 9 | 240199.70 | 79439.73 |
| (iii) Bank balance other than (ii) above | 10 | 228847.96 | 176861.88 |
| (iv)Other | 11 | 5870298.75 | 2954796.34 |
| c) Other Current Assets | 12 | 51123.23 | 51231.77 |
| **Total** | | 12987599.85 | 8879081.38 |
| II. **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| a) Equity Share Capital | 13 | 10412645.52 | 9676208.64 |
| b) Other Equity | 14 | (7247744.01) | (8976799.42) |
| **Liabilities** | | | |
| 1 Non-Current Liabilities | | | |
| a) Financial Liabilities | | | |
| i)Borrowings | 15 | 6333208.15 | 4228931.58 |
| ii)Other Financial Liabilities | 16 | 6950.74 | 7592.19 |
| 2 Current Liabilties | | | |
| a) Financial Liabilities | | | |
| i)Borrowings | 17 | 0.00 | 75417.11 |
| ii)Trade Payables | 18 | 2600335.59 | 3198893.99 |
| iii)Other Financial Liabilities | 19 | 882203.86 | 668837.29 |
| **Total** | | 12987599.85 | 8879081.38 |
| Company information & Significant accounting policies | 1 | | |
| Notes on Accounts | 29 | | |

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

| ( Dr. Jyoti Arora )<br>Company Secretary | ( A.K.Awasthi )<br>Chief Financial Officer | ( A.K.Purwar )<br>Director<br>DIN - 08544396 | ( Pankaj Kumar)<br>Managing Director<br>DIN - 08095154 |
|---|---|---|---|

Place : Lucknow
Date : 30/12/21

Subject to our report of even date
For R.M. Lall & Co.
Chartered Accountants
FRN No. 000932C
08/01/2022
(Vikas C Srivastava)
Partner
M.No.401216
UDIN: 22401216AAAAB9409

# 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 2021

( Amount in lakh ₹ )

| | PARTICULAR | NOTE | For the year ended 31st March 2021 | For the year ended 31st March 2020 |
|---|---|---|---|---|
| I | Revenue from Operations | 20 | 6044916.32 | 5401251.97 |
| II | Other Income | 21 | 16163.75 | 15677.44 |
| III | TOTAL REVENUE (I+II) | | 6061080.07 | 5416929.41 |
| IV | **EXPENSES** | | | |
| | Purchase of Stock in trade(Power Purchased) | 22 | 6044916.32 | 5401251.97 |
| | Employee benefits expense | 23 | 5487.20 | 7035.92 |
| | Finance cost | 24 | 6.92 | 5.43 |
| | Depreciation and Amortization expense | 25 | 503.56 | 464.61 |
| | **Other Expenses** | | | |
| | a) Administrative, General & Other Expense | 26 | 4918.60 | 4830.40 |
| | b) Repair & Maintenance | 27 | 1295.99 | 1263.24 |
| | c) Bad Debts & Provisions | 28 | (1733920.21) | 317150.74 |
| | **TOTAL EXPENSES (IV)** | | 4323208.38 | 5732002.31 |
| V | Profit / (loss) before exceptional items and tax (III-IV) | | 1737871.69 | (315072.90) |
| VI | Exceptional Items | | | |
| VII | Profit/ (loss) before tax (V+VI) | | 1737871.69 | (315072.90) |
| 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) | | 1737871.69 | (315072.90) |
| 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) | | 1737871.69 | (315072.90) |
| | Other Comprehensive Income | | | |
| XIV | A- (i) Items that will not be reclassified to profit or loss | | | |
| | Acturial Gain or (Loss) | | (3.98) | (171.93) |
| | (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 ) | | 1737867.71 | (315244.83) |
| XVI | Earning per equity share ( for continuing operation ) : | | | |
| | (1) Basic (₹) | | 176.31 | (33.17) |
| | (2) Diluted (₹) | | 175.23 | (33.17) |
| XVII | Earning per equity share ( for discontinuing operation ) : | | | |
| | (1) Basic (₹) | | | |
| | (2) Diluted (₹) | | | |
| XVIII | Earning per equity share ( for continuing and discontinuing operation ) : | | | |
| | (1) Basic (₹) | | 176.31 | (33.17) |
| | (2) Diluted (₹) | | 175.23 | (33.17) |

| | |
|---|---|
| Company information & Significant accounting policies | 1 |
| Notes on Accounts | 29 |

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

(Dr. Jyoti Arora)
Company Secretary

( A.K.Awasthi )
Chief Financial Officer

( A.K.Purwar )
Director
DIN - 08544396

(Pankaj Kumar)
Managing Director
DIN - 08095154

Place : Lucknow
Date : 30/12/21

Subject to our report of even date
For R.M. Lall & Co.
Chartered Accountants
FRN No. 000932C
08/01/2022
(Vikas C Srivastava)
Partner.
M.No.401216

UDIN : 22401216AAAAAB9409

# U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

## STATEMENT OF CHANGES IN EQUITY

### Equity Share Capital

| Particulars | ( Amount in lakh ₹ ) |
|---|---|
| Balance as on 1ST April 2019 | 9118616.32 |
| Changes during the year | 557592.32 |
| Balance as on 1ST April 2020 | 9676208.64 |
| Changes during the year | 736436.88 |
| Balance as on 31ST March 2021 | 10412645.52 |

### OTHER EQUITY

( Amount in lakh ₹ )

| Particulars | For the year ended 31 march 2021 | | | | |
|---|---|---|---|---|---|
| | Share application money pending allotment | Capital Reserve | Restructuring Reserve | Retained Earning | Total |
| Balance at the beginning of the reporting period | 40192.23 | 19595.12 | 54030.56 | (9090617.33) | (8976799.42) |
| 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 | 40192.23 | 19595.12 | 54030.56 | (9090617.33) | (8976799.42) |
| Changes in Restructuring Reserve | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total comprehensive income for the year | 0.00 | 0.00 | 0.00 | 1737867.71 | 1737867.71 |
| Share application money received | 727624.58 | 0.00 | 0.00 | 0.00 | 727624.58 |
| Share alloted against application money | 736436.88 | 0.00 | 0.00 | 0.00 | 736436.88 |
| Balance at the end of the reporting period | 31379.93 | 19595.12 | 54030.56 | (7352749.62) | (7247744.01) |

| Particulars | For the year ended 31 march 2020 | | | | |
|---|---|---|---|---|---|
| | Share application money pending allotment | Capital Reserve | Restructuring Reserve | Retained Earning | Total |
| Balance at the beginning of the reporting period | 214010.08 | 19595.12 | 55076.00 | (8775372.50) | (8486691.30) |
| 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 | 214010.08 | 19595.12 | 55076.00 | (8775372.50) | (8486691.30) |
| Changes in Restructuring Reserve | 0.00 | 0.00 | (1045.44) | 0.00 | (1045.44) |
| Total comprehensive income for the year | 0.00 | 0.00 | 0.00 | (315244.83) | (315244.83) |
| Share application money received | 383774.47 | 0.00 | 0.00 | 0.00 | 383774.47 |
| Share alloted against application money | 557592.32 | 0.00 | 0.00 | 0.00 | 557592.32 |
| Balance at the end of the reporting period | 40192.23 | 19595.12 | 54030.56 | (9090617.33) | (8976799.42) |

(Dr.Jyoti Arora)
Company Secretary

( A.K.Awasthi )
Chief Financial Officer

( A.K.Purwar )
Director
DIN - 08544396

( Pan[illegible] Kumar )
Managing Director
DIN - 08095154

Subject to our report of even date
For R.M. Lall & Co.
Chartered Accountants
FRN No. 000932C
08/01/22
([illegible]kas C Srivastava)
Partner
M.No.401216
UDIN: 22401216AAAAB9409

Place : Lucknow
Date : 30/12/21

# 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.

These financial statements were authorized for issue by Board of Directors on 30.12.2021

(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 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

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

a) 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).

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

## IV. DEPRECIATION

a) In terms of Part-B of schedule-II of the companies act,2013 the company has followed depreciation rate/useful life using the straight line method and residual value of Property,plant and equipment as notified by the UPERC Tariff regulations.In case of change in rates/useful life and residual value,the effect of change is recognised prospectively.

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

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

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

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.

**(Dr. Jyoti Arora)**
**Company Secretary**

**(A. K. Awasthi)**
**Chief Financial Officer**

**(A.K. Purwar)**
**Director**
**DIN - 08544396**

**(Pankaj Kumar)**
**Managing Director**
**DIN - 08095154**

Place : Lucknow
Date : 30/12/21

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

08/01/2022

(Vikas C Srivastava)
Partner
M.No.401216
UDIN: 22401216AAAAAB9409

# U.P.POWER CORPORATION LIMITED

**14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.**

CIN - U32201UP1999SGC024928

**NOTE - 2**

## PROPERTY PLANT AND EQUIPMENT

## 2020-21

**( Amount in lakh ₹ )**

| Particulars | Gross Block | | | | Depreciation | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|
| | As at 01.04.2020 | Additions | Deductions / Adjustments* | As at 31.03.2021 | As at 01.04.2020 | Additions | Deductions / Adjustments* | As at 31.03.2021 | As at 31.03.2021 |
| Land & Land Rights | 470.45 | 0.00 | 0.00 | 470.45 | 0.00 | 0.00 | 0.00 | 0.00 | 470.45 |
| Buildings | 4871.67 | 31.44 | 0.00 | 4903.11 | 1594.04 | 146.66 | 0.00 | 1740.70 | 3162.41 |
| Other Civil Works | 674.42 | 0.00 | 0.00 | 674.42 | 413.95 | 20.20 | 0.00 | 434.15 | 240.27 |
| Plant & Machinery | 983.51 | 97.71 | 0.00 | 1081.22 | 470.94 | 43.21 | 0.00 | 514.15 | 567.07 |
| Lines, Cable Network etc. | 5.51 | 0.00 | 0.00 | 5.51 | 0.10 | 0.26 | 0.00 | 0.36 | 5.15 |
| Vehicles | 214.85 | 0.00 | 0.00 | 214.85 | 113.37 | 17.06 | 0.00 | 130.43 | 84.42 |
| Furniture & Fixtures | 647.13 | 40.76 | 0.00 | 687.89 | 167.36 | 36.32 | 0.00 | 203.68 | 484.21 |
| Office Equipments | 2354.71 | 390.06 | 0.00 | 2744.77 | 1265.05 | 170.68 | 0.00 | 1435.73 | 1309.04 |
| **TOTAL** | **10222.25** | **559.97** | **0.00** | **10782.22** | **4024.81** | **434.39** | **0.00** | **4459.20** | **6323.02** |
| **Previous Year** | **9706.25** | **528.72** | **12.72** | **10222.25** | **3635.28** | **400.84** | **11.31** | **4024.81** | **6197.44** |

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

# U.P.POWER CORPORATION LIMITED

**14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.**

CIN - U32201UP1999SGC024928

**NOTE - 3**

## CAPITAL WORKS IN PROGRESS

**( Amount in lakh ₹ )**

| PARTICULARS | As at 01.04.2020 | Additions | (Deduction)/ Adjustments | Capitalised | As at 31.03.2021 |
|---|---|---|---|---|---|
| Capital Work in Progress * | 32.97 | 821.10 | (44.05) | 559.97 | 250.05 |
| **GRAND TOTAL** | **32.97** | **821.10** | **(44.05)** | **559.97** | **250.05** |
| **Previous Year** | **2.73** | **583.99** | **(25.03)** | **528.72** | **32.97** |

* It includes Employee cost related to works.

**NOTE - 4**

## INTANGIBLE ASSETS

**2020-21**

**( Amount in lakh ₹ )**

| Particulars | Gross Block | | | | Amortization | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|
| | As at 01.04.2020 | Additions | Deductions / Adjustments | As at 31.03.2021 | As at 01.04.2020 | Additions | Deductions / Adjustments | As at 31.03.2021 | As at 31.03.2021 |
| Software | 364.42 | 44.04 | 0.00 | 408.46 | 115.32 | 69.17 | 0.00 | 184.49 | 223.97 |
| **TOTAL** | **364.42** | **44.04** | **0.00** | **408.46** | **115.32** | **69.17** | **0.00** | **184.49** | **223.97** |
| **Previous Year** | **339.37** | **25.05** | **0.00** | **364.42** | **51.55** | **63.77** | **0.00** | **115.32** | **249.10** |

**NOTE - 5**

## FINANCIAL ASSETS - INVESTMENTS (NON-CURRENT)

( Amount in lakh ₹ )

| Particulars | As at 31.03.2021 | | As at 31.03.2020 | |
|---|---|---|---|---|
| **LONG TERM INVESTMENT IN EQUITY INSTRUMENT AT COST (Unquoted)** | | | | |
| **TRADE INVESTMENTS** | | | | |
| I **Subsidiaries** | | | | |
| (a) KESCO | | | | |
| 1974212300 Equity Shares of ₹10/- each Fully paid up. | 197421.23 | | 195584.42 | |
| ( 1955844200 ) Equity Shares of ₹10/- each Fully paid up. ) | | | | |
| From this 60000000 shares are alloted for consideration other than cash persuant to KESA Zone EDU scheme 2000 | | | | |
| Share Application Money pending for allotment | 1055.27 | | 1836.81 | |
| | 198476.50 | | 197421.23 | |
| Less - Provision for impairment in investment | 198476.49 | 0.01 | 197421.22 | 0.01 |
| (b) Dakshinanchal VVNL | | | | |
| 195219957 Equity shares of ₹ 1000/- each fully paid up | 1952199.57 | | 1895564.31 | |
| ( 189556431 )Equity Shares of ₹1000/- each Fully paid up. ) | | | | |
| Share Application Money pending for allotment | 68319.40 | | 26994.08 | |
| | 2020518.97 | | 1922558.39 | |
| Less - Provision for impairment in investment | 1975184.45 | 45334.52 | 1922558.38 | 0.01 |
| (c) Madhyanchal VVNL | | | | |
| 174404121 Equity shares of ₹ 1000/- each fully paid up | 1744041.21 | | 1744041.21 | |
| ( 174404121 ) Equity Shares of ₹1000/- each Fully paid up. ) | | | | |
| Share Application Money pending for allotment | 179384.05 | | 85517.35 | |
| | 1923425.26 | | 1829558.56 | |
| Less - Provision for impairment in investment | 1338636.22 | 584789.04 | 1551767.83 | 277790.73 |
| (d) Pashchimanchal VVNL | | | | |
| 156474688 Equity shares of ₹ 1000/- each fully paid up | 1564746.88 | | 1504891.90 | |
| ( 150489190 ) Equity Shares of ₹1000/- each Fully paid up. ) | | | | |
| Share Application Money pending for allotment | 34171.28 | | 17827.15 | |
| | 1598918.16 | | 1522719.05 | |
| Less - Provision for impairment in investment | 899299.69 | 699618.47 | 1522719.05 | 0.00 |
| (e) Purvanchal VVNL | | | | |
| 199814327 Equity shares of ₹ 1000/- each fully paid up | 1998143.27 | | 1921273.97 | |
| ( 192127397 )Equity Shares of ₹1000/- each Fully paid up. ) | | | | |
| Share Application Money pending for allotment | 77041.97 | | 34471.25 | |
| | 2075185.24 | | 1955745.22 | |
| Less - Provision for impairment in investment | 1027698.01 | 1047487.23 | 1955745.21 | 0.01 |
| (f) Southern U.P.Power Transmission Co. Ltd. | 221.63 | | 221.63 | |
| 2216300 Equity Shares of ₹10/- each Fully paid up. ) | | | | |
| ( 2216300 ) Equity Shares of ₹10/- each Fully paid up. ) | | | | |
| Less - Provision for impairment in investment | 159.83 | 61.80 | 159.80 | 61.83 |
| II **Others** | | | | |
| (a) Sonebhadra PGCL | | | | |
| 0 Equity shares of ₹ 1000/- each fully paid up | 0.00 | | 620.23 | |
| ( 62023 ) Equity Shares of ₹1000/- each Fully paid up. ) | | | | |
| Less - Impairment/Provision for impairment in investment | 0.00 | 0.00 | 620.23 | 0.00 |
| (b) Yamuna Power generation Co. Ltd. | 0.00 | | 66.01 | |
| 0 Equity shares of ₹ 10/- each fully paid up | | | | |
| ( 660111 ) Equity Shares of ₹10/- each Fully paid up. ) | | | | |
| Less - Impairment/Provision for impairment in investment | 0.00 | 0.00 | 66.01 | 0.00 |
| (c) UPPTCL | | | | |
| 22133352 Equity shares of ₹ 1000/- each fully paid up | 221333.52 | | 221333.52 | |
| ( 22133352 ) Equity Shares of ₹1000/- each Fully paid up. ) | | | | |
| from this 18429700 shares are alloted for consideration other than cash. | | | | |
| Share Application Money pending for allotment | 18072.31 | | 18072.31 | |
| | 239405.83 | | 239405.83 | |
| Less - Provision for impairment in investment | 12133.60 | 227272.23 | 12384.80 | 227021.03 |
| (d) BONDS | | | | |
| i) 7.75% PFC Bonds | | 12300.00 | | 12300.00 |
| ii) 7.59% HUDCO Bonds | | 0.00 | | 10000.00 |
| TOTAL | | 2616863.30 | | 527173.62 |

1 Aggregate amount of unquoted investment in equity shares & Share Application Money as on 31.03.2021 is ₹ 8056151.59 lakhs )
( Previous year ₹ 7668316.15 lakhs )

2 Aggregate amount of provision for impairment made upto 31.03.2021 is ₹ 5451588.29 ( Previous year ₹ 7163442.53 lakhs )

3 Considering the accumulated losses of Discoms / UPPTCL & Southern PTCL a Provision for impairment has been made during the year are ₹ (1711854.24) lakhs )
( Previous year ₹ 281847.27 lakhs )

4 The amount of provision for impairment is based on net worth calculated on the basis of balance sheets of DISCOMS,Southern PTCL and UPPTCL for F.Y. 2020 -21 .

5 Investment in Sonebhadra Power Generation Co. Ltd. and Yamuna Power Generation Co. Ltd. has been written off in the current year as decided by the board in its meeting dt. 29-09-2021.

6 In previous year at (d) above there was misclssification of amount between HUDCO and PFC Bonds, now correctly reclassified.

**NOTE - 6**

## FINANCIAL ASSETS - LOANS (NON - CURRENT)

**( Amount in lakh ₹ )**

| Particulars | As at 31.03.2021 | | As at 31.03.2020 | |
|---|---|---|---|---|
| A **LOANS ( Unsecured/Considered Doubtful )** | | | | |
| **NPCL (Licencee)** | 568.43 | | 568.43 | |
| Interest Accrued & Due | 14473.97 | | 12519.41 | |
| | 15042.40 | | 13087.84 | |
| Less - Provision for Bad & Doubtful Debts Loan & Interest | 15042.40 | 0.00 | 13087.84 | 0.00 |
| B **Receivables on account of Loan** | | | | |
| **(Unsecured and Considered good)** | | | | |
| Madhyanchal VVNL | 206211.96 | | 297100.93 | |
| Pashchimanchal VVNL | 129653.79 | | 285860.72 | |
| Dakshinanchal VVNL | 197783.51 | | 502115.52 | |
| Purvanchal VVNL | 383035.84 | | 358538.08 | |
| KESCO | 19364.09 | 936049.19 | 89064.76 | 1532680.01 |
| **Advances to Capital Suppliers / Contractors** | 15.86 | | 15.86 | |
| Less - Provision for Doubtful Advances | 1.59 | 14.27 | 1.59 | 14.27 |
| **TOTAL** | | **936063.46** | | **1532694.28** |

**NOTE - 7**

## INVENTORIES

**( Amount in ₹ )**

| Particulars | As at 31.03.2021 | | As at 31.03.2020 | |
|---|---|---|---|---|
| A **Stores and Spares** | | | | |
| Stock of Materials - Capital Works | 14.66 | | 173.81 | |
| Stock of materials - O & M | 0.00 | 14.66 | 67.74 | 241.55 |
| B Others | | 0.37 | | 0.65 |
| SUB TOTAL | | 15.03 | | 242.20 |
| Less - Provision for Unserviceable Stores | | 13.35 | | 13.35 |
| **TOTAL** | | **1.68** | | **228.85** |

Inventories are valued at cost.

**NOTE - 8**

## FINANCIAL ASSETS - TRADE RECEIVABLES (CURRENT)

**( Amount In lakh ₹ )**

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---|---|---|
| **A Subsidiary** | | |
| Kanpur Electricity Supply Compny | 251962.61 | 101372.91 |
| Dakshinanchal Vidyut Vitran Nigam Ltd. | 673786.25 | 805436.88 |
| Madhyanchal Vidyut Vitran Nigam Ltd. | 882889.58 | 801695.64 |
| Pashchimanchal Vidyut Vitran Nigam Ltd. | 308217.05 | 223972.58 |
| Purvanchal Vidyut Vitran Nigam Ltd. | 990851.04 | 1796861.16 |
| Unbilled revenue | 66326.99 | -15547.05 |
| **B Others** | 52297.94 | 52297.94 |
| **SUB TOTAL** | 3226331.46 | 3766090.06 |
| **Secured/Unsecured & considered Good &** | | |
| A Secured | - | - |
| B Unsecured & Considered Good | 3037404.73 | 3550175.40 |
| C Unsecured & Considered Doubtfull | 188926.73 | 215914.66 |
| **SUB TOTAL** | 3226331.46 | 3766090.06 |
| Less - Provision for Bad & Doubtful Debts | 188926.73 | 215914.66 |
| **TOTAL** | **3037404.73** | **3550175.40** |

## FINANCIAL ASSETS - TRADE RECEIVABLES (CURRENT)

**( Amount In lakh ₹ )**

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---|---|---|
| **Trade Receivables** | | |
| A Receivable Outstanding for a period Exceeding Six Months | 1089428.41 | 1992992.22 |
| B Receivable Outstanding for a period Less than Six Months | 2136903.05 | 1773097.84 |
| **TOTAL** | **3226331.46** | **3766090.06** |

P. L. LALL & CO.

**NOTE - 9**

## Financial Assets - CASH AND CASH EQUIVALENTS (CURRENT)

( Amount in lakh ₹ )

| Particulars | As at 31.03.2021 | | As at 31.03.2020 | |
|---|---|---|---|---|
| A **Balances with Banks** | | | | |
| In Current & Other account | 146336.58 | | 79428.85 | |
| * RPO Fund A/c | 7657.07 | | 0.00 | |
| In Fixed Deposit accounts | 86203.48 | 240197.13 | 3.42 | 79432.27 |
| B **Cash on Hand** | | | | |
| Cash in Hand ( Including Stamps in hand ) | 1.29 | | 2.01 | |
| Cash Imprest with Staff | 1.28 | 2.57 | 5.45 | 7.46 |
| **TOTAL** | | **240199.70** | | **79439.73** |

1* The separate Bank A/c has been created in accordance with the direction issued by UPREC in order to compliance with renewable purchase obligations.

2 Refer Note no.23 (earmarked balances)

**NOTE - 10**

## Financial Assets - Bank Balances other than above (Current)

( Amount in lakh ₹ )

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---|---|---|
| Deposits having maturity more than 3 months but not more than 12 months | 228847.96 | 176861.88 |
| TOTAL | **228847.96** | **176861.88** |

1 Refer Note no.23 (earmarked balances)

# U.P.POWER CORPORATION LIMITED

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

**NOTE - 11**

## Financial Assets - OTHER ( CURRENT )

( Amount in lakh ₹ )

| Particulars | As at 31.03.2021 | | As at 31.03.2020 | |
|---|---|---|---|---|
| **Receivables (Unsecured) -** | | | | |
| UPRVUNL | 754.31 | | 524.91 | |
| UPPTCL | 16771.67 | | 15298.02 | |
| Receivable from IREDA | 1230.00 | | 1147.68 | |
| Receivable from UPNEDA | (4997.55) | | (1655.78) | |
| **Sub Total** | 13758.43 | | 15314.83 | |
| **Subsidiaries (Unsecured) -** | | | | |
| KESCO | 4097.08 | | 3023.64 | |
| Dakshinanchal VVNL | 18600.93 | | 13312.13 | |
| Madhyanchal VVNL | 19259.67 | | 14223.24 | |
| Pashchimanchal VVNL | 25902.43 | | 19372.82 | |
| Purvanchal VVNL | 20243.19 | | 14612.33 | |
| **Sub Total** | 88103.30 | | 64544.16 | |
| Employees | 0.27 | | 0.32 | |
| Others | 62802.63 | | 62310.27 | |
| **Total** | 164664.63 | | 142169.58 | |
| **Less** - Provision for Doubtful Receivables | 16466.46 | 148198.17 | 14209.06 | 127960.52 |
| **Receivables on account of Loan (Unsecured)** | | | | |
| **Madhyanchal VVNL** | 1279853.69 | | 692625.52 | |
| **Less - Liabilities against Loan** | 86904.18 | 1192949.51 | 87190.50 | 605435.02 |
| **Pashchimanchal VVNL** | 800890.23 | | 561510.63 | |
| **Less - Liabilities against Loan** | 107118.75 | 693771.48 | 107261.14 | 454249.49 |
| **Dakshinanchal VVNL** | 1712179.20 | | 954143.23 | |
| **Less - Liabilities against Loan** | 93116.64 | 1619062.56 | 93309.33 | 860833.90 |
| **Purvanchal VVNL** | 2108962.29 | | 930822.18 | |
| **Less - Liabilities against Loan** | 109401.63 | 1999560.66 | 109896.43 | 820925.75 |
| **KESCO** | 217078.97 | | 85757.25 | |
| **Less - Liabilities against Loan** | 322.60 | 216756.37 | 365.59 | 85391.66 |
| **Total** | | **5870298.75** | | **2954796.34** |

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 31.03.2021 | | As at 31.03.2020 | |
|---|---|---|---|---|
| **UP Power Sector Employee Trust** | | | | |
| Provident Fund | 17853.87 * | | 17831.16 | |
| Pension and Gratuity Liability | (685.54) | 17168.33 | (648.32) | 17182.84 |
| **ADVANCES (Unsecured/Considered Good)** | | | | |
| Suppliers / Contractors | 17784.38 | | 17546.76 | |
| **Less** - Provision for Doubtful Advances | 1778.44 | 16005.94 | 1754.68 | 15792.08 |
| Tax deducted at source | | 1780.51 | | 1586.38 |
| 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 | | 514.69 | | 533.44 |
| Income Accrued but not Due | | 410.88 | | 691.36 |
| Prepaid Expenses | | 15.85 | | 15.96 |
| Inter Unit Trasactions | | 15202.00 | | 15404.68 |
| **Total** | | **51123.23** | | **51231.77** |

* It includes Rs.160.58 Crore ac receivablefrom U.P.Power SectorEmployees Trust on account of settlement of amount payable by UPPSET to Uttrakhand Power Corporation Ltd. (Refer Note29-2( c ).

R.M. LALL & CO.

**NOTE - 13**

## EQUITY SHARE CAPITAL

**Amount in lakh ₹ )**

| **Particulars** | **As at 31.03.2021** | **As at 31.03.2020** |
|---|---|---|
| **(A) AUTHORISED :** | | |
| 1250000000 Equity shares of par value of ₹1000/- each<br>( previous year 1250000000 Equity shares of par value ₹1000/- each) | 12500000.00 | 12500000.00 |
| **(B) ISSUED SUBSCRIBED AND FULLY PAID UP** | | |
| 1041264552 Equity shares of par value ₹1000/- each<br>( previous year 967620864 Equity shares of par value ₹1000/- each)<br>(of the above shares 36113400 were alloted as fully paid up pursuant to UP Power Sector Reform Scheme for consideration other than cash) | 10412645.52 | 9676208.64 |
| **TOTAL** | 10412645.52 | 9676208.64 |

a) During the year, the Company has issued 73643688 Equity shares of ₹1000 each only and has not bought back any shares.

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

c) During the year ended 31st March 2021,no dividend has been declared by board due to heavy accumulated losses.

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

| Shareholder's Name | As at 31.03.2021 | | As at 31.03.2020 | |
|---|---|---|---|---|
| | No. of shares | %age holding | No. of shares | %age holding |
| Government of UP | 1041264552 | 100% | 967620864 | 100% |

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

| No. of Shares as on 31.03.2020 | Issued during the year | Buyback during the year | No. of Shares as on 31.03.2021 |
|---|---|---|---|
| 967620864 | 73643688 | - | 1041264552 |

R.M. LALL & CO.
CHARTERED ACCOUNTANTS

**NOTE - 14**

## OTHER EQUITY

( Amount in lakh ₹ )

### (A) Reserves and Surplus

| Particulars | As at 31.03.2021 | | As at 31.03.2020 | |
|---|---|---|---|---|
| A **Capital Reserves** | | | | |
| Others | | 19595.12 | | 19595.12 |
| B **Other Reserves** | | | | |
| **Restructuring Reserve** | | | | |
| As per last financial statement | 54030.56 | | 55076.00 | |
| Change during the year | 0.00 | 54030.56 | (1045.44) | 54030.56 |
| **Surplus** | | | | |
| As per last financial statement | (9090617.33) | | (8775372.50) | |
| Add:- Profit/(Loss) for the year as per statement of Profit & Loss | 1737867.71 | (7352749.62) | (315244.83) | (9090617.33) |
| **SUB TOTAL** | | **(7279123.94)** | | **(9016991.65)** |

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 31.03.2021 | As at 31.03.2020 |
|---|---|---|
| Share Application Money<br>(Pending for allotment to the Govt. of UP) | 31379.93 | 40192.23 |
| **SUB TOTAL** | **31379.93** | **40192.23** |
| **GRAND TOTAL** | **(7247744.01)** | **(8976799.42)** |

Reconciliation of Share Application Money

( Amount in lakh ₹ )

| Share Application Money as on 31.03.2020 | Received during the year | Allotted during the year | Share Application Money as on 31.03.2021 |
|---|---|---|---|
| 40192.23 | 727624.58 | 736436.88 | 31379.93 |

# U.P.POWER CORPORATION LIMITED

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

**NOTE - 15**

## FINANCIAL LIABILITIES - BORROWINGS (NON CURRENT)

( Amount in lakh ₹ )

| PARTICULARS | As at 31.03.2021 | | As at 31.03.2020 | |
|---|---|---|---|---|
| **BONDS/LOANS RELATE TO DISCOMS** | | | | |
| (a) **Dakshinanchal VVNL** | | | | |
| **SECURED** | | | | |
| Non Convertible Bonds | 463618.40 | | 549116.55 | |
| **UNSECURED** | | | | |
| Non Convertibile Bonds | 381108.85 | | 401529.67 | |
| REC | 390260.22 | | 115732.10 | |
| PFC | 447806.99 | | 198823.74 | |
| **UP GOVERNMENT** | | | | |
| OTHER | 15090.34 | 1697884.80 | 16976.63 | 1282178.69 |
| (b) **Madhyanchal VVNL** | | | | |
| **SECURED** | | | | |
| Non Convertibile Bonds | 301542.48 | | 357010.80 | |
| **UNSECURED** | | | | |
| Non Convertibile Bonds | 183002.40 | | 192860.68 | |
| REC | 400566.74 | | 132587.38 | |
| PFC | 438671.26 | | 189072.41 | |
| **UP GOVERNMENT** | | | | |
| OTHER | 9433.13 | 1333216.01 | 10612.27 | 882143.54 |
| (c) **Pashchimanchal VVNL** | | | | |
| **SECURED** | | | | |
| Non Convertibile Bonds | 150776.93 | | 179238.61 | |
| **UNSECURED** | | | | |
| Non Convertibile Bonds | 137531.92 | | 144991.46 | |
| REC | 274783.05 | | 225539.93 | |
| PFC | 237452.29 | | 197782.61 | |
| **UP GOVERNMENT** | | | | |
| OTHER | 9201.72 | 809745.91 | 10351.93 | 757904.54 |
| (d) **Purvanchal VVNL** | | | | |
| **SECURED** | | | | |
| Non Convertibile Bonds | 448252.18 | | 530804.03 | |
| **UNSECURED** | | | | |
| Non Convertibile Bonds | 226737.09 | | 238969.20 | |
| REC | 757537.73 | | 129842.02 | |
| PFC | 826813.24 | | 225022.65 | |
| **UP GOVERNMENT** | | | | |
| OTHER | 12430.61 | 2271770.85 | 13984.44 | 1138622.34 |
| (e) **Kesco** | | | | |
| **SECURED** | | | | |
| Non Convertibile Bonds | 41950.00 | | 50340.00 | |
| **UNSECURED** | | | | |
| Non Convertibile Bonds | 53872.84 | | 56782.24 | |
| REC | 41454.46 | | 5495.00 | |
| PFC | 80233.08 | | 52000.00 | |
| **UP GOVERNMENT** | | | | |
| OTHER | 3080.20 | 220590.58 | 3465 | 168082.47 |
| **GRAND TOTAL** | | **6333208.15** | | **4228931.56** |

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 | | | | | Outstanding as on 31.03.2021 | | | Default as on 31.03.2021 | | | | Aggregate Amount of Guaranteed Loans | Security |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Drawl Date | Install-ment (Months) | Repay-ment Due From | ROI (%) | Guaranteed By | Principal | Interest | Total | Principal | Interest | Principal Default w.e.f. | Interest Default w.e.f. | | |
| Long Term Borrowing | | | | | | | | | | | | | | |
| SECURED | | | | | | | | | | | | | | |
| **BONDS** | | | | | | | | | | | | | | |
| MVVNL | 17.02.17/ 27.03.17/ 05.12.17/ 27.03.18 | 28/34 Qyaterly | Jul-19 | 8.97%/8.48%/9.75%/10.15% | | 357010.80 | | 357010.80 | - | - | - | - | 357010.80 | Secured against Receivables of UPPCL and Govt Guarantee |
| PoorVVNL | | | | | | 530804.03 | | 530804.03 | - | - | - | - | 530804.03 | |
| PasVVNL | | | | | | 179238.61 | | 179238.61 | - | - | - | - | 179238.61 | |
| DVVNL | | | | | | 549116.55 | | 549116.55 | - | - | - | - | 549116.55 | |
| KESCO | | | | | | 50340.00 | | 50340.00 | - | - | - | - | 50340.00 | |
| **Total - Secured** | | | | | | 1666509.99 | 0.00 | 1666509.99 | 0.00 | 0.00 | 0.00 | 0.00 | 1666509.99 | |
| **Less-CM** | | | | | | 260370.00 | | 260370.00 | | | | | | |
| **Total** | | | | | | 1406139.99 | 0.00 | 1406139.99 | | | | | | |
| UNSECURED | | | | | | | | | | | | | | |
| **BONDS-** | | | | | | | | | | | | | | |
| MVVNL | 04.07.16/ 28.09.16/ 30.03.17 | 20/24 Half yearly | Sep-20 | 9.70% | | 192860.63 | | 192860.63 | - | - | - | - | 192860.63 | Government Guarantee |
| PoorVVNL | | | | | | 238969.14 | | 238969.14 | - | - | - | - | 238969.14 | |
| PasVVNL | | | | | | 144991.43 | | 144991.43 | - | - | - | - | 144991.43 | |
| DVVNL | | | | | | 401529.61 | | 401529.61 | - | - | - | - | 401529.61 | |
| KESCO | | | | | | 56782.22 | | 56782.22 | - | - | - | - | 56782.22 | |
| **Sub Total** | | | | | | 1035133.03 | 0.00 | 1035133.03 | 0.00 | 0.00 | 0.00 | 0.00 | 1035133.03 | |
| **Less-CM** | | | | | | 52879.93 | | 52879.93 | | | | | | |
| **Total** | | | | | | 982253.10 | 0.00 | 982253.10 | | | | | | |
| **REC** | | | | | | | | | | | | | | |
| MVVNL | Since March-17 | 18/36 MI, 84/108EMI & 28/32 QTY | Jun-16 | 9.50% to 11% | | 441466.92 | 0.00 | 441466.92 | - | - | - | - | 441466.92 | Government Guarantee |
| PoorVVNL | | | | | | 811661.02 | 0.00 | 811661.02 | - | - | - | - | 811661.02 | |
| PasVVNL | | | | | | 323177.18 | 0.00 | 323177.18 | - | - | - | - | 323177.18 | |
| DVVNL | | | | | | 424380.21 | 0.00 | 424380.21 | - | - | - | - | 424380.21 | |
| Kesco | | | | | | 43747.79 | 0.00 | 43747.79 | - | - | - | - | 43747.79 | |
| | **Sub Total** | | | | **Sub Total** | 2044433.12 | 0.00 | 2044433.12 | 0.00 | 0.00 | 0.00 | 0.00 | 2044433.12 | |
| | **Less-CM** | | | | **Less-CM** | 179830.92 | 0.00 | 179830.92 | | | | | | |
| | **Total** | | | | **Total** | 1864602.20 | 0.00 | 1864602.20 | | | | | | |
| PFC | | | | | | | | | | | | | | |
| MVVNL | Since June-17 | 60,72,84/108 EMI & 12/20/28 QTY | Jun-16 | 9.50% to 11.55% | | 489427.41 | | 489427.41 | - | - | - | - | 489427.41 | Government Guarantee |
| PoorVVNL | | | | | | 898097.25 | | 898097.25 | - | - | - | - | 898097.25 | |
| PasVVNL | | | | | | 281742.31 | | 281742.31 | - | - | - | - | 281742.31 | |
| DVVNL | | | | | | 500575.74 | | 500575.74 | - | - | - | - | 500575.74 | |
| Kasco | | | | | | 89858.70 | | 89858.70 | - | - | - | - | 89858.70 | |
| **Sub Total** | | | | | | 2259701.41 | | 2259701.41 | 0.00 | 0.00 | 0.00 | 0.00 | 2259701.41 | |
| **Less-CM** | | | | | | 228724.55 | | 228724.55 | | | | | | |
| **Total** | | | | | | 2030976.86 | | 2030976.86 | | | | | | |
| Unsecured GoUP Interest bearing Loan | | | | | | | | | | | | | | |
| MVVNL | Oct- 18 | 20 HY | Apr-19 | 11.50% | | 9433.13 | | 9433.13 | - | - | - | - | - | |
| PoorVVNL | | | | | | 12430.61 | | 12430.61 | - | - | - | - | - | |
| PasVVNL | | | | | | 9201.72 | | 9201.72 | - | - | - | - | - | |
| DVVNL | | | | | | 15090.34 | | 15090.34 | - | - | - | - | - | |
| Kesco | | | | | | 3080.20 | | 3080.20 | - | - | - | - | - | |
| **Sub Total** | | | | | | 49236.00 | 0.00 | 49236.00 | | | | | 0.00 | |
| **Total - Unsecured** | | | | | | 4927068.16 | 0.00 | 4927068.16 | | | | | | |
| **Grand Total - Secured & Unsecured related to DISCOMs** | | | | | | 6333208.15 | 0.00 | 6333208.15 | | | | | | |

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

**NOTE- 16**

## FINANCIAL LIABILITIES - OTHERS ( NON CURRENT)

( Amount in lakh ₹ )

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---|---|---|
| Leave Encashment | 5957.94 | 6738.75 |
| Gratuity | 992.80 | 853.44 |
| TOTAL | 6950.74 | 7592.19 |

**NOTE- 17**

## FINANCIAL LIABILITIES - BORROWINGS (CURRENT)

( Amount in lakh ₹ )

| Particulars | As at 31.03.2021 | | As at 31.03.2020 | |
|---|---|---|---|---|
| **Overdraft from Banks** | | | | |
| Central Bank of India | 0.00 | | 382.24 | |
| (Pari Passu charge on Receivables and Other Current Assets of Corporation) | | | | |
| Punjab National Bank | 0.00 | | 2932.52 | |
| (Pari Passu charge on Receivables of Corporation) | | | | |
| Punjab National Bank MID | 0.00 | | 28568.33 | |
| (Pari Passu charge on Receivables of Corporation) | | | | |
| Allahabad Bank | 0.00 | | 10.88 | |
| (Pari Passu charge on Receivables of Corporation) | | | | |
| ICICI Bank | 0.00 | | 225.50 | |
| (Charge on Stock,Receivables & Other Current Assets) | | | | |
| Bank of India | 0.00 | | 28297.64 | |
| (Pari Passu charge on Receivables of DISCOMS) | | 0.00 | | 60417.11 |
| **Loans relates to DISCOMS (Unsecured)** | | | | |
| (a) **Dakshinanchal VVNL** | | | | |
| New Okhla Industrial Dev. authority | 0.00 | | 3500.25 | |
| (b) **Madhyanchal VVNL** | | | | |
| New Okhla Industrial Dev. authority | 0.00 | | 3202.75 | |
| (c) **Pashchimanchal VVNL** | | | | |
| New Okhla Industrial Dev. authority | 0.00 | | 2942.75 | |
| (d) **Purvanchal VVNL** | | | | |
| New Okhla Industrial Dev. authority | 0.00 | | 4299.45 | |
| (e) **Kesco** | | | | |
| New Okhla Industrial Dev. authority | 0.00 | 0.00 | 1054.80 | 15000.00 |
| TOTAL | | 0.00 | | 75417.11 |

M. LALL & CO. CHARTERED ACCOUNTANTS

**NOTE-18**

## FINANCIAL LIABILITIES -TRADE PAYABLE (CURRENT)

( Amount in lakh ₹ )

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---|---|---|
| Liabilitly for Purchase of Power | 2600335.59 | 3198893.99 |
| TOTAL | 2600335.59 | 3198893.99 |

**NOTE- 19**

## Other Financial Liabilities (CURRENT)

( Amount in lakh ₹ )

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---|---|---|
| Interest accrued & due | 0.00 | • 16963.05 |
| Current Maturity of Long Term Borrowings | 721805.40 | 513607.24 |
| Liability for Capital Supplies/ Works | 40.57 | 57.73 |
| Liability for O & M Supplies / Works | 18.20 | 165.39 |
| Deposits & Retentions from Suppliers & Others | 40849.76 | 40871.98 |
| ** Liabilities towards UPPCL CPF Trust | 45.55 | 60.61 |
| Interest Accrued but not Due on Borrowings | 62678.53 | 54706.15 |
| Staff Related Liabilities | 4015.55 | 5505.32 |
| Sundry Liabilities | 42409.24 | 26626.98 |
| Payable to UPJVNL | 8744.98 | 8790.84 |
| Liabilities for Expenses | 1596.08 | 1482.00 |
| TOTAL | 882203.86 | 668837.29 |

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

* Moratorium from REC as per RBI Circular DOR.No. BP.BC.47/21.04.048/2019-20 dated 27.03.2020 has been obtained.

** Includes interest on CPF

R.M. LALL & CO. CHARTERED ACCOUNTANTS

**Annexure to Note -19**

## Statement of Current Maturity of Long-Term Borrowings

( Amount in lakh ₹ )

F.Y. 2020-21

| I | Loans Relate to Discoms | | | | |
|---|---|---|---|---|---|
| Sl. No. | Name of the Discom | Bonds | REC | PFC | Total |
| 1 | MVVNL | 65326.55 | 40900.18 | 50756.16 | 156982.89 |
| 2 | PoorVVNL | 94783.91 | 54123.29 | 71284.00 | 220191.20 |
| 3 | PasVVNL | 35921.18 | 48394.14 | 44290.02 | 128605.34 |
| 4 | DVVNL | 105918.91 | 34119.99 | 52768.75 | 192807.65 |
| 5 | KESCO | 11299.38 | 2293.32 | 9625.62 | 23218.32 |
| | **Total** | 313249.93 | **179830.92** | **228724.55** | **721805.40** |
| | **Total Current Maturity of Long-Term Borrowings** | | | | **721805.40** |

F.Y. 2019 -20

| I | Loans Relate to Discoms | | | | |
|---|---|---|---|---|---|
| Sl. No. | Name of the Discom | Bonds | REC | PFC | Total |
| 1 | Madhyanchal VVNL | 55946.48 | 29576.62 | 22990.32 | **108513.42** |
| 2 | Purvanchal VVNL | 83181.95 | 36093.81 | 27126.64 | **146402.4** |
| 3 | Pashchimanchal VVNL | 28928.11 | 43976.07 | 21427.10 | **94331.28** |
| 4 | Dakshinanchal VVNL | 86263.07 | 31712.08 | 33334.39 | **151309.54** |
| 5 | KESCO | 8546.13 | 2092.06 | 2412.41 | **13050.6** |
| | **Total** | **262865.74** | **143450.64** | **107290.86** | **513607.24** |
| | **Total Current Maturity of Long-Term Borrowings** | | | | **513607.24** |

R.M. LALL & CO. CHARTERED ACCOUNTANTS

**NOTE - 20**

## REVENUE FROM OPERATIONS (GROSS)

**( Amount in lakh ₹ )**

| Particulars | For the Year ended on 31.03.2021 | | For the Year ended on 31.03.2020 | |
|---|---|---|---|---|
| **SALE OF POWER** | | | | |
| Subsidiaries | | | | |
| Dakshinanchal VVNL | 1130894.12 | | 1034860.87 | |
| Madhyanchal VVNL | 1291157.09 | | 1153708.32 | |
| Pashchimanchal VVNL | 1965426.37 | | 1724778.41 | |
| Purvanchal VVNL | 1336860.32 | | 1270354.04 | |
| KESCO | 254251.43 | | 217829.59 | |
| Unbilled amount of Sale of Power | 66326.99 | 6044916.32 | (279.26) | 5401251.97 |
| **TOTAL** | | 6044916.32 | | 5401251.97 |

**NOTE - 21**

## OTHER INCOME

**( Amount in lakh ₹ )**

| Particulars | For the Year ended on 31.03.2021 | | For the Year ended on 31.03.2020 | |
|---|---|---|---|---|
| a **Interest from :** | | | | |
| Loans to Staff | 0.49 | | 1.68 | |
| Loans to NPCL ( Licencee ) | 1954.56 | | 1700.59 | |
| Fixed Deposits | 10677.27 | | 10890.11 | |
| Bonds | 1123.10 | | 1712.25 | |
| Others | 103.62 | 13859.04 | 266.51 | 14571.14 |
| b **Other non operating Income** | | | | |
| Income from Contractors/Suppliers | 38.83 | | 55.29 | |
| Rental from Staff | 59.28 | | 29.32 | |
| School Fee/Recruitment Examination Fee | 2168.05 | | 987.05 | |
| Miscellaneous Receipts | 38.55 | 2304.71 | 34.64 | 1106.30 |
| **TOTAL** | | 16163.75 | | 15677.44 |

R.M. LALL & CO. CHARTERED ACCOUNTANTS

**NOTE - 22**

## PURCHASE OF POWER

**( Amount in lakh ₹ )**

| Particulars | For the Year ended on 31.03.2021 | For the Year ended on 31.03.2020 |
|---|---|---|
| Power Purchased from Generators & Traders | 5254853.15 | 4802491.19 |
| Surcharge | 338440.49 | 144588.52 |
| Unscheduled Interchange & Reactive Energy Charges | (4466.12) | 16407.60 |
| Inter-state Transmission & Related Charges | 483204.54 | 466322.88 |
| PPE Adjustment of Purchase of Power | | (279.26) |
| **TOTAL - Purchase of Power** | **6072032.06** | **5429530.93** |
| Less - **Rebate/Subsidy against Power Purchase** | 27115.74 | 28278.96 |
| **TOTAL** | **6044916.32** | **5401251.97** |

Note- Rebate against Power Purchase includes the Subsidyof Rs.19696.67 lakh ( for 2020-21 ) and Rs.19925.97 lakh ( for 2019-20 ) received from Central Government for Solar Power.

**NOTE - 23**

## Employee benefits expense

**( Amount in lakh ₹ )**

| Particulars | | For the Year ended on 31.03.2021 | | For the Year ended on 31.03.2020 |
|---|---|---|---|---|
| Salaries & Allowances | | 19028.00 | | 22062.10 |
| Staff Welfare Expenses | | 153.13 | | 292.79 |
| Pension & Gratuity | | 1840.11 | | 2206.02 |
| Other Terminal Benefits | | 657.22 | | 586.84 |
| **SUB TOTAL** | | **21678.46** | | **25147.75** |
| LESS - Expenses Capitalised | | 74.45 | | 50.67 |
| **TOTAL** | | **21604.01** | | **25097.08** |
| LESS - **Employees Cost Allocated to DISCOMs and Others** | | | | |
| KESCO | 705.31 | | 842.97 | |
| Madhyanchal VVNL | 3160.12 | | 3523.17 | |
| Purvanchal VVNL | 3627.04 | | 4245.02 | |
| Pashchimanchal VVNL | 3577.53 | | 4032.25 | |
| Dakshinanchal VVNL | 3201.10 | | 3404.14 | |
| UPRVUNL | 66.56 | | 68.15 | |
| UPJVNL | 22.39 | | 23.07 | |
| UPPTCL | 1756.76 | 16116.81 | 1922.39 | 18061.16 |
| | | **5487.20** | | **7035.92** |

# U.P.POWER CORPORATION LIMITED

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**NOTE - 24**

## FINANCE COSTS

( Amount in lakh ₹ )

| Particulars | For the Year ended on 31.03.2021 | | For the Year ended on 31.03.2020 | |
|---|---|---|---|---|
| **Other borrowing costs** | | | | |
| Bank Charges | 0.19 | | 0.06 | |
| Guarantee Charges | 2.14 | 2.33 | 0.00 | 0.06 |
| Interest to CPF Trust | | 4.59 | | 5.37 |
| **GRAND TOTAL** | | 6.92 | | 5.43 |

**NOTE - 25**

## DEPRECIATION AND AMORTIZATION EXPENSE

( Amount in lakh ₹ )

| Particulars | For the Year ended on 31.03.2021 | | For the Year ended on 31.03.2020 | |
|---|---|---|---|---|
| **Depreciation on -** | | | | |
| Buildings | 146.66 | | 100.38 | |
| Other Civil Works | 20.20 | | 15.35 | |
| Plant & Machinery | 43.21 | | 60.84 | |
| Lines, Cable Network etc. | 0.26 | | 0.10 | |
| Vehicles | 17.06 | | 11.95 | |
| Furniture & Fixtures | 36.32 | | 36.56 | |
| Office Equipments | 170.68 | | 175.66 | |
| Intangible Assets | 69.17 | 503.56 | 63.77 | 464.61 |
| **GRAND TOTAL** | | 503.56 | | 464.61 |

# U.P.POWER CORPORATION LIMITED

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**NOTE - 26**

## ADMINISTRATIVE,GENERAL & OTHER EXPENSES

( Amount in lakh ₹ )

| Particulars | For the Year ended on 31.03.2021 | | For the Year ended on 31.03.2020 | |
|---|---|---|---|---|
| Rent | | 1.45 | | 1.67 |
| Insurance | | 5.85 | | 5.25 |
| Communication Charges | | 106.61 | | 131.04 |
| Legal Charges | | 1365.19 | | 1249.74 |
| Auditors Remuneration & Expenses | | | | |
| Audit Fee | 5.00 | | 5.00 | |
| GST/Service Tax | 0.90 | 5.90 | 0.90 | 5.90 |
| Consultancy Charges | | 1424.22 | | 1329.78 |
| Technical Fees & Professional Charges | | 1549.83 | | 1113.40 |
| Travelling and Conveyance | | 435.85 | | 597.93 |
| Printing and Stationery | | 161.87 | | 220.97 |
| Advertisement Expenses | | 70.50 | | 165.90 |
| Electricity Charges | | 429.00 | | 498.40 |
| Entertainment | | 7.81 | | 11.92 |
| Expenditure on Trust | | 3.04 | | 5.78 |
| Miscellaneous Expenses | | 2383.37 | | 1828.60 |
| Loss on sale of Assets Scrapped | | 0.00 | | 0.83 |
| SUB TOTAL | | 7950.49 | | 7167.11 |
| **LESS - Administrative,General & Other Expenses Allocated to DISCOMs and Others** | | | | |
| KESCO | 97.38 | | 80.05 | |
| Madhyanchal VVNL | 598.08 | | 447.95 | |
| Purvanchal VVNL | 716.76 | | 560.97 | |
| Pashchimanchal VVNL | 870.59 | | 659.54 | |
| Dakshinanchal VVNL | 643.77 | | 480.24 | |
| UPRVUNL | 49.14 | | 52.86 | |
| UPJVNL | 7.35 | | 6.29 | |
| UPPTCL | 48.82 | 3031.89 | 48.81 | 2336.71 |
| | | 4918.60 | | 4830.40 |

R.M. LALL & CO. CHARTERED ACCOUNTANTS

**NOTE - 27**

## REPAIRS AND MAINTENANCE

( Amount in lakh ₹ )

| Particulars | For the Year ended on 31.03.2021 | | For the Year ended on 31.03.2020 | |
|---|---|---|---|---|
| Plant & Machinery | | 286.52 | | 145.69 |
| Buildings | | 1119.85 | | 1274.05 |
| Other Civil Works | | 7.48 | | 44.08 |
| Vehicles - Expenditure | 436.98 | | 461.79 | |
| **Less -** Transferred to different Capital & O&M Works/Administrative Exp. | 436.98 | 0.00 | 461.79 | 0.00 |
| Furniture & Fixtures | | 5.98 | | 1.36 |
| Office Equipments | | 359.62 | | 374.32 |
| **TOTAL** | | **1779.45** | | **1839.50** |
| **LESS - Repairs and Maintenance Cost Allocated to DISCOMs and Others** | | | | |
| KESCO | 7.36 | | 11.40 | |
| Madhyanchal VVNL | 46.99 | | 68.24 | |
| Purvanchal VVNL | 54.81 | | 83.21 | |
| Pashchimanchal VVNL | 70.81 | | 105.32 | |
| Dakshinanchal VVNL | 50.82 | | 76.84 | |
| UPRVUNL | 128.90 | | 110.56 | |
| UPJVNL | 16.11 | | 15.17 | |
| UPPTCL | 107.66 | 483.46 | 105.52 | 576.26 |
| | | **1295.99** | | **1263.24** |

**NOTE - 28**

## BAD DEBTS & PROVISIONS

( Amount in lakh ₹ )

| Particulars | For the Year ended on 31.03.2021 | For the Year ended on 31.03.2020 |
|---|---|---|
| **PROVISIONS** | | |
| Doubtful Debts ( Sale of Power ) | (26987.93) | 31355.91 |
| Doubtful Debts (Advance to Suppliers/Contractors) | 23.76 | 138.62 |
| Doubtful Debts (Loans to NPCL) | 1954.56 | 1700.59 |
| * Doubtful Debts (Other Receivables) | 2257.40 | 2108.35 |
| Impairment in investment | (1711168.00) | 281847.27 |
| **TOTAL** | **(1733920.21)** | **317150.74** |

* Except Receivables on account of Loan

R.M. LALL & CO. CHARTERED ACCOUNTANTS

# U.P.POWER CORPORATION LIMITED

## 14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

## STATEMENT OF CASH FLOW FOR THE YEAR ENDED ON 31st MARCH 2021

(₹ in Lakhs)

| | | | 2020-21 | 2019-20 |
|---|---|---|---|---|
| A | | CASH FLOW FROM OPERATING ACTIVITIES | | |
| | | Net Profit/ (Loss) Before Taxation & Extraordinary items | 1,737,871.69 | (315,072.90) |
| | | Adjustment For: | | |
| | a | Depreciation | 503.56 | 464.61 |
| | b | Interest & Financial Charges | 6.92 | 5.43 |
| | c | Bad Debts & Provision | (1,733,920.21) | 317,150.74 |
| | d | Interest Income | (13,859.04) | (14,571.14) |
| | | Sub Total | (1,747,268.77) | 303,049.64 |
| | | Operating Profit Before Working Capital Change | (9,397.08) | (12,023.26) |
| | | Adjustment for: | | |
| | a | Inventories | 227.17 | (72.31) |
| | b | Trade Receivable | 539,758.60 | (627,118.21) |
| | c | Other Current Assets | 84.78 | (1,071.30) |
| | d | Financial assets-others | (2,917,759.81) | (972,492.05) |
| | e | Other financial Liab. | 213,362.59 | 315,156.36 |
| | f | Financial Liabilities-Borrowings | (75,417.11) | (38,932.95) |
| | g | Trade Payable | (598,558.40) | 655,066.61 |
| | h | Bank balance other than cash | (51,986.08) | (133,604.77) |
| | | Sub Total | (2,890,288.26) | (803,068.62) |
| | | NET CASH FROM OPERATING ACTIVITIES (A) | (2,899,685.34) | (815,091.88) |
| B | | CASH FLOW FROM INVESTING ACTIVITIES | | |
| | a | Decrease (Increase) in Property,Plant & Equipment | (777.05) | (557.55) |
| | b | (Increase)/Decrease in Investments | (378,521.68) | (309,338.21) |
| | c | Decrease/(Increase) in Loans & Other financial assets Non-current Assets | 594,676.26 | 1,250,698.39 |
| | d | Interest incomes | 13,859.04 | 14,571.14 |
| | e | Decrease (Increase) in Intangible assets | (44.04) | (25.05) |
| | | NET CASH GENERATED FROM INVESTING ACTIVITIES (B) | 229,192.53 | 955,348.72 |
| C | | CASH FLOW FROM FINANCING ACITIVITIES | | |
| | a | Proceeds from Borrowing | 2,104,276.57 | (606,886.16) |
| | b | Proceeds from Share Capital | 727,624.58 | 383,774.47 |
| | c | Proceed from other equity | - | (1,045.44) |
| | d | Other long term liabilities | (641.45) | 817.34 |
| | e | Interest & Financial Charges | (6.92) | (5.43) |
| | | NET CASH GENERATED FROM FINANCING ACTIVITIES (C) | 2,831,252.78 | (223,345.22) |
| NET INCREASE/ (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C) | | | 160,759.97 | (83,088.38) |
| CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | | | 79,439.73 | 162,528.11 |
| CASH & CASH EQUIVALENTS AT THE END OF THE YEAR (Refer Note no.09) | | | 240,199.70 | 79,439.73 |

**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.

(Dr. Jyoti Arora)
Company Secretary

( A.K.Awasthi )
Chief Finanacial Officer

(A.K.Purwar)
Director
DIN - 08544396

(Pankaj Kumar)
Managing Director
DIN - 08095154

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

08/01/2022
(Vikas C Srivastava)
Partner
M.No. 401216
UDIN: 22401216AAAAAB9409

Place : Lucknow
Date : 30/12/21

# 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 2021 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 the 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, Purvanchal Vidyut Vitran Nigam Ltd., Varanasi & Dakshiranchal 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

R.M. LALL & CO.

1(d) and 1(e) above.

Consequent upon the above notification the necessary adjustments in this regard were 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 the agreement dated 12.10.2003 with Uttaranchal 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 has 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 Uttrakhand 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 in the ensuing accounts in hand i.e. F.Y. 2018-19 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 in the F.Y.2018-19.

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 recruited prior to creation of the UPPCL i.e. for GPF employees 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 dated 12.04.2021 for the F.Y. 2020-21.

(c) The provision for Earned Leave Encashment (Terminal Benefits) for all employees (i.e. GPF & CPF employees) has been made as per Actuarial Valuation Report dated 12.04.2021 for the F.Y. 2020-21.

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

| S.N | **Defined benefit plans:-** (Amount ₹ in Lacs) | **Gratuity** | | **Leave Encashment** | |
|---|---|---|---|---|---|
| | | **As on 31/03/2021** | **As on 31/03/2020** | **As on 31/03/2021** | **As on 31/03/2020** |
| 1 | **Assumptions** | | | | |
| | Discount Rate | 6.81% | 6.88% | 6.41% | 6.60% |

|  |  |  |  |  |  |
|---|---|---|---|---|---|
|  | Rate of increase in Compensation levels | 4.00% | 4.00% | 4.00% | 4.00% |
|  | Rate of return on Plan assets | Not Applicable | Not Applicable | Not Applicable | Not Applicable |
|  | Average future service (in Years) | 25.67 Years | 25.56 Years | 16.40 Years | 15.61 Years |
| 2 | **Service Cost** |  |  |  |  |
|  | Current Service Cost | 11.42 | 96.92 | 12.87 | 98.90 |
|  | Past Service Cost (including curtailment Gains/ Losses) | 0.00 | 0.00 | 0.00 | 0.00 |
|  | Gains or losses on Non Routine settlements | 0.00 | 0.00 | 0.00 | 0.00 |
| 3 | **Net Interest Cost** |  |  |  |  |
|  | Interest Cost on Defined Benefit Obligation | 59.75 | 44.10 | 496.84 | 522.89 |
|  | Interest Income on Plan Assets | 0.00 | 0.00 | 0.00 | 0.00 |
|  | **Net Interest Cost (Income)** | **59.75** | **44.10** | **496.84** | **522.89** |
| 4 | **Change in present value of obligations** |  |  |  |  |
|  | Opening of defined benefit obligations | 868.53 | 567.61 | 7527.88 | 7037.51 |
|  | Interest cost | 59.75 | 44.10 | 496.84 | 522.89 |
|  | Service Cost | 11.42 | 96.92 | 128.87 | 98.90 |
|  | Benefits Paid | (23.74) | (12.04) | (969.91) | (723.57) |
|  | Actuarial (gain)/Loss on total liabilities | **3.98** | **171.93** | (285.58) | **592.15** |
|  | *due to change in financial assumptions* | 11.70 | 111.69 | 80.82 | 359.09 |
|  | *due to change in demographic assumptions* | 0.00 | 0.00 | 0.00 | 0.00 |
|  | *due to experience Changes* | (7.72) | 60.24 | (366.40) | 233.05 |
|  | **Closing of defined benefit obligation** | **1022.70** | **868.53** | **6898.09** | **7527.88** |
| 5 | **Change in the fair value of plan assets** |  |  |  |  |
|  | Opening Fair value of plan assets | 0.00 | 0.00 | 0.00 | 0.00 |
|  | Actual return on plan assets | 0.00 | 0.00 | 0.00 | 0.00 |
|  | Employer Contribution | 23.74 | 12.04 | 969.91 | 723.57 |

|  |  |  |  |  |  |
|---|---|---|---|---|---|
|  | Benefits paid | (23.74) | (12.04) | (969.91) | (723.57) |
|  | **Closing Fair value of plan assets** | 0.00 | 0.00 | 0.00 | 0.00 |
| 6 | **Actuarial (Gain)/Loss on Plan Asset** |  |  |  |  |
|  | Expected Interest Income | 0.00 | 0.00 | 0.00 | 0.00 |
|  | Actual Income on Plan Assets | 0.00 | 0.00 | 0.00 | 0.00 |
|  | **Actuarial gain/(loss) on Assets** | 0.00 | 0.00 | 0.00 | 0.00 |
| 7 | **Other Comprehensive Income** |  |  |  |  |
|  | Opening amount recognized in OCI outside P&L account | 0.00 | 0.00 | N/A | N/A |
|  | Actuarial gain/(loss) on liabilities | (3.98) | (171.93) | N/A | N/A |
|  | Actuarial gain/(loss) on assets | 0.00 | 0.00 | N/A | N/A |
|  | **Closing amount recognized in OCI outside P&L account** | (171.93) |  | (171.93) N/A | N/A |
| 8 | **The amounts to be recognized in the Balance Sheet Statement** |  |  |  |  |
|  | Present value of obligations | 1022.70 | 868.53 | 6898.09 | 7527.88 |
|  | Fair value of plan assets | 0.00 | 0.00 | 0.00 | 0.00 |
|  | Net Obligations | 1022.70 | 868.53 | 6898.09 | 7527.88 |
|  | Amount not recognized due to assets limit | 0.00 | 0.00 | 0.00 | 0.00 |
|  | **Net defined benefit liability/(assets) recognized in balance sheet** | **1022.69** | **868.53** | **6898.09** | **7527.88** |
| 9 | **Expenses recognized in Statement of Profit & loss** |  |  |  |  |
|  | Service cost | 114.17 | 96.92 | 128.87 | 98.90 |
|  | Net Interest cost | 59.75 | 44.10 | 496.84 | 522.89 |
|  | Net actuarial (gain)/loss | 0.00 | 0.00 | (285.58) | 592.15 |
|  | **Expenses recognized in statement of Profit & Loss** | **173.93** | **141.03** | 340.13 | **1213.93** |
| 10 | **Change in Net Defined Obligations** |  |  |  |  |
|  | Opening of Net defined benefit liability | 868.53 | 567.61 | 7527.88 | 7037.51 |

| | | | | | |
|---|---|---|---|---|---|
| | Service Cost | 114.17 | 96.92 | 128.87 | 98.90 |
| | Net Interest Cost | 59.75 | 44.10 | 496.84 | 522.89 |
| | Re-measurements | 3.98 | 171.93 | (285.58) | 592.15 |
| | Contributions paid to fund | (23.73) | (12.04) | (969.91) | (723.57) |
| | Closing of Net defined benefit liability | **1022.69** | **868.53** | **6898.10** | **7527.88** |
| 11 | **Sensitivity analysis** | | | | |
| | **Item** | **As on 31/03/2021** | **Impact** | **As on 31/03/2021** | **Impact** |
| | Base liability | 102,269,692 | | 689,809,111 | |
| | Increase in Discount rate by 0.50% | 94,288,191 | (7,981,501) | 669,008,670 | (20,800,441) |
| | Decrease in Discount rate by 0.50% | 111,159,515 | 8,889,823 | 712198097 | 22,388,986 |
| | Increase in salary inflation by 1% | 120,468,365 | 18,198,673 | 734224331 | 44,475,720 |
| | Decrease in salary inflation by 1% | 87,021,569 | (15,248,123) | 650862915 | (38,946,196) |
| | Increase withdrawal rate by 0.5% | 1.05,564,669 | 3,294,977 | 694713534 | 4,904,423 |
| | Decrease withdrawal rate by 0.5% | 98,711,316 | (3558376) | 684572776 | (5,236,335) |

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/ the Intangible Assets have been calculated taking into consideration the useful life of assets as approved in the orders of UPERC (Multi Year tariff for Distribution and Transmission) Regulation, 2019.

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. 15202.00 Lacs is in under progress (refer note no. 12).

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

9. (a) Some balances appearing under the heads '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 realization in the ordinary course of business at least equal to the amounts at which they are stated in the Balance Sheet.

10 In accordance with the position of INDAS 08 (accounting policies, changes in accounting estimates and errors), prior period(s) errors/omission have been corrected retrospectively by restating the comparative amounts of profit & loss for the prior period i.e F.Y.2019-20 to the extent practicable along with changes in basic and diluted earnings per share. If the error/omission relates to a period prior to the comparative figure i.e before F.Y. 2019-20, the equity of the comparative period have been restated. The opening balance of Balance sheet items have also been restated wherever required.

**A- Profit & Loss Account**

| S No. | Particulars | Note | Audited figures for the year ended 31.03.2020 | Adjustment of Prior Period Errors | | | Restated figures for the Year ended 31.03.2020 | Other Equity (Reserve & Surplus) restated for the period ended 31.03.2019 and before |
|---|---|---|---|---|---|---|---|---|
| | | | | Related to the Year ended 31.03.2020 | Related to the Year ended 31.03.2019 and before | Total | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| I | Revenue From Operations | 20 | 5401531.23 | -279.26 | -15267.79 | -15547.05 | 5401251.97 | -15267.79 |
| II | Other Income | 21 | 15556.74 | 120.70 | 0.00 | 120.70 | 15677.44 | 0.00 |
| III | Total Income (I+II) | | **5417087.97** | **-158.56** | **-15267.79** | **-15426.35** | **5416929.41** | **-15267.79** |
| | | | | | | | | |
| IV | **EXPENSES** | | | | | | | |
| | Purchases of Stock-in-Trade (Power Purchased) | 22 | 5401531.23 | -279.26 | -15267.79 | -15547.05 | 5401251.97 | -15267.79 |
| | Employee benefits expense | 23 | 7035.92 | 0.00 | 0.00 | 0.00 | 7035.92 | 0.00 |
| | Finance costs | 24 | 5.43 | 0.00 | 0.00 | 0.00 | 5.43 | 0.00 |
| | Depreciation and amortization expenses | 25 | 464.61 | 0.00 | 0.00 | 0.00 | 464.61 | 0.00 |
| | **Other expenses** | | | | | | | |
| | Adminstration, General & Other Expense | 26 | 4795.65 | 34.75 | 0.00 | 34.75 | 4830.40 | 0.00 |
| | Repair and Maintenance | 27 | 1219.22 | 44.02 | 0.00 | 44.02 | 1263.24 | 0.00 |
| | Bad Debts & Provisions | 28 | 317928.09 | -777.35 | 0.00 | -777.35 | 317150.74 | 0.00 |
| | | | | | | | | |
| | Total expenses (IV) | | **5732980.15** | -977.84 | -15267.79 | -16245.63 | 5732002.31 | -15267.79 |
| | | | | | | | | |
| V | Profit/(Loss) before exceptional items and tax (III-IV) | | -315892.18 | 819.28 | 0 | 819.28 | -315072.90 | 0 |
| VI | Exceptional Items | | 0 | 0 | 0 | 0 | 0 | 0 |
| VII | Profit/(Loss) before tax (V(+/-)VI) | | -315892.18 | 819.28 | 0 | 819.28 | -315072.90 | 0 |

R. L. LALL & CO. CHARTERED ACCOUNTANTS

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| VIII | Tax expense: | | | | | | | |
| | (1) Current tax | | 0 | 0 | 0 | 0 | 0 | 0 |
| | (2) Deferred tax | | 0 | 0 | 0 | 0 | 0 | 0.00 |
| IX | Profit (Loss) for the period from continuing operations (VII-VIII) | | -315892.18 | 819.28 | 0 | 819.28 | -315072.90 | 0 |
| | | | | | | | | |
| X | Profit/(Loss) from discontiniuing operations | | | | | | | |
| XI | Tax expense of discontiniuing operations | | | | | | | |
| XII | Profit/(Loss) from discontinuing operations (after tax) (X-XI) | | | | | | | |
| XIII | Profit/(Loss) for the period (IX+XII) | | -315892.18 | 819.28 | 0 | 819.28 | -315072.90 | 0 |
| | | | | | | | | |
| XIV | Other Comprehensive Income | | | | | | | |
| | A (i) Items that will not be reclassified to profit or loss- Re-measurement of Defined Benefit Plans (Actuarial Gain or Loss) | | -171.93 | 0 | 0 | 0 | -171.93 | 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) | | -316064.11 | 819.28 | 0 | 819.28 | -315244.83 | 0 |
| | Basic & Diluted EPS | | -33.26 | | | | -33.17 | |
| | | | | | | | | |

**Reconciliation of Financial Statement line items which are retrospectively restated as under in accordance with Ind AS-8 "Accounting Policies, Change in Accounting Estimates and Errors".**

**Rs. In Lacs**

**B- Balance Sheet**

| S No. | Particulars | Note | Audited figures as on 31.03.2020 | Adjustment | Restated figures as on 31.03.2020 | Remarks |
|---|---|---|---|---|---|---|
| | | | | | | |
| I | **ASSETS** | | | | | |
| 1 | Non-current assets | | | | | |
| | (a) Property, Plant and Equipment | 2 | 6197.44 | 0.00 | 6197.44 | |
| | (b) Capital work-in-progress | 3 | 32.97 | 0.00 | 32.97 | |
| | (c) Intangible assets | 4 | 249.10 | 0.00 | 249.10 | |
| | (d) Financial Assets | | | | | |
| | (i) Investments | 5 | 527173.62 | 0.00 | 527173.62 | |
| | (ii) Loans & Other Financial Assets | 6 | 1532694.28 | 0.00 | 1532694.28 | |
| | (iii) Others | | | | | |
| 2 | Current assets | | | | | |
| | (a) Inventories | 7 | 228.85 | 0.00 | 228.85 | |
| | (b) Financial Assets | | | | | |
| | (i) Trade receivables | 8 | 3564945.10 | -14769.70 | 3550175.40 | PPE Adjustment |
| | (ii) Cash and cash equivalents | 9 | 79439.73 | 0.00 | 79439.73 | |

| | | | | | | |
|---|---|---|---|---|---|---|
| | (iii) Bank balances other than (ii) above | 10 | 176861.88 | 0.00 | 176861.88 | |
| | (iv) Others | 11 | 2954717.34 | 79.00 | 2954796.34 | PPE Adjustment |
| | (c) Other Current Assets | 12 | 51190.09 | 41.68 | 51231.77 | PPE Adjustment |
| | | | | | | |
| | | | | | | |
| | **Total Assets** | | **8893730.40** | **-14649.02** | **8879081.38** | |
| | | | | | | |
| II | **EQUITY AND LIABILITIES** | | | | | |
| | **Equity** | | | | | |
| | (a) Equity Share Capital | 13 | 9676208.64 | 0.00 | 9676208.64 | |
| | (b) Other Equity | 14 | -8977618.7 | 819.28 | -8976799.42 | PPE Adjustment |
| | **LIABILITIES** | | | | | |
| 1 | Non-current liabilities | | | | | |
| | (a) Financial liabilities | | | | | |
| | (i) Borrowings | 15 | 4228931.58 | 0.00 | 4228931.58 | |
| | (b) Other financial liabilities | 16 | 7592.19 | 0.00 | 7592.19 | |
| 2 | Current liabilities | | | | | |
| | (a) Financial liabilities | | | | | |
| | (i) Borrowings | 17 | 75417.11 | 0.00 | 75417.11 | |
| | (ii) Trade payables | 18 | 3214441.04 | -15547.05 | 3198893.99 | PPE Adjustment |
| | (iii) Other financial liabilities | 19 | 668758.54 | 78.75 | 668837.29 | PPE Adjustment |
| | | | | | | |
| | | | | | | |
| | **Total Equity and Liabilities** | | **8893730.40** | **-14649.02** | **8879081.38** | |

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

| | **Earnings per share:** | **31.03.2021** | **31.03.2020** |
|---|---|---|---|
| (a) | Net Profit/(loss) after tax (numerator used for calculation) ₹ in Lacs | 1737867.71 | (315244.82) |
| (b) | Weighted average number of Equity Shares* (denominator for calculating Basic EPS) | 985682252 | 950370812 |
| (c) | Weighted average number of Equity Shares* (denominator for calculating Diluted EPS) | 991745794 | 954085912 |
| (d) | Basic earnings per share of ₹ 1000/- each in ₹ | 176.31 | (33.17) |
| (e) | Diluted earnings per share of ₹1000/- each in ₹ | 175.23 | (33.17) |

* Calculated on monthly basis.

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

13. As per Ministry of Power, Govt of India, order no.23/22/2019-R&R (Part-4) dated 20.08.2020 power generating companies and transmission companies shall not charge late Payment Surcharge(LPS) at a rate exceeding 1% per month for all the payments made under the liquidity infusion scheme of PFC and REC under Atmanirbhar Bharat Scheme.

14. 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.

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

16. Quantitative Details of Energy purchased and sold:-

| S. No. | Details | 2020-21 | 2019-20 |
|---|---|---|---|
| (I) | Total number of Units purchased | 120589.94 MU | 118140.93 MU |
| (II) | Total number of units sold | 113858.89 MU | 112224.92 MU |
| (III) | % of Loss | 5.58 | 5.01 |

17. Contingent Liabilities/Assets:-

| S. No. | Details | 2020-21 Amount (₹. in Lacs) | 2019-20 Amount (₹. in Lacs) |
|---|---|---|---|
| (i) | Capital commitments | - | - |
| (ii) | Income Tax | - | - |
| (iii) | Power Purchase | 1400278.56 | 1317934.36 |
| (iv) | Other Contingencies | 1344.82 | 1344.82 |
| (V) | Contingent Assets | 481.55 | 481.55 |

Contingent liabilities have been disclosed to the extent ascertainable.

18. 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, and no provision has been made by the company in this regard.

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

20. **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 |
| *Southern U.P Power Transmission Company Limited |
| **Sonebhadra Power Generation Company Limited (inoperative Since dated 27.03.2019) |
| **Associates** |
| ***Yamuna Power Generation Company Limited (inoperative since dated 25.03.2019) |

* Refer Note no.37
** Refer Note no.35
*** Refer Note no.36

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 | Period (For FY 2020-21) | |
|---|---|---|---|---|
| | | | From (Date of Appointment) | To |
| 1 | Shri M. Devaraj, IAS (DIN-08677754) | Managing Director | 05.11.2019 | 01.02.2021 |
| | | Chairman & Managing Director | 02.02.2021 | 09.03.2021 |
| | | Chairman | 10.03.2021 | 31.03.2021 |
| 2 | Shri Pankaj Kumar (DIN-08095154) | Managing Director | 10.03.2021 | 31.03.2021 |
| 3 | Shri Ajay Kumar Purwar (DIN-08544396) | Director (PM&A) | 10.07.2019 | 31.03.2021 |
| 4 | Shri Ashok Kumar Srivastava (DIN-08189765) | Director (Commercial) | 27.06.2018 | 31.03.2021 |
| 5 | Shri V.P. Srivastava (DIN-08051823) | Director (Corporate Planning) | 04.01.2018 | 03.01.2021 |

| S. No. | Name | Designation | Period (For FY 2020-21) | |
|---|---|---|---|---|
| | | | From (Date of Appointment) | To |
| 6 | Shri Sudhir Arya (DIN-05135780) | Director (Finance) | 30.07.2019 | 31.03.2021 |
| 7 | Shri Vijai Kumar (DIN-08051813) | Director (Distribution) | 06.01.2018 | 15.04.2020 |
| 8 | Shri Ashwani Kumar Srivastava (DIN-07677222) | Director (Distribution) | 19.01.2021 | 31.03.2021 |
| 9 | Shri Anil Kumar Awasthi | Chief Financial officer | 05.03.2020 | 31.03.2021 |
| 10 | Miss Niharika Gupta | Company Secretary | 18.03.2020 | 31.03.2021 |

**(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 Limlted Contributory Provident Fund.

**B- Transactions with Related Parties are as follows:**

(a) Transaction with Subsidiaries and Associates:-

**(Amount ₹ in Lacs)**

| Particulars | Subsidiaries | | Associates | |
|---|---|---|---|---|
| | 2020-21 | 2019-20 | 2020-21 | 2019-20 |
| (i) Sales | 6044916.32 | 5401251.97 | | - |
| (ii) Purchase | | - | | - |
| (iii) Dividend received | | - | | - |
| (iv) Equity Contribution made | 697173.62 | 309338.18 | | - |
| (v) Loans (Net Increase/(Decrease))* | 2298633.94 | (301069.37) | | - |
| (vi) Amount Recoverable Other than Loan | (582584.73) | 651400.69 | | - |
| (vii) Receivable-Others (Net Increase/(Decrease)) | | - | | - |

| | | | | |
|---|---|---|---|---|
| (viii) Employee cost allocation | 14271.10 | 16047.55 | | - |
| (ix) Administrative, General & other exp allocation | 2926.58 | 2228.75 | | - |
| (x) Repair & maintenance exp allocation | 230.79 | 345.01 | | - |

**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 Government's Department.*

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

**(Amount ₹ in Lacs)**

| | **2020-21** | **2019-20** |
|---|---|---|
| Salary & Allowances | 170.25 | 175.91 |
| Leave Encashment | 26.22 | 0 |
| Contribution to Gratuity/ Pension/ PF | 27.24 | 16.17 |

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** | **2020-21** | **2019-20** |
|---|---|---|---|---|
| 1 | UP Power Transmission Corporation Limited | Misc. Transactions (Net) | 1473.65 | 1,369.24 |
| 2 | Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited | Power Purchase | 865105.42 | 858055.73 |
| 3 | Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited | Receivables (Unsecured) | 229.40 | 269.64 |
| 4 | Uttar Pradesh Jal Vidyut Nigam Limited | Power Purchase | 17160.90 | 8791.11 |
| 5. | UP Power Transmission Corporation Limited | Employee, Administrative & Repair & maintenance cost allocation | 1913.23 | 2076.72 |

|  |  |  |  |  |
|---|---|---|---|---|
| 6. | Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited | Employee, Administrative & Repair & maintenance cost allocation | 244.61 | 231.57 |
| 7. | Uttar Pradesh Jal Vidyut Nigam Limited | Employee, Administrative & Repair & maintenance cost allocation | 45.85 | 44.53 |

R.M. LALL & CO. CHARTERED ACCOUNTANTS

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

**(Amount ₹ in Lacs)**

| **Particulars** | **31st March 2021** | **31st March 2020** |
|---|---|---|
| **Amount recoverable towards loans** | | |
| **From Subsidiaries** | | |
| ➢ MVVNL | 1486065.65 | 989726.45 |
| ➢ PVVNL | 930544.02 | 847371.35 |
| ➢ PurVVNL | 2491998.13 | 1289360.26 |
| ➢ DVVNL | 1909962.71 | 1456258.75 |
| ➢ Kesco | 236443.06 | 174822.01 |
| | | |
| **Amount recoverable other than loans** | | |
| **From Subsidiaries** | | |
| ➢ MVVNL | 902149.25 | 812605.81 |
| ➢ PVVNL | 334119.48 | 238691.42 |
| ➢ PurVVNL | 1011094.23 | 1807913.22 |
| ➢ DVVNL | 692387.18 | 815380.29 |
| ➢ Kesco | 256059.69 | 103803.82 |
| | | |
| | | |
| **From Others** | | |
| ➢ UPPSET | 17168.33 | 17182.84 |
| ➢ UPRVUNL | 754.31 | 524.91 |
| ➢ UPPTCL | 16771.67 | 15298.02 |
| | | |
| **Amount Payable towards loan** | | |
| **To Subsidiaries** | | |
| ➢ MVVNL | 86904.18 | 87190.50 |
| ➢ PVVNL | 107118.75 | 107261.14 |
| ➢ PurVVNL | 109401.63 | 109896.43 |
| ➢ DVVNL | 93116.64 | 93309.33 |
| ➢ Kesco | 322.60 | 365.59 |
| | | |
| **Amount Payable other than loan** | | |
| **To Others** | | |
| ➢ UPJVNL | 8744.98 | 8790.84 |
| ➢ UPPCLCPF | 45.55 | 60.61 |

21 (i) Revenue Grants / Subsidies received under different schemes for DISCOMs are treated initially as payable to DISCOMs and subsequently are transferred / adjusted against DISCOMs concerned.

(ii) During the year 2020-21, The Capital Grant of Rs. 109.99 Lacs, Revenue Grant of Rs. 62164.94 Lacs and Revenue Subsidy of Rs. 965717.14 Lacs have been received from Govt. of U.P. on behalf of the DISCOMs and the same have also been distributed to the DISCOMs. The DISCOMS wise details are as below:

Amount (Rs.in Lakhs)

| Sr. No. | Name of DISCOM | Capital Grant | Revenue Grant | Revenue Subsidy |
|---|---|---|---|---|
| 1 | MVVNL | 0.00 | 10014.18 | 178368.12 |
| 2 | PuVVNL | 109.99.00 | 18238.09 | 333418.52 |
| 3 | PVVNL | 0.00 | 3585.64 | 286269.97 |
| 4 | DVVNL | 0.00 | 28661.13 | 167557.37 |
| 5 | KESCO | 0.00 | 1665.91 | 103.16 |
|  | **Total** | **109.99.00** | **62164.94** | **965717.14** |

(iii) As per GO No. 445-1-21-731 (Budget)/ 2020 dated 05.03.2021 of Govt. of U.P., the subsidies of Rs. 2094000.00 Lacs is receivable from the Govt. of U.P. in favour of DISCOMS through the company (UPPCL) and the same are to be paid by the Govt. of U.P. in the forthcoming 10 years. DISCOM wise details are as under:

Amount (Rs.in Lakhs)

| Sr. No. | Name of DISCOM |  |
|---|---|---|
| 1 | MVVNL | 97808.00 |
| 2 | PuVVNL | 811554.26 |
| 3 | PVVNL | 914644.74 |
| 4 | DVVNL | 215969.00 |
| 5 | KESCO | 54024.00 |
|  | **Total** | **2094000.00** |

The DISCOMs concerned have shown the above subsidies as receivable from Govt. of U.P. in its books of accounts for the F.Y. 2020-21.

22. **Asian Development Loan No. 4025**:

(i) Under the Uttar Pradesh Power Distribution Network Project, the mobilization advance of Rs. 17040.12 Lacs was given to the working agencies/contractors during the year 2020-21 and the reimbursement claim against the above advances has been received through GoUP on dated 29.05.2021.

(ii) The DISCOMs wise details of mobilization advance of Rs. 17040.13 Lacs are as under:

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(Amount (Rs.in Lakhs)

| Sr. No. | Name of DISCOM | Fund Released |
|---|---|---|
| 1 | MVVNL | 4964.62 |
| 2 | PUVVNL | 4867.68 |
| 3 | PVVNL | 3766.31 |
| 4 | DVVNL | 3441.52 |
|  | **Total** | **17040.13** |

23. The details of Earmarked Balances with banks are as under:

(Amount (Rs.in Lakhs)

| Bank Balances & FDR as on 31.03.2021 |  |  |  |  |
|---|---|---|---|---|
| **Name of Bank** | **Name of Bank Account** | **Bank Balance as on 31.03.2021** | **FDR Balance** | **Accrued Interest** |
| HDFC | Dsra Series 1 A/C | 384.32.00 | 25139.16 | 42.05 |
|  | Bond Ser Escrow A/S | 0.00 | 23674.92 | 45.03 |
|  | Bond Ser Escrow A/S 2 | 0.00 | 4598.84 | 3.66 |
|  | Dsra Series 2 A/C | 88.40.00 | 16520.29 | 124.01 |
|  | **TOTAL** | **472.70** | **69933.21** | **214.75** |
|  |  |  |  |  |
| ICICI | UP Power Corporation Limited RPO Regulatory Fund A/C Created In Accordance With The Direction Issued By UPERC In Order To Compliance With Renewable Purchase Obligation. | 7657.07 | 0.00 | 0.00 |
|  | Distribution network rehabilitation a/c | 6.24 | 0.00 | 0.00 |
|  | UPPCL Bond Servicing Series-I A/C | 0.22 | 21817.72 | 65.08 |
|  | UPPCL Debt Service Reserve-I A/C | 0.00 | 45918.04 | 0.00 |
|  | UPPCL Bond Servicing Series-II A/C | 0.00 | 27467.39 | 81.91 |
|  | UPPCL Debt Service Reserve-II A/C | 0.00 | 57813.21 | 0.00 |
|  | **TOTAL** | **7663.53** | **153016.36** | **146.99** |

24. The guarantee issued by GoUP in favour of various Banks, FI's and bond security stood at ₹ 56453.65 Crore as on 01.04.2020 and ₹ 79053.65 Crore as on 31.03.2021 respectively. During the FY 2020-21 Govt. guarantees of ₹28540.00 Crore were issued and ₹5940.00 Crore were discharged.

25. The status of Bonds issued by the Company for the Discoms as on 31.03.2021 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 31.03.2021 | Outstanding as at 31.03.2020 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Listed | | | | | | | | | | | | | | | |
| 1 | THE COMPANY Bond series III/2016-17 | 651000.00 | 65100 | 17-Feb-2017 | 10 | 8.97% | 15-Feb-2021 | Paid | 14-May-2021 | 12067.48 | 14-May-2021 | 23250.00 | Govt.Guranteed and Hypothicated for receivables | 558000 | 651000.00 |
| 2 | THE COMPANY Bond series IV/2016-17 | 348950.00 | 34895 | 27-Mar-2017 | 10 | 8.48% | 15-Mar-2021 | Paid | 15-Jun-2021 | 6393.04 | 15-Jun-2021 | 12462.50 | | 299100 | 348950.00 |
| 3 | THE COMPANY Bond series I/2017-18 | 449820.00 | 44982 | 05-Dec-2017 | 10 | 9.75% | 20-Jan-2021 | Paid | 20-Apr-2021 | 8587.72 | 20-Apr-2021 | 13230.00 | | 367210 | 410130.00 |
| 4 | THE COMPANY Bond series II/2017-18 | 549100.00 | 54910 | 27-Mar-2018 | 10 | 10.15% | 20-Jan-2021 | Paid | 20-Apr-21 | 11317.39 | 20-Apr-2021 | 16150.00 | | 452200 | 516800.00 |
| Unlisted | | | | | | | | | | | | | | | |
| 1 | U.P. Power Corporation Ltd.- 2031 | 537682 | 537682 | 04-Jul-2016 | 1 | 9.70% | 04-Jan-2021 | Paid | 05-Jul-2021 | 25863.24 | 04-Jan-2022 | 26684.10 | Govt. Guranteed | 537682 | 537682.00 |
| 2 | U.P. Power Corporation Ltd.- 2031 | 469998 | 469998 | 28-Sep-2016 | 1 | 9.70% | 28-Mar-2021 | Paid | 28-Sep-2021 | 22982.26 | 28-Mar-2022 | 23499.90 | | 469998 | 469998.00 |
| 3 | U.P. Power Corporation Ltd.- 2032 | 29949 | 29949 | 30-Mar-2017 | 1 | 9.70% | 30- Mar - 2021 | Paid | 30- Sep - 2021 | 1342.42 | 30-Sep-2021 | 1247.97 | | 27453..05 | 29949.00 |
| | | 3036499.00 | 1237516 | | | | | | | 88553.54 | | 116724.47 | | 2701643.05 | 2964509.00 |

Payment of Principal amount is started from 19.07.2019.

26. (a) Disclosure pursuant to Regulation 54(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulation,2015.The following debentures issued by the Company as on February 17,2017, March 27,2017 December 05, 2017 & March 27, 2018 are secured as per the details:-

| ISIN | Scrip Code | Maturity | Secured by way of | Amount (₹ In Lacs.) | Date of Creation of Security |
|---|---|---|---|---|---|
| INE540P07053,<br>INE540P07061,<br>INE540P07079,<br>INE540P07087,<br>INE540P07095,<br>INE540P07103 | 955767,<br>955768,<br>955769,<br>955770,<br>955771,<br>955772 | 15-02-2027 | Hypothecation on Receivable | 651000.00 | 16-02-2017 |
| INE540P07129,<br>INE540P07137,<br>INE540P07145,<br>INE540P07152,<br>INE540P07160,<br>INE540P07178 | 956145,<br>956146,<br>956147,<br>956148,<br>956149,<br>956150 | 13-03-2027 | Hypothecation on Receivable | 348950.00 | 30-03-2017 |

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| | | | | | |
|---|---|---|---|---|---|
| INE540P07202,<br>INE540P07210,<br>INE540P07228,<br>INE540P07236,<br>INE540P07244,<br>INE540P07251,<br>INE540P07269 | 957203,<br>957204,<br>957205,<br>957206,<br>957207,<br>957208,<br>957209 | 20-10-2027 | Hypothecation on Receivable | 449820.00 | 06-12-2017 |
| INE540P07293,<br>INE540P07301,<br>INE540P07319,<br>INE540P07327,<br>INE540P07335,<br>INE540P07343,<br>INE540P07350 | 957803,<br>957804,<br>957806,<br>957807,<br>957808,<br>957809,<br>957810 | 20-01-2028 | Hypothecation on Receivable | 549100.00 | 24-03-2018 |

**The extent and nature of security created and maintained w.r.t Secured, Listed Non-convertible bonds:**

All the above rated listed bonds are fully secured upto1.1 times of the outstanding balance of bonds upon receivables of UPPCL and the bonds are also guaranteed by Government of Uttar Pradesh.

**26 (b) The market value of Bonds shown under the head FINANCIAL ASSETS - INVESTMENTS (NON-CURRENT) at note no.05 is as under**

| Settlement Date | Security | Valuation date | Original Maturity date | Residual maturity year | FIMMDA Yield as on 31.03.2021 | Price | No. of bonds | Total amount/clean price |
|---|---|---|---|---|---|---|---|---|
| 27.03.2017 | 7.75% PFC Bonds Series-164(22.03.2027) | 31.03.2021 | 22.03.2027 | 6 | 6.26 | 107.81 | 250 | 269513923 |
| 27.03.2017 | 7.75% PFC Bonds Series-164(22.03.2027) | 31.03.2021 | 22.03.2027 | 6 | 6.26 | 107.81 | 250 | 269513923 |
| 27.03.2017 | 7.75% PFC Bonds Series-164(22.03.2027) | 31.03.2021 | 22.03.2027 | 6 | 6.26 | 107.81 | 250 | 269513923 |
| 27.03.2017 | 7.75% PFC Bonds Series-164(22.03.2027) | 31.03.2021 | 22.03.2027 | 6 | 6.26 | 107.81 | 250 | 269513923 |
| 11.05.2017 | 7.75% PFC Bonds Series-164(22.03.2027) | 31.03.2021 | 22.03.2027 | 6 | 6.26 | 107.81 | 230 | 247952809 |
| Total | | | | | | | **1230** | **1326008501** |

27. Due to heavy unabsorbed losses i.e. ₹ (7352749.62) Lacs as on 31.03.2021 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.

28. The Company has decided, vide Board's Meeting dated 14-08-2020, to allocate common expenditure to subsidiaries and facility costs to power sector companies owned by Go UP with effect from the year 2019-20. The Company has done the allocation in the following heads Employee Cost, Administrative, General & Other Expense & Repair & Maintenance as at 31.03.2021 (Note no.23, 26 & 27).

29. 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

29. 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 31.03.2021.

30. Disclosure in respect of provision for Bad & Doubtful debts, unserviceable stores and impairment in investment 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 01.04.2020 | PROVISION MADE DURING THE YEAR | WITHDRAWL / ADJUSTMENT OF PROVISION DURING THE YEAR | CLOSING BALANCE AS ON 31.03.2021 |
| 1 | Provision for impairment in Investment | 7,163,442.53 | -1,711,854.24 | | 5,451,588.2 |
| 2 | Provision for Doubtful debts on Sundry Debtors (Sale of power) | 216,692.02 | -26,987.93 | | 189,704.0 |
| 3 | Provision for Bad & doubtful debts- Other current assets. | 1,754.67 | 23.76 | | 1,778.4 |
| 4 | Provision for Bad & doubtful debts-Financial Assets -Loans (Non-Current) | 13,087.85 | 1,954.56 | | 15,042.4 |
| 5 | Provision for Bad & doubtful debts-Financial Assets-other (Current) | 14,209.06 | 2,257.40 | | 16,466.4 |
| 6 | Provision for Bad & doubtful debts-Advance to capital supplier | 1.59 | 0.00 | | 1.5 |
| 7 | Provision for unservisable stores | 13.35 | 0.00 | | 13.3 |
| | Total | 7,409,201.07 | -1,734,606.45 | 0.00 | 5,674,594. |

31. Annual Accounts of F.Y. 2018-19 are yet to be adopted in Annual General Meeting.

32. **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** | **31.03.2021** | **31.03.2020** |
|---|---|---|
| **Financial Assets** | | |
| Fixed Interest Rate Instruments- Deposits with Bank | 0.00 | 0.00 |
| Variable Interest Rate Instruments- Deposits with Bank | 312184.42 | 176865.30 |
| **Total** | 312184.42 | 176865.30 |
| **Financial Liabilities** | | |
| Fixed Interest Rate Instruments- Financial Instrument Loans | 46158.75 | 49236.00 |
| Variable Interest Rate Instruments- Cash Credit from Banks | 0.00 | 0.00 |
| **Total** | 46158.75 | 49236.00 |

**Fair value sensitivity analysis for fixed-rate instruments**

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

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

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

## 33. 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.

## 34. 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.

35. Sonebhadra Power Generation Company Limited (inoperative since dated 27.03.2019) 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. Sonebhadra Power Generation Company Limited 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 Sonebhadra Power Generation Company Limited has been done as below:

A. Sonebhadra Power Generation Company Limited has issued its equity share in the name of UP Power Corporation Limited for the amount of Rs. 620.23 Lacs. in consideration of converting Sundry Payables to the Company. 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 the above point A from Sonebhadra 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. Sonebhadra 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 of the company has 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 Sonebhadra Power Generation Company Limited as mentioned in Point No. C above.

E. The Board of the company has decided in its 171th meeting dated 29.09.2021 to write-off the amount of Rs 620.23 Lacs against the investment in the aforesaid Subsidiary company and the accounting against the same has been done in the F.Y. 2020-21.

36. Yamuna Power Generation Company Limited (inoperative since dated 25.03.2019) 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. Yamuna Power Generation Company Limited 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. 66.01 Lacs in consideration of converting Sundry Payables to the Company. 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 of the company has 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 the above Point No. B.

D. The Board of the company has decided in its 171th meeting dated 29.09.2021 to write-off the amount of Rs 66.01 Lacs against the investment in the aforesaid Associate Company and the accounting against the same has been done in the F.Y. 2020-21.

37. Southern U.P. Power Transmission Company Limited was incorporated on 08-08-2013 as a Government Company of Uttar Pradesh. The main

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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. 221.63 Lacs in consideration of converting borrowings. The Board of the company, in its meeting dated 13.09.2018, has accorded to apply under section 248 of the Companies Act 2013, read with rule 4(1) of the companies (Removal of Name of Companies from Register of Companies) Rule, 2016 to strike off its name from Register maintained by the Registrar of Companies, Uttar Pradesh. 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.

38. Due to the outbreak of the Covid19 globally and in India the company management has made an initial assessment of likely adverse impact on business and financial risk and believes that the impact is likely to be short term in nature. The management does not see any medium to long term risks in the company's ability to continue as a going concern and meet its liabilities as and when they fall due.

39. UP Power Corporation Limited has opted for the option of lower rate of corporate income tax referred to in sub-section (5) of section 115BAA of the Income Tax-Act, 1961 for the Previous Year 2019-20 and subsequent years. It is also mentioned that there was no carried forward MAT credit in the books of the corporation; hence exercise of the option has resulted into zero loss of MAT credit for the Company

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

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

**(Dr. Jyoti Arora)**
**Company Secretary**

**(A. K. Awasthi)**
**Chief Financial Officer**

**(A.K. Purwar)**
**Director**
**DIN - 08544396**

**(Pankaj Kumar)**
**Managing Director**
**DIN – 08095154**

Place : Lucknow
Date : 30/12/21

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

08/01/2022

(Vikas C Srivastava)
Partner
M.No.401216
UDIN: 22401216AAAAAB9409

**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, 2021, 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) ("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, 2021, and the profit, 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 there under, 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.

## Emphasis of Matter Paragraph:

As explained in Para 38 of Note – 29 "Notes on Accounts", due to the outbreak of COVID -19 globally and in India, the Company's management has made an initial assessment of likely adverse impact on business and financial risks and believes that the impact is likely to be short term in nature. The management does not see any medium to long-term risks in the company's ability to continue as a going concern and meeting its liabilities as and when they fall due. Our opinion is not modified in respect of this matter.

## 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.

## 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.

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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 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:

We did not audit the books of accounts / information of Zone included in the Standalone Financial Statements of the Company. The books of accounts / information of the Zone has been audited by the Zone auditor whose report have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of Zone, is based solely on the report of such auditor.

## 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 per Notification No. GSR 463(E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India, and Section 197 of the Act is not applicable to the Government Companies. Accordingly, reporting in accordance with requirement of provisions of section 197(16) of the Act is not applicable on the Company.

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

    a. Except for 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 for the matters described in "Basis for Qualified Opinion" section, 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 Zone of the Company not visited and not audited by us.

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c. The reports on the accounts of the Zone of the Company, audited under Section 143(8) of the Act by Zone auditor 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 Zone not visited and not audited by us.

e. Except for 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 for 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 Vikas. C. Srivastava)**
**Partner**
**M.No.: 401216**

**UDIN: 22401216AAAAAB9409**

**Place: Lucknow**
**Date: 08/01/2022**

## 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 31stMarch, 2021.**

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:

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. Financial Assets-Trade Receivable (Note-8), Financial Assets-Other (Note-11), Other Current Assets (Note-12), Financial Liabilities-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) & 3 (vii)(b) 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.

   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 AS2 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.** Further, the company has not formulated any accounting policy in respect of provision for unserviceable stores & spares and slow-moving stores

   e. Accounting for Employee Benefits: Actuarial Valuation of gratuity liability of the employees covered under GPF scheme has not been obtained. (ReferPara4 (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 investment in subsidiaries, associates and others [Note-5 except Para II (d) Bonds] on the basis of net worth of investee companies as on 31st March,2021 (Refer para 29of Note – 29 "Notes on Accounts"), which **is not in accordance with Ind AS 36 Impairment of Assets.** Further,

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the assessment of the impairment of assets has not been done by the company, **which is inconsistent with Ind As- 36 Impairment of Assets.**

g. The Financial Assets (Note-5 para II( c), 6, 8, 11 and 12) have not been measured at fair value as required by **Ind AS 109 Financial Instruments** (Refer Para 6 and 9(b) of Note – 29 "Notes on Accounts") and proper disclosures as required in **Ind AS 107Financial Instruments: Disclosures** have not been done for the same.

h. As reported by the Zone Auditor, Unit #972 (UP Vigilance Cell) and #unit 327 (Electricity Store Procurement Circle) are being maintained at rental premises. The lease agreement and the rent receipts were not provided. **This is inconsistent with Ind AS 116 Leases.**

2. Inter unit transactions amounting Rs.15,202.00 lacs, are subject to reconciliation and consequential adjustments. (Refer Para 7 Note – 29 "Notes on Accounts")

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 and UP Power Sector Employee Trust (Note-12), Financial Liability-Trade Payables (Note-18), Other Financial Liabilities (Current) –except Current maturities of long-term borrowings and Interest accrued but not due on borrowings (Note-19) are subject to confirmation/reconciliation. The above notes balances include balances transferred from various transfer schemes, reconciliation and confirmation for the same is under process.

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 book and sectional journals are not proper and effective.

6. Employee benefit expenses (Note- 23), Administrative, General & Other Expenses (Note- 26), and Repair & Maintenance Expenses (Note- 27) have been allocated among DISCOMs and other power sector companies owned by the Go UP (i.e., UPPTCL, UPRVUNL & UPJVNL) on the basis of data / information (i.e., units of power sold to DISCOMs, no. of employees, area occupied} related to the financial year 2019-20, instead of financial year 2020-21. (Para 28 of Note- 29 "Notes on Accounts").

7. Sufficient and appropriate documentary audit evidences in respect of Contingent liabilities disclosed in Para 17 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 to Rs.60, 44,916.32 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 12 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. UPPCL had paid an amount of Rs. 13,431.00 lacs against a liability of Rs.10,871.00 lacs to Madhya Pradesh Power Trading Company. Due to non-creation of additional liability, there was a debit balance (receivable balance) of Rs. 256.00 lacs which has been adjusted in liabilities (Refer Note- 18 Trade payables), Hence, liabilities and other equities (Losses) are understated to that extent.

12. The Annual Accounts of F.Y 2018-19 are yet to be adopted in Annual General Meeting (Refer Para31 of Note - 29 "Notes on Accounts").

13. **Audit observations in Zone Audit report excluding those which have been appropriately dealt with elsewhere in the report.**

**a. Purchase of power**

- There is no effective system in place to verify power purchase for completeness, only those bills are accounted in the books of accounts which are received, no system in place for quantitative reconciliation of the power actually purchased vis-à-vis power purchase accounted in the books of accounts, reconciliation of power purchased with suppliers are not done neither provided to us. Balance confirmation and reconciliation with the suppliers was not carried out therefore impact on power purchase and power sales and eventually on position of sundry payables and receivable in not quantifiable, this may consequently impact the profitability of the DISCOMs.

- Generation based Incentives (GBI) receivable from IREDA amounting to INR 1,230.01 lacs (Previous Year – Rs. 1,147.68, lacs) and a sum of Rs. 4,997.55 lacs (Previous Year- Rs. 1,655.78, lacs) from UPNEDA are subject to confirmation and reconciliation and Consequential adjustment.

- The zone has received interest amounting to Rs. 56.33, lacs and TDS of Rs. 4.22 lacs have been deducted there from. But the amount of interest of Rs. 31.16 lacs (Out of Rs. 56.33 lacs) has been netted off in purchase cost in the books. (#Unit-330 EIE&PC) Purchase cost and interest income have, therefore understated to the extent of Rs. 31.16 lacs.

**b. Provision for Late Payment Surcharge**

There is no proper system to compute the late payment surcharge payable to various power suppliers. We are therefore unable to comment on the amount of overstated profit/understated loss of the zone for the financial year 2020-21 on account of provision of late payment surcharge.

**c. Accounting of Accrued Interest for Noida Power Company Limited**

The Electricity Import Export & Payment Circle Unit (Unit#330 EIE&PC) of the Zone has accrued interest to the tune of Rs. 1,954.56 lacs during the Financial Year 2020-2021 (Previous Year- Rs.1,700.59 lacs) against advance provided to Noida Power Company Limited. However as explained to us the interest is being accrued for an amount of advance paid for supply of power, further no details including the actual amount of advance paid and status of the transaction including its recoverability were provided to us. Recognizing it as an income when the recovery is uncertain is in contravention to Ind AS 115. In the absence of proper details and information, we are unable to quantify the amount of same and its consequential impact on financial statement.

### d. Accounting for Accrued Penal Interest Income

Electricity Import Export & Payment Circle of the zone #Unit-330 has unadjusted late payment surcharge amounting to Rs. 7,045.79 lacs (Previous Year Rs. 6,966.79 lacs till the 31st March, 2021, as explained the unit has not identified the late payment surcharge upon receipt of fund and the process is under reconciliation, hence we cannot comment upon it.

14. For want of complete information, the cumulative impact of our observations in Paras 1 to 13 above 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: 22401216AAAAAB9409**

**Place: Lucknow**
**Date: 08/01/2022**

## 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 31stMarch, 2021.**

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. The Company has neither maintained the satisfactory records in respect of inventories nor carried out any physical verification of the inventories at periodic intervals and as such we are unable to determine whether any material discrepancies existed or not.

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 been made available to us by the company.

7 (a)According to the information and explanations given to us and examined by us, in our opinion, the company is generally regular in depositing undisputed statutory dues with the appropriate authorities including provident fund, Employees State Insurance Fund, Income Tax, Sales Tax, Service Tax, goods and services tax, Duty of Custom, Duty of Excise, value added tax, cess and other statutory dues except Income Tax Act, 1961 amounting to Rs. 23.58 lacs, Finance Act, 1994 amounting to Rs.0.37 lacs, UP Trade Tax Act, 1948 amounting to Rs. 0.02 lacs, CGST Act, 2017 amounting to Rs. 4.17 lacs, SGST Act, 2017 amounting to Rs. 0.21 lacs, GST TDS under CGST Act, 2017 & SGST Act, 2017 amounting to Rs. 8.02 Lacs, and GST Liability of Rs. 3.94 lacs, Liability for recoverable against HRD Rs. 1.69 lacs and UPPCL CPF & REC EPF amounting to Rs. 45.55 lacs & 0.13 lacs only.

   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.

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

M. LALL & CO.

9. As per the information given and explanations provided, money raised by the company by way of debt instrument i.e., Bonds 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, 2021.

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

12. The Company is not a chit fund or a Nidhi / mutual benefit fund/ society, hence clause3 (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 Vikas. C. Srivastava)**
**Partner**
**M. No.: 401216**

**UDIN: 22401216AAAAAB9409**

**Place: Lucknow**
**Date: 08/01/2022**

## 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, 2021.**

**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/sub ledgers 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. | During the year, a loan amounting to Rs. 36,040.00 lacs from REC has been restructured in consonance with the RBI Moratorium Policy under COVID-19 relief i.e. conversion of instalment payable from 01.03.2020 to 31.08.2020 into fresh Term Loan.<br>As informed by the Management there are no other 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 Vikas. C. Srivastava)**
**Partner**
**M. No.: 401216**

**UDIN: 22401216AAAAAB9409**

**Place: Lucknow**
**Date: 08/01/2022**

## 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, 2021.**

**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, subject to 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 Vikas. C. Srivastava)**
**Partner**
**M. No.: 401216**

**UDIN: 22401216AAAAAB9409**

**Date: 08/01/2022**

## 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, 2021.**

### 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, 2021 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 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, 2021, 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 deficiencies reported by us in '*Annexure I' and 'Annexure II*' to our audit report of even date on the Standalone Financial Statements of the Company for the year ended 31st March, 2021, and as mentioned below -

1. Internal control system with regard to Cash transactions, Procurement /Works transactions, maintenance of inventory, maintenance of Books of accounts, Fixed Assets register, delegation of powers to various employees etc. requires to be further strengthened.

2. There is no effective system in place to verify power purchase for completeness, only those bills are accounted in the books of accounts which are received, no system is in place for quantitative reconciliation of the power actually purchased vis-à-vis power purchase accounted in the books of accounts, reconciliation of power purchased with suppliers are not done neither it was provided to us. Balance confirmation and reconciliation with the suppliers was not carried out therefore, the impact on power purchase, power sales and eventually on the position of sundry payables and receivable cannot be commented upon.

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

**(CA Vikas. C. Srivastava)**
**Partner**
**M.No.: 401216**
**UDIN: 22401216AAAAAB9409**

**Place: Lucknow**
**Date: 08/01/2022**

# MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2021

| AUDITOR'S REPORT | MANAGEMENT REPLY |
|---|---|
| **To,**<br>**The Members,**<br>**Uttar Pradesh Power Corporation Limited,**<br>**Shakti Bhawan,**<br>**Lucknow.**<br>**Report on Standalone Financial Statements**<br>**Qualified Opinion:**<br>We have audited the accompanying Standalone Financial Statements of Uttar Pradesh Power Corporation Limited ("the Company"), which comprise the Balance Sheet as at 31stMarch, 2021, 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) ("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, 2021, and the profit, including other comprehensive income, its cash flows and changes in equity for the year ended on that date. | No Comments |
| **Basis for Qualified Opinion:**<br>We draw attention to the matters described in | No Comments |

| AUDITOR'S REPORT | MANAGEMENT REPLY |
|---|---|
| '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.<br>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 there under, 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:**<br>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.<br>**Emphasis of Matter Paragraph:**<br>As explained in Para 38 of Note – 29 "Notes on Accounts", due to the outbreak of COVID -19 globally and in India, the Company's management has made an initial assessment of likely adverse impact on business and financial risks and believes that the impact is likely to be short term in nature. The management does not see any medium to long-term risks in the company's ability to continue as a going concern and meeting its liabilities as and when they fall due. Our opinion is not modified in respect of this matter. | No Comments |

| AUDITOR'S REPORT | MANAGEMENT REPLY |
|---|---|
| **Information other than the Standalone Financial Statements and Auditor's Report thereon:**<br>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.<br>Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.<br>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.<br>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 Comments |
| **Management's Responsibility for the Standalone Financial Statements:**<br>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 | No Comments |

| AUDITOR'S REPORT | MANAGEMENT REPLY |
|---|---|
| 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.<br>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.<br>Those charged with Governance are also responsible for overseeing the Company's financial reporting process. | |
| **Auditor's Responsibility for the Audit of the Standalone Financial Statements:**<br>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.<br>As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:<br>• 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. | No Comments |

| AUDITOR'S REPORT | MANAGEMENT REPLY |
|---|---|
| • 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.<br>• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.<br>• 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.<br>• 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.<br>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.<br>We communicate with those charged with governance regarding, among other matters, the planned scope and | |

| AUDITOR'S REPORT | MANAGEMENT REPLY |
|---|---|
| timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.<br>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.<br>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:**<br>We did not audit the books of accounts / information of Zone included in the Standalone Financial Statements of the Company. The books of accounts / information of the Zone has been audited by the Zone auditor whose report have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of Zone, is based solely on the report of such auditor. | No comments |
| **Report on Other Legal and Regulatory Requirements:**<br>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 per Notification No. GSR 463(E) dated 5 | No comments |

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| AUDITOR'S REPORT | MANAGEMENT REPLY |
|---|---|
| June 2015 issued by the Ministry of Corporate Affairs, Government of India, and Section 197 of the Act is not applicable to the Government Companies. Accordingly, reporting in accordance with requirement of provisions of section 197(16) of the Act is not applicable on the Company. | |
| 4. As required by section 143(3) of the Act, based on our audit, we report that:<br>a. Except for 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 for the matters described in "Basis for Qualified Opinion" section, 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 Zone of the Company not visited and not audited by us. | No comments |
| c. The reports on the accounts of the Zone of the Company, audited under Section 143(8) of the Act by Zone auditor 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 Zone not visited and not audited by us | No comments |
| e. Except for 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 are not applicable to the Company. | No comments |

| AUDITOR'S REPORT | MANAGEMENT REPLY |
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| 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:<br>i. Except for the effects of the matters described in the "Basis for Qualified Opinion" section, the Company has disclosed the impact of pending litigations on its financial position in its financial statement;<br>ii. The Company did not have any long-term contracts including derivative contracts entailing any material foreseeable losses.<br>iii. There were no amounts, which were required to be transferred to the Investor Education and Protection Fund by the Company. | No comments |

**(Nitin Nijhawan)**
**Chief Financial officer**

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

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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, 2021.**

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| 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):<br>a. Financial Assets-Trade Receivable (Note-8), Financial Assets-Other (Note-11), Other Current Assets (Note-12), Financial Liabilities-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) & 3 (vii)(b) 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 | Due to multiplicity of functional units as well as multiplicity of functions at particular unit, |

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| 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. | 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. |
| 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 AS2 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.** Further, the company has not formulated any accounting policy in respect of provision for unserviceable stores & spares and slow-moving stores | 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. (ReferPara4 (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 investment in subsidiaries, associates and others [Note-5 except Para II (d) Bonds] on the basis of net worth of investee companies as on 31st March,2021 (Refer para 29of Note – 29 "Notes | 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 |

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| | on Accounts"), which **is not in accordance with Ind AS 36 Impairment of Assets.** Further, the assessment of the impairment of assets has not been done by the company, **which is inconsistent with Ind As- 36 Impairment of Assets.** | subsidiaries. |
| g. | The Financial Assets (Note-5 para II( c), 6, 8, 11 and 12) have not been measured at fair value as required by **Ind AS 109 Financial Instruments** (Refer Para 6 and 9(b) of Note – 29 "Notes on Accounts") and proper disclosures as required in **Ind AS 107Financial 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. |
| h. | As reported by the Zone Auditor, Unit #972 (UP Vigilance Cell) and #unit 327 (Electricity Store Procurement Circle) are being maintained at rental premises. The lease agreement and the rent receipts were not provided. **This is inconsistent with Ind AS 116 Leases.** | It is to submit that, the lease agreement related to Unit 327 and rent receipt related to Unit 972 has been provided to central auditors during the course of audit for the FY 21-22. |
| 2. | Inter unit transactions amounting Rs.15,202.00 lacs, are subject to reconciliation and consequential adjustments. (Refer Para 7 Note – 29 "Notes on Accounts" | The company has a complete system of clearance of Inter unit transactions. However, effective guidelines have already been issued for clearance of pending IUT balances. |
| 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 and UP Power Sector Employee Trust (Note-12), Financial Liability-Trade Payables (Note-18), Other Financial Liabilities (Current) – except Current maturities of long-term borrowings and Interest accrued but not due on borrowings (Note-19) are subject to confirmation/reconciliation.<br>The above notes balances include balances transferred from various transfer schemes, reconciliation and confirmation for the same is under process. | The company has a system of confirmation and reconciliation of balances. However, units have been instructed to take effective action in this regard and ensure necessary confirmation from third party. |
| 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 | 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 & |

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| | 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"). | 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 book and sectional journals are not proper and effective. | Proper and effective procedure for maintenance of subsidiary ledger is already prescribed in the Company. However, we are in process to implement ERP software for maintenance of party-wise subsidiary ledgers. |
| 6. | Employee benefit expenses (Note- 23), Administrative, General & Other Expenses (Note- 26), and Repair & Maintenance Expenses (Note- 27) have been allocated among DISCOMs and other power sector companies owned by the Go UP (i.e., UPPTCL, UPRVUNL & UPJVNL) on the basis of data / information (i.e., units of power sold to DISCOMs, no. of employees, area occupied} related to the financial year 2019-20, instead of financial year 2020-21. (Para 28 of Note- 29 "Notes on Accounts"). | In view of many difficulties in obtaining/collecting all the base information for allocation of expenditure at the end of the year, the basis of information for allocation has been taken for the previous year. |
| 7. | Sufficient and appropriate documentary audit evidences in respect of Contingent liabilities disclosed in Para 17 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 to Rs.60, 44,916.32 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. | Purchase and sale of power through energy exchange are being accounted for in the cost of power purchase of the company and accordingly the sale bills are being issued to DISCOMs. However, the matter is under review and appropriate decision will be taken, if required. |
| 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 12 of Note – 29 "Notes on Accounts"). | As reported by our divisions there are no outstanding balance in respect of MSME units. |
| 10. | Records for inventories lying with the third parties are not being maintained properly at | Necessary instructions have been issued to units/Zones |

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| Zonal Offices/units of the Company. | |
| 11. UPPCL had paid an amount of Rs. 13,431.00 lacs against a liability of Rs.10,871.00 lacs to Madhya Pradesh Power Trading Company. Due to non-creation of additional liability, there was a debit balance (receivable balance) of Rs. 256.00 lacs which has been adjusted in liabilities (Refer Note- 18 Trade payables), Hence, liabilities and other equities (Losses) are understated to that extent. | Payment of Rs. 13431.00 Lacs had been done to MPPMCL as compensation for retention of MP's share in Rihand and Matatila Hydro Power Stations in compliance of Supreme Court order dated 26.03.2012. There is a provisional Liability of Rs. 10871.00 Lacs under AG Code 41.206 against this payment. |
| 12. The Annual Accounts of F.Y 2018-19 are yet to be adopted in Annual General Meeting (Refer Para31 of Note - 29 "Notes on Accounts"). | The Annual Accounts for the 2017-18 have been adopted in the Annual General Meeting on 30.09.2021. |
| 13. **Audit observations in Zone Audit report excluding those which have been appropriately dealt with elsewhere in the report.**<br>a. **Purchase of power** | |
| • There is no effective system in place to verify power purchase for completeness, only those bills are accounted in the books of accounts which are received, no system in place for quantitative reconciliation of the power actually purchased vis-à-vis power purchase accounted in the books of accounts, reconciliation of power purchased with suppliers are not done neither provided to us. Balance confirmation and reconciliation with the suppliers was not carried out therefore impact on power purchase and power sales and eventually on position of sundry payables and receivable in not quantifiable, this may consequently impact the profitability of the DISCOMs. | Necessary instructions have been issued to units/Zones. |
| • Generation based Incentives (GBI) receivable from IREDA amounting to INR 1,230.01 lacs (Previous Year – Rs. 1,147.68, lacs) and a sum of Rs. 4,997.55 lacs (Previous Year-Rs. 1,655.78, lacs) from UPNEDA are subject to confirmation and reconciliation and Consequential adjustment. | Generation Based Incentive for difference in 'Average Tariff' of solar power projects and 'PPA rate' is accounted for as receivable from UPNEDA and IREDA and received on regular basis.<br>The unit concerned has been directed to take effective steps for obtaining necessary confirmation from UPNEDA and IREDA |
| • The zone has received interest amounting to Rs. 56.33, lacs and TDS of Rs. 4.22 lacs have been deducted there from. But the amount of interest of Rs. 31.16 lacs (Out of Rs. 56.33 lacs) has been netted off in purchase cost in the books. (#Unit-330 EIE&PC) Purchase | Interest cost or Interest receivable included in the Power Purchase Bills presented by Generators on account of adjustment/revision in compliance of UPERC/CERC regulations or orders etc. have been accounted under power purchase cost. Since, the total power purchase cost is to be transferred |

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| cost and interest income have, therefore understated to the extent of Rs. 31.16 lacs. | to DISCOMs as Power sale price, hence, there is no understatement /<br>Overstatement of profit or loss and no impact on profitability. |
| b. **Provision for Late Payment Surcharge**<br>There is no proper system to compute the late payment surcharge payable to various power suppliers. We are therefore unable to comment on the amount of overstated profit/understated loss of the zone for the financial year 2020-21 on account of provision of late payment surcharge.<br>c. **Accounting of Accrued Interest for Noida Power Company Limited**<br>The Electricity Import Export & Payment Circle Unit (Unit#330 EIE&PC) of the Zone has accrued interest to the tune of Rs. 1,954.56 lacs during the Financial Year 2020-2021 (Previous Year- Rs.1,700.59 lacs) against advance provided to Noida Power Company Limited. However as explained to us the interest is being accrued for an amount of advance paid for supply of power, further no details including the actual amount of advance paid and status of the transaction including its recoverability were provided to us. Recognizing it as an income when the recovery is uncertain is in contravention to Ind AS 115. In the absence of proper details and information, we are unable to quantify the amount of same and its consequential impact on financial statement. | Necessary instructions have been issued to units/Zones.<br>The interest is being accrued on outstanding Loan amount recoverable from NPCL in terms of 'Agreement for supply of energy to NPCL' (dated November 1993).However, 100% provision for Bad & Doubtful Debts on loan along with interest receivable has been made. |
| d. **Accounting for Accrued Penal Interest Income**<br>Electricity Import Export & Payment Circle of the zone #Unit-330 has unadjusted late payment surcharge amounting to Rs. 7,045.79 lacs (Previous Year Rs. 6,966.79 lacs till the 31st March, 2021, as explained the unit has not identified the late payment surcharge upon receipt of fund and the process is under reconciliation, hence we cannot comment upon it. | The subjected Late Payment Surcharge is not related to the consumers and the power purchasers of UPPCL. It is related to the Reactive Energy Charges which is assessed by NRPC. In view of above and as per the prudent accounting practice, necessary accounting/adjustment is being made in the month in which the said bills are being verified. |

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| 14. For want of complete information, the cumulative impact of our observations in paras 1 to 13 above on assets, liabilities, income and expenditure is not ascertained. | No Comments |

**(Nitin Nijhawan)**
**Chief Financial officer**

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

## 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, 2021**

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| 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. The Company has neither maintained the satisfactory records in respect of inventories nor carried out any physical verification of the inventories at periodic intervals and as such we are unable to determine whether any material discrepancies existed or not. | 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 | The cost records for the F.Y. 2020-21 has been made available to the auditor. |

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| | been made available to us by the company. | |
| 7. | (a)According to the information and explanations given to us and examined by us, in our opinion, the company is generally regular in depositing undisputed statutory dues with the appropriate authorities including provident fund, Employees State Insurance Fund, Income Tax, Sales Tax, Service Tax, goods and services tax, Duty of Custom, Duty of Excise, value added tax, cess and other statutory dues except Income Tax Act, 1961 amounting to Rs. 23.58 lacs, Finance Act, 1994 amounting to Rs.0.37 lacs, UP Trade Tax Act, 1948 amounting to Rs. 0.02 lacs, CGST Act, 2017 amounting to Rs. 4.17 lacs, SGST Act, 2017 amounting to Rs. 0.21 lacs, GST TDS under CGST Act, 2017 & SGST Act, 2017 amounting to Rs. 8.02 Lacs, and GST Liability of Rs. 3.94 lacs, Liability for recoverable against HRD Rs. 1.69 lacs and UPPCL CPF & REC EPF amounting to Rs. 45.55 lacs & 0.13 lacs only. | 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 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 | No comments |

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|  | 31st March, 2021. |  |
| 11. | As per Notification no. GSR 463(E) dated 05th June 2015 issued by the Ministry of Corporate Affairs, Government of India, and Section 197 relating to Managerial Remunerations is not applicable to the Government Companies. Accordingly, provision of clause 3(xi) of the Order is 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)**
**DIN-03473420**

## 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, 2021.**

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

| | | | **MANAGEMENT REPLY** |
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| **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)**
**DIN-03473420**

## 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 31stMarch, 2021.**

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

| | | | MANAGEMENT REPLY |
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| **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 | Not Applicable | |

| | | | MANAGEMENT REPLY |
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| | (SERC) 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 Nijhawan)**
**Chief Financial officer**

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

## 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, 2021.**

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

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| We have audited the internal financial controls over financial reporting of U.P. Power Corporation Limited ("the Company") as of 31stMarch, 2021 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**<br>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**<br>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 | No comments |

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| 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.<br>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.<br>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**<br>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** | No comments |

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| **Controls over Financial Reporting**<br>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:**<br>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, 2021, 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 deficiencies reported by us in *'Annexure I' and 'Annexure II'* to our audit report of even date on the Standalone Financial Statements of the Company for the year ended 31st March, 2021, and as mentioned below<br>-<br>1. Internal control system with regard to Cash transactions, Procurement /Works transactions, maintenance of inventory, maintenance of Books of accounts, Fixed Assets register, delegation of powers to various employees etc. requires to be further strengthened.<br>2. There is no effective system in place to verify power purchase for completeness, only those bills are accounted in the books of accounts which are received, no system is in place for quantitative reconciliation of the power actually purchased vis-à-vis power purchase accounted in the books of accounts, reconciliation of power purchased with suppliers are not done neither it was provided to us. Balance confirmation and reconciliation with the suppliers was not carried out therefore, the impact on power purchase, power sales and | No comments |

| | |
|---|---|
| eventually on the position of sundry payables and receivable cannot be commented upon. | |

**(Nitin Nijhawan)**
**Chief Financial officer**

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

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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 2021.

| Auditor's Comment | Management Reply |
|---|---|
| The preparation of financial statements of U.P. Power Corporation Limited (UPPCL) for the year ended 31 March 2021 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 08 January 2022.<br>I, on behalf of the Comptroller and Auditor General (CAG), have conducted a supplementary audit of the financial statements of U.P. Power Corporation Limited for the year ended 31 March 2021 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.<br>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. | Audit comment is informative. |

**A. Comments on Financial Position**

**Current Assets**

**Financial Assets- Other (Note -11): ₹ 58,702.99 crore**

1. As per clause 1.2 (i) of the tripartite MOU executed under Ujjwal DISCOM Assurance Yojana(UDAY) 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, 10 *per cent* loss of 2017-18, 25 *per cent* loss of 2018-19 and 50 *per cent* loss of 2019-20 was to be taken over by the GoUP in the years 2017-18, 2018-19, 2019-20 and 2020-21 respectively. The losses of the DISCOMs for the years from 2016-17 to 2019-20 are depicted as under:

**(₹ in crore)**

| **DISCOM** | **2016-17** | **2017-18** | **2018-19** | **2019-20** |
|---|---|---|---|---|
| MVVNL | 722.80 | 431.71 | 805.98 | 659.99 |
| PuVVNL | 867.32 | 832.56 | 988.89 | 1204.30 |
| PVVNL | 468.00 | 1516.95 | 1290.50 | 1067.86 |
| DVVNL | 1443.48 | 2366.50 | 2378.07 | 629.03 |
| KESCO | (Profit) | (Profit) | 448.21 | 231.05 |
| **Total loss (A)** | **3501.60** | **5147.72** | **5911.65** | **3792.23** |
| **Impact of previous Audit Comment on loss (B)** | **0** | **0** | **481.17[1]** | **1282.95[2]** |
| **Loss after including the impact of audit comment (A+B)** | **3501.60** | **5147.72** | **6392.82** | **5075.18** |
| **Losses of previous year to be taken over in** | | | | |

There is a provision in the Tripartite Memorandum of Understanding dated 30.01.2016 executed amongst Ministry of Power, Govt. of India, Govt. of Uttar Pradesh and UPPCL on behalf of the UP DISCOMs that GoUP shall take over the future losses of the DISCOMs in a graded manner and shall fund the losses as follows:

| **Year** | **Percentage** |
|---|---|
| 2015-16 | 0% of 2014-15 |
| 2016-17 | 0% of 2015-16 |
| 2017-18 | 5% of 2016-17 |
| 2018-19 | 10% of 2017-18 |
| 2019-20 | 25% of 2018-19 |
| 2020-21 | 50% of 2019-20 |

The company has correctly calculated the Loss on the basis of Gross Operational Funding Requirement (GOFR) of Discoms as per the methodology indicated in the above MoU.

Thus, there is no understatement of 'Other Financial Liabilities' and 'Financial Assets-Other (Current)' by ₹2,463.68 crore.

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[1] Excess Income booked during 2017-18 and 2018-19 (₹234.85+₹246.32 = ₹ 481.17 crore)

[2] Excess Income booked during the year 2017-18 to 2019-20 ( ₹ 481.17 + ₹ 801.78= ₹ 1282.95 crore)

**subsequent year as given below**

| | **2017-18** | **2018-19** | **2019-20** | **2020-21** |
|---|---|---|---|---|
| Percentage of 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 | 25 *per cent* of losses of 2018-19 taken over in 2019-20 | 50 *per cent* of losses of 2019-20 taken over in 2020-21 |
| Loss to be funded by GoUP in UDAY scheme (P) | 175.08 | 514.77 | 1598.21 | 2537.59 |
| Actual amount booked as 'other income' on account of Govt. grant for operational loss(Q) | 409.93 | 761.09 | 2399.99 | 3718.32 |
| **Excess income booked (Q-P)** | **234.85** | **246.32** | **801.78** | **1180.73** |

It may be seen from the table above that a total amount of ₹ 4,825.65 crore[3] was eligible to be funded by GoUP in UDAY scheme for the period from 2017-18 to 2020-21 as per the aforesaid tripartite agreement. However, UPPCL booked other income of ₹ 7,289.33 crore[4] and thus, excess income of ₹ 2,463.68 crore (₹ 7,289.33 crore - ₹ 4,825.65 crore) was booked as other income on account of Government grant for operational losses during the period from 2017-18 to 2020-21. Instead of booking as 'Other Income' this excess grant should have been shown as liability payable to GoUP in the books of the accounts.

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[3] ₹175.08 crore +₹514.77 crore +₹1598.21 crore +₹ 2537.39 crore

[4] ₹ 409.93 crore + ₹761.09 crore+₹ 2399.99 crore+3718.32 crore

| | |
|---|---|
| This resulted in understatement of 'Other Financial Liabilities' and 'Financial Assets-Other (Current)' by ₹2,463.68 crore.<br>Despite similar comments of CAG on the accounts for the year 2018-19, no corrective action has been taken by the Management. | |
| **Other Financial Liabilities (Note-19)-₹ 8,822.04 crore**<br>2. The above does not include ₹28.08 crore and ₹0.57 crore being interest payable on account of delayed deposit/non-deposit of General Provident Fund (GPF) and Pension and Gratuity as worked out and accounted for in the Financial Statements of Uttar Pradesh Power Sector Employees Trust for the year 2014-15. This resulted in understatement of Current Liabilities and Other Equity (negative balance) by ₹ 28.65 crore.<br>Despite similar comment of the CAG on the Accounts for the years 2012-13 to 2018-19, no corrective action has been taken by the Management. | As per audited accounts of the company for the F.Y 2012-13 to 2020-21, liability towards GPF contribution is showing the debit balance. Since there has always been a debit balance during the period 2012-13 to 2020-21, no provision of interest has been made. As regards accounting of interest on liability towards pension and gratuity, it is stated that regular interest is not payable to the employees on pension and gratuity as in the case of GPF. Hence, provision of interest on Pension and gratuity not required. The company is also in process of reconciliation with the GPF trust.<br>Thus, there is no understatement of Current Liabilities and Other Equity (negative balance) by ₹28.65 crore. |
| **Comments on disclosure**<br>**Notes to Accounts: Note No 29**<br>3. Para 28 of above Notes to Accounts provides that UPPCL has decided, vide Board's Meeting dated 14-08-2020, to allocate common expenditure and facility cost to subsidiaries and power sector companies owned by Go UP with effect from the year 2019-20. The Company has made the allocation of ₹196.32 crore out of total ₹ 313.33 crore | The company had decided to allocate the common expenditure from the year 2019-200 and accordingly, the common expenses have been allocated to Discoms and other related companies. The necessary disclosures regarding amount |

| | |
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| in the heads Employee Cost, Administrative, General & Other Expense & Repair & Maintenance of F.Y. 2020-21.<br>The aforesaid allocation of common expenditure and facility cost to the subsidiaries is a change in accounting policy as per Para 19 (b) of Ind AS 8 which requires application of the changed policy retrospectively along with disclosures to be made as required under Para 29 of Ind AS 8<br>Thus, the accounting policy followed by UPPCL is in contravention to the provision of Ind AS 8. Further, disclosures made in the notes to Account are also deficient to the above extent.<br>Despite similar comments of CAG on the accounts for the year 2018-19, no corrective action has been taken by the Management. | of allocation of expenditure has been made in note no.23, 26, and 27 of financial statement for the F.Y. 2019-20& 2020-21.However, the same will be further elaborated in the ensuing accounts in hand. |
| 4. The UPPCL during the year 2020-21 wrote back ₹17,109.17 crore being reversal of the impairment in investments of UPPCL in its subsidiary companies i.e. the DISCOMs. This reversal has been worked out by UPPCL based on net worth of the DISCOMs as per annual accounts for the year 2020-21. Considering the impact of the CAG comments on the treatment of additional revenue subsidy of ₹ 39,743 crore, acceded by the GoUP (March 2021) and allocated to DISCOMs by UPPCL in October 2021 the provision for impairment in investments worked out to ₹ 77,719.49 crore against ₹ 54,392.94 crore already made by UPPCL in the Accounts as on 31 March 2021. However, this important fact should have been quantifiably disclosed in the Notes to Accounts. | Noted.However, necessary disclosure has been made in the Directors' Report for the FY 2020-21. |
| 5. A reference is invited to para No. 21(iii) of Note no. 29 where it has been disclosed that an amount of ₹ 20,940 | Noted. However, necessary disclosure has been made in the Directors' Report |

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<p>crore is receivable from GoUP as subsidy in forthcoming 10 years. This amount includes ₹ 14,661.54 crore being balance amount of additional revenue subsidy and ₹6,278.46 crore being UDAY loss subsidy. The UDAY loss subsidy was claimed from the GoUP in addition to the admissible amount as per actual loss incurred by the DISCOMs during the period ending up to 2020-21.</p>
<p>Further, as per GO dated 05 March 2021, GoUP has accepted to provide additional revenue subsidy of ₹39,743 crore to the DISCOMs for the period 2007-08 to 2019-20 as approved by UPERC through its Tariff/True-up orders issued from time to time. The above GO also provided that, out of total additional revenue subsidy of ₹ 39,743 crore, ₹ 25,081.46 crore shall be deemed to be paid from the grants provided to the DISCOMs by the GoUP under UDAY in earlier years. The balance amount of ₹ 14,661.54 crore shall be paid to the DISCOMs by GoUP in the next 10 years, commencing from 2021-22. The UPPCL has allocated (26 October 2021) the above additional revenue subsidy to DISCOMs as below:</p>
<table>
<tr><th>Sl No.</th><th>Name of DISCOM</th><th>Amount (₹ in crore)</th></tr>
<tr><td>1</td><td>MadhyanchalVidyutVitran Nigam Limited</td><td>3,490.00</td></tr>
<tr><td>2</td><td>PurvanchalVidyutVitran Nigam Limited</td><td>12,367.00</td></tr>
<tr><td>3</td><td>PashchimanchalVidyutVitran Nigam Limited</td><td>14,673.00</td></tr>
<tr><td>4</td><td>DakshinanchalVidyutVitran Nigam Limited</td><td>9,213.00</td></tr>
<tr><td>5</td><td>Kanpur Electricity Supply Company Limited</td><td>0.00</td></tr>
<tr><td></td><td><b>Total</b></td><td><b>39,743.00</b></td></tr>
</table>
<p>The above being material facts requiring specific accounting treatment has not been disclosed in Notes to the Accounts</p>
</td>
<td>for the FY 2020-21.</td>
</tr>
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|  |  |
|---|---|
| 6. Contingent Liability does not include the claim of ₹ 247.91 crore of M/s Rosa Power Supply Company for Energy bills for the period April 2015 to March 2019, which was under consideration of the Appellate Tribunal of Electricity (APTEL) during 2018-19. | 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. |

**(Nitin Nijhawan)**
**Chief Financial Officer**

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

**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 Consolidated Financial Statements

### Qualified Opinion:

We have audited the accompanying consolidated financial statements of Uttar Pradesh Power Corporation Limited (UPPCL) (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, 2021, 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, 2021.
b) In the case of consolidated statement of Profit and Loss, of the consolidated net profit (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.

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

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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.

**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 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, 2020, total revenues and net cash flows for the year ended on that date, and also include the Group's share of net profit for the year ended 31st March, 2021, 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 Lacs)**

| Name of the Companies | Total Assets as at 31.03.2021 | Net Assets i.e., Total Assets minus Total Liabilities as at 31.03.2021 | Total Net Profit/ (Loss) as at 31.03.2021 | Net Cash in Flows/ (outflows) as at 31.03.2021 |
|---|---|---|---|---|
| **Subsidiaries:** | | | | |
| Madhyanchal Vidyut Vitran Nigam Limited, Lucknow, (MVVNL) | 45,03,974.84 | 5,85,869.94 | (92,581.30) | 17,250.49 |
| Purvanchal Vidyut Vitran Nigam Limited, Varanasi, (PuVVNL) | 60,00,892.79 | 10,47,489.75 | (3,56,613.82) | (10,996.86) |
| Paschimanchal Vidyut Vitran Nigam Limited, Meerut, (PVVNL) | 38,56,301.80 | 6,99,620.64 | (3,73,597.47) | 21,815.43 |

| | | | | |
|---|---|---|---|---|
| Dakshinanchal Vidyut Vitran Nigam Limited, Agra, (DVVNL) | 40,93,905.62 | 45,334.63 | (2,24,123.99) | 33,385.41 |
| Kanpur Electricity Supply Company Limited, Kanpur, (KESCO) | 5,22,185.91 | (1,97,545.65) | (17,209.55) | (4,012.73) |
| Southern UP Power Transmission Company Limited (SUPPTCL) | 0.10 | 0.10 | (0.03) | (62.37) |
| **Total** | **1,89,77,261.06** | **21,80,769.41** | **(10,64,126.16)** | **57,379.37** |
| CFS Adjustment | - | - | (81,874.04) | - |
| **Grand Total** | **1,89,77,261.06** | **(21,80,769.41)** | **(11,46,000.20)** | **57,379.37** |

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:**

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.

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

**(CA Vikas C Srivastava)**
**Partner**
**M. No.: 401216**
**UDIN: 22401216ADHYOW4519**

**Place: Lucknow**
**Date: 22nd February, 2022**

**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 Group for the year ended 31st March, 2021)

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 Group 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 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 – 31 "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). 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. "Inventories" includes obsolete stock, unserviceable/ slow-moving stock valued at cost, which is inconsistent **with Ind AS-2 "Inventories"** i.e., it should be valued at its Net Realisable Value.

   f. 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)(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.

   g. 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.

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h. Assessment of the Impairment of Assets has not been done by the Group, **which is inconsistent with Ind AS-36 "Impairment of Assets".**

i. Consolidated Cash Flow Statement has been prepared without making any relevant adjustments as per requirements of **Ind AS-7 "Statement of Cash Flows"**. Thus, we are unable to comment on the same.

j. DVVNL has not yet recognised the Distribution License taken by it, 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-31 "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 by PVVNL and MVVNL is not in accordance with **Ind AS-23 "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 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.

2. Inter unit transactions amounting Rs. 4,17,857.02 lacs, are subject to reconciliation and consequential adjustments. (Refer Note-13)

3. Loans and Other Financial Assets (Note-7), Trade Receivables (Note-10), Financial Assets-Others - Employees, Others (Note-12), Other Current Assets - Suppliers & Contractors (Note-13), Financial Liability-Trade Payables (Note-19), Other Financial Liabilities (Current) – except Current maturities of long-term borrowings and Interest accrued but not due on borrowings (Note-20) are subject to confirmation/reconciliation.
   The above balances include balances transferred from various transfer schemes, reconciliation and confirmation for the same is under process.

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 – 31 "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. Sufficient and appropriate audit evidences in respect of Contingent liabilities disclosed in Para 18(b) of Note – 31 "Notes on Accounts" were not provided to us.

7. UPPCL had paid an amount of Rs. 13,431.00 lacs against a liability of Rs. 10,871.00 lacs to Madhya Pradesh Power Trading Company. Due to non-creation of additional liability, there was a debit balance (receivable balance) of Rs. 2,560.00 lacs whish has been adjusted in liabilities. Hence, liabilities and other equities (Losses) are understated to that extent.

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. 60,44,916.32 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. As per the opinion drawn by the auditors of Subsidiaries, Bank Reconciliation Statement (BRS) in respect of various bank accounts, have not been prepared on regular basis and these contains numerous outstanding unreconciled entries of earlier years including those of stale cheques, un-cashed cheques and other debits/credits.

10. As per the opinion drawn by the auditors of Subsidiaries, Revenue collection through NEFT/RTGS and unbilled revenue have not been properly dealt in books of accounts, impact of the same on receivable from consumers is unascertainable.

11. The Group 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.

12. 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.

13. The Board of Directors in its meeting no. 159 dated 14th August 2020 vide resolution no. 51 had directed Subsidiaries to correct and write-off their fictitious arrears and irrecoverable dues. No action has been taken by Subsidiaries in this regard.

14. Records for inventories lying with the third parties are not being maintained properly at Zonal Offices of the Holding Company and its Subsidiaries.

15. **Audit observations in Audit report of Zone of UPPCL excluding those which have been appropriately dealt with elsewhere in the report-**

    a. **Purchase of power**

    - There is no effective system in place to verify power purchase for completeness, only those bills are accounted in the books of accounts which are received, no system in place for quantitative reconciliation of the power actually purchased vis-à-vis power purchase accounted in the books of accounts, reconciliation of power purchased with suppliers are not done neither provided to us. Balance confirmation and reconciliation with the suppliers was not carried out therefore impact on power purchase and power sales and eventually on position of sundry payables and receivable in not quantifiable, this may consequently impact the profitability of the Subsidiaries.

    - Generation based Incentives (GBI) receivable from IREDA amounting to Rs. 1,230.01 lacs (Previous Year – Rs. 1,147.68, lacs) and a sum of Rs. 4,997.55 lacs (Previous Year- Rs. 1,655.78, lacs) from UPNEDA are subject to confirmation and reconciliation and Consequential adjustment.

    - The zone of UPPCL has received interest amounting to Rs. 56.33, lacs and TDS of Rs. 4.22 lacs have been deducted there from. But the amount of interest of Rs. 31.16 lacs (Out of Rs. 56.33

lacs) has been netted off in purchase cost in the books. (#Unit-330 EIE&PC) Purchase cost and interest income have, therefore understated to the extent of Rs. 31.16 lacs.

b. **Provision for Late Payment Surcharge**

There is no proper system to compute the late payment surcharge payable to various power suppliers. We are therefore unable to comment on the amount of overstated profit/understated loss of the zone of UPPCL for the financial year 2020-21 on account of provision of late payment surcharge.

c. **Accounting of Accrued Interest for Noida Power Company Limited**

The Electricity Import Export & Payment Circle Unit (Unit#330 EIE&PC) of the Zone has accrued interest to the tune of Rs. 1,954.56 lacs during the Financial Year 2020-2021 (Previous Year- Rs.1,700.59 lacs) against advance provided to Noida Power Company Limited. However as explained to us the interest is being accrued for an amount of advance paid for supply of power, further no details including the actual amount of advance paid and status of the transaction including its recoverability were provided to us. Recognizing it as an income when the recovery is uncertain is in contravention to Ind AS 115. In the absence of proper details and information, we are unable to quantify the amount of same and its consequential impact on financial statement.

d. **Accounting for Accrued Penal Interest Income**

Electricity Import Export & Payment Circle of the zone of UPPCL #Unit-330 has unadjusted late payment surcharge amounting to Rs. 7,045.79 lacs (Previous Year Rs. 6,966.79 lacs till the 31st March, 2021, as explained the unit has not identified the late payment surcharge upon receipt of fund and the process is under reconciliation, hence we cannot comment upon it.

16. **Audit observations in Audit Report of the Subsidiary 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)

(i) <u>DVVNL</u>

a. The Company 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. Despite similar comment in Statutory Audit Report for financial year 2018-19, no corrective action has been taken by the Management.

b. The following AG Code in the following zones are having credit balances:

| AG CODES | ZONES | AMOUNT (In Rs.) |
|---|---|---|
| 22.780<br>(Transformer sent to repairs) | JHANSI | 3,33,44,047.00 |
| | ALIGARH | 5,59,06,415.00 |
| | AGRA | 64,68,67,966.59 |
| 22.660 | KANPUR | 17,18,49,745.33 |
| | JHANSI | 3,11,36,855.84 |

| | | |
|---|---|---|
| 22.662 | JHANSI | 63,60,69,344.52 |
| 22.770<br>(Scrap Material) | JHANSI | 27,11,42,455.70 |
| | KANPUR | 90,58,432.42 |
| 22.810<br>(Stock Excess Pending for Investigation) | KANPUR | 3011.00 |
| | JHANSI | 8,09,549.72 |
| **TOTAL** | | **1,85,61,87,823.12** |

It is impracticable as Stock value cannot be negative. Moreover, these balances have been shown by deduction from inventory therefore assets have been undervalued by Rs. 18,561.88 lacs and need to be reconciled.

c. In EE Admin Head, we observed that many expenditure heads are not booked on accrual basis. Some instances are given below: 74.809 (OFFICE EQUIPMENTS {OTHERS}), 76.107 (INSURANCE), 76.112 (POSTAGE AND TELEGRAM), 76.121 (LEGAL EXPENSES), 76.153 (PRINTING AND STATIONERY), 76.155 (ADVERTISEMENT EXPENSES), 76.190 (MISC EXPENSES).

d. As per Para 111 of IND AS 115," Revenue From Contracts With Customers" the company has not disclosed the total Cash flow realised from the customers, uncertainty of Revenue and timing of realization under Notes to accounts. Company has not complied with the disclosure requirement as per IND AS 115.

e. As per sub point (c) of Para 39 of IND AS – 20, "an entity shall disclose all conditions and other contingencies attaching to government assistance that has been recognised", but the management has not disclosed about the conditions and contingencies for each government grant received. We recommend the management to comply with these disclosure requirements in their financial statements.

f. While scrutinizing the Zonal Trial balance it was observed that under AG Head 14(CWIP), various amounts are 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.

| ZONES | AG CODE | NAME | AMOUNT (In Rs.) |
|---|---|---|---|
| AGRA | 14.73B | Taj Trapezium | 1,53,084.00 |
| ALIGARH | 14.72 | REC Normal Work | 1,38,771.00 |
| | 14.73R | Ram Manohar Lohia | 24,79,016.00 |
| | 14.73B | RGC Works | 1,11,260.30 |
| | 14.64 | 11 KV Urban | 5,08,740.95 |
| | 14.73 | RMNP | 14,18,999.86 |
| | 14.73A | Ambedkar Village Electricity | 7,06,003.73 |
| | 14.73S | Subhagya Yojana | 12,73,59,653 |

g. On scrutinising consolidated trial balance, it is found that in AG Code 23.8(REC-Theft of Power) opening balance of Rs. 2,151.54 lacs (Debit) is outstanding for several years which has not been provided for completely. Under AG Code 23.808(Provision for REC- Theft of Power) an amount of Rs. 8.94 lacs (Credit) is outstanding, hence provision is short by Rs. 2,142.60 lacs.

h. While scrutinizing the Zonal Trial Balance, it has been observed that in case of Kanpur Zone, Aligarh Zone and Jhansi & Banda Zone under AG 28.210 & 28.250 (Income Accrue and Due) following amounts are outstanding: -

| **AG CODE (28.210 & 28.250)** | **AMOUNT (IN RS)** |
|---|---|
| KANPUR ZONE | 2,80,43,418.29 |
| JHANSI & BANDA ZONE | 23,64,876.00 |
| **TOTAL** | **3,04,08,294.29** |

The amount has neither been received nor adjusted during the year and the same value is carried forward as closing balance, as on 31.03.2021. The management has not provided proper justification for the same.

i. There are unreconciled entries under AG Code 22.780 (Transformers sent for repairs), AG Code 22.77(Scrap Materials), AG code 31 to 37 (Inter Unit Transfer) and AG Code 46.94 (Goods and Service Tax) as on 31st March, 2021. The unreconciled entries should be reconciled.

j. Under AG Code 46.910 (Stale Cheques) indicates cheques which have become time barred. Proper adjustments are recommended in this regard.

k. There are various balances under AG Code 46.929 (Service Tax Liability) amounting to Rs. 152.98 lacs, AG code 46.926 (Central Sales Tax) amounting to Rs. 3.52 lacs and AG Code 46.927(State Sales Tax) amounting to Rs. 160.29 lacs. After introduction of Central Goods State Tax Act, 2017, service tax and sale tax are no more applicable but some credit entries have been passed during the year which does not seems to be justified. Management could not provide any explanation to us.

l. In the following codes balance are pending since long but management is unable to explain the nature of such accounts. The balance under this head should be identified and necessary rectification entries should be passed:

| **ZONES** | **AG CODE** | **NAME** | **Amount (In Rs.)** |
|---|---|---|---|
| Aligarh | 42.2 | Supply Control Account | 5,20,49,047.00 Cr |
| Agra | 22.710 | Workshop Suspense Account | 2,87,14,937.79 Dr |
| Kanpur | 38 | Liability related UPSEB | 96,54,570.00 Cr |

m. Following is liability head which shows debit balance. It seems some entries from some other head have been parked in these codes which are understating Trade Payables, it needs to be reconciled and required entry must be passed.

| **ZONE** | **AG CODE** | **NAME** | **Amount (In Rs.)** |
|---|---|---|---|
| Aligarh | 47.410 | Railways | 16,82,89,324 Dr |

n. During the year company has revised its estimation related to residual value of fixed assets from 5% to 10% as per UPERC letter. The company has credited the differential amount of

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assets havingless than 10% residual value to depreciation account to make book value of assets equal to salvage value. In our opinion the transfer should have been done from general reserve instead of depreciation account. Due to this depreciation is understated by Rs. 7,193.00 lacs (approx.) resulting in understatement of current year loss.

o. The company is required to de-recognize assets on their disposal and record gain/loss arising from disposal of assets. However, the company is not recognizing gain/loss arising from disposal of Plant and Equipment. The quantification of total effect on the Profit & Loss Account of the company is not ascertainable as required documents for calculating effect on Profit & Loss Accounts are not maintained properly.

p. As reported in Audit Report of Agra Zone, "The Fixed assets withdrawn from the active use are takenback in the store after deducting only one year of depreciation from its cost irrespective of its actual use period. Moreover, the cost is also taken on the basis of its replacement cost rather than historical cost. Both above lead to over Valuation of item taken back to store and in some cases also lead to the negative balances in the fixed assets account. In the absence of specific data regarding above we are unable to quantify the effect (IND AS 16)."

q. During the year, company has sold LED bulb vide AG code-22.791. However, the company has credited the value of sales under the same head, instead of recognizing it as income. Therefore, it leads to understatement of revenue and stock by an amount of Rs. 4.88 lacs.

r. On checking of cash flow statement, we observed that amortisation of Rs. 16,062.00 lacs is deducted from additions of Property, Plant and Equipment. In our opinion, the presentation of cash flow is not proper. Property, Plant and Equipment should have been shown at full value and amortisation should have been shown separately. Instead of amortisation being reflected separately the same is deducted from Proceeds from consumer's contribution & Go UP capital Subsidy.

s. As per Ind AS 20, "A government grant that becomes receivable as compensation for expenses or lossesalready incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognised in profit or loss of the period in which it becomes receivable. A government grant is not recognised until there is reasonable assurance that the entity will comply with the conditions attaching to it, and that the grant will be received." The company has credited the subsidy receivable from government of U.P. amounting to Rs 2,15,969.00 lacs in general reserve by debiting the subsidy receivable from government of U.P. under Financial Assets – Others (Current). Company has disclosed this in Note no.38 of notes to accounts 1B. As explained to us by management, this subsidy amount will be received in future 10 years for which government will make budget in accordance with GO No. 958.24-1-2020-731(Budget)/2020 dated 15.07.2020 and company will amortize this subsidy amount in Statement of Profit & Loss in next 10 years on the basis of budget given by the government. Since company has not provided us detailed explanation of this treatment, hence we are unable to frame proper opinion on this.

t. The company is in practice of recognizing the amount of UDAY loss subsidy on the basis of credit note issued by UPPCL. The amount of subsidy to be received from government is 50% of losses of FY 2019- 20 which amounts to Rs. 31,452.00 lacs (being 50% of Rs. 62,903.00 lacs). However, the company has accounted for Rs. 38,859.00 lacs in other income in the statement of Profit & Loss for the FY 2020-21 against receivable of Rs. 31,452.00 lacs. Thus, the losses of company have been understated by Rs.7,407.00 lacs (Being difference between Rs. 38,859.00 lacs and Rs. 31,452.00 lacs) and other current assets has been overstated by Rs. 7,407.00 lacs.

u. In the draft comment no. 4 and 5 of C&AG of 2018-19, it has been informed by the auditee that reconciliation of Uday loss subsidy with UPPCL is under process and necessary adjustment if any will be made in FY 2020-21. However, no such reconciliation was made available for our verification andno adjustment has been made in this regard.

v. During the FY 2020-21, the company has reversed the provision for leave encashment of Rs. 12,256.00 lacs in its statement of Profit & Loss. As informed to us by management, the company used to make provision for leave encashment by calculating the same on manual basis upto F.Y.2019-20 at zonal levels. While in current year i.e., 2020-21 calculation of leave encashment has been done through software by the company as a result of which reversal of excess provision of past years has been done. In absence of sufficient appropriate audit evidence and explanation in this regard by the Auditee we are unable to comment on correctness of the calculation.

w. Energy internally consumed forms part of the revenue from operations, as per management there is a practice of showing energy internally consumed at market value and showing the same in revenue. However, the energy internally consumed can't be treated as regular supply. The resultof this practice followed has resulting in overstatement of Revenue by Rs. 21,953.27 lacs for the year. Further this amount has been shown in Note-23 under Administrative, general and other expense and the same amount has also been included in purchase of power in Note-19 at cost, hence there is an overstatement of Administrative, general and other expense by this amount.

x. In AG code 22.780(Transformer sent to repairs), revenue from sale of such items has not been recorded in Profit & loss account. In absence of sufficient appropriate audit evidence, we are unable to quantify its financial impact.

y. The company is required to recognize revenue from sale of Scrap material but the company is not recognizing revenue from sale of these items and instead of recognizing revenue the company is showing these items as deduction from its inventory. The result of this is that the inventory and revenue both are understated. The details of scrap sale lying in credit of AG-22.770 is as follows:

| **Zones** | **SALE OF SCRAP MATERIAL (AG-22.770)** |
|---|---|
| Agra | 184282886.00 |
| Aligarh | 69481214.00 |
| Kanpur | 60906644.00 |
| Jhansi & Banda | 39380713.00 |
| **TOTAL** | **35,40,51,457.00** |

z. As per IND AS – 115, "Revenue from Contracts with Customers", Revenue should be recognised in the year in which it is accrued, but in case of supply of power to Torrent Power Ltd. Agra, in the year 2019-20, the company has recorded revenue amounting to Rs. 3,622.00 lacs for the month of March 2020 twice in its books of accounts. As the company booked whole supply of power in the year 2019-20 and has also made a provision for March's last week supply under "provision for unbilled revenue", hence company has overstated the revenue in previous financial year. Further, the company has reversed the provision for unbilled revenue amounting to Rs. 3,622.00 lacs in current year financial statements. As a result of which current year revenue has been understated by this amount. Further the company has not made a provision for unbilled revenue of TIR amounting to Rs. 5,098.00 lacs for the month of February and March 2020 in the financial year 2019-20 and it has recorded this TIR amount in F.Y. 2020-21, which belongs to F.Y. 2019-20. Therefore, current year revenue has been overstated with the same amount.

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aa. As per Para 16 of IND AS 37, "Provisions, Contingent Liabilities and Contingent Assets", the Company is required to disclose Court Cases going on at the end of Financial Year, brief description related to nature of the contingent liability and estimate of its financial Effects and possibility of reimbursement. The company has not made any such disclosure with respect to the above, thus company has not complied with the disclosure requirement of Ind AS 37.

bb. As per Para 86 of IND AS – 37, "an entity shall disclose for each class of contingent liability at the end of the reporting period a brief description about the nature of contingent liability with estimate of its financial effect and an indication of the uncertainties relating to the amount or timing of any outflow". Management is in practice to disclose the cumulative amount of Contingent Liabilities at the end of reporting period. The management should disclose the detailed breakup of each classof contingent liability with its effect on financial statement and expected future outflow with their timings.

cc. As per Para 26 of IND AS – 23, "An entity shall disclose the capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation". However, the management has not disclosed the same in notes to accounts.

dd. On scrutinizing the Trial Balance of Aligarh Zone, a credit balance amounting to Rs.1.62 lacs was observed under the AG CODE 28.210 (Income Accrued & Due on Fund Investment), Rs. 0.65 lacs under AG Code 28.260 (Interest Accrued and Due) and Rs. 12.74 lacs under AG Code 28.290 (Other Income Accrued) which is abnormal as Income Accrued can never be negative. The management could not explain this discrepancy.

ee. As per the provisions of Section 285ba of Income Tax Act every person who issue shares for a consideration of more than Rs. 10 Lacs (Including share application money) is required to file SFT-008. However, company has not filed the form which attracts penal provisions under Income Tax Act.

ff. As mentioned in Audit report of Kanpur zone, "While checking of the Trial Balance of Units, we have observed that many Codes of Receivables against supply of power (AG-23) are showing excess realization, which do not appear to be correct. Details are given as under":

| S.No. | Division Name | Amount appearing in account code | Amount (In Rs.) |
|---|---|---|---|
| 1 | EDD Jhinjhak | Other Misc. Receipts (AG-23.707) | -28975508.37 |
| 2 | EDD Rania K. Dehat | Reconnection/Disconnection (AG-23.702) | -510610.00 |
| 3 | EDD Chhibramau | Public water works (AG-23.107) STW upto 100 H.P (AG-23.108) Lift Irrigation (AG-23.111) | -17473848.59<br>-15190797.87<br>-21781885.66 |
| 4 | EDD Ghatampur | Other Misc. Receipts (AG-23.707) | -21252128.01 |
| 5 | EDD Farrukhabad | Lift Irrigation (AG-23.111) | -119669895.00 |
| 6 | EDD Kannauj | STW upto 100 H.P (AG-23.108) | -164957281.51 |
| 7 | EDD Saifai | Public water works (AG-23.107) Large & Heavy Power (AG-23.109) | -194629660.10<br>-98592595.88 |
| 8 | EDD Kaimganj | Public water works (AG-23.107) STW Upto 100 H.P (AG-23.108) | -178564039.61<br>-54160351.51 |

gg. Prior period expenses of Rs. 7,424.00 lacs have been mentioned, however net adjustment of Rs.10,342.00 lacs has been made in financial statements. Therefore, the amount is wrongly stated in notes to accounts.

hh. Company had disclosed that Material at the year-end lying at the work site is treated as a part of capital work in progress. However, in our view, it should be treated as Inventory at site.

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ii. As mentioned in CAG draft comments of F.Y. 2018-19, "Point no. VII (b) of Note No. IA- Company Information & Significant Accounting Policies stipulates that transmission charges are accounted for on accrual basis on bills raised by the UP Power Transmission Corporation Limited at the rates approved by UPERC. Accordingly, the Company accounts for the bills raised by UP Power Transmission Corporation Limited in the year in which bills are accrued. However, in case of true up bills, the bills are accounted for in the accounts as and when the bills are received by the Company irrespective of the year to which the bills pertain to." This fact has not been disclosed by the Company. Thus, the disclosure of the Company is deficient to this extent.

**(ii) <u>KESCO</u>**

a. **Property plant and equipment Rs. 103463.18 lacs (refer note no.2)** The land of the Company is on lease from UPPCL at Re.1.00 per month as per the transfer scheme (Refer **point no.9(c) of Notes on Accounts)**. As informed the value of such land is yet to be ascertained by UPPCL. However, we have not been furnished with the lease agreement and other related records pertaining to such land; as a result, we are unable to check whether the lease is of financial nature or operating; hence the financial impact on accounts and Ind AS financial statements is not ascertainable.

b. **Other Equity: Rs. (-) 3,55,704.82 lacs (refer note no.12)** The above include 'Restructuring Reserve' of Rs.1445.68 lacs in respect of which proper reconciliation and consequential adjustments are lying pending; hence the financial impact on accounts and Ind AS financial statements is not ascertainable.

c. **Non-current liabilities – Financial liabilities – Borrowings: Rs. 2,30,781.14 lacs (refer note no.13)** The Company has not complied with the disclosure requirements envisaged by Schedule–III of the Act in as much as the following has not been disclosed in respect of non-current borrowings: Nature of security in respect of each case of borrowing Terms of repayment of term loans and other loans

**(iii) <u>PVVNL</u>**

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 Equipment, resulting delay in capitalization with corresponding impact on depreciation for the delayed period. (Refer to 2(II) and IV(b) of 'Significant Accounting Policies' to the Financial Statements.)

b. 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

c. Assets amounting to Rs.4,209.88 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 these assets. Company has disclosed it as Tangible Assets, which is Intangible Assets, as being rightly disclosed earlier in the financial year 2017-18. This has resulted understatement of intangible assets and overstatement of tangible assets by Rs. 4,209.88 lacs. (Refer to note 2 of financial statements)

d. The depreciation/amortisation on Bay (Assets not in Possession of Pashchimanchal Vidyut Vitran Nigam Ltd.) is calculated on the opening gross value of the assets with the life of 25 years on SLM basis and on addition during the year has been provided on average 6-month basis instead of actual period of availability of asset for its intended use. 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 Para 2(IV)(b) of Significant Accounting Policies)

e. 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.

f. Expenses for ERP software implementation amounting Rs. 4,659.92 lacs are shown under Capital work in Progress. However, the same should be classified under the heading "Intangible assets under development" as per provisions of Schedule III of the Companies Act, 2013.

g. 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.

Rs. 1,30,143.00 lacs, for additional subsidy, wrongly transferred by UPPCL to other Subsidiaries in earlier years, is shown as receivable from UPPCL as per the letter no. 1526 dated 26.10.2021 of UPPCL (the Holding company) and credited in General Reserve of the company without impacting statement of Profit and Loss account. In the absence of its complete details and audit trail thereof with appropriate audit evidences with the company, we are not in a position to comment up on the correctness of the same. (Refer to note 11 of financial statements).

Rs.9,14,645.00 lacs for additional subsidy for the years 2007-08 to 2019-20 as per letter no. 1526 dated 26.10.2021 of UPPCL (The Holding Co.) in compliance of letter/ order 445/24-1-21-731 dated 05.03.2021 of UP State Government,is shown as receivable from Government of UP and credited in General Reserve of the company without impacting statement of Profit and Loss account. In the absence of its complete details and audit trail thereof with appropriate audit evidences with the company, we are not in a position to comment up on the correctness of the same. (Refer to note 11 of financial statements and note No.35 of notes to accounts).

Capital grant of UDAY scheme Rs.1,47,772.00 lacs has been converted into additional subsidy by debiting capital reserve and crediting General Reserve of the company in compliance of letter no. 1526 dated 26.10.2021 of UPPCL (The Holding Co.) read with letter/ order 445/24-1-21-731 dated 05.03.2021 of GoUP without impacting statement of Profit and Loss account. In the absence of its complete details and reasoning thereof with appropriate audit evidences with the company, we are not in a position to comment upon the correctness of the same. (Refer to note 11 of financial statements)

h. Interest of Rs. 2,039.22 lacs (AG 51,229) has been charged during the year towards interest on NOIDA loan of Rs. 2,942.75 lacs are booked on the advice received from UPPCL. As informed by the management that interest on all the loans taken by Uttar Pradesh Power Corporation Limited on behalf of DISCOM are booked on the advice received from UPPCL. In the absence of complete details thereof, we are not in position to comment up on the correctness of the same. (Refer to Note 16 interest accrued and due under Other Current Liabilities of Financial Statements

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i. Refer to Note no. 33 of Notes to accounts, there are various expenses like Employees Expenses, Repair & Maintenance Cost and Administrative & General Expenses etc. occurred at Uttar Pradesh Power Corporation Ltd. (the holding company) which has been allocated to the Company vide Debit/Credit Notes. However, we have not verified the same and relied on the Debit/Credit notes received from the holding company.

j. Liability for Material received on loan by the Company amounting to Rs. 72.73 lacs from Purvanchal Vidyut Vitran Nigam Limited (AG 22.730) is finally adjusted with Material Stock Account (AG 22.60), resulting no Liability and stock for Rs. 72.73 Lacs is shown in the Balance Sheet of the Company as on 31st March, 2020 and as on 31st March,2021 in respect of above transaction. This has resulted in understatement of both Other Current Liability and Inventory by Rs. 72.73 lacs. Also, no confirmation has been received from Purvanchal Vidyut Vitran Nigam Ltd. regarding the same. (Refer to in Note No. 4 of Financial Statements).

k. Power purchase and transmission charges are booked on the basis of bills raised by Uttar Pradesh Power Corporation Ltd. and Uttar Pradesh Power Transmission Corporation Ltd. However, the Company has no scientific method of its measurement for accounting and making provision thereof. Hence, we are not in a position to comment on the possible impact thereof on the financial statements of the company. (Refer Note No. 9 of Notes to accounts.)

l. Interest accrued but not due Rs. 727.70 lacs under Other Current Assets includes amount of Rs. 723.10 lacs (AG 28.240 & 28.250), which is pending for reconciliation for more than a year, impact of the same is not ascertainable on the financial statements. (Refer to Note 9 of Financial Statements)

m. Compliance/ Rectification of Zonal Auditor's report on the accounts of their zone for the year ended 31st March, 2021 were not done till finalization of our audit.

n. **Significant observations of Zonal Auditors are as Under:**

**(A) Meerut Zone**

i. Stock Shortage Pending Investigation (A/c Code 22.830): The status of stock shortage amounting to Rs. 112.00 lacs, has remained unchanged and no follow up has been done.

ii. Subsidy Receivable from Government shows unadjusted negative Balance of Rs. 417.00 lacs The book entry to adjust/set off these balances has not been made.

iii. The Bank Reconciliation statements (BRS) include Bank charges charged by the bank under other debits but not accounted for in the books of accounts. The amount of these Bank charges, which is very substantial, has not been accounted for and continues to form part of the BRS. The total amount of Other Debit as on 31st March 2021 is Rs. 374.19 lacs and the year wise break up is as under:

| Particulars | Amount in Lac |
|---|---|
| Bank Charges less than 1 year | 13.90 |
| Bank Charges from 1 to 3 years | 89.13 |
| Bank Charges above 3 years | 271.16 |
| **Total** | **374.19** |

iv. In EDD II Baghpat, a fraud case of collecting cash Rs. 31.30 lac from customers and not depositing the amount in division is under enquiry against Mr. Sanjay Kumar, cashier.

v. In EDD I Meerut, 9 receipt books issued on 23-02-2012 to Postmaster Meerut Cantt. for collection of amounts on behalf of PVVNL were not returned back in division. The unit is reportedly in correspondence with the Postmaster for returning the same.

vi. REVENUE FROM SALE OF POWER
Billing is not raised for all the supplies of power till 31-03-2021. The unbilled revenue has been booked only in the cases where bills are generated for the subsequent month of April. The unbilled revenue in case of bills not raised in the subsequent month of April (for any reason) has not been calculated and provided for. The basis of calculation of unbilled revenue is also not uniform- in some cases it is based on actual data whereas in other cases it is done as per average billing.

vii. Mercantile basis of accounting is not followed properly. Expenses relating to previous years, which are in the nature of "Prior Period Expenses" are booked in the year under audit on payment basis.

viii. Some units have delayed the deposition of GST and filing of returns beyond the stipulated time. In some cases, units have not charged GST on Miscellaneous receipts components like RO/DO charges, Cheque dishonour charges etc. which are otherwise covered under the provisions of GST.

ix. The balance of security Deposit has not been verified and reconciled with the Billing Data/Online data of the Consumers. The interest payable on the security deposit forming part of the Trial Balance is not synchronized with the figures generated through Billing Data. Further, the reconciliation of the figures of Security Deposits and Interest payable thereon is not done with the corresponding figures as per the Billing Data.

x. In few units, it has been reported by Internal Auditors that there is a shortfall in Security Deposit however the demand/notice for the same has been raised by the concerned unit, while the same has not been fully deposited by the consumers.

**(B) Moradabad Zone:**

i. Trucks & Tempo and Jeep & Motor Car (AG 10.710 & AG 10.730) Rs. 1.79 lacs Dr. and Rs 21.93 lacs Dr respectively - All assets lying here are unserviceable / condemn and in our opinion, it should be disposed off.

ii. Theft of Cash (AG 28.744) Rs. 4.47 lacs Dr.- Two cases of cash theft, adequate provision should be made at H.O.

iii. As informed by Branch Auditor of Moradabad Zone, during the year fraud by the employees has been detected amounting to Rs. 5.64 lacs out of which Rs. 5.21 lacs is deposited by the person concerned till date. An amount of Rs. 24.43 lacs pertaining to cheques sent for collection in State bank of India, Babrala branch but nor credited to company account later on Rs. 17.43 lacs credited by bank in company account till date balance amount is still retained by bank. In case of EDD-II, Moradabad revenue receipts books issued to employees not deposited by some employee since 2017. In our opinion these cases need close watch

iv. Work In Progress Register (WIP Register) is not being maintained in the units except ECWD-MBD which has prepared WIP Register.

v. Provision for Depreciation A/c (code-12):
The unamortised value/ difference in cost and notional depreciation of the damaged/discarded asset is debited to this account and continued year to year instead of writing off these in the books of account.

vi. As per Accounting policy, the Company is following the Accrual basis of accounting subject to expenses pertaining to earlier years of Rs.534.80 lacs, debited to current year and expenses of current year as well as work done and measured during the year has been provided in current year books of account.

vii. No deduction for Tax at source under Income Tax Act and under GST Act wherever applicable had been made on Rs. 2,404.26 lacs against the provision made in the books of account as on year end. Also, there is a Default Liability as per Traces of Rs. 127.73 lacs for which no provision has been made.

viii. Misc Adv. (Cash) (AG: 28.401A) Rs. 274.19 lacs & Misc. Adv. (Stock) (AG : 28.401B) Rs. 139.87 lacs – Balances lying are very old and even some cases concerned employees are retired, in our opinion such amounts should be written off.

### (C) Ghaziabad Zone:

i. On scrutiny of main cash book, revenue cash book and works cash book available at Division Office level, we were given to understand that collected cash is being deposited in bank on daily basis. However, in some cases, there is a delay of around 1-2 days in deposit of collected cash to the bank. Further, we were given to understand that all bank accounts are auto-sweep and balance is regularly transferred to the main bank account of UPPCL, Meerut.

On physical verification of Main cash book, Works Cash book available at Division Office level, it is observed that cash book is not being updated on daily basis. Moreover, it is observed that totaling and balancing in cash book is being done roughly using pencil. It is further observed that verification of cash by EE/AE at Division Office level is not being done on regular basis. In furtherance of the aforesaid, during the FY 2020-21, there has been cash embezzlement of Rs.564.00 lacs under the division EUDD-7, Ghaziabad by one Mr. Sumit Gupta during the period of July, 2020 to November, 2020 during which he was holding position of Head Cashier Revenue of the division. The accused cashier was the person in charge to collect the cash revenue from collection counters to deposits the same into the bank. We were given to understand that the FIR filed by Sh. Surender Pal Singh, Executive Engineer of division EUDD-7, Ghaziabad, bearing FIR no.1955/2020 dated 15.12.2020 with Police Station Sihani Gate, Ghaziabad in which amount of Rs.295.45 lacs were reported misappropriated by the accused head cashier Sumit Gupta and it was also suspected that the quantum of misappropriated amount may go up. The amount misappropriated as per the BRS from July, 2020 to November, 2020 is Rs. 564.00 lacs, and amount reported in FIR is Rs.295.45 lacs i.e. amount short reported into FIR by Rs.268.73 lacs.

We were given to understand that the letter dated 01.10.2020 written by Sh. Surender Pal Singh, Executive Engineer of the division, addressed to the SHO, Sihani Thana in which the amount of Rs. 220.06 lacs was also intimated to police for the period of October, 2020 to November, 2020. We were given to understand that the case is currently under investigation.

ii. On our examination of photocopy of BRS produced before us, out of total uncashed cheques of Rs.12,036.00 lacs, most of the cheques have become stale. Further, out of total other credits of Rs.7,750.00 lacs, most of the entries are old entries, which also consist entries of more than 15 years old, in support of which, no record/details are provided for our verification and further comments.

iii. We were given to understand that reconciliation of such old entries is not probable. It is further observed that on our physical visit to EUDD-2, Noida, a case was observed where customer has made payment of dues/bill in cash against which cheque receipt was issued. Taking into consideration the aforementioned facts and in the absence of requisite information/details/explanations in this regard, possibility of foul play/ fraud cannot be ruled out. Present status of the frauds reported as per branch statutory audit report for the year ended 31.03.2020 conducted by VSD & Associates, chartered accountants, not provided for our verification and further comments. The aforementioned reported fraud as reported in the aforementioned report is reproduced hereinunder: "As informed by the management, zone has noticed a case of fraud in its EUDD-II, EUDD-V, EUDD-VII Noida division by few bank officials. Some of ICICI bank officials wrongly credited the cheques amounting Rs. 172.37 lacs related to these division in some other account. Management has duly taken the matter in its notice and has lodged the Police FIR with the authorities."

iv. On our scrutiny of AG no. 18 of Trial Balance, it is observed that "Intangible Assets" of Rs.1,651.00 lacs include Rs. 107.00 lacs provided for the FY 2020-21. We were given to understand that all the accounting entries related to theft of assets/inventories are passed through this account for which copy of FIR, records pertaining to criminal cases filed, copy of preliminary inquiry reports, internal incident reports prepared by JE/SDO/EE/SE/CE, current case status, insurance details, insurance claim status, other information/details/explanation in this regard is not provided for our verification and further comments.

v. On our scrutiny of AG no. 23 of Trial Balance, it is observed that "Supply of Power" of Rs.2,63,593.00 lacs include Rs. 37,939.00 lacs of provision of unbilled revenue in support of which proper details, document is not provided for our verification and further comments. We were given to understand that the above figure is the billing amount of sale of power for the month of March, 2021. Further, Rs. 4,455.00 lacs are outstanding since long as Debtors of Regulatory Charges which have now been removed from tariff and is no longer charged from customers. Therefore, current outstanding amount are doubtful for recovery. No provision for doubtful recovery has been made in this respect. We were given to understand that the same is being done at Head Office level. Details/information/explanation in this regard is not provided for our verification and further comments.

vi. On further scrutiny, it is observed that "Supply of Power" includes arrears outstanding for payment by the consumers. Age wise break up of total arrears outstanding for payment by the consumers are as follows:

| Particulars | No. of Consumers | Amount of Arrears (Rs. in Crores) |
|---|---|---|
| Upto 3 months | 1073354 | 347.03 |
| More than 3 months and under 6 months | 60608 | 73.40 |
| More than 6 months | 197016 | 1182.32 |
| **Total** | **1330978** | **1902.74** |

vii. On our scrutiny of AG no. 47 of Trial Balance, it is observed that "Deposit for Electrification Service Connections" of Rs.8,995.00 lacs include advance deposits received from consumers in respect of works undertaken against which the zone has raised Invoices on which GST was deposited. However, such invoices are wrongly treated as deposits and not as sales to consumers and consequently, sales have been understated and assets have been overstated by that amount. Details/information/explanation in this regard is not provided verification and further comments.

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viii. On our scrutiny of AG no. 55 of Trial Balance, it is observed that "Contribution towards Capital Assets" of Rs.1,39,448.00 lacs include Rs. 26,205.00 lacs of Deposit which includes advance deposits received from consumers in respect of works undertaken against which the zone has raised Invoices on which GST was deposited. However, such invoices are wrongly treated as deposits and not as sales to consumers consequently, sales have been understated and assets have been overstated by that amount. Details/information/explanation in this regard is not provided for our verification and further comments.

ix. On our scrutiny of AG no. 61 of Trial Balance, it is observed that "Revenue from Sale of Power" of Rs.7,78,923.00 lacs include Sundry Consumers of Rs. 7,76,350.00 lacs, Theft of Power of Rs.2,693.00 lacs. On sample scrutiny of monthly Electricity bills of high consumption customers, it is observed that system generated monthly electricity bills of Delhi Metro Rail Corporation RSS Arthala, Ghaziabad (under EUDD-4 Ghaziabad) for the audit period has not charged mandatory Electricity Duty which is payable to the state government. However, manual corrections on system generated bills have been made and consequently, Electricity Duty has been less collected by Rs. 14,235.00 lacs and the same is less paid to the government. Further, in cases of system generated monthly electricity bills of Delhi Metro Rail Corporation (under EUDD-7 Noida) and Delhi Metro Rail Corporation Ltd (DMRC) (under EUDD-2 Noida) for the audit period, it is observed that Electricity Duty has not been charged at all. We were given to understand that the same is due to system error and the same is being charged separately. However, no such record/document/details of the aforementioned adjustment are provided for our verification and further comments. Further, in case of system generated monthly electricity bills of Maintenance DMRC Botanical Garden/38A (under EUDD-3 Noida) for the audit period, it is observed that Electricity Duty has been calculated at 5% instead of 7.5% of Demand Charges as per Electricity Tariff rates for FY 2020-21. Taking into consideration the aforementioned facts and on the basis of records produced before us, we are unable to ascertain the correctness of Electricity Duty collected in case of other consumers as well. In the absence of requisite records/documents/explanation to our satisfaction, we are unable to further comment.

x. On physical inspection of Sub-Division Offices, Division Offices and Zonal Office, it is found that the zone is not complying with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ('POSH' Act) and directions/ guidelines of the Hon'ble Supreme Court of India in this regard. Employees working at Sub-Division Offices/ Division Offices/ Zonal Office are not aware of Internal policy of the company, if any formulated in compliance of the POSH Act. No notices informing the employees about the company's stance on sexual harassment has been displayed around the workplace area of the Sub-Division Offices/ Division Offices/ Zonal Office which in violation of the POSH Act. Annual compliance report as per Sec. 21 r.w. Rule 14 of the POSH Act is not provided for our verification and further comments. We were given to understand that the same is being dealt at Head Office level.

xi. On our examination of photocopy of BRS produced before us, out of total uncashed cheques of Rs.12,036.00 lacs, most of the cheques have become stale. Further, out of total other credits of Rs.7,750.00 lacs, most of the entries are old entries, which also consist entries of more than 15 years old, in support of which, no record/details are provided for our verification and further comments. We were given to understand that reconciliation of such old entries is not probable. It is further observed that on our physical visit to EUDD-2, Noida, a case was observed where customer has made payment of dues/bill in cash against which cheque receipt was issued. Taking into consideration the aforementioned facts and in the absence of requisite information/details/explanations in this regard, possibility of foul play/ fraud cannot be ruled out.

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xii. On the basis of a statement of line loss produced before us, it is observed that in case of some Distribution Divisions, transmission and distribution loss is enormous on comparison with the actual average transmission loss of the Ghaziabad Zone of 8.50% and Noida Zone of 9.20% (approx.) during the audit period:

(in million units)

| Division Office | Energy Purchased | Energy Sold | Energy Loss (%) |
|---|---|---|---|
| EDD Greater Noida | 257.943 | 160.363 | 37.83 |
| EUDD-8 Noida | 168.484 | 107.534 | 36.18 |
| EDD-3 Loni | 241.170 | 158.996 | 34.07 |
| EDD Muradnagar | 399.188 | 302.302 | 24.27 |
| EDD-4 Noida | 410.617 | 313.510 | 23.65 |
| EDD Modinagar | 328.885 | 251.740 | 23.46 |
| EDD-1 Loni | 344.614 | 278.208 | 19.27 |
| EDD-2 Loni | 211.304 | 189.295 | 10.42 |

We were given to understand that the primary reason for such exorbitant loss of energy is on account of lack of regulation and regular maintenance of transformers and power lines installed in rural areas. In the absence of requisite records, we are unable to verify the actual reason which are causing such abnormal power loss and to pass further comments.

On further scrutiny of the aforesaid statement produced before us, it is observed that in case of EUDD-6, Ghaziabad, total energy units sold for the audit period is 464.087 MN units which is more that the total energy units purchased at 461.685 MN units for the same period which constitutes "Line Profit" at 0.52% which is not possible as sold units cannot be more than purchased units. We are unable to understand the reason as to how there can be sale of more units of energy than the actual units of energy purchased over a period of time. In the absence of satisfactory explanation and requisite supporting documents/records, we are unable to further comment whether the aforesaid statement/data which is produced before us is reliable.

## (D) Saharanpur Zone:

i. **Non-Matching of Dues Recoverable from consumers: -**
The Commercial Wing raises invoices in the name of consumers on the basis of Energy Supplied but the balance due from consumers does not tally with dues shown by financial wing due to fake arrears/inflated bills in billing software. This bill is to be corrected: - Division Name: - EDD-1 Saharanpur.

| ACC No | Name | OLD DUE Amt | Total Payment |
|---|---|---|---|
| 771705547332 | Janeshwar PD | (29,022,796.01) | (29,022,355.27) |

ii. **Non Provision of Dues from entities matters of which are pending in NCLT:** -It has been observed that Rs.877.89 lacs are dues from entities (2 Cases) whose matter is pending in NCLT. According to the sequence of payment, the electricity dues do not get preference over bank and other dues. As such recoverability of these dues is in jeopardy and Provision for doubtful debts be made.

iii. **Non-Provision of House Tax Demand of Rs. 1,264.24 lacs for EUDD-1 Muzaffarnagar**: - The Municipal Corporation has issued a demand notice of Rs.

1,264.24 lacs towards house tax and annual tax of substation no provision has been made pending determination & assessment.

iv. **As per abstract of Sec.5 Recovery of RC as Land Revenue**: - As per abstract of Sec.5 Recovery certificate issued for recovery as Land Revenue. The Concerned Tehsil's are not taking up recovery of RC's prior to 27th December 2017 and are returning the same. In view of the above all RC's Cases prior to 27th December 2017 have become non-Recoverable and as such provision for doubtful debts should be made for all cases beyond Cut-off date. Amount Involved- 5,183.00 lacs. The Zone has stated that fresh RCs are in the process of being issued in all such cases.

v. During the year a substantial part of unproductive fixed assets has not been disposed of by the company, which may affect the 'going concern' assumption.

vi. Arrear of Large and Heavy consumer as on 31.03.2021 are Rs. 3,08,00.00 lacs from 478 consumers.

vii. There is line loss of 24% of Saharanpur Zone.

viii. There is short security deposited amounting to Rs. 3,670.00 lacs as on 31.03.2021 in 277 cases of large and heavy consumers.

**(E) Bulandshahar Zone:**

i. Various divisions have paid GST on bills to vendors / suppliers without verifying that some vendors do not have valid GSTIN and therefore not depositing CGST & SGST even after receiving the same from PVVNL. Rs. 1.44 lacs is recoverable from 9 vendors for the period of cancellation / surrender of GST registration Whereas these and some other vendors are not depositing their GST returns since long back. It may be a significant & material amount which the vendors have collected from this Zone.

ii. As informed no fraud was detected during FY 2020-21. But the frauds of embezzlement detected up to FY 2019-20 has involved total amount of Rs. 349.47 Lacs out of which Rs. 36.87 Lacs has been recovered. And balance sum of Rs. 312.60 Lacs are still to be recovered.

**(iv) PuVVNL**

a. The Company has categorized cost of bay construction for 33/11 KV substation under "Assets not in possession of Purvanchal Vidyut Vitran Nigam Limited" and disclosed the same under "Property, Plant & Equipment" in the Balance Sheet.

b. Stock shortage/ excess pending investigation amounting to Rs.92.41 Lacs is outstanding as on 31/03/2021. 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.

c. No provision for obsolete, unserviceable stores and spares has been made. An old provision amounting to Rs. 6,297.00 lacs is lying against obsolete stores since 2003 under Final Transfer Scheme.

d. In almost all the banks flexi fix facility is available but there are huge balances in current account and amount has not been transferred by the bank to flexi fix account which is resulting into loss of interest.

e. An amount of Rs. 48,240.00 lacs (Net of Provisions) represent advance to suppliers /Contractors (Capital) which has no details with name and age wise break up. Out of Rs. 48,240.00 lacs (Net of Provisions) there is no movement in AG code 25.1. and 25.6 amounting to Rs. 21.00 lacs which needs immediate attention of management.

(v) **MVVNL**

a. We draw attention to para 3 (IV) (b) of General Information and Significant accounting policies stating that depreciation on addition to/ deduction from Property plant and equipment during the year is charged on Pro Rata basis. However, it was noted that capitalization of fixed assets is done at the end of financial year irrespective of actual date of 'Put to use' and depreciation is not charged on assets capitalized during the year. This accounting practice is also not in accordance with provisions of Companies Act and IND AS 16 resulting in understatement of Loss and depreciation for the year and overstatement of Assets. In the absence of complete details, effect of said understatement of depreciation & Loss and Overstatement of fixed assets on financial statement could not be ascertained.

b. The cost of fixed assets, which are decommissioned, and corresponding accumulated depreciation is reversed on estimated basis, which has no relation with their carrying cost in MTBs. As a result, the cost and accumulated depreciation of assets in use are not correctly reflected in MTB and some of fixed asset accounts reflect credit balances.

c. It was informed that Billing for sale of electricity to consumers are accounted for on the basis of report generated through Online Billing System implemented by various outsourced agencies. However, system audit of the said billing system, if any, being dealt at UPPCL was not made available to us and as such we are unable to comment on the efficacy of the same.

d. For the purpose of compilation of consolidated financial statements, only net balances of debit and credit transactions during the year is considered and closing balances as appearing in audited Trial balances of the units is not taken into account. These 'net balances' are then merged with the opening balances as per last year's audited financials to arrive at the final figures for the financial statements as at year end. In view of this, various balances are still outstanding at head office level since earlier years which have not been adjusted / transferred to various zones.

e. Interest on GOI loan taken through PFC amounting to Rs 13,052.00 Lacs have been booked during the current financial year (including Rs 8,675.00 Lacs through prior year adjustments). It was noted that these amounts have been booked as expenditures on the basis of demand notes raised by PFC only and without ascertaining the total interest payable. Further, interest during moratorium period amounting to Rs 1,571.51 Lacs only have been provided during the year as against total liability of Rs 11,176.26 Lacs till 31.03.2021 which has been wrongly shown as contingent liability in Notes to accounts. Accordingly, 'interest expenditure for the year' and 'Other financial liability- current' are understated by Rs 9,604.75 Lacs and losses for the year are also understated to that extent.

f. There are differences in sundry debtors as per billing ledger and amount shown in trial balance as the sales is booked on assessment basis and amount credited to sundry debtors on the basis of actual receipts. Further, credit balances of Rs. 65,811.00 lacs were reflected in 22 units of Ayodhya zone due to non-transfer of outstanding balances from old units to new units

g. A sum of Rs. 2,437.82 Lacs were transferred to fixed assets from capital WIP at head office level based on payment details provided by UPPCL. It was noted that these amounts comprised of part payments for different type of assets/ expenses like desktops, printers, kiosks and PMC costs etc and were acquired/ put to use at various field units during the year 2015-16. Further, the total work orders for these works were for Rs. 20641.00 Lacs but the details of capitalization of remaining amount of 18203.18 Lacs were not explained to us. In our opinion, the capitalization of different nature of assets in one head, non-charging of depreciation from the actual period of acquisition and capitalizing all the assets at head office level without identifying the actual location of assets was not proper. The resultant impact of the above on the financial statements for the year could not be ascertained in absence of complete details.

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: 22401216ADHYOW4519**

**Place: Lucknow**
**Date: 22nd February, 2022**

## 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 Group for the year ended 31st March, 2021)

## 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, 2021, in conjunction with our audit of the consolidated financial statements of the Group 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 Group'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 Group's internal financial controls system over financial reporting.

R. M. LALL & CO. CHARTERED ACCOUNTANTS

## Meaning of Internal Financial Controls Over Financial Reporting

A Group's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Group'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 Group;
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 Group are being made only in accordance with authorisations of management and directors of the Group; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Group'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 Group's internal financial control over financial reporting as at 31st March 2021

1. The auditors of DVVNL have reported that -

   a. Temporary Imprest provided to staff needs to be closed at the end of financial year, while we observed in many of the cases Temporary Imprest were not closed.

   b. During the course of audit, we observed that the system of recording of entries is not proper. We observed several instances where the entries which should have been posted in another accounting head, for example, entries parked in AG Code -46 are pertaining to some other accounting heads.

   c. Cashbook is not updated on regular basis. Furthermore, as stated in audit report of Jhansi & Banda zone totalling of cashbook is done by pencil in various divisions.

   d. There are unreconciled entries under AG Code 22.780 (Transformers sent for repairs), AG Code 22.77(Scrap Materials), AG code 31 to 37(Inter Unit Transfer) and AG Code 46.94 (Goods and Service Tax) as on 31st March, 2021. The unreconciled entries should be reconciled

   e. Under AG Code 46.910 (Stale Cheques) indicates cheques which have become time barred. Proper adjustments are recommended in this regard.

   f. Measurement Book provided to Junior Engineer by the Company are not returned back on

R.K. LALL & CO. CHARTERED ACCOUNTANTS

timely basis by the Junior Engineer and Measurement Book are not closed on timely basis.

g. The Company did not have an appropriate internal control system for reviewing computation and booking of Capital Work in Progress (CWIP) in accounts. This could potentially result in inaccurate CWIP disclosed in the books of accounts, due to non- capitalization and/or delayed capitalization of Property, plant and Equipment.

h. The company updates financials by belated entries in zonal trial balances audited by Zonal Auditors even after finalisation of Financial Statements which results in difference in opening balance in next year.

i. On verification of vouchers of GM adjustment, we observed that all the vouchers were not signed by all the authorized signatories.

j. As mentioned in audit report of Jhansi & Banda zone, log books were not provided in many divisions.

k. As mentioned in audit report of Jhansi & Banda zone," Signature and Seal of executive engineer on Expenditure Cash Book not done on whole financial year" in EDD-MAHOBA.

2. The auditors of PVVNL have reported that -

a. The Company did not have an appropriate internal control system for reviewing computation and booking of Capital Work in Progress (CWIP) in accounts. This could potentially result in inaccurate CWIP disclosed in the books of accounts, due to non-capitalization and/or delayed capitalization of Property, Plant and Equipment.

b. 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. ERP is under implementation phase.
The Branch Auditor of Bulandshahar Zone has also reported that the Biometric System should be installed for keeping the records of attendance of employees and CCTV camera should be placed to protect the assets and records.

c. Company do not have an effective system for realizing revenue from customers as the amount of receivables as on 31st March, 2021 is Rs. 10,74,249.09 lacs, which is equivalent to around 227 days sale of power by company and reasons of pendency are not examined. It is noticed that the company is not effectively exercising its powers of TD/PD and filing court cases against defaulted customers.

d. The Company did not have an appropriate internal control system to minimize electricity theft and line losses.

e. Reconciliation of power received and power sold during year has not been done. Billing is not raised timely and correctly.

f. The Company has shown Rs. 20,463.80 lacs as Inter Unit Transfer under the head of Other Current Assets and no further details or reconciliation of these amounts are provided to us. Special attention of the management is called for periodical reconciliation of this account and necessary adjustments thereto. Management has informed that the reconciliation of these entries is under process.

3. The auditors of MVVNL have reported that –

a. Company has system of maintaining various Sectional Journals wherein vouchers relating to day to-day transactions are recorded in these Sectional Journals. The Existing system of balancing cash book on the monthly basis and posting transactions in different sectional journals, from journals to summaries and from summaries to monthly trial balance, in our opinion is not adequate to give the financial position of different account/s at any given time in an organized manner. The Zones/ units do not have an appropriate internal control system for maintenance of books of account and other subsidiary records to ascertain composition of financial transactions on time basis and party wise balances outstanding at any point of time. The monthly trial balances are compiled from vouchers through an outsourced software, which is not under control of the accounts department and only printouts of MTBs are available. Risk of security of data in accounting through this software has not been assessed. There is also no mechanism to check data entry in this software and to ensure correctness and completeness of the report (MTB) generated.

b. The internal audit system was not found to be adequate and commensurate with the size and nature of organization and coverage/ scope needs to be enlarged particularly in area of reconciliation of revenue with the online billing system, status of work in progress under various schemes under implementation along with reasons for pendency, reconciliation of pending ATD/ ATC, Inventory records etc. System of timely receipts of internal Audit report and compliance thereof at zonal and HO Level also needs to be streamlines and strengthened.

c. It was noted that billing of power is generated through IT system but the billing system is independent of account department and reports generated from billing system were not reconciled with the accounts. Further, Consumer wise outstanding and ageing analysis of outstanding amount is not available with account department to reconcile trade receivable as per books of account with the data of commercial department. Further, quantitative reconciliation of power procured, billed and transmission loss is not prepared for reconciliation of actual sale of power with the books of account.

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 in the 'Qualified Opinion' paragraph of this report and in *'Annexure I'* on the achievement of the objectives of the control criteria, the Group 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, 2021 based on the internal control over financial reporting criteria established by the Group 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 and except for the need to strengthen the existing internal audit mechanism considering the nature and scale of operations of the Group 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)**

**(CA Vikas C Srivastava)**
**Partner**
**M.No.401216**
**UDIN: 22401216ADHYOW4519**

**Place: Lucknow**
**Date: 22nd February, 2022**

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# U.P. POWER CORPORATION LIMITED

## CONSOLIDATED BALANCE SHEET

## AS AT

## 31st MARCH 2021

## &

## CONSOLIDATED STATEMENT OF PROFIT & LOSS

## FOR THE YEAR ENDED ON

## 31st MARCH 2021

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

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# U.P.POWER CORPORATION LIMITED

## 14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

## CIN:U32201UP1999SGC024928

## CONSOLIDATED FINANCIAL STATEMENT

## CONSOLIDATED BALANCE SHEET AS AT 31.03.2021

(₹ In Lakhs)

| Particulars | Note No. | AS AT 31.03.2021 | AS AT 31.03.2020 |
|---|---|---|---|
| (I) **ASSETS** | | | |
| (1) **Non-current assets** | | | |
| (a) Property, Plant and Equipment | 2 | 5962575.54 | 5475133.03 |
| (b) Capital work-in-progress | 3 | 815819.28 | 1100927.38 |
| (c) Assets not in Possession | 4 | 13313.55 | 13363.78 |
| (d) Intangible assets | 5 | 1623.50 | 249.10 |
| (e) Financial Assets | | | |
| (i) Investments | 6 | 239572.23 | 249321.03 |
| (ii) Loans | 7 | 14.27 | 14.27 |
| (iii) Others | 8 | 49365.47 | 743.87 |
| (2) **Current assets** | | | |
| (a) Inventories | 9 | 333641.12 | 329214.14 |
| (b) Financial Assets | | | |
| (i) Trade receivables | 10 | 8351936.39 | 7814548.04 |
| (ii) Cash and cash equivalents | 11-A | 623781.26 | 405641.92 |
| (iii) Bank balances other than (ii) above | 11-B | 237801.14 | 184680.20 |
| (iv) Others | 12 | 2335141.40 | 286687.31 |
| (c) Other Current Assets | 13 | 446686.55 | 356772.02 |
| **Total Assets** | | **19411271.70** | **16217296.09** |
| (II) **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (a) Equity Share Capital | 14 | 10412665.52 | 9676228.64 |
| (b) Other Equity | 15 | (5829877.51) | (6344694.85) |
| **LIABILITIES** | | | |
| (1) **Non-current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 16 | 7411946.08 | 5244678.08 |
| (ii) Trade payables | | | |
| (b) Other financial liabilities | 17 | 476025.11 | 421083.80 |
| (2) **Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 18 | 0.00 | 81875.44 |
| (ii) Trade payables | 19 | 3223716.40 | 3756221.85 |
| (iii) Other financial liabilities | 20 | 3716796.10 | 3381902.21 |
| (b) Provisions | 21 | 0.00 | 0.92 |
| Significant Accounting Policies of Consolidated Financial Statement | 1 | | |
| Notes on Accounts of Consolidated Financial Statement | 31 | | |
| Note 1 to 31 form integral part of Accounts. | | | |
| **Total Equity and Liabilities** | | **19411271.70** | **16217296.09** |

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

| | | | |
|---|---|---|---|
| **(Dr. Jyoti Arora)** | **(A. K. Awasthi)** | **(A. K. Purwar)** | **(Pankaj Kumar)** |
| **Company Secretary** | **Chief Financial Officer** | **Director** | **Managing Director** |
| | | **DIN- 08544396** | **DIN- 08095154** |

Place: Lucknow
Date: 22/02/22

Subject to our report of even date
For R. M. Lal & Co.
Chartered Accountants
FRN: 000932C

**(Vikas C Srivastava)**
Partner
M No. 401216

UDIN: 22401216ADHYOW4519

# 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 31.03.2021

*(₹ In Lakhs)*

| Particulars | Note No. | For the year ended 31.03.2021 | For the year ended 31.03.2020 |
|---|---|---|---|
| I Revenue From Operations | 22 | 5502802.66 | 5401239.75 |
| II Other Income | 23 | 1260588.13 | 1396833.83 |
| III Total Income (I+II) | | 6763390.79 | 6798073.58 |
| IV EXPENSES | | | |
| 1 Purchases of Stock-In-Trade (Power Purchased) | 24 | 6358753.81 | 5738606.38 |
| 2 Employee benefits expense | 25 | 182110.44 | 164794.50 |
| 3 Finance costs | 26 | 632552.72 | 533939.32 |
| 4 Depreciation and amortization expenses | 27 | 242671.93 | 126425.19 |
| 5 Adminstration, Gerenral & Other Expense | 28 | 221548.56 | 229177.75 |
| 6 Repair and Maintenance | 29 | 231824.45 | 249054.18 |
| 7 Bad Debts & Provisions | 30 | (1697942.60) | 369299.96 |
| 8 Other expenses | | | |
| IV Total expenses (IV) | | 6171519.31 | 7411297.28 |
| V Profit/(Loss) before exceptional items and tax (III-IV) | | 591871.48 | (613223.70) |
| VI Exceptional Items | | 0.00 | 0.00 |
| VII Profit/(Loss) before tax (V(+/-)VI) | | 591871.48 | (613223.70) |
| VIII Tax expense: | | | |
| (1) Current tax<br>(2) Deferred tax | | 0.00 | 0.32 |
| IX Profit (Loss) for the period from continuing operations (VII-VIII) | | 591871.48 | (613224.02) |
| 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) | | 591871.48 | (613224.02) |
| 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) | | (8026.71) | (2018.52) |
| (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) | | 583844.77 | (615242.54) |
| XVI Eamings per equity share (continuing operation) : | | | |
| (1) Basic | | 59.23 | (64.74) |
| (2) Diluted | | 58.87 | (64.74) |
| XVII Earnings per equity share (for discontinued operation) : | | | |
| (1) Basic | | | |
| (2) Diluted | | | |
| XVIII Eamings per equity share (for discontinued & continuing operations) | | | |
| (1) Basic | | 59.23 | (64.74) |
| (2) Diluted | | 58.87 | (64.74) |
| Significant Accounting Policies of Consolidated Financial Statement | 1 | | |
| Notes on Accounts of Consolidated Financial Statement | 31 | | |
| Note 1 to 31 form integral part of Accounts. | | | |

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

**(Dr. Jyoti Arora)**
**Company Secretary**

**(A. K. Awasthi)**
**Chief Financial Officer**

**(A. K. Purwar)**
**Director**
**DIN- 08544396**

**(Pankaj Kumar)**
**Managing Director**
**DIN- 08095154**

Place: Lucknow
Date: 22/02/22

Subject to our report of even date
**For R. M. Lal & Co.**
Chartered Accountants
FRN: 000932C

**(Vikas C Srivastava)**
Partner
M No. 401216

UDIN: 22[illegible]ADHYDW4519

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*(₹ In Lakhs)*

### A. EQUITY SHARE CAPITAL AS AT 31.03.2021

| Balance at the beginning of the reporting period | Changes in Equity Share Capital during the year | Balance at the end of the reporting period |
|---|---|---|
| 9676228.64 | 736436.88 | 10412665.52 |

### B. OTHER EQUITY AS AT 31.03.2021

| Particulars | Share application money pending allotment | Capital / Other Reserve | Retained Earnings | Total |
|---|---|---|---|---|
| Balance at the beginning of the reporting period | 40192.23 | 3854741.29 | (17582147.16) | (13687213.64) |
| Changes in accounting policy or prior period errors | 0.00 | 0.00 | 11193.10 | 11193.10 |
| Adjustment as per Point no. 37 of Note no. 31 | 0.00 | 0.00 | 0.00 | 0.00 |
| Restated balance at the beginning of the reporting period | 40192.23 | 3854741.29 | (17570954.06) | (13676020.54) |
| Total Comprehensive Income for the year | 0.00 | 0.00 | 583844.77 | 583844.77 |
| Addition during the Year | 0.00 | 660619.17 | 2212737.64 | 2873356.81 |
| Reduction during the Year | 0.00 | (1519993.48) | 0.00 | (1519993.48) |
| Share Application Money Received | 727624.58 | 0.00 | 0.00 | 727624.58 |
| Share Allotted against Appliation Money | (736436.86) | 0.00 | 0.00 | (736436.88) |
| Balance at the end of the reporting period | 31379.93 | 2995368.98 | (14463601.59) | (11436854.68) |
| Amount of Reversed Provision on Investment | | | | 5439454.69 |
| Amount of Reversed Provision on UPPCL Debtors | | | | 158701.67 |
| Amount of Reversed Provision on Financial Assets-Other Current- Subsidiaries (Unsecured) | | | | 8820.81 |
| Net Balance at the end of the reporting period | | | | (5829877.51) |

*(₹ In Lakhs)*

### A. EQUITY SHARE CAPITAL AS AT 31.03.2020

| Balance at the beginning of the reporting period | Changes in Equity Share Capital during the year | Balance at the end of the reporting period |
|---|---|---|
| 9118636.32 | 557592.32 | 9676228.64 |

### B. OTHER EQUITY AS AT 31.03.2020

| Particulars | Share application money pending allotment | Capital / Other Reserve | Retained Earnings | Total |
|---|---|---|---|---|
| Balance at the beginning of the reporting period | 214010.08 | 3427430.47 | (16997693.35) | (13356452.80) |
| Changes in accounting policy or prior period errors | 0.00 | 7334.49 | 15720.94 | 23055.43 |
| Adjustment as per Point no. 37 of Note no. 31 | 0.00 | 0.00 | 15267.79 | 15267.79 |
| Restated balance at the beginning of the reporting period | 214010.08 | 3434764.96 | (16966904.62) | (13318129.58) |
| Total Comprehensive Income for the year | 0.00 | 0.00 | (615242.54) | (615242.54) |
| Addition during the Year | 0.00 | 498292.26 | 0.00 | 498292.26 |
| Reduction during the Year | 0.00 | (78315.93) | 0.00 | (78315.93) |
| Share Application Money Received | 383774.47 | 0.0u | 0.00 | 363774.47 |
| Share Allotted against Appliation Money | (557592.32) | 0.00 | 0.00 | (557592.32) |
| Balance at the end of the reporting period | 40192.23 | 3854741.29 | (17582147.16) | (13687213.64) |
| Amount of Reversed Provision on Investment | | | | 7150371.49 |
| Amount of Reversed Provision on UPPCL Debtors | | | | 185689.60 |
| Amount of Reversed Provision on Financial Assets-Other Current- Subsidiaries (Unsecured) | | | | 6457.70 |
| Net Balance at the end of the reporting period | | | | (6344694.85) |

(Dr. Jyoti Arora)
Company Secretary

(A. K. Awasthi)
Chief Financial Officer

(A. K. Purwar)
Director
DIN- 08544398

(Pankaj Kumar)
Managing Director
DIN- 08095154

Place: Lucknow
Date: 22/02/22

Subject to our report of even date
For R. M. Lal & Co.
Chartered Accountants
FRN: 000932C

(Vikas C Srivastava)
Partner
M.No. 401216

UDIN: 22401216ADHYOW4519

# U.P. POWER CORPORATION LIMITED
CIN - U32201UP1999SGC024928

## NOTE NO. 1

## COMPANY INFORMATION &SIGNIFICANT ACCOUNTING POLICIES OF CONSOLIDATED FINANCIAL STATEMENT

### 1. Reporting Entity

U.P Po 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) Annuai 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 22.02.2022

(e) **Functional and presentation currency**

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

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

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

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

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

1) The 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:

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 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) In terms of Part-B of Schedule-II of the Companies Act, 2013 the company has followed depreciation rate/useful life using the straight line method and residual value of Property, Plant and Equipment as notified by the UPERC Tariff Regulations.
In case of change in rates/useful life and residual value, the effect of change is recognized prospectively.

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

## 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.

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## IX- 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.

(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 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.

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

## 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.

| | | | |
|---|---|---|---|
| **(Dr. JyotiArora)**<br>**Company Secretary** | **(A. K. Awasthi)**<br>**Chief Financial Officer** | **(A. K. Purwar)**<br>**Director**<br>**DIN - 08544396** | **(Pankaj Kumar)**<br>**Managing Director**<br>**DIN - 08095154** |

Place :Lucknow
Date : 22/02/22

Subject to our report of even date

**For R M Lall& Co.**
Chartered Accountants
FRN: 000932C

(Vikas C Srivastava)
Partner
M No.401216
UDIN: 22401216ADHYDW4519

# U.P. Power Corporation Limited

**CIN:U32201UP1999SGC024928**

## Note No.31

## Notes to Accounts forming part of Consolidated Financial Statements for the F.Y 2020-21

1. The Holding, Subsidiary, and Associate companies considered in the Consolidated Financial Statements are as follows:

| S No. | Name of Company | Status | Proportion (in %) of Shareholding as on* | |
|---|---|---|---|---|
| | | | 31-03-2021 | 31-03-2020 |
| 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 | Southern-UP Power Transmission Company Limited (Refer Point-31) | Subsidiary | 100 | 100 |

* Includes the shares of promoters subsequently held by their Nominees.

** It represents the Distribution Companies (DISCOMs).

***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 Point no. 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 the same by the Holding Company to the DISCOMs, which have been accounted for accordingly.

3. The loan taken by the Subsidiary Companies during the financial year 2020-21 amounting to₹ 2901913.78Lacs, out of which ₹2796225.46Lacsreceived through 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 | Loan through UPPCL | Total |
|---|---|---|---|---|---|---|---|---|
| | Loan directly taken by the Discoms | | | | | | | |
| 1 | REC | 3531.66 | 23179.20 | 29348.63 | 3810.39 | | 1399225.46 | 1459095.34 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 2 | PFC | 25539.43 | 7388.19 | 1906.05 | 10984.77 | | 1397000.00 | 1442818.44 |
| Total | | 29071.09 | 30567.39 | 31254.68 | 14795.16 | 0.00 | 2796225.46 | 2901913.78 |

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 escrowed 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 Assetshave been calculated taking into consideration the useful life of assets as approved in the orders of UPERC (Multi Year Distribution tariff) Regulations, 2019.

   (d) Depreciation on Computers and peripherals and Software has been provided on the basis of the useful life/Rate as notified in the UPERC (Multi Year Distribution tariff) Regulations, 2019.

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 55147.03Lacs(31st March 2020₹ 63992.95Lacs).

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 as shown and clubbed in the Note no. 13 (in Rs. 2433.58Lacs) and an amount of ₹ 18.61Lacs by Kanpur

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Electricity Supply Company Limited against the unadjusted advances for more than two year (Net off shown in Note no. 3).

(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" Note no. 12by UP Power Corporation LimitedandPashchimanchalVidyutVitran Nigam Limited. 10% Provision on Receivable from Employees by PurvanchalVidyutVitran Nigam Limitedand an amount of ₹38.91 Lacsby Kanpur Electricity Supply Company Limited against the doubtful receivables from Employees shown in"Financial Assets-Other- Current" Note no. 12 .

(d) The provision for unserviceable store (Note no. 09) has been made @10% of closing balance by PashchimanchalVidyutVitran Nigam Limited and the 100% Provision for loss on account of theft of fixed assets pending investigation (Note no. 12 have been made for balance at the close of financial year byDiscoms.

9. Transmission charges are accounted for by the Discoms as per the bills raised by the Uttar Pradesh Power Transmission Corporation Limited.

10. Government dues payable in respect of Electricity Duty and other Levies amounting to Rs. 896616.39Lacsshownin Note-20 includeRs. 70561.41Lacs 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.

12. (a) Some balances appearing under the heads 'Financial Assets-Other (Current)', Financial Assets- Loans (Non-Current)', 'Other Current Assets', '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-AS33"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).

(₹inLacs)

**Earning per share:**

| | | 31.03.2021 | 31.03.2020 |
|---|---|---|---|
| (a) | Net Profit/(Loss) after tax (numerator used for calculation) | 583844.77 | (615242.54) |
| (b) | Weighted average number of Equity Shares* (denominator for calculating Basic EPS) | 985682252 | 950370812 |
| (c) | Weighted average number of Equity Shares* (denominator for calculating Diluted EPS) | 991745794 | 954085912 |
| (d) | Basic earnings per share of Rs. 1000/- each<br>(EPS Amount in Rupees) | 59.23 | (64.74) |
| (e) | Diluted earnings per share of Rs. 1000/- each<br>(EPS Amount in Rupees) | 58.87 | (64.74) |

(As per para 43 of IndAS-33 issued by Institute of Chartered Accountants of India, Potential Equity Shares for the FY 2019-20 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 for FY 2019-20)*Calculated on monthly basis.

14. (a) 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 recruited prior to creation of the UPPCL i.e. for GPF employeeshas been made @16.70% and 2.38% respectively on the amount of Basic pay and DA paid to employees.

    (b) As required by IND AS 19 (Employee Benefits), the Companies covered under this Consolidated Financial Statements (UPPCL and Discoms) have 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 2020-21 on the basis of Actuarial Reports.

15. Amountdue to Micro, Small and medium enterprises (under the MSMED Act 2006) could not be ascertained and therefore, interest thereon,has not been 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:-

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| Sl. No. | Details | F.Y 2020-21 (Units in MU) | F.Y 2019-20 (Units in MU) |
|---|---|---|---|
| (i) | Total number of units purchased | 120589.94 | 118140.93 |
| (ii) | Total number of units sold | 90371.75 | 91486.05 |
| (iii) | Distribution Losses | 30218.19 | 26654.88 |

(b) Contingent Liabilities and Commitments:–

| Sl. No. | Details | Amount (₹ In Lacs) | |
|---|---|---|---|
| | | **F.Y 2020-21** | **F.Y 2019-20** |
| 1 | Estimated amount of contracts remaining to be executed on capital | 8122.60 | 5016.19 |
| 2 | Power Purchase | 1400278.56 | 1317934.36 |
| 3 | Interest on RAPDRP Loan | 47461.37 | 40985.58 |
| 4 | Statutory Dues | 1867.69 | 594.40 |
| 5 | Others Contingencies | 70223.75 | 38844.76 |
| | **Total** | **1527953.97** | **1403375.29** |
| | Contingent Assets | 481.55 | 481.55 |

(c) Disclosure as per Schedule III to the Companies Act, 2013

| Sl. No. | Name of the Entity | Net Assets i.e. Total Assets minus Total Liabilities as at 31.03.2021 | | Share in Profit or Loss for the Year 2020-21 | | Share in other comprehensive income for the Year 2020-21 | | Share in Total Comprehensive income for the Year 2020-21 | |
|---|---|---|---|---|---|---|---|---|---|
| | | As % of Consolidated Net Assets | Amount (₹ in Lakhs) | As % of Consolidated Profit or Loss | Amount (₹ in Lakhs) | As % of Consolidated other comprehensive Income | Amount (₹ in Lakhs) | As % of Consolidated Total Comprehensive income | Amount (₹ in Lakhs) |
| A | **Parent** | | | | | | | | |
| | U.P. Power Corporation Ltd., Lucknow | 27.21 | 815180.25 | 293.62 | 1737871.69 | 0.05 | (3.98) | 297.66 | 1737867.71 |
| B | **Subsidiaries** | | | | | | | | |
| | MadhyanchalVidyutVitran Nigam Ltd., Lucknow | 19.56 | 585869.94 | (15.64) | (92581.30) | 0 | - | (15.86) | (92581.30) |
| | PurvanchalVidyutVitran Nigam Ltd., Varanasi | 34.96 | 1047489.75 | (60.25) | (356613.82) | 102.06 | (8192.35) | (62.48) | (364806.17) |
| | PashchimanchalVidyutVitran Nigam Ltd., Meerut | 23.35 | 699620.64 | (63.12) | (373597.47) | 0 | - | (63.99) | (373597.47) |
| | DakshinanchalVidyutVitran Nigam Ltd., Agra | 1.51 | 45334.63 | (37.87) | (224123.99) | 0 | - | (38.39) | (224123.99) |
| | Kanpur Electricity Supply | (6.59) | (197545.65) | (2.91) | (17209.55) | (2.11) | 169.62 | (2.92) | (17039.93) |

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| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Company Ltd., Kanpur | | | | | | | | |
| | Southern Power Transmission Corporation Ltd.,Lucknow | 0.00 | 0.10 | (0.00) | (0.03) | | - | 0.00 | (0.03) |
| C | CFS Adj | | | | | | | | |
| | Adjustment as per Point no. 37 of Note 31 | | | (13.83) | (81874.04) | 0 | - | (14.02) | (81874.04) |
| Total | | 100.00 | 2995949.66 | 100.00 | 591871.49 | 100.00 | (8026.71) | 100.00 | 583844.7 |

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 |
| Southern-UP Power Transmission Company Limited (Refer Note No. 31) |

(b) Key management personnel:-

| **S. No.** | **Name** | **Designation** | **(For FY 2020-21)** | |
|---|---|---|---|---|
| | | | **Appointment From** | **To** |
| | **A- UPPCL (Holding Company)** | | | |
| 1 | Shri M. Devaraj, IAS (DIN-08677754) | Managing Director | 05.11.2019 | 01.02.2021 |
| | | Chairman & Managing Director | 02.02.2021 | 09.03.2021 |
| | | Chairman | 10.03.2021 | 31.03.2021 |
| 2 | ShriPankaj Kumar (DIN-08095154) | Managing Director | 10.03.2021 | 31.03.2021 |
| 3 | Shri Ajay Kumar Purwar (DIN-08544396) | Director (PM&A) | 10.07.2019 | 31.03.2021 |
| 4 | Shri Ashok Kumar Srivastava (DIN-08189765) | Director (Commercial) | 27.06.2018 | 31.03.2021 |
| 5 | Shri V.P. Srivastava (DIN-08051823) | Director (Corporate Planning) | 04.01.2018 | 03.01.2021 |
| 6 | ShriSudhirArya (DIN-05135780) | Director (Finance) | 30.07.2019 | 31.03.2021 |

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| | | | | |
|---|---|---|---|---|
| 7 | ShriVijai Kumar (DIN-08051813) | Director (Distribution) | 06.01.2018 | 15.04.2020 |
| 8 | ShriAshwani Kumar Srivastava (DIN-07677222) | Director (Distribution) | 19.01.2021 | 31.03.2021 |
| 9 | Shri Anil Kumar Awasthi | Chief Financial officer | 05.03.2020 | 31.03.2021 |
| 10 | Miss Niharika Gupta | Company Secretary | 18.03.2020 | 31.03.2021 |
| **B- Subsidiaries (Having Related Party Transactions)** | | | | |
| | **I- MadhyanchalVidyutVitran Nigam Limited** | | | |
| 1 | Shri. Arvind Kumar (DIN- 01634887) | Chairman | 09.11.2019 | 01.02.2021 |
| | Shri M. Devaraj, IAS (DIN-08677754) | | 02.02.2021 | 31.03.2021 |
| 2 | Shri. Surya Pal Gangwar (DIN- 07082538) | Managing Director | 03.01.2020 | 31.03.2021 |
| 3 | Shri. Mahesh Chandra Pal (DIN- 08766010) | Director (Finance) | 29.02.2020 | 31.03.2021 |
| 4 | Shri. PradeepKakkar (DIN- 09096257) | Director (PM & A) | 19.01.2021 | 31.03.2021 |
| 5 | Shri. Sudhir Kumar Singh (DIN- 08387334) | Director (Tech.) | 03.09.2018 | 31.03.2021 |
| 6 | Shri. Brahm Pal (DIN- 08332241) | Director ( Comm) | 29.06.2018 | 31.03.2021 |
| 7 | Dr.SenthilPandian C. (DIN- 08235586) | Nominee Director | 10-09-2018 | 31.03.2021 |
| 8 | Shri. M. Devaraj (DIN- 08677754) | Nominee Director | 05.11.2019 | 01.02.2021 |
| 9 | Shri. SudhirArya (DIN- 05135780) | Nominee Director | 06.08.2019 | 31.03.2021 |
| 10 | Smt. SaumyaAgarwal (DIN- 08049292) | Women Director | 28.07.2020 | 31.03.2021 |
| 11 | Dr.UmakantYadav | Chief Financial officer | 05.09.2017 | 31.01.2021 |
| 12 | SmtNeetuAroraTandon | Company Secretary | 10.09.2015 | 15.10.2020 |
| | **II- PashchimanchalVidyutVitran Nigam Limited** | | | |
| 1 | Shri. Arvind Kumar (DIN- 01634887) | Chairman (Nominee Director) | 09.11.2019 | 02.02.2021 |
| 2 | Shri M. Devaraj, IAS (DIN-08677754) | Chairman | 02.02.2021 | 31.03.2021 |
| 3 | Shri M. Devaraj, IAS (DIN-08677754) | Nominee Director | 05.11.2019 | 02.02.2021 |
| 4 | ShriPankaj Kumar (DIN-08095154) | Nominee Director | 10.03.2021 | 31.03.2021 |
| 5 | Shri. AravindMallappaBangari (DIN- 08638798) | Managing Director | 14.10.2019 | 31.03.2021 |
| 6 | Smt. SaumyaAgarwal (DIN- 08049292) | Nominee Director | 28.07.2020 | 31.03.2021 |
| 7 | Dr.SenthilPandian C. (DIN- 08235586) | Nominee Director | 22.09.2018 | 31.03.2021 |
| 8 | Shri. SudhirArya (DIN- 05135780) | Nominee Director | 10.07.2019 | 31.03.2021 |
| 9 | Shri. Raj Kumar Agarwal | Director | 11.10.2017 | 16.09.2020 |

|  |  |  |  |  |
|---|---|---|---|---|
| 10 | Shri. Naresh Kumar Arora | Director | 06.08.2019 | 31.12.2020 |
| 11 | Shri. Ishwar pal Singh<br>(DIN- 08169871) | Director | 10.08.2019 | 31.03.2021 |
| 12 | Shri. Lalit Kumar Gupta<br>(DIN- 08742955) | Director | 29.02.2020 | 31.03.2021 |
| 13 | Shri. Rakesh Kumar<br>(DIN- 09114732) | Director | 19.01.2021 | 31.03.2021 |
| 14 | Shri. H.K. Agarwal | Chief Financial officer | 16.02.2018 | 31.03.2021 |
| 15 | Shri. S.C. Tiwari | Company Secretary (Additional Charge) | 01.04.2019 | 31.03.2021 |
|  | **III- PurvanchalVidyutVitran Nigam Limited** |  |  |  |
| 1 | Shri. Arvind Kumar<br>(DIN- 01634887) | Addl. Chief Secretary (Energy) & Chairman | 10.11.2019 | 01.02.2021 |
| 2 | Shri M. Devaraj, IAS<br>(DIN-08677754) | Chairman | 02.02.2021 | 31.03.2021 |
| 3 | Shri. K. Balaji, IAS | Managing Director | 12.10.2019 | 12.09.2020 |
| 4 | Shri. Surya Pal Gangwar, IAS | Managing Director Additional Charge | 14.09.2020 | 01.10.2020 |
| 5 | Dr.Saroj Kumar, IAS | Managing Director | 02.10.2020 | 31.03.2021 |
| 6 | Shri. Prithvi Pal Singh<br>(DIN- 08716256) | Director (Technical) | 01.03.2020 | 31.03.2021 |
| 7 | Shri. SudhirArya<br>(DIN- 05135780) | Director (Finance) (Additional Charge) | 03.01.2020 | 31.03.2021 |
| 8 | Shri. Anil Kumar Kohli | Director ( P. & A.) | 21.06.2017 | 21.06.2020 |
| 9 | Shri.Prithvi Pal Singh<br>(DIN- 08716256) | Director ( P. & A.) (Additional Charge) | 22.06.2020 | 19.01.2021 |
| 10 | Shri. Shesh Kumar Baghel<br>(DIN- 09074676) | Director ( P. & A.) | 20.01.2021 | 31.03.2021 |
| 11 | Shri. Om Prakash Dixit | Director (Commercial) | 07.08.2018 | 31.03.2021 |
| 12 | Shri.PramendraNathSahay | Chief Finance Officer | 04.02.2020 | 30.09.2020 |
| 13 | Shri. Surendra Kumar | Chief Finance Officer | 01.10.2020 | 31.03.2021 |
| 14 | Shri. S. C. Tiwari | Company Secretary | 01.09.2015 | 31.03.2021 |
|  | **IV-DakshinanchalVidyutVitran Nigam Limited** |  |  |  |
| 1 | Shri. Arvind Kumar<br>(DIN- 01634887) | Chairman | 10.11.2019 | 01.02.2021 |
|  | Shri M. Devaraj, IAS<br>(DIN-08677754) |  | 02.02.2021 | 31.03.2021 |
| 2 | Shri M. Devaraj, IAS<br>(DIN-08677754) | Director | 05.11.2019 | 02.02.2021 |
|  | ShriPankaj Kumar<br>(DIN-08095154) |  | 10.03.2021 | 31.03.2021 |
| 3 | Shri. SudhirArya<br>(DIN- 05135780) | Director | 30.07.2019 | 31.03.2021 |
| 4 | Dr.SenthilPandian C<br>(DIN- 08235586) | Director (UPPTCL) | 10.09.2018 | 31.03.2021 |
| 5 | Smt. SaumyaAgarwal | Managing Director | 17.09.2019 | 05.03.2021 |
|  | ShriAmit Kishore<br>(DIN- 07662248) |  | 05.03.2021 | 31.03.2021 |

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|  |  |  |  |  |
|---|---|---|---|---|
| 6 | ShriBibhu Prasad Mahapatra | Director (Finance) | 01.12.2019 | 29.05.2020 |
|  | Shri Ashok Kumar Gupta |  | 30.05.2020 | 31.03.2021 |
| 7 | ShriRakesh Kumar | Director (Technical) | 04.01.2018 | 14.04.2020 |
|  | ShriBrij Mohan Sharma (DIN- 09075494) |  | 20.01.2021 | 31.03.2021 |
| 8 | ShriSuneel Kumar Gupta (DIN- 08821627) | Director (Commercial) | 09.08.2019 | 31.03.2021 |
| 9 | ShriRakesh Kumar | Director (P&A) | 27.06.2018 | 31.03.2021 |
|  | **V- Kanpur Electricity Supply Company Limited** |  |  |  |
| 1 | Shri M. Devaraj, IAS (DIN-08677754) | Managing Director, UPPCL | 05.11.2019 | 01.02.2021 |
|  |  | Chairman & Managing Director, | 02.02.2021 | 09.03.2021 |
|  |  | Chairman | 10.03.2021 | 31.03.2021 |
| 2 | Shri. Arvind Kumar (DIN- 01634887) | Additional Chief Secretary (Energy) & Chairman | 10.11.2019 | 01.02.2021 |
| 3 | ShriPankaj Kumar (DIN-08095154) | Managing Director, UPPCL (Nominee Director) | 10.03.2021 | 31.03.2021 |
| 4 | Sri Anil Dhingra, IAS (DIN- 09342888) | Managing Director, KESCo | 12.02.2021 | 31.03.2021 |
| 5 | Sri A. K Srivastav | Managing Director, KESCo | 06.02.2021 | 11.02.2021 |
| 6 | Sri Ajay Kumar Mathur | Managing Director, KESCo | 24.09.2019 | 30.01.2021 |
| 7 | Sri Sanjay Srivastava (DIN- 09153926) | Director (Technical) | 20.01.2021 | 31.03.2021 |
| 8 | Sri Ajay Kumar Mathur | Director (Commercial) | 28.06.2018 | 30.01.2021 |
| 9 | Shri. SudhirArya (DIN- 05135780) | Director (Finance), UPPCL (Nominee Director) | 25.09.2019 | 31.03.2021 |
| 10 | Sri AlokTiwari, IAS | DM Kanpur,(Nominee Director) | 25.08.2020 | 31.03.2021 |
| 11 | Sri Brahmdev Ram Tiwari, IAS (DIN- 02532893) | DM Kanpur (Nominee Director) | 13.01.2020 | 24.08.2020 |
| 12 | Smt. SaumyaAgarwal (DIN- 08049292) | Women Director | 28.07.2020 | 31.03.2021 |
|  | Sri PanakajSaxena | Chief Finance Officer | 03.03.2020 | 31.03.2021 |
|  | SmtAbhaSethiTandon | Company Secretary | 14.03.2013 | 31.03.2021 |
|  | **VI- Southern UP Power Transmission Company Limited** |  |  |  |

|  |  |  |  |  |
|---|---|---|---|---|
| 1 | Shri. Vijay Kumar | Nominee Director of UPPCL | 16.03.2018 | 13.07.2020 |
| 2 | Shri. VinayPrakashSrivastava | Nominee Director of UPPCL | 16.03.2018 | 03.01.2021 |
| 3 | Shri. A. K. Srivastava (DIN-08189765) | Nominee Director of UPPCL | 14.08.2019 | 31.03.2021 |
| 4 | Shri. SudhirArya (DIN- 05135780) | Nominee Director of UPPCL | 03.01.2021 | 31.03.2021 |
| 5 | Shri. S. K. Awasthi | D.G.M. (Fin & Acc.) UPPTCL/SUPPTCL | 01.06.2019 | 31.03.2021 |
| 6 | Shri. PradeepSoni | Company Secretary (Additional Charge) | 01.08.2017 | 31.03.2021 |

(c) The Company is a State Public Sector Undertaking (SPSU) controlled by State Government (Uttar Pradesh)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.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 RajyaUtpadan Nigam Limited
(iii)Uttar Pradesh JalVidyut 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 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)

|  | 2020-21 | 2019-20 |
|---|---|---|
| Salary & Allowances | 692.75 | 741.69 |
| Leave Encashment | 77.91 | 26.60 |
| Contribution to Gratuity/ Pension/ PF | 60.70 | 71.06 |

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

(₹ InLacs)

| S No. | Name of The Company | Nature of Transaction | 2020-21 | 2019-20 |
|---|---|---|---|---|
| 1 | UP Power Transmission Corporation Limited | Power Transmission & Misc. Transaction | 314624.42 | 337829.54 |
| 2 | Uttar Pradesh RajyaVidyutUtpadan Nigam Limited | Power Purchase | 865105.42 | 858055.73 |
| 3 | Uttar Pradesh RajyaVidyutUtpadan Nigam Limited | Receivable (Unsecured) | 229.40 | 269.64 |
| 4 | Uttar Pradesh JalVidyut Nigam Limited | Power Purchase | 17160.90 | 8791.11 |
| 5 | UP Power Transmission Corporation Limited | Employee, Administration and Repair & Maintenance Cost Allocation | 1913.23 | 2076.72 |
| 6 | Uttar Pradesh RajyaVidyutUtpadan Nigam Limited | Employee, Administration and Repair & Maintenance Cost Allocation | 244.61 | 231.57 |
| 7 | Uttar Pradesh JalVidyut Nigam Limited | Employee, Administration and Repair & Maintenance Cost Allocation | 45.85 | 44.53 |

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

(₹ InLacs)

| Particulars | 31stMarch 2021 | 31st March 2020 |
|---|---|---|
| **Amount Recoverable** | | |
| **From Others** | | |
| ➢ UPRVUNL | 858.03 | 628.63 |
| ➢ UPPTCL | 52040.49 | 50761.75 |
| **Amount Payable** | | |
| **To Others** | | |
| ➢ UPJVNL | 8660.38 | 8777.19 |
| ➢ UPPSET | 124549.68 | 117086.68 |
| ➢ UPPCL CPF | 5301.03 | 4374.88 |

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.

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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.

(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.

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 assets except Investment in UPPTCL and Southern U.P Power Transmission Company Limited as on balance sheet date as envisaged byInd AS-36 (Impairment of Assets).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. The Impairment on UPPTCL and Southern U.P Power Transmission Company Limited havebeen calculated on the basis of Net Worth of the Company as on 31-03-2021.

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 2021 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 |
|---|---|---|---|---|---|---|
| | | 31-03-21 | 31-03-20 | 31-03-21 | 31-03-20 | |
| 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 this solution 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.A 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 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.

E. The Board of the company has decided in its 171th meeting dated 29.09.2021 to write-off the amount of Rs. 620.23 Lacs against the investment in the aforesaid Subsidiary company and accounting against the same has been done in the F.Y 2020-21.

Since the name of the Company has been strike off by the ROC-Kanpur through order dated 18-08-2020, 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.

D. The Board of the company has decided in its 171th meeting dated 29.09.2021 to write-off the amount of Rs. 66.01Lacs against the investment in the aforesaid Associate Company and accounting against the same has been done in the F.Y 2020-21.

Since the name of the Company has been strike off by the ROC-Kanpur through order dated 28-08-2020, the financial statement of the company has not been incorporated in this Consolidated Financial Statements.

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.

As informed by the company the closure of the company and striking off the name of the company is under process. In process of closure the company has prepared its financial statements upto 04.01.2021.

32. The sale of Electricity does not include Electricity Duty payable to the State Government.

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

34.The Consolidated Annual Accounts of 2018-19 and 2019-20 areyet to be adopted in Annual General meeting.

35. Consequent to the applicability of Ind-AS the financial statements for the year ended 2020-21 has been prepared as per Ind-AS. Accordingly previous year's figures have been regrouped/ rearranged wherever necessary to confirm to this year classification.

36.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.

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.

37. Reconciliation of Inter Company Transactions is as under:

a. The amount of Rs. 88131.18 Lacs related to sale of Power to Discoms was earlier shown by the UPPCL in year 2018-19 as Unbilled Revenue. The billing has been done by the UPPCL in the year 2019-20 and, accordingly, the Discoms have also accounted for the same in the year 2019-20 in its books of accounts. Hence, the above amount has now been shown as removed item in the note no. 15 (Other Equity) of Consolidated Financial Statements for the FY 2019-20.

b. The Sale of power to Subsidiary Companies (Discoms) amounting to Rs. 66326.99Lacs,Rs. (279.26) Lacs and Rs. (15267.79) Lacscould not be billed by UPPCL against power purchased by the company in the F.Y 2020-21, 2019-20 and 2018-19 & before respectively. 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 (Discoms) in the compilation of the Consolidated Financial Statements of the Company as at the end of F.Y 2020-21.

c. The amount of ₹ 75.33 Lacs related to sale of power by the UPPCL to the subsidiary companies (DISCOMS) was shown as an un-removed item of Intercompany transactions in the note no. 10 (Trade Receivables) and note no. 22 (Revenue from operation) of the Financial Statements for the F.Y 2019-20. The above amount has now been reconciled and necessary accounting has also been done by the respective Discoms in its books of accounts for the F.Y 2020-21.

d. The amount of Rs. 19/- Lacs is under reconciliation with Kesco. Hence, it has been shown separately in Note no. 12 (Financial Assets- Others (Current)).

38. The Company (UPPCL) has decided, vide Board's Meeting dated 14-08-2020, to allocate common expenditure to subsidiaries& others and facility costs to power sector companies owned by GoUP with effect from the year 2019-20. The Company has done the allocation in the following heads Employee Cost, Administrative, General & Other Expense & Repair& Maintenance as at 31.03.2021 and accordingly the same has been taken by the Subsidiaries and other power sector companies owned by GoUP.

39. In accordance with the provisions of Ind AS 08 (Accounting Policies, Changes in Accounting Estimates and Errors), prior period errors/omissions have been corrected retrospectively by restating the comparative amounts for the prior periods to the extent practicable along with changes in basic and diluted Earnings per Shares. If the error/omission relates to a period prior to the comparative figures, opening balance of the Assets, Liabilities and Equity of the comparative period presented have been restated. Statement showing the details of correction and restatement are given below:-

**RECONCILIATION OF CONSOLIDATED BALANCE SHEET AS AT 31.03.2020**

*(Rs. in Lakhs)*

| Particulars | Note No. | Audited 2019-20 | Corresponding of 2019-20 given in Audited 2020-21 | Adjustments | Reasons |
|---|---|---|---|---|---|
| (I) **ASSETS** | | | | | |
| (1) **Non-current assets** | | | | | |
| (a) Property, Plant and Equipment | 2 | 5462874.78 | 5475133.03 | 12258.25 | PPE Adjustment & Round off |
| (b) Capital work-in-progress | 3 | 1100927.38 | 1100927.38 | 0.00 | |
| (c) Assets not in Possession | 4 | 13363.77 | 13363.78 | 0.01 | Round off |
| (d) Intangible assets | 5 | 249.10 | 249.10 | - | |
| (e) Financial Assets | | | | | |
| (i) Investments | 6 | 249321.03 | 249321.03 | - | |
| (ii) Loans | 7 | 14.27 | 14.27 | - | |
| (iii) Others | 8 | 743.97 | 743.87 | (0.10) | Regrouping |
| (2) **Current assets** | | | | | |
| (a) Inventories | 9 | 318486.81 | 329214.14 | 10727.33 | PPE Adjustment |
| (b) Financial Assets | | | | | |
| (i) Trade receivables | 10 | 7815246.96 | 7814548.04 | (698.92) | PPE Adjustment |
| (ii) Cash and cash equivalents | 11-A | 405641.93 | 405641.92 | (0.01) | Round off |
| (iii) Bank balances other than (ii) above | 11-B | 184680.20 | 184680.20 | - | |
| (iv) Others | 12 | 287067.74 | 286687.31 | (380.43) | PPE Adjustment |
| (c) Other Current Assets | 13 | 348653.71 | 356772.02 | 8118.31 | PPE Adjustment+ Regrouping |
| **Total Assets** | | **16187271.65** | **16217296.09** | **30024.44** | |

(II) **EQUITY AND LIABILITIES**

**Equity**

| | | | | | |
|---|---|---|---|---|---|
| (a) Equity Share Capital | 14 | 9676228.64 | 9676228.64 | - | |
| (b) Other Equity | 15 | (6376000.36) | (6344094.85) | 31305.51 | PPE Adjustment |
| **LIABILITIES** | | | | | |
| (1) **Non-current liabilities** | | | | | |
| (a) Financial liabilities | | | | | |
| (i) Borrowings | 16 | 5245614.83 | 5244678.08 | (936.75) | PPE Adjustment |
| (ii) Trade payables | | | | 0.00 | |
| (iii) Other financial liabilities | | | | 0.00 | |
| (b) Other financial liabilities | 17 | 421083.80 | 421083.80 | - | |
| (2) **Current liabilities** | | | | | |
| (a) Financial liabilities | | | | | |
| (i) Borrowings | 18 | 81875.44 | 81875.44 | - | |
| (ii) Trade payables | 19 | 3771769.74 | 3756221.85 | (15547.89) | PPE Adjustment |
| (iii) Other financial liabilities | 20 | 3366698.64 | 3381902.21 | 15203.57 | PPE Adjustment |
| (b) Provisions | 21 | 0.92 | 0.92 | - | |
| **Total Equity and Liabilities** | | **16187271.65** | **16217296.09** | **30024.44** | |

## Reconciliation of Statement of Profit & Loss for the Year ended 2019-20

*(Rs. in Lakhs)*

| | Particulars | Note No. | Audited 2019-20 | Corresponding of 2019-20 given in Audited 2020-21 | Adjustments | Reasons |
|---|---|---|---|---|---|---|
| I | Revenue From Operations | 22 | 5403799.50 | 5401239.75 | (2559.75) | PPE Adjustment |
| II | Other Income | 23 | 1393961.46 | 1396833.83 | 2,872.37 | PPE Adjustment |
| III | **Total Income (I+II)** | | **6797760.96** | **6798073.58** | **312.62** | |
| IV | **EXPENSES** | | | | | |
| 1 | Cost of materials consumed | | | | | |
| 2 | Purchases of Stock-In-Trade (Power Purchased) | 24 | 5738886.48 | 5738606.38 | (280.10) | PPE Adjustment |
| 3 | Changes in inventories of finished goods, Stock-in-Trade and work-in-progress | | | | | |
| 4 | Employee benefits expense | 25 | 165591.12 | 164794.50 | (796.62) | PPE Adjustment |
| 5 | Finance costs | 26 | 517986.41 | 533939.32 | 15952.91 | PPE Adjustment |
| 6 | Depreciation and amortization expenses | 27 | 126424.17 | 126425.19 | 1.02 | PPE Adjustment |
| 7 | Administration, Gerenral& Other Expense | 28 | 236190.20 | 229177.75 | (7012.45) | PPE Adjustment |
| 8 | Repair and Maintenance | 29 | 249588.61 | 249054.18 | (534.43) | PPE Adjustment |
| 9 | Bad Debts & Provisions | 30 | 370077.31 | 369299.96 | (777.35) | PPE Adjustment |
| 10 | Other expenses | | | | | |
| IV | **Total expenses (IV)** | | **7404744.30** | **7411297.28** | **6552.98** | |
| V | Profit/(Loss) before exceptional items and tax (III-IV) | | **(606983.34)** | **(613223.70)** | **(6240.36)** | |
| VI | Exceptional Items | | | | | |
| VII | Profit/(Loss) before tax (V(+/-)VI) | | **(606983.34)** | **(613223.70)** | **(6240.36)** | |
| VIII | Tax expense: | | | | | |
| | (1) Current tax | | 0.32 | 0.32 | - | |
| | (2) Deferred tax | | - | - | - | |

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| | | | | |
|---|---|---|---|---|
| IX | Profit (Loss) for the period from continuing operations (VII-VIII) | (606983.66) | (613224.02) | (6240.36) |
| 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) | (606983.66) | (613224.02) | (6240.36) |
| 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) | (2018.52) | (2018.52) | - |
| | (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) | (609002.18) | (615242.54) | (6240.36) |

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

41. The Expenses allocated by the U.P Power Corporation Limited for the year 2020-21 has been accounted for by all the Discoms in its Financial Statements.All the Discomshave incorporated the same in the respective heads of expenses.

42. Age wise analysis of electricity dues recoverable from Government Department/ State PSUs/ Subordinate offices and Local Bodies by the Discoms as under:

**Government Dues Aging**

**(Rs. In Lacs)**

| Aging | MVVNL | PurVVNL | PVVNL | DVVNL | KESCO |
|---|---|---|---|---|---|
| Less than 90 Days | 15490.62 | 33160.47 | 35965.60 | 21196.09 | 5472.13 |
| 90 Days to Less than 180 Days180 | 10297.95 | 12617.17 | | 16699.52 | 4863.54 |
| 180 Days to Less than 1 Year | 233240.54 | 20176.99 | | 28913.26 | 8990.74 |
| 1 Year and More | | 408919.07 | 146945.24 | 90760.79 | 126502.00 |

Source: Data as disclosed by the Discoms in its Notes of Accounts for FY 2020-21.

43. The subsidiary companies (DISCOMs) have accounted for subsidies in the financial year 2020-21 (which are receivable in the next 10 years from GoUP by Discoms ) and for this reason the provision for impairment of investment in DISCOMs has been reversed by ₹1711854.24 Lakhs in the audited accounts of the UPPCL for the F.Y. 2020-21 against the accumulated provision on this account. Hence, there is the substantial impact on the profit/loss as per standalone statement of profit and loss of UPPCL for the F.Y. 2020-21.

44. Other separate relevant notes given by the Holding and Subsidiary are given below:

**U.P Power Corporation Limited (Holding Company)**

The Disclosure of Employee Benefits is as below:

| S.No | **Defined benefit plans:-**<br>**(Amount ₹ in Lacs)** | **Gratuity** | | **Leave Encashment** | |
|---|---|---|---|---|---|
| | | **As on 31/03/2021** | **As on 31/03/2020** | **As on 31/03/2021** | **As on 31/03/2020** |
| 1 | **Assumptions** | | | | |
| | Discount Rate | 6.81% | 6.88% | 6.41% | 6.60% |
| | Rate of increase in Compensation levels | 4.00% | 4.00% | 4.00% | 4.00% |
| | Rate of return on Plan assets | Not Applicable | Not Applicable | Not Applicable | Not Applicable |
| | Average future service (in Years) | 25.67 Years | 25.56 Years | 16.40 Years | 15.61 Years |
| 2 | **Service Cost** | | | | |
| | Current Service Cost | 11.42 | 96.92 | 12.87 | 98.90 |
| | Past Service Cost (including curtailment Gains/ Losses) | 0.00 | 0.00 | 0.00 | 0.00 |
| | Gains or losses on Non Routine settlements | 0.00 | 0.00 | 0.00 | 0.00 |
| 3 | **Net Interest Cost** | | | | |
| | Interest Cost on Defined Benefit Obligation | 59.75 | 44.10 | 496.84 | 522.89 |
| | Interest Income on Plan Assets | 0.00 | 0.00 | 0.00 | 0.00 |
| | **Net Interest Cost (Income)** | **59.75** | **44.10** | **496.84** | **522.89** |
| 4 | **Change in present value of obligations** | | | | |
| | Opening of defined benefit obligations | 868.53 | 567.61 | 7527.88 | 7037.51 |
| | Interest cost | 59.75 | 44.10 | 496.84 | 522.89 |
| | Service Cost | 11.42 | 96.92 | 128.87 | 98.90 |
| | Benefits Paid | (23.74) | (12.04) | (969.91) | (723.57) |
| | Actuarial (gain)/Loss on total liabilities | **3.98** | **171.93** | (285.58) | **592.15** |
| | *due to change in financial assumptions* | 11.70 | 111.69 | 80.82 | 359.09 |
| | *due to change in demographic assumptions* | 0.00 | 0.00 | 0.00 | 0.00 |
| | *due to experience Changes* | (7.72) | 60.24 | (366.40) | 233.05 |
| | **Closing of defined benefit obligation** | **1022.70** | **868.53** | **6898.09** | **7527.88** |

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| | | | | | |
|---|---|---|---|---|---|
| 5 | **Change in the fair value of plan assets** | | | | |
| | Opening Fair value of plan assets | 0.00 | 0.00 | 0.00 | 0.00 |
| | Actual return on plan assets | 0.00 | 0.00 | 0.00 | 0.00 |
| | Employer Contribution | 23.74 | 12.04 | 969.91 | 723.57 |
| | Benefits paid | (23.74) | (12.04) | (969.91) | (723.57) |
| | **Closing Fair value of plan assets** | 0.00 | 0.00 | 0.00 | 0.00 |
| 6 | **Actuarial (Gain)/Loss on Plan Asset** | | | | |
| | Expected Interest Income | 0.00 | 0.00 | 0.00 | 0.00 |
| | Actual Income on Plan Assets | 0.00 | 0.00 | 0.00 | 0.00 |
| | **Actuarial gain/(loss) on Assets** | 0.00 | 0.00 | 0.00 | 0.00 |
| 7 | **Other Comprehensive Income** | | | | |
| | Opening amount recognized in OCI outside P&L account | 0.00 | 0.00 | N/A | N/A |
| | Actuarial gain/(loss) on liabilities | (3.98) | (171.93) | N/A | N/A |
| | Actuarial gain/(loss) on assets | 0.00 | 0.00 | N/A | N/A |
| | **Closing amount recognized in OCI outside P&L account** | **(171.93)** | | **(171.93)** N/A | N/A |
| 8 | **The amounts to be recognized in the Balance Sheet Statement.** | | | | |
| | Present value of obligations | 1022.70 | 868.53 | 6898.09 | 7527.88 |
| | Fair value of plan assets | 0.00 | 0.00 | 0.00 | 0.00 |
| | Net Obligations | 1022.70 | 868.53 | 6898.09 | 7527.88 |
| | Amount not recognized due to assets limit | 0.00 | 0.00 | 0.00 | 0.00 |
| | **Net defined benefit liability/(assets) recognized in balance sheet** | **1022.69** | **868.53** | **6898.09** | **7527.88** |
| 9 | **Expenses recognized in Statement of Profit & loss** | | | | |
| | Service cost | 114.17 | 96.92 | 128.87 | 98.90 |
| | Net Interest cost | 59.75 | 44.10 | 496.84 | 522.89 |
| | Net actuarial (gain)/loss | 0.00 | 0.00 | (285.58) | 592.15 |
| | **Expenses recognized in** | **173.93** | **141.03** | 340.13 | **1213.93** |

|  |  |  |  |  |  |
|---|---|---|---|---|---|
|  | **statement of Profit & Loss** |  |  |  |  |
| 10 | **Change in Net Defined Obligations** |  |  |  |  |
|  | Opening of Net defined benefit liability | 868.53 | 567.61 | 7527.88 | 7037.51 |
|  | Service Cost | 114.17 | 96.92 | 128.87 | 98.90 |
|  | Net Interest Cost | 59.75 | 44.10 | 496.84 | 522.89 |
|  | Re-measurements | 3.98 | 171.93 | (285.58) | 592.15 |
|  | Contributions paid to fund | (23.73) | (12.04) | (969.91) | (723.57) |
|  | Closing of Net defined benefit liability | **1022.69** | **868.53** | **6898.10** | **7527.88** |
| 11 | **Sensitivity analysis** |  |  |  |  |
|  | **Item** | **As on 31/03/2021** | **Impact** | **As on 31/03/2021** | **Impact** |
|  | Base liability | 102,269,692 |  | 689,809,111 |  |
|  | Increase in Discount rate by 0.50% | 94,288,191 | (7,981,501) | 669,008,670 | (20,800,441) |
|  | Decrease in Discount rate by 0.50% | 111,159,515 | 8,889,823 | 712198097 | 22,388,986 |
|  | Increase in salary inflation by 1% | 120,468,365 | 18,198,673 | 734224331 | 44,475,720 |
|  | Decrease in salary inflation by 1% | 87,021,569 | (15,248,123) | 650862915 | (38,946,196) |
|  | Increase withdrawal rate by 0.5% | 1.05,564,669 | 3,294,977 | 694713534 | 4,904,423 |
|  | Decrease withdrawal rate by 0.5% | 98,711,316 | (3558376) | 684572776 | (5,236,335) |

(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) As per Ministry of Power, Govt of India, order no.23/22/2019-R&R (Part-4) dated 20.08.2020 power generating companies and transmission companies shall not charge late Payment Surcharge(LPS) at a rate exceeding 1% per month for all the payments made under the liquidity infusion scheme of PFC and REC under Atmanirbhar Bharat Scheme.

(IV)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.

(V) The receivable from Uttrakhand Power Corporation Ltd. amounting to Rs. 192.61 Crore as on 31.03.2019 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 in the ensuing account in hand i.e. 2018-19 as receivable from U.P. Power Sector Employees Trust (Ref Note-20) and the balance amount of Rs. 32.03 Crorel.e (Rs. 192.61 Crore - Rs.160.58 Crore) has finally been written off and accounted for as Bad Debts.

(VI) (i) Revenue Grants / Subsidies received under different schemes for DISCOMs are treated initially as payable to DISCOMs and subsequently are transferred / adjusted against DISCOMs concerned.

(ii) During the year 2020-21, The Capital Grant of Rs. 109.99 Lacs, Revenue Grant of Rs. 62164.94 Lacs and Revenue Subsidy of Rs. 965717.14 Lacs have been received from Govt. of U.P. on behalf of the DISCOMs and the same have also been distributed to the DISCOMs. The DISCOMS wise details are as below:

Amount ₹in Lakhs)

| **Sr. No.** | **Name of DISCOM** | **Capital Grant** | **Revenue Grant** | **Revenue Subsidy** |
|---|---|---|---|---|
| 1 | MVVNL | 0.00 | 10014.18 | 178368.12 |
| 2 | PuVVNL | 109.99.00 | 18238.09 | 333418.52 |
| 3 | PVVNL | 0.00 | 3585.64 | 286269.97 |
| 4 | DVVNL | 0.00 | 28661.13 | 167557.37 |
| 5 | KESCO | 0.00 | 1665.91 | 103.16 |
| | **Total** | **109.99.00** | **62164.94** | **965717.14** |

(iii) As per GO No. 445-1-21-731 (Budget)/ 2020 dated 05.03.2021 of Govt. of U.P., the subsidies of Rs. 2094000.00 Lacs is receivable from the Govt. of U.P. in favour of DISCOMS through the company (UPPCL) and the same are to be paid by the Govt. of U.P. in the forthcoming 10 years. DISCOM wise details are as under:

Amount ₹in Lakhs)

| **Sr. No.** | **Name of DISCOM** | |
|---|---|---|
| 1 | MVVNL | 97808.00 |
| 2 | PuVVNL | 811554.26 |
| 3 | PVVNL | 914644.74 |
| 4 | DVVNL | 215969.00 |

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| | | |
|---|---|---|
| 5 | KESCO | 54024.00 |
| | **Total** | **2094000.00** |

The DISCOMs concerned have shown the above subsidies as receivable from Govt. of U.P. in its books of accounts for the F.Y. 2020-21.

(iv) The details of Earmarked Balances with banks of UPPCL are as under:

(Amount (Rs.in Lakhs)

| **Bank Balances & FDR as on 31.03.2021** | | | | |
|---|---|---|---|---|
| **Name of Bank** | **Name of Bank Account** | **Bank Balance as on 31.03.2021** | **FDR Balance** | **Accrued Interest** |
| HDFC | Dsra Series 1 A/C | 384.32.00 | 25139.16 | 42.05 |
| | Bond Ser Escrow A/S | 0.00 | 23674.92 | 45.03 |
| | Bond Ser Escrow A/S 2 | 0.00 | 4598.84 | 3.66 |
| | Dsra Series 2 A/C | 88.40.00 | 16520.29 | 124.01 |
| | **TOTAL** | **472.70** | **69933.21** | **214.75** |
| | | | | |
| ICICI | UP Power Corporation Limited RPO Regulatory Fund A/C Created In Accordance With The Direction Issued By UPERC In Order To Compliance With Renewable Purchase Obligation. | 7657.07 | 0.00 | 0.00 |
| | Distribution network rehabilitation a/c | 6.24 | 0.00 | 0.00 |
| | UPPCL Bond Servicing Series-I A/C | 0.22 | 21817.72 | 65.08 |
| | UPPCL Debt Service Reserve-I A/C | 0.00 | 45918.04 | 0.00 |
| | UPPCL Bond Servicing Series-II A/C | 0.00 | 27467.39 | 81.91 |
| | UPPCL Debt Service Reserve-II A/C | 0.00 | 57813.21 | 0.00 |
| | **TOTAL** | **7663.53** | **153016.36** | **146.99** |

## (VII)Asian Development Loan No. 4025:

i) Under the Uttar Pradesh Power Distribution Network Project, the mobilization advance of Rs. 17040.12 Lacs was given to the working agencies/contractors during the year 2020-21 and the reimbursement claim against the above advances has been received through GoUP on dated 29.05.2021.

ii) The DISCOMs wise details of mobilization advance of Rs. 17040.13 Lacs are as under:

(Amount ₹in Lakhs)

| **Sr. No.** | **Name of DISCOM** | **Fund Released** |
|---|---|---|

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| | | |
|---|---|---|
| 1 | MVVNL | 4964.62 |
| 2 | PUVVNL | 4867.68 |
| 3 | PVVNL | 3766.31 |
| 4 | DVVNL | 3441.52 |
| | **Total** | **17040.13** |
| | | |

(VIII) The status of Bonds issued by the Company for the Discoms as on 31.03.2021 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 31.03.2021 | Outstanding as at 31.03.2020 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Listed | | | | | | | |
| 1 | THE COMPANY Bond series III/2016-17 | 651000.00 | 65100 | 17-Feb-2017 | 10 | 8.97% | 15-Feb-2021 | Paid | 14-May-2021 | 12067.48 | 14-May-2021 | 23250.00 | Govt.Guranteed and Hypothicated for receivables | 558000 | 651000.00 |
| 2 | THE COMPANY Bond series IV/2016-17 | 348950.00 | 34895 | 27-Mar-2017 | 10 | 8.48% | 15-Mar-2021 | Paid | 15-Jun-2021 | 6393.04 | 15-Jun-2021 | 12462.50 | | 299100 | 348950.00 |
| 3 | THE COMPANY Bond series I/2017-18 | 449820.00 | 44982 | 05-Dec-2017 | 10 | 9.75% | 20-Jan-2021 | Paid | 20-Apr-2021 | 8587.72 | 20-Apr-2021 | 13230.00 | | 357210 | 410130.00 |
| 4 | THE COMPANY Bond series II/2017-18 | 549100.00 | 54910 | 27-Mar-2018 | 10 | 10.15% | 20-Jan-2021 | Paid | 20-Apr-21 | 11317.39 | 20-Apr-2021 | 16150.00 | | 452200 | 516800.00 |
| | | | | | | | | Unlisted | | | | | | | |
| 1 | U.P. Power Corporation Ltd.- 2031 | 537682 | 537682 | 04-Jul-2016 | 1 | 9.70% | 04-Jan-2021 | Paid | 05-Jul-2021 | 25863.24 | 04-Jan-2022 | 26884.10 | Govt. Guranteed | 537682 | 537682.00 |
| 2 | U.P. Power Corporation Ltd.- 2031 | 469998 | 469998 | 28-Sep-2016 | 1 | 9.70% | 28-Mar-2021 | Paid | 28-Sep-2021 | 22982.26 | 28-Mar-2022 | 23499.90 | | 469998 | 469998.00 |
| 3 | U.P. Power Corporation Ltd.- 2032 | 29949 | 29949 | 30-Mar-2017 | 1 | 9.70% | 30- Mar -2021 | Paid | 30- Sep -2021 | 1342.42 | 30-Sep-2021 | 1247.97 | | 27453..05 | 29949.00 |
| | | 3036499.00 | 1237516 | | | | | | | 88553.54 | | 116724.47 | | 2701643.05 | 2964509.00 |

Payment of Principal amount is started from 19.07.2019.

(IX) (a) Disclosure pursuant to Regulation 54(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulation,2015.The following debentures issued by the Company as on February 17,2017, March 27,2017 December 05, 2017 & March 27, 2018 are secured as per the details:-

| ISIN | Scrip Code | Maturity | Secured by way of | Amount (₹ In Lacs.) | Date of Creation of Security |
|---|---|---|---|---|---|
| INE540P07053,<br>INE540P07061, | 955767,<br>955768, | 15-02-2027 | Hypothecation on Receivable | 651000.00 | 16-02-2017 |

| | | | | | |
|---|---|---|---|---|---|
| INE540P07079,<br>INE540P07087,<br>INE540P07095,<br>INE540P07103 | 955769,<br>955770,<br>955771,<br>955772 | | | | |
| INE540P07129,<br>INE540P07137,<br>INE540P07145,<br>INE540P07152,<br>INE540P07160,<br>INE540P07178 | 956145,<br>956146,<br>956147,<br>956148,<br>956149,<br>956150 | 13-03-2027 | Hypothecation on Receivable | 348950.00 | 30-03-2017 |
| INE540P07202,<br>INE540P07210,<br>INE540P07228,<br>INE540P07236,<br>INE540P07244,<br>INE540P07251,<br>INE540P07269 | 957203,<br>957204,<br>957205,<br>957206,<br>957207,<br>957208,<br>957209 | 20-10-2027 | Hypothecation on Receivable | 449820.00 | 06-12-2017 |
| INE540P07293,<br>INE540P07301,<br>INE540P07319,<br>INE540P07327,<br>INE540P07335,<br>INE540P07343,<br>INE540P07350 | 957803,<br>957804,<br>957806,<br>957807,<br>957808,<br>957809,<br>957810 | 20-01-2028 | Hypothecation on Receivable | 549100.00 | 24-03-2018 |

**The extent and nature of security created and maintained w.r.t Secured, Listed Non-convertible bonds:**

All the above rated listed bonds are fully secured upto1.1 times of the outstanding balance of bonds upon receivables of UPPCL and the bonds are also guaranteed by Government of Uttar Pradesh.

(b) The market value of Bonds shown under the head FINANCIAL ASSETS - INVESTMENTS (NON-CURRENT) at note no.06 is as under

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| Settlement Date | Security | Valuation date | Original Maturity date | Residual maturity year | FIMMDA Yield as on 31.03.2021 | Price | No. of bonds | Total amount/clean price |
|---|---|---|---|---|---|---|---|---|
| 27.03.2017 | 7.75% PFC Bonds Series-164(22.03.2027) | 31.03.2021 | 22.03.2027 | 6 | 6.26 | 107.81 | 250 | 269513923 |
| 27.03.2017 | 7.75% PFC Bonds Series-164(22.03.2027) | 31.03.2021 | 22.03.2027 | 6 | 6.26 | 107.81 | 250 | 269513923 |
| 27.03.2017 | 7.75% PFC Bonds Series-164(22.03.2027) | 31.03.2021 | 22.03.2027 | 6 | 6.26 | 107.81 | 250 | 269513923 |
| 27.03.2017 | 7.75% PFC Bonds Series-164(22.03.2027) | 31.03.2021 | 22.03.2027 | 6 | 6.26 | 107.81 | 250 | 269513923 |
| 11.05.2017 | 7.75% PFC Bonds Series-164(22.03.2027) | 31.03.2021 | 22.03.2027 | 6 | 6.26 | 107.81 | 230 | 247952809 |
| Total | | | | | | | 1230 | 1326008501 |

(X)The guarantee issued by GoUP in favour of various Banks, FI's and bond security stood at ₹ 56453.65 Crore as on 01.04.2020 and ₹ 79053.65 Crore as on 31.03.2021 respectively. During the FY 2020-21 Govt. guarantees of ₹28540.00 Crore were issued and ₹5940.00 Crore were discharged.

(XI)Due to the outbreak of the Covid19 globally and in India the company management has made an initial assessment of likely adverse impact on business and financial risk and believes that the impact is likely to be short term in nature. The management does not see any medium to long term risks in the company's ability to continue as a going concern and meet its liabilities as and when they fall due.

(XII) 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, and no provision has been made by the company in this regard.

(XIII) UP Power Corporation Limited has opted for the option of lower rate of corporate income tax referred to in sub-section (5) of section 115BAA of the Income Tax-Act, 1961 for the Previous Year 2019-20 and subsequent years. It is also mentioned that there was no carried forward MAT credit in the books of the corporation; hence exercise of the option has resulted into zero loss of MAT credit for the Company.

## 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.

(II) 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.

(III) The following fraud/embezzlements were noticed/detected during the year as disclosed by Branch Auditor of Meerut Zone in its Audit Report are as follows:

| S.No. | Name of Zone | Particulars | Amount (Rs. in lacs) |
|---|---|---|---|
| 1 | Meerut Zone | Mr. Suresh Babu TG 2 for not depositing cash collected through system generated receipts during December 2013 to March 2019 and 36 manual receipt books not returned in divisions is under enquiry & disciplinary action is initiated in EDD I Baghpat. | 368.00 |
| 2 | Meerut Zone | In EDD II Baghpat, a fraud case of collecting cash from customers and not depositing the amount in division is under enquiry against Mr. Sanjay Kumar, cashier | 31.30 |
| 3 | Moradabad Zone | During the year fraud by the employees has been detected amounting to Rs.564411.00 out of which Rs.521253.00 is deposited by the person concerned till date. An amount of Rs.2443324.84 pertaining to cheques sent for collection in State bank of India, Babrala branch but nor credited to company account later on Rs.1743324.84 credited by bank in company account till date balance amount is still retained by bank. | 7.43 |
| 4 | Ghaziabad Zone | During the year cash embezzlement under the division EUDD-7, Ghaziabad by the accused Mr. Sumit Gupta, Head Cash Revenue in the period of July 2020 to November 2020. | 564.17 |

## DakshInanchalVidyutVitran Nigam Limited

(I) As per Guidelines issued by Ministry of Power, Government of India dated 02.06.2017, calculation of AT&C losses are given below:-

**Table-1**

| | | |
|---|---|---|
| A | Input Energy (MkWh) | 25888.025 |

| | | |
|---|---|---|
| B | Transmission Losses (MkWh) | 0 |
| C | Net Input Energy (MkWh) | 25888.025 |
| D | Energy Sold (MkWh) | 19183.003 |
| E | Revenue from Sale of Power(Including Subsidy Booked) (Rs. Cr.) | 12564.59 |
| F | Adjusted Revenue from sale of Energy on Subsidy Received basis (Rs. Cr.) | 12564.59 |
| G | Opening Debtors for Sale of Energy (Rs. Cr.) | 18417.31 |
| H | Closing Debtors for sale of Energy (Rs. Cr.) | 19314.76 |
| I | Adjusted Closing Debtors for sale of Energy (Rs. Cr.) | 19314.76 |
| J | Collection Efficiency (%) {J= (F+G-I)/E} | 92.86% |
| K | Units Realised (MkWh)= [ Energy Sold*Collection efficiency] | 17812.805 |
| L | Units Unrealised (MkWh)= [ Net Input Energy-Units Realised] | 8075.220 |
| M | AT&C Losses (%)=[(Units Unrealised/Net Input Energy)*100] | 31.19% |

## Table-2

| | Details of Revenue Subsidy Booked and received | Amount |
|---|---|---|
| 1 | Revenue Subsidy Booked during the year (Rs. Cr.) | 1685.78 |
| 2 | Revenue Subsidy Received during the year (Rs. Cr.) | 1685.78 |
| i) | Revenue Subsidy received against subsidy booked for current year (Rs. Cr.) | |
| ii) | Revenue Subsidy received against subsidy booked for previous year (Rs. Cr.) | |

## PurvanchalVidyutVitran Nigam Limited

### TABLE-1

### Computation of AT & C Losses

| Particulars | | Value |
|---|---|---|
| A | Input Energy (MkWh) | 27,603.457 |
| B | Transmission Losses (MkWh) | 94.218 |
| C | Net Input Energy (MkWh) | 27,509.239 |
| D | Energy Sold (MkWh) | 21,902.645 |
| E | Revenue from Sale of Energy (Rs. Cr.) | 14,145.110 |
| F | Adjusted Revenue from Sale of Energy on subsidy Received Basis (Rs. Cr.) | 14,145.110 |
| G | Opening Debtors for sale of Energy (Rs. Cr.) | 26,323.940 |
| H | Closing Debtors for sale of Energy (Rs. Cr.) | 28,425.690 |
| I | Adjusted Debtors for sale of Energy (Rs. Cr.) | 28,425.690 |
| | Collection Efficiency (%) | 85.140 |

R.M. LALL & CO.

| | | |
|---|---|---|
| K | Units Realised (MkWh)= [Energy Sold*Collection Efficiency] | 18,648.242 |
| L | Units Unrealised (MkWh) = [ Net Input Energy - Units Realised] | 8,955.215 |
| M | AT &C Losses (%) = [{ Units Unrealised/ Net Input Energy }*100] | 32.440 |

**TABLE-2**

| Details of Subsidy Booked & Received | | Amount |
|---|---|---|
| 1 | Subsidy Booked During the Year (Rs. Cr.) | 1,163.210 |
| 2 | Subsidy Received During the Year (Rs. Cr.) | 3,517.670 |
| i) | Subsidy Received against Subsidy Booked for Current Year (Rs. Cr.) | |
| ii) | Subsidy Received against Subsidy Booked for Previous Year (Rs. Cr.) | |

## MadhyanchalVidyutVitran Nigam Limited

(1) Quantitative details of energy purchased and sold: -

| S. No. | Details | FY 2020-21 (units in MU) | FY 2019-20 (units in MU) |
|---|---|---|---|
| 1 | Total no of Units Purchased | 23,520.968 | 22,851.681 |
| 2 | Total no of Units Sold | 18,765.222 | 18,426.231 |
| 3 | Distribution Losses | 20.22% | 19.37% |
| 4 | AT&C Losses | 33.81% | 33.89% |

**(Dr.JyotiArora)**
**Company Secretary**

**(A. K. Awasthi)**
**Chief Financial Officer**

**(A. K. Purwar)**
**Director**
**DIN - 08544396**

**(Pankaj Kumar)**
**Managing Director**
**DIN - 08095154**

Place :Lucknow
Date : 22/02/22

Subject to our report of even date

**For R M Lall& Co.**
Chartered Accountants
FRN No. 000932C

(Vikas C Srivastava)
Partner
M No. 401216

UDIN: 22401216ADHYOW4519

# U.P.POWER CORPORATION LIMITED

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CONSOLIDATED FINANCIAL STATEMENT

NOTE-2

## PROPERTY, PLANT & EQUIPMENT

*(₹ in Lakhs)*

| Particulars | Gross Block | | | | Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | AS AT 01.04.2020 | Addition | Adjustment/ Deletion | AS AT 31.03.2021 | AS AT 01.04.2020 | Addition | Adjustment/ Deletion | AS AT 31.03.2021 | AS AT 31.03.2021 | AS AT 31.03.2020 |
| Land & Land Rights | 1,072.76 | - | - | 1,072.76 | 147.77 | - | - | 147.77 | 924.99 | 924.99 |
| Buildings | 1,20,094.94 | 8,636.37 | 0.88 | 1,28,730.43 | 29,836.46 | 3,727.02 | 9.93 | 33,553.55 | 95,176.88 | 90,258.48 |
| Plant & Pipe Lines | 94.98 | - | - | 94.98 | 90.24 | - | 4.75 | 85.49 | 9.49 | 4.74 |
| Other Civil Works | 4,075.47 | - | - | 4,075.47 | 2,749.05 | -21.46 | 0.14 | 2,870.37 | 1,205.10 | 1,326.42 |
| Plant & Machinery | 24,07,437.24 | 4,81,254.15 | 2,56,817.65 | 26,31,873.74 | 1,84,275.87 | 1,17,792.40 | 47,773.93 | 2,54,294.34 | 23,77,579.40 | 22,23,161.37 |
| Lines, Cable Networks etc. | 40,68,293.03 | 5,16,861.61 | 9,765.16 | 45,75,389.48 | 9,23,135.35 | 1,85,667.37 | 4,724.59 | 11,04,078.13 | 34,71,311.35 | 31,45,157.68 |
| Vehicles | 1,726.76 | - | 2.96 | 1,723.80 | 1,437.19 | 24.28 | 2.44 | 1,459.03 | 264.77 | 289.57 |
| Furniture & Fixtures | 5,334.96 | 270.55 | 0.61 | 5,604.90 | 2,013.61 | 293.54 | 0.56 | 2,306.59 | 3,298.31 | 3,321.35 |
| Office Equipments | 25,006.47 | 3,272.89 | -2.27 | 28,281.63 | 14,318.94 | 1,254.25 | 96.81 | 15,476.38 | 12,805.25 | 10,687.53 |
| Total | 66,33,136.61 | 10,10,295.57 | 2,66,584.99 | 73,76,847.19 | 11,58,004.48 | 3,08,880.32 | 52,613.15 | 14,14,271.65 | 59,62,575.54 | 54,75,132.13 |

Note:- The actual total restated Net Block as at 31.03.2020 is Rs. 5475133.03 Lacs. The difference of Rs. 0.90 Lacs (Rs. 5475133.03- Rs. 5475132.13) is due to the restatement of the figures of vehicles by the MVVNL (Subsidiary) in a different manner for making necessary adjustments related to PPE Error or Ommissions.

NOTE-2

## PROPERTY, PLANT & EQUIPMENT

*(₹ in Lakhs)*

| Particulars | Gross Block | | | | Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | AS AT 01.04.2019 | Addition | Adjustment/ Deletion | AS AT 31.03.2020 | AS AT 01.04.2019 | Addition | Adjustment/ Deletion | AS AT 31.03.2020 | AS AT 31.03.2020 | AS AT 31.03.2019 |
| Land & Land Rights | 1,072.76 | - | - | 1,072.76 | 147.77 | - | - | 147.77 | 924.99 | 924.99 |
| Buildings | 98,818.85 | 21,276.69 | 0.60 | 1,20,094.94 | 27,733.26 | 2,103.27 | 0.06 | 29,836.47 | 90,258.47 | 71,085.59 |
| Plant & Pipe Lines | 94.98 | - | - | 94.98 | 85.52 | 4.71 | - | 90.23 | 4.75 | 9.46 |
| Other Civil Works | 4,075.47 | - | - | 4,075.47 | 2,669.12 | 79.92 | - | 2,749.04 | 1,326.43 | 1,406.35 |
| Plant & Mechinery | 18,79,701.71 | 7,89,340.58 | 2,61,605.06 | 24,07,437.23 | 1,55,499.03 | 80,999.41 | 52,222.57 | 1,84,275.87 | 22,23,161.36 | 17,24,202.68 |
| Lines, Cable Networks etc. | 29,51,385.93 | 11,33,483.60 | 16,576.50 | 40,68,293.03 | 8,07,202.63 | 1,21,679.51 | 5,746.79 | 9,23,135.35 | 31,45,157.68 | 21,44,183.30 |
| Vehicles | 1,729.28 | - | 2.52 | 1,726.76 | 1,415.87 | 22.74 | 2.32 | 1,436.29 | 290.47 | 313.41 |
| Furniture & Fixtures | 4,946.19 | 389.27 | 0.51 | 5,334.95 | 1,712.57 | 301.50 | 0.47 | 2,013.60 | 3,321.35 | 3,233.62 |
| Office Equipments | 18,031.02 | 7,027.36 | 51.91 | 25,006.47 | 11,610.98 | 2,722.27 | 14.31 | 14,318.94 | 10,687.53 | 6,420.04 |
| Total | 49,59,856.19 | 19,51,517.50 | 2,78,237.10 | 66,33,136.59 | 10,08,076.75 | 2,07,913.33 | 57,986.52 | 11,58,003.56 | 54,75,133.03 | 39,51,779.44 |

R.M. LALL & CO. CHARTERED ACCOUNTANTS

# U.P.POWER CORPORATION LIMITED
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CONSOLIDATED FINANCIAL STATEMENT

Note-3

## CAPITAL WORKS IN PROGRESS

*(₹ in Lakhs)*

| Particulars | AS AT 01.04.2020 | Additions | Deductions/ Adjustments | Capitalised During the Year | AS AT 31.03.2021 |
|---|---|---|---|---|---|
| Capital Work in Progress | 5,71,469.00 | 9,25,926.65 | -27,542.58 | -10,27,064.11 | 4,42,788.96 |
| Advance to Supplier/Contractor | 5,29,458.38 | 88,690.75 | -2,45,118.81 | - | 3,73,030.32 |
| | **11,00,927.38** | **10,14,617.40** | **-2,72,661.39** | **-10,27,064.11** | **8,15,819.28** |

| Particulars | AS AT 01.04.2019 | Additions | Deductions/ Adjustments | Capitalised During the Year | AS AT 31.03.2020 |
|---|---|---|---|---|---|
| Capital Work in Progress | 9,15,786.59 | 15,95,015.12 | 5,096.98 | -19,36,344.08 | 5,79,554.61 |
| PPE Adjustment of CWIP | -8,085.61 | | - | | -8,085.61 |
| Advance to Supplier/Contractor | 11,69,580.57 | 1,64,694.03 | -8,04,816.22 | - | 5,29,458.38 |
| | **20,77,281.55** | **17,59,709.15** | **-7,99,719.24** | **-19,36,344.08** | **11,00,927.38** |

## U.P.POWER CORPORATION LIMITED
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**CONSOLIDATED FINANCIAL STATEMENT**

Note-4

### ASSETS NOT IN POSSESSION

*(₹ in Lakhs)*

| Particulars | AS AT 31.03.2021 | AS AT 31.03.2020 |
|---|---|---|
| Lines, Cable Networks etc. | 13,313.55 | 13,363.78 |
| **Total** | **13,313.55** | **13,363.78** |

Note-5

### INTANGIBLE ASSETS

*(₹ in Lakhs)*

| Particulars | AS AT 31.03.2021 | AS AT 31.03.2020 |
|---|---|---|
| Intangible Assets | 1,623.50 | 249.10 |
| **Total** | **1,623.50** | **249.10** |

Note-6

### FINANCIAL ASSETS - INVESTMENTS (NON-CURRENT)

*(₹ in Lakhs)*

| Particulars | AS AT 31.03.2021 | | AS AT 31.03.2020 | |
|---|---|---|---|---|
| **UPPTCL-Investment in Share Capital** | 2,21,333.52 | | 2,21,333.52 | |
| Share Application Money | 18,072.31 | | 18,072.31 | |
| Provision for Impairment on UPPTCL | -12,133.60 | 2,27,272.23 | -12,384.80 | 2,27,021.03 |
| **Sonebhadra PGCL** | - | | 620.23 | |
| Impairment/Provision for Impairment | - | | -620.23 | |
| **Yamuna PGCL** | - | | 66.01 | |
| Provision for Impairment YGPCL | - | - | -66.01 | - |
| **Other Investments-** | | | | |
| (a) 7.75% PFC Bonds | 12,300.00 | | 12,300.00 | |
| (b) 7.59% HUDCO Bonds | - | 12,300.00 | 10,000.00 | 22,300.00 |
| **Total** | | **2,39,572.23** | | **2,49,321.03** |

Note-7

### FINANCIAL ASSETS - LOANS (NON-CURRENT)

*(₹ in Lakhs)*

| Particulars | AS AT 31.03.2021 | | AS AT 31.03.2020 | |
|---|---|---|---|---|
| **Capital Advances** | | | | |
| **NPCL LOAN** | 568.43 | | 568.43 | |
| Interest Accrued and Due | 14,473.97 | | 12,519.41 | |
| Provision for B/D Loan & Interest | -15,042.40 | - | -13,087.84 | - |
| **Advances to Capital Suppliers / Contractors** | 15.86 | | 15.86 | |
| **Provision for Doubtful Advances** | -1.59 | 14.27 | -1.59 | 14.27 |
| **Total** | | **14.27** | | **14.27** |

R.M. LALL & CO. * CHARTERED ACCOUNTANTS *

# U.P.POWER CORPORATION LIMITED

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CONSOLIDATED FINANCIAL STATEMENT

**Note-8**

## FINANCIAL ASSETS - OTHERS (NON-CURRENT)

*(₹ In Lakhs)*

| Particulars | AS AT 31.03.2021 | AS AT 31.03.2020 |
|---|---|---|
| Advance paid to State Govt. for freehold title of Land | 743.87 | 743.87 |
| UDAY Loss subsidy receivable from GoUP | 48,621.60 | - |
| **Total** | **49,365.47** | **743.87** |

**Note-9**

## INVENTORIES

*(₹ In Lakhs)*

| Particulars | AS AT 31.03.2021 | | AS AT 31.03.2020 | |
|---|---|---|---|---|
| **(a) Stores and Spares** | | | | |
| Stock of Materials - Capital Works | 1,62,676.52 | | 1,92,658.55 | |
| Stock of Materials - O&M | 1,55,446.09 | | 1,12,756.63 | |
| PPE Adjustment | - | 3,18,122.61 | 10,727.33 | 3,16,142.51 |
| **(b) Others** | | 38,732.77 | | 37,220.05 |
| **B** | | **3,56,855.38** | | **3,53,362.56** |
| Provision for Unserviceable Stores | | -23,214.26 | | -24,148.42 |
| **Total** | | **3,33,641.12** | | **3,29,214.14** |

# U.P.POWER CORPORATION LIMITED

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Note-10

## FINANCIAL ASSETS - TRADE RECEIVABLES (CURRENT)

*(₹ in Lakhs)*

| Particulars | AS AT 31.03.2021 | | AS AT 31.03.2020 | |
|---|---|---|---|---|
| Sundry Debtors | | 52,297.94 | | 52,297.94 |
| **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 | 2,87,893.04 | | 2,99,155.70 | |
| Unsecured & considered good | 54,39,843.70 | | 58,62,229.58 | |
| Unsecured & Considered doubtful | 6,94,272.85 | 64,22,009.59 | 6,88,857.74 | 68,50,243.02 |
| **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 | 42,119.95 | | 22,688.62 | |
| Unsecured & considered good | 18,02,105.48 | | 9,05,943.80 | |
| Considered doubtful | 89,177.39 | 19,33,402.82 | 58,292.14 | 9,86,924.56 |
| **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 | 31,376.96 | | 20,742.48 | |
| Unsecured & considered good | 5,82,927.96 | | 4,94,767.56 | |
| Unsecured & Considered doubtful | 34,085.80 | 6,48,390.72 | 49,944.11 | 5,65,454.15 |
| **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 | 2,207.19 | | 1,336.93 | |
| Unsecured & considered good | 1,41,343.03 | | 1,86,234.10 | |
| Considered doubtful | 17,757.99 | 1,61,308.21 | 9,903.05 | 1,97,474.08 |
| **Dabtors-Sale of Power (subsidiary)** | | | | |
| Dabtors Unbilled revenue | 66,326.99 | | -15,547.05 | |
| Adjustment as per Point no. 37 of Note 31 | -66,326.99 | | 75.33 | |
| Add/Less: PPE Adjustment | - | - | 14,848.13 | -623.59 |
| **Sub-Total** | | 92,17,409.28 | | 86,51,770.16 |
| Allowance for Bad & Doubtful Debts | | -8,65,472.89 | | -8,37,222.12 |
| **Total** | | 83,51,936.39 | | 78,14,548.04 |

**Note: Provision has not been made on Rs. 623.59 Lacs as mentioned above against PPE Adj and Adjustment as per Point no. 37 of Note 31.**

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## U.P.POWER CORPORATION LIMITED

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CONSOLIDATED FINANCIAL STATEMENT

**Note-11-A**

### FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS (CURRENT)

*(₹ in Lakhs)*

| Particulars | AS AT 31.03.2021 | | AS AT 31.03.2020 | |
|---|---|---|---|---|
| **(a) Balance with Banks** | | | | |
| In Current & Other Account | 4,87,257.26 | | 3,94,489.79 | |
| In Earmarked Bank A/c (IPDS) | 22.69 | | 492.98 | |
| RPO Fund A/c | 7,657.07 | | - | |
| Dep. with original maturity upto 3 months | 88,664.57 | 5,83,601.59 | 2,959.01 | 3,97,941.78 |
| **(b) Cash in Hand** | | | | |
| Cash in Hand (Including Stamps in Hands) | 39,500.73 | | 6,801.74 | |
| Cheque/Drafts in Hand | 607.77 | | 570.16 | |
| Cash imprest with Staff | 71.17 | 40,179.67 | 328.24 | 7,700.14 |
| **Total** | | **6,23,781.26** | | **4,05,641.92** |

**Note-11-B**

### FINANCIAL ASSETS - BANK BALANCES OTHER THAN ABOVE (CURRENT)

*(₹ in Lakhs)*

| Particulars | AS AT 31.03.2021 | AS AT 31.03.2020 |
|---|---|---|
| Deposit with original maturity of more than 3 months but less than 12 months | 2,37,801.14 | 1,84,680.20 |
| **Total** | **2,37,801.14** | **1,84,680.20** |

R.M. LALL & CO. * CHARTERED ACCOUNTANTS

# U.P.POWER CORPORATION LIMITED

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

Note-12

## FINANCIAL ASSETS - OTHERS (CURRENT)

*(₹ In Lakhs)*

| Particulars | AS AT 31.03.2021 | | AS AT 31.03.2020 | |
|---|---|---|---|---|
| **Receivables (unsecured)** | | | | |
| Uttar Pradesh Government | | 21,86,982.51 | | 1,34,541.60 |
| PPE Adjustment | | - | | -125.28 |
| Receivable from IREDA | | 1,230.00 | | 1,147.68 |
| Receivable from UPNEDA | | -4,997.55 | | -1,655.78 |
| **Utttaranchal PCL** | | | | |
| Receivable - Uttrakhand PCL | 1.41 | | 1.41 | |
| Payable - Uttrakhand PCL | -18.70 | -15.29 | -16.70 | -15.29 |
| **UPRVUNL** | | | | |
| Receivable -UPRVUNL | 922.96 | | 693.56 | |
| Payable -UPRVUNL | -64.93 | 858.03 | -64.93 | 628.63 |
| **UPPTCL** | | | | |
| Receivable -UPPTCL | 52,310.22 | | 51,030.36 | |
| Payable -UPPTCL | -269.73 | 52,040.49 | -268.62 | 50,761.74 |
| **Employees (Receivables)** | | 22,571.66 | | 25,307.19 |
| Others | 90,920.87 | | 90,498.09 | |
| Balane Under reconciliation of Kesco | 19.00 | 90,939.87 | - | 90,498.09 |
| Prov. For Doubtful Receivables | | -14,468.32 | | -14,401.27 |
| **Theft of Fixed Assets Pending Investigation** | 16,694.14 | | 15,984.90 | |
| Prov. For estimated Losses | -18,694.14 | - | -15,984.90 | - |
| **Total** | | **23,35,141.40** | | **2,86,687.31** |

Note-13

## OTHER CURRENT ASSETS

*(₹ In Lakhs)*

| Particulars | AS AT 31.03.2021 | | AS AT 31.03.2020 | |
|---|---|---|---|---|
| **Advances (Unsecured/Considered Good)** | | | | |
| Suppliers/Contractors | 21,800.05 | | 22,524.87 | |
| Less: Provision for Doubtful Advances | -2,433.58 | 19,366.47 | -2,412.23 | 20,112.64 |
| Tax Deducted at source | | 4,736.08 | | 4,477.78 |
| Tax Collected at Source | | 1,529.01 | | - |
| 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** | | | | |
| Unsecurad Considared Good | 45.44 | | 135.78 | |
| Unsecured Considered Doubtful | 315.84 | | 297.23 | |
| Provision for Doubtful Loans & Advances | -315.84 | 45.44 | -297.23 | 135.78 |
| **Misc. Recovery** | | | | |
| Unsecured Considered Good | 493.53 | | 109.23 | |
| Unsecured Considered Doubtful | 389.30 | | 372.65 | |
| Provision for Doubtful Loans & Advences | -389.30 | 493.53 | -372.65 | 109.23 |
| Income Accrued & Due | | 1,226.76 | | 1,332.92 |
| Income Accrued & but not Due | | 1,307.23 | | 1,705.37 |
| Prepaid Expenses | | 99.98 | | 102.41 |
| Inter Unit Transfers | 4,17,159.60 | | 3,20,006.75 | |
| PPE Adjustment | 697.42 | 4,17,857.02 | 8,764.11 | 3,28,770.86 |
| **Total** | | **4,46,686.55** | | **3,56,772.02** |

R.M. LALL & CO. CHARTERED ACCOUNTANTS

# U.P.POWER CORPORATION LIMITED

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

**Note-14**

## EQUITY SHARE CAPITAL

| Particulars | AS AT 31.03.2021 | AS AT 31.03.2020 |
|---|---|---|
| **(A) AUTHORISED :** | | |
| 1250000000 (Previous Year 1250000000 respectively)<br>Equity sharas of par value of Rs. 1000/- each | 12500000.00 | 12500000.00 |
| **(B) ISSUED SUBSCRIBED AND FULLY PAID UP** | | |
| 967622864 (Pravious Year 911863632) Equity shares of par value Rs. 1000/- each | 10412665.52 | 9676228.64 |
| (of the above shares 36113400 were allotted as fully paid up pursuant to UP Power Sector Reform Schema for consideration other than cash)<br>(It includes 2000 shares of 1000/- each of Promoter's Share of Discom) | | |
| **Total** | **10412685.52** | **9676228.64** |

a) During the year, The Company has issued 55759232 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 2020, 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 31.03.2021 | | AS AT 31.03.2020 | |
|---|---|---|---|---|
| | No. of Shares | % of Holdings | No. of Shares | % of Holdings |
| Government of UP | 1041268552 | 100 | 967622864 | 100 |

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

| No. of Shares as on 01.04.2020 | Issued During the Year | Buy Back during the Year | No. of Shares as on 31.03.2021 |
|---|---|---|---|
| 967622864 | 73643688 | 0 | 1041266552 |

**Note-15**

## OTHER EQUITY

| Particulars | AS AT 31.03.2021 | | AS AT 31.03.2020 | |
|---|---|---|---|---|
| **A. Share Application Money (Pending For Allotment)** | | 31,379.93 | | 40,192.23 |
| **B. Capital Reserve** | | | | |
| (i) Consumers Contributions towards Service Lina and other charges | 8,82,468.60 | | 8,49,546.29 | |
| (ii) Subsidies towards Cost of Capital Assets. | 6,28,469.58 | | 27,76,755.74 | |
| (iv) APDRP Grant/Other Grants | 690.81 | | 729.32 | |
| (v) Resturcturing Reserve | 55,476.24 | | 55,478.24 | |
| (vi) Uday Grant | - | | 1,52,500.56 | |
| (vii)Amount Received Under IPDS | 138.00 | | 138.00 | |
| (vii) Others | 19,595.12 | 15,86,838.35 | 19,595.12 | 38,54,741.27 |
| **C. Surplus in Statement of P&L** | | | | |
| Opening Balance | -1,75,82,147.14 | | -1,69,97,893.33 | |
| PPE Adjustment for year | 11,193.10 | | 10,687.55 | |
| Add: Subsidy undar Atmanirbhar Scheme | 3,10,770.06 | | - | |
| Add: Adjustment against Reserves & Surplus | 14,04,461.58 | | - | |
| Add: impact of Ind AS adjustment to retained earnings | - | | 5,033.39 | |
| Add: Profit/(Loss) for the year | 5,83,844.77 | | -6,15,242.54 | |
| Add: Transferred from Capital Reserve | 8,08,337.76 | | - | |
| Adjustment as per Point no. 37 of Note 31 | - | | 15,267.79 | |
| Other Reserves | -61.70 | -1,44,63,601.57 | - | -1,75,82,147.14 |
| **D. General Reserve** | | | | |
| Opening Balance of General Reserve | - | | - | |
| Add: Received during the year | 14,08,528.61 | | - | |
| Less: Transfer to statement of P& L | - | 14,08,528.61 | - | - |
| Add: Provision for impairment of Subsidiaries Reversed | | 54,39,454.69 | | 71,50,371.49 |
| Add: Amount of Reversed Provision on UPPCL Debtors | | 1,58,701.67 | | 1,85,689.60 |
| Add: Amount of Reversed Provision on Financial Assets-Other Current- Subsidiaries (Unsecured) | | 6,820.81 | | 6,457.70 |
| **Total** | | **-58,29,877.51** | | **-63,44,694.85** |

R.M. LALL & CO. CHARTERED ACCOUNTANTS

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

**Note-16**

## FINANCIAL LIABILITIES - BORROWINGS (NON-CURRENT )

*(₹ in Lakhs)*

| Particulars | AS AT 31.03.2021 | | AS AT 31.03.2020 | |
|---|---|---|---|---|
| **(A)SECURED LOANS** | | | | |
| **TERM LOANS** | | | | |
| Rural Electrification Corporation Ltd. | 1,45,926.86 | | 1,32,786.61 | |
| R-APDRP(PFC) | 1,68,193.91 | | 1,67,350.01 | |
| R-APDRP Part-B (PFC) | 35,315.18 | | 35,315.18 | |
| R-APDRP(REC) | 1,49,220.29 | | 1,53,110.92 | |
| REC(Kasco) | - | | 1,750.00 | |
| Sub Station Loan (REC) | 1,824.01 | | 2,107.18 | |
| RAPDRP SCADA Part B | 27,483.12 | | 31,108.46 | |
| Saubhagya (REC) | 62,860.23 | | 61,129.28 | |
| DDUGGY (PFC) | 49,771.54 | | 42,700.00 | |
| IPDS (PFC) | 15,392.72 | | 11,375.17 | |
| IPDS(ERP) | 214.49 | | - | |
| AB CABLE | 92,683.85 | | 60,019.31 | |
| **WORKING CAPITAL LOANS** | - | | - | |
| Rural Electrification Corporation Ltd.(SAUBHAGYA) | 68,330.69 | | 66,482.20 | |
| Rural Electrification Corporation Ltd.(NON-SAUBHAGYA) | 7,008.87 | | 4,000.00 | |
| Power Finanace Corporation Ltd. (IPDS) | 65,253.55 | | 67,111.71 | |
| REC (DDUGJY) | 89,157.81 | 9,78,637.12 | 81,526.00 | 9,17,872.03 |
| **(B) UNSECURED LOANS** | | | | |
| 9.70% Uday Bonds/Bonds | 9,82,253.10 | | 10,35,133.25 | |
| REC | 18,64,602.21 | | 6,09,196.43 | |
| PFC | 20,30,976.86 | | 8,62,701.41 | |
| U.P. State Industrial Davelopment Corporation Ltd. | 0.54 | | 0.54 | |
| Housing Development Finance Corporation Ltd. | 0.07 | | 0.07 | |
| UP Govamment Loan (Others) | 49,236.00 | 49,27,068.78 | 55,390.50 | 25,62,422.20 |
| **(C) BONDS/ LOANS RELATE TO DISCOMS(Secured)** | | | | |
| 8.97% Ratad Listed Bond | 4,85,000.00 | | 5,58,000.00 | |
| 10.15% Rated Listed Bonds | 3,87,600.00 | | 4,52,199.99 | |
| 9.75% Rated Listed Bonds | 3,04,290.00 | | 3,57,210.00 | |
| 8.48% Rated Listed Bonds | 2,49,250.00 | 14,06,140.00 | 2,99,100.00 | 16,66,509.99 |
| **(D) Other than Bank** | | | | |
| REC | - | | - | |
| PFC | 1,00,100.18 | 1,00,100.18 | 97,873.86 | 97,873.86 |
| **Total** | | 74,11,946.08 | | 52,44,878.08 |

R.M. LALL & CO. CHARTERED ACCOUNTANTS

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

**Note-17**

## FINANCIAL LIABILITIES - OTHERS (NON-CURRENT)

*(₹ in Lakhs)*

| Particulars | AS AT 31.03.2021 | AS AT 31.03.2020 |
|---|---|---|
| Security Deposits From Consumers | 3,63,792.46 | 3,37,969.48 |
| Liability/Provision for Leave Encashment | 68,930.16 | 52,291.27 |
| Liability for Gratuity on CPF Employees | 38,397.85 | 25,918.41 |
| Staff related Liabilities-(others Non-Current) | 4,904.64 | 4,904.64 |
| **Total** | **4,76,025.11** | **4,21,083.80** |

**Note-18**

## FINANCIAL LIABILITIES - BORROWINGS (CURRENT)

*(₹ in Lakhs)*

| Particulars | AS AT 31.03.2021 | | AS AT 31.03.2020 | |
|---|---|---|---|---|
| **Secured Loan** | | | | |
| **Overdraft from Banks** | | | | |
| **(Paripassu charge on Reeivables on Corporation)** | | | | |
| Central Bank of India | - | | 382.24 | |
| Punjab National Bank | - | | 2,932.52 | |
| Punjab National Bank (MID) | - | | 28,568.33 | |
| Allahabad Bank | - | | 10.88 | |
| ICICI Bank | - | | 225.50 | |
| Bank of India | - | - | 28,297.64 | 60,417.11 |
| Rural Electrification Corporation | | - | | 6,458.33 |
| NOIDA Loan | | - | | 15,000.00 |
| **Total** | | - | | **81,875.44** |

**Note-19**

## FINANCIAL LIABILITIES - TRADE PAYABLE (CURRENT)

*(₹ in Lakhs)*

| Particulars | AS AT 31.03.2021 | | AS AT 31.03.2020 | |
|---|---|---|---|---|
| Liabilitiy for Purchase of Power | 26,00,335.59 | | 31,98,893.99 | |
| Liability for Power Purchase from Others | 1,922.95 | | 1,276.21 | |
| Liabilitiy for Wheeling charges | 6,21,400.75 | | 5,56,005.70 | |
| Liability for Power Purchase from UHBVN Ltd. | 57.11 | 32,23,716.40 | 45.95 | 37,56,221.85 |
| **Total** | | **32,23,716.40** | | **37,56,221.85** |

R.M. LALL & CO. CHARTERED ACCOUNTANTS

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

**Note-20**

## OTHER FINANACIAL LIABILITIES(CURRENT)

*(₹ In Lakhs)*

| Particulars | AS AT 31.03.2021 | | AS AT 31.03.2020 | |
|---|---|---|---|---|
| Interest accured & due (Loans through PCL) | - | | 16,963.05 | |
| Interest accured & due on borrowings | 13,885.25 | 13,885.25 | 11,029.97 | 27,993.02 |
| Current Maturity of Long Term Borrowings (Other) | 47,603.93 | | 41,025.15 | |
| Current Maturity of Long Term Borrowings through UPPCL | 7,21,805.40 | 7,69,409.33 | 5,14,422.48 | 5,55,447.63 |
| Liability for Capital Supplies/works | 6,89,114.48 | | 7,89,387.64 | |
| PPE Adjustment | - | | 1.74 | |
| Liability for O&M Supplies/works | 95,487.15 | 7,84,601.63 | 99,652.80 | 8,89,042.18 |
| Deposits & Retentions from Suppliers & others | | 5,11,872.92 | | 5,41,074.82 |
| Electricity Duty & other levies payable to govt. | | 8,96,616.39 | | 6,92,568.26 |
| Deposit for Electrification works | 1,31,453.28 | | 1,29,810.37 | |
| Deposit Works | 5,112.37 | 1,36,565.65 | 4,515.04 | 1,34,325.41 |
| Liabilties towards UPPCL CPF Trust | 5,301.03 | | 4,373.82 | |
| PPE Adjustment | | 5,301.03 | 1.06 | 4,374.88 |
| Liabilities for Gratuity on CPF Employees | 1,664.88 | | 1,022.73 | |
| Liability for Leave Encashment | 2,015.24 | 3,680.12 | 2,385.19 | 3,407.92 |
| Interest Accrued but not Due on Borrowings | 1,22,484.17 | | 96,322.71 | |
| PPE Adjustment | - | 1,22,484.17 | 8,675.55 | 1,04,998.26 |
| Staff related Liabilities | 1,32,091.52 | | 1,39,829.78 | |
| PPE Adjustment | - | 1,32,091.52 | 149.65 | 1,39,979.43 |
| Sundry Liabilities | 1,56,501.33 | | 1,06,071.87 | |
| PPE Adjustment | - | | -357.06 | |
| Liabilities for GST | 41.74 | 1,56,543.07 | 30.17 | 1,05,744.98 |
| **Payable to UPJVNL** | | | | |
| Payable | 8,745.11 | | 8,790.97 | |
| Receivable | -84.73 | 8,660.38 | -13.78 | 8,777.19 |
| Liabilities for Expenses | | 17,773.40 | | 21,280.63 |
| **Liabilties towards UP Power Sector Employees Trust** | | | | |
| Provident Fund | 75,489.62 | | 70,451.48 | |
| PPE Adjustment | - | | 45.60 | |
| Provision for Interest on GPF Liability | 7,821.69 | | 7,310.88 | |
| Pension & Gratuity Liability | 41,238.37 | 1,24,549.68 | 39,278.72 | 1,17,086.68 |
| Provision VII Pay Commission (Current) | | - | | 6,177.51 |
| Interest on Security Deposits from Consumer | | 32,761.56 | | 29,623.41 |
| **Total** | | 37,16,796.10 | | 33,81,902.21 |

**Note-21**

## PROVISIONS (CURRENT)

*(₹ In Lakhs)*

| Particulars | AS AT 31.03.2021 | AS AT 31.03.2020 |
|---|---|---|
| Legal & Professional Charges | - | 0.92 |
| **Total** | - | 0.92 |

R.M. LALL & CO. CHARTERED ACCOUNTANTS

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

**Note-22**

## REVENUE FROM OPERATIONS (GROSS)

*(₹ In Lakhs)*

| Particulars | AS AT 31.03.2021 | | AS AT 31.03.2020 | |
|---|---|---|---|---|
| **Supply In Bulk** | | | | |
| Torrent Power Ltd. | 91,054.74 | | 1,02,780.75 | |
| Unbilled amount of Sale of Power | 66,326.99 | | - | |
| Adjustment as per Point no. 37 of Note 31 | -66,402.32 | 90,979.41 | 75.33 | 102856.08 |
| **Large Supply Consumer** | | | | |
| Industrial | 11,12,035.08 | | 12,14,999.34 | |
| Traction | 12,592.07 | | 7,125.36 | |
| Irrigation | 62,241.36 | | 58,549.26 | |
| Public Water Works | 1,42,324.04 | 13,29,192.55 | 1,26,432.11 | 14,07,106.07 |
| **Small & Other Consumers** | | | | |
| Domestic | 22,45,461.29 | | 20,34,301.62 | |
| PPE Adjustment | - | | -2,519.16 | |
| Commercial | 6,51,906.07 | | 6,23,481.21 | |
| Industrial Low & Medium Voltage | 2,25,445.94 | | 2,44,003.61 | |
| Public Lighting | 68,929.48 | | 66,794.86 | |
| STW & Pump Canals | 3,11,967.96 | | 2,88,838.55 | |
| PTW & Sewage Pumping | 2,15,695.94 | | 2,11,712.40 | |
| Institution | 45,357.08 | | 47,649.80 | |
| Small Power (LMV VI) | 27,765.58 | | 28,415.03 | |
| Water Work (LMV VII) | 12,909.69 | | 12,306.82 | |
| Temp Connection (LMV IX) | 1,865.74 | | 215.73 | |
| Prepaid | 269.23 | | 933.71 | |
| Large & Heavy (HV I) | 17,293.09 | | 25,222.21 | |
| Large & Heavy (HV II) | 42,177.21 | | 43,503.95 | |
| Railways | 6,815.91 | | 9,367.43 | |
| Miscelleneous Charges form Consumers | 97,930.86 | | 1,37,628.63 | |
| PPE Adjustment | - | | -40.59 | |
| Energy Intemally Consumed | 1,10,078.09 | | 1,18,006.41 | |
| Electricity Duty | 3,45,622.19 | 44,27,491.35 | 3,09,486.77 | 41,99,308.99 |
| **Other Operating Revenue** | | | | |
| Extra State Consumer | | 761.54 | | 1,455.38 |
| | | 58,48,424.85 | | 57,10,726.52 |
| Less: Electricity Duty | | -3,45,622.19 | | -3,09,486.77 |
| **Total** | | **55,02,802.66** | | **54,01,239.75** |

# U.P.POWER CORPORATION LIMITED

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

**Note-23**

## OTHER INCOME

*(₹ in Lakhs)*

| Particulars | AS AT 31.03.2021 | | AS AT 31.03.2020 | |
|---|---|---|---|---|
| **From U.P. Govt.** | | | | |
| RE Subsidy from Govt. of U.P. | 1,19,999.99 | | 1,20,000.00 | |
| Revenue Subsidy from Govt. of U.P. | 6,46,123.58 | | 8,92,000.00 | |
| Subsidy for Operational Losses | 3,71,832.00 | | 2,39,999.99 | |
| Subsidy Against Loan/Interest | 3,274.22 | | 2,700.85 | |
| PPE Adjustment | - | | 5,744.76 | |
| Subsidy for repayment of interest on loan | 2,443.02 | | 6,048.55 | |
| PPE Adjustment | - | | -2,552.71 | |
| Cross Subsidy | 2,315.16 | | 63.75 | |
| Subsidy from Govt. | 2,221.23 | | 5,541.98 | |
| Subsidy against UDAY/Govt. Guaranee Loan | 3,123.52 | 11,51,332.72 | 6,167.77 | 12,75,714.94 |
| **(a) Interest from :** | | | | |
| Loans to Staff | 0.57 | | 1.64 | |
| Loans to NPCL (licencee) | 1,954.56 | | 1,700.59 | |
| Fixed Deposits | 15,089.67 | | 16,094.63 | |
| PPE Adjustment of Interest | - | | 516.88 | |
| Banks (Other than on Fixed Deposits) | 937.30 | | 703.14 | |
| Bonds | 1,123.10 | | 1,712.25 | |
| Others | 1,637.19 | 20,742.39 | 1,413.72 | 22,142.85 |
| **(b) Other non operating Income** | | | | |
| Delayed Payment Charges | 77,343.74 | | 89,308.21 | |
| PPE Adjustment | - | | -784.69 | |
| Income from Contractors/Suppliers | 4,325.23 | | 2,791.07 | |
| PPE Adjustment | - | | -169.03 | |
| Rental from Staff | 140.52 | | 115.11 | |
| Miscellenous Income/ Receipts | 8,751.95 | | 6,409.78 | |
| PPE Adjustment | - | | -1.78 | |
| Excess found on Verification of Stores | 0.39 | | 0.53 | |
| Other Recoveries from Consumers | 304.19 | | 460.52 | |
| Sale of Scrap | 65.79 | | 313.66 | |
| Penalty from Contractors | 182.76 | | 506.77 | |
| Balance Write/off | - | | 9.72 | |
| Sale of Tender Forms | 12.14 | | 17.93 | |
| Interest on Income Tax Refund | 20.44 | | - | |
| Reversal of UDAY subsidy for repayment of int on loan | -2,634.13 | | - | |
| Prior Period Adjustment of other non operating income | - | 88,513.02 | -1.76 | 98,976.04 |
| **Total** | | **12,60,588.13** | | **13,96,833.83** |

R.M. LALL & CO.

# U.P.POWER CORPORATION LIMITED
11-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW
CIN: U32201UP1999SGC024928
CONSOLIDATED FINANCIAL STATEMENT

**Note-24**

## PURCHASE OF POWER

*(₹ in Lakhs)*

| Particulars | AS AT 31.03.2021 | | AS AT 31.03.2020 | |
|---|---|---|---|---|
| **Transmission Charges** | 3,13,150.77 | | 3,36,461.14 | |
| **Power Purchase from UHBVN Ltd.** | 39.99 | | 36.67 | |
| **PURCHASE FROM OTHERS** | 646.73 | 3,13,837.49 | 857.44 | 3,37,355.25 |
| **Power Purchase from:** | | | | |
| **Generating Units** | | 52,54,853.15 | | 48,02,491.19 |
| **Surcharge** | | 3,38,440.49 | | 1,44,588.52 |
| Unsheduled Interchange & Reactive Energy Charges | | -4,466.12 | | 16,407.60 |
| PPE adjustment of Purchase of Power | | - | | -280.10 |
| Inter-state Transmission & Related Charges to | | 4,83,204.54 | | 4,66,322.88 |
| **Sub Total** | | **63,85,869.55** | | **57,66,865.34** |
| **Rebate/Subsidy against Power Purchase** | | -27,115.74 | | -28,278.96 |
| **Total** | | **63,58,753.81** | | **57,38,606.36** |

Note: Rebate against Power Purchase includes the Subsidy of Rs. 19696.67 Lacs (for 2020-21) and Rs. 19925.97 Lacs (for 2019-20) received from Central Government for Solar Power.

R.M. LALL & CO.

# U.P.POWER CORPORATION LIMITED

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

**Note-25**

## EMPLOYEE BENEFIT EXPENSES

*(₹ In Lakhs)*

| Particulars | AS AT 31.03.2021 | AS AT 31.03.2020 |
|---|---|---|
| Salaries & Allowances | 2,03,354.35 | 2,03,304.79 |
| PPE Adjustment | - | 174.75 |
| Dearness Alloance | 26,581.58 | 25,520.47 |
| Other Allowances | 10,739.62 | 12,011.12 |
| Bonus/Ex.Gratia | 298.08 | 1,067.25 |
| Medical Expenses (Reimbursement) | 3,820.83 | 4,112.99 |
| Leave Travel Assistance | 0.22 | 0.30 |
| Earned Leave Encashment | 10,308.25 | 17,227.24 |
| Compensation | 145.48 | 155.07 |
| Staff Welfare Expenses | 336.81 | 497.13 |
| Pension & Gratuity | 29,986.30 | 28,585.81 |
| Other Comprehensive income of Gratuity | -8,192.35 | -1,868.87 |
| Other Terminal Benefits | 8,202.21 | 5,743.77 |
| Interest on GPF (General Provident Fund) | 5,899.17 | 5,846.30 |
| Gratuity (CPF) | 185.82 | 3,114.32 |
| Other Terminal Benefit (CPF) | 6,110.17 | 6,069.89 |
| Contributions to provident and other funds | 369.46 | 361.64 |
| PPE Adjustment | - | -971.37 |
| Others/Compensation | 22.09 | 338.98 |
| **Sub Total** | **2,96,168.09** | **3,11,291.56** |
| Expense Capitalised | -97,940.84 | -1,28,435.92 |
| Employee Cost Allocated to DISCOMs and Others | -16,116.81 | -18,061.16 |
| **Total** | **1,82,110.44** | **1,64,794.50** |

**Note-26**

## FINANCE COST

| Particulars | AS AT 31.03.2021 | | AS AT 31.03.2020 | |
|---|---|---|---|---|
| **(a) Interest on Loans** | | | | |
| Working Capital | 1,133.10 | | 4,172.33 | |
| Interest expenses on Borrowings | 20,624.27 | | 15,863.78 | |
| Less- Rebate of Timely Payment of Interest | -28.74 | 21,728.63 | -10.75 | 20,025.36 |
| **(b) other borrowing costs** | | | | |
| Finance Charges/Cost of Raising Fund | 11,237.79 | | 5,324.63 | |
| Bank Charges | 10,581.65 | | 648.22 | |
| Guarantee Charges | 2.24 | 21,821.68 | 0.15 | 5,973.00 |
| **(c)Interest on Loans** | | | | |
| Interest on Govt Loan | 3,922.31 | | 2,774.00 | |
| Interest on Bonds | 2,58,121.92 | | 2,72,936.38 | |
| NOIDA | 9,663.53 | | - | |
| PFC | 1,55,113.94 | | 1,09,189.01 | |
| PPE Adjustment | - | | 7,956.57 | |
| R-APORP | 11,432.82 | | 11,241.75 | |
| REC | 1,54,983.02 | | 1,14,496.04 | |
| PPE Adjustment | - | | 7,979.86 | |
| Interest on CPF | 4.59 | | 5.37 | |
| Interest to Consumers | 16,196.99 | | 19,352.57 | |
| Provision of Int. on ED/Liecence Fee/GPF | 567.26 | | 787.81 | |
| Interest on Secured Loan | 29,274.92 | | 25,198.07 | |
| Interest/Stamp Duty on Bill Discounted for PP | 4,868.14 | | - | |
| PPE Adjustment | - | 6,44,149.44 | 16.48 | 5,71,933.91 |
| **Sub Total** | | **6,87,699.75** | | **5,97,932.27** |
| Interest Capitalised | | -55,147.03 | | -63,992.95 |
| **Total** | | **6,32,552.72** | | **5,33,939.32** |

R.M. LALL & CO. CHARTERED ACCOUNTANTS

# U.P.POWER CORPORATION LIMITED

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

**Note-27**

## DEPRECIATION AND AMORTIZATION EXPENSE

*(₹ in Lakhs)*

| Particulars | AS AT 31.03.2021 | | AS AT 31.03.2020 | |
|---|---|---|---|---|
| **Depreciation on -** | | | | |
| Buildings | 3,673.17 | | 2,072.31 | |
| Other Civil Works | 175.30 | | 115.53 | |
| Plant & Machinary | 1,70,923.77 | | 1,14,417.91 | |
| Lines Cables Networks etc. | 1,32,383.93 | | 83,375.54 | |
| Vehicles | 41.85 | | 23.64 | |
| PPE Adjustment for Vehicle | - | | -0.90 | |
| Furnitures & Fixtures | 296.24 | | 301.50 | |
| Office Equipments | 1,430.49 | | 2,722.27 | |
| Intangible Assets | 69.17 | | 63.77 | |
| PPE Adjustment for Depreciation | - | | 1.92 | |
| Equivalent amount of dep. on assets aquired out of the consumer's contribution & GoUP subsidy | -67,078.96 | | -77,270.47 | |
| PPE Adjustment of Amortization | 197.38 | 2,42,112.34 | 186.48 | 1,26,009.50 |
| Capital Expenditure Assets not pertains to Corporation/Nigam | | 559.59 | | 415.69 |
| **Total** | | **2,42,671.93** | | **1,26,425.19** |

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 | AS AT 31.03.2021 | AS AT 31.03.2020 |
|---|---|---|
| Interest Expense on Electricity duty | 8,335.92 | 7,352.44 |
| Rent | 299.13 | 318.53 |
| Rates & Taxes | 147.13 | 322.50 |
| Insurance | 478.16 | 369.38 |
| Communication Charges | 2,357.44 | 3,967.36 |
| Legal Charges | 2,977.93 | 2,544.28 |
| Prior Period Adjustment | - | -0.28 |
| Auditors Remuneration & Expenses | 185.05 | 216.24 |
| Consultancy Charges | 5,587.39 | 6,193.14 |
| Licence Fees | 1,650.04 | 1,234.56 |
| Technical Fees & Professional Charges | 2,360.65 | 1,632.72 |
| Travelling & Conveyance | 4,314.68 | 4,303.52 |
| Printing & Stationary | 2,111.15 | 2,072.23 |
| Advertisement Expenses | 1,427.16 | 1,779.62 |
| Electricity Charges | 80,164.15 | 81,014.42 |
| Prior Period Adjustment | - | -7,284.91 |
| Water Charges | 73.15 | 71.14 |
| Entertainment | 7.89 | 12.00 |
| Expenditure on Trust | 22.62 | 78.11 |
| Incentive Amount (Incentive Scheme to prevent the theft of Electricity) | - | 54.42 |
| Miscellaenous Expenses | 18,265.65 | 14,023.67 |
| Prior Period Adjustment | - | 235.20 |
| Expenses incurred for Revenue Realisation | 13,082.40 | 17,553.61 |
| Compensation | 903.07 | 928.79 |
| Compensation(Other than Staff) | 4,023.26 | 3,428.83 |
| Vehicle Expenses | 4,375.04 | 1,712.43 |
| Fees & Subscription | 936.91 | 465.95 |
| Online, Spot Billing & Camp Charges | 23,330.64 | 22,684.51 |
| Loss on sale of Assets Scrapped | - | 0.83 |
| Security charges | 1,719.89 | 1,685.87 |
| Rebate to consumer | 172.57 | 932.18 |
| Payment to Contractual Persons | 16,739.44 | 19,571.27 |
| Honorariams | 7.34 | 27.66 |
| Professional Charges | 346.52 | 192.04 |
| Revenue Expenses | 28,178.06 | 41,817.41 |
| Prior Period Adjustment of Admin. , General & Other Exps | - | 2.79 |
| **Sub Total** | **2,24,580.45** | **2,31,514.46** |
| **Expenses Allocated to DISCOMs and Others** | -3,031.89 | -2,336.71 |
| **Total** | **2,21,548.56** | **2,29,177.75** |

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 | AS AT 31.03.2021 | | AS AT 31.03.2020 | |
|---|---|---|---|---|
| Plant & Machinary | 70,836.68 | | 95,293.21 | |
| PPE Adjustment | - | | -578.45 | |
| Buildings | 4,924.41 | | 4,077.69 | |
| Other Civil Works | 860.83 | | 685.37 | |
| Lines, Cables Networks etc. | 1,28,231.96 | | 1,28,985.17 | |
| Energy Internally Consumed | 26,490.92 | | 20,426.66 | |
| Vehicles - Expenditure | 30,201.32 | | 27,789.48 | |
| Less: Transferred to different Capital & O&M Works/ Administrative Exp. | -30,201.32 | 2,31,344.80 | -27,789.48 | 2,48,889.65 |
| Furnitures & Fixtures | 17.42 | | 27.73 | |
| Office Equipments | 945.69 | | 713.06 | |
| Payment to Contractual Persons | 15,286.68 | | 13,275.27 | |
| Transferred to different Capital & O&M Works/ Administrative Exp. | -15,286.68 | 963.11 | -13,275.27 | 740.79 |
| **Sub Total** | | **2,32,307.91** | | **2,49,630.44** |
| Expenses Allocated to DISCOMS and Others | | -483.46 | | -576.26 |
| **Total** | | **2,31,824.45** | | **2,49,054.18** |

**Note-30**

## BAD DEBTS & PROVISIONS

*(₹ in Lakhs)*

| Particulars | AS AT 31.03.2021 | | AS AT 31.03.2020 | |
|---|---|---|---|---|
| **PROVISIONS** | | | | |
| Doubtful Debts (Sale of Power) | 1,262.85 | | 82,675.58 | |
| **Doubtful Loans and Advances** | | | | |
| Other Current Assets | 57.52 | | 1,100.85 | |
| Loans (Non Current) | 1,954.56 | | 1,700.59 | |
| Short Term | 10.76 | | -129.56 | |
| Bad and Doubtful Debts | - | | 63.48 | |
| Provision (Other)/Loss in Land acquisition process | -934.16 | | -552.07 | |
| Adjuntment of Provision as per Actuarial Valuation Report | 7,779.85 | 10,131.38 | -905.80 | 83,953.07 |
| **Doubtful Advances(Suppliers/ Contractor)** | | | | |
| Doubtful Other Current Assets (Receivables) | 2,407.91 | | 2,447.24 | |
| Provision For Impairment of Assets | -17,11,168.00 | | 2,81,847.27 | |
| Advances to Supplier/Contrator | -23.13 | | 162.22 | |
| Provision for Theft of Fixed Assets/Estimated Losses(Fixed Assets) | 709.24 | -17,08,073.98 | 890.16 | 2,85,346.89 |
| | | -16,97,942.60 | | 3,69,299.96 |

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 31.03.2021

(Rs. in Lakhs)

| | PARTICULARS | 2020-21 | 2019-20 |
|---|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| Net Loss Before Taxation & Extraordinary items | | 591871.49 | -613224.02 |
| **Adjustment For:** | | | |
| a | Depreciation and Amortization Expenses | 257491.67 | 138583.24 |
| b | Finance Cost | 640698.94 | 553210.37 |
| c | Bad Debts & Provision | -1714088.43 | 354213.75 |
| d | Interest Income (Other Income) | -18800.96 | -20743.12 |
| e | Other Comprehensive Income | -8084.43 | -1846.59 |
| f | PPE Adjustments | 11194.00 | 5857.65 |
| Sub Total | | -831589.21 | 1029075.30 |
| Operating Profit Before Working Capital Change | | -239717.72 | 415851.28 |
| **Adjustment for:** | | | |
| a | Inventories | -4426.99 | 19825.03 |
| b | Financial Assets - Trade Receivable (Current) | -16406.43 | -1638199.55 |
| c | Other Current Assets | -988714.52 | 64191.31 |
| d | Financial Assets - Others(Current) | -4056335.37 | -965218.04 |
| e | Financial Assets - Bank Balance other than Financial Assets - Cash and Cash Equivalent (Current) | -107273.77 | -107281.48 |
| f | Other Financial Liabilities (Current) | 552698.65 | 690990.74 |
| g | Fianacial Liabilities - Borrowings(Current) | -89119.80 | -87438.27 |
| h | Fiancial Liabilities - Trade Payable (Current) | -1154062.77 | 1525035.56 |
| i | Provisions (Current) | 0.00 | 0.00 |
| j | CFS Adjustment | 81674.04 | -86410.44 |
| k | Income Tax Paid (Net of TDS) | -0.04 | 0.00 |
| l | Amount paid for provision of Previous Year | -0.80 | 0.00 |
| Sub Total | | -5781767.60 | -566503.14 |
| **NET CASH FROM OPERATING ACTIVITIES (A)** | | -6021485.32 | -150651.86 |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | | |
| a | Decrease (Increase) in Property,Plant And Equipment | -752557.63 | -1463167.63 |
| b | Decrease (Increase) in Work in Progress/Capital Advance | 276718.79 | 641668.22 |
| c | (Increase)/Decrease in Financial Assets - Investments (Non-Current) | -380121.68 | -309342.37 |
| d | Decrease/(Increase) in Fianacial Assets - Others(Non-Current) | 29786.52 | 124742.23 |
| e | Decrease/(Increase) in Other Non-Current Assets - Assets Not in Possession | 0.00 | 0.00 |
| f | Decrease/(Increase) in Intangible assets | -44.04 | -25.05 |
| g | Decrease/(Increase) in Financial Assets - Loans(Non-Current) | 594678.26 | 1250698.39 |
| h | Interest Incomes (Other Income) | 18800.96 | 20743.12 |
| **NET CASH GENERATED FROM INVESTING ACTIVITIES (B)** | | -212740.82 | 265516.91 |
| **CASH FLOW FROM FINANCING ACITIVITIES** | | | |
| a | Proceeds from Fianacial Liabilities - Borrowings(Non - Current) | 4120357.24 | -939676.62 |
| b | Proceeds from Share Capital | 844114.82 | 1145076.59 |
| c | Proceed from Other Equity | 2104031.25 | -31380.68 |
| d | Financial liablities - Others(Non-Current) | 24581.11 | 59252.74 |
| e | Finance Cost | -640698.94 | -553193.90 |
| f | PPE Adjustments | 0.00 | 10813.10 |
| **NET CASH GENERATED FROM FINANCING ACTIVITIES (C)** | | 6452365.48 | -309106.75 |
| **NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)** | | 218139.34 | -194241.70 |
| **CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR** | | 405641.92 | 599883.82 |
| **CASH & CASH EQUIVALENTS AT THE END OF THE YEAR (Refer Note No. 11-A)** | | 623781.26 | 405641.92 |

This Statement has been prepared under indirect method as prescribed by Ind AS-07
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.
Previous year figures have been regrouped and reclassifed wherever considered necassary.

(Dr. Jyoti Arora)
Company Secretary

(A. K. Awasthi)
Chief Financial Officer

(A. K. Purwar)
Director
DIN- 88544396

(Pankaj Kumar)
Managing Director
DIN-08095154

Place: Lucknow
Date: 22/02/22

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

(Vikas C Srivastava)
Partner
M. No. 401216

UDIN: 22401216ADHYDW4519

# 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 sallent features of the financial statement of subsidiaries or associate companies or joint ventures as at 31st March 2021**

### Part A:- Subsidiaries

| Sl. No. | Particulars | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| 1 | Name of the subsidiary | MVVNL, Lucknow | PurVVNL, Varanasi | PVVNL, Meerut | DVVNL, Agra | KESCo, Kanpur |
| 2 | The date since when subsidiary was acquired | 12.08.2003 | 12.08.2003 | 12.08.2003 | 12.08.2003 | 15.01.2000 |
| 3 | 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 |
| 4 | 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 |
| 5 | Share capital (including Share Application Money pending Allotment) | 1923430.26 | 2075190.24 | 1598923.15 | 2020523.97 | 198476.50 |
| 6 | Reserves and surplus | (1067561.91) | (792321.55) | (313116.31) | (1592802.28) | (356760.09) |
| 7 | Total assets | 4502373.34 | 6000892.79 | 3856301.80 | 4093905.62 | 522185.91 |
| 8 | Total Liabilities | 3646504.99 | 4718024.10 | 2570494.96 | 3666183.93 | 680469.50 |
| 9 | Investments | - | - | - | - | - |
| 10 | Turnover | 1266846.73 | 1169085.66 | 1727399.84 | 1087881.31 | 251664.45 |
| 11 | Profit/(Loss) before taxation | (92581.30) | (364806.17) | (373597.47) | (224123.99) | (17039.93) |
| 12 | Provision for taxation |  |  |  |  |  |
| 13 | Profit/(Loss) after taxation | (92581.30) | (364806.17) | (373597.47) | (224123.99) | (17039.93) |
| 14 | Proposed Dividend |  |  |  |  |  |
| 15 | Extent of shareholding (in percentage) | 100% | 100% | 100% | 100% | 100% |

Note:- Southern UP Power Transmission Corporation Ltd. is inoperative and under the closure.

R.M. LALL & CO.
CHARTERED ACCOUNTANTS

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# 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 2021

## Part B:- Associates and Joint Ventures

*(₹ In Lakhs)*

| Name of Associates or Joint Ventures | |
|---|---|
| 1. Latest audited Balance Sheet Date | N.A |
| 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 | |

R.M. LALL & CO.

# U.P.POWER CORPORATION LIMITED

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

## Disclosure as per Schedule III to the Companies Act, 2013

| Sl. No. | Name of the Entity | Net Assets i.e. Total Assets minus Total Liabilities as at 31.03.2021 | | Share in Profit or Loss for the Year 2020-21 | | Share in other comprehensive income for the Year 2020-21 | | Share in Total Comprehensive income for the Year 2020-21 | | Net Cash Inflows/ (Outflows) |
|---|---|---|---|---|---|---|---|---|---|---|
| | | As % of Consolidated Net Assets | Amount (₹ in Lakhs) | As % of Consolidated Profit or Loss | Amount (₹ in Lakhs) | As % of Consolidated other comprehensive income | Amount (₹ in Lakhs) | As % of Consolidated Total Comprehensive income | Amount (₹ in Lakhs) | |
| A | **Parent** | | | | | | | | | |
| | U.P. Power Corporation Ltd., Lucknow | 27.21 | 815180.25 | 293.62 | 1737871.69 | 0.05 | (3.98) | 297.66 | 1737867.71 | 160759.97 |
| B | **Subsidiaries** | | | | | | | | | |
| | Madhyanchal Vidyut Vitran Nigam Ltd., Lucknow | 19.56 | 585869.94 | (15.64) | (92581.30) | 0 | - | (15.86) | (92581.30) | 17250.49 |
| | Purvanchal Vidyut Vitran Nigam Ltd., Varanasi | 34.96 | 1047489.75 | (60.25) | (356613.82) | 102.06 | (8192.35) | (62.48) | (364806.17) | (10996.86) |
| | Pashchimanchal Vidyut Vitran Nigam Ltd., Meerut | 23.35 | 699620.64 | (63.12) | (373597.47) | 0 | - | (63.99) | (373597.47) | 21815.43 |
| | Dakshinanchal Vidyut Vitran Nigam Ltd., Agra | 1.51 | 45334.63 | (37.87) | (224123.99) | 0 | - | (38.39) | (224123.99) | 33385.41 |
| | Kanpur Electricity Supply Company Ltd., Kanpur | (6.59) | (197545.65) | (2.91) | (17209.55) | (2.11) | 169.62 | (2.92) | (17039.93) | (4012.73) |
| | Southern Power Transmission Corporation Ltd.,Lucknow | 0.00 | 0.10 | (0.00) | (0.03) | | - | 0.00 | (0.03) | (62.37) |
| C | **CFS Adj** | | | | | | | | | |
| | Adjustment as per Point no. 37 of Note 31 | | | (13.83) | (81874.04) | 0 | - | (14.02) | (81874.04) | |
| | Total | 100.00 | 2995949.66 | 100.00 | 591871.49 | 100.00 | (8026.71) | 100.00 | 583844.78 | 218139.34 |

R.M. LALL & CO.

## Management Reply on the Statutory Audit Report of Consolidated Financial Statements for the FY 2020-21

| **INDEPENDENT AUDITOR'S REPORT** | |
|---|---|
| **To,**<br>**The Members,**<br>**Uttar Pradesh Power Corporation Limited,**<br>**Shakti Bhawan,**<br>**Lucknow.** | No Comment |
| **<u>Report on Consolidated Financial Statements</u>**<br>**Qualified Opinion:**<br>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 VidyutVitran Nigam Limited, Meerut, (PVVNL), Dakshinanchal VidyutVitran 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, 2021, 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, 2021.<br>b) In the case of consolidated statement of Profit and Loss, of the consolidated net profit (financial performance including other comprehensive income) of the Group for the year ended on that date;<br>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:**<br>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. | No Comment |
| **Key Audit Matters:**<br>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 | No Comment |

| | |
|---|---|
| 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:**<br>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.<br>Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.<br>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.<br>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:**<br>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 | No Comment |

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| 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.<br>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:**<br>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.<br>As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:<br>• Identify and assess the risks of material misstatement | No Comment |

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 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, 2020, 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, 2021, 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 Lacs)**

| Name of the Companies | Total Assets as at 31.03.2021 | Net Assets i.e., Total Assets minus Total Liabilities as at 31.03.2021 | Total Net Profit/ (Loss) as at 31.03.2021 | Net Cash in Flows/ (outflows) as at 31.03.2021 |
|---|---|---|---|---|
| **Subsidiaries:** | | | | |
| MadhyanchalVidyutVitran Nigam Limited, Lucknow, (MVVNL) | 45,03,974.84 | 5,85,869.94 | (92,581.30) | 17,250.49 |
| PurvanchalVidyutVitran Nigam Limited, Varanasi, (PuVV | 60,00,892.79 | 10,47,489.75 | (3,56,613.82) | (10,996.86) |

No Comment

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| NL) | | | | |
| PaschimanchalVidyutVitran Nigam Limited, Meerut, (PVVNL) | 38,56,301.80 | 6,99,620.64 | (3,73,597.47) | 21,815.43 |
| DakshinanchalVidyutVitran Nigam Limited, Agra, (DVVNL) | 40,93,905.62 | 45,334.63 | (2,24,123.99) | 33,385.41 |
| Kanpur Electricity Supply Company Limited, Kanpur, (KESCO) | 5,22,185.91 | (1,97,545.65) | (17,209.55) | (4,012.73) |
| Southern UP Power Transmission Company Limited (SUPPTCL) | 0.10 | 0.10 | (0.03) | (62.37) |
| **Total** | **1,89,77,261.06** | **21,80,769.41** | **(10,64,126.16)** | **57,379.37** |
| CFS Adjustment | - | - | (81,874.04) | - |
| **Grand Total** | **1,89,77,261.06** | **(21,80,769.41)** | **(11,46,000.20)** | **(57,379.37)** |

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| 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. | No Comment |
| **Report on Other Legal and Regulatory Requirements:**<br>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:<br>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.<br>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.<br>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. | Comments have been provided against the specific observations. |

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.

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| **Annexure I to Independent Auditors Report**<br>(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 Group for the year ended 31st March, 2021)<br>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 Group 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 withInd 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 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.<br>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. | In absence of the latest actuarial valuation report, the provision for Gratuity Liability of the employees covered under GPF scheme has been |

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| | (Refer Para 14 Note – 31 "Notes on Accounts").**This is inconsistent with Ind AS-19 "Employee Benefits"**. | made on the basis of actuarial valuation report dated 09.11.2000 |
| 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). Valuation of stores and spares for O & M and others **is not consistent withInd 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. | "Inventories" includes obsolete stock, unserviceable/ slow-moving stock valued at cost, which is inconsistent **withInd 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. |
| f. | 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)(II)(e). Such employee cost to the extent not directly attributable to the acquisition and/or installation of Property, Plant andEquipment is **inconsistent withInd 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.<br>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).<br>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. |
| g. | The auditors of the subsidiaries reported that depreciation on fixed assets have not been provided on pro-rata basis which is **inconsistent withSchedule – II of the Companies Act, 2013** | 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 |

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|  | **andInd AS-16 "Property, Plant and Equipment"** to the extent applicable. | during the year has been provided on prorata basis by taking average six months period.<br>The same is also disclosed in significant Accounting Policies at point no. 2(II) and IV(b) of PVVNL. |
| h. | Assessment of the Impairment of Assets has not been done by the Group, **which is inconsistent with IndAS-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. |
| i. | Consolidated Cash Flow Statement has been prepared without making any relevant adjustments as per requirements of **Ind AS-7 "Statement of Cash Flows"**. Thus, we are unable to comment on the same. | Noted. |
| j. | Distribution license taken by DVVNL is not yet recognised at all by the Group which **is inconsistent with Ind AS-38 "Intangible assets"**. This has resulted in understatement of Intangible assets and amortisation expenses. | The Distribution License fee is paid annually as per UPERC (fees and fines) Regulations 2010 in the respective financial year, hence, it is fully chargeable to profit & loss account. Thus, no need for recognising under intangible assets. |
| 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-31 "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.XVI and necessary disclosure has also been made in Notes to accounts. |
| l. | The Borrowing Cost allocated to CWIP by PVVNL and MVVNL is not in accordance with **Ind AS-23 "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.<br>The total interest of Rs. 8620.55 lacs is directly attributed to the loan taken by the company specifically for construction of assets under various schemes. |

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| 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 claim of staff & court cases for Revenue and other related liabilities, Interest on RAPDRP Loan, Statutory defaults, Statutory dues, Court cases other than Trade Revenue etc. has already been disclosed in Notes on Accounts at point no. 18(b) of PVVNL. |
| n. 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. | The distribution licensee is required to pay Annual License fee in consonance with the provision of UPERC requirements/rules which is near to impossible to predict accurately. Thus, on the basis of previous year assessment the Annual License fee for current year is calculated and paid and for any shortage or excess in payment, adjustment is done after completion of financial year. |
| 2. Inter unit transactions amounting Rs. 4,17,857.02lacs, 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 and Other Financial Assets (Note-7), Trade Receivables (Note-10), Financial Assets-Others - Employees, Others (Note-12), Other Current Assets - Suppliers & Contractors (Note-13), Financial Liability-Trade Payables (Note-19), Other Financial Liabilities (Current) – except Current maturities of long-term borrowings and Interest accrued but not due on borrowings (Note-20) are subject to confirmation/reconciliation.<br>The above notes balances include balances transferred from various transfer schemes, reconciliation and confirmation for the same is under process. | No Comment |
| 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 – 31 "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, |

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| | | necessary instructions have been issued to zone/units. |
| 6. | Sufficient and appropriate documentary audit evidences in respect of Contingent liabilities disclosed in *Para 18(b) of Note – 31 "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. |
| 7. | UPPCL had paid an amount of Rs. 13,431.00 lacs against a liability of Rs. 10,871.00 lacs to Madhya Pradesh Power Trading Company. Due to non-creation of additional liability, there was a debit balance (receivable balance) of Rs. 256.00 lacs whish has been adjusted in liabilities. Hence, liabilities and other equities (Losses) are understated to that extent. | Payment of Rs. 13431.00 Lacs had been done to MPPMCL as compensation for retention of MP's share in Rihand and Matatila Hydro Power Stations in compliance of Supreme Court order dated 26.03.2012. There is a provisional Liability of Rs. 10871.00 Lacs under AG Code 41.206 against this payment. |
| 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. 60,44,916.32Lacs (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. | As per the opinion drawn by the auditors of DISCOMs, Bank Reconciliation Statement (BRS) in respect of various bank accounts, have not been prepared on regular basis and these contains numerous outstanding unreconciled entries of earlier years including those of stale cheques, un-cashed cheques and other debits/credits. | Necessary instructions have been issued to units/Zones. |
| 10. | As per the opinion drawn by the auditors of DISCOMs, Revenue collection through NEFT/RTGS and unbilled revenue have not been properly dealt in books of accounts, impact of the same on receivable from consumers is unascertainable | Necessary instructions have been issued to units/Zones. |
| 11. | The Group 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. |
| 12. | 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. |
| 13. | The Board of Directors in its meeting no. 159 dated 14th August 2020 vide resolution no. 51 had directed | For Implementation of Board order, Proper instructions have been sent to various |

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| | DISCOMS to correct and write-off their fictitious arrears and irrecoverable dues. No action has been taken by DISCOMS in this regard. | distribution divisions for proper implementation. Action has been initiated. |
| 14. | 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. |
| 15. | **Audit observations in Zone Audit report excluding those which have been appropriately dealt with elsewhere in the report.** | |
| | a. **Purchase of power**<br>• There is no effective system in place to verify power purchase for completeness, only those bills are accounted in the books of accounts which are received, no system in place for quantitative reconciliation of the power actually purchased vis-à-vis power purchase accounted in the books of accounts, reconciliation of power purchased with suppliers are not done neither provided to us. Balance confirmation and reconciliation with the suppliers was not carried out therefore impact on power purchase and power sales and eventually on position of sundry payables and receivable in not quantifiable, this may consequently impact the profitability of the DISCOMs. | The unit has effective internal controls to verify total energy purchased during the year and have a mechanism to verify each and every bill on the basis of related energy account of concerned generator.<br>Bills for reimbursement of Statutory charges/ Income Tax and invoices as per UPERC/CERC true-up/tariff revision orders are being accounted for as per the event. We strive to ensure booking of all power purchase cost during the related financial year itself. In order to transfer the total power purchase cost to DISCOSMs reimbursement bills and other bills of nature that cannot be known to us in advance are considered till the date of preparation of trial balance as an internal control measure in practice to ensure all such costs such as reimbursement bills, bills pertaining to any latest UPERC/CERC orders etc raised after financial year end and received up-to-date get recorded in books and total cost gets accurately allocated to DISCOMSs for consideration in their books.<br>Regarding quantitative reconciliation of power, this is to submit that the energy booked in accounts is already verified from energy billed by Dispatch Centers (NRLDC, SLDC etc.). Further, a reconciliation of energy quantity booked in accounts with energy shown in MIS is being carried out month on month basis.<br>This is worth considering that an independent third party firm has been appointed for reconciliation of accounts with all suppliers and statements of almost is being carried out on top priority. Account statements of almost all suppliers have been received for FY 2018-19 and 2019-20, which have been reconciled/under |

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| | reconciliation for differences identified. Account statements of many suppliers have been received for FY 2020-21 which are under process of reconciliation. We are continuously following up with suppliers/creditors for the purpose of balance confirmation and reconciliation. Reconciliation is a continuous process and we are working in that direction. |
| • Generation based Incentives (GBI) receivable from IREDA amounting to Rs. 1,230.01 lacs (Previous Year – Rs. 1,147.68, lacs) and a sum of Rs. 4,997.55 lacs (Previous Year- Rs. 1,655.78, lacs) from UPNEDA are subject to confirmation and reconciliation and Consequential adjustment. | Necessary instructions have been issued to units/Zones |
| • The zone has received interest amounting to Rs. 56.33, lacs and TDS of Rs. 4.22 lacs have been deducted there from. But the amount of interest of Rs. 31.16 lacs (Out of Rs. 56.33 lacs) has been netted off in purchase cost in the books. (#Unit-330 EIE&PC) Purchase cost and interest income have, therefore understated to the extent of Rs. 31.16 lacs. | Interest cost or interest receivable included in the Power Purchase bills presented by Generators for prior periods on account of adjustment/revision in compliance of UPERC/CERC regulations or orders etc. have been accounted under power purchase cost. Since, the total power purchase cost is to be transferred to DISCOMs as power sale price, hence, is no understatement/overstatement of profit or loss and no impact on profitability. |
| b. **Provision for Late Payment Surcharge**<br>There is no proper system to compute the late payment surcharge payable to various power suppliers. We are therefore unable to comment on the amount of overstated profit/understated loss of the zone for the financial year 2020-21 on account of provision of late payment surcharge. | It is to submit that Electricity Import Export & Payment circle (EIEPC) is entrusted with verification of Invoices for purchase of power as per the PPAs and relevant regulations. LPS claims for delay in payment to generators are being verified as per the relevant PPAs and regulations. For precisely computing the delay in number of days each and every payment amount and payment date is verified by payment department. Further each and every invoice amount and invoice presentation date are verified jointly by Import Export unit and supplier for the purpose of calculation of LPS. Also, it is to submit that all LPS claims have been accounted for in the books and accordingly there is no understatement of loss or overstatement of profit for the year 2019-20. |
| c. **Accounting of Accrued Interest for Noida Power Company Limited** | |

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| The Electricity Import Export & Payment Circle Unit (Unit#330 EIE&PC) of the Zone has accrued interest to the tune of Rs. 1,954.56 lacs during the Financial Year 2020-2021 (Previous Year- Rs.1,700.59lacs) against advance provided to Noida Power Company Limited. However as explained to us the interest is being accrued for an amount of advance paid for supply of power, further no details including the actual amount of advance paid and status of the transaction including its recoverability were provided to us. Recognizing it as an income when the recovery is uncertain is in contravention to Ind AS 115. In the absence of proper details and information, we are unable to quantify the amount of same and its consequential impact on financial statement. | It is to submit that the interest from Noida Power company limited is getting accounted for in accordance with agreement with NPCL on O/s balance receivable from NPCL.<br>Further interest has been correctly calculated over the advance of Rs. 113.87 crore, that is appearing in the HQ books as on 01.04.2019 @14% as mentioned in agreement. |
| d. **Accounting for Accrued Penal Interest Income**<br>Electricity Import Export & Payment Circle of the zone #Unit-330 has unadjusted late payment surcharge amounting to Rs. 7,045.79 lacs (Previous Year Rs. 6,966.79 lacs till the 31st March, 2021, as explained the unit has not identified the late payment surcharge upon receipt of fund and the process is under reconciliation, hence we cannot comment upon it. | Regarding audit point that Penal Income/Interest/Late Payment surcharge of Rs. 1.16 crores has been booked in contravention of company policy as the same has to be accounted for on cash basis due to uncertainty of realization, it is to mention that same has been realized by the company as NRPC is continuously making payments, however payments from NRPC cannot be segregated as earmarked for LPS receivable or other payments. |
| 16. **Audit observations in Audit Report of the Subsidiaries Companies excluding those which have been appropriately dealt elsewhere in the report are reproduced below-**<br>(Notes referred to in the following sub paras form part of the notes on accounts to the standalone financial statements of the respective subsidiaries) | No Comment |
| (i) **DVVNL**<br>a. The Company 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. Despite similar comment in Statutory Audit Report for financial year 2018-19, no corrective action has been taken by the Management. | These values has been received under Final Transfer Scheme, however we are reviewing this comment to pass necessary entries, if required. |

<table>
<tr>
<td>b. The following AG Code in the following zones are having credit balances:
<table>
<tr><th>AGCODES</th><th>ZONES</th><th>AMOUNT(InRs.)</th></tr>
<tr><td>22.780 (Transformersenttorepairs)</td><td>JHANSI</td><td>3,33,44,047.00</td></tr>
<tr><td></td><td>ALIGARH</td><td>5,59,06,415.00</td></tr>
<tr><td></td><td>AGRA</td><td>64,68,67,966.59</td></tr>
<tr><td>22.660</td><td>KANPUR</td><td>17,18,49,745.33</td></tr>
<tr><td></td><td>JHANSI</td><td>3,11,36,855.84</td></tr>
<tr><td>22.662</td><td>JHANSI</td><td>63,60,69,344.52</td></tr>
<tr><td>22.770 (ScrapMaterial)</td><td>JHANSI</td><td>27,11,42,455.70</td></tr>
<tr><td></td><td>KANPUR</td><td>90,58,432.42</td></tr>
<tr><td>22.810 (Stock ExcessPending forInvestigation )</td><td>KANPUR</td><td>3011.00</td></tr>
<tr><td></td><td>JHANSI</td><td>8,09,549.72</td></tr>
<tr><td>TOTAL</td><td></td><td><b>1,85,61,87,823.12</b></td></tr>
</table>
It is impracticable as Stock value cannot be negative. Moreover, these balances have been shown bydeduction from inventory therefore assets have been undervalued by Rs. 18,561.88 lacs and need to be reconciled.</td>
<td>These balances are under reconciliation.</td>
</tr>
<tr>
<td>c. In EE Admin Head, we observed that many expenditure heads are not booked on accrual basis. Some instances are given below: 74.809 (OFFICE EQUIPMENTS {OTHERS}), 76.107 (INSURANCE), 76.112 (POSTAGE AND TELEGRAM), 76.121 (LEGAL EXPENSES), 76.153 (PRINTING AND STATIONERY), 76.155 (ADVERTISEMENT EXPENSES), 76.190 (MISC EXPENSES).</td>
<td>As the final liability of any bill has been arises only when the same has been verified and passed for payments at various level, the same has been accounted for as and when the same has been received at this unit.</td>
</tr>
<tr>
<td>d. As per Para 111 of IND AS 115," Revenue From Contracts With Customers" the company has not disclosed the total Cash flow realised from the customers, uncertainty of Revenue and timing of realization under Notes to accounts. Company has</td>
<td>Due care will be made in disclosures in Future.</td>
</tr>
</table>

<table>
<tr><td>not complied with the disclosure requirement as per IND AS 115.</td><td></td></tr>
<tr><td>e. As per sub point (c) of Para 39 of IND AS – 20, “an entity shall disclose all conditions and other contingencies attaching to government assistance that has been recognised”, but the management has not disclosed about the conditions and contingencies for each government grant received. We recommend the management to comply with these disclosure requirements in their financial statements.</td><td>The Company does not receive any grants directly from the Government, Hence the conditions and other contingencies attached with such grants are not available with the company to disclose.</td></tr>
<tr><td>f. WhilescrutinizingtheZonalTrialbalanceitwasobservedthatunderAGHead14(CWIP), various amounts are persisting since long for which no capitalization is made.Aspermanagementnoreconciliationforthesameisavailable.Werecommendthemanagementtoreconciletheaboveatearliest,sothatnecessaryadjustment canbemade.
<table>
<tr><th>ZONES</th><th>AGCODE</th><th>NAME</th><th>AMOU (InRs.)</th></tr>
<tr><td>AGRA</td><td>14.73B</td><td>TajTrapezium</td><td>1,53,084</td></tr>
<tr><td rowspan="8">ALIGARH</td><td>14.72</td><td>RECNormalWork</td><td>1,38,771</td></tr>
<tr><td>14.73R</td><td>RamManohar Lohia</td><td>24,79,01 0</td></tr>
<tr><td>14.73B</td><td>RGCWorks</td><td>1,11,260</td></tr>
<tr><td>14.64</td><td>11KVUrban</td><td>5,08,740</td></tr>
<tr><td>14.73</td><td>RMNP</td><td>14,18,99</td></tr>
<tr><td>14.73A</td><td>Ambedkar Village Electricity</td><td>7,06,003</td></tr>
<tr><td>14.73S</td><td>SubhagyaYojana</td><td>12,73,59</td></tr>
</table>
</td><td>Reconciliation of these unreconciled balance are undergoing and the required adjustment will be made after completion of such reconciliation.</td></tr>
<tr><td>g. On scrutinising consolidated trial balance, it is found that in AG Code 23.8(REC-Theft ofPower) opening balance of Rs. 2,151.54 lacs (Debit) is outstanding for several yearswhich has not been provided for completely. Under AG Code 23.808(Provision for REC-Theft of Power) an amount of Rs. 8.94 lacs (Credit) is outstanding, hence provision isshortby Rs.2,142.60 lacs.</td><td>These are the old balances which are under reconciliation.</td></tr>
</table>

<table>
<tr><td>h.</td><td>While scrutinizing the Zonal Trial Balance, it has been observed that in case of Kanpur Zone,Aligarh Zone and Jhansi & Banda Zone under AG 28.210& 28.250 (Income Accrue and Due)followingamountsareoutstanding: -
<table>
<tr><th>AGCODE(28.210& 28.250)</th><th>AMOUNT(IN RS)</th></tr>
<tr><td>KANPURZONE</td><td>2,80,43,41</td></tr>
<tr><td>JHANSI&BANDA ZONE</td><td>23,64,876</td></tr>
<tr><td><b>TOTAL</b></td><td><b>3,04,08,294</b></td></tr>
</table>
The amount has neither been received nor adjusted during the year and the same value iscarriedforwardasclosingbalance,ason31.03.2021.The managementhasnotprovidedproperjustification forthesame.</td><td>These are the old balances which are under reconciliation</td></tr>
<tr><td>i.</td><td>There are unreconciled entries under AG Code22.780 (Transformerssent for repairs),AGCode22.77(ScrapMaterials),AGcode31to 37(InterUnitTransfer)andAGCode 46.94(GoodsandServiceTax)ason31stMarch,2021.The unreconciledentriesshouldbereconciled.</td><td>These balances are under reconciliation.</td></tr>
<tr><td>j.</td><td>Under AG Code 46.910(Stale Cheques) indicates cheques which have become time barred. Proper adjustments are recommended in this regard.</td><td>These balances are under reconciliation.</td></tr>
<tr><td>k.</td><td>There are various balances under AG Code 46.929(Service Tax Liability) amounting toRs. 152.98 lacs, AG code46.926 (CentralSales Tax) amountingtoRs. 3.52 lacsandAGCode46.927(StateSalesTax)amountingtoRs.160.29 lacs.Afterintroduction of Central Goods State Tax Act, 2017, service tax and sale tax are no moreapplicable but some credit entries have been passed during the year which does notseemstobejustified.Managementcouldnotprovideanyexplanationtous.</td><td>These balances are under reconciliation.</td></tr>
<tr><td>l.</td><td>In the following codes balance are pending since long but management is unable to explain the nature of such accounts. The balance under this head should be identified and necessary rectification entries should be passed:
<table>
<tr><th>ZONES</th><th>AGCODE</th><th>NAME</th></tr>
<tr><td>Aligarh</td><td>42.2</td><td>SupplyControlAcco</td></tr>
<tr><td>Agra</td><td>22.710</td><td>WorkshopSuspense</td></tr>
</table></td><td>These balances are under reconciliation.</td></tr>
</table>

| | | | | | |
|---|---|---|---|---|---|
| | Kanpur | 38 | LiabilityrelatedUPSEB | 96,54,570.00Cr | |

<table>
<tr><td>m. Following is liability head which shows debit balance. It seems some entries from some other head have been parked in these codes which are understating Trade Payables, it needs to be reconciled and required entry must be passed.
<table>
<tr><th>ZONE</th><th>AG CODE</th><th>NAME</th><th>Amount (I Rs.)</th></tr>
<tr><td>Aligarh</td><td>47.410</td><td>Railways</td><td>16,82,89,324 Dr</td></tr>
</table></td><td>These balances are under reconciliation.</td></tr>
<tr><td>n. During the year company has revised its estimation related to residual value of fixed assets from5% to 10% as per UPERC letter. The company has credited the differential amount of assets havingless than 10% residual value to depreciation account to make book value of assets equal to salvagevalue.Inouropinionthetransfershouldhavebeendonefromgeneralreserveinsteadofdepreciationaccount.DuetothisdepreciationisunderstatedbyRs.7,193.00 lacs(approx.)resultinginunderstatementofcurrentyearloss.</td><td>As the above treatment of Residual value was change in Accounting Estimate, this is not a case of error or omission which needs to be treated as prior period item and require adjustment from Reserve.</td></tr>
<tr><td>o. Thecompanyisrequiredtode-recognizeassetsontheirdisposalandrecordgain/lossarisingfromdisposalofassets.However,thecompanyisnotrecognizinggain/lossarisingfromdisposalof Plant and Equipment. The quantification of totaleffect on the Profit & Loss Account of thecompanyisnotascertainableasrequireddocumentsforcalculatingeffectonProfit&LossAccountsarenotmaintainedproperly.</td><td>No asset has been disposed off during the year.</td></tr>
<tr><td>p. As reported in Audit Report of Agra Zone, “The Fixed assets withdrawn from the active use are takenback in the store after deducting only one year of depreciation from its cost irrespective of its actualuseperiod.Moreover,thecostisalsotakenonthebasisofitsreplacementcostratherthanhistorical cost. Both above lead to over Valuation of item taken back to store and in some cases also lead to thenegative balances in the fixed assets account. In the absence of specific data regarding above we areunabletoquantifytheeffect (INDAS16).”</td><td>Expired life of Assets withdrawn from active uses are determined by the concern JE and accordingly the depreciation has been deducted from the cost of assets, since there was no other mean to determine the actual use period.</td></tr>
<tr><td>q. During the year, company has sold LED bulb vide AG code-22.791. However, the company hascredited the value of sales under the same head, instead of recognizing it as income. Therefore, itleadstounderstatementofrevenueandstockbyanamou</td><td>Sale of LED has been made on Cost basis hence the same has been directly credited to LED Stock account.</td></tr>
</table>

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| ntofRs.4.88 lacs. | |
| r. On checking of cash flow statement, we observed that amortisation of Rs. 16,062.00 lacs is deductedfrom additions of Property, Plant and Equipment. In our opinion, the presentation of cash flow is notproper.Property,PlantandEquipmentshouldhavebeenshownatfullvalueandamortisationshould have been shown separately. Instead of amortisation being reflected separately the same isdeducted fromProceedsfromconsumer'scontribution&GoUPcapitalSubsidy. | This was due to misclassification; due care will be made in upcoming year. |
| s. As per Ind AS 20, "A government grant that becomes receivable as compensation for expenses or lossesalready incurred or for the purpose of giving immediate financial support to the entity with no futurerelated costsshallberecognised inprofitorlossoftheperiodinwhich itbecomesreceivable.Agovernment grantis not recognised until thereis reasonableassurance that the entitywill complywiththeconditions attachingtoit,andthat thegrantwillbereceived." The company has credited the subsidy receivable from government of U.P. amounting to Rs 2,15,969.00lacsingeneralreservebydebitingthesubsidy receivablefromgovernmentofU.P.underFinancial Assets –Others (Current). Company has disclosed this in Note no.38 of notes to accounts1B. As explained to us by management, this subsidy amount will be received in future10 years forwhich government will make budget in accordance with GO No. 958.24-1-2020-731(Budget)/2020dated 15.07.2020 and company will amortize this subsidy amount in Statement of Profit & Loss innext10yearsonthebasisofbudgetgivenby thegovernment. Since company has not provided us detailed explanation of this treatment, hence we are unable toframeproper opiniononthis. | The Grant receivable under Atmanirbhar Bharat Yojna has been accounted For as per the instruction of Holding Co. i.e. UPPCL. |
| t. The company is in practice of recognizing the amount of UDAY loss subsidy on the basis of credit noteissued by UPPCL. The amount of subsidy to be received from government is 50% of losses of FY 2019-20 which amounts to Rs. 31,452.00lacs (being 50% of Rs. 62,903.00 lacs). However, the company hasaccounted for Rs. 38,859.00lacs in other income in the statement of Profit & Loss for the FY 2020-21againstreceivableofRs.31,452.00lacs.Thus,thelossesofcompanyhavebeenunderstatedbyRs.7,407.00lacs | As per the practice of the Company the amount of Subsidy booked on the basis of Credit Notes received from UPPCL, These booking has been made on the basis of Credit Notes provided for UDAY loss subsidy in respective Years. |

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| (Being difference between Rs. 38,859.00lacs and Rs. 31,452.00lacs) and other currentassetshasbeenoverstatedbyRs.7,407.00lacs. | |
| u. In the draft comment no. 4 and 5 of C&AG of 2018-19, it has been informed by the auditee that reconciliation of Uday loss subsidy with UPPCL is under process and necessary adjustment if any willbemadein FY2020-21. However, nosuch reconciliation was made availablefor our verification andnoadjustmenthasbeenmadeinthisregard. | As per the practice of the Company the amount of Subsidy booked on the basis of Credit Notes received from UPPCL, These booking has been made on the basis of Credit Notes provided for UDAY loss subsidy in respective Years. |
| v. During the FY 2020-21, the company has reversed the provision for leave encashment of Rs. 12,256.00lacs in its statement of Profit & Loss. As informed to us by management, the company used to makeprovision for leave encashment by calculating the same on manual basis upto F.Y.2019-20 at zonal levels. While in current year i.e., 2020-21 calculation of leave encashment has been done throughsoftware by the company as a result of which reversal of excess provision of past years has been done.In absence of sufficient appropriate audit evidence and explanation in this regard by the Auditee we are unable to comment on correctness of the calculation. | The above calculation of Leave Encashment of GPF employees has been made centrally with the help of Employee Data Extracted from ERP database. |
| w. Energy internally consumed forms part of the revenue from operations, as per management there is a practice of showing energy internally consumed at market value and showing the same in revenue. However, the energy internally consumed can't be treated as regular supply. The result of this practice followed has resulting in overstatement of Revenue by Rs. 21,953.27 lacs for the year. Further this amount has been shown in Note-23 under Administrative, general and other expense and the same amount has also been included in purchase of power in Note-19 at cost, hence there is an overstatement of Administrative, general and other expense by this amount. | Since the Company's Revenue is Rate Regulated hence the energy internally consumed should also valued at the rate specific under the tariff applicable of such class and accordingly the Expenses has been booked. |
| x. In AG code 22.780(Transformer sent to repairs), revenue from sale of such items has not beenrecorded in Profit& lossaccount.In absenceof sufficient appropriate auditevidence, weareunabletoquantifyitsfinancialimpact. | Under this head the amount reflects the cost of Transformer sent to repairer for repairing, this is not a case of sales, hence the same has not been booked under the Profit & Loss account. |

<table>
<tr><td>

y. The company is required to recognize revenue from sale of Scrap material but the company is notrecognizing revenue from sale of these items and instead of recognizing revenue the company isshowing these items as deduction from its inventory. The result of this is that the inventory andrevenuebothareunderstated.Thedetailsofscrapsaleyingincreditof AG-22.770isasfollows:

<table>
<tr><th>Zones</th><th>SALE OF MATERIAL(AG-</th></tr>
<tr><td>Agra</td><td>184282886.00</td></tr>
<tr><td>Aligarh</td><td>69481214.00</td></tr>
<tr><td>Kanpur</td><td>60906644.00</td></tr>
<tr><td>Jhansi&Banda</td><td>39380713.00</td></tr>
<tr><td><b>TOTAL</b></td><td><b>35,40,51,457.00</b></td></tr>
</table>

</td><td>These balances are under reconciliation and Profit/Loss on sale of Scrap will be booked after completion of such reconciliation.</td></tr>
<tr><td>z. As per IND AS – 115, "Revenue from Contracts with Customers", Revenue should be recognised inthe year in which it is accrued, but in case of supply of power to Torrent Power Ltd. Agra, in theyear 2019-20, the company has recorded revenue amounting to Rs. 3,622.00 lacs for the month ofMarch 2020 twice in its books of accounts. As the company booked whole supply of power in theyear 2019-20 and has also made a provision for March's last week supply under "provision forunbilled revenue", hence company has overstated the revenue in previous financial year. Further,the company has reversed the provision for unbilled revenue amounting to Rs. 3,622.00 lacs incurrent year financial statements. As a result of which current year revenue has been understatedbythisamount.Furtherthecompanyhasnotmadeaprovisionforunbilledrevenueof TIRamountingtoRs. 5,098.00 lacsforthemonthofFebruaryandMarch2020inthefinancialyear2019-20 and it has recorded this TIR amount in F.Y. 2020-21, which belongs to F.Y. 2019-20. Therefore,currentyearrevenuehasbeenoverstatedwiththesameamount.</td><td>Due care will be made in future years.</td></tr>
<tr><td>aa. As per Para 16 of IND AS 37,"Provisions, Contingent Liabilities and Contingent Assets",the Company is required to disclose Court Cases going on at the end of Financial Year,brief description related to nature of the contingent liability and estimate of its financialEffectsandpossibilityofreimbursement.Thecompanyhasnotmadeanysuchdisclosure with respect to the above, thus company has not complied with the</td><td>Due care will be made in future years</td></tr>
</table>

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| disclosurerequirementofIndAS37. | |
| bb. As perPara 86 of IND AS– 37, “an entity shall disclose for each classof contingentliabilityattheendofthereportingperiodabrief descriptionaboutthenatureofcontingentliabilitywithestimateofitsfinancialeffectandanindicationoftheuncertaintiesrelatingtotheamountortimingofanyoutflow”.Managementisinpracticetodisclosethecumulativeamountof ContingentLiabilitiesattheendofreportingperiod. Themanagementshoulddisclosethedetailedbreakupofeachclassof contingent liability with its effect on financial statement and expected future outflowwiththeir timings. | Due care will be made in future years. |
| cc. As per Para 26 of IND AS – 23, “An entity shall disclose the capitalisation rate used todeterminetheamountofborrowingcostseligibleforcapitalisation”.However,themanagementhasnotdisclosedthe samein notestoaccounts. | Due care will be made in future years. |
| dd. OnscrutinizingtheTrialBalanceofAligarhZone,acredit balanceamountingtoRs.1.62lacs was observed under the AG CODE 28.210(Income Accrued & Due on FundInvestment),Rs.0.65 lacsunderAGCode28.260(InterestAccruedandDue)andRs.12.74 lacs under AG Code 28.290(Other Income Accrued) which is abnormal as IncomeAccruedcanneverbenegative.Themanagement couldnotexplainthisdiscrepancy. | Due care will be made in future years. |
| ee. AspertheprovisionsofSection285baofIncomeTaxActeverypersonwhoissuesharesforaconsiderationofmorethanRs.10Lacs(Includingshareapplicationmoney)isrequired to file SFT-008. However, company has not filed the form which attracts penalprovisionsunderIncomeTaxAct. | Due care will be made in future years. |

<table>
<tr>
<td>ff. As mentioned in Audit report of Kanpur zone, “While checking of the Trial Balance of Units,wehaveobservedthatmanyCodes ofReceivablesagainstsupplyofpower(AG-23)areshowingexcessrealization,whichdonotappearto becorrect.Detailsaregivenasunder”:
<table>
<tr><th>S.No.</th><th>DivisionName</th><th>Amountappearinginaccountcode</th><th>Amount (InRs.)</th></tr>
<tr><td>1</td><td>EDDJhinjhak</td><td>OtherMisc.Receipts(AG-23.707)</td><td>-28975508.37</td></tr>
<tr><td>2</td><td>EDDRania K.Dehat</td><td>Reconnection/Disconnection (AG-23.702)</td><td>-510610.00</td></tr>
<tr><td>3</td><td>EDDChhibramau</td><td>Publicwaterworks(AG-23.107)<br>STWupto100H.P(AG-23.108)<br>LiftIrrigation(AG-23.111)</td><td>-17473848.59<br>-15190797.87<br>-21781885.66</td></tr>
<tr><td>4</td><td>EDDGhatampur</td><td>OtherMisc.Receipts(AG-23.707)</td><td>-21252128.01</td></tr>
<tr><td>5</td><td>EDDFarrukhabad</td><td>LiftIrrigation(AG-23.111)</td><td>-119669895.00</td></tr>
<tr><td>6</td><td>EDDKannauj</td><td>STWupto100H.P(AG-23.108)</td><td>-164957281.51</td></tr>
<tr><td>7</td><td>EDDSaifai</td><td>Publicwaterworks(AG-23.107)<br>Large&Heavy Power(AG-23.109)</td><td>-194629660.10<br>-98592595.88</td></tr>
<tr><td>8</td><td>EDDKaimganj</td><td>Publicwaterworks(AG-23.107)<br>STWUpto100H.P(AG-23.108)</td><td>-178564039.61<br>-54160351.51</td></tr>
</table>
</td>
<td>This was due to Intra-head misclassification,Due care will be made in future years.</td>
</tr>
<tr>
<td>gg. PriorperiodexpensesofRs.7,424.00lacshavebeenmentioned,howevernetadjustmentofRs.10,342.00lacshasbeenmadeinfinancialstatements.Therefore,theamountis wronglystatedinnotestoaccounts.</td>
<td>This was due to typographical mistake, Due care will be made in future years.</td>
</tr>
<tr>
<td>hh. Company had disclosed that Material at theyear-endlyingattheworksiteistreatedasapartofcapitalworkin progress.However,inourview,it shouldbetreatedasInventoryatsite.</td>
<td>This treatment has been done in view that the material at work site had been issued for Capital Work in Progress and which is continuously absorbed in Capital Project.</td>
</tr>
</table>

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| ii. As mentioned in CAG draft comments of F.Y. 2018-19, "Point no. VII (b) of Note No. 1A-CompanyInformation&SignificantAccountingPoliciesstipulatesthattransmissioncharges are accounted for on accrual basis on bills raised by the UP Power TransmissionCorporation Limited at the rates approved by UPERC. Accordingly, the Company accountsfor the bills raised by UP Power Transmission Corporation Limited in the year in which billsare accrued. However, in case of true up bills, the bills are accounted for in the accounts asand when the bills are received by the Company irrespective of the year to which the billspertainto." This fact has notbeen disclosedby the Company. Thus, thedisclosure of the Companyisdeficienttothisextent. | Matter will be examined and suitable action will be taken with consultation of holding company and other Discoms keeping in view uniformity for CFS. |
| (ii) <u>KESCO</u><br>a. **Property plant and equipment Rs. 103463.18 lacs (refer note no.2)** The land of the Company is on lease from UPPCL at Re.1.00 per month as per the transfer scheme (Refer **point no.9(c) of Notes on Accounts**). As informed the value of such land is yet to be ascertained by UPPCL. However, we have not been furnished with the lease agreement and other related records pertaining to such land; as a result, we are unable to check whether the lease is of financial nature or operating; hence the financial impact on accounts and Ind AS financial statements is not ascertainable. | The Company has received leasehold land from UPPCL as per the transfer scheme at a lease of ₹ 1.00 per month and holds the same at a nominal value of ₹1.00 in the books of account. The land belongs to UPPCL and the company is paying nominal rent @ ₹1 p.m to UPPCL |
| b. **Other Equity: Rs. (-) 3,55,704.82 lacs (refer note no.12)** The above include 'Restructuring Reserve' of Rs.1445.68 lacs in respect of which proper reconciliation and consequential adjustments are lying pending; hence the financial impact on accounts and Ind AS financial statements is not ascertainable. | The difference in Balance of erstwhile KESA and KESCo amounting to Rs 144,568,024/ 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 |
| c. **Non-current liabilities – Financial liabilities – Borrowings: Rs.2,30,781.14lacs (refer note no.13)** The Company has not complied with the disclosure requirements envisaged by Schedule–III of the Act in as much as the following has not been disclosed in respect of non-current borrowings: Nature of security in respect of each case of borrowing Terms of repayment of term loans and other loans | Loans are taken by UPPCL on behalf of KESCo and details of security, terms of repayment etc. are available at UPPCL level. |

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| **(iii) PVVNL**<br>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 Equipment, resulting delay in capitalization with corresponding impact on depreciation for the delayed period. (Refer to 2(II) and IV(b) of 'Significant Accounting Policies' to the Financial Statements.) | Due to scattered geographical area and multiplicity in nature of Capital works, in some cases there might be delay in capitalization of assets. However, most of the Capital works are capitalized in same month. The company is providing depreciation on addition of Fixed Assets on monthly basis. The same has also been disclosed in Significant Accounting Policies at point no. 2(II) and IV(b) |
| b. 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 to use of assets. In case of withdrawal of an asset the accumulated depreciation is written off on estimated used life of that asset. |
| c. Assets amounting to Rs.4,209.88lacs, being expenses on construction of Bay are shown as "Assets not in possession of PashchimanchalVidyutVitran 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 these assets. Company has disclosed it as Tangible Assets, which is Intangible Assets, as being rightly disclosed earlier in the financial year 2017-18. This has resulted understatement of intangible assets and overstatement of tangible assets by Rs. 4,209.88 lacs. (Refer to note 2 of financial statements) | 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 and there is no agreement. The expenditure incurred on construction of Bay is borne by Discoms. 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. |
| d. The depreciation/amortisation on Bay (Assets not in Possession of PashchimanchalVidyutVitran Nigam Ltd.) is calculated on the opening gross value of the assets with the life of 25 years on SLM basis and on addition during the year has been provided on average 6-month basis instead of actual period of availability of asset for its intended use. 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 Para 2(IV)(b) of Significant Accounting Policies) | Due to multiplicity of nature of capital works and difficulty in establishing the correct date of installation of assets, the amortization on addition of assets not in possession of PVVNL during the year has been provided on monthly basis. |
| e. 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 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 |

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| 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. | 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. |
| f. Expenses for ERP software implementation amounting Rs. 4,659.92lacs are shown under Capital work in Progress. However, the same should be classified under the heading "Intangible assets under development" as per provisions of Schedule III of the Companies Act, 2013. | The accountal of ERP software has been made on the basis of Order no. 209 dated 19.05.2018 issued by UPPCL(The Holding Co.). The software will be treated as Intangible Assets and booked under Intangible Assets in AG Code 18.301. During FY 2020-21, ERP software implementation is under process and is booked under AG 14.8501 as Capital Expenditure on Software. |
| g. 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.<br>Rs. 1,30,143.00 lacs, for additional subsidy, wrongly transferred by UPPCL to other discoms in earlier years, is shown as receivable from UPPCL as per the letter no. 1526 dated 26.10.2021 of UPPCL (the Holding company) and credited in General Reserve of the company without impacting statement of Profit and Loss account. In the absence of its complete details and audit trail thereof with appropriate audit evidences with the company, we are not in a position to comment up on the correctness of the same. (Refer to note 11 of financial statements).<br>Rs.9,14,645.00lacs for additional subsidy for the years 2007-08 to 2019-20 as per letter no. 1526 dated 26.10.2021 of UPPCL (The Holding Co.) in compliance of letter/ order 445/24-1-21-731 dated 05.03.2021 of UP State Government.is shown as receivable from Government of UP and credited in General Reserve of the company without impacting statement of Profit and Loss account.In the absence | The amount of Grants are received centrally at Uttar Pradesh Power Corporation Limited (The Holding Company) from the State Government and have been distributed by the Holding Company to the DISCOMs through Debit/Credit Note, which have been accounted for accordingly. The necessary disclosure has been made in Notes on Account at point no. 2.<br>The accountal of Capital Grant of Rs. 1301.43 crore is being done in Annual Accounts of FY 2020-21 of this company, as per the letter no. 1526 dated 26.10.2021 of UPPCL(The Holding Co.) in which the proper calculation of Rs. 1301.43 crore has been shown to audit.<br>The accountal of Grant of Rs. 9146.45 crore in Annual Accounts of FY 2020-21, has been made as Receivable from State Govt. as per letter no. 1526 dated 26.10.2021 of UPPCL(The Holding Co.). The disclosure has been made in Notes on Accounts at point no. 35.<br>The balance of Capital Grant of UDAY Scheme |

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| | of its complete details and audit trail thereof with appropriate audit evidences with the company, we are not in a position to comment up on the correctness of the same. (Refer to note 11 of financial statements and note No.35 of notes to accounts).<br>Capital grant of UDAY scheme Rs.1,47,772.00lacshas been converted into additional subsidy by debiting capital reserve and crediting General Reserve of the company in compliance of letter no. 1526 dated 26.10.2021 of UPPCL (The Holding Co.) read with letter/ order 445/24-1-21-731 dated 05.03.2021 of GoUP without impacting statement of Profit and Loss account. In the absence of its complete details and reasoning thereof with appropriate audit evidences with the company, we are not in a position to comment upon the correctness of the same. (Refer to note 11 of financial statements) | shown under AG 55.203 (UDAY Grant) is reversed and crediting to AG 56.1 (General Reserve) in compliance of letter no. 1526 dated 26.10.2021 of UPPCL (The Holding Co.). |
| h. | Interest of Rs. 2,039.22 lacs (AG 51.229) has been charged during the year towards interest on NOIDA loan of Rs.2,942.75 lacs are booked on the advice received from UPPCL. As informed by the management that interest on all the loans taken by Uttar Pradesh Power Corporation Limited on behalf of DISCOM are booked on the advice received from UPPCL. In the absence of complete details thereof, we are not in position to comment up on the correctness of the same. (Refer to Note 16 interest accrued and due under Other Current Liabilities of Financial Statements | The booking of Interest of Rs. 2039.22 lacs (AG 51.229) has been made as per the statement/advice received from UPPCL (The Holding Co.). |
| i. | Refer to Note no. 33 of Notes to accounts, there are various expenses like Employees Expenses, Repair & Maintenance Cost and Administrative & General Expenses etc. occurred at Uttar Pradesh Power Corporation Ltd. (the holding company) which has been allocated to the Company vide Debit/Credit Notes. However, we have not verified the same and relied on the Debit/Credit notes received from the holding company. | The various Expenditure like Employee Expenses, Repair & Maintenance Cost and Administrative & General Expenses etc. occurred at U.P. Power Corporation Ltd., Lucknow has been allocated to all the Discoms vide Debit/Credit Note. This Allocation of Expenses in Discoms has been made in accordance of approval in BOD of U.P. Power Corporation Ltd., Lucknow and also in PashchimanchalVidyutVitran Nigam Ltd. Meerut 130th BOD dated 25.09.2020 in compliance of O.M. no. 743 dated 10.06.2020 of U.P. Power Corporation Ltd., Lucknow (The Holding Co.)<br>The necessary disclosure has also been made in Notes on Accounts at point no. 33. |
| j. | Liability for Material received on loan by the Company amounting to Rs. 72.73 lacs from PurvanchalVidyutVitran Nigam Limited (AG | The material received by PVVNL from PuVVNL on loan is booked under AG 22.40 (Material transfer Inward A/c) under Accounting group |

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| 22.730) is finally adjusted with Material Stock Account (AG 22.60), resulting no Liability and stock for Rs. 72.73 Lacs is shown in the Balance Sheet of the Company as on 31st March, 2020 and as on 31st March,2021' in respect of above transaction. This has resulted in understatement of both Other Current Liability and Inventory by Rs. 72.73 lacs. Also, no confirmation has been received from PurvanchalVidyutVitran Nigam Ltd. regarding the same. (Refer to in Note No. 4 of Financial Statements). | Inventories and Liability is created under AG 22.730 (Material on Loan to parties other than Contractors) as per Accounting Manual. (Refer Page no. 86). The balance will be adjusted in subsequent years when the material will be returned to PurvanchalVidyutVitran Nigam Ltd. |
| k. Power purchase and transmission charges are booked on the basis of bills raised by Uttar Pradesh Power Corporation Ltd. and Uttar Pradesh Power Transmission Corporation Ltd. However, the Company has no scientific method of its measurement for accounting and making provision thereof. Hence, we are not in a position to comment on the possible impact thereof on the financial statements of the company. (Refer Note No. 9 of Notes to accounts.) | The Bulk Purchase of Power is made by UPPCL centrally, then UPPCL distribute/allot the same to its subsidiary. The PVVNL is the subsidiary of UPPCL(The Holding Co.). The Power Purchase cost is accounted as per monthly bill received from UPPCL. The same has already been disclosed in Notes to Accounts at point no. 9. |
| l. Interest accrued but not due Rs. 727.70 lacs under Other Current Assets includes amount of Rs. 723.10 lacs (AG 28.240 & 28.250), which is pending for reconciliation for more than a year, impact of the same is not ascertainable on the financial statements.(Refer to Note 9 of Financial Statements) | The amount has been received under finalisation of Transfer Scheme 2003 vide Govt. of U.P. Notification No. 1528/24-P-2-2015-Sa(218)/2014 Lucknow Dated 03-11-2015 for Ghaziabad Zone. |
| m. Compliance/ Rectification of Zonal Auditor's report on the accounts of their zone for the year ended 31st March, 2021 were not done till finalization of our audit. | The necessary Compliance/Rectification observed by Zonal Auditor's will be done in subsequent years. |
| n. **Significant observations of Zonal Auditors are as Under:**<br>**(A) Meerut Zone**<br>i. Stock Shortage Pending Investigation (A/c Code 22.830): The status of stock shortage amounting to Rs. 112.00lacs. has remained unchanged and no follow up has been done. | Necessary instructions have been issued to all units. |
| ii. Subsidy Receivable from Government shows unadjusted negative Balance of Rs. 417.00lacsThe book entry to | The balance pertains to the transfer scheme and is hence unadjusted. |

<table>
<tr><td>adjust/set off these balances has not been made.</td><td></td></tr>
<tr><td>iii. The Bank Reconciliation statements (BRS) include Bank charges charged by the bank under other debits but not accounted for in the books of accounts. The amount of these Bank charges, which is very substantial, has not been accounted for and continues to form part of the BRS. The total amount of Other Debit as on 31st March 2021 is Rs. 374.19 lacs and the year wise break up is as under:
<table>
<tr><th>Particulars</th><th>Amount in Lac</th></tr>
<tr><td>Bank Charges less than 1 year</td><td>13.90</td></tr>
<tr><td>Bank Charges from 1 to 3 years</td><td>89.13</td></tr>
<tr><td>Bank Charges above 3 years</td><td>271.16</td></tr>
<tr><td><b>Total</b></td><td><b>374.19</b></td></tr>
</table>
</td><td>Other debits are generally reversed at unit level and is a continuous process therefore there is balance outstanding, although necessary instructions have been issued to all units regarding this matter.</td></tr>
<tr><td>iv. In EDD II Baghpat, a fraud case of collecting cash Rs. 31.30 lac from customers and not depositing the amount in division is under enquiry against Mr. Sanjay Kumar, cashier.</td><td>The case is under enquiry and action will be taken by the management against the involved/erring employee/officials.</td></tr>
<tr><td>v. In EDD I Meerut, 9 receipt books issued on 23-02-2012 to Postmaster Meerut Cantt. for collection of amounts on behalf of PVVNL were not returned back in division. The unit is reportedly in correspondence with the Postmaster for returning the same.</td><td>The 9 no. receipt books were issued to the Postmaster Meerut Cantt. andthe concerned unit is pursuing to receive them back.</td></tr>
<tr><td>vi. REVENUE FROM SALE OF POWER<br>Billing is not raised for all the supplies of power till 31-03-2021. The unbilled revenue has been booked only in the cases where bills are generated for the subsequent month of April. The unbilled revenue in case of bills not raised in the subsequent month of April (for any reason) has not been calculated and provided for. The basis of calculation of unbilled revenue is also not uniform- in some cases it is based on actual data whereas in other cases it is done as per average billing.</td><td>The billing is done through online billing system by outsource agencies. Due to difference in billing cycle of consumers of same category, the provision for unbilled revenue is made on average basis.</td></tr>
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| vii. Mercantile basis of accounting is not followed properly. Expenses relating to previous years, which are in the nature of "Prior Period Expenses" are booked in the year under audit on payment basis. | Mercantile basis of accounting is followed as per the accounting policy of the company and provision for expenses is made by the units accordingly. |
| viii. Some units have delayed the deposition of GST and filing of returns beyond the stipulated time. In some cases, units have not charged GST on Miscellaneous receipts components like RO/DO charges, Cheque dishonour charges etc. which are otherwise covered under the provisions of GST. | Necessary provisions are made at HQ level. Further GST compliance is central based from the f/y 2021-22. |
| ix. The balance of security Deposit has not been verified and reconciled with the Billing Data/Online data of the Consumers. The interest payable on the security deposit forming part of the Trial Balance is not synchronized with the figures generated through Billing Data. Further, the reconciliation of the figures of Security Deposits and Interest payable thereon is not done with the corresponding figures as per the Billing Data. | Necessary instructions for due reconciliation of security deposits have been issued, as in the billing data a few bills are inflated/abnormal due to which such differences arise which requires due reconciliation and the same is a time taking process due to large no. of consumers in the zone. |
| x. In few units, it has been reported by Internal Auditors that there is a shortfall in Security Deposit however the demand/notice for the same has been raised by the concerned unit, while the same has not been fully deposited by the consumers. | No Comments |
| **(B) <u>Moradabad Zone</u>:**<br>i. <u>Trucks & Tempo and Jeep & Motor Car (AG 10.710 & AG 10.730) Rs. 1.79lacsDr. and Rs 21.93 lacs Dr respectively</u> - All assets lying here are unserviceable / condemn and in our opinion, it should be disposed off. | This balance is received vide U.P. Govt. notification no. 1528/24-P-2-2015-Sa (218)/2014 Lucknow Dated 03.11.2015 under finalization of Transfer Scheme, 2003 . |
| ii. <u>Theft of Cash (AG 28.744) Rs. 4.47 lacsDr.</u>- Two cases of cash theft, adequate provision | EDD Chandpur - Rs 3,10,086.00, In this |

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| should be made at H.O. | case division has already requested vide letter no. 2626 dated 09.08.2021 to GM (Audit & Accounts) to write off amount as it is not recoverable from insurance company.<br>EDD Bijnor - Rs 1,36,416.00. In this case division has confirmed that there is no information/Documents available related to the said matter. |
| iii. As informed by Branch Auditor of Moradabad Zone, during the year fraud by the employees has been detected amounting to Rs. 5.64lacs out of which Rs. 5.21lacs is deposited by the person concerned till date. An amount of Rs. 24.43lacs pertaining to cheques sent for collection in State bank of India, Babrala branch but nor credited to company account later on Rs. 17.43lacs credited by bank in company account till date balance amount is still retained by bank. In case of EDD-II, Moradabad revenue receipts books issued to employees not deposited by some employee since 2017. In our opinion these cases need close watch. | EDD II Amroha - As per division remaining amount Rs. 43194 will be deducted concern person salary soon.<br>EDD Babrala – Division has been placed FIR against Bank. Departmental investigation is under process against the defaulter and penalaction will be taken after completion, as confirmed by the bank. EDD-II, Moradabad – All missing 8 receipt book has been collected. |
| iv. Work In Progress Register (WIP Register) is not being maintained in the units except ECWD-MBD which has prepared WIP Register. | Only ECWD and ECCD MBD have WIP balance in March 2021. WIP amount has been transferred by Distribution Division to AG 10(Fixed Assets) on monthly basis on completion of assets for which Fixed Assets register is maintained. Instruction to all Divisions has been issued to Update WIP Register. |
| v. <u>Provision for Depreciation A/c (code-12):</u> The unamortised value/ difference in cost and notional depreciation of the damaged/discarded asset is debited to this account and continued year to year instead of writing off these in the books of account. | The damage assets is withdrawn from AG-10 and transferred to AG-16. Then after the value of depreciation charged on such assets is debited to AG-12 according to used life and balance value of such assets is transferred to Stock Account. The balance appearing under AG-12 is the accumulated value of withdrawal of depreciation on withdrawal assets. The provision of depreciation is made centrally at Headquarter level. |
| vi. As per Accounting policy, the Company is following the Accrual basis of accounting subject to expenses pertaining to earlier years of Rs.534.80lacs, debited to current year and expenses of current year as well as work done and measured during the year has been provided in current year books of account. | Due to late receipts of bill from contractor side, provision of these expenses could not be done in concerned year. Same has been paid in current year, therefore booked in this year. |
| vii. No deduction for Tax at source under Income Tax | Provisions in books of accounts are made on the |

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| Act and under GST Act wherever applicable had been made on Rs. 2,404.26 lacs against the provision made in the books of account as on year end. Also, there is a Default Liability as per Traces of Rs. 127.73 lacs for which no provision has been made. | basis of measurement done, when actual bills are received same has been verified by concerned authority, after verification demand for fund of these bills are sent to Head Quarter. After getting fund, payment and TDS are made for these bill and deducted . |
| **(C)Ghaziabad Zone:**<br>i. Onscrutinyofmaincashbook,revenuecashbookandworkscashbookavailableatDivision Officelevel,weweregiven tounderstand thatcollectedcash isbeing depositedin bankondailybasis. However, insomecases, there isadelay ofaround1-2daysindepositofcollectedcash to the bank. Further,weweregiven to understandthatallbankaccountsareauto-sweepand balanceisregularly transferredtothemainbankaccountofUPPCL,Meerut.<br>Onphysicalverification ofMaincashbook, WorksCashbookavailable atDivisionOfficelevel,it isobservedthatcash bookisnotbeingupdated ondailybasis. Moreover,itisobserved thattotalingandbalancing incashbookisbeing done roughly using pencil. It is furtherobserved thatverification ofcashbyEE/AEatDivisionOffice levelis not beingdoneon regularbasis. Infurtheranceof theaforesaid,during theFY2020-21,therehasbeencashembezzlementof Rs.564.00lacsunder thedivisionEUDD-7,GhaziabadbyoneMr.SumitGupta duringtheperiodof July,2020 to November,2020 during whichhewasholding position ofHead CashierRevenueof the division.The accused cashierwas thepersoninchargeto collect the cash revenuefromcollection countersto deposits the sameintothe bank. Weweregiven tounderstandthattheFIRfiledby Sh.SurenderPalSingh,ExecutiveEngineerof divisionEUDD-7,Ghaziabad,bearingFIRno.1955/2020dated15.12.2020with PoliceStationSihaniGate,Ghaziabadinwhich amountofRs.295.45 lacswerereportedmisappropriatedbytheaccused headcashierSumitGupta anditwasalsosuspectedthat | Reply of EUDD-7,GZB has been provided to audit. |

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| thequantumofmisappropriated amount may go up. TheamountmisappropriatedaspertheBRSfromJuly,2020toNovember,2020isRs.564.00lacs, and amount reported in FIR is Rs.295.45 lacsi.e. amountshort reported into FIR by Rs.268.73 lacs.<br>We weregivento understandthattheletterdated 01.10.2020 written bySh. Surender PalSingh,ExecutiveEngineerofthedivision,addressedtotheSHO,SihaniThanainwhichthe amountofRs.220.06 lacswasalsointimatedtopolicefortheperiodofOctober,2020toNovember, 2020. We were givento understandthatthecaseiscurrently under investigation | |
| ii. On our examination ofphotocopy of BRS produced before us, outof totaluncashed cheques of Rs.12,036.00lacs,mostofthechequeshavebecome stale.Further,outoftotalothercreditsof Rs.7,750.00lacs,mostoftheentriesareoldentries,whichalsoconsistentriesofmorethan15years old, in supportofwhich,norecord/detailsareprovidedforourverificationand furthercomments. | It is enumerated to audit that all efforts are made at division level to minimize and reconcile the amount of Uncashed cheques and Other credit. |
| iii. We weregiven to understand that reconciliationofsucholdentries is notprobable.Itisfurtherobserved thatonourphysicalvisittoEUDD-2,Noida,acasewasobservedwherecustomerhasmadepayment ofdues/bill in cashagainstwhich cheque receiptwas issued. Taking intoconsideration the aforementionedfactsandintheabsenceofrequisite information/details/explanationsinthisregard, possibility of foulplay/fraud cannotbe ruledout. Presentstatusofthefraudsreportedasper branchstatutoryauditreportfortheyearended 31.03.2020conductedby VSD&Associates,charteredaccountants,notprovidedforourverification andfurthercomments.The aforementionedreported fraudasreported intheaforementioned report is reproduced hereinunder: "Asinformedbythemanagement, zonehasnoticedacaseof fraudinitsEUDD-II,EUDD-V,EUDD- VIINoidadivisionbyfew bankofficials.SomeofICICIbankofficialswrongly creditedthecheques amountingRs.172.37 lacsrelatedto | It is enumerated to audit that all efforts are made at division level to minimize and reconcile the amount of Uncashed cheques and Other credit. |

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| thesedivisioninsomeotheraccount.Managementhasduly takenthe matterinits notice andhaslodged the PoliceFIRwiththeauthorities.” | |
| iv. OnourscrutinyofAGno.18ofTrialBalance,itisobservedthat“IntangibleAssets”ofRs.1,651.00lacsincludeRs.107.00lacsprovidedfortheFY 2020-21.Weweregiventounderstandthatallthe accounting entries related totheftof assets/inventories arepassed through this account forwhich copy ofFIR,recordspertainingtocriminalcasesfiled,copy ofpreliminary inquiry reports,internal incident reportspreparedbyJE/SDO/EE/SE/CE, currentcasestatus, insurancedetails, insuranceclaimstatus, other information/details/explanation in thisregard isnotprovidedforourverification andfurther comments. | Division wise details of booking made along with copy of FIR and Balances as on 31.03.2021 under AG 18.400 during the FY 2020-21 has been provided to audit. |
| v. OnourscrutinyofAGno. 23ofTrialBalance,itisobserved that“SupplyofPower”ofRs.2,63.593.00lacsincludeRs.37,939.00lacsofprovisionofunbilledrevenueinsupportofwhichproperdetails, document isnotprovidedforourverificationandfurthercomments.Weweregiventounderstand that theabovefigureisthebillingamountofsaleofpower forthemonthofMarch,2021.Further,Rs. 4,455.00lacs are outstandingsince longasDebtors ofRegulatoryChargeswhichhave nowbeen removed fromtariffandisnolongercharged fromcustomers.Therefore, currentoutstandingamount aredoubtfulfor recovery. Noprovision fordoubtfulrecoveryhasbeen madeinthis respect.Wewere giventounderstandthatthesameisbeingdoneatHeadOfficelevel.Details/information/explanation in thisregardisnotprovided forourverification and furthercomments. | Provision of Unbilled Revenue is done as per past experience and prevailing practice by making accountal of billing done in April 2021 which is pertains to March 2021. Amount outstanding under Regulatory Surcharge is pertains to old period and Provision with respect to doubtful recovery is being done at HQ Level. |

<table>
<tr>
<td>vi. Onfurtherscrutiny, it isobservedthat“SupplyofPower” includesarrearsoutstanding forpaymentby the consumers. Age wise break up of totalarrears outstanding for paymentby the consumers are as follows:
<table>
<tr><th>Particulars</th><th>No. ofConsumers</th><th>Amou<br>(Rs. i</th></tr>
<tr><td>Upto 3months</td><td>1073354</td><td>34</td></tr>
<tr><td>Morethan 3monthsand under6 months</td><td>60608</td><td>7</td></tr>
<tr><td>Morethan 6months</td><td>197016</td><td>14</td></tr>
<tr><td><b>Total</b></td><td><b>1330978</b></td><td><b>19</b></td></tr>
</table>
</td>
<td>All the documents/register related to PD, theft and reconnection is available with Distribution Divisions under Zone which was shown to Auditor during the course of Branch Audit. In respect of provision of doubtful recovery of outstanding arrears it has already been explained that same is done at HQ Level.</td>
</tr>
<tr>
<td>vii. OnourscrutinyofAGno.47ofTrialBalance,itisobservedthat“DepositforElectrification ServiceConnections”ofRs.8,995.00 lacsincludeadvancedepositsreceivedfromconsumersin respect of works undertaken against which the zone has raised Invoices on whichGSTwas deposited. However, such invoices are wrongly treated as deposits and not as sales to consumers and consequently, saleshave beenunderstatedandassetshavebeenoverstatedbythatamount. Details/information/explanation in this regard is not provided verification and further comments.</td>
<td>Needs No Comment.</td>
</tr>
<tr>
<td>viii. OnourscrutinyofAGno.55ofTrialBalance,itisobservedthat“Contributiontowards CapitalAssets”ofRs.1,39.448.00lacsincludeRs. 26,205.00lacsofDepositwhich includesadvance deposits received fromconsumers in respectofworks undertaken againstwhich the zonehas raised InvoicesonwhichGSTwasdeposited.However,suchinvoicesarewronglytreatedasdepositsand not assales to consumers consequently, sales have been understated and assets have been overstatedbythatamount. Details/information/explanationinthisregardis notprovidedforour verificationandfurthercomments.</td>
<td>Needs No Comment.</td>
</tr>
</table>

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| ix. OnourscrutinyofAGno.61ofTrialBalance,itisobservedthat“RevenuefromSaleof Power”ofRs.7,78,923.00lacs includeSundry ConsumersofRs.7,76,350.00 lacs,TheftofPowerof Rs.2,693.00lacs.OnsamplescrutinyofmonthlyElectricitybillsofhighconsumptioncustomers,it is observedthatsystemgenerated monthlyelectricitybillsofDelhiMetroRailCorporationRSSArthala, Ghaziabad(underEUDD-4Ghaziabad)fortheauditperiodhasnotchargedmandatoryElectricity Duty which is payable tothe stategovernment. However,manualcorrections on systemgenerated bills havebeen madeandconsequently, Electricity Duty has beenless collected by Rs.14,235.00lacsand the sameis lesspaid to thegovernment.Further,in casesofsystemgenerated monthlyelectricitybillsof DelhiMetroRailCorporation(underEUDD-7Noida) andDelhiMetroRailCorporationLtd(DMRC)(underEUDD-2Noida)fortheauditperiod,itisobservedthatElectricityDutyhasnotbeencharged atall. Weweregiventounderstand thatthesame isdueto systemerrorandthesame isbeingcharged separately.However, nosuchrecord/document/detailsoftheaforementionedadjustmentareprovided forourverificationandfurthercomments.Further,in caseofsystemgeneratedmonthlyelectricity billsofMaintenanceDMRCBotanicalGarden/38A (underEUDD-3Noida)for theauditperiod,itis observed thatElectricityDutyhasbeencalculatedat 5% insteadof7.5%ofDemandChargesasper ElectricityTariffratesforFY2020-21.Takingintoconsiderationtheaforementionedfactsandon the basisof recordsproducedbeforeus,weareunableto ascertain thecorrectnessofElectricityDuty collected in case of otherconsumers as well. In the absence of requisite records/documents/explanationto oursatisfaction,weare unable to furthercomment. | Reply of EUDD-4, GZB/EUDD-2, Noida/EUDD-3, Noida and EUDD-7, Noida has been provided to audit. |

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| x. | OnphysicalinspectionofSub-Division Offices,DivisionOfficesandZonalOffice,itisfound thatthe zoneisnotcomplyingwiththeprovisionsofthe SexualHarassmentofWomenatWorkplace (Prevention, Prohibition andRedressal)Act,2013 ('POSH'Act)anddirections/guidelinesof the Hon'bleSupremeCourtof India in this regard.EmployeesworkingatSub-DivisionOffices/Division Offices/ZonalOffice are notaware ofInternalpolicyof thecompany,ifany formulated in compliance ofthePOSH Act.Nonoticesinformingtheemployeesaboutthecompany'sstanceonsexual harassmenthasbeen displayed around theworkplacearea of theSub-DivisionOffices/Division Offices/ZonalOfficewhichinviolationofthePOSH Act.AnnualcompliancereportasperSec.21 r.w.Rule14ofthePOSHActisnotprovidedforourverificationandfurthercomments.Wewere givento understandthat thesameis being dealtatHead Officelevel. | The committee regarding Sexual Harassment of Women at Workplace is exists at HQ level. |
| xi. | On our examination ofphotocopy of BRS produced before us, outof totaluncashed cheques of Rs.12,036.00lacs,mostofthechequeshavebecome stale.Further,outoftotalothercreditsof Rs.7,750.00lacs,mostoftheentriesareoldentries, whichalsoconsistentriesofmorethan15years old, in supportofwhich,norecord/detailsareprovidedforourverificationand furthercomments.We weregiven to understand that reconciliationofsucholdentries is notprobable.Itisfurtherobserved thatonourphysicalvisittoEUDD-2,Noida,acasewasobservedwherecustomerhasmadepayment ofdues/bill in cashagainstwhich cheque receiptwas issued. Taking intoconsideration the aforementionedfactsandintheabsenceofrequisite information/details/explanationsinthisregard, possibility of foulplay/fraud cannotbe ruledout. | It is enumerated to audit that all efforts are made at division level to minimize and reconcile the amount of Uncashed cheques and Other credit. |

xii. On the basis of a statement of line loss produced before us, it is observed that in case of some Distribution Divisions, transmission and distribution loss is enormous on comparison with the actual average transmission loss of the Ghaziabad Zone of 8.50% and Noida Zone of 9.20% (approx.) during the audit period:

inmillion units)

| **DivisionOffice** | **Energy Purchased** | **Energy Sold** | **Energy Loss (%)** |
|---|---|---|---|
| EDD GreaterNoida | 257.943 | 160.363 | 37.83 |
| EUDD-8 Noida | 168.484 | 107.534 | 36.18 |
| EDD-3 Loni | 241.170 | 158.996 | 34.07 |
| EDDMuradnagar | 399.188 | 302.302 | 24.27 |
| EDD-4 Noida | 410.617 | 313.510 | 23.65 |
| EDDModinagar | 328.885 | 251.740 | 23.46 |
| EDD-1 Loni | 344.614 | 278.208 | 19.27 |
| EDD-2 Loni | 211.304 | 189.295 | 10.42 |

Wweregiventounderstandthattheprimaryreasonforsuchexorbitantlossofenergyisonaccountoflackofregulationandregularmaintenanceoftransformersandpowerlinesinstalledinruralareas. Inthe absenceof requisite records, we areunable toverify the actualreasonwhich are causing such abnormalpowerlossandtopassfurthercomments.

Onfurtherscrutinyoftheaforesaidstatementproducedbefore us, it is observed that incase ofEUDD-6,Ghaziabad, totalenergyunitssold fortheauditperiodis464.087MNunitswhich is more that the totalenergyunitspurchasedat461.685MNunitsforthesameperiodwhichconstitutes“LineProfit” at0.52%whichisnotpossibleassoldunitscannot bemorethanpurchasedunits. Weareunableto understandthereasonastohowtherecanbesaleofmoreunitsofenergythantheactualunitsof energypurchasedoveraperiodoftime. Intheabsenceofsatisfactoryexplanationandrequisite supportingdocuments/records,weareunabletofurthercommentwhetherttheaforesaidstatement/data

No Comments

<table>
<tr><td>whichis produced before us isreliable.</td><td></td></tr>
<tr><td>

(D) <u>Saharanpur Zone</u>:

i. **Non-Matching of Dues Recoverable from consumers: -** The Commercial Wing raises invoices in the name of consumers on the basis of Energy Supplied but the balance due from consumers does not tally with dues shown by financial wing due to fake arrears/inflated bills in billing software. This bill is to be corrected: -Division Name: - EDD-1 Saharanpur.

<table>
<tr><th>ACC No</th><th>Name</th><th>OLD DUE Amt</th><th>Total</th></tr>
<tr><td>771705547332</td><td>Janeshwar PD</td><td>(29,022,796.01)</td><td>(29,022</td></tr>
</table>

</td><td>As informed by division EDD-II SRE vide letter no. 4670 dated 04-09-2021 that in the given case amount Rs. 29,022,355.27Showing as advance payment is due to billing software error and division has tried to correct that entry in fluent greed software but the software is not accepting that correction at division level. Hence a letter has been written by the division to fluent greed billing agency for making such correction in consumer bill.</td></tr>
<tr><td>ii. <b>Non Provision of Dues from entities matters of which are pending in NCLT:</b> -It has been observed that Rs.877.89 lacs are dues from entities (2 Cases) whose matter is pending in NCLT. According to the sequence of payment, the electricity dues do not get preference over bank and other dues. As such recoverability of these dues is in jeopardy and Provision for doubtful debts be made.</td><td>As informed by division EUDD-III, MZN by letter no. 1633 dated 06-09-2021 that these two cases are currently pending in NCLT and as and when decision is being made by authority (NCLT), accounting adjustment entry will be pass on in accounts.</td></tr>
<tr><td>iii. <b>Non-Provision of House Tax Demand of Rs. 1,264.24lacs for EUDD-1 Muzaffarnagar:</b> - The Municipal Corporation has issued a demand notice of Rs.1,264.24 lacs towards house tax and annual tax of substation no provision has been made pending determination & assessment.</td><td>As informed by division EUDD-I, MZN vide letter no. 6620 dated 06-09-2021 that the said amount was wrongly calculated by municipal authority and office of SDM Muzaffarnagar had order to recalculate the amount.</td></tr>
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| iv. **As per abstract of Sec.5 Recovery of RC as Land Revenue:** -As per abstract of Sec.5 Recovery certificate issued for recovery as Land Revenue. The Concerned Tehsil's are not taking up recovery of RCs prior to 27th December 2017 and are returning the same.In view of the above all RC's Cases prior to 27th December 2017 have become non-Recoverable and as such provision for doubtful debts should be made for all cases beyond Cut-off date. Amount Involved- 5.183.00lacs. The Zone has stated that fresh RCs are in the process of being issued in all such cases. | As informed by concerned divisions RC's returned by Tehsil of prior to 27th December 2017 has been sent again by divisions to Tehsil for recovery from consumers.<br>The view of the audit that the said RC's cases prior to 27th Dec 2017 have become Non-Recoverable is not correct as the Local administration entertained recoveries up to 27th Dec 2017 for the reason to recover the targeted amount in the current year. The recovery certificate after 27th Dec 2017 entered in next Financial year, so that the administration has ample time in current FY to recover the RC Amount. |
| v. During the year a substantial part of unproductive fixed assets has not been disposed of by the company, which may affect the 'going concern' assumption. | This is policy matter and decision will be taken at H.O. level. |
| vi. Arrear of Large and Heavy consumer as on 31.03.2021 are Rs. 3,08,00.00lacs from 478 consumers. | No Comments |
| vii. There is line loss of 24% of Saharanpur Zone. | No Comments |
| viii. There is short security deposited amounting to Rs. 3,670.00lacs as on 31.03.2021 in 277 cases of large and heavy consumers. | No Comments |
| **(E)<u>Bulandshahar Zone</u>:**<br>i. Various divisions have paid GST on bills to vendors / suppliers without verifying that some vendors do not have valid GSTIN and therefore not depositing CGST & SGST even after receiving the same from PVVNL. Rs. 1.44 lacs is recoverable from 9 vendors for the period of cancellation / surrender of GST registration Whereas these and some other vendors are not depositing their GST returns since long back. It may be a significant & material amount which the vendors have collected from this Zone. | The payment to contractors is being made as per the Terms & Conditions of Agreement. The supplier/contractor raise the bills with GST and the same is being paid to supplier/contractor after deduction of tax. The GST collected by supplier/ contractor from this company is fully responsible for depositing the same to Govt. account. The input Tax Credit is not availing by this company. Hence, GST paid to supplier/contractor cannot be treated as loss. |
| ii. As informed no fraud was detected during FY 2020-21. But the frauds of embezzlement detected up to FY 2019-20 has involved total amount of Rs. 349.47 | The division wise list has already been provided to audit and the recovery proceeding are being made. |

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| Lacs out of which Rs. 36.87 Lacs has been recovered. And balance sum of Rs. 312.60 Lacs are still to be recovered. | |
| (iv) **PuVVNL**<br>a. The Company has categorized cost of bay construction for 33/11 KV substation under "Assets not in possession of PurvanchalVidyutVitran Nigam Limited" and disclosed the same under "Property, Plant & Equipment" in the Balance Sheet. | Since the cost of bay has been paid by the company and the bay is an asset in physical appearance, hence, the categorization of cost of bay construction for 33/11 KV sub-station under "Assets not in possession of Purvanchal Vidyut Vitran Nigam Limited" and disclosure of the same under "Property, Plant & Equipment" is correct. |
| b. Stock shortage/ excess pending investigation amounting to Rs.92.41 Lacsis outstanding as on 31/03/2021. 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. 92.41 Lacs, Rs. 57.13 Lacs pertains to opening balances arrived under transfer scheme. |
| c. No provision for obsolete, unserviceable stores and spares has been made. An old provision amounting to Rs.6,297.00lacsis lying against obsolete stores since 2003 under Final Transfer Scheme | The provision existing for obsolete, unserviceable stores and spares, provided in final transfer scheme 2015, amounting to Rs. 62.97 crores are sufficient to cover the unserviceable stores. |
| d. In almost all the banks flexi fix facility is available but there are huge balances in current account and amount has not been transferred by the bank to flexi fix account which is resulting into loss of interest. | Units have been instructed to enable the Flexi Fix facility in Expenditure accounts. However from 1st January, 2022 onwards, centralized payment system has been introduced in Discom and available balances of unit's accounts are being transferred to the head office account. Flexi Fix facility in head office accounts are available. |
| e. An amount of Rs. 48,240.00lacs (Net of Provisions) represent advance to suppliers /Contractors (Capital) which has no details with name and age wise break up. Out of Rs. 48,240.00lacs (Net of Provisions) there is no movement in AG code 25.1, and 25.6 amounting to Rs. 21.00lacswhich needs immediate attention of management. | Balances in AG code 25.1and 25.6 are old balances and these are being carried under Final Transfer Scheme. Most of the units are maintaining the party-wise break-up of advances to suppliers/contractors (capital). However the other units have been instructed to maintain the same. |
| (v) **MVVNL**<br>a. We draw attention to para 3 (IV) (b) of General Information and Significant accounting policies stating that depreciation on addition to/ deduction from Property plant and equipment during the year | |

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| is charged on Pro Rata basis. However, it was noted that capitalization of fixed assets is done at the end of financial year irrespective of actual date of 'Put to use' and depreciation is not charged on assets capitalized during the year. This accounting practice is also not in accordance with provisions of Companies Act and IND AS 16 resulting in understatement of Loss and depreciation for the year and overstatement of Assets. In the absence of complete details, effect of said understatement of depreciation & Loss and Overstatement of fixed assets on financial statement could not be ascertained. | |
| b. The cost of fixed assets, which are decommissioned, and corresponding accumulated depreciation is reversed on estimated basis, which has no relation with their carrying cost in MTBs. As a result, the cost and accumulated depreciation of assets in use are not correctly reflected in MTB and some of fixed asset accounts reflect credit balances. | *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.* |
| c. It was informed that Billing for sale of electricity to consumers are accounted for on the basis of report generated through Online Billing System implemented by various outsourced agencies. However, system audit of the said billing system, if any, being dealt at UPPCL was not made available to us and as such we are unable to comment on the efficacy of the same. | *Status of System audit of billing system is not known as the same is dealt at UPPCL level.* |
| d. For the purpose of compilation of consolidated financial statements, only net balances of debit and credit transactions during the year is considered and closing balances as appearing in audited Trial balances of the units is not taken into account. These 'net balances' are then merged with the opening balances as per last year's audited financials to arrive at the final figures for the financial statements as at year end. In view of this, various balances are still outstanding at head office level since earlier years which have not been adjusted / transferred to various zones. | *The financial statements of the company are being prepared by following same methodology consistently since the incorporation of the company and hence the outcome will be the same even if financial statements are prepared by considering closing balances of zonal accounts. However, from the FY 2021-22, the accounts will be prepared on the basis of clasing balances.* |
| e. Interest on GOI loan taken through PFC amounting to Rs 13,052.00 Lacs have been booked during the current financial year(including Rs 8,675.00 Lacs through prior year adjustments). It was noted that these amounts have been booked as expenditures | *Audit observation has been noted and required correction will be made accordingly.* |

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| | on the basis of demand notes raised by PFC only and without ascertaining the total interest payable. Further, interest during moratorium period amounting to Rs 1,571.51 Lacs only have been provided during the year as against total liability of Rs 11,176.26 Lacs till 31.03.2021 which has been wrongly shown as contingent liability in Notes to accounts. Accordingly, 'interest expenditure for the year' and 'Other financial liability- current' are understated by Rs 9,604.75 Lacs and losses for the year are also understated to that extent. | |
| | f. There are differences in sundry debtors as per billing ledger and amount shown in trial balance as the sales is booked on assessment basis and amount credited to sundry debtors on the basis of actual receipts. Further, credit balances of Rs. 65,811.00 lacs were reflected in 22 units of Ayodhya zone due to non-transfer of outstanding balances from old units to new units | *Audit observation has been noted and reconciliation of sundry debtors as per books of accounts & billing ledger is under process.*<br>*Audit observation has been noted and required correction will be made accordingly.* |
| | g. A sum of Rs. 2,437.82 Lacs were transferred to fixed assets from capital WIP at head office level based on payment details provided by UPPCL. It was noted that these amounts comprised of part payments for different type of assets/ expenses like desktops, printers, kiosks and PMC costs etc and were acquired/ put to use at various field units during the year 2015-16. Further, the total work orders for these works were for Rs. 20641.00 Lacs but the details of capitalization of remaining amount of 18203.18 Lacs were not explained to us. In our opinion, the capitalization of different nature of assets in one head, non-charging of depreciation from the actual period of acquisition and capitalizing all the assets at head office level without identifying the actual location of assets was not proper. The resultant impact of the above on the financial statements for the year could not be ascertained in absence of complete details. | *A sum of Rs. 2,437.82 Lakh transferred to fixed assets from capital WIP is a rectification of error pertaining to F.Y. 2015-16 while the capitalization of remaining amount of Rs. 18,203.18 Lakh has already been done in the respective year.*<br>*The Retrospective effect of depreciation will be considered in the current F.Y.* |
| 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. | 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 Group for the year ended 31st March, 2021)

### 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, 2021, in conjunction with our audit of the consolidated financial statements of the Group 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 Group'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 Group's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A Group's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Group'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 Group;

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 Group are being made only in accordance with authorisations of management and directors of the Group; and

3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Group'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

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| 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**<br>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 Group's internal financial control over financial reporting as at 31st March 2021 – | |
| 1. The auditors of DVVNL have reported that -<br>a. Temporary Imprest provided to staff needs to be closed at the end of financial year, whileweobservedinmanyofthecasesTemporaryImprestwerenot closed. | Mostly Temporary Imprest provided to staff at the end of the year remains open which has been closed in subsequent year. |
| b. During the course of audit, we observed that the system of recording of entries is notproper. We observed several instances where the entries which should have been postedin another accounting head, for example, entries parked in AG Code -46 are pertaining tosomeotheraccountingheads. | Due to manual accounting there were such instances of wrong accounting head however efforts are made to minimize these errors. |
| c. Cashbook is not updated on regular basis. Furthermore, as stated in audit report of Jhansi&Bandazonetotallingofcashbookisdonebypencilinvariousdivisions. | No Comment |
| d. There are unreconciled entries under AG Code22.780 (Transformerssent for repairs),AGCode22.77(ScrapMaterials),AGcode31to37(InterUnitTransfer)andAGCode 46.94(GoodsandServiceTax)ason31stMarch,2021.Theunreconciledentriesshouldbereconciled. | These Balances are under reconciliation. |
| e. UnderAGCode46.910(StaleCheques)indicateschequeswhichhavebecometimebarred.Properadjustmentsarerecommendedinthis regard. | These Balances are under reconciliation. |
| f. Measurement Book provided to JuniorEngineer by the Company arenot returnedbackon timely basis by the Junior Engineer and Measurement Book are not closed on | No Comment |

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| timelybasis. | |
| g. The Company did not haveanappropriateinternalcontrolsystemforreviewingcomputation and booking of Capital Work in Progress (CWIP) in accounts. This couldpotentially result in inaccurate CWIP disclosed in the booksof accounts, due to non-capitalizationand/ordelayedcapitalizationofProperty,plantandEquipment. | Efforts are being made to avoid any delay in capitalisation of Property, plant and Equipment. |
| h. The company updates financials by belated entries in zonal trial balances auditedbyZonal Auditors even after finalisation of Financial Statements which results in differenceinopeningbalanceinnextyear. | This is due to corrections appears after the finalization of Zonal Trail Balances however at the end of audit by the Central Auditor these entries are properly sent to zones for updation in their trial balances. |
| i. On verificationof vouchersof GMadjustment, we observedthatallthevouchers werenotsignedbyalltheauthorizedsignatories. | No Comment |
| j. AsmentionedinauditreportofJhansi&Bandazone,logbookswere notprovidedinmanydivisions. | No Comment |
| k. AsmentionedinauditreportofJhansi&Bandazone," Signature and Seal of executive engineer on Expenditure Cash Book not done on whole financial year"inEDD-MAHOBA. | No Comment |
| 2. The auditors of PVVNL have reported that -<br>a. The Company did not have an appropriate internal control system for reviewing computation and booking of Capital Work in Progress (CWIP) in accounts. This could potentially result in inaccurate CWIP disclosed in the books of accounts, due to non-capitalization and/or delayed capitalization of Property, Plant and Equipment. | No Comments |
| b. 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. ERP is under implementation phase.<br>The Branch Auditor of Bulandshahar Zone has also reported that the Biometric System should be installed for keeping the records of attendance of employees and CCTV camera should be placed to protect the assets and records. | No Comments |
| c. Company do not have an effective system for realizing revenue from customers as the amount of receivables as on 31st March, 2021 is Rs. 10,74,249.09 lacs, which is equivalent | No Comments |

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| to around 227 days sale of power by company and reasons of pendency are not examined. It is noticed that the company is not effectively exercising its powers of TD/PD and filing court cases against defaulted customers. | |
| d. The Company did not have an appropriate internal control system to minimize electricity theft and line losses. | No Comments |
| e. Reconciliation of power received and power sold during year has not been done. Billing is not raised timely and correctly. | No Comments |
| f. The Company has shown Rs. 20,463.80 lacs as Inter Unit Transfer under the head of Other Current Assets and no further details or reconciliation of these amounts are provided to us. Special attention of the management is called for periodical reconciliation of this account and necessary adjustments thereto. Management has informed that the reconciliation of these entries is under process. | No Comments |
| 3. The auditors of MVVNL have reported that –<br>a. Company has system of maintaining various Sectional Journals wherein vouchers relating to day to-day transactions are recorded in these Sectional Journals. The Existing system of balancing cash book on the monthly basis and posting transactions in different sectional journals, from journals to summaries and from summaries to monthly trial balance, in our opinion is not adequate to give the financial position of different account/s at any given time in an organized manner. The Zones/ units do not have an appropriate internal control system for maintenance of books of account and other subsidiary records to ascertain composition of financial transactions on time basis and party wise balances outstanding at any point of time. The monthly trial balances are compiled from vouchers through an outsourced software, which is not under control of the accounts department and only printouts of MTBs are available. Risk of security of data in accounting through this software has not been assessed. There is also no mechanism to check data entry in this software and to ensure correctness and completeness of the report (MTB) generated. | |
| b. The internal audit system was not found to be adequate and commensurate with the size and nature of organization and coverage/ scope needs to be enlarged particularly in area of reconciliation of revenue with the online billing system, status of work in progress under various schemes under implementation along with reasons for pendency, reconciliation of pending ATD/ ATC, Inventory records etc. System of timely receipts of internal Audit report and compliance thereof at zonal and HO Level also needs to be | |

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| streamlines and strengthened. | |
| c. It was noted that billing of power is generated through IT system but the billing system is independent of account department and reports generated from billing system were not reconciled with the accounts. Further, Consumer wise outstanding and ageing analysis of outstanding amount is not available with account department to reconcile trade receivable as per books of account with the data of commercial department. Further, quantitative reconciliation of power procured, billed and transmission loss is not prepared for reconciliation of actual sale of power with the books of account. | |
| 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.<br>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 Group 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, 2021 based on the internal control over financial reporting criteria established by the Group 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 Group and the overarching legal and regulatory framework and the audit observations reported above and in *'Annexure I'*. | |

**(Nitin Nijhawan)**
**Chief Financial officer**

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

## MANAGEMENT REPLY ON COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6)(b) READ WITH SECTION 129 (4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF U.P. POWER CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2021

| FINAL COMMENTS | MANAGEMENT'S REPLY |
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| The preparation of Consolidated Financial Statements of Uttar Pradesh Power Corporation Limited (UPPCL), for the year ended 31 March 2021 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 22 February 2022. | No Comments |
| I, on behalf of the Comptroller and Auditor General of India (CAG), have conducted a supplementary audit of the Consolidated Financial Statements of UPPCL, for the year ended 31 March 2021, 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 UPPCL, subsidiary companies- PurvanchalVidyutVitran Nigam Limited (PuVVNL), PaschimanchalVidyutVitran Nigam Limited (PVVNL), MadhyanchalVidyutVitran Nigam Limited (MVVNL), DakshinanchalVidyutVitran Nigam Limited (DVVNL), Kanpur Electricity Supply Company Limited (KESCO) for the year ended 31 March 2021 but did not conduct supplementary audit of the financial statements of Southern UP Power Transmission Company Limited (SuUPPTCL) for the year ended 31 March 2021. 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.<br>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. | No Comments |
| **A. Comments on consolidated profitability**<br>**Consolidated Statement of Profit & Loss Account Income**<br>**Revenue from Operations (Note-22): ₹ 55,028.03 crore** | |
| 1. The above includes ₹ 97.79 crore (MVVNL: ₹ | 1. MVVNL informed that as per scheme guidelines |

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| 62.67 crore and DVVNL: ₹ 35.12 crore) charged from other than poor household consumers for connection charges under the SAUBHAGYA scheme @ ₹500 per connection. As the amount was recovered on account of providing connections to the consumers, the same should have been shown under Liabilities-Consumer Contribution towards service connection. This resulted in overstatement of Revenue from Operation and understatement of Liabilities (Consumer Contribution towards service connection) by ₹ 97.79 crore. Consequently, Profit for the year was also overstated by the same amount. | amount recovered from eligible consumers was added in the monthly bills of the consumers and the same was inadvertently booked under revenue head in the accounts of the divisions. Necessary correction has been made by MVVNL in the F.Y 2022-23.<br>2. Necessary correction entry has been made by the DVVNL in the accounts for the F.Y. 2022-23. |
| 2. The above includes ₹55.50 crore against AT&C Losses penalty (₹ 5.28 crore) and AT&C Losses incentive (₹ 50.22 crore) received from M/s Torrent Power Limited by EUDD-III, Agra of DVVNL. The Income from AT&C Losses penalty and AT&C Losses incentive are not the regular Revenue from Operation of the Company, hence, should have been treated as Other Income.<br>This resulted in overstatement of 'Revenue from Operation' and understatement of 'Other Income' by ₹55.50 crore each. | This is a matter of classification and there is no impact on the profitability of the Company. However, the concerned division has been instructed by the DVVNL to its units to book Penalty/incentive as other income vide letter no.1926 dt 18.01.2023. |
| **Other Income (Note-23)- ₹12605.88 crore** | |
| 3. The above includes additional subsidy received from the GoUP against previous year losses under UDAY scheme amounting to ₹ 2,200.00 crore[1]. Clause 1.2(i) of tripartite MOU executed between Ministry of Power, GOI, Government of Uttar Pradesh (GoUP) and UPPCL provides that GoUP shall take over the future losses of the DISCOMs in a graded manner w.e.f. 30.01.2016. Accordingly, 50 *per cent* of loss of 2019-20 was to be taken over by the GoUP in the year 2020-21. As per Ind-AS 20, government grant for losses already incurred should be recognised in the statement of profit and loss for the year in which it becomes receivable. The amount receivable against losses of 2019-20 was ₹ 2,391.19 crore[2]. Thus, the Company has accounted for the additional subsidy short by ₹ 191.19 crore. This resulted in understatement of 'Other Income' and 'Other Current Assets' by ₹ 191.19 crore with consequent understatement of Profit for the year to the same extent. | Ind-AS20 states that:-<br>"Government grants, including non-monetary grants at fair value, shall not be recognised until there is reasonable assurance that:<br>the entity will comply with the conditions attaching to them;<br>and the grants will be received.<br>The accounting policy of the company for accounting of Government Grants is in line with Ind-AS-20 which is also duly approved by the Board of the company.<br>In view of above it is hereby submitted that despite the claim proposal for grant & subsidies submitted to GoUP, the entire amount of the claim proposal is generally not agreed to, by GoUP. Hence, there is uncertainty as to quantum of amount to be received towards subsidies and grants. The certainty of the amount to be received is established only upon issuance of GO. Accordingly, it may be noted that the company has accounted for in line with its Accounting policy, and there is no contravention of IND AS 20 as |

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[1] PuVVNL:₹743.99 crore,MVVNL:₹407.73 crore, PVVNL:₹659.69 crore and DVVNL:₹388.59 crore

[2] PuVVNL: ₹898.31 crore, MVVNL: ₹487.42 crore, PVVNL: ₹700.44 crore, DVVNL: ₹250.26 and KESCO: ₹54.76 crore

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<td></td>
<td>well.<br>Further, the amount of loss funding subsidy of Rs. 2200.00 crore under UDAY during the F.Y. 2020-21 had been accounted for as per GO from GoUP and the same has been allocated to DISCOM's according to above policy which is well in compliance with IND AS 20. So there is no under or over statement in respect of the accounting of subsidy of Rs. 2200.00 crore.</td>
</tr>
<tr>
<td>4. The above includes ₹ 1,518.32 crore (MVVNL: ₹ 978.08 crore and KESCO: ₹ 540.24 crore) being claim of UDAY Loss subsidy made by the Company in addition to the admissible amount as per the actual loss incurred by it in previous years. As per clause 1.2 (i) of the tripartite MoU signed on 30 January 2016 among the Ministry of Power, Government of India (GoI), Government of Uttar Pradesh (GoUP) and UPPCL (on behalf of all DISCOMs), the admissible period for claim of UDAY loss subsidy has expired in 2020-21. However, the Companies has accounted inadmissible UDAY loss subsidy receivable from GoUP in its accounts for the year ending up to 2020-21.<br>This resulted in overstatement of Other Income and Receivables from GoUP by ₹ 1,518.32 crore, with consequent overstatement of Profit for the year to the same extent.</td>
<td>There is a provision in the Tripartite Memorandum of Understanding dated 30.01.2016 executed amongst Ministry of Power, Govt. of India, Govt. of Uttar Pradesh and UPPCL on behalf of the UP DISCOMs that GoUP shall take over the future losses of the DISCOMs in a graded manner and shall fund the losses as follows:
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</table>
In respect of above, it is submitted that the amount of Rs. 6278.47 crore relates to the balance arrear amount of loss subsidy claimed under UDAY scheme for the period 2017-18 to 2019-20 at UPPCL's (Holding Company) level for all the DISOMs as whole, which includes ₹ 978.08 crore and ₹ 540.24crorerelated to the MVVNL and KESCO respectively and the same has already been accepted by the GoUP and also committed to release the fund in the next 10 years, vide order no. 445/24-1-21-731(ctV)/2020 dated 05-03-2021 of GoUP. Thus, it is clear that the above UDAY loss subsidy is admissible as per the aforesaid GO.</td>
</tr>
<tr>
<td>5. The above includes ₹ 403.88 crore being inter-company transfer of UDAY grant for adjustment of additional revenue subsidy provided to the DVVNL as per GO dated 05 March 2021 issued by GoUP read with UPPCL letter dated 26 October 2021.<br>As the aforesaid amount of additional revenue subsidy has been adjusted from the UDAY grant, it should have been depicted in Retained Earnings instead of Other Income.<br>This resulted in overstatement of Other Income and Retained earnings (being negative) by ₹ 403.88 crore with consequent overstatement of Profit for the year to the same extent. Further, the Consolidated Statement of Changes in Equity is also deficient to the above extent.</td>
<td>As informed by DVVNL, out of `9213 Croresubsidy approved by GoUP as intimated by UPPCL, `8809.13 was adjusted from UDAY grant which was already accounted for in books of accounts till F.Y. 2019-20. The difference amount of Rs. 403.88 Crore has been accounted for FY 2020-21. In the current year, the basis of settlement as per reconciliation done by the UPPCL in the year 2020-21. Thus, the aforesaid accounting is in line with the event occurred in the Year 2020-21.</td>
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<tr>
<td>6. DVVNL, during the year 2020-21, made an adjustment entry in the Other Income head amounting to (-) ₹ 21.26 crore for rectification of error pertaining to the year 2019-20 in contravention to provisions of Ind AS-8. As per</td>
<td>Necessary instructions have been issued by DVVNL to its units to take care in future.</td>
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| IndAS-8 adjustment in the books of accounts should have been made by restating the comparative amounts for the prior period i.e. year 2019-20.<br>This resulted in understatement of Other Income, understatement of Profit for the year and Other Equity (negative balance) by ₹ 21.26 crore. | |
| **Expenses**<br>**Purchase of Stock in Trade (Power Purchased) - (Note-24): ₹ 63,587.54 crore** | |
| 7. At Point No. IX (d) of the significant accounting policy it is provided that transmission charges are accounted for on accrual basis on bills raised by the UP Power Transmission Corporation Limited (UPPTCL) at the rates approved by UPERC. In contravention to the above policy, the DISCOMs accounted for the transmission charges of ₹ 557.09 crore (PuVVNL: ₹199.80 crore, MVVNL: ₹171.45 crore and DVVNL: ₹185.84 crore) in 2020-21 for which the bills were issued by the UPPTCL in August, 2021.<br>This resulted in overstatement of Cost of Power Purchased and Current Liabilities by ₹ 557.09 crore each. Further, the profit for the year was also understated by the same amount. | As pointed out by the Audit, the Company has a policy of accounting for the transmission charges on accrual basis on bills raised by the U.P. Power Transmission Corporation Ltd. at the rates approved by the UPERC. But in this case mentioned in the audit comment, Ind As 10 (Events After The Reporting Period) shall be applicable. As per the said accounting standard the transactions between the end of the reporting period and the date on which the financial statements are approved for issue are to be reviewed with reference to the provisions contained therein and accordingly necessary action towards accounting or disclosure, as the case may be, should be done. The following points given in the Ind As 10 (Events After The Reporting Period) may kindly be referred:<br>1. Adjusting Events<br>☐ Conditions must be existing on the Balance Sheet date.<br>☐ The entity does not have the complete or correct information about the items on the balance sheet date; if such information was available on the balance sheet date, the entity could have accounted for;<br>☐ Events occurring after the balance sheet date are confirming or giving more information about the conditions which were existing on the BS date;<br>☐ If the subsequent event is an adjusting event, the entity should record the transaction as on balance sheet date. Entity should consider all such adjusting events till the date of approval of financial statements by the approving authority.<br><br>2. Non-Adjusting Events<br>☐ No Condition exists on the balance sheet date;<br>☐ Subsequent event does not affect the financial statements. So, no need to account for as on balance sheet date;<br>☐ If Non-adjusting events are material, the entity should disclose the same in the financial statements as non-disclosure could influence the economic decisions that users make on the basis of the financial statements. It should disclose the following Non-adjusting material events.<br>☐ Nature of the event; and<br>☐ Financial effect or statement that such financial effect cannot be determined. |

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| | Further, it is stated that the UPPTCL has raised the bill of transmission charges in the month of August 2021 on the basis of True-up order issued by the UPERC on 20.07.2021 for the period FY 2020-21 and the accounts of the company was approved on 12.11.2021. Hence, as per the above conditions of Ind AS 10, the said event has been treated as being of Adjusting Nature. Accordingly, the company has accounted for the transmission charges of ₹557.09 crore (PuVVNL: ₹199.80 crore, MVVNL: ₹171.45 crore and DVVNL: ₹185.84 crore) in the F.Y. 2020-21, which is in order as per the provisions of the Ind As 10. |
| **Repair and Maintenance Expenses (Note - 29): ₹ 2,318.24 crore** | |
| 8. The above includes ₹ 38.52 crore in respect of KESCO, being value of energy internally consumed during the year 2020-21. As the energy internally consumed represents incurrence of cost to the Company as electricity charges and not the cost incurred on repair and maintenance, this should have been accounted for as Electricity charges under Administrative, General & Other Expenses.<br>This resulted in overstatement of Repair and Maintenance Expenses and understatement of Administrative, General & Other Expenses by ₹ 38.52 crore each. | The electricity charges booked by the company is the energy consumed by various sub stations which are incidental to providing electricity to consumer which is the sole operating activity of the company and is thus a direct operational expenditure and not administrative expense. The accounting treatment followed is on the accounting concept of "Substance over form" which states that the financial statements and accompanying disclosures of a business should reflect the underlying transactions.<br>The Sub Stations of the company are having a heavy machinery set up and are engaged in control and distribution of electricity to its consumers and is not an office expenditure. |
| **B. Comments on Consolidated Financial Position**<br>**Balance Sheet Assets**<br>**Non-Current Assets**<br>**Capital Work-in-progress (Note-3): ₹ 8,158.19 crore** | |
| 9. The above includes ₹ 429.22 crore (SAUBHAGYA: ₹179.73 crore + RGGVY: ₹210.40 crore + DDUGJY: ₹32.81 crore + RAPDRP: ₹6.28 crore) being Capital Work-in-Progress (CWIP) as on 31 March 2021 related to SAUBHAGYA, RGGVY, DDUGJY and RAPDRP schemes relating to DISCOMs. In respect of all the four schemes, these were already closed before or as on 31.03.2021, completion certificates were also issued up to 31 March 2021 and closure certificates of schemes were already approved by the REC/PFC before the close of books of accounts. However, same has not been capitalized in 2020-21.<br>This resulted in overstatement of CWIP and understatement of Property, Plant and Equipment by ₹429.22 crore each. | As Informed by PuVVNL, the amount booked as WIP under Saubhagya (including opening balances) has been capitalized during FY 2021-22. The amount shown as WIP under RGGVY reflects work in progress under other heads (due to wrong accountal in AG 14.74) since the RGGVY has been already closed in earlier year.<br>As informed by DVVNL, Physical closure of mentioned scheme has been submitted with REC, the capitalization of SAUBHAGYA and RAPDRP has been done in FY 2021-22. The amount booked under RGGVY and DDUGJY is under reconciliation and necessary capitalization shall be made in FY 2022-23. |
| 10. The above includes ₹ 555.85 crore pertaining to works of different schemes i.e. SAUBHAGYA, IPDS and RGGVY (10th, 11th and 12th plan) | MVVNL has stated that the related compliances towards scheme closure were completed in the financial year 2021-22. Hence, all the CWIP pertaining to these |

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| executed by MVVNL. The works under the schemes have already been completed till December 2018 and December 2020 but same has not been capitalised.<br>This resulted in overstatement of Capital Work in Progress and understatement of Property, Plant and Equipment by ₹ 555.85 crore each. | schemes i.e., Saubhagya, RGGVY and IPDS have been transferred to Property, Plant & Equipment during the financial year 2021-22. |
| 11. The above does not include expenditure of ₹ 3.03 crore on account of Project Management Unit and advertisement expenditure for SAUBHAGYA paid by UPPCL in the year 2019-20 and transferred to PuVVNL. The expenditure incurred under SAUBHAGYA being of capital nature, the same should have been capitalized. However, the PuVVNL has charged the same as expenditure in the Statement of Profit & Loss for the year 2019-20. This resulted in understatement of Non-Current Assets and overstatement of Other Equity (being negative) by ₹ 3.03 crore each. | This has been accounted for in the books of accounts as revenue expenditure. Since such expenditure is of revenue and recurring in nature which was intended to bring awareness of Government program amongst general public. This expenditure is not part of SAUBHAGYA Scheme. This expenditure is not creating any additional capacity/capital asset and incurred during running of scheme. |
| 12. The above includes interest on projects under R-APDRP amounting to ₹ 112.42 crore in respect of PVVNL. Paragraph 3-II (f) Significant Accounting Policy of Note No. 1 provides that Borrowing Cost during construction stage of capital assets are capitalized as per provisions of Ind-AS 23. Para 22 of the Ind-AS 23 provides that "an entity shall cease capitalising borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete." As all the projects under R-APDRP are already completed and closure of the projects had already been sent to PFC till March 2018, no interest amount on R-APDRP should be capitalized during the year 2019-20. However, PVVNL capitalized the interest amounting to ₹ 112.42 crore in 2019-20. This resulted in understatement of 'Other Equity (Negative balance)' and overstatement of 'Capital-Work-in-Progress' by ₹ 112.42 crore. | The required correction after reconciliation has been made in monthly accounts of 10/2022 of the company. |
| **Current Assets**<br>**Financial Assets-Others (Note-12)**<br>**Receivable from GoUP: ₹ 21,869.83 crore** | |
| 13. As per Para 66 read with Para 60 of Ind AS-1, an entity shall classify an asset as 'Current' when the asset is expected to be realized within 12 months from the reporting date; and all other assets as 'Non-Current'.<br>As per the GO dated 05 March 2021, the above receivables include ₹ 14,661.54 crore (PVVNL: ₹ 8,260.04 crore and PuVVNL: ₹ 6,401.50 crore) which are to be settled in next ten years commencing from 2021-22. Hence, the above receivables should have been depicted with an appropriate bifurcation in 'Current' and Non-Current', in the Balance Sheet as at 31 March 2021. Depiction of the receivables without bifurcation in 'Current' and Non-Current' is in contravention to the aforesaid provisions of Ind AS-1. | It is submitted that current and non- current classification of receivables from GoUP is now being done from FY 2021-22. |

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| **Equity and Liabilities**<br>**Other Equity (Note-15): (-) ₹ 58,293.78 crore** | |
| 14. The above is overstated by ₹4.44 crore due to excess payment of license fee payable by PVVNL as per provisions of UPERC (Fees and Fines) Regulations 2010.<br>This resulted in overstatement of 'Other Equity (negative balance)' as well as Other Current Liabilities by ₹4.44 crore. | The license fee has been deposited by the Discom on the basis of amount to be billed as projected in Annual Revenue Requirement (ARR) submitted to UPERC for approval.<br>Subsequently, UPERC demanded/ adjusted License fee from the Discom on the basis of the finalization of Truing up of that financial year, it is continues process on yearly basis.<br>Further, it is submitted that UPERC vide their letter no. 561 dated 19.08.2021 has informed that the demand of adjusted license fee for FY 2020-21 will be raised once the Truing up for FY 2020-21 is finalized and till date there is no such demand has been received at Discom as the Truing up of FY 2020-21 is yet to be finalized by UPERC. |
| 15. The above does not include interest of ₹ 89.19 crore relating to projects under R-APDRP which were already completed. As per requirement of Ind AS-23, entity shall charge interest as revenue expenditure on completion of Assets. However, the DVVNL has capitalized interest of ₹ 89.19 crore during the year 2018-19 instead of booking it as finance cost.<br>This resulted in understatement of 'Other Equity' (negative balance) and overstatement of CWIP by ₹ 89.19 crore each. | With reference to the Audit comment it is to submit that DVVNL has not capitalised the interest from FY 2019-20 and onwards in compliance of the comment issued by the Audit. |
| 16. The DVVNL has obtained loan from Power Finance Corporation (PFC) under R-APDRP scheme. However, no payment towards principal and interest due up to 2018-19 against the loan has been made. During the year 2018-19, the PFC imposed ₹ 8.52 crore as interest and penal interest for non-payment of the due amount. This resulted in understatement of 'Other Equity' (negative balance) and Current Liabilities by ₹8.52 crore each. | The aforesaid loan was due for conversion into Grant till F.Y. 2021-22 as per the terms of R-APDRP scheme. This has been converted into grant during the F.Y. 2022- 23 by PFC (letter attached)<br>Therefore, account for Interest and Penal Interest on overdue amounting to 8.52 crore had not been accounted for, as the interest was not payable on grant. However, the liability towards interest and penal interest on overdue as per last demand letter was shown under Contingent Liabilities in F.Y. 2020-21. |
| **Surplus in Profit and Loss Account**<br>**Adjustment against Reserves and Surplus: ₹ 14,044.62 crore** | |
| 17. The above includes additional revenue subsidy of ₹ 6,401.50 crore receivable from GoUP in the next 10 years as per GO dated 05 March 2021 issued by the GoUP, which was allocated to PuVNL by UPPCL vide letter dated 26 October 2021. The amount of subsidy receivable in next 10 years should have been accounted as 'Deferred Income' in terms of Para 55 of Ind-AS-1, which provides for inclusion of additional line item in the Balance Sheet. However, amount of ₹ 6,401.50 crore receivable from GoUP has been adjusted in Accumulated Deficit as adjustment against Reserves and Surplus | It is stated that deferred income/revenue or income received in advance is commonly known as 'unearned revenue'. According to Generally Accepted Accounting Principles, Deferred Income/Revenue or income received in advance refers to the payments received in advance for product/goods or services that are to be delivered or performed in the future and the same is treated as 'liability' in the financial statements since revenue recognition are incomplete. Whereas in this case i.e. receivables from GoUP towards subsidy against which the payment is to be received in next 10 |

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<td>instead of booking as Deferred Income. Thus, incorrect depiction has resulted in understatement of Accumulated Deficit (being negative) and Deferred Income by ₹ 6,401.50 crore each.</td>
<td>years, is completely different and an quite reverse from deferred income on the following grounds:<br>(i) The above subsidy of Rs. 6401.50 crore relates to the period from 2007-08 to 2019-20, which has been settled by the GoUP in the F.Y. 2020-21 and the GoUP has committed to pay the said subsidy in next 10 years (vide letter no. 445/24-1-21-731(ctV)/2020 dated. 05-03-2021 from GoUP-copy enclosed) and i.e why it has been treated as earned /accrued revenue. Thus, the same has become receivable from GoUP which is in order as per accounting principles.<br>(ii) No advance payment against the above accrued income/revenue has been received. Instead, the aforesaid subsidy will be received in next 10 years.</td>
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<tr>
<td>18. The above also includes ₹ 1,714.04 crore being claim of UDAY Loss subsidy made by PuVVNL in addition to the admissible amount as per the actual loss incurred by it in previous years. As per clause 1.2(i) of the tripartite MoU signed on 30 January 2016 among the Ministry of Power, Government of India (GoI), Government of Uttar Pradesh (GoUP) and UPPCL (on behalf of all DISCOMs), the admissible period for claim of UDAY loss subsidy has expired in 2020-21. Further, PuVVNL has already accounted inadmissible UDAY loss subsidy receivable from GoUP in its accounts for the year ending up to 2020-21. Hence, accounting of additional UDAY loss subsidy resulted in understatement of Accumulated Deficit (being negative) and overstatement of Receivables from GoUP by ₹ 1,714.04 crore.</td>
<td>There is a provision in the Tripartite Memorandum of Understanding dated 30.01.2016 executed amongst Ministry of Power, Govt. of India, Govt. of Uttar Pradesh and UPPCL on behalf of the UP DISCOMs that GoUP shall take over the future losses of the DISCOMs in a graded manner and shall fund the losses as follows:
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In respect of above, it is submitted that the amount of Rs. 6278.47 crore relates to the balance/arrear amount of loss subsidy claimed under UDAY scheme for the period 2017-18 to 2019-20 at UPPCL's (Holding Company) level for all the DISOMs as whole, which includes Rs. 1714.04 crore related to the company(PuVVNL) and the same has already been accepted by the GoUP and also committed to release the fund in the next 10 years, vide order no. 445/24-1-21-731(ctV)/2020 dated 05-03-2021 of GoUP (copy enclosed) .<br>Thus, it is perfectly and transparently clear that the above UDAY loss subsidy is admissible as per the aforesaid GO.</td>
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<tr>
<td colspan="2"><b>General Reserve: ₹14085.29 crore(Note-15)</b></td>
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<td>19. The above includes additional revenue subsidy of ₹ 8,260.04 crore receivable from GoUP in the next 10 years as per GO dated 05 March 2021 issued by the GoUP, which was allocated to PVVNL by UPPCL vide letter dated 26 October 2021. The amount of subsidy receivable in next 10 years should have been accounted for as 'Deferred Income' in</td>
<td>It is stated that deferred income/revenue is commonly known as 'unearned revenue/ advance income'. According to Generally Accepted Accounting Principles, Deferred Income/Revenue refers to the payments received in advance for goods or services that are to be delivered or performed in the future and the</td>
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<tr>
<td>terms of Para 55 of Ind-AS-1, which provides for inclusion of additional line item in the Balance Sheet. However, amount of ₹ 8,260.04 crore receivable from GoUP has been adjusted in General Reserve instead of booking as Deferred Income. Thus, incorrect depiction has resulted in overstatement of General Reserve and understatement of Deferred Income by ₹ 8,260.04 crore, each.</td>
<td>same is treated as 'liability' in the financial statements. Whereas in the present case, i.e. receivables from GoUP towards subsidy against which the payment is to be received in next 10 years, is completely different and an quite reverse from deferred income on the following grounds:<br>(a) The above subsidy of Rs. 8260.04 crore relates to the period from 2007-08 to 2019-20, which has been settled by the GoUP in the F.Y. 2020-21 and the GoUP has committed to pay the said subsidy in next 10 years (vide letter no. 445/24-1-21-731(ctV)/2020 dated. 05-03-2021 from GoUP) i.e why the treatment of same have been done accordingly. Thus, the same has become receivable from GoUP which is in order as per accounting principles. Thus, the said subsidy has not been received in FY 2020-21, but the aforesaid subsidy will be received in next 10 years.</td>
</tr>
<tr>
<td>20. The above includes ₹ 3,046.10 crore (DVVNL: ₹ 2,159.69 crore and PVVNL: ₹ 886.41 crore) being claim of UDAY Loss subsidy made by the Company in addition to the admissible amount as per the actual loss incurred by it in previous years. As per clause 1.2 (i) of the tripartite MoU signed on 30 January 2016 among the Ministry of Power, Government of India (GoI), Government of Uttar Pradesh (GoUP) and UPPCL (on behalf of all DISCOMs), the admissible period for claim of UDAY loss subsidy has expired in 2020-21. Further, the Company has already accounted for UDAY loss subsidy receivable from GoUP in its accounts for the year ending up to 2020-21. Hence, accounting of additional UDAY loss subsidy resulted into overstatement of General Reserve and Receivables from GoUP by ₹ 3,036.10 crore.</td>
<td>There is a provision in the Tripartite Memorandum of Understanding dated 30.01.2016 executed amongst Ministry of Power, Govt. of India, Govt. of Uttar Pradesh and UPPCL on behalf of the UP DISCOMs that GoUP shall take over the future losses of the DISCOMs in a graded manner and shall fund the losses as follows:
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In respect of above, it is submitted that the amount of Rs. 6278.47 crore relates to the balance arrear amount of loss subsidy claimed under UDAY scheme for the period 2017-18 to 2019-20 at UPPCL's (Holding Company) level for all the DISOMs as whole, which includes Rs. 886.41 crore and ₹2159.69 crorerelated to the PVVNL and DVVNL respectively and the same has already been accepted by the GoUP and also committed to release the fund in the next 10 years, vide order no. 445/24-1-21-731(ctV)/2020 dated 05-03-2021 of GoUP. Thus, it is clear that the above UDAY loss subsidy is admissible as per the aforesaid GO.</td>
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<td>21. The above includes ₹ 2,779.15 crore (including ₹ 1,301.43 crore allocated to PVVNL through inter DISCOM Adjustment) in respect of remaining portion of UDAY Grant. This amount has already been received by the PVVNL during the year 2020-21 through book adjustment vide UPPCL letter dated 26.10.2021 and therefore, the same should have been transferred to 'Retained Earnings' instead of 'General Reserve' during the year 2020-21.<br>This resulted in overstatement of 'General Reserve'</td>
<td>The PVVNL has informed that the necessary correction will be made in the Year 2022-23. However, this correction entry does not have any financial implications on the overall financial results of the company.</td>
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| as well as Retained Earnings (being a negative balance). The Consolidated Statement of Changes in Equity for the year 2020-21 is also incorrect to that extent. | |
| **Non-current liabilities**<br>**Other Financial Liabilities (Note-17)**<br>**Security deposit from Consumers: ₹ 3,637.92 crore** | |
| 22. The above includes ₹ 16.00 crorebeing the amount diverted by KESCO from the revenue received from the consumer on account of electricity charges, in contravention to the provisions under Clause 4.20 of the UP Electricity Supply Code 2005.<br>This resulted in overstatement of 'Other Financial Liabilities' as well as 'Trade Receivables' by ₹ 16.00 crore, each. | As per the Provisions of electricity supply code, the balance for security deposit should be 45 days of average billing and the amount of Rs 16 crore pertains to security deposit only and has thus correctly been accounted for.<br>The amount has not been diverted but has been deposited by the consumer along with the amount paid for electricity charges which was subsequently accounted for in the head of security deposit in compliance with the OM no. 821/DN/20-21 dt 24.09.20 of concerned distribution division which has clearly stated that Rs 16 crore deposited by consumer shall be booked in security deposit only in compliance with the provision of electricity supply code. (Copy enclosed in Ann-3) |
| 23. The above does not include ₹ 28.08 crore and ₹0.57 crore being interest payable on account of delayed deposit/non-deposit of General Provident Fund (GPF) and Pension and Gratuity as worked out and accounted for in the Financial Statements of Uttar Pradesh Power Sector Employees Trust for the year 2014-15. This has resulted in understatement of Current Liabilities and Other Equity (negative balance) by ₹ 28.65 crore.<br>Despite similar comment of the CAG on the Accounts for the years 2012-13 to 2018-19, no corrective action has been taken by the Management. | As per audited accounts of the company for the F.Y 2012-13 to 2020-21, liability towards GPF contribution is showing the debit balance. Since there has been always debit balance during the period 2012-13 to 2020-21, no provision of interest has been made. As regards accounting of interest on liability towards pension and gratuity, it is stated that regular interest is not payable to the employees on pension and gratuity as in the case of GPF. Hence, provision of interest on Pension and gratuity not required. The company is also in process of reconciliation with the trust. |
| **C. Comments on disclosure**<br>**Significant Accounting Policies** | |
| 24. At point No. 3 VIII (b) of Significant Accounting Policies, it is stipulated that late payment surcharge (LPS) recoverable from consumers is accounted for on cash basis due to uncertainty of realization. However, in violation of accounting policy, the Varanasi Zone and Prayagraj Zone of PuVVNL have accounted for LPS on ad-hoc basis instead of actual recovery on cash basis.<br>Further, PVVNL does not have any record related to actual realization of the late payment surcharge. In absence of any records of late payment surcharge actually collected, the amount of late payment surcharge was being accounted for on ad-hoc basis by the Divisions.<br>Thus, late payment surcharge is not accounted for in line with the accounting policy. | Breakup of amount collected was not available in our previous system i.e. BCS which is being rolled out in phases. Presently, the new system is being implemented in phases which provides the breakup of amount collected and accordingly appropriate accounting will be done. |
| 25. A provision of ₹ 78.09 crore for obsolete stores was made by DVVNL in the year 2016-17 when value of Inventory was ₹ 1,019.67 crore. The value of inventory increased to ₹ 1,312.34 crore as on 31 | DISCOMs concerned have been directed to review the status of provision for obsolete/unserviceable stores and take the necessary action in FY 2022-23. |

<table>
<tr><td>March 2019, which further increased to₹1,338.71 crore as on 31 March 2021. However, provision for obsolete stores remained unchanged at ₹ 78.09 crore in the absence of any accounting policy in this regard. Despite the comment of the CAG on the accounts for the year 2018-19, no corrective action has been taken by the Management.</td><td></td></tr>
<tr><td colspan="2"><b>Notes to Accounts (Note No 31)</b></td></tr>
<tr><td>26. At Note No44 (VI) (iii) of above Note it has been disclosed that as per GO dated 05.03.2021 of GoUP, the subsidies of ₹ 20,940 crore is receivable from the GoUP in favour of DISCOMs through UPPCL and the same are to be paid by the GoUP in the forthcoming 10 years". This amount includes ₹ 14,661.54 crore being balance amount of additional revenue subsidy and ₹ 6,278.46 crore being UDAY loss subsidy. The UDAY loss subsidy was claimed from the GoUP in addition to the admissible amount as per actual loss incurred by the DISCOMs in the period ending up 2020-21.<br>As per the aforesaid GO dated 05 March 2021, GoUP has accepted to provide additional revenue subsidy of ₹ 39,743 crore to the DISCOMs for the period 2007-08 to 2019-20 as approved by UPERC through its Tariff/True-up orders issued from time to time. The above GO also provided that, out of total additional revenue subsidy of ₹ 39,743 crore, ₹ 25,081.46 crore shall be deemed to be paid from the grants provided to the DISCOMs by the GoUP under UDAY in earlier years. The balance amount of ₹ 14,661.54 crore shall be paid to the DISCOMs by GoUP in the next 10 years, commencing from 2021-22. The UPPCL vide its letter dated 26 October 2021, has allocated the above additional revenue subsidy as below:
<table>
<tr><th>Sl No.</th><th>Name of DISCOM</th><th>Amount (₹ In crore)</th></tr>
<tr><td>1</td><td>MadhyanchalVidyutVitran Nigam Limited</td><td>3490.00</td></tr>
<tr><td>2</td><td>PurvanchalVidyutVitran Nigam Limited</td><td>12367.00</td></tr>
<tr><td>3</td><td>PashchimanchalVidyutVitran Nigam Limited</td><td>14673.00</td></tr>
<tr><td>4</td><td>DakshinanchalVidyutVitran Nigam Limited</td><td>9213.00</td></tr>
<tr><td>5</td><td>Kanpur Electricity Supply Company Limited</td><td>0.00</td></tr>
<tr><td></td><td>Total</td><td>39743.00</td></tr>
</table>
The facts in para 2 above being material requiring specific accounting treatment should also have been disclosed in the Notes to the Accounts to enable better understanding of financial information.</td><td>In reference to the Audit comment it is stated that the receivable against revenue subsidy and loss under the UDAY scheme, has already been disclosed in the financial statements for the F.Y. 2020-21 in Para 44 (VI) (iii) of Note no. 31 "Notes on Accounts".<br><br>However, the additional disclosure in respect of the above, if required, will be disclosed in the Director's Report for the F.Y. 2020-21which is to be presented in the annual general meeting of the Company.</td></tr>
<tr><td>27. Contingent Liability does not include the claim of ₹ 247.91 crore of M/s Rosa Power Supply Company for the period April 2015 to March 2019,</td><td>It is stated that the Contingent Liability of Rs.129.78 Crores to the extent ascertainable against the bill of M/s Rosa Power Supply Company has been disclosed in the year 2021-22.</td></tr>
</table>

| | |
|---|---|
| which was under consideration of the Appellate Tribunal of Electricity (APTEL) during 2018-19.<br>Despite similar comment of the CAG on the accounts for the year 2018-19, no corrective action has been taken by Management. | Further, since the matter is line with APTEL, necessary accounting/disclosures, as the case may be, will be made in the year 2022-23. |
| 28. Para 38 of above Note provides that the UPPCL has decided, vide Board's Meeting dated 14-08-2020, to allocate common expenditure and facility cost to subsidiaries and power sector companies owned by GoUP with effect from the year 2019-20. UPPCL has made the allocation of ₹ 196.32 crore out of total ₹ 313.33 crore in the heads Employee Cost, Administrative, General & Other Expense & Repair & Maintenance of F.Y. 2020-21.<br>The aforesaid allocation of common expenditure and facility cost to the subsidiaries is a change in accounting policy as per Para 19 (b) of Ind AS 8 which requires application of the changed policy retrospectively along with disclosures to be made as required under Para 29 of Ind AS 8. | The necessary disclosures regarding amount of allocation of expenditure has been disclosed in note no.23, 26, and 27 of balance sheet for the F.Y. 2019-20 and 2020-21 of Standalone Financial Statements.<br>Also the same has been disclosed in Para 38 and 41 of Note no. 31 "Notes on Accounts" of Consolidated Financial Statements for the FY 2020-21. It is worth mentioning here that these transactions have no impact on the Consolidated Financial Statements of UPPCL as all the Discoms have been consolidated. Separate disclosure of these transactions is not required as the effect of the same has been eliminated in consolidation. |
| 29. The UPPCL during the year 2020-21 wrote back ₹ 17,109.17 crore being reversal of the impairment in investments of UPPCL in its subsidiary companies i.e. the DISCOMs. This reversal has been worked out by UPPCL based on net worth of the DISCOMs as per annual accounts for the year 2020-21. Considering the impact of the CAG comments on the treatment of additional revenue subsidy of ₹ 39,743 crore, acceded by the GoUP (March 2021) and allocated to DISCOMs by UPPCL in October 2021 the provision for impairment in investments worked out to ₹ 77,719.49 crore against ₹ 54,392.94 crore already made by UPPCL in the Accounts as on 31 March 2021. However, this important fact should have been quantifiably disclosed in the Notes to Accounts. | Noted. However, necessary disclosure has been made in the Directors' Report for the FY 2020-21. |

**(NitinNijhawan)**
**Chief Financial officer**

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

# 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, 2021**
**[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 | 6061080.07 | 6061142.39 |
| | 2 | Total Expenditure | 4323208.38 | 4323239.54 |
| | 3 | Other Comprehensive Income | (3.98) | (3.98) |
| | 4 | Net Profit/(Loss) | 1737867.71 | 1737898.87 |
| | 5 | Earnings Per Share | 176.31 | 176.31 |
| | 6 | Total Assets | 12987599.85 | 12987599.85 |
| | 7 | Total Liabilities | 9822698.34 | 9822954.34 |
| | 8 | Net Worth | 3164901.51 | 3164645.51 |
| | 9 | Any other financial item(s) (as left 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 | | |

(Anil Kumar Awasthi)
Chief Financial Officer

(P. Guruprasad)
Chairman of Audit Committee
& Non- Executive Director

(Pankaj Kumar)
Managing Director
DIN: 08095154

For R. M. Lall & Co
Chartered Accountants
FRN: 000932C

R.M. LALL & CO. CHARTERED ACCOUNTANTS

(Vikas C Srivastava)
Partner
M No. 401216

Place: Lucknow
Date: 15/06/2022

Annexure-A

| S No. | Basis of Qualified Opinion of Statutory Audit Report for F.Y 2020-21 | 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. *Financial Assets-Trade Receivable (Note-8), Financial Assets-Other (Note-11), Other Current Assets (Note-12), Financial* liabilities *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. | Repetitive |
| | 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) & 3 (vii) (b) 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. | 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.***<br>Further, the company has not formulated any accounting policy in respect of provision for unserviceable store & spares and slow-moving stores. | 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.*** | Repetitive |
| | *f.* The Company has made a provision for impairment of investment in subsidiaries, | Repetitive |

R.M. LALL & CO.

Annexure-A

| | | |
|---|---|---|
| | associates and others *[Note-5, except Para (II)(d))bond]* on the basis of net worth of investee companies as on 31st March,2021 *(Refer Para 29 of Note – 29 "Notes on Accounts")*, which *is not in accordance with Ind AS 36 Impairment of Assets. Further the assessment of the impairment of assets has not been done by the company,* ***which is inconsistent with Ind AS – 36 Impairment of Assets.***<br>g. The Financial Assets *(Note-5 Para II (c),6, 8, 11 and 12)* have not been measured at fair value as required by ***Ind AS 109 Financial Instruments*** *(Refer Para 6 and 9(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.<br>h. As reported by the Zone Auditor, Unit #972 (UP Vigilance Cell) and #unit 327 (Electricity Store Procurement Circle) are being maintained at rental premises. The lease agreement and the rent receipt were not provided. This is inconsistent with Ind AS 116 Leases. | Repetitive<br>First time |
| 2 | Inter unit transactions amounting Rs. 15,202.00 lacs, are subject to reconciliation and consequential adjustments. (Refer Para 7 Note – 29 ''Notes on Accounts'') | 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 and UP Power Sector Employee Trust (Note-12), Financial Liability-Trade Payables (Note-18), Other Financial Liabilities (Current) – except Current maturities of long term borrowing and interest accrued but not due on borrowing (Note-19) are subject to confirmation/ reconciliation. The above notes balances include balances transferred from various transfer schemes, reconciliation and confirmation for the same is under process. | 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 | Employee benefit expenses (Note- 23), Administrative, General & Other Expenses (Notes-26), and Repair & Maintenance Expenses (Note- 27) have been allocated among DISCOMS and other power sector companies owned by the Go UP (i.e. UPPTCL, UPRVUNL & UPJVNL) on the basis of data / information (i.e. units of power sold to discoms, no. of employees, area occupied related to the financial year 2019-20, instead of financial year 2020-21. (Para 28 of Note -29 "Notes on Accounts"). | Repetitive |

R.M. LALL & CO. CHARTERED ACCOUNTANTS

| | | |
|---|---|---|
| 7 | Sufficient and appropriate documentary audit evidences in respect of Contingent liabilities disclosed in *Para 17 of Note – 29 "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 recognized separately in the statement of Profit and Loss, but has been reduced from the cost of purchase of power aggregating Rs. 60,44,916.32 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. | 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 12 of Note – 29 "Notes on Accounts").* | Repetitive |
| 10 | Records for inventories lying with the third parties are not being maintained properly at Zonal Offices/units of the Company. | Repetitive |
| 11 | UPPCL had paid an amount of Rs. 13,431 Lacs against a liability of Rs. 10,871 Lacs to Madhya Pradesh Power Trading Company. Due to non-creation of additional liability, there was a debit balance (receivable balance) of Rs. 256 Lacs which has been adjusted in liabilities (Refer Note- 18 Trade payables), Hence, liabilities and other equities (Losses) are understated to that extent.<br>***Management Reply***<br>The matter is under reconciliation. | First time |
| 12 | The Annual Accounts of F.Y 2018-19 are yet to be adopted in Annual General Meeting *(Refer Para 31 of Note - 29 "Notes on Accounts").* | Repetitive |
| 13 | **Audit observations in Zone Audit report excluding those which have been appropriately dealt with elsewhere in the report.** | |
| | • **Purchase of power**<br>• There is no effective system in place to verify power purchase for completeness, only those bills are accounted in the books of accounts which are received, no system in place for quantitative reconciliation of the power actually purchased vis-à-vis power purchase accounted in the books of accounts, reconciliation of power purchased with suppliers are not done neither provided to us. Balance confirmation and reconciliation with the suppliers was not carried out therefore impact on power purchase and power sales and eventually on position of sundry payables and receivable in not quantifiable, this may consequently impact the profitability of the DISCOMs.<br>• Generation based Incentives (GBI) receivable from IREDA amounting to INR 1,230.01 lacs (Previous Year-Rs. 1,147.68, lacs) and a sum of Rs.4,997.55 lacs | First time |

R.M. LALL & CO. CHARTERED ACCOUNTANTS

(Previous Year-Rs.1,655.78, lacs) from UPNEDA are subject to confirmation and reconciliation and Consequential adjustment.

- The zone has received interest amounting to Rs. 56.33, lacs and TDS of Rs.4.22 lacs have been deducted there from. But the amount of interest of Rs.31.16 lacs (Out of Rs. 56.33 lacs) has been netted off in purchase cost in the books, (#Unit-330 EIE&PC) Purchase cost and interest income have, therefore understated to the extent of Rs.31.16 lacs.

***Management Reply***

Interest cost or Interest receivable included in the Power Purchase Bills presented by Generators for prior periods on account of adjustment/revision in compliance of UPERC/CERC regulations or orders etc. have been accounted under power purchase cost. Since, the total power purchase cost is to be transferred to DISCOMs as Power sale price, hence, there is no understatement/overstatement of profit or loss and no impact on profitability.

### a. Provision for Late Payment Surcharge

There is no proper system to compute the late payment surcharge payable to various power suppliers. We are therefore unable to comment on the amount of overstated profit/understated loss of the zone for the financial year 2020-21 on account of provision of late payment surcharge.

**Repetitive**

### b. Accounting of Accrued interest for Noida power company ltd

The Electricity import export and payment circle unit (unit#330 EIE &PC) of the zone has accrued interest to the tune of INR 1954.56 Lacs during the financial year 2020-2021 (previous year- INR 1700.59 Lacs) against advance provided to Noida power company limited. However as explained to us the interest in being accrued for an amount of advance paid for supply of power, further no details including the actual amount of advance paid and status of the transaction including its recoverability were provided to us . Recognizing it as an income when the recovery is uncertain is in contravention to Ind AS 115. In the absence of proper details and information, we are unable to quantify the amount of same and its consequential impact on financial statement.

**Repetitive**

R.M. LALL & CO. CHARTERED ACCOUNTANTS

Annexure-A

| | | |
|---|---|---|
| | **c. Accounting for accrued penal interest income**<br>Electricity import export & payment circle of the zone#unit330# has unadjusted late payment surcharge amounting to Rs. 7045.79 lacs (Previous year Rs. 6966.79 lacs till the 31st March, 2021, as explained the unit has not identified the late payment surcharge upon receipt of fund and the process is under reconciliation, hence we cannot comment upon it. | **Repetitive** |
| | | |

R.M. LALL & CO. CHARTERED ACCOUNTANTS

# ANNEXURE I

## Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Consolidated Audited Financial Results

(Rs. In Lacs)

**Statement on Impact of Audit Qualifications for the financial Year ended March 31, 2021**
**[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 | 6763390.79 | 6732621.72 |
| | 2 | Total Expenditure | 6171519.31 | 6166650.95 |
| | 3 | Other Comprehensive Income | (8026.71) | (8026.71) |
| | 4 | Net Profit/(Loss) | 583844.77 | 557944.06 |
| | 5 | Earnings Per Share | 59.23 | 56.60 |
| | 6 | Total Assets | 19411271.70 | 19395304.47 |
| | 7 | Total Liabilities | 16415322.04 | 16425255.52 |
| | 8 | Net Worth | 2995949.66 | 2970048.95 |
| | 9 | Any other financial item(s) (as left 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

(Anil Kumar Awasthi)
Chief Financial Officer

(P. Guruprasad)
Chairman of Audit Committee
& Non- Executive Director

(Pankaj Kumar)
Managing Director
DIN: 08095154

Place: Lucknow
Date: 22-02-2022

For R. M. Lall & Co
Chartered Accountants
FRN: 000932C

as C Srivastava)
Partner
M No. 401216

Annexure-A

| Sl No. | Basis of Qualified Opinion of Statutory Audit Report for F.Y 2020-21 | Frequency |
|---|---|---|
| | **UPPCL (Consolidated)** | |
| 1 | 1. The Group 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* 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 – 31 "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).* 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. "Inventories" includes obsolete stock, unserviceable/ slow-moving stock valued at cost, which is inconsistent ***with Ind AS-2 "Inventories"*** i.e., it should be valued at its Net Realisable Value. | Repetitive |
| | f. 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)(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 |
| | g. 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 |
| | h. Assessment of the Impairment of Assets has not been done by the Group, ***which is inconsistent with Ind AS-36 "Impairment of Assets".*** | |
| | i. *Consolidated Cash Flow Statement has been prepared without making any relevant adjustments as per requirements of **Ind AS-7 "Statement of Cash Flows"**. Thus, we are unable to comment on the same.* | First time |
| | j. Distribution license taken by DVVNL is not yet recognised at all by the Group 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* | |

Annexure-A

| | | |
|---|---|---|
| 9 | As per the opinion drawn by the auditors of DISCOMs, Bank Reconciliation Statement (BRS) in respect of various bank accounts, have not been prepared on regular basis and these contains numerous outstanding unreconciled entries of earlier years including those of stale cheques, un-cashed cheques and other debits/credits. | Repetitive |
| 10 | As per the opinion drawn by the auditors of DISCOMs, Revenue collection through NEFT/RTGS and unbilled revenue have not been properly dealt in books of accounts, impact of the same on receivable from consumers is uncertainable. | Repetitive |
| 11 | The Group 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 |
| 12 | 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 |
| 13 | Records for inventories lying with the third parties are not being maintained properly at Zonal Offices of the Holding Company and its Subsidiaries. | Repetitive |
| 14 | **Audit observations in Zone Audit report excluding those which have been appropriately dealt with elsewhere in the report.**<br>**a. Purchase of power**<br>• There is no effective system in place to verify power purchase for completeness, only those bills are accounted in the books of accounts which are received, no system in place for quantitative reconciliation of the power actually purchased vis-à-vis power purchase accounted in the books of accounts, reconciliation of power purchased with suppliers are not done neither provided to us. Balance confirmation and reconciliation with the suppliers was not carried out therefore impact on power purchase and power sales and eventually on position of sundry payables and receivable in not quantifiable, this may consequently impact the profitability of the DISCOMs.<br>• Generation based Incentives (GBI) receivable from IREDA amounting to INR 1,230.01 lacs (Previous Year – Rs. 1,147.68, lacs) and a sum of Rs. 4,997.55 lacs (Previous Year- Rs. 1,655.78, lacs) from UPNEDA are subject to confirmation and reconciliation and Consequential adjustment.<br>• The zone has received interest amounting to Rs. 56.33, lacs and TDS of Rs. 4.22 lacs have been deducted there from. But the amount of interest of Rs. 31.16 lacs (Out of Rs. 56.33 lacs) has been netted off in purchase cost in the books. (#Unit-330 EIE&PC) Purchase cost and interest income have, therefore understated to the extent of Rs. 31.16 lacs.<br>***Management Reply***<br>Interest cost or Interest receivable included in the Power Purchase Bills presented by Generators for prior periods on account of adjustment/revision in compliance of UPERC/CERC regulations or orders etc. have been accounted under power purchase cost. Since, the total power purchase cost is to be transferred to DISCOMs as Power sale price, hence, there is no understatement/overstatement of profit or loss and no impact on profitability. | First time |

<table>
<tr><td rowspan="6">3.</td><td>a. The Company has received Depreciation on Land & Land rights in earlier years through gazette notification amounting to Rs. 39,80,597.00. 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. Despite similar comment in Statutory Audit Report for financial year 2018-19, no corrective action has been taken by the Management.</td><td>Repetitive</td></tr>
<tr><td>b. The following AG Code in the following zones are having credit balances:
<table>
<tr><th>AG CODES</th><th>ZONES</th><th>AMOUNT (In Rs.)</th></tr>
<tr><td rowspan="3">22.780<br>(Transformer sent to repairs)</td><td>JHANSI</td><td>3,33,44,047.00</td></tr>
<tr><td>ALIGARH</td><td>5,59,06,415.00</td></tr>
<tr><td>AGRA</td><td>64,68,67,966.59</td></tr>
<tr><td rowspan="2">22.660</td><td>KANPUR</td><td>17,18,49,745.33</td></tr>
<tr><td>JHANSI</td><td>3,11,36,855.84</td></tr>
<tr><td>22.662</td><td>JHANSI</td><td>63,60,69,344.52</td></tr>
<tr><td rowspan="2">22.770<br>(Scrap Material)</td><td>JHANSI</td><td>27,11,42,455.70</td></tr>
<tr><td>KANPUR</td><td>90,58,432.42</td></tr>
<tr><td rowspan="2">22.810<br>(Stock Excess Pending for Investigation)</td><td>KANPUR</td><td>3011.00</td></tr>
<tr><td>JHANSI</td><td>8,09,549.72</td></tr>
<tr><td colspan="2"><b>TOTAL</b></td><td><b>1,85,61,87,823.12</b></td></tr>
</table>
It is impracticable as Stock value cannot be negative. Moreover, these balances have been shown by deduction from inventory therefore assets have been undervalued by 18,561.88 lacs and need to be reconciled.</td><td>Repetitive</td></tr>
<tr><td>c. In EE Admin Head, we observed that many expenditure heads are not booked on accrual basis. Some instances are given below: 74.809 (OFFICE EQUIPMENTS {OTHERS}), 76.107 (INSURANCE), 76.112 (POSTAGE AND TELEGRAM), 76.121 (LEGAL EXPENSES), 76.153 (PRINTING AND STATIONERY), 76.155 (ADVERTISEMENT EXPENSES), 76.190 (MISC EXPENSES).</td><td>Repetitive</td></tr>
<tr><td>d. As per Para 111 of IND AS 115," Revenue From Contracts With Customers" the company has not disclosed the total Cash flow realised from the customers, uncertainty of Revenue and timing of realization under Notes to accounts. Company has not complied with the disclosure requirement as per IND AS 115.</td><td>Repetitive</td></tr>
<tr><td>e. As per sub point (c) of Para 39 of IND AS – 20, "an entity shall disclose all conditions and other contingencies attaching to government assistance that has been recognised", but the management has not disclosed about the conditions and contingencies for each government grant received. We recommend the management to comply with these disclosure requirements in their financial statements.</td><td>Repetitive</td></tr>
<tr><td>f. While scrutinizing the Zonal Trial balance it was observed that under AG Head 14(CWIP), various amounts are persisting since long for which no capitalization is made. As per management no reconciliation for the same is available. We recommend the management to</td><td>Repetitive</td></tr>
</table>

the nature of such accounts. The balance under this head should be identified and necessary rectification entries should be passed:

| ZONES | AG CODE | NAME | Amount (In Rs.) |
|---|---|---|---|
| Aligarh | 42.2 | Supply Control Account | 5,20,49,047.00 Cr |
| Agra | 22.710 | Workshop Suspense Account | 2,87,14,937.79 Dr |
| Kanpur | 38 | Liability related UPSEB | 96,54,570.00 Cr |

Repetitive

m. Following is liability head which shows debit balance. It seems some entries from some other head have been parked in these codes which are understating Trade Payables, it needs to be reconciled and required entry must be passed.

Repetitive

| ZONE | AG CODE | NAME | Amount (In Rs.) |
|---|---|---|---|
| Aligarh | 47.410 | Railways | 16,82,89,324 Dr |

n. During the year company has revised its estimation related to residual value of fixed assets from 5% to 10% as per UPERC letter. The company has credited the differential amount of assets having less than 10% residual value to depreciation account to make book value of assets equal to salvage value. In our opinion the transfer should have been done from general reserve instead of depreciation account. Due to this depreciation is understated by Rs. 7,193.00 lacs (approx.) resulting in understatement of current year loss.

First time

o. The company is required to de-recognize assets on their disposal and record gain/loss arising from disposal of assets. However, the company is not recognizing gain/loss arising from disposal of Plant and Equipment. The quantification of total effect on the Profit & Loss Account of the company is not ascertainable as required documents for calculating effect on Profit & Loss Accounts are not maintained properly.

Repetitive

p. As reported in Audit Report of Agra Zone, "*The Fixed assets withdrawn from the active use are taken back in the store after deducting only one year of depreciation from its cost irrespective of its actual use period. Moreover, the cost is also taken on the basis of its replacement cost rather than historical cost. Both above lead to over Valuation of item taken back to store and in some cases also lead to the negative balances in the fixed assets account. In the absence of specific data regarding above we are unable to quantify the effect (IND AS 16).*"

First time

q. During the year, company has sold LED bulb vide AG code-22.791. However, the company has credited the value of sales under the same head, instead of recognizing it as income. Therefore, it leads to understatement of revenue and stock by an amount of Rs. 4.88 lacs.

First time

r. On checking of cash flow statement, we observed that amortisation of Rs. 16,062.00 lacs is deducted from additions of Property, Plant and Equipment. In our opinion, the presentation of cash flow is not proper. Property, Plant and Equipment should have been shown at full value and amortisation should have been shown separately. Instead of amortisation being reflected separately the same is deducted from Proceeds from consumer's contribution & Go UP capital Subsidy.

First time

s. 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 recognised in profit or loss of the period in which it becomes receivable. A government grant is not recognised until there is reasonable assurance that the entity will comply with the conditions attaching to it, and that the grant will be received.*" The company has credited the subsidy receivable from government of U.P. amounting to Rs 2,15,969.00 lacs in general reserve by debiting the subsidy receivable from

First time

| | |
|---|---|
| Kanpur | 60906644.00 |
| Jhansi & Banda | 39380713.00 |
| **TOTAL** | **35,40,51,457.00** |

z. As per IND AS – 115, "Revenue from Contracts with Customers", Revenue should be recognised in the year in which it is accrued, but in case of supply of power to Torrent Power Ltd. Agra, in the year 2019-20, the company has recorded revenue amounting to Rs. 3,622.00 lacs for the month of March 2020 twice in its books of accounts. As the company booked whole supply of power in the year 2019-20 and has also made a provision for March's last week supply under "provision for unbilled revenue", hence company has overstated the revenue in previous financial year. Further, the company has reversed the provision for unbilled revenue amounting to Rs. 3,622.00 lacs in current year financial statements. As a result of which current year revenue has been understated by this amount. Further the company has not made a provision for unbilled revenue of TIR amounting to 5,098.00 lacs for the month of February and March 2020 in the financial year 2019-20 and it has recorded this TIR amount in F.Y. 2020-21, which belongs to F.Y. 2019-20. Therefore, current year revenue has been overstated with the same amount.

First time

aa. As per Para 16 of IND AS 37, "Provisions, Contingent Liabilities and Contingent Assets", the Company is required to disclose Court Cases going on at the end of Financial Year, brief description related to nature of the contingent liability and estimate of its financial Effects and possibility of reimbursement. The company has not made any such disclosure with respect to the above, thus company has not complied with the disclosure requirement of Ind AS 37.

First time

bb. As per Para 86 of IND AS – 37, "an entity shall disclose for each class of contingent liability at the end of the reporting period a brief description about the nature of contingent liability with estimate of its financial effect and an indication of the uncertainties relating to the amount or timing of any outflow". Management is in practice to disclose the cumulative amount of Contingent Liabilities at the end of reporting period. The management should disclose the detailed breakup of each class of contingent liability with its effect on financial statement and expected future outflow with their timings.

First time

cc. As per Para 26 of IND AS – 23, "An entity shall disclose the capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation". However, the management has not disclosed the same in notes to accounts.

First time

dd. On scrutinizing the Trial Balance of Aligarh Zone, a credit balance amounting to Rs.1.62 lacs was observed under the AG CODE 28.210(Income Accrued & Due on Fund Investment), Rs. 0.65 lacs under AG Code 28.260 (Interest Accrued and Due) and Rs. 12.74 lacs under AG Code 28.290 (Other Income Accrued) which is abnormal as Income Accrued can never be negative. The management could not explain this discrepancy.

First time

ee. As per the provisions of Section 285ba of Income Tax Act every person who issue shares for a consideration of more than Rs. 10 Lakhs (Including share application money) is required to file SFT-008. However, company has not filed the form which attracts penal provisions under Income Tax Act.

First time

ff. As mentioned in Audit report of Kanpur zone, "*While checking of the Trial Balance of Units, we have observed that many Codes of Receivables against supply of power (AG-23) are showing excess realization, which do not appear to be correct. Details are given as under*":

First time

| S.No. | Division Name | Amount appearing in account code | Amount (In Rs.) |
|---|---|---|---|
| 1 | EDD Jhinjhak | Other Misc. Receipts (AG-23.707) | -28975508.37 |

| | | |
|---|---|---|
| | (III) **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 Equipment, resulting delay in capitalization with corresponding impact on depreciation for the delayed period. (Refer to 2(II) and IV(b) of 'Significant Accounting Policies' to the Financial Statements.) | Repetitive |
| | b. 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 |
| | c. Assets amounting to Rs. 4,209.88 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 these assets. Company has disclosed it as Tangible Assets, which is Intangible Assets, as being rightly disclosed earlier in the financial year 2017-18. This has resulted understatement of intangible assets and overstatement of tangible assets by Rs. 4,209.88 lacs. (Refer to note 2 of financial statements) | Repetitive |
| | d. The depreciation/amortisation on Bay (Assets not in Possession of Pashchimanchal Vidyut Vitran Nigam Ltd.) is calculated on the opening gross value of the assets with the life of 25 years on SLM basis and on addition during the year has been provided on average 6-month basis instead of actual period of availability of asset for its intended use. 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 Para 2(IV)(b) of Significant Accounting Policies) | Repetitive |
| | e. 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 |
| | f. Expenses for ERP software implementation amounting Rs. 4,659.92 lacs are shown under Capital work in Progress. However, the same should be classified under the heading "Intangible assets under development" as per provisions of Schedule III of the Companies Act, 2013. | Repetitive |
| | g. 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 |
| | Rs. 1,30,143.00 lacs, for additional subsidy, wrongly transferred by UPPCL to other discoms in earlier years, is shown as receivable from UPPCL as per the letter no. 1526 dated 26.10.2021 of UPPCL (the Holding company) and credited in General Reserve of the company without impacting statement of Profit and Loss account. In the absence of its complete details and audit trail thereof with appropriate audit evidences with the company, we are not in a position to comment up on the correctness of the same. (Refer | First time |

m. Compliance/ Rectification of Zonal Auditor's report on the accounts of their zone for the year ended 31st March, 2021 were not done till finalization of our audit.

n. **Significant observations of Zonal Auditors are as Under:**

**(A) Meerut Zone**

i. Stock Shortage Pending Investigation (A/c Code 22.830): The status of stock shortage amounting to Rs. 112.00 lacs. has remained unchanged and no follow up has been done.

First time

ii. Subsidy Receivable from Government shows unadjusted negative Balance of Rs. 417.00 lacs The book entry to adjust/set off these balances has not been made.

First time

iii. The Bank Reconciliation statements (BRS) include Bank charges charged by the bank under other debits but not accounted for in the books of accounts. The amount of these Bank charges, which is very substantial, has not been accounted for and continues to form part of the BRS. The total amount of Other Debit as on 31st March 2021 **is Rs. 374.19 lacs and the** year wise break up is as under:

Repetitive

| **Particulars** | **Amount in Lac** |
|---|---|
| Bank Charges less than 1 year | 13.90 |
| Bank Charges from 1 to 3 years | 89.13 |
| Bank Charges above 3 years | 271.16 |
| **Total** | **374.19** |

iv. In EDD II Baghpat, a fraud case of collecting cash Rs. 31.30 lac from customers and not depositing the amount in division is under enquiry against Mr. Sanjay Kumar, cashier.

Repetitive

v. In EDD I Meerut, 9 receipt books issued on 23-02-2012 to Postmaster Meerut Cantt. for collection of amounts on behalf of PVVNL were not returned back in division. The unit is reportedly in correspondence with the Postmaster for returning the same.

First time

vi. REVENUE FROM SALE OF POWER

Billing is not raised for all the supplies of power till 31-03-2021. The unbilled revenue has been booked only in the cases where bills are generated for the subsequent month of April. The unbilled revenue in case of bills not raised in the subsequent month of April (for any reason) has not been calculated and provided for. The basis of calculation of unbilled revenue is also not uniform- in some cases it is based on actual data whereas in other cases it is done as per average billing.

Repetitive

vii. Mercantile basis of accounting is not followed properly. Expenses relating to previous years, which are in the nature of "Prior Period Expenses" are booked in the year under audit on payment basis.

Repetitive

viii. Some units have delayed the deposition of GST and filing of returns beyond the stipulated time. In some cases, units have not charged GST on Miscellaneous receipts components like RO/DO charges, Cheque dishonour charges etc. which are otherwise covered under the provisions of GST.

First time

ix. The balance of security Deposit has not been verified and reconciled with the Billing

| | | |
|---|---|---|
| | 1-2 days in deposit of collected cash to the bank. Further, we were given to understand that all bank accounts are auto-sweep and balance is regularly transferred to the main bank account of UPPCL, Meerut. | |
| | On physical verification of Main cash book, Works Cash book available at Division Office level, it is observed that cash book is not being updated on daily basis. Moreover, it is observed that totaling and balancing in cash book is being done roughly using pencil. It is further observed that verification of cash by EE/AE at Division Office level is not being done on regular basis. In furtherance of the aforesaid, during the FY 2020-21, there has been cash embezzlement of Rs.564.00 lacs under the division EUDD-7, Ghaziabad by one Mr. Sumit Gupta during the period of July, 2020 to November, 2020 during which he was holding position of Head Cashier Revenue of the division. The accused cashier was the person in charge to collect the cash revenue from collection counters to deposits the same into the bank. We were given to understand that the FIR filed by Sh. Surender Pal Singh, Executive Engineer of division EUDD-7, Ghaziabad, bearing FIR no.1955/2020 dated 15.12.2020 with Police Station Sihani Gate, Ghaziabad in which amount of Rs.295.45 lacs were reported misappropriated by the accused head cashier Sumit Gupta and it was also suspected that the quantum of misappropriated amount may go up. The amount misappropriated as per the BRS from July, 2020 to November, 2020 is Rs. 564.00 lacs, and amount reported in FIR is Rs.295.45 lacs i.e. amount short reported into FIR by Rs.268.73 lacs. | First time |
| | We were given to understand that the letter dated 01.10.2020 written by Sh. Surender Pal Singh, Executive Engineer of the division, addressed to the SHO, Sihani Thana in which the amount of Rs. 220.06 lacs was also intimated to police for the period of October, 2020 to November, 2020. We were given to understand that the case is currently under investigation. | First time |
| | ii. On our examination of photocopy of BRS produced before us, out of total uncashed cheques of Rs.12,036.00 lacs, most of the cheques have become stale. Further, out of total other credits of Rs.7,750.00 lacs, most of the entries are old entries, which also consist entries of more than 15 years old, in support of which, no record/details are provided for our verification and further comments. | First time |
| | iii. We were given to understand that reconciliation of such old entries is not probable. It is further observed that on our physical visit to EUDD-2, Noida, a case was observed where customer has made payment of dues/bill in cash against which cheque receipt was issued. Taking into consideration the aforementioned facts and in the absence of requisite information/details/explanations in this regard, possibility of foul play/ fraud cannot be ruled out. Present status of the frauds reported as per branch statutory audit report for the year ended 31.03.2020 conducted by VSD & Associates, chartered accountants, not provided for our verification and further comments. The aforementioned reported fraud as reported in the aforementioned report is reproduced hereinunder: "As informed by the management, zone has noticed a case of fraud in its EUDD-II, EUDD-V, EUDD- VII Noida division by few bank officials. Some of ICICI bank officials wrongly credited the cheques amounting Rs. 172.37 lacs related to these division in some other account. Management has duly taken the matter in its notice and has lodged the Police FIR with the authorities." | First time |
| | iv. On our scrutiny of AG no. 18 of Trial Balance, it is observed that "Intangible Assets" of Rs.1,651.00 lacs include Rs. 107.00 lacs provided for the FY 2020-21. We were given to understand that all the accounting entries related to theft of assets/inventories are passed through this account for which copy of FIR, records pertaining to criminal cases filed, copy of preliminary inquiry reports, internal | First time |

Electricity Duty which is payable to the state government. However, manual corrections on system generated bills have been made and consequently, Electricity Duty has been less collected by Rs. 14,235.00 lacs and the same is less paid to the government. Further, in cases of system generated monthly electricity bills of Delhi Metro Rail Corporation (under EUDD-7 Noida) and Delhi Metro Rail Corporation Ltd (DMRC) (under EUDD-2 Noida) for the audit period, it is observed that Electricity Duty has not been charged at all. We were given to understand that the same is due to system error and the same is being charged separately. However, no such record/document/details of the aforementioned adjustment are provided for our verification and further comments. Further, in case of system generated monthly electricity bills of Maintenance DMRC Botanical Garden/38A (under EUDD-3 Noida) for the audit period, it is observed that Electricity Duty has been calculated at 5% instead of 7.5% of Demand Charges as per Electricity Tariff rates for FY 2020-21. Taking into consideration the aforementioned facts and on the basis of records produced before us, we are unable to ascertain the correctness of Electricity Duty collected in case of other consumers as well. In the absence of requisite records/documents/explanation to our satisfaction, we are unable to further comment.

x. On physical inspection of Sub-Division Offices, Division Offices and Zonal Office, it is found that the zone is not complying with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ('POSH' Act) and directions/ guidelines of the Hon'ble Supreme Court of India in this regard. Employees working at Sub-Division Offices/ Division Offices/ Zonal Office are not aware of Internal policy of the company, if any formulated in compliance of the POSH Act. No notices informing the employees about the company's stance on sexual harassment has been displayed around the workplace area of the Sub-Division Offices/ Division Offices/ Zonal Office which in violation of the POSH Act. Annual compliance report as per Sec. 21 r.w. Rule 14 of the POSH Act is not provided for our verification and further comments. We were given to understand that the same is being dealt at Head Office level.

First time

xi. On our examination of photocopy of BRS produced before us, out of total uncashed cheques of Rs.12,036.00 lacs, most of the cheques have become stale. Further, out of total other credits of Rs.7,750.00 lacs, most of the entries are old entries, which also consist entries of more than 15 years old, in support of which, no record/details are provided for our verification and further comments. We were given to understand that reconciliation of such old entries is not probable. It is further observed that on our physical visit to EUDD-2, Noida, a case was observed where customer has made payment of dues/bill in cash against which cheque receipt was issued. Taking into consideration the aforementioned facts and in the absence of requisite information/details/explanations in this regard, possibility of foul play/ fraud cannot be ruled out.

First time

xii. On the basis of a statement of line loss produced before us, it is observed that in case of some Distribution Divisions, transmission and distribution loss is enormous on comparison with the actual average transmission loss of the Ghaziabad Zone of 8.50% and Noida Zone of 9.20% (approx.) during the audit period:

(in million units)

| **Division Office** | **Energy Purchased** | **Energy Sold** | **Energy Loss (%)** |
|---|---|---|---|
| EDD Greater Noida | 257.943 | 160.363 | 37.83 |
| EUDD-8 Noida | 168.484 | 107.534 | 36.18 |
| EDD-3 Loni | 241.170 | 158.996 | 34.07 |

Repetitive

Annexure-A

| | | |
|---|---|---|
| | ii. As informed no fraud was detected during FY 2020-21. But the frauds of embezzlement detected up to FY 2019-20 has involved total amount of Rs. 349.47 Lacs out of which Rs. 36.87 Lacs has been recovered. And balance sum of Rs. 312.60 Lacs are still to be recovered. | Repetitive |
| | (IV) **PuVVNL** | |
| | a. The Company has categorized cost of bay construction for 33/11 KV substation under "Assets not in possession of Purvanchal Vidyut Vitran Nigam Limited" and disclosed the same under "Property, Plant & Equipment" in the Balance Sheet. | Repetitive |
| | b. Stock shortage/ excess pending investigation amounting to Rs.92.41 Lacs is outstanding as on 31/03/2021. 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 |
| | c. No provision for obsolete, unserviceable stores and spares has been made. An old provision amounting to Rs. 6,297.00 lacs is lying against obsolete stores since 2003 under Final Transfer Scheme. | Repetitive |
| | d. In almost all the banks flexi fix facility is available but there are huge balances in current account and amount has not been transferred by the bank to flexi fix account which is resulting into loss of interest. | Repetitive |
| | e. An amount of Rs. 48,240.00 lacs (Net of Provisions) represent advance to suppliers /Contractors (Capital) which has no details with name and age wise break up. Out of Rs. 48,240.00 lacs (Net of Provisions) there is no movement in AG code 25.1, and 25.6 amounting to Rs. 21.00 lacs which needs immediate attention of management. | Repetitive |
| | (V) **MVVNL** | |
| | a. We draw attention to para 3 (IV) (b) of General Information and Significant accounting policies stating that depreciation on addition to/ deduction from Property plant and equipment during the year is charged on Pro Rata basis. However, it was noted that capitalization of fixed assets is done at the end of financial year irrespective of actual date of 'Put to use' and depreciation is not charged on assets capitalized during the year. This accounting practice is also not in accordance with provisions of Companies Act and IND AS 16 resulting in understatement of Loss and depreciation for the year and overstatement of Assets. In the absence of complete details, effect of said understatement of depreciation & Loss and Overstatement of fixed assets on financial statement could not be ascertained. | Repetitive |
| | b. The cost of fixed assets, which are decommissioned, and corresponding accumulated depreciation is reversed on estimated basis, which has no relation with their carrying cost in MTBs. As a result, the cost and accumulated depreciation of assets in use are not correctly reflected in MTB and some of fixed asset accounts reflect credit balances. | Repetitive |
| | c. It was informed that Billing for sale of electricity to consumers are accounted for on the basis of report generated through Online Billing System implemented by various outsourced agencies. However, system audit of the said billing system, if any, being dealt at UPPCL was not made available to us and as such we are unable to comment on the efficacy of the same. | Repetitive |