



U. P. Power Corporation Limited

(A Government of UP undertaking)

CIN: U32201UP1999SGC024928

Registered address: Shakti Bhawan, 14 Ashok Marg, Lucknow-226001

Phone No. 0522-2286618 | Email: companysecretary@uppcl.org | Website: www.uppcl.org



No.519 /UPPCL/CS/2025

Date: December 29, 2025

To,
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai 400 001

Scrip Code: 955766

Sub: Intimation of 26th Annual General Meeting and Submission of Annual Report for the Financial Year ended March 31, 2025.

Dear Sir/Madam,

It is submitted that pursuant to Regulation 30 and 53 read with Schedule III of the SEBI (LODR) Regulation, 2015, as amended and any other applicable provision, we hereby enclose the Annual Report for the financial year 2024-25 and informed that the 26th Annual General Meeting of U. P. Power Corporation Limited (the Company) is scheduled to be held at a Shorter Notice on **December 30, 2025 at 12:30 P.M.** at its registered office of the Company for the subject matter as mentioned in the notice attached.

Kindly take the same on record.

Encl. As above

Thanking You,

For U. P. Power Corporation Limited

NITIN

NIJHAWAN

Digitally signed by
NITIN NIJHAWAN
Date: 2025.12.29
18:13:27 +05'30'

Nitin Nijhawan

CFO & Compliance Officer



ANNUAL REPORT 2024-25



U. P. POWER CORPORATION LIMITED



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CORPORATE INFORMATION

<p>Registered Office U. P. Power Corporation Limited CIN: U32201UP1999SGC024928 14, Ashok Marg, Shakti Bhawan Hazratganj, Lucknow- 226001 Contact No.: 0522-2286618 Website: www.uppcl.org</p>	<p>Company Secretary Shri Jitesh Grover Company Secretary, PVVNL (In-Additional Charge-UPPCL) [April, 2024- June, 2024 & from October, 2024- till date]</p> <p>Ms. Priti Arora [June, 2024 –October, 2024]</p> <p>Chief Financial Officer Shri Nitin Nijhawan</p>
<p>Bonds Listed at BSE Limited Scrip Code: 955766</p>	<p>Secretarial Auditor M/s MMA & Partners, (Practicing Company Secretaries Firm), Lucknow</p>
<p>Statutory Auditors M/s Vinay Naveen & Co.(CR2880), Chartered Accountant, UPPCL, Lucknow-226011</p>	<p>Cost Auditors Abhishek Mishra & Company Cost & Management Accountants, Lucknow – 226010</p>
<p>Debenture Trustee</p> <ul style="list-style-type: none"> • Beacon Trusteeship Limited 5W, 5th Floor, The Metropolitan, Bandra Kurla Complex, Bandra (East), Mumbai- 400051 • Vistra ITCL (India) Limited The Capital Building, B Wing, 5th Floor, Unit No 505 A2, Bandra Kurla Complex, Bandra (East), Mumbai- 400051 	<p>Registrar & Share Transfer Agent</p> <ul style="list-style-type: none"> • Beetal Financial & Computer Services Pvt Ltd. Beetal House, 3rd Floor 99 Madagir, New Delhi -110062 Tel: +91-7260895871 Email: beetalrta@gmail.com • RCMC, Share Registry Private Limited, B-16, Sector-2, Noida-201301 Email: rdua@rcmcdelhi.com
<p>Depositories</p> <ul style="list-style-type: none"> • Central Depository Service (India) Limited Marathon Futurex, 25th Floor, NM Joshi Marg, Lower Parel (East) Mumbai-400013 	<p>Credit Rating Agencies</p> <ul style="list-style-type: none"> • CRISIL • India Ratings & Research Pvt Limited • Brickwork Ratings India Pvt. Ltd



- | | |
|---|--|
| <ul style="list-style-type: none">• National Securities Depository Limited
Trade World, A wing, 4th Floor, Kamala
Mills Compound, Senapati Bapat Marg,
Lower Parel, Mumbai- 400013 | |
|---|--|



COMPANY AT A GLANCE

U. P. Power Corporation Limited (“UPPCL”) was incorporated on 30th November 1999 and commenced its business w.e.f. 15th January 2000. It was formed as part of restructuring of the Uttar Pradesh State Electricity Board (*UPSEB*). It is an apex body responsible for electricity transmission and distribution in Uttar Pradesh.

For Efficient Operation & Management, UPPCL has six wholly owned subsidiary companies: -

- 1) Madhyanchal Vidyut Vitran Nigam Limited, Lucknow (MVVNL)
- 2) Paschimanchal Vidyut Vitran Nigam Limited, Meerut (PVVNL)
- 3) Purvanchal Vidyut Vitran Nigam Limited, Varanasi (PuVVNL)
- 4) Dakshinanchal Vidyut Vitran Nigam Limited, Agra (DVVNL)
- 5) Kanpur Electricity Supply Company Ltd, Kanpur (KeSCO)
- 6) UP Renewable & EV Infrastructure Limited, Lucknow (UPREV)

The Corporation ensures reliable and efficient power supply to consumers across the state through its transmission network and five Distribution Companies (Discoms)—PVVNL (Meerut) with 11 zones and 29 circles, MVVNL (Lucknow) with 10 zones and 29 circles, DVVNL (Agra) with 9 zones and 28 circles, PuVVNL (Varanasi) with 9 zones and 30 circles, and KESCo (Kanpur) with 1 urban zone. In total, UPPCL operates 40 zones across the state.

A primary focus for UPPCL in 2025 is modernizing its infrastructure and improving operational transparency. This includes the widespread deployment of smart meters and digital billing platforms to enhance accuracy and reduce energy losses. The corporation also prioritizes customer service through online payment portals and mobile applications that allow users to manage their accounts and track consumption in real-time.

Sustainability is another core pillar of its current strategy. UPPCL is increasingly integrating renewable energy sources, such as solar and wind power, into the state grid while promoting energy efficiency through consumer awareness campaigns and rooftop solar initiatives. Additionally, the corporation frequently implements government welfare schemes designed to provide electricity relief to low-income households and rural areas, ensuring that energy access supports broader economic and social development across the state. Through these combined efforts, UPPCL aims to provide a reliable, cost-effective, and uninterrupted power supply to one of India's most populous regions.



BOARD OF DIRECTORS

CHAIRMAN



Dr. Ashish Kumar Goel
Chairman

MANAGING DIRECTOR



Shri Pankaj Kumar
Managing Director



WHOLE TIME DIRECTORS



Shri Nidhi Kumar Narang
Director (Finance)
(From 01.06.2022 to 17.08.2025)/
Director (Commercial) - In-Additional Charge
(From 02.07.2024 to 21.04.2025)



Shri Kamallesh Bahadur Singh
Director (Corporate Planning)
(From 18.06.2022 to 18.05.2025)/
Director (P&MA) - In-Additional Charge
(From 11.12.2023 to 18.05.2025)



Shri Sourajit Ghosh
Director (I.T.)
(From 18.06.2022 to 08.06.2025)



Shri Gyanendra Dhar Dwivedi
Director (Distribution)
(W.e.f. 11.10.2023)



Shri Sanjay Mehrotra
Director (Finance)
In-Additional Charge
(W.e.f. 19.08.2025)



Shri Prashant Verma
Director (Commercial)
(W.e.f. 22.04.2025)



Shri Deepak Raizada
Director (Corporate Planning)
(W.e.f. 05.06.2025)



Dr. John Mathai
Director (PM&A)
(W.e.f. 17.06.2025)



NON-EXECUTIVE DIRECTORS



Shri Rupesh Kumar
Non-Executive Director
(From 07.01.2025 to 28.10.2025)



Shri Ranvir Prasad
Non-Executive Director
(From 04.03.2024 to 07.01.2025)



Shri Mayur Maheshwari
Non-Executive Director
(W.e.f. 29.10.2025)



Shri Abhishek Singh
Non-Executive Director
(W.e.f. 03.05.2023)



Shri Raj Kumar Malhotra
Non- Executive Director
(W.e.f. 05.11.2024)



Shri Prabhat Kumar Singh
Non- Executive Director
(W.e.f. 13.02.2025)



Shri Anupam Shukla
Non-Executive Director
(From 10.08.2022 to 21.04.2025)



Shri Raj Kumar
Non-Executive Director
(W.e.f. 22.05.2025)



Shri Neel Ratan Kumar
Non-Executive Director
(W.e.f. 16.04.2013)



Shri R.P. Vaishnav
Non-Executive Director
(From 16.06.32023 to 13.02.2025)

WOMEN DIRECTOR



Smt. Neha Jain
Non-Executive Director
(W.e.f. 30.01.2025)



EXECUTIVE DIRECTOR'S BRIEF PROFILES

DR. ASHISH KUMAR GOEL



Dr. Ashish Kumar Goel, IAS, has been serving as the Chairman of U.P. Power Corporation Limited (UPPCL) since July 2023. Along with other initiatives, he has ensured several key achievements such as urban restructuring in major town areas to enhance “Ease of doing Business”, the incorporation of UPREV for establishing EV infrastructure, Joint Ventures (JVs) with major PSUs for new power plants and Resource Adequacy. Dr. Goel also played a vital role in the establishment of the All India Discoms Association (AIDA).

Earlier, he played a crucial role in the Ministry of Rural Development as Additional Secretary and Director General of the National Rural Infrastructure Development Agency, where his responsibilities included overseeing flagship schemes for rural roads and housing. Throughout his career, he has held several pivotal roles in public service and administration.

Dr. Ashish Kumar Goel is a highly accomplished individual with an impressive educational background. He holds a B.Tech in Electrical Engineering from IIT Delhi, M.A. in Economics, Ph.D. in Economics from Dr. B. R. Ambedkar University, Agra, as well as M.Sc. in Public Management & Administration Governance from the London School of Economics (LSE).

He has held various high-profile positions, including Secretary of Rural Development in the Government of Uttar Pradesh and Managing Director of the U.P. State Road Transport Corporation. His extensive career also includes roles such as Secretary of Basic Education, Principal Staff Officer to the Chief Secretary, and District Magistrate & Collector in various districts of Uttar Pradesh, including Bhadohi, Sultanpur, Ambedkar Nagar, Hathras, Kanpur Dehat, Muzaffarnagar, Barabanki, Prayagraj, Chitrakoot, Agra and Bareilly.

Dr. Ashish Kumar Goel achieved significant recognition during his tenure as Divisional Commissioner in Prayagraj, where he led the organization of the cleanest and safest-ever Kumbh Mela in 2019. He became the recipient of numerous awards and honors,



including the Prime Minister's Award for Excellence in Public Service in 2020 and several Guinness World Records. He also received the Alumnus of the Year Award from the IIT Delhi Alumni Association in 2019. His career embodies dedication and leadership in public administration and management.



SHRI PANKAJ KUMAR

Shri Pankaj Kumar, Managing Director, U. P. Power Corporation Limited has over 22 years of extensive experience in diverse sectors. His area of expertise includes Energy Department, Public Administration, Health, Land Revenue, Urban Development, Secondary Education, Tourism, and other service domains.

Shri Pankaj Kumar is an accomplished individual with an impressive track record. He holds Bachelor of Philosophy (Hons), St. Stephen's College, University of Delhi. He played a pivotal role in flood relief and rehabilitation efforts in Ballia, Basti, and Sitapur, effectively distributing relief worth to the affected population and ensuring zero loss of life in any of the districts.

During his service he has been posted as District Magistrate of Jalaun, Ballia, Basti, Muzaffarnagar, Sitapur, Aligarh and Agra and as Special Secretary- Basic/ secondary education, Managing director NHM, PSO to Chief Secretary.

He has cross-functional expertise with a proven ability to lead and work with multi-cultural, multi-sectoral, and multidisciplinary teams of professionals across diverse implementation projects. His skills in management, governance and varied challenges along with strong communication, situational analysis, problem-solving and team management capabilities has been widely recognised.



SHRI NIDHI KUMAR NARANG

Shri Nidhi Kumar Narang was Director (Finance) of U. P. Power Corporation Limited from June 01, 2022 to August 17, 2025. He is B. Com (Hons), LLB and MBA (Finance) and a Gold Medalist from the Power Management Institute of NTPC. Further, he has acquired skill upgrades from Euromoney & Kellogg's School of Management, Chicago in Valuations, Mergers & Acquisitions and from UTD Dallas in Advanced International accounting in oil & gas.

He has been a finance professional in the Power and Infrastructure sectors and in a career spanning over 43 years, has diverse and varied experience in Business strategy & structuring, Corporate Finance including fund raising, business valuations, Mergers & Acquisitions, Cost Control, Systems & MIS, Direct & indirect Taxes, Electricity Tariff Regulations, Fuel Sourcing, Exploration & Production activities for oil & gas, etc.



SHRI KAMALESH BAHADUR SINGH

Shri Kamalesh Bahadur Singh was Director (Corporate Planning) of U. P. Power Corporation from June 18, 2022 to May 18, 2025. He has joined NTPC as Executive Trainee in 1985 and resigned in 2022 as Chief General Manager. He has vast and diverse experience of 39 years of power Sector.

Shri Kamalesh Bahadur Singh got an Additional Charge of Director (Distribution) & approximate 1 year he has managed the work of both Corporate Planning & Distribution. In December, 2023 he also got an additional charge of Director (P M & A). At present he is working as Director (Corporate Planning) & (P M & A).



SHRI SOURAJIT GHOSH

Shri Sourajit Ghosh was Director (IT) of U. P. Power Corporation Limited from June 18, 2022 to June 08, 2025. He has joined NTPC as Executive Trainee in 1985 and resigned in 2022 as



General Manager (IT).

Shri Sourajit Ghosh was instrumental in business change management in the organisation in the project PRADIP (Pro Active Digital Initiatives for Paperless) in July, 2018 which was instrumental in riding through the COVID 2020. He has wide experience in the field of IT in NTPC Limited, where he headed the SAP-ERP BASIS & ASAP teams. He also was instrumental in leading Multi-Digital Transformation initiatives at NTPC Limited.

At U. P. Power Corporation Limited, he has brought about a lot of IT initiatives like merging of 3 different Revenue Management System (RMS) Applications into a single RMS- Oracle CC&B, rolling onto a complete SD-WAN enabled network for 4000 + locations, implementation of IDAM for authentication, Adoption of SAP-ERP across all Discoms.



SHRI GYANENDRA DHAR DWIVEDI

Shri Gyanendra Dhar Dwivedi has joined U. P. Power Corporation Limited as Director (Distribution) on October 11, 2023. Prior to this; he worked as Chief Engineer & Superintending Engineer (Lucknow, Ghaziabad, Technical Wing, Faizabad, Lucknow Electricity Supply Administration). He has worked in major areas such as theft control in the field of electricity (Kanpur, Lucknow, Ayodhya & Ghaziabad), Maintenance of supply of electricity to the citizen of Kanpur etc.

Shri Gyanendra Dhar Dwivedi has vast and diverse experience of 37 years in Power Sector. He has attended various training Programme related to Power Distribution & administration, E-tendering Procedures, Administrative Methodologies for Power Engineers, Non-renewable Energy Sources, Smart Metering & E-charging Programme.



SHRI SANJAY MEHROTRA

Shri Sanjay Mehrotra is an experienced finance executive in India's power and infrastructure sectors. He currently holds an additional charge of Director (Finance) at U. P. Power Corporation Limited (UPPCL) since August 2025 and serves as Whole-time Director (Finance) at UP Renewable & EV Infrastructure Limited (a subsidiary of UPPCL) since April 2025.

He was also Director (Finance) at U.P. Rajya Vidyut Utpadan Nigam Limited (May 2025-Aug 2025). Prior to that, he served as Director (Finance) & CFO and was a full-time Board Member at Grid Controller of India Limited (GRID-INDIA) (Dec 2023-Feb 2025), where he led financial strategy, accounting, reporting, and governance.

Earlier, he served as Executive Director (Finance) at Power Finance Corporation Limited (PFC), a Maharatna NBFC under the Government of India. In this role, he oversaw key financial operations including fundraising, risk management, loan disbursements, and resolution of stressed assets. He also held senior leadership roles in PFC's Resource Mobilization and Restructured Asset Units and worked with reputed organizations such as PGCIL, NHPC, and REC. He holds a Bachelor and Master of Commerce from Lucknow University and is a CMA from the Institute of Cost Accountants of India.

SHRI PRASHANT VERMA



Shri Prashant Verma is Director (Commercial) at U. P. Power Corporation Limited (UPPCL) since April 2025. He brings over 25 years of experience in the power distribution sector. An IIT-Roorkee alumnus with degrees in Electrical Engineering and Master's degree in Computer Science & Technology, he also holds an MBA from JMI, Delhi and is a Certified Energy Auditor and Manager accredited by Bureau of Energy Efficiency. Prior to UPPCL, he held leadership



roles at Delhi Vidyut Board and BSES Rajdhani Power Limited, where he led key initiatives in digital transformation, distribution automation, and loss reduction. Also to implement Distribution Management Systems (DMS) and Intelligent Outage Management Systems (IOMS) for improving network & operational efficiency.

A strong proponent of tech-driven reforms, Shri Prashant Verma has led the adoption of smart grids, SCADA, and digital platforms to boost billing accuracy, operational efficiency, and customer experience. At UPPCL, he drives commercial operations with a focus on transparency, sustainability, and innovation, aligning with India's power sector reforms and digital goals.



SHRI DEEPAK RAIZADA

Shri Deepak Raizada is Director (Corporate Planning) of U. P. Power Corporation Limited (UPPCL) since June, 2025. He holds a Bachelor degree of Engineering from University of Roorkee (IIT Roorkee), graduating in First Division with Honors. He is a Gold Medalist in Post Graduate Diploma in Business Management (Energy Management) from MDI-Gurgaon and is a Certified Energy Manager by the Bureau of Energy Efficiency.

A seasoned professional with 37 years of experience in India's power sector, Shri Raizada has held various senior roles within UPSEB and U. P. Power Corporation Limited. His extensive experience encompasses Power Procurement, Renewable Energy Portfolio Management, including Bidding Processes and Regulatory Frameworks. He has significant experience in regulatory forums and legal pleadings on behalf of UPPCL.

Notably, he was a key member of the Energy Infrastructure Services Project under the Canadian International Development Agency for UP Project, contributing to capacity-building initiatives in load forecasting, revenue requirements, and tariff filings.



DR. JOHN MATHAI

Dr. John Mathai took charge as Director (Personnel Management & Administration) of U.P. Power Corporation Limited in June 2025. He holds a diverse academic background with a Postgraduate Degree in Human Resource Management, an LLB from the University of Delhi, an MBA from Jamia Millia Islamia, and a PhD from IIT Delhi. Before joining UPPCL, Shri John Mathai served as Executive Director (HR) at NTPC Limited, where he led the HR Centre of Excellence and oversaw Industrial Relations, Manpower planning, Governance, and Administration across thermal, Gas, and Renewable energy sectors.

His strategic initiatives achieved a 60% reduction in lead-time, enhanced operational efficiency, and included key programs in girl empowerment, system-driven IR reforms, and the deployment of 50,000 service personnel through umbrella agreements. Dr. John Mathai served as Member Secretary on the Board of Damodar Valley Corporation (DVC) for three years, driving its transformation through “Corporate Vision 2030,” boosting CSR spending by 25% annually, and aligning initiatives with SDGs. He led key government campaigns like ‘Ujjwal Bhavishya Power@2040’, ‘PM Viswakarma’, and and PM’s inauguration of national projects



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NOTICE OF 26th ANNUAL GENERAL MEETING

NOTICE is hereby given that the 26th Annual General Meeting of the members of U. P. Power Corporation Limited (“the Company”) is scheduled on December 30, 2025 at 12:30 P.M. (IST) at the registered office of the company at, Shakti Bhawan, 14 - Ashok Marg, Lucknow - 226001 to transact the following business:

ORDINARY BUSINESS

- 1. TO CONSIDER AND ADOPT AUDITED STANDALONE & CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED AT 31st MARCH, 2025, THE REPORTS OF THE BOARD OF DIRECTORS AND AUDITORS THEREON**

*In this regard, to consider if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**.*

“**RESOLVED THAT** the audited Standalone & Consolidated financial statements of the company for the financial year ended at 31st March, 2025, the reports of the board of directors and auditors thereon, as circulated to the members, be and are hereby considered and adopted.

- 2. TO AUTHORISE THE BOARD OF DIRECTORS TO FIX THE REMUNERATION OF THE STATUTORY AUDITORS FOR THE FINANCIAL YEAR 2025-26**

*To Consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**: -*

In accordance with provisions of the Section 139, 142 and other applicable provisions if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other relevant rules (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the remuneration of the Auditors shall be fixed by the Company at the



Annual General Meeting or in such manner as the Company at the Annual General Meeting may determine.

Further, pursuant to the applicable provisions of the Companies Act, 2013, the Statutory Auditors of the Company are required to be appointed by the Comptroller and Auditor General of India (C&AG). In this regard, the C&AG, vide its letter dated No./CA. V/COY/UTTAR PRADESH, UPOWER (3)/111 dated 10.09.2025 had appointed M/S Vinay Naveen & Co., Chartered Accountants as the Statutory Auditor of the Company.

However, C&AG vide its mail dated December 12, 2025 has withdrawn the aforesaid appointment and C&AG is yet to appoint new Statutory Auditors of the Company for the Financial Year 2025-26.

“RESOLVED THAT pursuant to the provisions of the Section 139, 142 and other applicable provisions if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other relevant rules (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the Board of Directors of the Company be and is hereby authorized to fix and finalize the remuneration and out of pocket expenses payable to the Statutory Auditors of the Company as may be appointed by the Comptroller & Auditor General of India for the Financial Year 2025-26.

RESOLVED FURTHER THAT any Director, Chief Financial Officer, Company Secretary and Compliance Officer of the Company be and are hereby severally authorized to do all acts, deeds and things as may be deemed necessary to give effect to this resolution.”

SPECIAL BUSINESS:

- 3. TO CONFIRM/RATIFY THE APPOINTMENT OF SHRI RAJ KUMAR, SHRI PRASHANT VERMA, SHRI DEEPAK RAIZADA, SHRI JOHN MATHAI, SHRI SANJAY MAHROTRA & SHRI MAYUR MAHESHWARI ON THE BOARD OF THE COMPANY.**

*To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:*

“RESOLVED THAT pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013, read with the rules made thereunder,



Regulation 62D (3) of SEBI (LODR) Regulations, 2015, as amended from time to time, including the SEBI (LODR) (Third Amendment) Regulations, 2024, notified on December, 2024 and effective from April 01, 2025, and in accordance with the provisions of Articles of Association (AOA) of the Company (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the appointment of Shri Raj Kumar (**DIN: 07693589**) as Nominee Director of the Company w.e.f 22.05.2025, on the basis of terms & conditions fixed by the GoUP as approved by the Board of Directors at its duly convened 213th Board Meeting held on June 11, 2025, be and is hereby confirmed and ratified.

RESOLVED FURTHER THAT pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with the rules made thereunder, Regulation 62D (3) of SEBI (LODR) Regulations, 2015, as amended from time to time, including the SEBI (LODR) (Third Amendment) Regulations, 2024, notified on December, 2024 as effective from April 01, 2025 and in accordance with the provisions of Articles of Association (AOA) of the Company (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) the appointment of Shri Prashant Verma (DIN: 11149393) as Whole-time Director of the Company w.e.f 22.04.2025, on the basis of terms & conditions fixed by the GoUP as approved by the Board of Directors at its duly convened 213th Board Meeting held on June 11, 2025, be and is hereby confirmed and ratified.

RESOLVED FURTHER THAT pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with the rules made thereunder, Regulation 62D (3) of SEBI (LODR) Regulations, 2015, as amended from time to time, including the SEBI (LODR) (Third Amendment) Regulations, 2024, notified on December, 2024 as effective from April 01, 2025, and in accordance with the provisions of Articles of Association (AOA) of the Company (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) the appointment of Shri Deepak Raizada (DIN: 11155857) 2025 as Whole-time Director of the Company w.e.f 05.06.2025, on the basis of terms & conditions fixed by the GoUP as approved by the Board of Directors at its duly convened 213th Board Meeting held on June 11, 2025, be and is hereby confirmed and ratified.

RESOLVED FURTHER THAT pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with the rules made thereunder, Regulation 62D (3) of SEBI (LODR) Regulations, 2015, as amended from time



to time, including the SEBI (LODR) (Third Amendment) Regulations, 2024, notified on December, 2024 as effective from April 01, 2025, and in accordance with the provisions of Articles of Association (AOA) of the Company (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) the appointment of Shri John Mathai (DIN: 11173270) 2025 as the Whole-time Director of the Company w.e.f 17.06.2025, on the basis of terms & conditions fixed by the GoUP as approved by the Board of Directors at its duly convened 214th Board Meeting held on August 08, 2025, be and is hereby confirmed and ratified.

RESOLVED FURTHER THAT pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with the rules made thereunder, Regulation 62D (3) of SEBI (LODR) Regulations, 2015, as amended from time to time, including the SEBI (LODR) (Third Amendment) Regulations, 2024, notified on December, 2024 as effective from April 01, 2025, and in accordance with the provisions of Articles of Association (AOA) of the Company (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) of Shri Sanjay Mehrotra(DIN:02263323) who was appointed as Director (Finance),UPREV, be and is hereby confirmed and ratified as Director (Finance) of Company (In-Additional charge) w.e.f 19.08.2025, on the basis of terms & conditions fixed by the Government of Uttar Pradesh (GoUP) as approved by the Board of Directors at its duly convened 215th Board Meeting held on September 09, 2025.

RESOLVED FURTHER THAT pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with the rules made thereunder, Regulation 62D (3) of SEBI (LODR) Regulations, 2015, as amended from time to time, including the SEBI (LODR) (Third Amendment) Regulations, 2024, notified on December, 2024 as effective from April 01, 2025, and in accordance with the provisions of Articles of Association (AOA) of the Company (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) the appointment of Shri Mayur Maheshwari (DIN:08882590) as Nominee Director of the Company w.e.f 29.10.2025, on the basis of terms & conditions fixed by the GoUP as approved by the Board of Directors at its duly convened 216th Board Meeting held on November 12, 2025, be and is hereby confirmed and ratified.

RESOLVED FURTHER THAT any Director or the Company Secretary or the Compliance Officer or any other authorized person in this behalf, be and are hereby severally authorized to do all acts, deeds and things as may be deemed necessary to give effect to this resolution.”



4. TO CONFIRM/RATIFY THE APPOINTMENT AND REMUNERATION OF THE COST AUDITOR FOR THE FINANCIAL YEAR 2025-26.

*To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:*

“**RESOLVED THAT** pursuant to the Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the appointment of M/s Abhishek Mishra & Company, Cost Accountants, (Firm Registration No. 001773), as the Cost Auditor of the Company to conduct the audit of the cost records of the Company for the financial year 2025-26, as recommended by the Audit Committee and approved by the Board of Directors of the Company, at a remuneration of 36,000/- (Rupees Thirty-Six Thousand only), be and is hereby confirmed and ratified.

RESOLVED FURTHER THAT any Director or the Company Secretary or the Compliance Officer or any other authorized person in this behalf, be and are hereby severally authorized to do all acts, deeds and things as may be deemed necessary to give effect to this resolution.”

5. TO CONFIRM/RATIFY THE APPOINTMENT AND REMUNERATION OF THE SECRETARIAL AUDITOR FOR THE FINANCIAL YEAR 2025-26 to FINANCIAL YEAR 2029-30. |

*To Consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**: -*

“**RESOLVED THAT** pursuant to the provisions of the Section 92, 204 of the Companies Act, 2013 (“**The Act**”) read with the rule 9 of the Companies (Appointment and Remuneration of the Managerial Personnel) Rule, 2014 and the SEBI (LODR) Regulations, 2015 (“**The Listing Regulations**”) including any modification (s) or re-enactment(s) thereof and any other applicable provisions or rules, if any, the consent of the Members of the Company be and is hereby accorded to appoint M/s MMA & Partners, Lucknow, Practicing Company Secretaries Firm, having Certificate of Practice (COP) No. 15281 as the Secretarial Auditor of the Company for conducting the Secretarial Audit & preparing the Annual Return of the Company, as approved by the Board of Directors in its 216th Board Meeting held on 12.11.2025, for a period of five years from the Financial Year 2025-26 to Financial Year 2029-30, at the fee as mentioned below:-



Description of Work	Fee for each Financial Year from 2025-26 to 2029-30
a) Issue of Secretarial Audit Report pursuant to Section 204 of the Companies Act, 2013 from the Financial Year 2025-26 to Financial Year 2029-30.	Rs. 35,000/-
b) Certification of Annual Return in form MGT-8 pursuant to section 92(2) of the Companies Act, 2013 from the Financial Year 2025-26 to Financial Year 2029-30.	
a) Issue of Annual Secretarial Compliance Report pursuant to Regulation 24A (2) of SEBI (LODR) Regulations, 2015 from the Financial Year 2025-26 to Financial Year 2029-30.	Rs. 15,000/-

- **No TA/DA or any kind of out-of-pocket expenses shall be allowed except applicable taxes.**

RESOLVED FURTHER THAT any Director or the Company Secretary or the Compliance Officer or any other authorized person in this behalf, be and are hereby severally authorized to do all acts, deeds and things as may be deemed necessary to give effect to this resolution.”

**By Order of the Board
For U. P. Power Corporation Limited**

**Place: Lucknow
Date: 24-12-2025**

**Sd/-
Jitesh Grover
Company Secretary
(In-Additional charge)
U. P. Power Corporation Limited
Regd. Office: Shakti Bhawan,
14 Ashok Marg, Lucknow-226001**



NOTES:

- 1- A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the company. In order to be effective, the proxy form duly completed should be deposited at the registered office of the company not less than forty-eight hours before the scheduled time of the Annual General Meeting. Blank Proxy Form is enclosed.
- 2- In compliance with the statutory guidelines, Notice of the AGM along with the Annual Report 2024-25 is being sent only through electronic mode to those Members whose email addresses are registered with the Company. Members may please note that the Notice and Annual Report 2024-25 will also be available on the Company's website www.uppcl.org and website of the Stock Exchanges, i.e., BSE Limited at www.bseindia.com.
- 3- The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the special business, as set out above is annexed hereto. The recommendation of the Board of Directors of the Company (the "Board") in terms of Regulation 17(11) of the Listing Regulations for each item of Special Business, which are considered unavoidable by the Board, is also provided in the said Statement.
- 4- Members are requested to notify change in address, if any, immediately to the Company.
- 5- All documents referred to in the accompanying notice are open for inspection at the registered office of the Company during the office hours on all working up to the date of the General Meeting.
- 6- None of the Directors and KMP of the Company is in any way related with each other.
- 7- The route map showing directions to reach the venue of the 26th AGM is annexed hereto.



Copy to the following with a request to attend the above meeting: -

1. Hon'ble Governor of U.P through Principal Secretary (Energy), U. P. Govt., Lucknow- **Shareholder**
2. Dr. Ashish Kumar Goel, Chairman, UPPCL, Lucknow- **Shareholder**
3. Shri Pankaj Kumar, Managing Director, UPPCL, Lucknow- **Shareholder**
4. Shri Sanjay Mehrotra, (Finance), UPPCL (In-Additional charge), Lucknow- **Shareholder**
5. Shri Prashant Verma, Director (Commercial), UPPCL, Lucknow- **Shareholder**
6. Shri Gyanendra Dhar Dwivedi, Director (Distribution), UPPCL, Lucknow- **Shareholder**
7. Shri John Mathai, Director (PM & A), UPPCL, Lucknow – **Shareholder**
8. Shri Deepak Raizada, Director (Corporate Planning), UPPCL, Lucknow
9. Shri Neel Ratan Kumar, Special Secretary (Finance)- **Shareholder**
10. M/s Vinay Naveen & Co.(CR2880), Chartered Accountant, UPPCL, Lucknow- **Statutory Auditor**
11. M/s Abhishek Mishra & Company, Cost Accountant, UPPCL, Lucknow- **Cost Auditor**
12. M/s MMA & Partners (COP No.15281), Practicing Company Secretaries, Lucknow- **Secretarial Auditor**
13. Vistra ITCL (India) Limited- **Debenture Trustee**
14. Beacon Trusteeship Limited- **Debenture Trustee**

**By Order of the Board
For U. P. Power Corporation Limited**

**Place: Lucknow
Date: 24-12-2025**

Sd/-
Jitesh Grover
Company Secretary
(In-Additional charge)
U. P. Power Corporation Limited
Regd. Office: Shakti Bhawan,
14 Ashok Marg, Lucknow-226001



**EXPLANATORY STATEMENT
PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

The following statement sets out all material facts relating to Special Businesses mentioned in the accompanying notice:

For Item No. 3

The Board of Directors of U. P. Power Corporation Limited at its duly convened meetings and in accordance with the applicable provisions of the Companies Act, 2013, SEBI (LODR) Regulations, 2015, as amended from time to time and the Articles of Association of the Company, has approved the following appointments, subject to the confirmation/ratification by the members of the Company.

1. **Shri Raj Kumar (DIN: 07693589)** was appointed as *Nominee* Director of the Company at the 213th Meeting of Board of Directors, in accordance with the terms and conditions fixed by the Government of Uttar Pradesh, vide its Letter No. 1/970314/2025 dated 22.05.2025.
2. **Shri Prashant Verma (DIN: 11149393)** was appointed as *Director (Commercial)* of the Company at the 213th meeting of Board of Directors, in accordance with the terms & conditions prescribed by the Government of Uttar Pradesh, vide its Letter No. 1/933815/2025 dated 09.04.2025.
3. **Shri Deepak Raizada (DIN: 11155857)** was appointed as *Director (Corporate Planning)* of the Company at the 213th meeting of Board of Directors, in accordance with the terms and conditions fixed by the Government of Uttar Pradesh, vide its Letter No. 1/982878/2025 dated 04.06.2025.
4. **Shri John Mathai (DIN: 11173270)** was appointed as *Director (PM & A)* of the Company at the 214th meeting of Board of Directors, in accordance with the terms and conditions fixed by the Government of Uttar Pradesh, vide its Letter No. 1/933833/2025 dated 09.09.2025.
5. **Shri Sanjay Mehrotra (DIN: 02263323)** who was appointed as Director (Finance),UPREV, was appointed as Director (Finance) of Company (In-Additional charge) at the 215th meeting of Board of Directors, in accordance with the terms and



conditions fixed by the Government of Uttar Pradesh, vide its Letter No.1/1061238/2025/24-2001 dated 19.08.2025

6. **Shri Mayur Maheshwari, (DIN:08882590)** was appointed as *Nominee Director* of the Company at the 216th meeting of Board of directors, in accordance with the terms and conditions fixed by the Government of Uttar Pradesh, vide its Letter No.T-310/2-1-2025 dated 29.10.2025

None of the Directors, Key Managerial Personnel of the Company or their relatives, is in any way, concerned or interested, financially or otherwise, in the said resolution.

For Item No. 4

As per Section 148 of the Companies Act, 2013 ('the Act') read with the Companies (Audit and Auditors) Rules, 2014, the appointment of Cost Auditor shall be made by the Board of Directors on such remuneration as may be confirm/ratified by the Shareholders.

The Board of Directors of U. P. Power Corporation Limited in its 214th meeting held on August 08, 2025 has approved the appointment of Cost Auditor for the Financial Year 2025-26. Accordingly, the Board recommends the resolution set out in Item No.4 of the Notice for the confirmation/ratification of the Members by way of an Ordinary Resolution.

None of the Directors, Key Managerial Personnel of the Company or their relatives, is in any way, concerned or interested, financially or otherwise, in the said resolution.

For Item No. 5

The Board of Directors of U. P. Power Corporation Limited in its 216th meeting held on November 12, 2025, approved the appointment of M/s MMA & Partners, Lucknow, Practicing Company Secretaries Firm, having Certificate of Practice (COP) No. 15281, as the Secretarial Auditor of the Company for a period of five years from the Financial Year 2025-26 to Financial Year 2029-30.

In accordance with the provisions of Section 204, 92 of the Companies Act, 2013 and other applicable provisions if any, of the Companies Act, 2013 read with the rule 9 of the Companies (Appointment and Remuneration of the Managerial Personnel) Rule, 2014 and the SEBI (LODR)



Regulations, 2015, the appointment of the Secretarial Auditor and remuneration payable to them are required to be confirm/ratified by the members of the Company. Accordingly the Board of Directors recommends the Ordinary Resolution for your confirmation/ratification.

None of the Directors, Key Managerial Personnel of the Company or their relatives, is in any way, concerned or interested, financially or otherwise, in the said resolution.

**By Order of the Board
For U. P. Power Corporation Limited**

**Place: Lucknow
Date: 24-12-2025**

Sd/-
Jitesh Grover
Company Secretary
(In-Additional charge)
U. P. Power Corporation Limited
Regd. Office: Shakti Bhawan,
14 Ashok Marg, Lucknow-226001



Form No. MGT-11

Proxy Form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: U32201UP1999SGC024928

U. P. Power Corporation Limited

Shakti Bhawan, 14-Ashok Marg, Lucknow.

Name of the member(s):

Registered address:

E-mail Id:

Folio No.:

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

1. Name:

Address:

E-mail Id:

Signature:, or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **Annual General Meeting** of the company, to be held on at at Shakti Bhawan, 14 Ashok Marg, Lucknow and at any adjournment thereof in respect of such resolution as are indicated below:

Resolution No.

1.

2.

3.

4.

Signed this day of 2025

Revenue
Stamp

Signature of shareholder
holder(s)

Signature of Proxy



Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the company, not less than 48 hours before the commencement of the meeting.



Route Map to the AGM Venue





DIRECTORS' REPORT 2024-25

Dear Members,

U. P. Power Corporation Limited

Your Directors are pleased to present herewith the 26th Annual Report on the business and operations of the company along with the audited standalone and consolidated financial statements of your Company, Auditor's Report and review of financial statements by the Comptroller and Auditor General of India for the financial year ended on 31st March, 2025.

Business Operations

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. 2024-25. The company sold 147650.20 MU (in units) as compared to 134269.40 MU (in units) 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 consumer's interest and strives for uninterrupted supply of power.

Financial Results (Standalone and Consolidated)

The performance of the Company for the financial year ended March 31, 2025, is summarised below:

(Rs.in Crores)

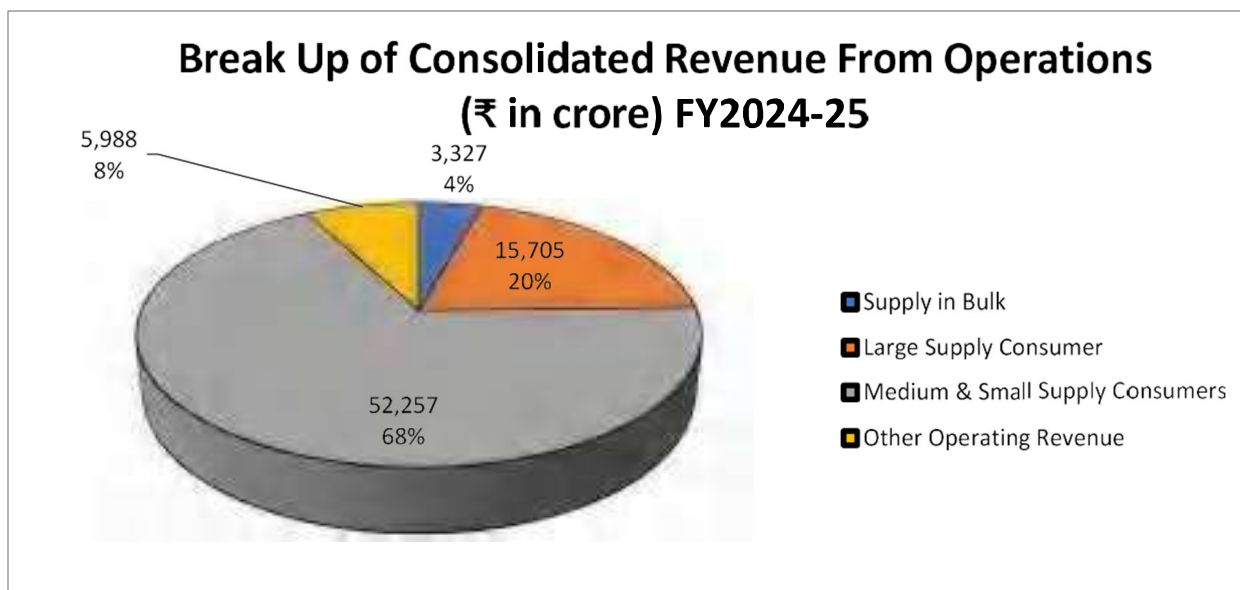
Particulars	Financial Year 2024 - 2025		Financial Year 2023-2024	
	(Standalone)	(Consolidated)	(Standalone)	(Consolidated)

Total Income	79,990.80	1,04,531.82	75,504.52	1,01,199.24
Profit / (Loss) Before Tax	(10,915.24)	(11,264.89)	(6,127.54)	(7,294.85)
Less: Provision for Taxation (Net)	00	00	00	00
Profit / (Loss) After Tax	(10,915.24)	(11,264.89)	(6,127.54)	(7,294.85)

*Previous year figures have been regrouped/reclassified wherever required.

KEY HIGHLIGHTS AND PERFORMANCE FOR THE FINANCIAL YEAR 2024-25

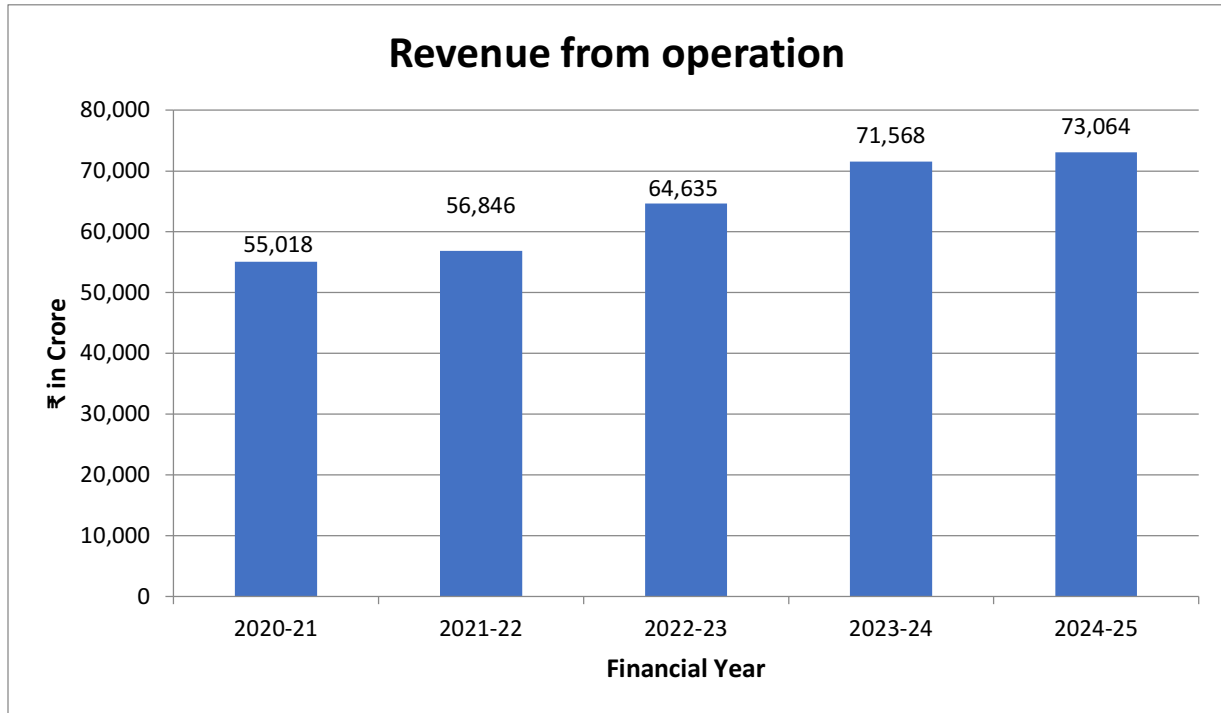
A. FINANCIAL HIGHLIGHTS AND ACHIEVEMENTS



Clarification for the financial results for the F.Y. ended on March 31, 2025

Due to few typographical/terminology errors in the Notes to Accounts of the financial results for the year ended on March 31, 2025 following clarification are be considered:

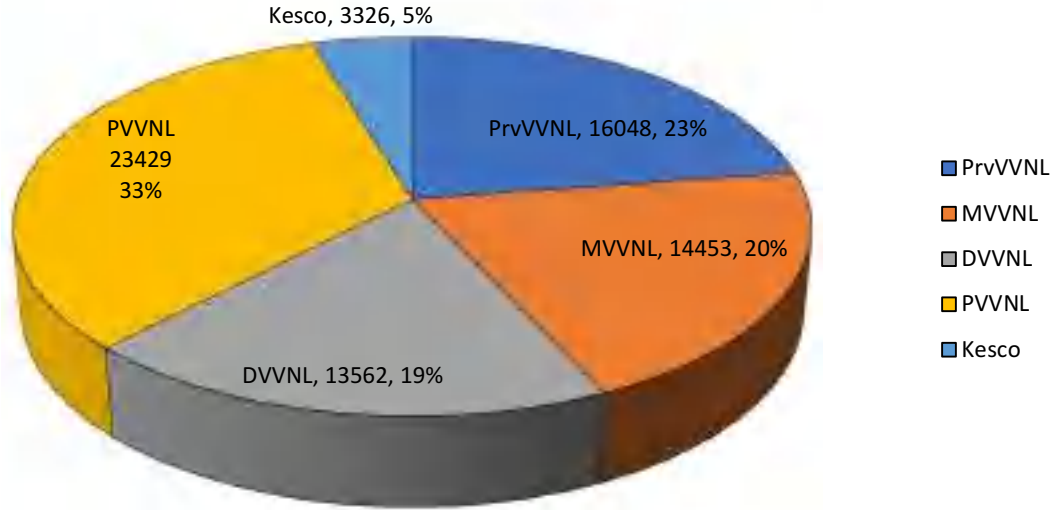
- In Annexure II to Note 15, under the column ‘Security’, the statement currently reads ‘Government guarantee to be provided by the state government’, whereas it should read ‘**Government guarantee provided by the state government**’.
- In point No. 1(i) of Note 30, the term ‘Cabinet note’ should be read as ‘**Government order**’.”



The company has demonstrated consistent top-line growth, with revenue from operations increasing year-over-year.

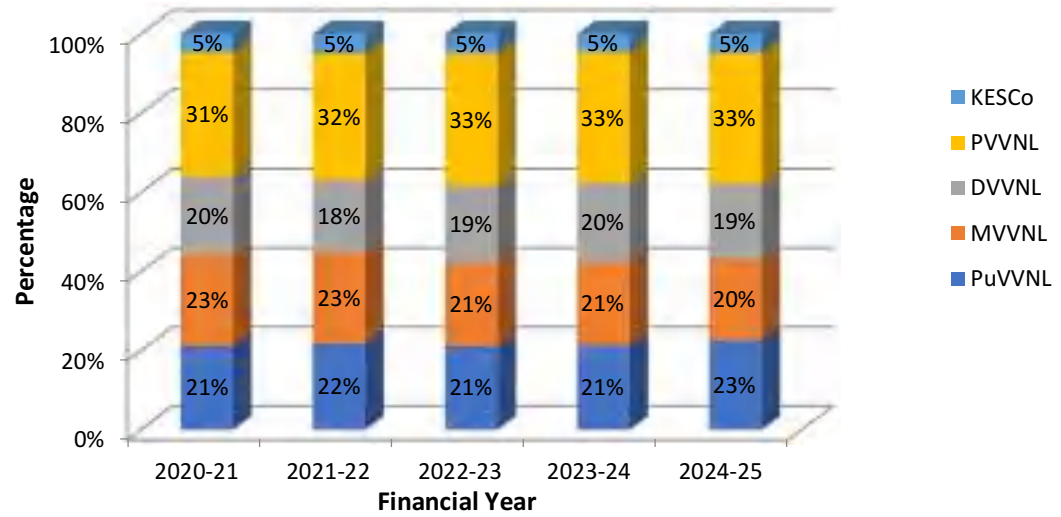


Revenue From Operations Discoms Wise (₹ in Crore) 2024-25

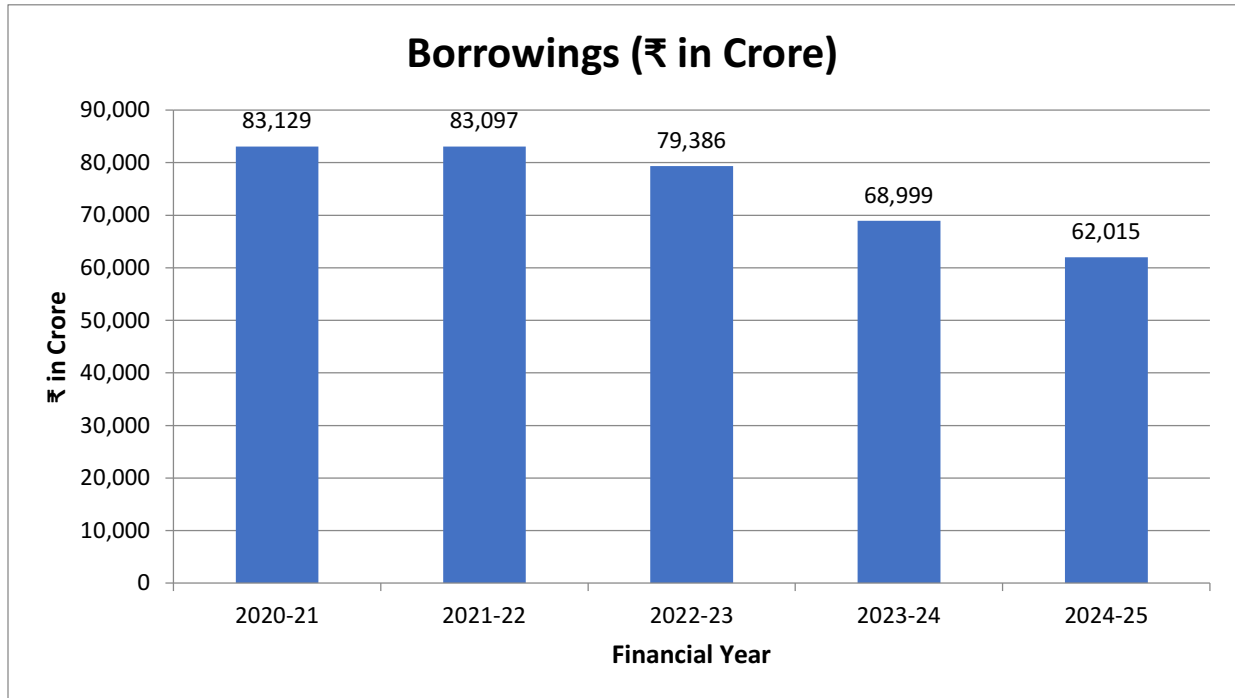




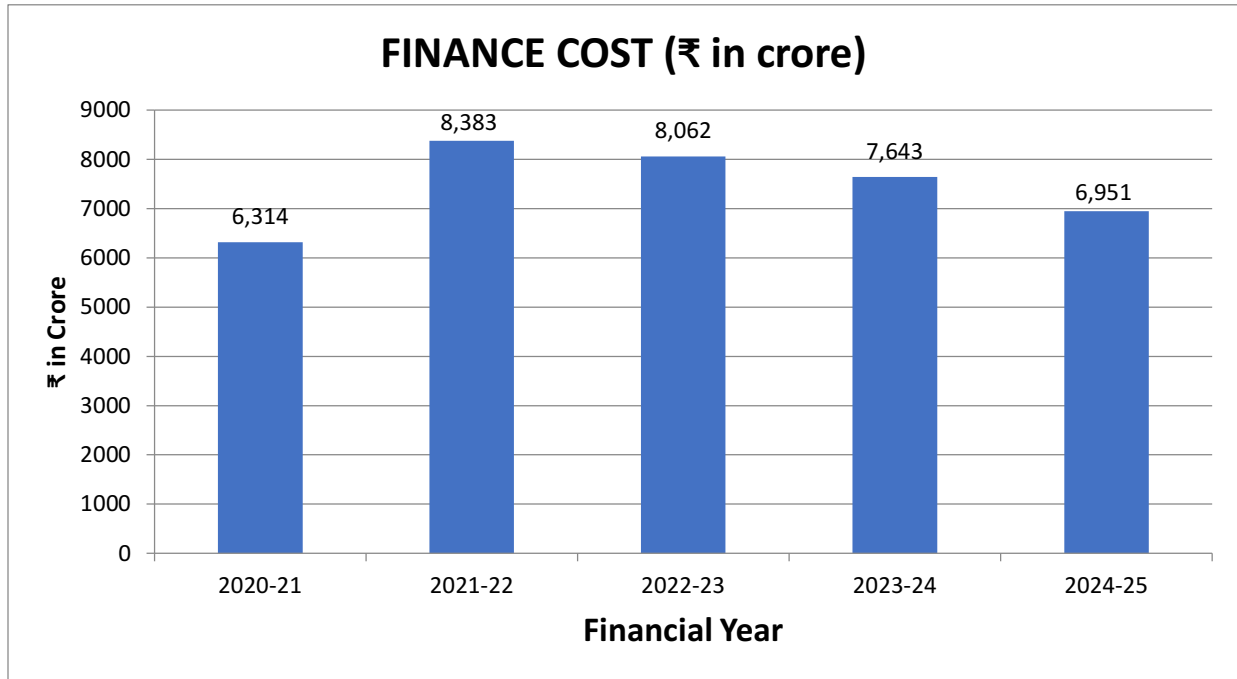
Share of Discoms in Revenue From Operations



Revenue from operations has shown a consistent increase over the years. As seen in the segmental breakdown, the highest contribution to this revenue has consistently been from PUVVNL, followed by PuVVNL throughout the reporting years.



In line with our commitment to financial prudence, the company's borrowings have been systematically reducing year-over-year. Importantly, there have been no defaults in the repayment of these obligations

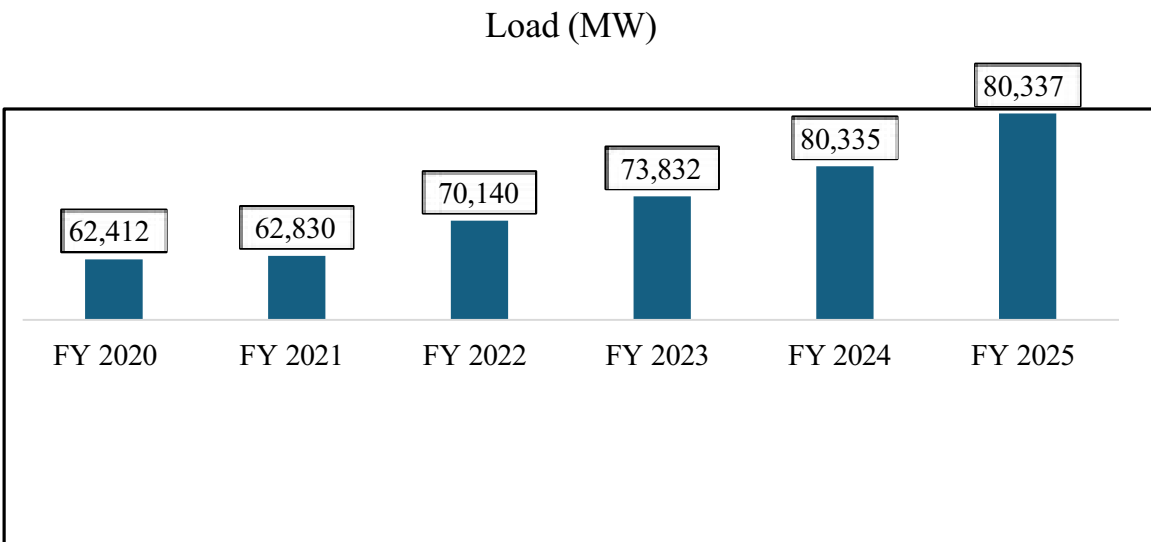
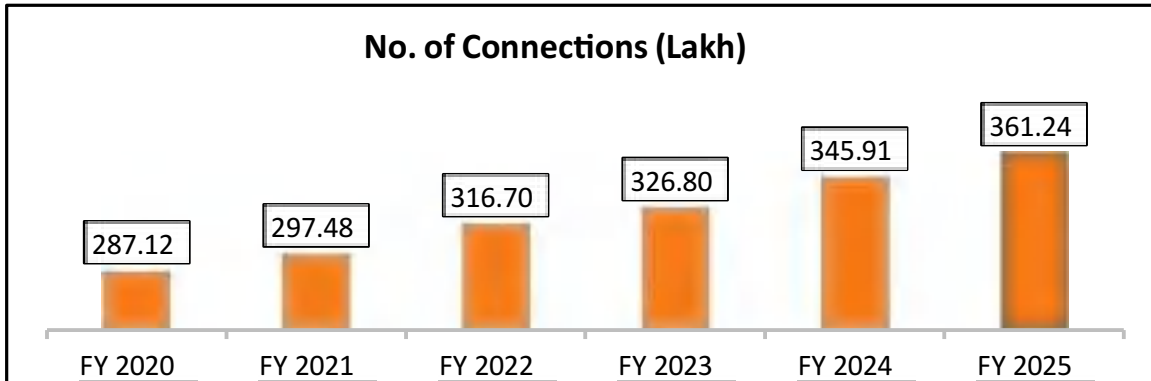


Following a peak in the 2021-22 financial year, the company's finance costs have exhibited a consistent downward trend over the subsequent three years. This decline is directly correlated with the strategic reduction in our total borrowings. By maintaining a disciplined repayment schedule without any defaults, we have successfully lowered our interest obligations from ₹8,383 crore in 2021-22 to ₹6,951 crore in 2024-25.

B. COMMERCIAL HIGHLIGHTS AND ACHIEVEMENTS

UPPCL has a consumer base of approximately 3.61 crore, of which nearly 60% are in rural areas. Over the last five years, around 61 lakh new connections have been provided, including 53.70 lakh domestic, 8.30 lakh commercial, 3.10 lakh agricultural, 0.30 lakh industrial, and 3.40 lakh government connections. The consumer composition is predominantly domestic (87%), followed by agriculture (4%), and commercial and industrial consumers (7%). The total connected load exceeds 80,335 MW. Notably, under the Saubhagya Scheme, 62.18 lakh households were electrified with new connections.

Sales Growth across various categories of consumers and Load sanctioned

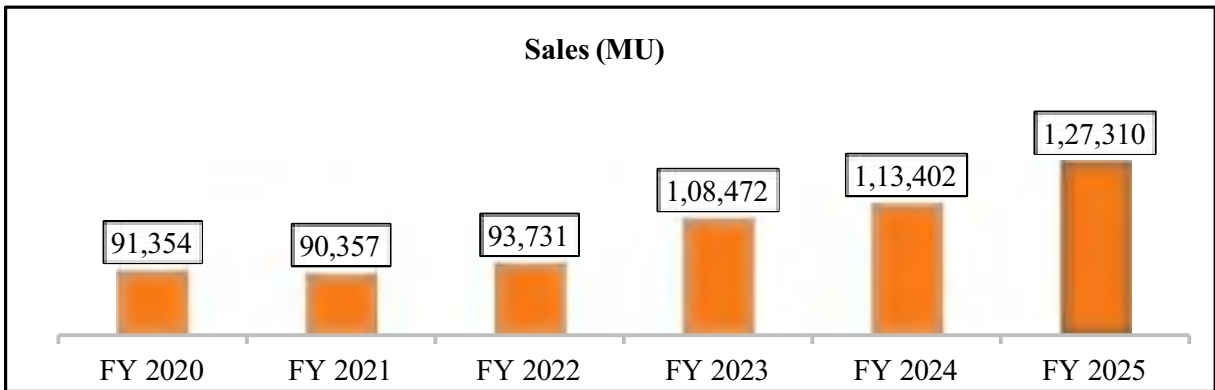
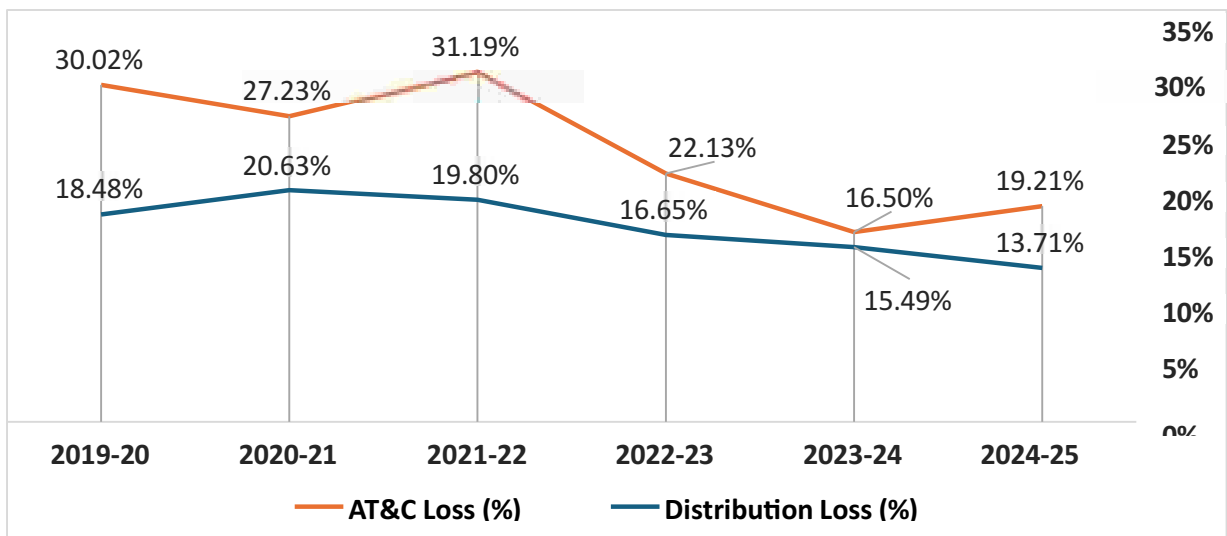


- Sales has increased by 6.86% CAGR in last 5 years

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Domestic	42,274	43,863	44,311	51,868	51,498	60,714
Agriculture	18,178	18,912	18,941	20,704	21,305	23,758
Commercial	6,403	6,077	6,567	7,791	9,459	10,606



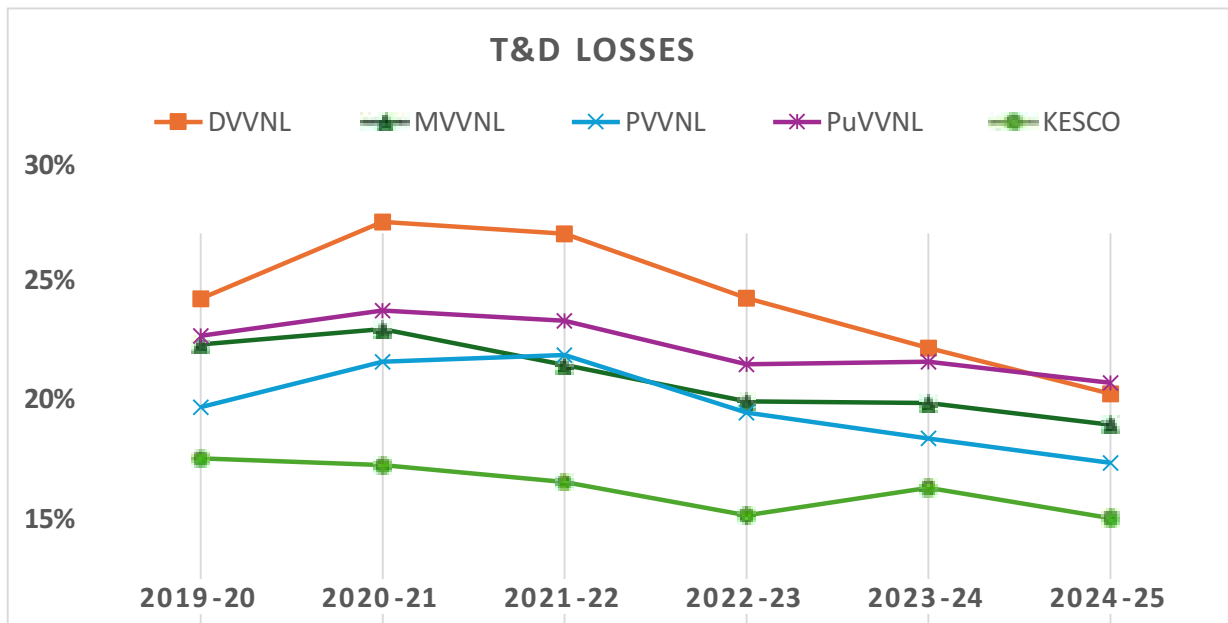
Industrial	14,623	13,169	14,818	17,324	18,506	18,386
Govt. Connections	6,703	6,350	6,130	6,748	7,105	7,403
Bulk Sales (Torrent)	2,058	1,914	2,030	2,255	2,301	2,481
Total Energy Sales	91,354	90,357	93,731	1,08,472	1,13,402	1,27,310





T&D Losses Discom-wise

DISCOM	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
DVVNL	21.54%	26.40%	25.64%	21.59%	18.44%	15.53%
MVVNL	18.65%	19.62%	17.36%	15.06%	14.96%	13.59%
PVVNL	14.69%	17.56%	17.98%	14.36%	12.72%	11.18%
PuVVNL	19.20%	20.80%	20.15%	17.40%	17.56%	16.23%
KESCO	11.45%	11.02%	9.96%	7.85%	9.60%	7.68%

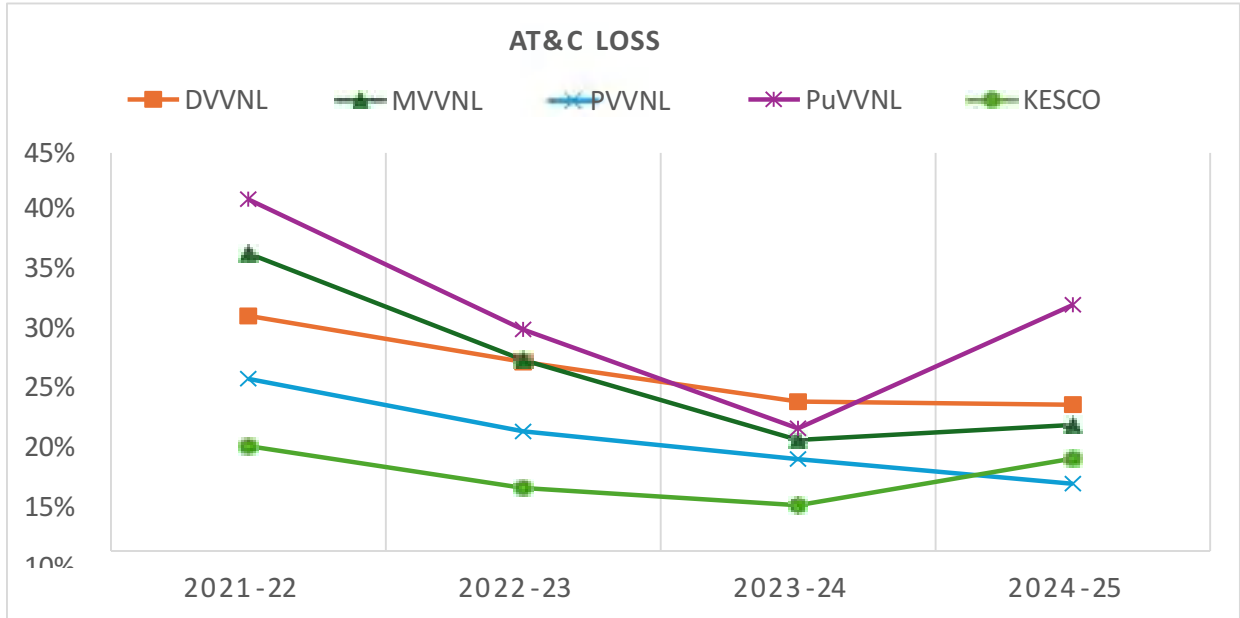


AT&C Loss Discom wise

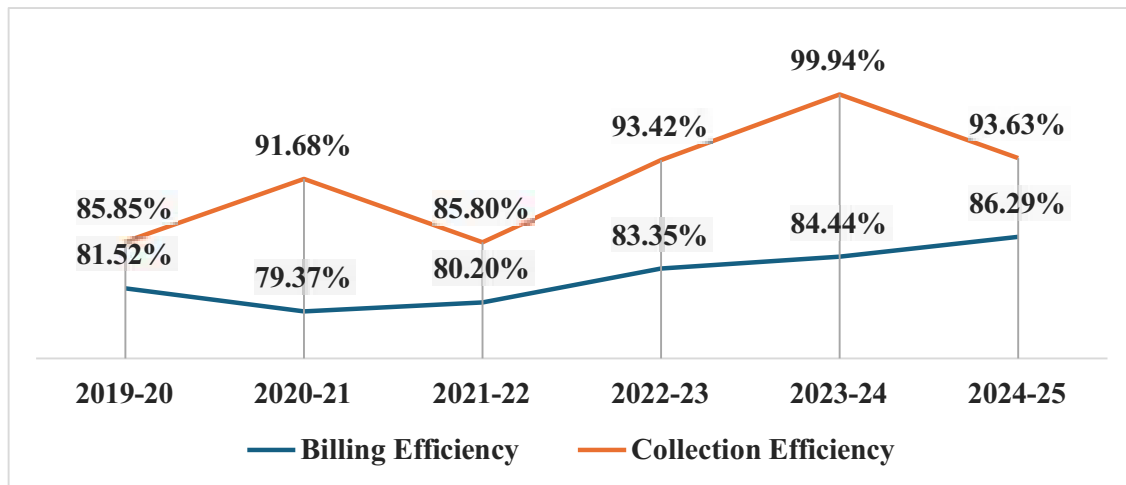
DISCOM	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
PuVVNL	40.33%	27.27%	17.33%	29.74%



MVVNL	34.88%	24.20%	16.16%	17.69%
DVVNL	28.62%	24.00%	20.00%	19.69%
PVVNL	22.29%	17.02%	14.24%	11.76%
KESCO	15.54%	11.33%	9.60%	14.29%

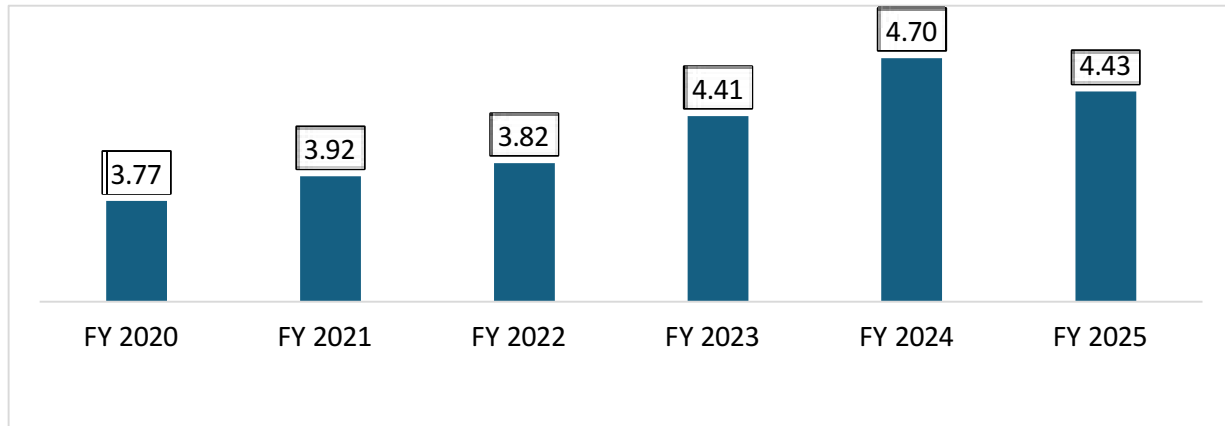


Billing & Collection Efficiency





Thru Rate (Rs./kWh)



Centralized Complaint Centre

A toll-free number 1912 has been established to address all electricity-related issues faced by consumers. Officials of the Discoms and UPPCL actively monitor the resolution of complaints received on this number to ensure prompt redressal. Consumers can register the following types of complaints:

- Billing-related issues
- Disruption in power supply
- Transformer failure
- Meter malfunction
- New connection requests
- Electricity theft reports
- Corruption Complaints

Additionally, a WhatsApp chatbot facility has also been launched to further enhance consumer convenience and accessibility.

1. Currently, consumers can download their bills and make online payments through WSS portal or UPPCL Consumer App.



2. Consumers can also apply for load enhancement in their connections themselves through UPPCL Consumer App or WSS. Automatic load enhancement is now being done as WSS Portal is integrated with RMS Portal.

Collection Cell -Arrangement for depositing electricity bills through various mediums

In rural areas, consumers had to go to far-off subdivision offices and electricity sub-centres to pay their electricity bills. To solve this problem, the system of electricity bill payment through Public Service Centres (CSC) located in rural areas has been in place since July 2018. Apart from this, the system of receiving electricity bill payments through self-help groups (Electricity Sakhis), ration shops (PDS Shops), cooperative societies (PACS) and meter readers of billing agencies has also been in operation for the last three years. With the aim of providing additional facility to electricity consumers for bill payment, four new agencies (M/s BLS International Services Ltd, M/s Vayam Technologies Ltd, M/s Sahaj Retail Ltd, M/s Saral E-Commerce Pvt Ltd) have also been contracted to do the work of electricity bill collection, which has started the work of electricity bill collection from 10.01.2024.

Presence on Social Media

UPPCL and its Discoms actively use social media platforms like Twitter and Facebook to share real-time updates, consumer advisories, and important announcements. These channels also serve as a medium for addressing consumer grievances and enhancing public engagement.

- The complaints received on the social media platform Twitter are being resolved promptly and with high quality and the queries of consumers are being answered on time.
- District-wise WhatsApp channels have been created to disseminate local information/corporate schemes to respected consumers
- Similarly, UPPCL's **Facebook page and Instagram handle** have been growing steadily and are actively utilized for advertising, information dissemination, and public awareness purposes.

C. HIGHLIGHTES AND ACHIEVEMENTS OF CORPORATE PLANNING DIVISION

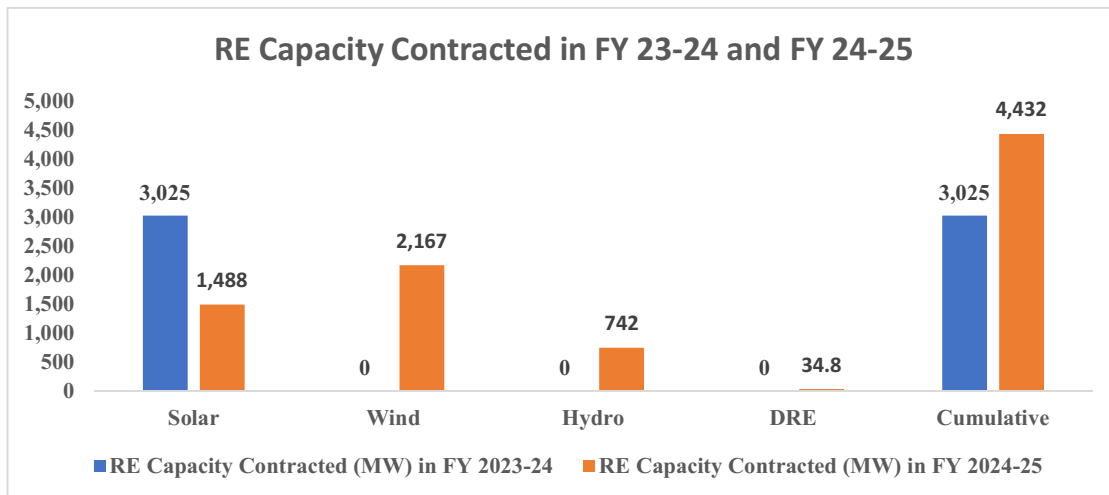
1. UPPCL, as one of India's most ambitious utilities, in close coordination with CEA, has prepared a comprehensive Resource Adequacy Plan (RAP) and RCO/RPO compliance roadmap, covering ~31,500 MW renewable capacity, with ~14,000 MW already tied up.



2. UPPCL had contracted approximately 10,000 MW of renewable energy capacity prior to FY 2023–24. Subsequently, during FY 2023–24 and FY 2024–25, an additional ~8,000 MW of RE capacity contracts has been added to its portfolio, taking the cumulative contracted RE capacity to around 18,000 MW.

3. RE Capacity Contracted in FY 2023-24 and FY 2024-25 are as follows:

Category	RE Capacity Contracted (MW) in FY 2023-24	RE Capacity Contracted (MW) in FY 2024-25
Solar	3,025	1,488
Wind	-	2,167
Hydro	-	742
DRE	-	34.8
Cumulative	3,025	4,432



4. UPPCL’s remarkable achievement in recently concluded RE procurement tender:

1. **Record-Breaking Renewable Tariffs:** UPPCL has achieved major milestone by discovering few of the lowest renewable energy tariffs ever in Uttar Pradesh through its competitive bidding process:

- i. In the recently concluded bids, 2,000 MW Solar Power was discovered at ₹2.56–₹2.57/kWh, setting a new benchmark for affordable green energy in the State.



- ii. Similarly, 2,750 MW Pumped Hydro Storage was discovered at ₹2.91–₹2.93 per unit Annual Fixed Charges, ensuring cost-effective renewable power during the peak hours of UPPCL.

This marks a significant step towards delivering low-cost, reliable, and sustainable electricity to the people of Uttar Pradesh.

2. **Strengthening Reliable Green Power Supply:**

- i. UPPCL has moved beyond just installing renewable capacity and is ensuring dependable, round-the-clock green power for consumers.
- ii. A major milestone has been achieved with 2,480 MW of Firm & Dispatchable Renewable Energy (FDRE) already tied up through PSAs. This marks a strong step toward making renewable power reliable for Uttar Pradesh.

3. **Battery Energy Storage Systems (BESS):**

- i. UPPCL has taken a significant step toward strengthening grid reliability by tying up 375 MW BESS with SJVN and 250 MW BESS with NVVN, along with an additional 375 MW BESS tender currently under process.
- ii. Uttar Pradesh is emerging as a leading BESS state, with around 2,500 MWh storage capacity already tied up, representing nearly half of the total ~5,000 MWh BESS VGF Scheme of MoP, GOI at the national level.
- iii. This will play a critical role in managing peak demand, integrating renewable energy, and ensuring a stable and resilient power system.

4. **PM-KUSUM – Strengthening Rural Solar Capacity:**

UPPCL has made significant progress under PM-KUSUM Component-C by promoting decentralized solar deployment in rural areas. Under PM-KUSUM Component C-2 (Phase-I), PPAs have been signed for 22 projects aggregating to 34.8 MW, while under Phase-II, Letters of Award have been issued for 566 projects with a cumulative capacity of 1,687.8 MW.

This reflects strong implementation readiness and will support rural consumers, enhance farmer participation, and contribute to meeting renewable obligations for the State.

5. **Peer-to-Peer Energy trading:**

UPPCL is pioneering one of the first large-scale Peer-to-Peer (P2P) energy trading initiatives using Block Chain Technology in the country, positioning Uttar Pradesh as a national leader in innovative power reforms. With four Service Provider(s) onboard and rollout preparations underway, the initiative is entering its final implementation phase.



This marks a significant milestone toward empowering consumers, enabling prosumers, and shaping a new, market-driven clean energy ecosystem in Uttar Pradesh.

6. New Software Development for Bill Verification:

UPPCL has initiated a development of a Bill Verification Software “Power Reporting and Invoice Screening Module” (PRISM) with the objective of streamlining and automating the verification process to improve efficiency, accuracy. The software will provide a consolidated summary of verified bills, enable tracking of key performance indicators (KPIs) and integrate with existing financial systems for seamless data exchange.

It will feature role-based access controls, automated alerts, customizable dashboards, and compliance with financial regulations. The solution is expected to reduce manual workload, enhance decision-making through real-time insights, and remain scalable to support future expansion across departments or locations, with provisions for ongoing support, training, and maintenance.

7. Summer Power Security – Banking Support:

To ensure reliable power supply during the high-demand summer period, UPPCL successfully banked 5605 MU of electricity from Madhya Pradesh, Jammu & Kashmir, Tamil Nadu, Andhra Pradesh, Gujarat, Uttarakhand, Maharashtra, Kerala, Karnataka and Chhattisgarh. Out of this, 3905 MU was strategically received during peak-demand hours, helping maintain grid stability and ensuring uninterrupted power availability to consumers across Uttar Pradesh.

8. Ensuring continued availability of Base Load:

To secure long term energy stability, a competitive bidding process for 1500 MW of Coal based power was successfully concluded, Strengthen base load availability for further 25 years.

D. HIGHLIGHTES AND ACHIEVEMENTS OF PERSONNEL MANAGEMENT & ADMINISTRATION DIVISION

1. Various administrative orders were issued in connection with the implementation of e-Office in UPPCL and its distribution companies, including nomination of Nodal Digitalization Coordinators, formation of implementation, steering and support



- committee's, organization of trainings/workshops, issuing SoP, scanning and digitalization of physical files.
2. Policy and procedure was established for deputation of employees of UPPCL & associated distribution companies, UPPTCL to external organizations/departments.
 3. Regularization of 395 posts of Assistant Engineer and 580 posts of Junior Engineer.
 4. Constitution of an Electrical Safety Cell at DISCOM Headquarters with an objective to reduce electrical accidents.
 5. Developed and finalized UPPCL's Arbitration and Mediation Policy, enabling structured dispute resolution for contracts valued up to and exceeding ₹10 crores.
 6. Delegation of financial powers to field engineers at distribution division, sub-division and section level for approval of material cost and execution of works through works committees.
 7. Issuance of orders regarding load approval, additional load approval, and new connections for electrical infrastructure in multi-storey buildings or colonies developed by Development Authorities, private builders/promoters, institutions and individual applicants, withdrawing previous related orders.
 8. Recruitment based on GATE marks for the post of Assistant Engineer Trainee (Electrical & Mechanical /Civil).
 9. Issuance of UPPCL Employees' Resignation Regulations – 2024.

E. HIGHLIGHTES AND ACHIEVEMENTS OF DISTRIBUTION DIVISION

Uttar Pradesh RDSS Achievements

The Revamped Distribution Sector Scheme (RDSS), launched by the Government of India in July 2021 and approved in March 2022, is being implemented across all DISCOMs in Uttar Pradesh with the objective of improving operational efficiency, reducing AT&C losses, enhancing reliability, and ensuring quality power supply. As of December 2025, substantial progress has been achieved in smart metering, loss reduction, agricultural feeder strengthening, urban system modernization, and electrification of left-out households.

1. Agricultural Feeder Segregation Progress (DISCOM-wise)

DISCOM	Target Feeders	Earlier Schemes	ADB Funded	Under RDSS	Completed
PuVVNL	446	198	-	198	396
MVVNL	555	169	-	124	293
DVVNL	1,359	691	440	225	1,356



PVVNL	2,277	1154	186	620	1,960
Total	4,637	2212	626	1,167	4,005

2. Smart Metering Progress

Sl. No.	DISCOM	Consumer Meter (In Nos.)		DT Meter (In Nos.)		Feeder Meter (In Nos.)	
		Target	Progress	Target	Progress	Target	Progress
1	PuVVNL	73,27,988	20,20,702	4,17,854	93,119	4,694	4,796
2	MVVNL	75,28,737	11,81,583	3,83,158	41,836	1,745	5,074
3	DVVNL	53,54,069	14,25,658	1,87,910	33,090	4,393	5,470
4	PVVNL	61,43,261	10,48,429	5,31,164	66,725	9,349	9,349
5	KESCO	6,25,000	89,288	6,715	1,971	693	612
Total (In Nos.)		2,69,79,055	57,65,660	15,26,801	2,36,741	20,874	25,301

3. Loss Reduction Works

Loss reduction works under RDSS include replacement of bare LT conductors with AB cables, 33 kV and 11 kV feeder bifurcation, reconductoring, feeder separation, and system strengthening. Across all DISCOMs, approximately 96% of eligible works have been completed. The remaining works are targeted for completion by March 2026.

4. System Augmentation, Modernization & SCADA Projects

Special urban distribution strengthening projects have been sanctioned under RDSS for Varanasi (PuVVNL), Noida (PVVNL), and Kanpur (KESCO) with a total outlay of Rs. 3,487.34 crore. These projects include undergrounding of electrical infrastructure, SCADA/ADMS/GIS systems, smart technology integration, and large-scale system augmentation. Implementation agencies have been selected and survey and execution activities are in progress.

City / DISCOM	Approved Cost (Rs. Cr)	Major Components
Varanasi (PuVVNL)	1,433.67	UG cabling, SCADA, ADMS, Smart Distribution
Noida (PVVNL)	1,313.50	System augmentation, GIS, ADMS
Kanpur (KESCO)	740.17	Modernization, smart technologies



5. Electrification of Left-out Households

Under RDSS, electrification of 2,51,487 left-out households in 19,503 habitations across PuVVNL, MVVNL, and DVVNL areas has been sanctioned at a cost of Rs. 917.28 crore. Infrastructure creation and release of new connections are under progress.

DISCOM Name & Cost	Sanctioned		Execution Status	
	No. of Habitations	No. of Un- Electrified Households	Erection Progress	Total Connections Released till date Under UE-HH Scheme (Nos.)
PuVVNL (370.43 Cr)	8,114	92,852	<ul style="list-style-type: none"> • Pole 72,088 erected • HT Line: 224.13 Ckm • DTR: 1439 Nos • LT Line: 1,273.51 Kms 	9,267
MVVNL (381.18 Cr)	8,804	1,02,002	<ul style="list-style-type: none"> • Pole 20,044 erected • HT Line: 65.01 Ckm • DTR: 125 Nos • LT Line: 148.15 Kms # Cluster-4: Survey is in progress (80% completed)	208
DVVNL (165.67 Cr)	2,585	56,633	<ul style="list-style-type: none"> • Pole 8,365 erected • HT Line: 11 Ckm • DTR: 58 Nos • LT Line: 87 Kms 	142
Total (917.28 Cr)	19,503	2,51,487		9617

6. Tribal and Special Area Electrification

Under the Dharti Aaba Janjatiya Gram Utkarsh Abhiyan (DA-JGUA), electrification works for tribal and remote habitations have been sanctioned with an outlay of Rs. 31.86 crore, covering 6,867 households and public institutions. Tendering and survey activities are under progress, and works are being executed through designated agencies.



Discom	Sanctioned DPR		Status
	Cost (Rs. Cr)	No. of Households & Public Institution	
PuVVNL	26.5	5,328	LoA issued to M/s Grid Power Systems on 09.10.2025 Survey in progress
MVVNL	3.28	614	Works to be carried out by existing UE-HHs TKCs <ul style="list-style-type: none"> • M/s Vedanta Fab work • M/s Pioneer Power • M/s Pothaliya Enterprises and Survey in progress. Erection works started. 4 Connections released.
DVVNL	1.89	856	Re-tendering under Process
PVVNL	0.19	69	Infra work done by existing LR – TKC, due to non-participation by bidder <ul style="list-style-type: none"> • work completed & 58 connections released (51 HHs+8 Public Institutions)
Total	31.86	6,867	

RESSPO

Reduction in Power Transformer Damage

UPPCL has taken several proactive measures to reduce damage and enhance the reliability of Power Transformers through systematic maintenance, monitoring, and protection improvements. Key initiatives include:

- **Strengthening of Protection Systems:**

Protection systems including VCBs, relays and various gauges on 11 kV and 33 kV sides have been reviewed and overhauled to ensure fast and selective fault clearance, thereby preventing major damage to Power Transformers.

VCB Replacement at existing 33/11 kV Substations	
33 kV VCB	2166
11 kV VCB	5082



Total	7248
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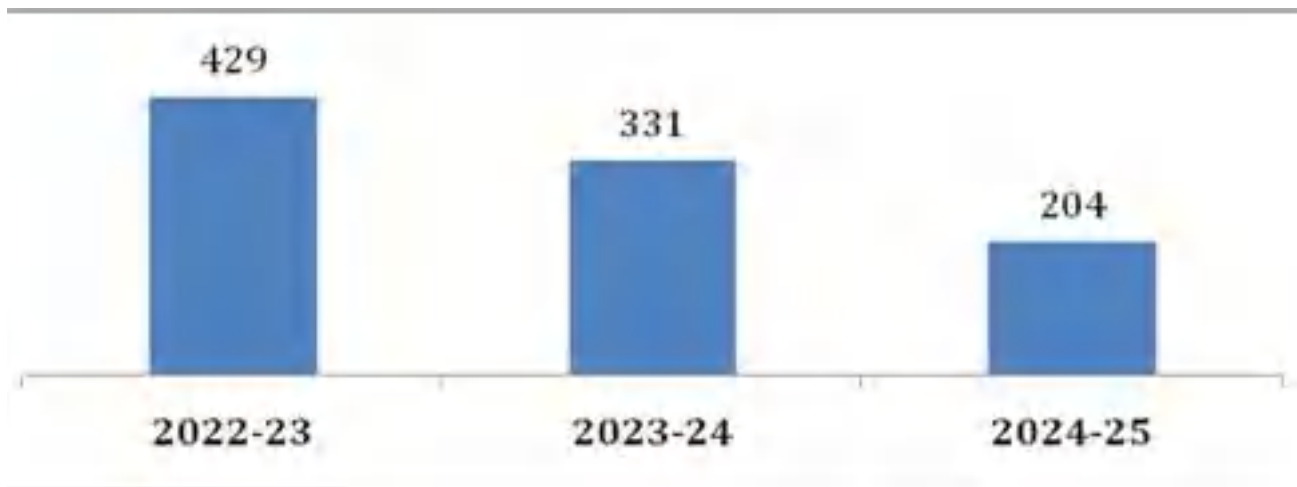
- **Pre - and Post-Monsoon Maintenance Month Campaigns:**

Special maintenance drives are undertaken before and after the monsoon season to address moisture ingress, earthing health, oil leakage, and cleanliness of transformer yards, significantly reducing weather-related failures.

- **Preventive Maintenance and Periodic Testing:**

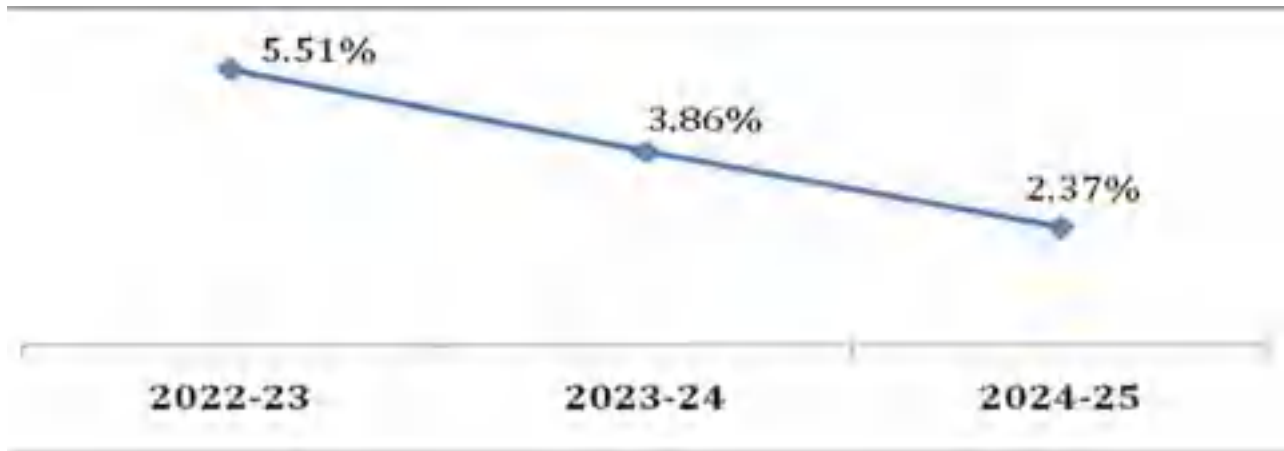
Regular preventive maintenance is carried out, including inspection of bushings, cooling systems, OLTCs, and auxiliary equipment. Periodic testing of protection devices and switchgears including insulation resistance, winding resistance, BDV of oil, and thermography helps in early detection of potential issues.

Reduction in Power Transformer Damage (Year-wise Nos.)





Reduction in Power Transformer Damage (Year-wise %)



UPPCL has significantly reduced Distribution Transformer (DT) damage through a combination of technical interventions, preventive maintenance, and system protection improvements. Key initiatives are outlined below:

1. Installation of Tailless Units on DTs (100 kVA and above):

Tailless units have been installed on higher-capacity DTs to reduce chances of DT failure due to short-circuits and overloading. This has enhanced operational safety and improved transformer reliability.

2. Installation of Fuse Sets on DTs Below 100 kVA:

For lower-capacity DTs, proper fuse sets have been installed to ensure quick isolation during over-current, short-circuit, or fault conditions. This localized protection prevents cascading damage to transformers and other equipment.

TAIL LESS UNIT AND FUSE SET INSTALLATION ON DISTRIBUTION TRANSFORMERS

Sl. No.	DISCOM	DT Capacity above 100KVA			DT Capacity 100KVA			DT Capacity Less than 100KVA		
		Total T/F Installed	Tail Less unit to be installed	Tail Less unit installed	Total T/F Installed	T/F on which fuse set is to be Installed	Fuse Set Installed	Total T/F Installed	T/F on which fuse set is to be Installed	Fuse Set Installed
1	2	3	4	5	6	7	8	9	10	11
1	PuVVNL	19793	19793	19498	27552	27552	27433	811840	162368	77000



2	MVVNL	21573	21573	21509	27761	27761	27354	462378	184816	142301
3	DVVNL	14267	11942	11932	36816	31985	31782	533724	320705	308800
4	PVVNL	29949	25404	25191	62663	51089	50190	585311	585311	199376
UPPCL Total		85582	78712	78130	154792	138387	136759	2393253	1253200	727477

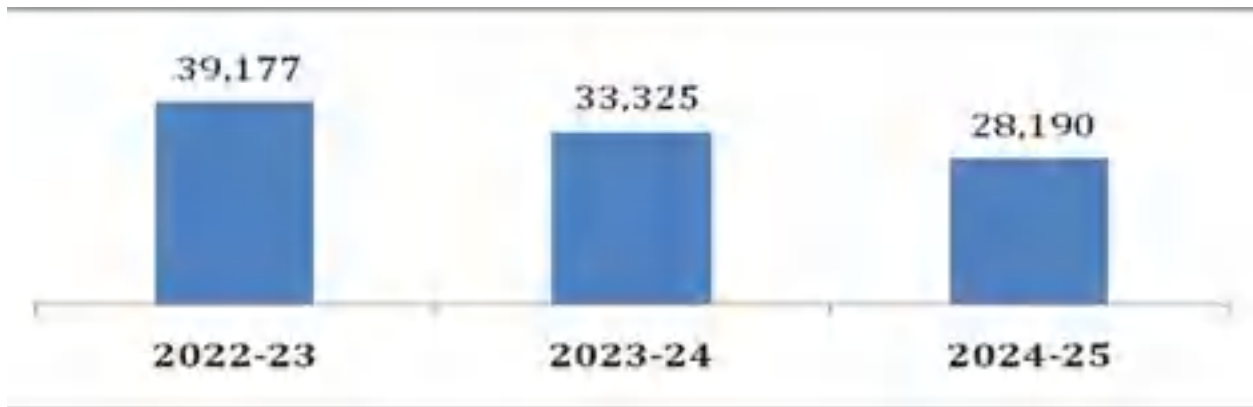
3. Maintenance Month Campaign (Pre- and Post-Monsoon):

UPPCL conducts a dedicated “Maintenance Month” campaign twice a year before and after the monsoon season. During this period, preventive maintenance activities such as tightening of connections, checking earthing, oil level inspection, bushings cleaning, and replacement of weak/weathered components are systematically carried out, reducing weather-related and age-related failures.

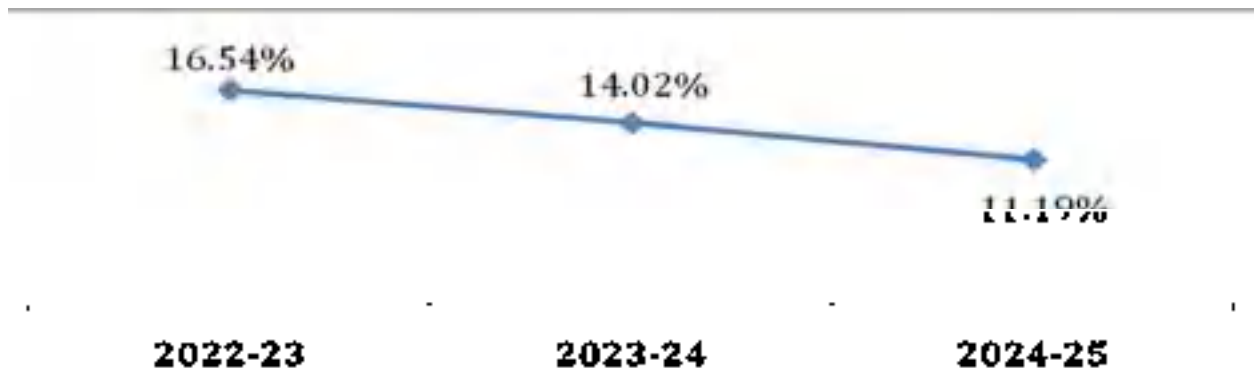
4. Improvement in Protection Systems:

Strengthening of the overall protection system, including installation of fuses of proper size on LT/HT sides has improved timely fault clearance. This has directly contributed to lowering DT burnouts and improving supply reliability.

**Reduction in Distribution Transformer (100 kVA and above) Damage
(Year-wise Nos.)**



**Reduction in Distribution Transformer (100 kVA and above) Damage
(Year-wise %)**



Substation Information System (SIS)

- To ensure easy availability of details related to 33/11 kV substations, installed equipment at substations, 33 & 11 kV lines, outages, etc. on a single platform, a “**Substation Information System**” module has been developed. This system enables effective monitoring and analysis of power system assets.
- The module includes multiple dashboards such as-

1. Details of 33/11 kV Substation

- 33 kV lines
- Power Transformer
- 11 kV Feeder
- Equipment installed at Substation

2. Distribution Transformer (DT) Survey

3. Damaged distribution transformer replacement monitoring

4. Outage Analysis

5. Business Plan Work

6. Miscellaneous

- Through various dashboards, the system enables real-time visibility of asset details, loading



conditions, aging and health status of transformers, outage analysis, testing reports, and workshop performance. This facilitates better planning, faster decision-making, improved reliability, and effective asset management across the distribution network.

- Overall, the Substation Information System is highly useful for systematic asset management, performance monitoring, and improving reliability of the power distribution network.

Achievements of UPPCL Quality Cell (2024-25)

The UPPCL Quality Cell is established with the vision to monitor following two basic aspects, which are the stepping stone to ensure reliable and uninterrupted electricity supply to our consumers:

1. Quality of Material
2. Quality of Work

A. Ensuring quality of materials-

- **Post-delivery Sampling** SOP implemented for following materials:
 - PTR- *December-2024*
 - DT-*May-2024, Revised in October-2025*
 - Cables/Conductor
 - All types of meters
 - CT/PT Unit
 - Workshop Material
 - Pole
 - VCB
- Random samples of all the above materials have to go through quality testing in third party NABL Labs like CPRI and ERDA.
- **Course of Action** in case of sample failure clearly defined: Strict action on substandard suppliers.
- Following table shows the outcome of post-delivery sampling that we initiated last year :

May-2024

December-2024

UPPCL Post-Delivery Sampling Outcome									
S. N	Material	Total Selected Samples	Report Available	Non-confirming Samples Count	No. of cases In which financial penalt	Total amount of financial Penalt y (in	No. of cases in which Financi al Penalty is	Total recover ed Financi al Penalty (in	No of Cases in which firm is debarre d/ Blacklis



					y is imposed	Lacs)	recovered	Lacs)	ted
1	Distribution Transformer	1465	1261	119	82	1434.92	46	414.10	3
2	Cable/Conductor	1181	982	10	5	233.98	4	54.16	3
3	Meter	1468	886	47	1	32.35	1	32.35	4
4	Workshop Material	923	717	36	0	7.19	1	7.19	1
5	Other	776	557	29	4	30.52	1	0.92	7
Total		5813	4403	241	92	1738.96	53	508.72	18

- **Extension of Guarantee Period** to ensure quality-
 - Power Transformer (1MVA and above)-10 Years and extendable by 1 more year if damaged within 10 years.
 - Distribution Transformer (250kVA to 630 kVA)-6 Years and extendable by 1 more year if damaged within 6 years.
 - Distribution Transformer (Up to and including 100 kVA)-5 Years and extendable by 2 more years if damaged within 5 years.
- **Development of Monitoring Tool-** This entire sampling process was being done manually which took a lot of time. During this time the recently delivered inventory remained blocked in stores.
 - On 06.09.2024, we designed a portal to enable doing all sampling related processes in real-time. It took less than one year to develop the portal and after rigorous field testing, it was deployed on 20.09.2025.
 - This portal on one hand is enabling us to deliver materials for consumers far more quickly than before, on the other hand, this portal is ensuring that no material goes without sampling and thus ensuring quality supply for entire quantity across all materials.

This portal has been developed and implemented by UPPCL for making the following processes online and in real-time with benefits:



S No.	Process	Benefits
1	Automatic Random Sample Selection	Automatic sample selection ensures transparency and eliminates any possibility of bias towards supplier
2	Creation of Sample Sealing Team	Ensures that a sampling team is allotted for each sample
3	Automatic Notifications	Ensures that the supplier is duly informed to witness the sealing. It prevents future conflicts in case the sample fails
4	Logging seal details and uploading sealing photos and videos.	Ensures transparency. All seal details are visible online and cannot be altered afterwards.
5	Logging sample dispatch date and time	Sample dispatch date/time and transport vehicle no. are visible online and cannot be altered afterwards. It prevents future conflicts in case the sample fails
6	Logging quality test results.	Ensures timely updating of test results which is visible to all concerned officials
7	Logging ATR against firms failing quality testing	Ensures strict monitoring of implementation of SOP laid, in case a sample fails

In a broader perspective, it facilitates to attain two basic goals of UPPCL:

- i. Quick issuing of delivered goods in field.
- ii. Maintain and uphold strict quality norms.

Both these outcomes ultimately trickle down to ensure **reliable electricity supply** to our esteemed end-consumer.

B. Ensuring Quality of works-TPIA Engagement and Review

- To ensure reliable electricity supply to the consumers, it is fundamental to ensure that all works that have been carried out by DISCOM’s agencies across different schemes like- Business Plan, Full Deposit Scheme etc. meet the required standards of quality and workmanship.
- UPPCL has, thus, engaged following third-party agencies (TPIAs) to inspect all the works carried out by DISCOMs as well as works carried out by consumers themselves under supervision of DISCOMs:
 - a. RITES (Rail India Technical and Economic Service), Gurugram.
 - b. NPTI (National Power Training Institute), Faridabad.
 - c. IL (Instrumentations Limited), Palakkad.
 - d. ERDA (Electrical Research and Development Association), Vadodara.
 - e. QCI (Quality Council of India), New Delhi
- These TPIAs rigorously inspect for **quality of workmanship, adherence to norms** and **following of standard operating procedures** across all the works.



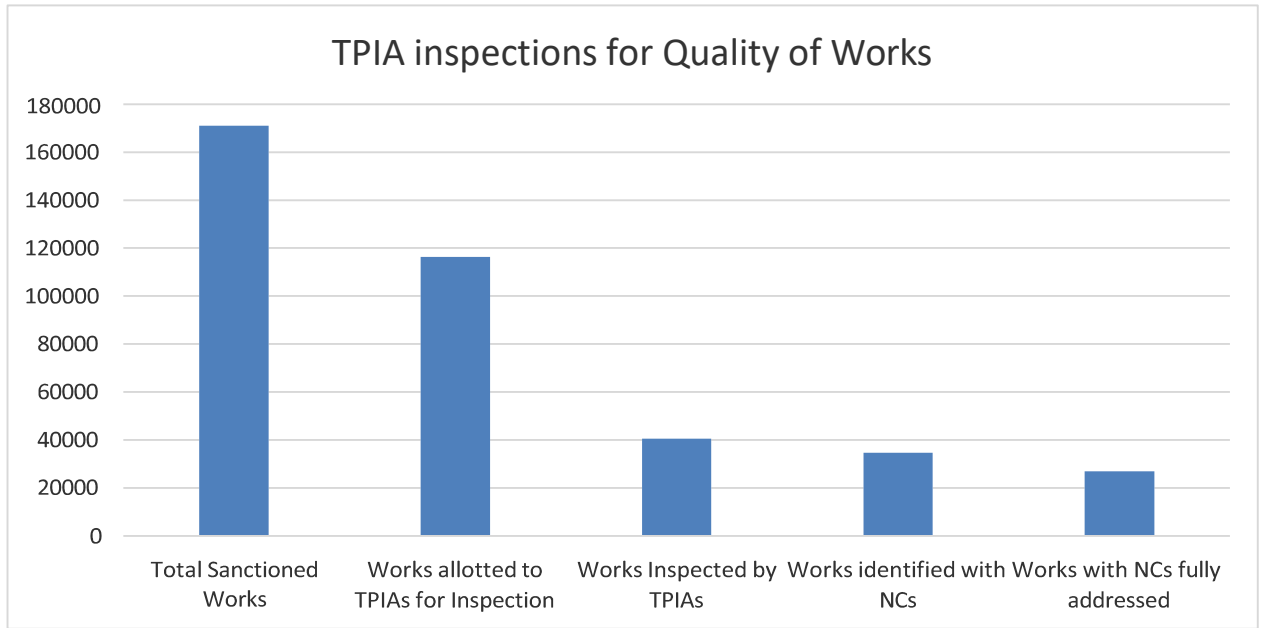
- In case, any non-conformity (NC) is found in any work, TPIAs report it to DISCOM HQ and Concerned Zone office.
- Field Officers rectify these NCs which is then verified by higher DISCOM officials. A visual workflow of the process is given below:



- We are also developing a TPIA Portal to monitor the above processes in real-time.
- The Portal algorithm has been formulated and the portal is presently being developed by IT unit, UPPCL.

TPIA engagement **has vastly improved quality of work in field** and contributed towards ensuring **reliable and continuous supply to our end-consumer**. Following table depicts the outcome of deployment of TPIAs during last year:

Sl. No.	Discom	Total Sanctioned Works (Nos.)	Total Number of Unique Projects allotted to TPIA (Nos.)	Documents Provided to TPIA (Nos.)	Documents Provided to TPIA w.r.t. Total number of Works allotted to TPIA (in %)	Reports Submitted (Nos.)	Reports Submitted w.r.t. Documents Provided to TPIA (in %)	No. of reports with NCs (Nos.)	No. of NCs rectified (NCs Addressed)	
									Fully Complied (Nos.)	Fully Complied (in %)
1	PuVVNL	57137	24641	20369	82.66	10880	53.41	8984	6727	74.88
2	MVVNL	37666	36220	29800	82.27	11637	39.05	9710	7400	76.21
3	DVVNL	31107	23440	18765	80.06	7683	40.94	6251	4789	76.61
4	PVVNL	43984	31138	18722	60.13	9359	49.99	8969	7452	83.09
5	KESCo	1159	910	910	100	887	97.47	636	437	68.71
UPPCL TOTAL		171053	116349	88566	76.12	40446	45.67	34550	26805	77.58



Allotment of Equity Shares

During the year under review, the Government of U.P. has continued with its equity support to the Company. The Authorized Share Capital of the Company is presently Rs. 200000.00 crore. The paid-up share capital of the company has increased by allotment of 169664533 equity shares of Rs.1000 each aggregating to Rs. 16966.45 crore to the Hon'ble Governor of U.P during the year 2024-25. The present paid up share capital of the company is Rs. 146238.5128 crores.

Transfer to Reserve & 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.

Deposits

The Company has not accepted any deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 ('the Act') and the Companies (Acceptance of Deposits) Rules, 2014. There are no unclaimed deposits, unclaimed/ unpaid interest, refunds due to the deposit holders or to be deposited with the Investor Education and Protection Fund as on March 31, 2025.



Particulars of Loans, Guarantees or Investments

The Company has complied with the applicable provisions of Section 186 of the Act during the under review. Pursuant to Section 186 of the Act, details the Funds for the subsidiary distribution companies are arranged by the company through loans and bonds. The details of such loans, guarantees or investments are provided in Note No. 15 & 17 of the Notes to Accounts forming part of the Balance Sheet.

Subsidiaries and Associate Companies

The summary of the performance and financial position of each of the subsidiary companies and associates are presented in Form AOC-1 (**Annexure-II**). Also, a report on the performance and financial position of each of the subsidiaries and associates as per the Act is provided in the consolidated financial statement.

The Policy for determining material subsidiary company, as approved by the Board, may be accessed on the Company's website at the link: <https://uppcl.org/uppcl/en/page/policies>.

Standalone and Consolidated Financial Statements

The audited financial statements of the Company drawn up both on standalone and consolidated basis, for the financial year ended March 31, 2025, in accordance with the requirements of the Companies (Indian Accounting Standards) Rules, 2015 ("Ind AS") notified under Section 133 of the Act, read with relevant rules and other accounting principles. The Consolidated Financial Statements have been prepared in accordance with Ind AS and relevant provisions of the Act based on the financial statements received from subsidiaries and associates, as approved by their respective Board of Directors.

Directors & Key Managerial Personnel (KMP)

During the period under review, the changes under the Directors& KMP are as follows:

S. No.	Name	DIN/PAN No.	Date of Appointment	Date of Cessation	Designation
1.	Dr. Ashish Kumar Goel	03047610	27.07.2023	---	Chairman
2.	Shri Ranvir Prasad	06684884	04.03.2024	07.01.2025	Nominee Director
3.	Shri Pankaj Kumar	08095154	10.03.2021	---	Managing Director
4.	Dr. Rupesh Kumar	06802972	07.01.2025	---	Nominee Director
5.	Shri Anupam Shukla	09659225	10.08.2022	---	Nominee Director



6.	Smt. Neha Sharma	BPTPS8628M	02.09.2022	09.08.2024	Nominee Director
7.	Smt. Mala Srivastava	---	09.08.2024	30.01.2025	Women Director
8.	Shri Abhishek Singh	10271109	03.05.2023	---	Nominee Director
9.	Smt. Neha Jain	10338350	30.01.2025	---	Women Director
10.	Shri Nidhi Kumar Narang	03473420	01.06.2022	---	Director (Finance)
11.	Shri Neel Ratan Kumar	03616458	16.04.2013	---	Nominee Director
12.	Shri Amit Kumar Srivastava	09617008	24.05.2022	30.06.2024	Director (Commercial)
13.	Shri Nidhi Kumar Narang	03473420	02.07.2024	---	Director (Commercial) (In- Additional Charge)
14.	Shri Kamallesh Bahadur Singh	09642954	18.06.2022	---	Director (Corporate Planning)
15.	Shri Kamallesh Bahadur Singh	09642954	11.12.2023	---	Director (P & MA) (In-Additional Charge)
16.	Shri Sourajit Ghosh	09642955	18.06.2022	---	Director (I.T.)
17.	Shri Gyanendra Dhar Dwivedi	10393079	11.10.2023	---	Director (Distribution)
18.	Shri Sandeep Kumar	08529035	21.02.2024	05.11.2024	Nominee Director
19.	Shri Raj Kumar Malhotra	09520699	05.11.2024	---	Nominee Director
20.	Shri R.P. Vaishnav	01868883	16.06.2023	13.02.2025	Nominee Director
21.	Shri Prabhat Kumar Singh	07125959	13.02.2025	---	Nominee Director
22.	Ms. Priti Arora	AVLPA5673R	07.06.2024	03.10.2024	Company Secretary & Compliance Officer
23.	Shri Nitin	AEHPN7732B	01.12.2022	---	Chief Financial



	Nijhawan				Officer
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Evaluation of Directors, Board and Committees

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 requirements.

Directors' Responsibility Statement

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 has been revised to ensure compliance with the provisions of all applicable laws and that such system works adequate and operating effectively.



Contracts and Arrangements with Related Parties

All contracts, arrangements and transactions entered into by the Company during the financial year under review with related parties were at an arm's length basis and in the ordinary course of business.

There were no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or any other designated persons, which could have potential conflict with the interest of the Company at large or required any approval of members of the Company, in accordance with the policy of Company on materiality of related party transactions. Further, the details of Related Party Transactions are disclosed in **Annexure-III**.

All the required Related Party Transactions were placed before the Audit Committee for approval. Omnibus approval of the Audit Committee was obtained for the transactions, which were of a repetitive nature. The transactions entered into pursuant to the omnibus approval so granted, were reviewed and statements giving details of all Related Party Transactions were placed before the Audit Committee on a quarterly basis. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website at the link: <https://uppcl.org/uppcl/en/page/policies>

Auditors and Auditors' Report

- **Statutory Auditor**

U. P. Power Corporation Limited being a Government Company, appointment of Statutory Auditor is made by the Comptroller and Auditor General of India under Section 139 of the Companies Act, 2013. M/s Vinay Naveen & Co. (CR2880), Chartered Accountants, Lucknow-226011 were appointed as the Statutory Auditors of the company for the F.Y. 2024-25.

The Report of the Statutory Auditor and the **Management replies to the observations of the Statutory Auditors** on the Annual Financial Statements (Standalone as well as Consolidated) for the Financial Year ended on 31st March, 2025 are enclosed as **Annexure -IV**.

- **Review of Accounts by Comptroller & Auditor General of India (C&AG), Comments of the C & AG.**

The Comments of Comptroller & Auditor General of India as supplement to the Statutory Auditors' Report under Section 143(6)(b) of the Companies Act, 2013 on the Accounts of the Company for the year ended March 31, 2025 are enclosed as **Annexure -V**.



Cost Auditor & Cost Auditor's Report

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. Abhishek Mishra & Company, Cost Accountants, Lucknow as Cost Auditor for the financial year 2024-25 and their remuneration is subject to ratification by the Members at the ensuing Annual General Meeting of the Company.

The Provision of Section 148(1) of the Act continues to apply to the Company and accordingly the Company has maintained Cost Accounts and Records in respect of the applicable products for the year ended March 31, 2025.

Secretarial Standards

During the year under review, the Company has complied with the applicable Secretarial Standards issued by The Institute of Company Secretaries of India.

Secretarial Audit & Secretarial Compliance Report

In terms of provision of Section 204 of the Companies Act, 2013, the Company has appointed M/s MMA & Partners, having Certificate of Practice No. 15281, Practicing Company Secretaries Firm, Lucknow, for conducting Secretarial Audit for the financial year 2024-25. The Secretarial Audit Report is placed along with replies of the Management to the observation(s) therein as **Annexure-VI**.

Pursuant to Regulation 24A of the Listing Regulations, the Company has obtained Secretarial Compliance Report from a Practicing Company Secretary on compliance of all applicable SEBI Regulations and circulars/ guidelines issued there under and copy of the same shall be submitted to the Stock Exchanges within the prescribed due date.

Annual Return

Pursuant to Section 92(3) read with Section 134(3) (a) of the Act, the Annual Return for the financial year 2024-25 will be uploaded on the Company's website and can be accessed at the link: <https://uppcl.org/uppcl/en/page/directors-report>



Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars as required to be disclosed in terms of Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014, are given in **Annexure-VII** forming part of this Report.

Audit trail applicability under Companies (Audit and Auditors) Rules 2014 - rule 11 of the Companies Act 2013.

The Company has used accounting software (SAP-ERP) for maintaining its books of account for the financial year ended March 31, 2025 which has a feature of recording audit trail (edit log) facility.

Whistle Blower / Vigil Mechanism

In accordance with Section 177 of the Act and Regulation 22 of the Listing Regulations, the Company has formulated a Vigil Mechanism to address the genuine concerns, if any, of the Directors and employees, the policy has been overseen by the Audit Committee. Every Person has direct access to the Chairman of the Audit Committee.

The details of the same have been stated in the Report on Corporate Governance and the policy can also be accessed on the Company's website at the link: <https://uppcl.org/uppcl/en/page/policies>

Compliance with provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company is committed to uphold and maintain the dignity of women employees and it has in place a policy which provides for protection against sexual harassment of women at work place and for prevention and redressal of such complaints. During the year under review, no such complaints were received. The Company has also constituted an Internal Compliance Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. As reported by the Internal Complaint Committee the details of Complaints are as under:

No. of cases under process/investigation as on end of the year 2023-24	No. of cases reported during the year 2024-25	No. of cases disposed-off during the year 2024-25	No. of cases under process/investigation as on end of the year 2024-25
02	0	02	0

Corporate Social Responsibility

The Company has constituted Corporate Social Responsibility (CSR) Committee in compliance with the Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The Composition of the Committee is as under:



S. No.	Name of the Committee Members	Category	Designation
1	Shri Pankaj Kumar	Executive Director	Chairperson
2	Shri Abhishek Singh	Non- Executive Director	Member
3	Shri Gyanendra Dhar Dwivedi	Executive Director	Member

Maternity Benefit provided by the Company under Maternity Benefit Act 1961

The Company declares that it has duly complied with the provisions of the Maternity Benefit Act, 1961. All eligible women employees have been extended the statutory benefits prescribed under the Act, including paid maternity leave, continuity of salary and service during the leave period, and post-maternity support such as nursing breaks and flexible return-to-work options, as applicable. The Company remains committed to fostering an inclusive and supportive work environment that upholds the rights and welfare of its women employees in accordance with applicable laws.

Significant and Material Orders, if any, passed by Regulators or Courts or Tribunals

No orders have been passed by the Regulators or Courts or Tribunals which impact the going concern status of the Company and its operations.

Internal Financial Controls and their adequacy

The Company has in place adequate internal financial controls with reference to financial statement across the organization. The same is subject to review periodically by the internal audit cell for its effectiveness.

Business Responsibility & Sustainability Report

The Company is not required to make the Business Responsibility & Sustainability Report.

Proceedings Under IBC, 2016

There were no applications made or proceedings pending against the Company under the Insolvency and Bankruptcy Code, 2016 (IBC) during the year under review. However, the Company being the creditor in certain IBC proceedings initiated against other entities, may be a party to such proceedings in the capacity of a creditor and shall be compelled in accordance with the regulatory requirements.

Acknowledgements

Your Directors would like to express their sincere appreciation for the co-operation and assistance received from members, Debenture Holders, Debenture Trustee, Bankers, Financial Institutions,



Government Authorities, Regulatory bodies and other business constituents during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff.

For and on behalf of the Board of Directors

Date: 24-12-2025

Place: Lucknow

Sd/-
(Sanjay Mehrotra)
Director Finance
(In-Additional charge)
DIN-02263323

Sd/-
(Pankaj Kumar)
Managing Director
DIN-08095154



Annexure-I

CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL 2024 – 2025

Our Corporate Governance Philosophy, Policies and Practices

U. P. Power Corporation Limited follows the highest standards of corporate governance principles and best practices for all constituent companies in the group. The Company's Corporate Governance Policies prescribe a set of systems and processes guided by the core principles of transparency, disclosure, accountability, compliances, ethical conduct and the commitment to promote the interests of all stakeholders and societal expectations. The policies and the code are reviewed periodically to ensure their continuing relevance, effectiveness and responsiveness to the needs of our stakeholders without compromising on ethical standards and corporate social responsibilities.

The Company has formulated a number of policies and introduced several governance practices to comply with the applicable statutory and regulatory requirements, with most of them introduced long before they were made mandatory. The Company believes that any business conduct can be ethical only when it rests on the nine core values viz. honesty, integrity, respect, fairness, purposefulness, trust, responsibility, citizenship and caring and strives to achieve the same.

A. Code of ethics

Our policy document on 'Code of Ethics' demands that our employees conduct the business with impeccable integrity and by excluding any consideration of direct or indirect personal profit or advantage

B. Business policies

Our 'Business Policies' cover a comprehensive range of issues such as fair market practices, inside information, financial records and accounting integrity, external communication, work ethics, personal conduct, policy on prevention of sexual harassment, health, safety, environment and quality.

C. Policy on Prohibition of insider trading

The company does not have a separate fraud prevention policy. However, the Company has established a Vigil Mechanism / Whistleblower Policy as required under Regulation 22 of SEBI (LODR) Regulations, 2015, which facilitates reporting of concerns related to fraud, unethical



practices, or misconduct. The Audit Committee oversees the functioning of this mechanism to ensure appropriate action is taken.

D. Policy on prevention of sexual harassment

Our policy on prevention of sexual harassment aims at promoting a productive work environment and protects individual rights against sexual harassment.

E. Environment Policy

The Company is committed to achieve excellence in environmental performance, preservation and promotion of a clean environment. These are the fundamental concerns in all our business activities.

F. Risk management

Our risk management procedures ensure that the management controls various business-related risks through means of a properly defined framework.

G. Board room practices

a) Board Charter

The Company has a comprehensive charter, which sets out clear and transparent guidelines on matters relating to the composition of the Board, the scope and functions of the Board and its Committees, etc. The Board provides strategic supervision and oversees the management performance and governance of the Company. Further, it ensures the Company's adherence to the standards of corporate governance and transparency.

b) Board Committees

Pursuant to the provisions of the Companies Act, 2013 (the "Act") and the Securities Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulation, 2015 as amended (the "Listing Regulations") and to deal with various matters, the Board has constituted Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee.



c) Tenure of Independent Directors

Being a Government Company, the power to appoint Independent Director vests with the Government of U.P. Accordingly, the tenure of Independent Directors on the Board shall not exceed the period prescribed by the Government of Uttar Pradesh in its order.

d) Commitment of Directors

The tentative meeting dates for the entire Financial Year are scheduled at the beginning of the year and an annual calendar of meetings of the Board and its Committees is circulated to the Directors. This enables the Directors to plan their commitments and facilitates their attendance at the meetings of the Board and its Committees.

e) Statutory Auditors

The Company's Financial Statements for the financial year 2024- 25 have been audited by a Statutory Auditors firm M/s Vinay Naveen & Co. (CR2880), Chartered Accountants, Lucknow-226011 appointed by the Comptroller and Auditor General of India from the conclusion of the 25th Annual General Meeting.

A report on compliance with the corporate governance provisions as prescribed under the Listing Regulations, as amended from time to time is given herein below.

I. Board of Directors ("Board")

1. Chairman

In line with the highest global standards of corporate governance, the Board has separated the Chairman's role from that of an executive in managing day-to-day business affairs.

2. Board Composition - Board strength and representation

The Board consists of Thirteen Members. The composition and category of Directors on the Board of the Company as on 31st March, 2025 are as under:

SN	Names of Directors	DIN	Category
1.	Dr. Ashish Kumar Goel	03047610	} Executive Director
2.	Shri Pankaj Kumar	08095154	
3.	Shri Anupam Shukla	09659225	
4.	Dr. Rupesh Kumar	06802972	
5.	Smt. Neha Jain	10338350	



6.	Shri Neel Ratan Kumar	03616458	Non-Executive Director
7.	Shri Abhishek Singh	10271109	
8.	Shri Raj Kumar Malhotra	09520699	
9.	Shri Prabhat Kumar Singh	07125959	
10.	Shri Nidhi Kumar Narang	03473420	} Executive Director
11.	Shri Kamalesh Bahadur	09642954	
12.	Shri Sourajit Ghosh	09642955	
13.	Shri Gyanendra Dhar	10393079	
	Dwivedi		

Notes:

1. None of the Directors is related to any other Director nor has any business relationship with the Company.
2. None of the Directors have received any loans and advances from the Company during the year under review.
3. The Company and its subsidiaries have not provided loans and advances in the nature of loans to firms / companies in which Directors are interested during the year under review.
4. None of the Directors hold Directorships in more than 20 companies of which Directorships in public companies does not exceed 10 in line with the provisions of Section 165 of the Act.
5. No Non-Executive Director has attained the age of 75 years.
6. No Alternate Director has been appointed for any Non-Executive Director/Independent Director.

3. Managerial Remuneration

Particulars of remuneration paid to executive key managerial during the F.Y. 2024-25 are furnished hereunder:

			₹ In Crore
S.No.	Name	Designation	Remuneration Paid
1.	Dr. Ashish Kumar Goel	Chairman	0.48
2.	Shri Pankaj Kumar	Managing Director	0.32
3.	Shri Nidhi Kumar Narang	Director (Finance)	0.49
4.	Shri Amit Kumar Srivastava	Director (Commercial)	0.11



5.	Shri Kamalesh Bahadur Singh	Director(Corporate Planning)	0.45
6.	Shri Sourajit Ghosh	Director (IT)	0.45
7.	Shri G.D. Dwivedi	Director (Distribution)	0.77
8.	Shri Nitin Nijhawan	Chief Financial Officer	0.30
9.	Ms. Priti Arora	Company Secretary	0.09

4. Conduct of Board Proceedings

The day-to-day business is conducted by the executives and the business head of the Company under the directions of the Board. The Board holds a minimum of four meetings every year to review and discuss the performance of the Company, its future plans, strategies and other pertinent issues relating to the Company.

The Board performs the following key functions in addition to overseeing the business and management:

- a. Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance, overseeing major capital expenditures, acquisitions and divestments.
- b. Monitoring the effectiveness of the Company's governance practices and making changes as needed.
- c. Selecting, compensating, monitoring and when necessary, replacing key executives and overseeing succession planning.
- d. Aligning key executive and Board remuneration with the long term interests of the Company and its shareholders.
- e. Ensuring a transparent Board nomination process with the diversity of thought, experience, knowledge, perspective and gender.
- f. Monitoring and managing potential conflicts of interest of Management, Members of the Board of Directors and shareholders, including misuse of corporate assets and abuse in Related Party Transactions.
- g. Ensuring the integrity of the Company's accounting and financial reporting systems, including the independent audit and that appropriate systems of control in particular, systems for risk management, financial and operational control and compliance with the law and relevant standards.
- h. Overseeing the process of disclosure and communications.
- i. Monitoring and reviewing Board's evaluation framework.



5. Selection of Non-Executive/Independent Directors

Being a Government Company, the power to appoint Independent Director vests with the Government of U.P. Accordingly, the tenure & remuneration of Independent Directors on the Board shall be prescribed by the Government of Uttar Pradesh in its order.

6. Familiarisation for Board Members

The Board Members are periodically given formal orientation and familiarized with respect to the Company's vision, strategic direction, corporate governance practices, financial matters and business operations. The Directors are facilitated to get familiar with the Company's functions at the operational levels. Periodic presentations are made at the Board and Committee Meetings, on business and performance updates of the Company, the macro industry business environment, business strategy and risks involved. Members are also provided with the necessary documents, reports and internal policies to enable them to familiarize themselves with the Company's procedures and practices. Periodic updates for Members are also given out on relevant statutory changes and on important issues impacting the Company's business environment.

7. Meeting Details

- **Details of Number of Meeting of Board of Directors for F.Y. 2024-25**

S. No.	Date of Meeting	S. No.	Date of Meeting
1.	201th Board Meeting – 14.05.2024	7.	207th Board Meeting – 05.11.2024
2.	202th Board Meeting – 21.06.2024	8.	208th Board Meeting – 11.11.2024
3.	203th Board Meeting – 26.06.2024	9.	209th Board Meeting – 05.12.2024
4.	204th Board Meeting – 09.08.2024	10.	210th Board Meeting – 17.12.2024
5.	205th Board Meeting – 22.08.2024	11.	211th Board Meeting – 13.02.2025
6.	206th Board Meeting – 24.09.2024	12.	212th Board Meeting – 24.03.2025



• **Details of attendance of Board Members in the Meeting of the Board of Directors.**

During the financial year 2024-25, there were twelve 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.	Dr. Ashish Kumar Goel	12	12	100.00%
2.	Shri Ranvir Prasad	10	08	80.00%
3.	Shri Pankaj Kumar	12	12	100.00%
4.	Dr. Rupesh Kumar	02	02	100.00%
5.	Shri Anupam Shukla	12	07	58.33%
6.	Smt. Neha Sharma	04	00	0.00%
7.	Smt. Mala Srivastava	06	00	0.00%
8.	Smt. Neha Jain	02	02	100.00%
9.	Shri Nidhi Kumar Narang	12	12	100.00%
10.	Shri Neel Ratan Kumar	12	03	25.00%
11.	Shri Amit Kumar Srivastava	03	03	100.00%
12.	Shri Kamalesh Bahadur Singh	12	12	100.00%
13.	Shri Sourajit Ghosh	12	12	100.00%
14.	Shri G.D. Dwivedi	12	10	83.33%
15.	Shri Abhishek Singh	12	00	0.00%
16.	Shri Sandeep Kumar	07	01	14.29%
17.	Shri Raj Kumar Malhotra	05	02	40.00%
18.	Shri R.P. Vaishnav	09	00	0.00%
19.	Shri Prabhat Kumar Singh	02	01	50.00%

8. Compliance Monitoring

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. Also the



internal control system of the company ensures the timely compliance which is applicable to the company.

II. 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 Audit Committee comprised of the following members:

S. No.	Name	Category	Designation of Committee Members
1.	Mr. Mayur Maheshwari	Non-Executive Director	Chairperson
2.	Shri Pankaj Kumar	Executive Director	Member
3.	Shri Neel Ratan Kumar	Non-Executive Director	Member
4.	Shri Abhishek Singh	Non-Executive Director	Member
5.	Shri Nidhi Kumar Narang	Executive Director	Member

Note:-

Consequent upon approval of the Board of Directors, Dr. Rupesh Kumar ceased to be the chairperson of the Audit Committee and Mr. Mayur Maheshwari is appointed as the chairperson of the Audit Committee w.e.f 29.10.2025.

The Audit Committee, as constituted, continues to be in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI(LODR) Regulations, 2015. All Members of the Committee are financially literate. The Company Secretary acts as the Secretary to the Audit Committee.

The Audit Committee, *inter-alia*, advises the management on the areas where systems, processes, measures for controlling and monitoring revenue assurance, internal audit and risk management can be improved.

The terms of reference, *inter-alia*, comprises the following:



- 1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- 2) Recommendation for appointment, remuneration and terms of appointment of the auditors of the Company;
- 3) Approval of payment to statutory auditors for any other services rendered by them;
- 4) Reviewing with the Management, the Annual Financial Statements and Auditors' Report thereon before submission to the Board for approval, with particular reference to:
 - a) Matters required to be included in the Directors' Responsibility Statement forming a part of the Boards' report in terms of clause (c) of sub section 3 of Section 134 of the Act.
 - b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgment by Management.
 - d) Significant adjustments made in the financial statements arising out of audit findings.
 - e) Compliance with listing and other legal requirements relating to financial statements.
 - f) Disclosure of any Related Party Transactions.
 - g) Modified opinion(s) in the draft audit report.
- 5) Reviewing with the Management, the quarterly financial statements before submission to the Board for approval;
- 6) Reviewing with the Management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.) the statement of funds utilised for purposes other than those stated in the offer documents / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in these matters;
- 7) Review and monitor the auditors' independence and performance and effectiveness of audit process;
- 8) Approval of Related Party Transactions (RPTs) or subsequent modifications thereto. Such approval can be in the form of omnibus approval of RPT subject to conditions not inconsistent with the conditions specified in Regulation 23(2) and Regulation



- 23(3) of the Listing Regulations. Such approval shall not be required for transactions with a wholly owned subsidiary whose accounts are consolidated with the Company;
- 9) Scrutiny of inter-corporate loans and investments;
 - 10) Valuation of undertakings or assets of the Company, wherever it is necessary;
 - 11) Evaluation of internal financial controls and risk management systems;
 - 12) Reviewing with the Management, the performance of statutory and internal auditors, adequacy of internal control systems;
 - 13) Reviewing the adequacy of internal audit function, if any, including the structure of the Internal Audit Department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 - 14) Discussion with internal auditors of any significant findings and follow up thereon;
 - 15) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board;
 - 16) To look into the reasons for substantial defaults in the payment to the depositors, debenture-holders, shareholders (in case of non-payment of declared dividends) and creditors;
 - 17) To review the functioning of the whistle blower mechanism.
 - 18) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee is also authorised to:

- a. Investigate any activity within the terms of reference;
- b. Seek any information from any employee;
- c. To have full access to information contained in the records of the Company;
- d. Obtain outside legal and professional advice;
- e. Secure attendance of outsiders with relevant expertise, if it considers necessary;
- f. Call for comments from the auditors about internal control systems and scope of audit, including the observations of the auditors;
- g. Review financial statements before submission to the Board; and
- h. Discuss any related issues with the internal and statutory auditors and the Management of the Company.

The Audit Committee mandatorily reviews the following information, as necessary:



- a. Management Discussion and Analysis of financial condition and results of operations;
- b. Statement of significant Related Party Transactions (as defined by the Audit Committee) submitted by Management;
- c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
- d. Internal audit reports relating to internal control weaknesses, and;
- e. The appointment, removal and terms of remuneration of the Chief Internal Auditor.
- f. Statement of deviations:
 - i. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to the Stock Exchanges in terms of Regulation 32(1) of the Listing Regulations;
 - ii. Annual Statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice, in terms of Regulation 32(7) of the Listing Regulations.

Number of Meeting of the Audit Committee

During the financial year 2024-25, there were total 04 Meetings of the Audit Committee on the following dates:

S. No.	Date of Meeting
1.	26.06.2024
2.	09.08.2024
3.	24.09.2024
4.	11.11.2024
5.	13.02.2025

III. Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) of the Board is constituted in terms of Section 178 of the Act and Regulation 19 of the Listing Regulations, shall comprised of the following members:

S. No.	Name	Category	Designation of Committee Members
1.	Mr. Mayur Maheshwari	Non-Executive Director	Chairperson
2.	Shri Abhishek Singh	Non-Executive Director	Member
3.	Shri Neel Ratan Kumar	Non-Executive Director	Member



Note:-

Consequent upon approval of the Board of Directors, Dr. Rupesh Kumar ceased to be the chairperson of the Nomination and Remuneration Committee and Mr. Mayur Maheshwari is appointed as the chairperson of the Nomination and Remuneration w.e.f 29.10.2025.

The Company Secretary acts as the Secretary to the Nomination and Remuneration Committee.

IV. Stakeholders Relationship Committee

As per the provisions of section 178 of the Companies Act, 2013, the Board of Directors as constituted Stakeholders Relationship Committee of the Company which comprised of the following members:

S. No.	Name	Category	Designation of Committee Members
1.	Mr. Mayur Maheshwari	Non-Executive Director	Chairperson
2.	Shri Pankaj Kumar	Executive Director	Member
3.	Shri Neel Ratan Kumar	Non-Executive Director	Member
4.	Shri Nidhi Kumar Narang	Executive Director	Member

Note:-

Consequent upon approval of the Board of Directors, Dr. Rupesh Kumar ceased to be the chairperson of the Stakeholders Relationship Committee and Mr. Mayur Maheshwari is appointed as the chairperson of the Stakeholders Relationship Committee w.e.f 29.10.2025.

The composition and terms of reference of Stakeholders Relationship Committee are in compliance with the provisions of Section 178 of the Act, Regulation 20 of the Listing Regulations and other applicable laws.



The Company Secretary acts as the Secretary to the Stakeholders Relationship Committee.

The terms of reference, inter alia, comprises the following:

- a) Resolve the grievances of the security holders of the listed entity including complaints related to transfer / transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc.
- b) Review of measures taken for effective exercise of voting rights by shareholders.
- c) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- d) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/statutory notices by the shareholders of the company.

Details of Investors grievances

Investor Complaints	
	Complaints pending at the beginning of the financial year
	0
Complaints received during the financial year	0
Complaints disposed off during the financial year	0
Complaints remaining unresolved at the end of the financial year	0

Notes:

- 1) The above table includes Complaints received by the Company from SEBI SCORES, through Stock Exchanges and directly from the investors and are relating to non-receipt payment of interest or dividend or repayment or redemption of principal of non-convertible securities.

V. Corporate Social Responsibility (CSR) Committee

The CSR Committee was duly constituted and comprised of the following members:

S. No.	Details of Committee Members	Category	Designation of Committee Members
1.	Shri Pankaj Kumar	Executive Director	Chairperson
2.	Shri Abhishek Singh	Non- Executive Director	Member
3.	Shri G. D. Dwivedi	Executive Director	Member



The Company Secretary acts as the Secretary to the CSR Committee.

The composition and terms of reference of CSR Committee are in compliance with the provisions of Section 135 of the Act, Listing Regulations and other applicable laws.

However, the Company do not have the Net Profits in preceding three years, therefore it is not required to take any CSR activities pursuant to section 135 of Companies Act, 2013.

VI. **Risk Management Committee**

The Board of the Company has constituted a Risk Management Committee which consists of Executive and Non-Executive Directors of the Company. The Board of Directors of the Company has constituted Risk Management Committee of the Company which comprised of the following members:

S. No.	Name	Category	Designation of Committee Members
1.	Shri Pankaj Kumar	Executive Director	Chairperson
2.	Shri Nidhi Kumar Narang	Executive Director	Member
3.	Shri Abhishek Singh	Non-Executive Director	Member
4.	Shri Gyanendra Dhar Dwivedi	Executive Director	Member

The composition and terms of reference of Risk Management Committee are in compliance with the provisions of Listing Regulations and other applicable laws. The Company Secretary acts as the Secretary to the CSR Committee.

The terms of reference of the Risk Management Committee are as under:

- a) To formulate a detailed risk management policy which shall include:
 - i. A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - ii. Measures for risk mitigation including systems and processes for internal control of identified risks.
 - iii. Business continuity plan.



- b) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- c) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- d) To periodically review the risk management policy, at least once in two years, by considering the changing industry dynamics and evolving complexity;
- e) To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- f) To review appointment, removal and terms of remuneration of the Chief Risk Officer (if any).

VII. General Meetings

The last three Annual General Meetings of the Company were held through Video Conferencing (VC)/ Other Audio- Visual Means (OAVM) as under:

• Annual General Meeting

Annual General Meetings	25 th Annual General Meetings held on 30.09.2024	25 th Adjourned Annual General Meetings held on 13.11.2024
Time	5:00 PM	1:00 PM
Venue	14, Ashok Marg, Shakti Bhawan, Hazratganj, Lucknow-226001	14, Ashok Marg, Shakti Bhawan, Hazratganj, Lucknow-226001
Special Business	<ul style="list-style-type: none"> • Amendment in Articles of Association in accordance with the provisions of the Companies Act, 2013. • To Confirm/Ratify the Appointment and Remuneration of the Cost Auditor for the Financial Year 2024-25. • To Confirm/Ratify the 	---



	Appointment and Remuneration of Secretarial Auditor for the Financial Year 2024-25.	
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Annual General Meetings	24 th Annual General Meetings held on 30.09.2023	24 th Adjourned Annual General Meetings held on 30.03.2024
Time	4:00 PM	12:30 PM
Venue	14, Ashok Marg, Shakti Bhawan, Hazratganj, Lucknow-226001	14, Ashok Marg, Shakti Bhawan, Hazratganj, Lucknow-226001
Special Business	<ul style="list-style-type: none"> • Appointment and Fixation of fee of the Cost Auditor for the Financial Year 2023-24. • To Increase the Authorised Share Capital of the Company and amend the Capital Clause of the Memorandum of Association. • To Confirm/Ratify the Appointment and Remuneration of Secretarial Auditor for the Financial Year 2024-25. 	---

Annual General Meetings	23 th Annual General Meetings held on 29.09.2022	23 th Adjourned Annual General Meetings held on 16.02.2024
Time	5:30 PM	12:00 NOON
Venue	14, Ashok Marg, Shakti Bhawan, Hazratganj, Lucknow-	14, Ashok Marg, Shakti Bhawan, Hazratganj, Lucknow-226001



	226001	
Special Business	<ul style="list-style-type: none"> • Ratification of Remuneration of the Cost Auditor for the Financial Year 2022-23. 	---

VIII. Means of Communication

The Company recognizes the rights of shareholders/ investors & communications as key elements of the overall Corporate Governance framework and therefore emphasizes on continuous, efficient and relevant communication with shareholders and other stakeholders. The Company communicates with its shareholders through its Annual Reports, General Meetings and disclosures on its website and through Stock Exchanges. All important information pertaining to the Company is also mentioned in the Annual Report for each financial year, which is circulated to the members and others entitled thereto Investor's related information, announcements and latest updates regarding the Company can be accessed at Company's website at <https://uppcl.org/uppcl/en> which inter-alia includes the following:

- Corporate Disclosures made from time to time to the Stock Exchanges
- Financial Results
- Bondholder information
- Quarterly Corporate Governance Report

The extracts of quarterly Financial Results of the Company are communicated to the Stock Exchanges and published in national daily newspapers The Company also makes press releases and corporate presentations on important corporate developments, from time to time and the same are also displayed on its website at <https://uppcl.org/uppcl/en> During the year 2024-25, Quarterly Results have been published as per details given below:

Quarter	Date of Publication	Newspaper
I	August, 10, 2024	Times of India & Dainik Jagran
II	November, 11, 2024	Indian Express & Dainik Jagran
III	February, 02, 2025	Indian Express & Dainik Jagran
IV	June, 13, 2025	Indian Express & Dainik Jagran

IX. Comptroller and Auditor General of India



Our Company being a PSU comes under Jurisdiction of Comptroller and Auditor General of India under Section 139 of the Companies Act. The Statutory Auditors of the Company are appointed by the Comptroller and Auditor General of India, who gives the directions to the Auditors on the manner in which the audit should be conducted by them. The Comptroller and Auditor General of India are also empowered to Comment upon the Audit Reports of the Statutory Auditors. The Audited Accounts of the Company are placed before both the Houses of State Legislative Assembly within the prescribed time limit.

X. Subsidiaries

a) **PVVNL**

Pashchimanchal Vidyut Vitran Nigam Limited (PVVNL) is a public sector power distribution company incorporated on May 1, 2003, as a subsidiary of U. P. Power Corporation Limited (UPPCL) having its registered office at Urja Bhawan, Victoria Park, Meerut, Uttar Pradesh and is responsible for electricity distribution across the western part of the state.

b) **MVVNL**

Madhyanchal Vidyut Vitran Nigam Ltd. (MVVNL), was incorporated on May 01, 2003 having its registered office at 4-A, Gokhale Marg in Lucknow. It is responsible for electricity distribution to a vast region—including Lucknow, Raebareli, Sitapur, Hardoi, Unnao, Bahraich, Ambedkarnagar, Ayodhya and Amethi—serving millions of consumers across urban and rural areas.

c) **PuVVNL**

Purvanchal Vidyut Vitaran Nigam Limited (PuVVNL), is a public-sector electricity distribution company under UPPCL was incorporated on May 01, 2003 having its registered office at Vidyut Nagar, Bhikharipur, P.O -DLW, Varanasi, Uttar Pradesh. It is responsible for power supply across eastern districts of Uttar Pradesh—including Varanasi, Gorakhpur, Prayagraj, Mirzapur, Azamgarh, Ballia, Kushinagar, Deoria and others.

d) **DVVNL**

Dakshinanchal Vidyut Vitran Nigam Limited (DVVNL), was established in May 01, 2003 having its registered office at Urja Bhawan, Agra-Mathura By Pass Road, Agra, Uttar Pradesh, as one of U. P. Power Corporation Limited's four regional distribution



subsidiaries. It oversees electricity distribution across 21 districts—including Agra, Mathura, Aligarh, Kanpur, Jhansi, and Banda.

e) KESCO

Kanpur Electricity Supply Company Limited (KESCO), was established on July 21, 1999 as a subsidiary of UPPCL, serving the entire Kanpur Municipal area having its registered office at 14/71civil Lines Kanpur, Uttar Pradesh.

f) UPREV

UP Renewable & Ev Infrastructure Limited was incorporated on May, 27, 2024 having its registered office address at Shakti Bhawan, 14 Ashok Marg, Gokhley Marg, Gokhley Marg, Lucknow. The objective of the company is to develop infra- structure for EV charging and provide charging services to the public.

XI. Disclosures

➤ **Related Party Transactions: -**

The Company has formulated a Related Party Transaction (RPT) Policy containing criterion of deciding Materiality of Related Party Transactions and dealing with Related Party Transactions. The RPT Policy is available at the web link: <https://uppcl.org/uppcl/en/page/policies>. The details of Related Party Transactions are disclosed in **Annexure-III**

➤ **Accounting Treatment: -**

In preparation of the financial statements, the Company has followed the Accounting Standards as prescribed under Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) and under Section 133 of the Act as applicable. The Accounting Policies followed by the Company to the extent relevant are set out elsewhere in the Annual Report.

➤ **Certificate on Corporate Governance: -**

The Company has adopted Corporate Governance Policies and Code of Conduct, which sets out the systems, processes and policies conforming to the international standards. The report on Corporate Governance as stipulated under Regulation 27(2) read with para-C of Schedule V of the Listing Regulations is presented in a separate section forming part of this Annual Report.

➤



A certificate from M/s MMA & Partners, having Certificate of Practice No. 15281, Practicing Company Secretaries Firm, Lucknow, confirming compliance to the conditions of Corporate Governance as stipulated under Para E of Schedule V to the Listing Regulations is enclosed as **Annexure-I(A)**.

➤ **Certificate on Director's Disqualification: -**

Pursuant to the provisions of schedule V of the Listing Regulations the Company has obtained a certificate from M/s MMA & Partners, having Certificate of Practice No. 15281, Practicing Company Secretaries Firm, Lucknow, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any other statutory authority. The copy of the same forms part of this Annual Report is given in **Annexure-I (B)**.

➤ **CEO/CFO Certification: -**

As required under Regulation 17(8) of LODR, 2015, the certificate duly signed by Managing Director and Chief Financial Officer is given in **Annexure-I (C)** to the Corporate Governance Report.

XII. Review of governance practices

We have in this report endeavoured to present the governance practices and principles being followed at Reliance Power, as evolved over a period, and as best suited to the needs of our business and stakeholders. Our disclosures and governance practices are continually revisited, reviewed and revised to respond to the dynamic needs of our business and ensure that our standards are at par with the globally recognised practices of governance, so as to meet the expectations of all our stakeholders.

For and on behalf of the Board of Directors

Date: 24-12-2025

Place: Lucknow

Sd/-
(Sanjay Mehrotra)
Director Finance
(In-Additional charge)
DIN-02263323

Sd/-
(Pankaj Kumar)
Managing Director
DIN-08095154



Annexure-VII

Disclosure under Section 134(3)(m) of the Act, read with Rule 8 of the Companies (Accounts) Rules, 2014

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 2024-25, 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 individual agriculture consumer/Private Tube well Consumer/ Krishi Upbhogta at 33KV/11KV Substations and feeder level solarization 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 RSPV Regulation 2019 issued by the UPERC, Solar Power Consumers are allowed the facility of net meter and Under RSPV Regulation 2019 (First Amendment) dated 01.06.2022 facilitates Net Billing.
- (viii) 1000 Numbers of Grid Connected & Individual PTW Consumer Pumps are solarized.

- **Technology adaptation**

- (a) Efforts made towards technology absorption, adaptation and innovation are as under:



Manish Mishra & Associates

Company Secretaries in Practice

Office Address: Flat No. G-2, B 1/66, Classic Maniaon Apartment, Sector-K, Aliganj, Lucknow, U.P. - 226024

Contact: +91-7084645555 | E-mail: mmacsilucknow@gmail.com | Website: www.csmars.com

CERTIFICATE ON CORPORATE GOVERNANCE

To,
U. P. POWER CORPORATION LIMITED
SHAKTI BHAWAN,
ASHOK MARO LUCKNOW,
UTTAN 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, 2025, 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, 2025. 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,**
Company Secretaries
(F.R. N. P2015UP081000)





CS Sukhmendra Kumar
Partner
Practicing Company Secretary
CF. No.: 21707
M. No: - 37552
UDIN: A037552G000889471
Fees Review Cert. No. 3163/2023
Date-29-07-2025, Place-Lucknow



Manish Mishra & Associates

Company Secretaries in Practice

Office Address: Flat No. G-2, B 1/66, Classico Mansion Apartment, Sector-K, Aliganj, Lucknow, U.P. - 226024

Contact: +91-7084645555 | E-mail: mmacslncknow@gmail.com

CERTIFICATE ON DISQUALIFICATION OF DIRECTOR

To,
U. P. POWER CORPORATION LIMITED
SHAKTI BHAWAN,
ASHOK MARO LUCKNOW,
UTTAN 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, 2025 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	BIN	Date of Appointment	Resignation
1.	Dr. Ashish Kumar Goel	03047610	27.07.2023	Chairman
2.	Shri Pankaj Kumar	08095154	10.03.2021	Managing Director
3.	Dr. Rupesh Kumar	06802972	13.02.2025	Nominee Director
4.	Shri Anupam Shukla	09659225	10.08.2022	Nominee Director
5.	Smt. Neha Jain	10338350	13.02.2025	Women Director
6.	Shri Nidhi Kumar Narang	03473420	01.06.2022	Whole-Time Director
7.	Shri Neel Ratan Kumar	03616458	16.04.2013	Nominee Director
8.	Shri Kamalesh Bahadur Singh	09642954	18.06.2022	Whole-Time Director
9.	Shri Sourajit Ghosh	09642955	18.06.2022	Whole-Time Director
10.	Shri G.D. Dwivedi	10393079	11.10.2023	Whole-Time Director
11.	Shri Abhishek Singh	10271109	03.05.2023	Nominee Director
12.	Shri Raj Kumar Malhotra	09520699	05.11.2024	Nominee Director

Skumar





Manish Mishra & Associates **Company Secretaries in Practice**

Office Address: Flat No. G-2, B 1/66, Classio Mansion Apartment, Sector-K, Aliganj, Lucknow, U.P. - 226024

Contact: +91-7084645555 | E-mail: mmacslncknow@gmail.com

13.	Shri Prabhat Kumar Singh	07125959	13.02.2025	Nominee Director
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*The date of appointment is as per the MCA Portal.

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

**For Manish Mishra & Associates,
Company Secretaries
(F.R. N. P2015UP081000)**

Sukhendra



CS Sukhendra Kumar
Partner
Practicing Company Secretary
CF. No-21707
M. No-37552
UDIN: A037552G000889524
Peer Review Cert. No. 3163/2023
Date-29-07-2025
Place-Lucknow



U. P. Power Corporation Limited

(A Government of UP undertaking)

CIN: U32201UP1999SGC024928

Registered address: Shakti Bhawan, 14 Ashok Marg, Lucknow-226001

Phone No. 0522-2286618 | Email: companysecretary@uppcl.org | Website: www.uppcl.org



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 2025 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.

For and on behalf of Board of Directors

Date:24-12-2025

Place: Lucknow

Sd/-

**Nitin Nijhawan
Chief Financial Officer**

Sd/-

**Pankaj Kumar
Managing Director
DIN : 08095154**

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, 2025

Part B:- Associates and Joint Ventures

<u>(₹ in Crore)</u>	
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	

For and on behalf of the Board of Directors

Date: 24-12-2025

Place: Lucknow

**Sd/-
(Sanjay Mehrotra)
Director Finance
(In-Additional charge)
DIN-02263323**

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

1. RELATED PARTY DISCLOSURE:**Part-I****1. Name of the Related Parties and Description of Relationship:****a. Related Parties where control exists:****a. Subsidiaries**

- i. Purvanchal Vidyut Vitran Nigam Ltd. (PuVVNL)
- ii. Madhyanchal Vidyut Vitran Nigam Ltd. (MVVNL)
- iii. Dakshinanchal Vidyut Vitran Nigam Ltd. (DVVNL)
- iv. Paschimanchal Vidyut Vitran Nigam Ltd. (PVVNL)
- v. Kanpur Electricity Supply Company Ltd. (KESCO)
- vi. UP Renewable and EV Infrastructure Limited (UPREVIL)

b. Employment Benefit Funds

- i. U.P. Power Sector Employees Trust (GPF)
- ii. U.P. Power Corporation Contributory Provident Fund Trust (CPF)

b. Other Related Parties

(Where Transactions have been taken place during the year or previous year/balances outstanding)

- a. Associates - Nil
- b. Joint Venture Corporation – Nil

c. GoUP-Related Power Sector Entities (under the same government):

- i. U.P. Rajya Vidyut Utpadan Nigam Ltd. (UPRVUNL)*
- ii. U.P. Power Transmission Corporation Ltd. (UPPTCL)
- iii. U.P. State Load Dispatch Center Limited (UPSLDC)

*The Government of Uttar Pradesh vide Gazette Notification dated 03.11.2023 has notified the Scheme as THE UTTAR PRADESH ELECTRICITY REFORMS (AMALGAMATION AND MERGER OF STATE GENERATING COMPANIES) SCHEME, 2023 (Scheme). Accordingly, Jawaharpur Vidyut Utpadan Nigam Ltd. (JVUNL) has been merged with Uttar Pradesh Rajya Vidyut Utpadan Nigam Ltd. (UPRVUNL) and then UPRVUNL has been merged into UP Jal Vidyut Nigam Ltd. (UPJVNL). As per clause 10 of the Scheme, for change in the name, Form 'Run' was filed by UPJVNL and MCA has given its 'no objection' confirmation for the new name i.e., U.P. Rajya Vidyut Utpadan Nigam Ltd on 31.01.2024

2. Disclosure as per Ind AS 27 (Separate Financial Statements):**a. Investment in Subsidiary Companies:**

S. No.	Name of Company	Country of Incorporation	Place of Registered Office	Proportion of Ownership Interest	
				As at 31.03.2025	As at 31.03.2024
(i)	Purvanchal Vidyut Vitran Nigam Ltd. (PuVVNL) CIN-U31200UP2003SGC027461	India	Varanasi, UP	100%	100%
(ii)	Madhyanchal Vidyut Vitran Nigam Ltd. (MVVNL) CIN-U31200UP2003SGC027459	India	Lucknow, UP	100%	100%
(iii)	Dakshinanchal Vidyut Vitran Nigam Ltd. (DVVNL) CIN-U31200UP2003SGC027460	India	Agra, UP	100%	100%
(iv)	Paschimanchal Vidyut Vitran Nigam Ltd. (PVVNL) CIN-U31200UP2003SGC027458	India	Meerut, UP	100%	100%
(v)	Kanpur Electricity Supply Company Ltd. (KESCO) CIN-U40105UP1999SGC024626	India	Kanpur, UP	100%	100%
(vi)	UP Renewable and EV Infrastructure Limited (UPREVIL) CIN-U35109UP2024SGC203459	India	Lucknow, UP	100%	-

b. Key Management Personnel: -

S.No.	Name	Designation	Period
1	Dr. Ashish Kumar Goel	Chairman	w.e.f 27.07.2023
2	Shri Pankaj Kumar	Managing Director	w.e.f 10.03.2021
3	Shri Nidhi Kumar Narang	Director (Finance)	w.e.f 01.06.2022
4	Shri Nidhi Kumar Narang	Director (Commercial) (Additional Charge)	w.e.f 02.07.2024
5	Shri Amit Kumar Srivastava	Director (Commercial)	w.e.f 24.05.2022 upto 30.06.2024
6	Shri Kamalesh Bahadur Singh	Director (Corporate Planning)	w.e.f 18.06.2022
7	Shri Kamalesh Bahadur Singh	Director (P & MA) (In Additional Charge)	w.e.f 11.12.2023
8	Shri Sourajit Ghosh	Director (I.T.)	w.e.f 18.06.2022
9	Shri Gyanendra Dhar Dwivedi	Director (Distribution)	w.e.f 11.10.2023
10	Shri Nitin Nijhawan	Chief Finance Officer	w.e.f 01.12.2022
11	Ms. Priti Arora	Company Secretary & Compliance officer	w.e.f 07.06.2024 upto 03.10.2024
12	Shri Ranvir Prasad	Nominee Director	w.e.f 04.03.2024 upto 07.01.2025
13	Shri Anupam Shukla	Nominee Director	w.e.f 10.08.2022
14	Dr. Rupesh Kumar	Nominee Director	w.e.f 07.01.2025
15	Shri Neel Ratan Kumar	Nominee Director	w.e.f 16.04.2013
16	Shri Abhishek Singh	Nominee Director	w.e.f 03.05.2023
17	Shri Raj Kumar Malhotra	Nominee Director	w.e.f 05.11.2024
18	Shri R.P. Vaishnav	Nominee Director	w.e.f 16.06.2023 upto 13.02.2025
19	Shri Prabhat Kumar Singh	Nominee Director	w.e.f 13.02.2025
20	Smt. Neha Sharma	Woman Director	w.e.f 02.09.2022 upto 09.08.2024
21	Shri Sandeep Kumar	Nominee Director	w.e.f 21.02.2024 upto 05.11.2024
22	Smt. Mala Srivastava	Woman Director	w.e.f 09.08.2024 upto 30.01.2025
23	Smt. Neha Jain	Woman Director	w.e.f 30.01.2025

c. Relative of Key Managerial Personnel (if any)

(Where transaction have taken place during the year or previous year/balances outstanding)- NIL

Part-II

Details of Related Party Transactions:

a. Transactions with Subsidiaries and Employee Benefit Funds for the year ended 31.03.2025

(₹ Crore)

S. No.	Particulars	Subsidiaries	Employee Benefit Funds	
			CPF Trust	GPF Trust
1.	Sale of Power	77,582.81	-	-
2.	Allocation of common expenditure	154.61	-	-
3.	Investment of Equity (including Share application money)	14,865.91	-	-
4.	Transactions on account of Loan/Bonds taken on behalf of DISCOMs	(5,720.13)	-	-
5.	Transactions in respect of Trade Receivables	2,736.05	-	-
6.	Transactions in respect of Other Receivables	230.59	-	-
7.	Transactions in respect of Grant/Loan	4,158.06	-	-
8.	Transactions with CPF Trust	-	2.14	-
9.	Transactions with GPF Trust	-	-	(9.84)
10.	Allocation of common income	201.20	-	-
Total		94,209.10	2.14	(9.84)

b. Transactions with GoUP Related Power Sector Entities for the year ended 31.03.2025

(₹ Crore)

S.No	Particulars	GoUP Related Power Sector Entities (Under Same Government)	
		UPRVUNL	UPPTCL
1.	Purchase of Power	16,141.30	-
2.	Allocation of Common Expenditure	1.60	18.67
3.	Transactions in respect of Trade Receivables	11.33	14.46
4.	Transactions in respect of Other Payables	1,020.63	-
Total		17,174.86	33.13

c. Employment benefit of Key Managerial Personnel for the year ended 31.03.2025

S.No.	Employment Benefit	Amount (₹ Crore)
1	Short-Term Employment Benefit	3.03
2	Post-Employment Benefit	0.67
Total		3.70

Part-III
Details of Subsidiary wise Related Party Transactions

For the year ended 31.03.2025

(₹ Crore)

S. No.	Name of Subsidiary	Sale of Power	Allocation of Common Expenditure	Investment in Equity including share application money	Loan/Bonds taken on behalf of DISCOMS (Receivables)	Trade Receivables	Other Receivables	Other Payables	Allocation of Common Income	Total
1	PuVVNL	17,662.97	37.96	3,768.97	(1,892.94)	1,546.60	50.42	551.29	45.19	21,770.46
2	MVVNL	17,024.40	34.75	3,680.54	(1,135.83)	1,150.95	47.56	553.39	43.49	21,399.25
3	DVVNL	16,633.64	34.10	3,259.05	(1,131.03)	91.76	50.03	468.32	45.12	19,450.99
4	PVVNL	23,660.89	40.81	3,686.82	(1,325.87)	-	73.01	2,535.28	59.90	28,730.84
5	KESCo.	2,600.91	6.99	465.53	(234.46)	(53.26)	9.44	49.78	7.50	2,852.43
6	UPREVIL	-	-	5.00	-	-	0.13	-	-	5.13
Total		77,582.81	154.61	14,865.91	(5,720.13)	2,736.05	230.59	4,158.06	201.20	94,209.10

Part-IV
Balances outstanding (Closing Balances)

(₹ Crore)

S.No.	Name of Related Party	Balances as at 31.03.2025 [Dr./ (Cr.)]	Balances as at 31.03.2024 [Dr./ (Cr.)]
A Subsidiaries			
1	Purvanchal Vidyut Vitran Nigam Ltd.	63,072.87	60,151.11
2	Madhyanchal Vidyut Vitran Nigam Ltd.	49,678.98	46,489.15
3	Dakshinanchal Vidyut Vitran Nigam Ltd.	53,396.43	51,594.94
4	Paschimanchal Vidyut Vitran Nigam Ltd.	22,953.03	23,054.35
5	Kanpur Electricity Supply Company Ltd.	6,341.24	6,203.77
6	UP Renewable and EV Infrastructure Limited	5.13	-
B Employee Benefit Funds			
1	UP Power Sector Employees (Trust)	28.57	37.85
2	UP Power Corporation Employees Contributing Provident Fund (Trust)	(32.02)	(29.88)
C GoUP-Related Power Sector Entities:			
1	UP Rajya Vidyut Utpadan Nigam Limited (UPRVUNL)	(7,683.93)	(8,715.89)
2	UP Power Transmission Corporation Ltd.	2,645.49	2,631.03

For and on behalf of the Board of Directors

Date: 24-12-2025

Place: Lucknow

Sd/-

Sd/-

(Sanjay Mehrotra)

(Pankaj Kumar)

**Director Finance
(In-Additional charge)
DIN-02263323**

**Managing Director
DIN-08095154**

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2025

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY
1(D)	<p>Emphasis of Matter:</p> <p>Uttar Pradesh Power Corporation Limited.</p> <p>1. Kindly refer Note 12 of the financial statement as on 31st March 2025, which reflects a Gross debit balance of ₹707.68 crore pertaining to M/s Rosa Power Supply Company Limited. This amount represents debit notes raised by the Company in April 2018 against which, stay orders have been issued by the Appellate Tribunal for Electricity (APTEL).</p> <p>It is observed that in a similar case involving M/s Lalitpur Power Generation Company, the Company has reversed the debit notes, as disclosed in Para No. 32 of Note 30: Notes to Accounts. However, in the case of Rosa Power, no such reversal has been made.</p> <p>This results in a contradiction in the Company's accounting treatment of similar transactions involving disputed debit notes under litigation.</p>	<p>Regarding debit balance of Rosa, it is submitted that UPPCL raised debit note amounting to Rs 707.68 Crore in April 2018 on the basis of UPERC order dated 22.08.2017, which was disputed by Rosa Power Supply Company Ltd (RPSCL) before Hon'ble UPERC vide petition No. 1310 of 2018. This petition was disposed off in favour of UPPCL by order dated 26.09.2018, justifying the debit notes. However, before UPPCL could start recovery from RPSCL dues, an appeal was filed by RPSCL in Hon'ble APTEL.</p> <p>Hon'ble APTEL in its order dated 28.09.2018 in IA No. 1387 of 2018, stayed the UPERC order dated 26.09.2018 and instructed "There shall not be any recovery of income tax in terms of notice dated 09.04.2018 till next date of hearing"</p> <p>In compliance of APTEL order, UPPCL has not made any recovery against the Debit notes. However, no orders questioning the validity of the said Debit Notes has been passed by either UPERC or APTEL. Also, the stay on the UPERC order was interpreted as to not change status quo. Hence the debit notes which were already taken into books in FY 2018-19, have not been reversed in the books of UPPCL so as to depict the correct picture of books of accounts.</p> <p>On the other hand, in the matter of debit notes of Lalitpur Power Generation Company Ltd. (LPGCL), Debit notes were issued by UPPCL on 24.03.2022 in pursuance to UPERC order dated 10.03.2022, against which, LPGCL filed appeal before Hon'ble APTEL. After hearing, Hon'ble APTEL in its order dated 01.04.2022, directed that the debit notes be "Kept in abeyance till the decision is taken on the application for interim relief",</p>

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY
		thereby directly questioning the validity of Debit notes. Hence, in compliance of the order, UPPCL has reversed the entry of debit notes and made disclosure in the final accounts accordingly. Thus, it is clear that both cases are different and accounting treatment has been done on the basis of best interpretation.
	<p>2. Kindly refer Note 12 of the Financial Statement as on 31st March 2025, which includes ₹82.88 crore under Tax Deducted at Source (TDS). This amount includes ₹1.61 crore representing Income Tax refunds that were pending with the Income Tax Department for the financial years 2011-12, 2015-16 and 2016-17. These refunds has not been received till 31st March 2025. The management has also informed us that on 23rd August 2024, a refund of ₹5.84 crore was received from the Income Tax Department for the financial years 2011- 12, 2015-16 and 2016-17.</p>	The pending refund related to the F.Y. 2007-08, 2008-09, 2011-12 and 2013-14 is still under pursuance with Principal Commissioner of Income tax and continuous follow up for the same with income tax department is being done.
	<p>3. Accounting Policy of the Company regarding power purchases had not envisaged the method for accounting of power purchases where final approval of the tariff by the Regulatory Commission has not been granted.</p>	It is already mentioned in the accounting policy of the company that power purchase from Central Generating Units and State Generating Unit is accounted for at the rate approved by Central Electricity Regulatory Commission (CERC) and UP Electricity Regulatory Commission (UPERC) respectively. Hence, it is implied that the power purchase is accounted for at the rates approved by the regulatory commission whether provisional or final.
	<p>4. It has been observed that sales for the current year include ₹82.34 crore pertaining to prior period adjustments, which have been included under revenue from operations. As per Para 11 of Note 30 to the financial statements, the management considers a prior period adjustment to be material only if it exceeds 0.5% of the revenue from operations of the immediately preceding financial year.</p>	This remark is informative in nature. The accounting of prior period adjustment has been made in accordance with Ind AS 08 considering the materiality of the transaction. The management considers a prior period adjustment to be material only if it exceeds 0.5% of the revenue from operations of the immediately preceding financial year.
	<p>5. Kindly refer to para 6 (e) Of Note 30: Notes to accounts of the financial statements, which states that the Company has recognized a parcel of land at a nominal value of ₹1 under General Ledger Code 10.10100 during the financial year 2024–25.</p>	It was duly explained during the audit that no amount was expended/incurred by the UPPCL for acquiring the said land and it is provided free of cost by GOUP. However, it was omitted to record in the books of accounts inadvertently at that time. So, the

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY
	<p>It is noted that the title deed for the said land had been leased to Prayagraj Corporation Limited under a lease agreement dated 7th January 2015, during the financial year 2014–15. However, the land has been recognized in the Company's books only in the current financial year.</p> <p>As per the lease agreement, the Lessee, Prayagraj Corporation Limited, has agreed that the amount of ₹5,18,80,418.28 (Rupees Five Crores Eighteen Lakhs Eighty Thousand Four Hundred Eighteen and Twenty-Eight Paise Only) provided by M/s Prayagraj Power Generation Company Limited for land acquisition shall be treated as premium.</p> <p>However, no details or explanations have been provided to us regarding the amount.</p> <p>Despite seeking clarification from the Company regarding the reasons for the delayed recognition of the land, no satisfactory explanation has been provided to us.</p>	<p>same has been accounted for in the books in current financial year at nominal value of Rs1 in compliance to para 23 of Ind AS 20.</p>
	<p>Material Management Zone of Uttar Pradesh Power Corporation Ltd.</p> <p>6.Details of the decisions taken by the Board of Directors/management of the company during the financial year in respect of lodging claims, if any, towards disputes with generators, legal disputes, arbitrations etc. was not made available to us for determining its financial implication for depiction/disclosure in the financial statement of the Zone.</p>	<p>It was duly informed to the auditor that no such proposal was put up to BOD during the year by EIE&PC.</p>
	<p>7.During review of concurrent audit report of M/s Kherada & Co. for February 2025, it was observed that UPPCL has paid fixed charges of Rs. 218.55 crore i.e. without any supply of energy to Anta GPS, Auraiya GPS & Dadri GPS of NTPC Limited against PPAs extended from time to time. Hence, we are of the view that management may consider to explore the possibilities of termination of such on-going contracts for avoidance of increase in power cost & its burden on consumers.</p>	<p>Anta GPS, Auraiya GPS, and Dadri GPS are gas-based power plants of NTPC Limited with which UPPCL has long-term Power Purchase Agreements (PPAs) executed as per Central Government allocation. As per the terms of these PPAs, fixed charges are mandatorily payable to NTPC irrespective of energy drawl, unless the plant is formally deallocated or surrendered with due regulatory approval.</p> <p>These gas plants are categorized as peaking/emergency support stations and are maintained in operational readiness to handle grid contingencies, frequency dips, or unexpected surge in</p>

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY												
		<p>demand—particularly during the evening and night peak hours or under low renewable generation conditions.</p> <p>However, due to high variable cost (typically above ₹10/kWh for (LF and RF) resulting from limited and costly gas availability, these stations are not scheduled under normal conditions as it would not be economically viable compared to other available cheaper sources or exchange procurement. Hence, UPPCL does not schedule them in routine MOD-based dispatch.</p>												
	<p>8.Details of the power purchased as per the said reconciliation statement and power transferred to DISCOMs and loss of energy during the current year & previous year is tabulated as below:</p> <table border="1" data-bbox="338 630 1110 863"> <thead> <tr> <th data-bbox="338 630 716 695">Detail</th> <th data-bbox="716 630 919 695">As on 31.03.2025</th> <th data-bbox="919 630 1110 695">As on 31.03.2024</th> </tr> </thead> <tbody> <tr> <td data-bbox="338 695 716 760">Total number of Units purchased (MU)</td> <td data-bbox="716 695 919 760">155096.09</td> <td data-bbox="919 695 1110 760">141931.69</td> </tr> <tr> <td data-bbox="338 760 716 824">Total number of units sold (MU)</td> <td data-bbox="716 760 919 824">147650.20</td> <td data-bbox="919 760 1110 824">134269.40</td> </tr> <tr> <td data-bbox="338 824 716 863">Loss %</td> <td data-bbox="716 824 919 863">4.80 %</td> <td data-bbox="919 824 1110 863">5.40%</td> </tr> </tbody> </table> <p>9.Various information as detailed below in respect of purchase of power as per directive of ARR and Tariff rate for 2024-25 by UPERC were not found to have been disclosed at zonal level, which may be looked into at HO level.</p> <ul style="list-style-type: none"> • The Petitioners are directed to show SOP and CGRF expenses separately in the Audited Accounts. • The Petitioners are directed to ensure that actual Power Purchased (MUs) & ex-bus & energy delivered at Discom periphery (MUs), inter & intra power purchase (MUs) along with inter & intra state losses are made part of the Audited Accounts as an Annexure 	Detail	As on 31.03.2025	As on 31.03.2024	Total number of Units purchased (MU)	155096.09	141931.69	Total number of units sold (MU)	147650.20	134269.40	Loss %	4.80 %	5.40%	<p>Informatory paragraph</p> <p>The information pertaining to power purchase, sale & overall transmission loss and source-wise break-up of power purchase cost is disclosed Financial statement.</p>
Detail	As on 31.03.2025	As on 31.03.2024												
Total number of Units purchased (MU)	155096.09	141931.69												
Total number of units sold (MU)	147650.20	134269.40												
Loss %	4.80 %	5.40%												

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY
	<ul style="list-style-type: none"> • The Petitioners are directed to ensure that actual Power Purchased Cost with detailed break-up of each source, inter-state transmission charges, intra-state transmission charges are made part of the Audited Accounts as an Annexure. <p>Our opinion is not qualified in respect of this matter</p>	
Annexure I	As referred to in and forming part of, our Audit Report of even date to the members of Uttar Pradesh Power Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31st March, 2025.	
1.	<p>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:</p> <p>1. Kindly refer to Note 6 of the financial statements for the year ended 31st March 2025, which discloses an amount of ₹5.69 crore classified as an advance to Noida Power Corporation Ltd. (NPCL).</p> <p>As per the agreement dated 15th November 1993, the Uttar Pradesh State Electricity Board (UPSEB), currently known as Uttar Pradesh Power Corporation Limited, transferred certain assets to NPCL against a sales consideration of ₹10.10 crore. The key terms of the agreement are as follows:</p> <ul style="list-style-type: none"> • The sales consideration shall be treated as a loan. • The amount is repayable in four equal instalments: <ul style="list-style-type: none"> ○ The first instalment of one-fourth of the total amount is payable after one year from the date of transfer. ○ The remaining three instalments are to be paid in three equal annual payments thereafter. • Interest at the rate of 14% per annum is chargeable from the date of transfer, calculated on the reducing balance method. <p>As of 31st March 2025, an outstanding principal amount of ₹5.69 crore remains due from NPCL. In addition, an accrued interest of</p>	<p>After thorough examination, the matter for writing off the balances pertains to NPCL and accrued interest thereof is under consideration with the management. Necessary action shall be taken accordingly.</p>

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY
	<p>₹256.81 crore has accumulated on this account.</p> <p>The management has made a 100% provision for both the principal and the interest due, citing the long-standing non-recovery and no movement in the account over the years.</p> <p>In response of our queries during the audit:</p> <ul style="list-style-type: none"> • The company is not provided the ledger account of NPCL since beginning. The management has replied to us that the outstanding balance of Rs. 5.69 Crores pertains to the period prior to FY 2007–08, and no transactions have occurred in the account after the year 2007-08, management further told us that they have no old data and documents to explain the same. • The management has not provided details of any legal proceedings initiated against NPCL for the recovery of the outstanding dues, which is a matter of concern given the materiality of the amount involved and the extended period of non-recovery. As per the agreement, payment should have been made in four equal instalments, and NPCL has breached the terms of the agreement. However, the management has not taken or provided us with any details of cases lodged against NPCL to recover the amount, which raises concerns about the management's actions. • We asked for year-wise balance confirmation with NPCL; management has replied that year-wise balance was not available, • On our request to issue Balance confirmation letter to all sundry creditors, debtors, borrowers to compliance the statutory compliance, the company was not issued the balance confirmation letter to NPCL during the year and in previous years. This is the lapse of the statutory compliance of balance confirmation. • We requested the interest calculation from the inception of the advance, but the management only provided the interest calculation for the year 2024–25, so we are unable to comment on correctness of the amount of interest debited in the financial 	

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY
	<p>statements as on 31st March 2025.</p> <p>We also addressed some other issues on which the management has not given us any satisfactory reply:</p> <ul style="list-style-type: none"> ○ The agreement was executed on ₹100 stamp paper, which raises a doubt about the validity of the agreement. ○ The amount pertains to the period prior to 2007–08. We inquired whether the company has taken any legal opinion regarding whether it can lodge a legal case against NPCL as per the Limitation Act. The management has not provided any satisfactory response to this query. 	
2.	<p>Kindly refer to Note 8 of the financial statements for the year ended 31st March 2025, which reflects a receivable of ₹442.08 crore from Noida Power Corporation Ltd. (NPCL). This amount pertains to bills raised for the supply of electricity, and the management has created a 100% provision against the said receivable.</p> <p>We asked for year-wise balance confirmation with NPCL, the management of the company has replied that year-wise balance was not available,</p> <p>on our request to issue Balance confirmation letter to all sundry creditors, debtors, borrowers to compliance the statutory compliance, the company was not issued the balance confirmation letter to NPCL during the year and in previous years. This is the lapse of the statutory compliance of balance confirmation.</p> <p>The company is not taken any legal action for the recovery of outstanding dues, which is a matter of concern given the materiality of the amount involved and the extended period of non-recovery.</p> <p>The amount pertains to the period prior; we inquired whether the company has taken any legal opinion regarding whether it can lodge a legal case against NPCL as per the Limitation Act. The management has not provided any satisfactory response to this query</p>	<p>The process of reconciliation of billing and payments from the year 2000 onwards is ongoing on at PVVNL.</p> <p>Action for necessary adjustment in books shall be taken once reconciliation is completed between PVVNL & NPCL and final dues is confirmed by PVVNL.</p>

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY
	<p>Upon examination, it has been observed that the bills amounting to ₹442.08 crore were actually raised by Paschim Vidyut Vitran Nigam Limited (PVVNL), not directly by Uttar Pradesh Power Corporation Limited (UPPCL). However, these bills have been included in the books of UPPCL, despite the underlying transaction and supply of electricity being attributable to PVVNL. The management has provided a bill issued by PVVNL, the details of which are as follows:</p> <p>Month of Bill: February 2014 Amount: ₹276,72,01,107.00</p> <p>This raises a concern regarding the ownership and accounting of the receivable currently shown in UPPCL's books under sundry debtors, as disclosed in Note 08. The receivable appears to legally and operationally pertain to PVVNL, and not UPPCL. On the basis of above noted facts, it has been observed that the sundry debtors reflected in the Standalone Financial Statements (SFS) of Uttar Pradesh Power Corporation Limited (UPPCL) are overstated by ₹442.08 crore.</p>	
3	<p>Kindly refer to Note 12 –of the Financial Statements as on 31st March 2025 discloses an amount of ₹1541.44 Receivables from Generators crore out of which ₹850.12 crore which has been outstanding for more than three years., this amount remains unconfirmed and unreconciled for a prolonged period. The Company has not recognized any provision against this outstanding balance. Further, the details of the outstanding ₹850.12 crore receivables (pending for over three years) are provided below:</p>	<p>Party-wise response/action plan is as under:-</p> <p><u>Bhakra Project Management Board:</u> Balance pertains to transfer scheme & is under consideration for writing off. Necessary action shall be taken accordingly.</p> <p><u>N.H.P.C:</u> Reconciliation of balance is under process.</p> <p><u>MSEDCL:</u> During reconciliation of balances, it has come to know that the debit balance is due to penalty levied by UPPCL for short supply and the same has been disputed by MSEDCL LOI terms & conditions being reviewed. Accordingly necessary action shall be taken.</p>

S.NO	AUDITOR'S REPORT			MANAGEMENT REPLY
	S. No	Particulars	Amount (₹)	
	1	Bhakra Project Management Board	16575376.60	<p><u>Northern Railway (UD):</u> The balance is reconciled with NR. However, Northern Railway has informed that they had sought some clarification on billing related to UI charges from UPSLDC. Upon receipt of the clarification, the reconciliation statement will be signed accordingly.</p> <p><u>NPCL(UD):</u> Balance is reconciled with NPCL. NPCL has informed that out of this total balance, Rs.69 crores pertains to UI/DSM charges which they had deposited with UPSLDC instead of UPPCL. Hence, the matter is under consideration with the management for decision to recover the same from UPSLDC. Balance, Rs. 23 crores pertain to sign change violation charges, on which stay order has been granted by Hon'ble APTEL.</p> <p><u>Lanko Eu Limited:</u> The balance is appearing as receivable from 2014-15. Reconciliation of the same is under process.</p> <p><u>G.M.R Energy Private Limited:</u> Balance is appearing as receivable from 2018-19. Reconciliation of the same is under process.</p> <p><u>A.C.C Limited:</u> The balance is o/s from 2012-13. Reconciliation of the same is under process.</p> <p><u>Chunar Cement Factory (JPA) Limited:</u> The balance is outstanding from 2012-13. Chunar Cement Factory is the unit of Jaiprakash Associate, which is under Insolvency process. The claim for the outstanding amount has been lodged with resolution professional.</p>
	2	N.H.P.C	3432723674.00	
	3	MSEDCL	15502004.00	
	4	Northern Railway (UI)	3883753491.44	
	5	NPCL(UI)	921987408.94	
	6	Lanko Eu Limited	9705040.12	
	7	G.M.R Energy Private Limited	60719.00	
	8	A.C.C Limited	775440.00	
	9	Chunar CementFactory (JPA) Limited	63460809.77	
	10	Mittal Proc. Private. Ltd. Ghaziabad	46511195.00	
	11	Bajaj Hindustan Limited, (Gangauli)	30855342.42	
	12	Bajaj Sugar Limited, Barkhera	28675110.97	
	13	Bajaj Hind. Paliakalan, Lak	48957384.60	
	14	Himachal Pradesh	1688774.00	
		Total	8501231770.86	
	<p>In our opinion, a suitable provision against the Receivables from Generators should be made by the company.</p> <p>On our request to issue Balance confirmation letter to all sundry creditors, debtors, borrowers to compliance the statutory compliance, the company was not issued the balance confirmation</p> <p>The matter also has been reported by the previous statutory auditor in their independent audit report for the financial year 2023-24, 2022-23 & 2021-22.</p> <p>The company has not taken any corrective action on that point.</p>			

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY
		<p><u>Mittal Proc. Private. Ltd. Ghaziabad:</u> Debit balance is carried forward from year 2018-19. Reconciliation of the same is under process.</p> <p><u>Bajaj Hindustan Limited, (Gangauli)</u> <u>Bajaj Sugar Limited, Barkhera</u> <u>Bajaj Hind. Paliakalan, Lak:</u> Reconciliation has been completed & in the process of signature. Hence necessary adjustments/rectifications will be completed in 2025-26.</p> <p><u>Himachal Pradesh:</u> Balance pertains to transfer scheme & is under consideration for writing off. Necessary action shall be taken accordingly.</p>
4.	<p>(a) Capital Reserve: Kindly refer Note 14 of the financial statements, the company has reported a Capital Reserve amounting to ₹195.95 crore. However, the company has not provided a detailed breakup, supporting documentation, or an explanation regarding the composition and nature of this reserve.</p> <p>In the absence of adequate supporting evidence, we are unable to verify the appropriateness, accuracy, and completeness of the amount reported under Capital Reserve. Accordingly, we are unable to comment on the validity of this balance.</p>	<p>Balance pertains to transfer scheme & is under consideration for adjustment with retained earnings. Necessary accounting shall be done accordingly after the approval of competent authority.</p>
	<p>(b) Restructuring Reserve: Kindly refer Note 14 of the financial statements as on 31st March, 2025, it shows a credit balance of ₹540.31 crore is reported under the head Restructuring Reserve. As confirmed to us during the course of the audit, this amount pertains to old balances pertaining to a transfer scheme. However, no detailed documentation, supporting records, or explanatory note has been provided to substantiate the nature, origin, or basis of this reserve.</p>	<p>Balance pertains to transfer scheme & is under consideration for adjustment with retained earnings. Necessary accounting shall be done accordingly after the approval of competent authority.</p>

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY
	<p>In the absence of such information, we are unable to verify the accuracy, classification, and appropriateness of the said balance in accordance with the applicable financial reporting framework, including Schedule III of the Companies Act, 2013.</p>	
5.	<p>It was observed that the Company has regrouped certain old balances into an "Assets Migration Account" under Note 6 of financial statements as on 31st. March, 2025 under the head Non-Current Financial Assets – Others, amounting to a total of ₹121.81 crore. This amount includes an unreconciled inter-unit balance of ₹74.65 crore.</p> <p>The regrouped balances originated from various heads including Note 3: Capital Work- in-Progress, Note 6: Non-Current Financial Assets – Loans & Others, Note 11: Current Financial Assets – Others, Note 12: Other Current Assets, and Note 19: Current Financial Liabilities.</p> <p>Additionally, the Company has regrouped certain old balances from Note 18: Current Financial Liabilities – Trade Payables and Note 19: Current Financial Liabilities – Others into a "Liability Migration Account" amounting to ₹6.93 crore.</p> <p>The details of these regroupings have been disclosed in Para No. 12 of Note 30: Notes to Accounts.</p> <p>The company has regrouped a balance of ₹32.05 crore under "Other Receivables", which includes both current financial liabilities and current financial assets, and transferred the net amount to the Assets Migration Account.</p> <p>The company has not provided list of all the amounts mentioned in Para No. 12 of Note 30: Notes to Accounts. So, we are unable to verify the accuracy, classification, and appropriateness of the said balances.</p>	<p>The old balances which are carrying over since last so many years, are mostly related to Transfer scheme. Presently it is under consideration for writing off/writing back. Necessary accounting shall be done accordingly as per the approval of competent authority.</p>

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY
6.	<p>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): Non-compliance IND AS: IND AS 1 (Presentation of Financial Statement)</p> <ul style="list-style-type: none"> It has been observed that the company is recognizing refunds related to income tax, interest on income tax, GST, and other statutory refunds on a cash basis, i.e., at the time of actual receipt. <p>This practice is not in compliance with Ind AS 1 – Presentation of Financial Statements, which requires the use of the accrual basis of accounting. Under the accrual concept, such refunds should be recognized in the financial statements when the right to receive them is established, typically upon the issuance of the relevant order by the appropriate authority, and not merely upon the actual receipt of funds.</p>	<p>The Company recognizes income on a cash basis where the certainty of receipt is not assured. In cases where the receipt is reasonably certain, such income is accounted for on an accrual basis. Accordingly, interest income related to income tax refund has been recognized on an accrual basis and disclosed in Note 12 of the financial statements, as the right to receive the same is established upon issuance of the relevant order by the appropriate authority.</p>
	<ul style="list-style-type: none"> It has been observed that company has classified some of the non-current assets as current, despite the fact that these balances have remained outstanding since previous financial years. In the absence of sufficient appropriate audit evidence or management explanations confirming the realisability or settlement of these amounts within twelve months from the balance sheet date, the classification of such items as current is inconsistent with the requirements of Ind AS 1 – Presentation of Financial Statements. <p>This misclassification has led to an overstatement of current assets and current liabilities, and a corresponding understatement of non-current assets and liabilities as at 31st March 2025. Notable examples include:</p> <ul style="list-style-type: none"> Wheeling Charges – 1.29 crore RRAS ₹ 5.48 crore, 	<p>As per Ind AS-1 Presentation of Financial Statements, ‘an entity shall classify an asset/ liability as current when, inter alia, it expects to realise/ settle the asset/ liability (respectively) within twelve months after the reporting period.’</p> <p>The Company expects Financial Assets-Other (Note-11), Other Current Assets (Note-12); and Financial Liabilities-Trade Payable (Note-18) and Other Financial Liabilities (Note-19) to be realized or settled or adjusted (respectively) within twelve months after the reporting period. Hence, the aforementioned items are being classified current and not as non-current.</p>

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY
	<p>both of which have been classified under Note 11: Current Financial Assets – Others, despite the absence of assurance regarding realisation within the next twelve months.</p> <p>We recommend that the Company reassess the classification of such balances in accordance with Ind AS 1 and provide appropriate disclosures and reclassifications to ensure fair presentation of the financial position.</p>	
	<p>IND AS 19 (Employee Benefits)</p> <p>Kindly refer to Para No. 5(a) of Note 30 – Notes to Accounts to the financial statements. It has been noted that the accounting for employee benefits relating to the General Provident Fund (GPF) scheme has been carried out based on an actuarial valuation report dated 09.11.2000, which utilizes fixed contribution rates of 16.70% on basic pay and 2.38% on dearness allowance (DA). This methodology has been consistently applied over the years without any subsequent actuarial revaluation.</p> <p>However, this approach is not in compliance with the requirements of Indian Accounting Standard (Ind AS) 19 – Employee Benefits, which mandates that actuarial valuations should be performed at least annually, or more frequently if there are material changes in assumptions or plan obligations.</p> <p>The continued reliance on an actuarial valuation report that is over two decades old constitutes a significant deviation from the prescribed accounting standards and may lead to a material misstatement of employee benefit liabilities in the financial statements.</p> <p>We recommend that the management undertake a fresh actuarial valuation of the GPF scheme in accordance with Ind AS 19 and ensure that future valuations are performed on a timely basis to reflect the accurate liability.</p>	<p>Actuarial valuation of gratuity liability in respect of CPF employees and leave encashment liability in respect of both GPF and CPF employees has been done in accordance with the provision of IND AS-19. As regard actuarial valuation of pension and gratuity for GPF employees, it is stated that the provision has been made on the basis of actuarial valuation report dated 09.11.2000 and the same facts has also been disclosed in Notes to Account.</p>

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY
	<p>IND AS 36 (Impairment of assets)</p> <p>During our audit, it was observed that the Company has recognized a provision for impairment amounting to ₹11158.87 crore in respect of its investments in subsidiaries and associates, as disclosed in Note 5 of the financial statements (excluding the disclosure made in Note 5, Para II – Bonds). The basis for determining the impairment provision is the net worth of the respective subsidiaries/investees as at the reporting date.</p> <p>However, this approach is not in compliance with the requirements of Indian Accounting Standard (Ind AS) 36 – Impairment of Assets, which prescribes that impairment losses should be recognized based on the recoverable amount of the investment, determined as the higher of:</p> <ul style="list-style-type: none"> • Fair Value Less Costs of Disposal, and • Value in Use (i.e., the present value of estimated future cash flows expected to be derived from the investment) 	<p>The investments are in unquoted equity shares, with no active market and hence Level 1 or Level 2 inputs are not available. Hence, for calculating fair value of the investment in accordance with Ind As 113, Level 3 inputs i.e. unobservable inputs which should reflect assumptions of market participants using the best available information is to be taken. In this context, the Net Worth of the investee companies derived from audited financial statements is considered the most appropriate proxy for fair value at the reporting date.</p> <p>Regarding Value in Use (VIU), it is to say that due to no dividend history; continuing accumulated losses; and pending commencement of commercial operations, the subsidiary companies are not expected to generate positive cash inflows in the near term. Hence, VIU does not exceed FVLCD.</p> <p>Since recoverable amount is the higher of Fair Value (i.e. Net worth as explained above) and Value In Use which is negligible, hence it can be concluded that Net Worth of the companies represents the recoverable amount.</p> <p>Accordingly, impairment provision determined with reference to Net Worth of the subsidiaries/associate is consistent with the principles of Ind AS 36 and Ind AS 113.</p>
	<p>IND AS 37 (Provisions, Contingent Liabilities and Contingent Assets)</p> <p>it has been observed that the Company has not recognized provisions for certain obligations arising from past events or services, despite the presence of indicators that such obligations meet the recognition criteria specified under Indian Accounting Standard (Ind AS) 37 – Provisions, Contingent Liabilities and</p>	<p>The Company has been recognizing provisions in its financial statements in compliance with the recognition and measurement principles prescribed under Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets. Wherever the criteria of a present obligation, arising from a past event with probable outflow of resources, has been met and the amount can be reliably estimated, appropriate provisions have been duly created and reflected in the accounts.</p>

S.NO	AUDITOR'S REPORT						MANAGEMENT REPLY																					
	<p data-bbox="380 285 604 310">Contingent Assets.</p> <p data-bbox="380 337 1125 553">The failure to recognize provisions under these circumstances constitutes a departure from the requirements of Ind AS 37 and may lead to a material misstatement in the financial statements. Specifically, the omission of necessary provisions results in an understatement of liabilities and an overstatement of profit or net assets, thereby impairing the faithful representation of the Company's financial position and performance.</p> <p data-bbox="380 558 1125 743">Additionally, the Company has disclosed a contingent liability related to power purchase & other contingencies amounting to ₹8331.19 crore, in Para No. 17 of Note 30: Notes to Accounts to the financial statements. However, certain other contingent liabilities, including a liability of ₹ 0.41 crore pertaining to court cases have not been disclosed by the company.</p> <p data-bbox="380 764 1125 824">Details of the court cases and amount of contingent liability is mentioned below</p> <table border="1" data-bbox="327 824 1121 1305"> <thead> <tr> <th data-bbox="327 824 386 927">S.No</th> <th data-bbox="386 824 506 927">Subject</th> <th data-bbox="506 824 632 927">Respondent name</th> <th data-bbox="632 824 751 927">Petitioner name</th> <th data-bbox="751 824 871 927">Unit</th> <th data-bbox="871 824 963 927">Year</th> <th data-bbox="963 824 1121 927">Amount Contingent liability(₹)</th> </tr> </thead> <tbody> <tr> <td data-bbox="327 927 386 1117">1.</td> <td data-bbox="386 927 506 1117">Encashment of Bank Guarantee</td> <td data-bbox="506 927 632 1117">State bank of India</td> <td data-bbox="632 927 751 1117">Uttar Pradesh Power corporation Limited</td> <td data-bbox="751 927 871 1117">Ce_mm</td> <td data-bbox="871 927 963 1117">2024</td> <td data-bbox="963 927 1121 1117">979975.00</td> </tr> <tr> <td data-bbox="327 1117 386 1305">2</td> <td data-bbox="386 1117 506 1305">Misc Civil case</td> <td data-bbox="506 1117 632 1305">MS KASHI CONDUCTORS</td> <td data-bbox="632 1117 751 1305">Uttar Pradesh Power corporation Limited</td> <td data-bbox="751 1117 871 1305">ce_mm</td> <td data-bbox="871 1117 963 1305">2024</td> <td data-bbox="963 1117 1121 1305">2500000.00 (Approx.)</td> </tr> </tbody> </table>						S.No	Subject	Respondent name	Petitioner name	Unit	Year	Amount Contingent liability(₹)	1.	Encashment of Bank Guarantee	State bank of India	Uttar Pradesh Power corporation Limited	Ce_mm	2024	979975.00	2	Misc Civil case	MS KASHI CONDUCTORS	Uttar Pradesh Power corporation Limited	ce_mm	2024	2500000.00 (Approx.)	<p data-bbox="1157 285 1879 407">As regards certain contingent liabilities, we acknowledge that a few items, including the liability of ₹0.41 crore pertaining to court cases, were inadvertently not disclosed. The amount is immaterial, however, the same will be taken care in future.</p>
S.No	Subject	Respondent name	Petitioner name	Unit	Year	Amount Contingent liability(₹)																						
1.	Encashment of Bank Guarantee	State bank of India	Uttar Pradesh Power corporation Limited	Ce_mm	2024	979975.00																						
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S.NO	AUDITOR'S REPORT						MANAGEMENT REPLY	
	4	For medical reimbursement	Uttar Pradesh Power corporation Limited & \$ others	Smt. Premvada Tiwari	Ng_09b	2024	665593.00	
	Total						4145568.00	
	<p>We recommend that the management undertake a comprehensive review of all outstanding obligations, recognize provisions wherever applicable, and ensure full and transparent disclosure of contingent liabilities in accordance with Ind AS 37 and applicable regulatory requirements.</p>							
	<p>IND AS 109 (Financial Instruments)</p> <p>1. During the audit, it has been noted that the company had issued listed bonds in prior financial years. However, the following deviations from the requirements of Ind AS 109 – Financial Instruments were observed:</p> <ul style="list-style-type: none"> • Incorrect Treatment of Transaction Costs: <p>The company has charged the entire transaction costs and issuance-related expenses to the Statement of Profit and Loss at the time of bond issuance. This accounting treatment is not in compliance with Ind AS 109, which states:</p> <p>Transaction costs that are directly attributable to the issue of a financial liability shall be deducted from the initial measurement of the financial liability." (Ind AS 109)</p> <ul style="list-style-type: none"> i. Such costs are required to be amortized over the term of the financial liability using the Effective Interest Rate (EIR) method, rather than expensed immediately. The 						<p>1. The transaction costs and issuance-related expenses were charged to the Statement of Profit & Loss at the time of bond issuance. This treatment has been done considering the materiality of the amount involved in the transaction cost and has been consistently followed in prior years and reviewed during statutory audits.</p> <p>Since, the amounts involved are not material in relation to the overall size of borrowings, the effect of immediate expensing of such costs on the financial statements is negligible.</p>	

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY
	<p>current approach has led to: Overstatement of finance costs in the year of bond issuance</p> <p>ii. Understatement of the carrying amount of the bond liability</p> <ul style="list-style-type: none"> • Use of Coupon Rate Instead of Effective Interest Rate: <p>It was further observed that the company is calculating and recognizing interest expense based on the coupon rate of the bonds, rather than applying the Effective Interest Rate (EIR) method as mandated by Ind AS 109.</p> <p>2. The Financial Assets disclosed under Note 6, Note 8, and Note 11 of the financial statements have not been measured at fair value, as required under the provisions of Ind AS 109 – Financial Instruments.</p> <p>Furthermore, the company has not provided the necessary disclosures in accordance with Ind AS 107 – Financial Instruments: Disclosures, which are essential to ensure transparency regarding the classification, measurement basis, and risk exposure associated with these financial assets.</p>	<p>2. As per Ind AS- 113 Fair Value Measurement, fair value means ‘the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.’</p> <p>The Company expects to realise the only respective amounts which are being accounted for in the Financial Assets and hence, has considered the same as its Fair Value.</p>
	<p>Ind AS 2: Inventories</p> <p>The Company has recognised Stores and Spares as part of inventory at cost, as disclosed in Para VI of Note 1 to the financial statements.</p> <p>However, this treatment is not in compliance with Ind AS 2 – Inventories, which requires inventories to be measured at the lower of cost and net realisable value (NRV). No assessment of NRV for these items has been carried out as at the reporting date.</p>	<p>The Company has recognised Stores and Spares as part of inventory at cost at cost as per the accounting policy of the company.</p>

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY																									
7.	<p>1. Kindly refer Note 08 to the financial statement as on 31st. March, 2025, includes a balance of ₹403.08 crore as unallocated realisation. The amount has not been to allocate to the respective DISCOMS till 31.03.2025</p> <p style="text-align: center;">Ageing of Unallocated Revenue Realisation (₹ in crore)</p> <table border="1" data-bbox="338 480 1131 808"> <thead> <tr> <th>Section Name</th> <th>More Than 2 Year</th> <th>1 To 2 Year</th> <th>Less Than 1 Year</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Laghu Sichai Vibhag Department</td> <td>12.76</td> <td>57.62</td> <td>83.50</td> <td>153.88</td> </tr> <tr> <td>Decentralised Department</td> <td>-</td> <td>89.68</td> <td>127.98</td> <td>217.67</td> </tr> <tr> <td>Online Amount</td> <td>-</td> <td>-</td> <td>31.53</td> <td>31.53</td> </tr> <tr> <td>Total</td> <td>12.76</td> <td>147.30</td> <td>243.01</td> <td>403.08</td> </tr> </tbody> </table> <p>We requested the company to provide a detailed breakup of this amount along with the reasons for non-allocation to the respective DISCOMS. However, the company has not provided the requested explanation or supporting documentation.</p> <p>In the absence of such information, we are unable to ascertain the accuracy, appropriateness, and classification of the unallocated realisation. This raises concerns regarding the completeness and reliability of the revenue recognition and may affect the fair presentation of the financial statements.</p>	Section Name	More Than 2 Year	1 To 2 Year	Less Than 1 Year	Total	Laghu Sichai Vibhag Department	12.76	57.62	83.50	153.88	Decentralised Department	-	89.68	127.98	217.67	Online Amount	-	-	31.53	31.53	Total	12.76	147.30	243.01	403.08	<p style="text-align: center;"><u>Laghu Sichai Vibhag Department</u></p> <p>It is hereby informed that the said amount has been transferred by the Irrigation Department to the account of U.P. Power Corporation Ltd. The transfer and accounting of this amount are done at the division level, based on the demand received from the concerned DISCOMS for the execution of related work. Furthermore, it is informed that presently, no demand has been received from the concerned DISCOM for this purpose, and therefore, the amount has not been transferred to the concerned DISCOM.</p> <p style="text-align: center;"><u>Decentralised Department-</u></p> <p>It is informed that funds related to the Decentralised Department are transferred to U.P. Power Corporation Ltd.'s account number 628105501316 (ICICI Bank) by various departments under the Government of Uttar Pradesh. At that time, the information regarding the concerned Discom is not available, and as soon as the related information is received, the funds are allocated to the respective Discom accordingly. This is a continuous process and at some point of time some amount will always be left for allocation due to practical constrains of not receiving the related information timely. However, considering the accounting treatment/ disclosure made in the accounts, it can be said that it does not have any material impact on the financial statements.</p> <p style="text-align: center;"><u>Online Amount-</u></p> <p>Funds received through the online system are distributed to all DISCOMS under a continuous process based on the information/reports provided by PGA. It is also informed that</p>
Section Name	More Than 2 Year	1 To 2 Year	Less Than 1 Year	Total																							
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S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY
		<p>some agencies transfer amounts to U.P. Power Corporation Ltd. on an advance basis. These are allocated only after settlement reports are received from DISCOMs/divisions, which typically happens at the end of the month or the following month. Hence, allocation of such amounts remains pending during this period.</p>
8.	<p>Kindly refer to Note 21 – “Other Income” of the Financial Statements as on 31st, March 2025, includes an amount of ₹0.12 crore towards school fees/recruitment examination fees related to Shakti Magistrate High School, which is stated to be operated and managed by Uttar Pradesh Power Corporation Limited (UPPCL).</p> <p>In response to our query during the audit, we requested the following information for audit verification:</p> <ul style="list-style-type: none"> • Books of accounts maintained for the school • Date-wise breakup of fee receipts and sample fee receipts • Supporting entries in the cash book • Details of expenditure incurred on the operation and maintenance of the school, and whether such expenses were borne by UPPCL • Accounting procedures adopted for recording school-related transactions However, the Company did not provide the above-mentioned information or supporting documentation for our review. We were informed that the matter was audited by the Zonal Auditor, but no remarks were made on this specific point. <p>It is further observed that the school collects fees on a daily basis. As per generally accepted accounting principles and sound accounting practices, each day's collection should be recorded in</p>	<p>In this regard it is to mention that all income and expenditures of the school are booked in appropriate accounting heads managed by unit 645 ECCD-1 of the UPPCL, and proper records for Fee receipt has been maintained by School.</p> <p>Further for better internal control it is instructed to maintain a dedicated cashbook for school transactions from FY 2025-26</p>

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY
	<p>the cash book on the same day, and when such amounts are deposited into the bank, the cash balance should be accordingly reduced. The failure to maintain and share proper records of these transactions indicates non-adherence to basic accounting principles, including the principles of completeness, accuracy, and timely recording of financial transactions.</p> <p>In the absence of the requisite records and explanations, we are unable to verify the accuracy, completeness, and proper accounting treatment of the income and expenses related to the school. This constitutes a scope limitation and raises concern regarding the appropriateness of disclosures made under Note 21 of the financial statements, as well as compliance with applicable accounting principles and standards.</p>	
9.	<p>Kindly refer Note no. 21 of the Financial Statements as on 31st March 2025, discloses an amount of ₹0.58 crore as rental income received from employees of Uttar Pradesh Power Corporation Limited (UPPCL). These residential accommodations have been allotted to employees at concessional rental rates.</p> <p>In order to assess the perquisite value of such accommodation in accordance with the provisions of the Income Tax Act, 1961, we requested the Company to provide the fair market rental value of these properties. However, the Company has not furnished the required information.</p> <p>In the absence of the fair market rental value, we are unable to ascertain the accurate perquisite value to be included in the employees' taxable income. This raises concerns regarding the Company's compliance with applicable tax laws and reporting obligations and may have implications for tax deduction at source (TDS) and employee benefit disclosures.</p>	<p>The necessary corrective measures are already initiated and in the process of applying tax on perquisites.</p>

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY																																												
10.	<p>It is observed that provisions for expenses amounting to ₹ 16.012 crore incurred during the financial year were not recorded in the books of accounts as of 31st March 2025. The non-recognition of these expenses has resulted in an overstatement of income and understatement of liabilities for the year.</p> <p>This treatment is not in compliance with the accrual basis of accounting and Ind AS 1 – Presentation of Financial Statements, which requires that all known liabilities and expenses relating to a financial year be recognised in the same period, irrespective of the timing of actual payment.</p> <p>List of the expenses of which provision should be made were give below:</p> <table border="1" data-bbox="325 756 1131 1227"> <thead> <tr> <th>S. No</th> <th>Profit centre</th> <th>Particulars</th> <th>Amount (₹)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>UPO0401</td> <td>Maintenance of Software</td> <td>108366920.00</td> </tr> <tr> <td>2</td> <td>UPO0403</td> <td>Legal charges</td> <td>10320000.00</td> </tr> <tr> <td>3</td> <td>UPO0404</td> <td>Legal charges</td> <td>29952607.00</td> </tr> <tr> <td>4</td> <td>UPO0405</td> <td>Maintenance of Software</td> <td>102196.00</td> </tr> <tr> <td>5</td> <td>UPO0405</td> <td>Other Professional Charges</td> <td>21900.00</td> </tr> <tr> <td>6</td> <td>UPO0408</td> <td>Legal Charges</td> <td>8880150.00</td> </tr> <tr> <td>7</td> <td>UPO0413</td> <td>Legal Charges</td> <td>249180.00</td> </tr> <tr> <td>8</td> <td>UPO0416</td> <td>Other Professional Charges</td> <td>20000.00</td> </tr> <tr> <td>9</td> <td>UPO0646</td> <td>Vehicle Runing Expenses</td> <td>2212529.00</td> </tr> <tr> <td colspan="3" style="text-align: center;">Total</td> <td>160125482.00</td> </tr> </tbody> </table>	S. No	Profit centre	Particulars	Amount (₹)	1	UPO0401	Maintenance of Software	108366920.00	2	UPO0403	Legal charges	10320000.00	3	UPO0404	Legal charges	29952607.00	4	UPO0405	Maintenance of Software	102196.00	5	UPO0405	Other Professional Charges	21900.00	6	UPO0408	Legal Charges	8880150.00	7	UPO0413	Legal Charges	249180.00	8	UPO0416	Other Professional Charges	20000.00	9	UPO0646	Vehicle Runing Expenses	2212529.00	Total			160125482.00	<p>It is submitted that expenses relating to legal payments, software maintenance, professional charges, and other expenditures could not be provisioned at the time of account closure due to delayed receipt of bills, pending approvals, or uncertainty in amounts (such as vehicle running expenses). However, it is important to note that these provisions were identified during the closing of accounts and could have been accounted for in FY 2024-25. Despite the fact that the books were still open at that time, the statutory auditor did not permit the accounting entries to be passed. Consequently, these expenditures were not included in the financial statements of FY 2024-25.</p>
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11.	<p>Kindly Refer to Para No. 8 of Note 30: Notes to Accounts to the financial statements, where the Company has disclosed that inter-unit transactions (IUT) amounting to ₹76.38 crore remain pending for reconciliation and consequential adjustments as at 31st March 2025.</p> <p>During the audit, it was observed that:</p> <ul style="list-style-type: none"> • The Company has not provided a breakup, bifurcation, or ageing analysis of the outstanding inter-unit balances. • No supporting reconciliation or documentation has been furnished to substantiate the nature and status of these pending entries. • Further, the Company has not provided any justification for the prolonged pendency of such inter-unit items. <p>As per sound accounting practices and internal control principles, inter-unit balances should be reconciled periodically and fully settled by the end of the financial year. If any balances remain pending, a complete reconciliation along with supporting details should be made available for audit review to ensure accuracy and completeness.</p> <p>In the absence of such reconciliation and documentation, we are unable to determine the accuracy, validity, and financial impact of the outstanding inter-unit balances on the financial statements for the year ended 31st March 2025. This is not in compliance with the accounting principles of completeness, accuracy, and proper presentation, as mandated under the Indian Accounting Standards (Ind AS) and the Companies Act, 2013.</p> <p>Details of the major inter-unit balances pending reconciliation is attached in Annexure "A".</p>	<p>In reference to observation on pending reconciliation of IUT old balance, it is pertinent to mention that, this balance is pertain to earlier years (Since FY 2007-08) reconciliation of these IUT balance is in progress to identify, verify, and resolve the pending entries. Certain mismatches have arisen due to timing differences and delays in reporting by some units. These are being actively followed up for resolution.</p> <p>Further, the Company has implemented the SAP to strengthening its internal controls and ensure periodic reconciliation of inter-unit balances From FY 2024.25. resultant IUT transaction during FY 2024-25 is fully matched.</p>

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12.	<p>It is observed that certain balances have remained outstanding for more than Three years without any movement or settlement. As confirmed by management, no adequate explanation or supporting documentation is available for these balances. These appear to be old and potentially irrecoverable or unsettled amounts.</p> <p>The Detailed list of outstanding balance (except IUT) for more than 3 years</p> <table border="1" data-bbox="363 505 1108 1300"> <thead> <tr> <th>S.no</th> <th>GL Code</th> <th>Particulars</th> <th>Amount (₹)</th> <th>Balance</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>27.41100</td> <td>Advance On Fringe Benefit (*)</td> <td>2500000.00(**)</td> <td>Dr.</td> </tr> <tr> <td>2</td> <td>28.80100</td> <td>Wheeling Charges</td> <td>12948940.00</td> <td>Dr.</td> </tr> <tr> <td>3</td> <td>28.81000</td> <td>Exp Recov Suppliers /cons</td> <td>235203.80</td> <td>Dr.</td> </tr> <tr> <td>4</td> <td>28.87920</td> <td>M/S Prayagraj Power</td> <td>1144000.50</td> <td>Dr.</td> </tr> <tr> <td>5</td> <td>28.87950</td> <td>Lalitpur PGCL</td> <td>217565.00</td> <td>Dr.</td> </tr> <tr> <td>6</td> <td>28.92000</td> <td>Deposit-GPF Trust</td> <td>1000000000.00</td> <td>Dr.</td> </tr> <tr> <td>7</td> <td>44.50300</td> <td>GPF SE-MES Opening Balance</td> <td>1657309.70</td> <td>Cr.</td> </tr> <tr> <td>8</td> <td>44.50400</td> <td>GPF Mnist Opening Balance</td> <td>808737.00</td> <td>Dr.</td> </tr> <tr> <td>9</td> <td>44.50500</td> <td>G.P.F. (Operating)</td> <td>477535.4</td> <td>Cr.</td> </tr> <tr> <td>10</td> <td>44.50600</td> <td>G.P.F. PMT to Account</td> <td>468000.00</td> <td>Cr.</td> </tr> <tr> <td>11</td> <td>44.51600</td> <td>CPF Gratuity Payment</td> <td>10000000.00</td> <td>Cr.</td> </tr> <tr> <td>12</td> <td>44.60100</td> <td>GPF Subs Officers</td> <td>62862.00</td> <td>Dr.</td> </tr> <tr> <td>13</td> <td>44.60200</td> <td>GPF-S.E. & M.E.S.</td> <td>15580.00</td> <td>Cr.</td> </tr> <tr> <td>14</td> <td>46.81000</td> <td>Provision For Fringe</td> <td>4102820.17</td> <td>Cr.</td> </tr> <tr> <td>15</td> <td>46.98970</td> <td>Western U.P. Power</td> <td>1157813.9</td> <td>Cr.</td> </tr> <tr> <td>16</td> <td>46.98980</td> <td>South East U.P. Power</td> <td>1357475.77</td> <td>Cr.</td> </tr> </tbody> </table>					S.no	GL Code	Particulars	Amount (₹)	Balance	1	27.41100	Advance On Fringe Benefit (*)	2500000.00(**)	Dr.	2	28.80100	Wheeling Charges	12948940.00	Dr.	3	28.81000	Exp Recov Suppliers /cons	235203.80	Dr.	4	28.87920	M/S Prayagraj Power	1144000.50	Dr.	5	28.87950	Lalitpur PGCL	217565.00	Dr.	6	28.92000	Deposit-GPF Trust	1000000000.00	Dr.	7	44.50300	GPF SE-MES Opening Balance	1657309.70	Cr.	8	44.50400	GPF Mnist Opening Balance	808737.00	Dr.	9	44.50500	G.P.F. (Operating)	477535.4	Cr.	10	44.50600	G.P.F. PMT to Account	468000.00	Cr.	11	44.51600	CPF Gratuity Payment	10000000.00	Cr.	12	44.60100	GPF Subs Officers	62862.00	Dr.	13	44.60200	GPF-S.E. & M.E.S.	15580.00	Cr.	14	46.81000	Provision For Fringe	4102820.17	Cr.	15	46.98970	Western U.P. Power	1157813.9	Cr.	16	46.98980	South East U.P. Power	1357475.77	Cr.	<p>In reference to the observation for outstanding balances for more than 3 years it is to submit that 100 Percent provision has been already been provided on following heads considering the recoverability of the same</p> <table border="1" data-bbox="1167 440 1885 833"> <thead> <tr> <th>S.no</th> <th>GL Code</th> <th>Particulars</th> <th>Amount (₹)</th> <th>Balance</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>27.41100</td> <td>Advance On Fringe Benefit (*)</td> <td>2500000.00(**)</td> <td>Dr.</td> </tr> <tr> <td>2</td> <td>28.80100</td> <td>Wheeling Charges</td> <td>12948940.00</td> <td>Dr.</td> </tr> <tr> <td>3</td> <td>28.81000</td> <td>Exp Recov Suppliers /cons</td> <td>235203.80</td> <td>Dr.</td> </tr> <tr> <td>4</td> <td>28.87920</td> <td>M/S Prayagraj Power</td> <td>1144000.50</td> <td>Dr.</td> </tr> <tr> <td>5</td> <td>28.87950</td> <td>Lalitpur PGCL</td> <td>217565.00</td> <td>Dr.</td> </tr> </tbody> </table> <p>Further as per the balances appearing under the Ag code 28.92000 and 44.51600 which is related to pension and gratuity receivable/payable has been adjusted with the liabilities of pension and gratuity payable to trust. Currently liability of pension and gratuity is Rs 5.41 crore and the same is under reconciliation with the trust. Moreover, other balances are being carried since long and will be adjusted after reconciliation of the same.</p>					S.no	GL Code	Particulars	Amount (₹)	Balance	1	27.41100	Advance On Fringe Benefit (*)	2500000.00(**)	Dr.	2	28.80100	Wheeling Charges	12948940.00	Dr.	3	28.81000	Exp Recov Suppliers /cons	235203.80	Dr.	4	28.87920	M/S Prayagraj Power	1144000.50	Dr.	5	28.87950	Lalitpur PGCL	217565.00	Dr.
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	<p>(*) The Fringe Benefit Tax (FBT) was abolished by the Government of India in the year 2009, effective from Assessment Year 2010–11. However, an amount of ₹2500000.00 is still show as “Advance on Fringe Benefit under receivables” under receivables.</p> <p>The management has not provided any explanation or documentary evidence to justify the continued recognition of this balance, nor clarified whether the surplus was deposited in excess and pertains to which financial year(s). It also remains unclear whether any action has been initiated to claim a refund or adjust the amount through the income tax portal.</p> <p>In the absence of proper reconciliation, year-wise break-up, or confirmation of refund status, the recoverability of this amount appears doubtful. Management is advised to immediately review the nature of this balance, identify the relevant years, and initiate necessary action for refund or write-off as per applicable accounting standards.</p> <p>(**) Kindly refer Note 12 of the financial statements as on 31st March 2025.</p> <p>The Company has not provided any explanation or supporting documentation regarding the nature, year of origin, or current status of the outstanding amount.</p> <p>In the absence of such details, we are unable to comment on the accuracy, recoverability, or potential financial impact of this balance on the financial statements. The lack of clarity also raises concerns regarding the adequacy of internal controls and the reliability of account balances.</p>	

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13.	<p>In accordance with “Standard on Auditing (SA) 505 – External Confirmations issued by The Institute of Chartered accountants of India,” we had requested the Company to issue balance confirmation letters to all sundry creditors, debtors, borrowers & Loans & advances. The company has sent balance confirmations through emails on different dates on few accounts.</p> <p>However, it was noted that the Company did not send balance confirmation requests to all relevant parties.</p> <p>The details of the balance confirmation issued by the company is given below.</p> <table border="1" data-bbox="327 643 1136 865"> <thead> <tr> <th rowspan="2">No.</th> <th rowspan="2">Particulars</th> <th colspan="2">Total</th> <th colspan="2">Issued</th> <th colspan="2">Non Issued</th> </tr> <tr> <th>Total Nos</th> <th>Total amount</th> <th>Total Nos</th> <th>Total amount</th> <th>Total Nos</th> <th>Total amount</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Sundry Creditors</td> <td>384</td> <td>189588057514.75</td> <td>48</td> <td>57125236.00</td> <td>336</td> <td>189530932278.75</td> </tr> <tr> <td>2</td> <td>Sundry Trade Receivables</td> <td>11</td> <td>303411349521.94</td> <td>11</td> <td>303411349521.94</td> <td>-</td> <td>-</td> </tr> </tbody> </table> <p>As per Standard on Auditing (SA) 505 – External Confirmations constitute important audit evidence, particularly for:</p> <ul style="list-style-type: none"> • Verifying the existence of balances (e.g., amounts payable to creditors), and • Confirming the accuracy and agreement of such balances with the records of the respective parties. 						No.	Particulars	Total		Issued		Non Issued		Total Nos	Total amount	Total Nos	Total amount	Total Nos	Total amount	1	Sundry Creditors	384	189588057514.75	48	57125236.00	336	189530932278.75	2	Sundry Trade Receivables	11	303411349521.94	11	303411349521.94	-	-	<p>During the current financial year, the unit has obtained balance confirmations from a limited number of parties, which were shared with the auditors. Due to practical constraints, confirmations from all parties could not be obtained this year. However, going forward, balance confirmations will be systematically obtained from all major creditors, debtors in the next financial year to ensure compliance with the requirements of SA 505.</p>	
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14.	<p>It has been brought to our attention that Shri Manoj Kumar Singh, an employee of Uttar Pradesh Power Corporation Limited (UPPCL), was officially assigned a visit to Behatpur, Varanasi, as per Office Memorandum No. 903/SIAC/PAKIL/2023 dated 05.10.2023. The official tour was scheduled for a duration of seven days.</p>						<p>In reference to the observation, it is to submitted that Shri Manoj Kumar Singh was officially deputed to Behatpur, Varanasi, for the period from 06.10.2023 to 08.10.2023 (three days) and was required to submit his visit report by 13.10.2023, as per Office Memorandum No. 903/SIAC/PAKIL/2023 dated 05.10.2023. Further, he has confirmed his presence in office from 09.10.2023</p>																															

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	<p>According to the travel details:</p> <ul style="list-style-type: none"> • Departure: 06.10.2024 from Lucknow Railway Station at 6:00 PM, arriving in Varanasi at 11:00 PM. • Return: 13.10.2024 from Varanasi at 6:00 PM, arriving in Lucknow at 11:00 PM. <p>However, it has been noted that Shri Manoj Kumar Singh's attendance was recorded via the facial recognition system under UPPCL from 09.10.2024 to 13.10.2024, during which time he was officially on field duty away from the office.</p> <p>This observation raises certain concerns regarding the accuracy and integrity of the attendance recording system. It is presently unclear how the attendance could have been registered through facial recognition while the employee was on official duty at a different location. This discrepancy may merit further review to ensure proper adherence to attendance protocols.</p>	<p>to 13.10.2023 in accordance with the approved tour program.</p> <p>It is clarified that the Auditor's comment refers to travel dates from 06.10.2024 to 13.10.2024, which differ from the actual dates mentioned in the Office Memorandum. Accordingly, the attendance recorded in the facial recognition system from 09.10.2023 to 13.10.2023 and 06.10.24 to 13.10.204 correctly reflects his presence and does not indicate any irregularity in facial recognition-based attendance recording system.</p>
15.	<p>Refer Note No. 26 of the Financial Statements – Administration, General & Other Expenses, which includes legal expenses amounting to ₹12.22 crore incurred during the financial year. This represents a significant portion (approximately 18%) of the total expenses under this head, which amount to ₹66.97 crore. These legal expenses are stated before allocation to the respective DISCOM.</p> <p>It has been observed that while the appointment of legal advocates is carried out with prior approval of the management, such appointments are not processed through a competitive tendering mechanism. This differs from other service procurements by the Company, which generally follow a structured tendering process to ensure transparency, fairness, and cost control.</p> <p>Considering the materiality of legal expenses, it is recommended</p>	<p>The appointment of legal advocates has been done in line with the approved process of the company and incurrence of legal expenses is carried out with the prior approval of management.</p>

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	<p>that the Company develop and adopt a structured and transparent policy—either through a competitive tendering system or a well-defined and settled empanelment mechanism—for the appointment of legal advocates. An established empanelment process, with periodic review and performance-based assessment, can help optimize legal costs while ensuring quality, accountability, and efficiency in legal services.</p>	
16.	<p>Observation in Tenders</p> <p>i. A Tender Execution Agreement was executed between Uttar Pradesh Power Corporation Limited (UPPCL) and PayU Payments Private Limited on 25th March 2025, for a total tender value of ₹90 crore over a period of 5 years, with a monthly payment of ₹42.00 lakhs.</p> <p>The agreement was executed on e-stamp paper No. IN-UP61314829252402X dated 25- 03-2025, which was purchased by UPPCL. However, during the audit:</p> <ol style="list-style-type: none"> 1. The company was unable to provide the voucher or supporting documentation for the payment made towards the purchase of the said e-stamp paper. This impacts the Cash in Hand balance. 2. Additionally, the Board Resolution authorizing the execution of the agreement with PayU Payments Private Limited was not provided. <p>As cash is a sensitive area, the concept of materiality does not apply. All cash-related transactions must be fully supported with appropriate documentation to ensure proper accountability. Furthermore, in the absence of a valid Board Resolution, the authority to enter into such a significant financial agreement (₹90 crore over 5 years) remains unverified, raising concerns regarding the approval process and governance compliance.</p>	<p>(i) A Tender Execution Agreement was executed between Uttar Pradesh Power Corporation Limited (UPPCL) and PayU Payments Private Limited on 25th March, for a total tender value of Rs. 90 crore over a period of 5 years, with a monthly payment of Rs. 42.00 lakhs.</p> <p>The agreement was executed on e-stamp paper No. IN-UP61314829252402X dated 25-03-2025, which was purchased by the vendor, M/s PayU Payment Pvt. Ltd. in accordance to the UPPCL guidelines. However, due to typing error, the stamp paper mentioned "UPPCL" instead of the correct firm name and CSPC has authorized chief Engineer (IT) for the PGA project who was then in-charge of the project. Subsequently, the Superintending Engineer (IT), who then signed the agreement as the Board Resolution authorized signatory.</p>

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	<p>ii. A tender agreement between UPPCL and Cyfuture India Private Limited was signed on April 5, 2025, for 5 years and 6 months, effective retroactively from March 10, 2025. The agreement used stamp paper dated April 1, 2025. However, the necessary board approval was not obtained, making the letter of award invalid and raising concerns about compliance and the agreement's legal standing.</p>	<p>(ii) The Letter of Award (LOA) was issued in favor of M/s Cyfuture, the L1 bidder with the highest Final Score, on 10.03.2025, after approval from the Central Store Purchase Committee (CSPC). This date is considered the official start of the project.</p> <p>M/s Cyfuture formally accepted the LoA on 13.03.2025 by email. Post acceptance, the Performance Bank Guarantee (BG), Resource Mobilization Confirmation Report, and all other requisite documentation were duly submitted. The BG was also verified with the issuing bank.</p> <p>Following the successful completion of these formalities, the agreement was executed on 05.04.2025, marking the actual commencement of implementation.</p> <p>Additionally, the authorized representative from M/s Cyfuture has submitted a valid Board Resolution authorizing them for signing the agreement and other relevant documentation with UPPCL.</p>
	<p>iii. It has been observed that during the tender evaluation process, multiple evaluators recorded their scores on the same evaluation sheet. This practice violates standard ethical norms, as it may lead to influence among evaluators and compromise the independence of individual assessments.</p> <p>Additionally, it was noted that no video recording or audiovisual documentation of the tender opening or evaluation proceedings was available. The absence of such records limits the ability to verify whether the process was conducted in a transparent and unbiased manner.</p> <ul style="list-style-type: none"> • The use of a common scoring sheet raises concerns about the integrity and fairness of the evaluation process, as it may result in collusion or unintentional bias among evaluators. • Lack of video documentation reduces transparency and 	<p>(iii) The technical evaluation for the Unified CCC project was conducted in accordance with the evaluation criteria defined in RFP No. 11/UPPCL/RAPDRP-A/CCA/2023. A single consolidated evaluation sheet was used for this purpose, wherein all evaluators independently recorded their scores during the live technical presentations of the participating bidders. The assessment was based on parameters such as bidder credentials, CRM/CCC capabilities, technical demonstration, and solution alignment with project scope, as elaborated under Section 2 Eligibility Criteria and Technical Evaluation Matrix from Page 8 to 13 of the RFP.</p> <p>Following the conclusion of the presentations, the individual assessments were compiled, reviewed, and finalized into a single document, which was duly signed by the evaluation committee members. This signed sheet serves as the formal record of the</p>

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	<p>makes it difficult to ensure procedural compliance or investigate any disputes or irregularities post-allotment.</p> <p>Each evaluator should independently record their scores on separate sheets or through a secure digital platform, without access to others' evaluations until after submission.</p> <p>It is recommended that video recording be made mandatory during key stages of the tendering process, including tender opening, evaluation, and allotment, to enhance accountability and transparency.</p> <p>These recordings should be securely stored and made available for audit or review purposes when required.</p>	<p>technical evaluation process.</p> <p>As per the provisions of RFP No. 11/UPPCL/RAPDRP-A/CCA/2023 for the selection of Customer Care Agency (CCA), there is no clause mandating video or audio visual recording of the technical bid evaluation process. All records of evaluation have been documented in writing. All evaluations are conducted as per standard written procedures.</p> <p>The observation given by Audit team is - general in nature and does not point out any specific tender.</p>
17.	<p>Non –Compliance of C &AG comments for FY 2023-24</p> <p>It has been observed that the Company has not made any provision for interest amounting to ₹28.65 crore relating to the delayed payment or non-deposit of General Provident Fund (GPF), Pension Contributions, and Gratuity Contributions in its books of account for the financial year 2024–25.</p> <p>This matter has been a persistent issue. The Comptroller and Auditor General (C&AG), in its comments on the accounts for FY 2023–24, reiterated that interest payable on such delayed deposits should be accounted for, as previously worked out and recorded in the accounts of the Uttar Pradesh Power Sector Employees Trust for the year 2014–15.</p> <p>Despite similar observations by the C&AG for several consecutive years—from 2012–13 to 2022–23—no corrective action has been taken by the Company's management to recognize and provide for the liability in its financial statements.</p> <p>Furthermore, the Statutory Auditor for FY 2023–24 also pointed</p>	<p>As per audited accounts of the company for the financial year 2012-13 to 2023-24, liability towards GPF contribution is showing debit balance. Since there has always been a debit balance during the period 2012-13 to 23-24, 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 employee on pension and gratuity as in case of GPF hence provision of interest on pension & gratuity is not required. The company is also in process of reconciliation with the GPF trust.</p>

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	<p>out that no provision for interest on delayed/non-deposit of GPF, Pension, and Gratuity Contributions amounting to ₹28.65 crore had been made in the books of account.</p> <p>In the current year (FY 2024–25), this lapse continues to persist. The failure to account for such a significant accrued liability is not in compliance with the principles of accrual accounting and prudence, and violates the requirements of Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets, which mandates that probable and measurable obligations should be provided for in the accounts.</p>	
18.	<p>Non- compliance of Accounting Policies:</p> <p>It has been observed that certain accounting policies disclosed in the financial statements are not being followed in practice, resulting in non-compliance with both the Company's own stated policies and the applicable Indian Accounting Standards (Ind AS). The key instances of such inconsistencies are outlined below:</p> <p>(a) Investments</p> <p>As per the stated accounting policy, the Company is required to assess investments for impairment and measure them at fair value in accordance with Ind AS 109 – Financial Instruments. However, it was observed that provisions for impairment are not being made at fair value, which is a deviation from both the policy and Ind AS requirements.</p> <p>(b) Financial Assets</p> <p>The Company's accounting policy states that financial assets are to be subsequently measured at amortised cost and that impairment is to be recognised based on the Expected Credit Loss (ECL) model, as required by Ind AS 109. However, in practice:</p>	<p>As per Para 9 of Ind AS 36, "An entity shall assess at the end of each reporting period, whether there is any indication that an asset may be impaired. If such indication exists, the entity shall estimate the recoverable amount. Hence, the company has estimated the recoverable amount as per Ind AS 109 on the basis of net worth of the subsidiaries.</p> <p>Necessary accounting has been made as per accounting policy and a related disclosure has been made in Notes to accounts.</p>

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY
	<ul style="list-style-type: none"> • Financial assets are not being measured at amortised cost, and • The expected credit loss model is not being applied for impairment assessment, leading to potential understatement of impairment losses. <p>(c) Financial Liabilities</p> <p>According to the accounting policy, borrowings are to be measured at fair value using the effective interest rate (EIR) method. However, in practice, borrowings are not being accounted for using the EIR method, resulting in a deviation from both the stated policy and Ind AS 109.</p>	<p>Borrowings are measured at fair value as it represents the actual amount of liability which is to be paid off.</p>
19.	<p>Maintenance of Proper Books of Accounts: The Company currently operates a system of maintaining Sectional Journals, wherein vouchers for day-to-day transactions are recorded. These transactions are then posted to summaries and subsequently used to prepare monthly trial balances. However, this system is inadequate to provide a real-time and accurate financial position of individual accounts in an organized and reliable manner.</p> <p>It was further observed that the maintenance of party-wise subsidiary ledgers and their reconciliation with the primary books of account (i.e., Cash Book and Sectional Journals) is neither proper nor effective. This deficiency raises concerns over the accuracy and reliability of individual account balances, particularly with respect to trade payables, receivables, and advances.</p> <p>Additionally, as highlighted in Para No. 6(4)(h)(vi) of our Audit Report on the Standalone Financial Statements, the Company has not maintained an audit trail or edit log facility,</p>	<p>The Company has been in the process of migrating from the manual system of maintaining Sectional Journals to the ERP system (SAP) during FY 2024–25. While the transition was ongoing, certain units (notably the Fund Unit and Import & Export Units) maintained records both manually and in SAP to ensure continuity of reporting and control. Bulk entries were subsequently posted in SAP to align balances with the manually maintained records.</p> <p>The Company has taken corrective steps to ensure a full migration to ERP (SAP) for all units from FY 2025–26 onwards. With this migration, parallel or manual accounting will be eliminated so that all transactions are captured directly in SAP at the transaction level. Further, the audit trail/edit log facility has been enabled in SAP to strengthen transparency, traceability, and ensure compliance with the requirements of Ind AS 1 and Ind AS 8.</p>

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY
	<p>It has been observed that the Company was in the process of migrating to an ERP system during the financial year 2024–25. During this transition, it was noted that while some units recorded their accounting transactions exclusively in the ERP system (SAP) from the beginning of the financial year, certain units—specifically the Fund Unit and Import & Export Units—continued to maintain their books of accounts both manually and in SAP simultaneously.</p> <p>In these cases, the units posted bulk entries into SAP in the middle of the financial year to reconcile the balances with the manually maintained records. This practice bypassed the standard accounting process, lacked transaction-level details, and failed to provide an adequate audit trail to support the financial information.</p> <p>Such an approach is not in compliance with fundamental accounting principles, particularly the principles of consistency and completeness. It also contravenes the requirements of Ind AS 1 – Presentation of Financial Statements and Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. For accurate and reliable financial reporting, it is essential that a consistent accounting system—either manual or ERP—be followed uniformly throughout the financial year, and all transactions be recorded in a systematic, complete, and verifiable manner.</p> <p>We are hereby enclosing a list of entries that were posted as single bulk entries without any narration or supporting clarification, which further undermines the transparency and auditability of the financial records.</p> <p>Detailed list of these entries is attached in “Annexure – B1 & B2”</p>	

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY
20.	<p>Major Non-Compliances of Law</p> <p>i) As per Section 177 of the Companies Act, 2013, the Company failed to place the following matters before the Audit Committee, as delegated by the Board of Directors:</p> <ul style="list-style-type: none"> • Scrutiny of inter-corporate loans and investments; • Evaluation of internal financial controls and risk management systems. <p>ii) It is observed that the Company has not appointed a whole time Company Secretary as required under the provisions of Section 203 of the Companies Act, 2013, read with Rule 8A of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.</p>	<p>i. All matters stipulated under section 177 of companies Act, 2013 are duly considered and approved by the Audit Committee and placed before the Board as and when required.</p> <ul style="list-style-type: none"> • The power to Scrutiny inter-corporate loans and investments is also exercised by the Board pursuant to Section 179(1) of the Companies Act, 2013. • The Company has duly constituted Risk Management Committee and also has Risk Management Policy in place. The Committee periodically evaluates the internal financial controls and risk management systems, and presents its findings, if any, to the Audit Committee and Board of Directors <p>ii) The recruitment process for appointing a Whole-Time Company Secretary is currently under process. The Company is actively working to ensure compliance with the provisions of Section 203 of the Companies Act, 2013, read with Rule 8A of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, at the earliest.</p>
21.	<p>Non-Disclosures in Notes on Accounts</p> <p>The following disclosures, as required under the applicable financial reporting framework, have not been made in the Notes to Accounts:</p> <ul style="list-style-type: none"> • The maturity analysis under Para 35(e) of Note No. 30 does not include the ageing or due date-wise analysis of Trade Payables amounting to ₹18953.09 crore pertaining to liability for purchase of power as on 31.03.2025. 	<p>Management has made disclosures which is necessary and relate to accounts for the FY 2024-25.</p>

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY
22.	Major Audit observations in Material Management Zone Audit Report excluding those which have been appropriately dealt with elsewhere in the report: -	
	<p>I. Concurrent Audit has observed that compensation for shortfall of supply of power from SECI as per Wind PSA 700 MW and solar PSA 160 MW was not being claimed from the generators as per provision of PPAs from 2019-20 onwards. As per details compiled by Zone there is shortfall of 184.6695 MU i.e. 141.6326 MU up to 2022-23 in case of PSA 700MW and 43.03696 MU in case of PSA 160MW up-to 2023-24. The matter needs examination by management for compilation of total shortfall till date as per PPAs & amount of compensation thereon, for accounting of the same in books of account and its depiction in financial statements of the company. Hence, under the circumstances, impact of said non-determination of amount of compensation up to 31.03.2025 on financial statement is unascertainable at this stage.</p>	Matter is being reviewed.
	<p>II. Review of the Dr. balances of Rs. 1525.39 crore under the head 28.80010 Sundry Receivable revealed that after reconciliation of account, a sum of Rs. 388.37 crore is receivable from Northern Railway – UP (NR-UP) against UI/DSM charges (35.34 crore) and Sign Change violation charges (353.12 crore) has been found to be receivable but reconciliation statement is pending for signature by railway authorities as stay order has been granted by Hon'ble APTEL in petition no 88 of 2023 wherein any change in the DSM charges for the disputed period may also impact the DSM sign change penalty. Under the circumstance, we are unable to comment on the possibility of realization of the said dues and as such final impact of the same on financial statement is unascertainable.</p>	The reconciliation with the Northern Railway DRM Office, Lucknow, has been finalized. However, the signing of the reconciliation statement is pending due to the DRM Office's request for certain additional documents, which are currently under consideration for submission. Since Northern Railway has acknowledged the reconciliation and the process for signing is underway, the recoverability of the dues is not in question.
	<p>III. Review of the balance of Rs. 82.34 crore appearing under the head 83.10- Prior period Short Provision of PP reveals that Debit balance of Rs. 134.31 crore appearing under the head 41.106 pertaining to FY 2012-13 was adjusted with the credit balance of Rs.108.71 crore</p>	The debit balance of ₹134.31 crore under liability head 41.106, pertaining to FY 2012–13, relates to a payment made to MPSEB. A corresponding provision of ₹108.71 crore had been standing under head 41.206 since 12-15 years, also in respect of MPSEB.

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY
	<p>under the head 41.206 pertaining to FY 2009-10 in respect of MP SEB and the balance amount of Rs. 25.60 crore has been transferred under the head prior period expenses with approval of Director (F) which in our view denotes lack of observance of internal control procedure, incorrect depiction of profitability of earlier years, material impact on the profitability of the current year, non-reconciliation of accounts with the party etc. and as such any correction/ writing off of balances of such nature would require approval of board of directors as a part of Corporate Governance for ensuring to streamline the internal control mechanism prevailing in the corporation and correct & proper disclosure in financial statement.</p> <p>IV. Old Balances written off & transferred to Liability Migration account :</p> <p>In terms of directives of HO vide letter no 63/ PCL/CA /N-326/ Idle AG balances (SFS) TC-1 dated 04-05-2024, Various unadjusted balances appearing in books of account of different units pertaining to transfer scheme were transferred to Debit balance w/off (79.571) , Sundry credit balances written back (62.912) , Asset Migration Account (28.869) and Liability Migration Account (46.975) respectively in FY 2023- 24 which resulted in Dr. Balance of Rs. 42,17,00,406.82 crore appearing under the head Asset Migration Account (28.869) and Credit balance of Rs. 1,72,98,660.33 under the head Liability Migration Account (46.975) continue to appear as on 31.03.2025. Hence, pending reconciliation of said unadjusted balances transferred to Asset Migration & Liability migration account, impact of the same on financial statements of the zone is unascertainable at this stage.</p>	<p>Based on detailed scrutiny of available records and in absence of any other transactions with MPSEB during that period, it is reasonable to conclude that the provision was created towards the same liability.</p> <p>Given the age of these balances (12–15 years), limited availability of original documentation, and after due diligence and approval from Director (Finance), an adjustment was made by setting off the ₹108.71 crore provision against the ₹134.31 crore payment. The residual ₹25.60 crore has been booked under prior period expenses.</p> <p>Hence, this accounting adjustment Aligns with prudent financial practice and does not materially impact the current year's profitability (being <0.04% of total power purchase cost), and also does not indicate a lapse in internal control mechanisms.</p> <p>Review of old balances including balances lying under Assets/Liability Migration account is underway. Necessary accounting like write-off/write-back will be done upon completion of this exercise.</p>

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY
	<p>V. Investments</p> <p>a. During review of decision taken as per minutes of meeting held on 09.08.2018 between Principal Secretary Energy, Go-MP and Principal Secretary Energy, GoUP at Lucknow in compliance to directions given by the Honble APTEL in appeal no. 59 of 2014 and IA no. 111 of 2014 and Appeal No. 120 of 2014 on 25.07.2018 it was observed that the company has entered in to arrangement with MPPMCL for 18.15 MW share in the project of Rajghat HPP at an equity contribution of Rs 66.74 crore, which works out to 40.32% share in the total cost of capital of Rs 165.50 crore. In this context we were explained by management that the said investment was made by Govt. of UP. Status of Reconciliation of the power scheduled for generation from Rajghat HPP plant since inception and actual scheduled generation to U.P. required to be worked out as per clause 6 of the said minutes is not available in records for determination of compensation of the energy receivable by U.P. In absence of requisite details, we are unable to comment on the impact, if any, on the financial statements of the unit. (Unit# 330).</p>	<p>In this regard, it is submitted that the requisite details relating to the reconciliation of power scheduled for generation from the Rajghat HPP plant since inception and the actual power scheduled to Uttar Pradesh, as required under Clause 6 of the referred minutes, are presently not available. The response from the concerned agency is awaited. Upon receipt of the information, the determination of compensation for energy receivable by Uttar Pradesh will be finalized, and any necessary impact on the financial statements of the Unit will be duly considered.</p>
	<p>VI. Loans and Advances:</p> <p>a. A sum of Rs. 152.15 crore (Previous Year Rs. 152.15 crore) appearing under the head '27.8 – Loans and Advances Others' includes Rs. 126.97 crore pertains to Advances provided as for Ultra Mega Power Projects and is outstanding since long period. UPPCL has requested GoUP for requesting Energy Department, GOI for refund of the advances in respect of UMPP under closure along with carrying cost. Considering the closure of some of the projects, long pending advances, remote possibility of recoveries at this stage, 100% provision against the same has been made in books of account with approval of management with stipulation that the same be put up before board for consideration & Approval. Hence, the said provision</p>	<p>a) The matter has now been approved by the BoD.</p>

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY
	<p>of Rs. 126.97 crore made in financial statement is subject to approval by Board of Director of Company.</p> <p>b. Review of records reveals that Interest of Rs. 71.19 Lakh has been accounted for towards Interest on the above advances to 3 UMPPs in 2024-25 on the basis of form 26AS of the company, which needs to be looked into with reference to respective terms of agreement with all the UMPP, if any, on this account. Provisioning of Interest by some of UMPPs is acknowledgement of the fact regarding existence of the advances received/accounted in their records and as such making 100% provision against the same requires consideration by management in reference to point no i) above regarding provisioning of advances for approval of the Board of Directors of the Company. Further, latest confirmation of balances is not on records and as such balances are subject to reconciliation and confirmation. Impact of the said reconciliation, if any, on financial statement is not ascertainable at this stage.</p>	<p>b. Interest on UMPP advance is being accounted for since FY 2006-07 based on Form 26AS. However, it can be seen that other than TDS on Interest, no amount has realised since 2006-07. As per accrual-based accounting interest has been provided in their books by UMPPs and in compliance to Income Tax act, TDS has been deducted but mere deduction of TDS cannot be treated as assurance that advance is 100% refundable. Hence due to uncertainty of recovery of advance, provision has been created considering the concept of conservatism.</p> <p>Regarding confirmation of balances, it is to submit that balance of advances given to UMPP are confirmed by PFCCCL in earlier years and thereafter there is no change in advance amount.</p>
	<p>VII. Credit balance of Rs. 22,55,69,165.08 is appearing under the head 28.6201 subsidy receivable from UPNEDA and debit Balance of Rs. 8,98,92,236.66 appearing under the head 28.6202 – Subsidy from IREDA is subject to reconciliation and confirmation. Impact of the said reconciliation and confirmation, if any, on financial statements is not ascertainable at this stage</p>	<p>Reconciliation of UPNEDA & IREDA Balances with concerned units is under process.</p>
	<p>VIII. During review of bills in respect of banked energy, it was observed that banked energy lapsed for withdrawal and available for drawl is not being bifurcated as per CRE guidelines. In some cases it was observed that withdrawal of energy was made by generators in spite of unavailable banked energy, which is not in accordance with CRE guidelines. Non-bifurcation of energy in lapsed and available for drawl may result in lack of control over supply of energy in excess of Banked energy available for drawl resulting in loss of revenue. Further, test checks of the</p>	<p>As the matter of encashment of Banked Energy is pending for decision at Hon'ble High Court. Currently no encashment of lapsed energy is being claimed by the Co Gens. After final outcome, the computation of lapsed/available units will be done accordingly. Meanwhile Provision for balance energy after withdrawal has been created in the books as best estimate of the liability. Data of banking and withdrawal of energy has been taken from the Energy Account Issued by UPSLDC for creating provisions. Further, this is to inform that any excess withdrawal</p>

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY
	<p>provisions made towards balance of banked energy was found to be varying with the details of energy banked & drawn available in records kept by unit. Hence, the aspect of determination of lapsed & available energy needs reconciliation in respect of all such co-generators for ensuring proper control over the banked energy and creating provision in books of account. Hence, Impact of such reconciliation and bifurcation, if any, on provisions of Rs. 13,58,94,288.79 created during the year (PY Rs. 32,03,51,897.50) and accumulated provision of Rs. 80,98,18,313.00 (PY 67,39,24,024.50) as on 31.03.2025 on financial statements is unascertainable at this stage.</p>	<p>of energy over banked energy is to be billed by DISCOM and as such no financial impact or loss of revenue on account of the same is on the books of EIEPC Unit of UPPCL.</p>
	<p>IX. Deviation Settlement Charges/ (Incentive)</p> <p>a. Deviation settlement charges of Rs 663.56 lakh {PY Rs. (68.08) crores} (Net) including provision of Rs. 220.96 crore towards NLDC settlement of Legacy Dues have been accounted for as per bills received from UPSLDC for the period up to 02- 03-2025 only. However, no provision has been made towards DSM charges / (incentive) up to 31.03.2025, in absence of receipt of Bill from UPSLDC and lack of reasonable basis for such estimation and as such we are unable to comment upon the impact of the same, if any, on financial statements.</p> <p>b. Review of ledgers pertaining to DSM charges owing to change in system for accounting of deviation settlement by UPSLDC instead of UPPCL during current year 2023-24 revealed that Reconciliation with UPSLDC done for the period up to 31.03.2023 contains Rs. 73.73 crore received by UPSLDC from NPCL and Solar Producers for the period up to 30.09.2022, which is subject to reconciliation. Hence, impact of said reconciliations & its final settlement on financial statements is not ascertainable at this stage.</p>	<p>Deviation quantities and their corresponding settlement charges cannot be estimated prior to receipt of the State Load Dispatch Centre's (SLDC's) final, reconciled billing statement because the calculation hinges upon precise, time-block-level comparisons of declared schedules to actual draws or injections, in conjunction with instantaneous system frequency, all of which are only validated post-period. Therefore, in the absence of reasonable basis for estimating DSM amount, provision has not been created.</p> <p>UPERC has not allowed for adjustment/recovery of amount for the period up to 30.09.2022 from UPSLDC. Hence this amount is still recoverable from NPCL.</p>

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY
	<p>c. Credit Balance of Rs. 160.81 crore appearing under the head '41.10' (Vendor Code 4000000182, 4000000185, 4000000232) and Dr. balance of Rs. 70.97 crore appearing under the head 28.804 Reactive Energy Charges are pending for reconciliation. Impact of final reconciliation & Confirmation of the said balances with NRPC on financial statement is not ascertainable at this stage.</p>	<p>The balance pertains to very old period and reconciliation of the same is presently in progress.</p>
	<p>X. Purchase of Power</p> <ul style="list-style-type: none"> • Accounting Policy of the Company regarding power purchases does not envisage the method for accounting of power purchases where final approval of the tariff by the Regulatory Commission has not been granted. Further, Policy does not provide for the following: <ul style="list-style-type: none"> a. Method of accounting of power purchased from Power exchanges, Power purchased from Renewable Sources, Traders (Bilateral) on the basis of contracts entered into with the respective parties, Power purchased from Nuclear power generator at the rates approved by Department of atomic energy, energy purchased & Banked energy from CO-Generators etc. b. The energy accounts are generally delayed for settlement in most of the cases due to complexity in transactions involved in power sector. The Company receives claims for past period due to delayed settlement which are accounted for in the year of receipt of claims /invoices and as such the impact of settlement of on-going settlement of tariffs by various authorities/ forums is not ascertainable at this stage. 	<p>Presently, in cases where the final tariff approval from the Regulatory Commission is pending, power purchases are accounted for on a provisional basis and subsequently adjusted upon receipt of the final order.</p> <p>Power purchased from exchanges, renewable sources, traders (bilateral contracts), nuclear power generators (at rates approved by the Department of Atomic Energy), and co-generators (including banked energy) is recorded as per the respective contractual terms, regulatory guidelines, and invoices/claims received.</p> <p>Considering the complexities, settlement of energy accounts is often delayed. Consequently, past period claims arising from such settlements are recognized in the year of receipt of invoices/claim.</p>
	<p>XI. Aspect of recoverable amount of Rs. 13,694.00 Lakh (PY 13,694.00 Lakh) from M/s Lanco Anpara Power Project (LAPL) persistently observed in concurrent audit reports for the year 2023-24 issued by M/s Kherada & Co. is explained to be under review of Management from long time. Hence, impact of the final decision taken by management in the matter on the financial statement of the Zone, if any, is unascertainable at this stage.</p>	<p>Matter is under review. Necessary action for recovery if any will be taken as per final decision.</p>

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY																					
	<p>XII. Credit balance of Rs. 310.14 Lakh (PY 261.76 crore Dr.) appearing under the head 70.154- Late Payment Surcharge has emerged owing to netting off recovery & Payment of LPSC of Rs. 355.37 Lakh in case of M/s THDC Limited for the period 22.02.2021 to 03.06.2022, which in our view should have been dealt through Prior Period Income instead of showing the net balances under this head. Further, accounting system adopted by unit is in diversion of accepted accounting policy on accrual basis where LPS should be accrued after the specified time period as per PPA in respect of unpaid bills, whereas unit has accounted for only in respect of bills received on this account by EI&PC unit (Unit # 330). Hence, no proper system is in place where status of bill wise LPS could be determined for accounting of LPS on accrual basis. Under the circumstances, we are unable to comment upon the amount of provision of LPSC and its consequent impact on profitability and liabilities of the unit.</p>	<p>The recovery of 355.37 Lakh from outstanding of M/s THDC is on account of revision in LPS earlier claimed by THDC due to commercial decisions and this is not error/omission in accounting, hence not classified as prior period. Regarding accounting of LPS, it is to submit that since introduction of PRAAPTI Portal, majority of generators upload bills on the Portal, wherein due date, Trigger date etc. of each bill is available and accordingly payments are prioritized and payments are being released by the due date to avoid LPS.</p>																					
	<p>XIII. Review of trial balance reveals that receivable appearing under the head '28- Sundry receivable' includes following balances continuing from old time, reconciliation of which was informed to be under process. Pending reconciliations and confirmation of such old continuing balance, we are unable to comment over the same and its impact on the financial statements. (Unit #330 EIE&PC)</p> <table border="1" data-bbox="367 1068 1131 1360"> <thead> <tr> <th data-bbox="367 1068 525 1146">AG CODE</th> <th data-bbox="525 1068 930 1146">SUB-HEAD</th> <th data-bbox="930 1068 1131 1146">AMOUNTS(INR)</th> </tr> </thead> <tbody> <tr> <td data-bbox="367 1146 525 1175">28.290</td> <td data-bbox="525 1146 930 1175">Other Income accrued & Due</td> <td data-bbox="930 1146 1131 1175">19,44,91,068.00</td> </tr> <tr> <td data-bbox="367 1175 525 1205">28.401A</td> <td data-bbox="525 1175 930 1205">Misc. Advances Other than Mater</td> <td data-bbox="930 1175 1131 1205">8599.21</td> </tr> <tr> <td data-bbox="367 1205 525 1234">28.801</td> <td data-bbox="525 1205 930 1234">Wheeling Charges</td> <td data-bbox="930 1205 1131 1234">1,29,48,940.00</td> </tr> <tr> <td data-bbox="367 1234 525 1263">28.809</td> <td data-bbox="525 1234 930 1263">Others</td> <td data-bbox="930 1234 1131 1263">(4,30,67,227.46)</td> </tr> <tr> <td data-bbox="367 1263 525 1292">28.879</td> <td data-bbox="525 1263 930 1292">UP Power Transmission Corp Ltd.</td> <td data-bbox="930 1263 1131 1292">6,63,96,296.10</td> </tr> <tr> <td data-bbox="367 1292 525 1360">28.862</td> <td data-bbox="525 1292 930 1360">Misc. Deposits/Receipts (Not Specified)</td> <td data-bbox="930 1292 1131 1360">2,95,25,000.00</td> </tr> </tbody> </table>	AG CODE	SUB-HEAD	AMOUNTS(INR)	28.290	Other Income accrued & Due	19,44,91,068.00	28.401A	Misc. Advances Other than Mater	8599.21	28.801	Wheeling Charges	1,29,48,940.00	28.809	Others	(4,30,67,227.46)	28.879	UP Power Transmission Corp Ltd.	6,63,96,296.10	28.862	Misc. Deposits/Receipts (Not Specified)	2,95,25,000.00	<p>Account head wise status is given below:</p> <p>GL 28.290: The balance pertains to UMPP interest and the same has been booked based on 26AS as Tax has been deducted on interest income.</p> <p>GL 28.401: Very old balance pertains to transfer scheme.</p> <p>GL 28.801: Very old balance pertains to transfer scheme.</p> <p>GL 28.809: Reconciliation is under process.</p> <p>GL 28.879: Reconciliation is under process.</p> <p>GL28.862: Balance pertains to amount deposited with CERC in the matter of penalty imposed for over drawl of power in FY 2009-10. Case is still pending.</p>
AG CODE	SUB-HEAD	AMOUNTS(INR)																					
28.290	Other Income accrued & Due	19,44,91,068.00																					
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	<p>XIV. Debit Balance of Rs. 442.08 crore is appearing under the head – 2301200530- Receivable from Noida power Corporation Limited (NPCL) against which 100% Provision has been made under the head 2306140000- Bulk Supply ICT in books of Unit#330 EIE&PC. Further, Rs. 5,68,43,000.52 Dr. is appearing under the head 27.30 –Loans and Advances to NPCL. The Electricity Import Export & Payment Circle Unit of the Zone has accrued interest of Rs. 34,10,70,401.00 (PY 29,67,52,933.00) during the Financial Year 2024-25 against advance provided to Noida Power Company Limited. Total accrued interest as on 31.03.2025 under the head 28.250 stands at Rs. 2,56,80,59,246.00 after netting of opening credit & Debit balance appearing under head of AG Code 28.501 & 28.503. In this regard we were explained that no recovery has been made from NPCL since very long time and 100% provision against the same is created at HO level. Recognizing the said transaction as an income when the recovery is uncertain is in contravention to Ind AS 115. In the absence of proper details, information, follow up action for recovery of the said balances, status of Pending disputes, if any, on this account, we are unable to quantify the recoverable amount and its consequential impact on financial statement. (Unit#330 EIE&PC).</p>	<p>The interest is being accrued on the basis of the agreement made between NPCL and UPPCL (erstwhile UPSEB).</p> <p>Further, 100% provisioning has been done due to uncertainty of recoverability of the said interest accrued. Hence no impact on financial statement.</p> <p>Matter is under reconciliation. Necessary rectification/adjustment will be carried out accordingly.</p>
	<p>XV. We observed lack of proper system of review for identifying doubtful dues, especially those arising out of disputes pending before respective judicial forums and absence of regular follow ups with the respective parties for recoverability of outstanding balances. In the absence of which we are unable to quantify the amount of provision which is required for irrecoverable or doubtful dues and its consequential impact on the financial statements. (Unit#330 – EIE&PC)</p>	<p>The audit comment is general in nature and not specific. It is pertinent to mention that the cases pending before various judicial forums such as Hon'ble Supreme Court, High Courts, CERC, UPERC are being regularly followed up by the concerned unit.</p> <p>Further, all the sale bills are issued to DISCOMs which are 100% owned subsidiaries of UPPCL, hence the dues are not considered doubtful and no provision is required for the same.</p>

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY
	<p>XVI. TDS Receivables- Zone has balances aggregating to Rs. 86,63,60,112.50 (PY Rs. 166,27,25,975.72) as TDS receivable appearing in the books of account of different units. In the absence of year wise breakup and status of completion of the assessment, we cannot comment upon the genuineness of the same.</p>	<p>Out of total TDS receivable of Rs 86,63,60,112.50/-as on 31.03.2025, amount of Rs 67,63,20,140.37/- pertain to FY 2024-25 & remaining balance of Rs 19,03,86,136.82 pertain to earlier years out of which refund of Rs 12.84 Cr has been received in April 2025.</p>
	<p>XVII. Other receivables from Power Purchasers (28.80): Review of balance of Rs. 1541.44 crore (PY1394.41 crore) appearing under the head 28.80010 as on 31.03.2025 reveals that:</p> <p>a. Provisional balances aggregating to Rs. 368.51 crore (net credit) has been transferred under the said head 28.80010 which has resulted in under-statement of liabilities under the head 41.20 to the said extent.</p> <p>b. Above Balances of Rs. 1541.44 crore includes Debit balances of Rs. 1516.943 crore (net) (Including Rs. 707.68 crore in respect of debit notes issued to ROSA PWR.CO.LTD.SHAHJAHANPUR in the month of April 2018 towards the recovery as per UPERC's Order but the recovery against the above debit notes is still stayed as per APTEL's order dated 29.09.2018) appearing under the head 41- Liabilities for purchase of power have been transferred under this head, which are continuing from long time and were explained to be under reconciliation. In absences of complete detail and non-reconciliation & confirmation of said balances, we are not able to comment on aspect of recoverability of the same. Hence, impact of pending reconciliation and confirmation of said balances on the financial statement of Zone is not ascertainable at this stage. (Unit #330)</p>	<p>a) For better presentation net debit balance of vendors in AG 41.1(Actual Liability) & 41.2(Provisional Liability) has been transferred to AG 28.80, as debit balances are subject to reconciliation.</p> <p>b) Other than debit balance of ROSA, reconciliation has been completed & finalized for Rs 388.38 crore receivable from Northern Railway on account of UI charges, Rs 92.20 Crore receivable from NPCL/UPSLDC on account of UI charges, Rs 31.05 Crore receivable from UPSLDC on account of Reactive charges (Negative bills pertain to FY 2024-25). Reconciliation with the other parties is presently under progress.</p>

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY
	<p>XVIII. Liabilities for purchase of power: Review of liabilities of Rs. 11026,18,12,714.98 appearing under the head 41- Liabilities for purchase of power reveals that:</p> <p>a. Written back of balances of Rs.1290.41 crore (Credit) under the head '62.912 – Sundry Credit written back' pertaining to old, un-claimed, un-reconciled balances etc. of previous year in respect of various generators/vendor and further allocated to DISCOMS with approval of Director (F) for Rs. 87.65 crore and balance of Rs. 1202.76 crore at unit level of such material amount of earlier years denotes lack of observance of internal control procedure, incorrect depiction of profitability of earlier years, material impact on the profitability of the current year and as such any correction/ writing back of balances of such nature would in our view require approval of board of directors as a part of Corporate Governance for ensuring to streamline the internal control mechanism prevailing in the corporation and correct & proper disclosure in financial statement.</p>	<p>As per para 59 of Ind As 37, "Provisions shall be reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision shall be reversed." In line with this requirement, the provisions have been duly reviewed and reversed, as it is no longer considered probable that an outflow of economic resources will be necessary to settle the obligation.</p> <p>It is pertinent to mention here that these balances have been written back after due diligence and reconciliation with parties/confirmation of parties that no dues for that period are pending as on date.</p> <p>Approval for writing back of very old payables in Vendor ledgers has been accorded by Director (Finance), whereas other provisions which were not part of Vendor Payables Ledgers, were written back with approval at unit level.</p> <p>Director (Finance), being the highest authority in Finance and a member of the Board, is duly competent to approve such adjustments. There is no procedural inaccuracy in the above-mentioned accounting adjustment and no violation of corporate governance.</p>
	<p>b. Provision of 7926.91 crore towards provisional liability i.e. Rs. 7845.93 crore under the head 41.20- Provisional Liability and Rs. 80.98 crore under the head 41.89 – Provisional Liability –Banked energy as appearing as on 31.03.2025 towards liability against unverified/ unbilled power purchase etc. comprises of following</p>	<p>Provisional liability for less than 1 year is approximately equal to Average power purchase billing per month and related to energy purchased in March 2025, bills verified in April 2025.</p>

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY																																												
	<ul style="list-style-type: none"> Liability of Rs. 1484.30 crore appearing as on 31.03.2025 is for more than 1 year. A sum of Rs. 788.33 crore i.e. Rs. 617.41 crore claimed during FY 2023-24 & Rs.170.92 crore Claimed in FY 2024-25 by KSK Mahanadi Power Co. towards change in Law have been returned to generators owing to non-submission complete details/ documents for verification of the claim. Under the circumstances, the veracity of the provisions made in respect of the said returned bills is unascertainable at this stage. 	<p>Provisional liability outstanding for more than one year includes an amount of ₹617.41 crore pertaining to a CIL claim raised by KSK. The bill has been returned due to lack of supporting documents. However, a provision has been created for the claimed amount as a reasonable estimate, pending receipt and verification of the required documentation.</p>																																												
	<p>c. Review of balance of Rs. 11026,18,12,714.98 appearing under the head 41.10 – Liability for power purchase as on 31.03.2025 includes Debit balances of Rs. 1491.00 crore and balance of Rs. 1371.17 crore (Credit) are continuing from more than 1 year which requires reconciliation and confirmation. Some of the instances of Debit & Credit Balances continuing from previous years noted during test check is given below. Impact of the said pending reconciliation & confirmation of aforesaid Debit & Credit Balances on financial statement is not ascertainable at this stage.</p> <table border="1" data-bbox="344 899 1108 1360"> <thead> <tr> <th>Sl. No</th> <th>Vendor Code</th> <th>Name of Vendor</th> <th>Balance as on 31.03.2025</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>4000000190</td> <td>POWER TRADING CORPORATION</td> <td>- 4,60,90,05,695.28</td> </tr> <tr> <td>2.</td> <td>4000000165</td> <td>PGCIL</td> <td>-2,00,47,22,640.21</td> </tr> <tr> <td>3.</td> <td>4000000159</td> <td>SECI</td> <td>- 1,34,17,56,455.16</td> </tr> <tr> <td>4.</td> <td>4000000005</td> <td>BAJAJ Energy</td> <td>-99,43,50,525.94</td> </tr> <tr> <td>5.</td> <td>4000000181</td> <td>MMPCL</td> <td>-49,78,62,389.00</td> </tr> <tr> <td>6.</td> <td>4000000099</td> <td>SJVNL</td> <td>-31,42,62,431.01</td> </tr> <tr> <td>7.</td> <td>4000000060</td> <td>Triveni Engineering</td> <td>-10,77,49,092.64</td> </tr> <tr> <td>8.</td> <td>4000000171</td> <td>Tanda Thermal Power station - NTPC</td> <td>-5,46,84,781.00</td> </tr> <tr> <td>9.</td> <td>4000000163</td> <td>Ultratech Cement</td> <td>-3,05,55,468.56</td> </tr> <tr> <td>10.</td> <td>4000000202</td> <td>Sukhbeer Agro Energy Limited</td> <td>-1,95,76,242.07</td> </tr> </tbody> </table>	Sl. No	Vendor Code	Name of Vendor	Balance as on 31.03.2025	1.	4000000190	POWER TRADING CORPORATION	- 4,60,90,05,695.28	2.	4000000165	PGCIL	-2,00,47,22,640.21	3.	4000000159	SECI	- 1,34,17,56,455.16	4.	4000000005	BAJAJ Energy	-99,43,50,525.94	5.	4000000181	MMPCL	-49,78,62,389.00	6.	4000000099	SJVNL	-31,42,62,431.01	7.	4000000060	Triveni Engineering	-10,77,49,092.64	8.	4000000171	Tanda Thermal Power station - NTPC	-5,46,84,781.00	9.	4000000163	Ultratech Cement	-3,05,55,468.56	10.	4000000202	Sukhbeer Agro Energy Limited	-1,95,76,242.07	<p>For better presentation net debit balance of vendors in AG 41.1 & 41.2 (which is payable in nature) has been transferred to AG 28.80 (which is a receivable in nature) and are presently under reconciliation.</p>
Sl. No	Vendor Code	Name of Vendor	Balance as on 31.03.2025																																											
1.	4000000190	POWER TRADING CORPORATION	- 4,60,90,05,695.28																																											
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S.NO	AUDITOR'S REPORT				MANAGEMENT REPLY
	11.	4000000368	Manikaran Power Limited	-15,34,750.00	
	12.	4000000068	SAEL Limited	2,13,68,820.10	
	13.	4000000117	SAEL 20 MW LALITPUR	3,20,37,589.00	
	14.	4000000052	KARCHAM	7,28,09,113.00	
	15.	4000000119	SECIL	10,39,75,574.24	
	16.	4000000147	SJVNL	47,77,93,211.00	
	17.	4000000140	NPCL NAPS	56,16,63,487.00	
	18.	4000000149	TEESTA III	78,40,01,626.00	
	19.	4000000143	NPCL RAPS	93,80,99,193.00	
	20.	4000000008	M/s M.B.POWER (PTC INDIA LIMITED)	1,20,98,09,673.00	
	21.	4000000335	PGCIL – CTUIL	4,01,67,30,252.96	
	<p>d. Regarding the aspect of reconciliation of balances of trade payable as mentioned above, we were explained that work order for reconciliation for the period up to 2017-18 was awarded to the M/S Mercados Marketing Energy Private Limited and reconciliation for the period for 2018-19 to 2022-23 was carried out and report submitted on 04-11-2023. However, considering the need for reconciliation of accounts since inception of the account of generator, the said contract was revised for conducting the reconciliation since inception and up to 31.03.2025. In this context we were informed that reconciliation in respect of 102 generators has been completed for the period up to 31.03.2024 and effect thereof has been made in books of account except in few cases where the final reconciliation statements is yet to be signed by both the parties. Under the circumstances, the overall reconciliation is still under process and as such impact of reconciliation & confirmation of balance of Rs. 11026,18,12,714.98 under the head '41 – Liability for Power Purchase' in respect of various generators, if any, on financial statement of the unit is unascertainable at this stage. (Unit #330)</p>				<p>Rigorous efforts are being made to reconcile historic balances of all vendors and as a result reconciliation with most of the vendors has been signed and reconciliation with remaining vendors is under process.</p>

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY
	<p>XIX. Maintenance of Books of Account:</p> <p>Implementation of SAP/ ERP system was commenced in the company/ zone in previous year and after updating and regularization of balances and as per internal audit report, first monthly trial balance for January 2025 was generated from SAP and used for reporting purposes. However, documentary evidence regarding various implemented control including maintenance & preservation of audit trail, user's roles & responsibility etc. were not made available to us. In this context we were explained that aspect of identification and assessment of various Risks including financial reporting Risk, maintenance & preservation of audit trail (edit log) facility were being dealt at Head office. Some of the observations noted during our test check are mentioned below:</p> <ul style="list-style-type: none"> - There are open items in various ledger particularly vendor ledger since long time, - Various un-cleared credit entries are appearing in vendor ledgers made through funds section vide KZ documents which remained unexplained by the unit # 330 and as such implication thereof on the balances, if any, on account of the Zone is unascertainable at this stage. - Creation of PO & GRN in respect of invoices in unit #330-EI&E are being done by Account section instead of officers /officials of technical section processing of verification of invoices. - Non -Reconciliation of Quantitative details of electricity purchased appearing in SAP as compared to Actual quantity of scheduled electricity during the year i.e. scheduled energy is 1,55,096.09 MU as against 159592.81 MU appearing in SAP. - Invoice verification date is appearing as Document date instead 	<p>All the transactions are being routed through ERP and accounts are being generated from ERP. Audit trail for all the transactions are maintained in SAP.</p> <p>The matter is under review and necessary action shall be taken after completion of review.</p> <p>These entries mainly relate to reconciliation adjustments between manual accounting records and ERP based accounts.</p> <p>The matter is under review and necessary action shall be taken after completion of review.</p>

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY
	<p>of Invoice date.</p> <ul style="list-style-type: none"> - Multiple vendor codes are existing for same vendor. - Internal auditor has reported that there are cases where payments booked in SAP through general entry in voucher type AB instead of booking through Payment vouchers (KZ) documents. <p>In view of the above, we are unable to comment upon the effectiveness, integrity of the control system, Risks including financial reporting Risk, maintenance & preservation of audit trail (edit log) facility.</p>	<p>Invoice verification date is the date on which verification document is created on ERP, hence it is correct, while the Invoice date is the date of Invoice.</p> <p>The same will be taken care after the reconciliation. AB document type is used for clearing already existing invoice document with existing payment document or negative bill.</p>
	<p>XX. Internal / Concurrent audit system : Review of the concurrent audit reports depicts various persistent observations i.e. aspect of punitive charges excessively charged in monthly bills by M/s ROSA POWER SUPPLY Co, Payment of Fixed Charges to power generators M/s Anta GPS, Auraiya GPS & Dadri GPS without supply of powers, Payment booked in SAP not routed through payment voucher (KZ), Non submission of claims towards compensation for shortfall in supply of Solar & Wind Energy through SECI & non-reconciliation of account with them from long time, Non obtaining of self- certification of maintenance of annual CUF from all the developers and further verification of the same by UPPCL, submission of certificate from CAs other than statutory Auditors for verification of variable cost of various generators, submission of provisional bills by power generators in few cases etc. and as such system of compliance of various observations on regular basis needed to be streamlined & strengthened.</p>	<p>Observations raised by Concurrent audit/internal team has been complied with in timely manner except few matter which are under review.</p>
	<p>XXI. Property Plant and Equipment: -</p> <ul style="list-style-type: none"> a. The Title Deed of immovable property (Land) of Rs. 47,24,689.99 as detailed below was not provided to us. 	<p>a) As the balances have been transferred under the Trifurcation Scheme and the land pertains to the erstwhile UPSEB, the matter is currently under consideration by the management for identification of the relevant title deeds.</p>

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY																				
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="4" data-bbox="323 318 1129 363" style="text-align: center;">ZONE WISE LAND DETAILS (Amount in Rs.)</th> </tr> <tr> <th data-bbox="323 363 449 472" style="text-align: center;">Zone Code</th> <th data-bbox="449 363 680 472" style="text-align: center;">Cost of Land as per Trial Balance</th> <th data-bbox="680 363 911 472" style="text-align: center;">Title Deed Available</th> <th data-bbox="911 363 1129 472" style="text-align: center;">Title Deed Not Available</th> </tr> </thead> <tbody> <tr> <td data-bbox="323 472 449 521" style="text-align: center;">970</td> <td data-bbox="449 472 680 521" style="text-align: right;">4,96,250.00</td> <td data-bbox="680 472 911 521" style="text-align: center;">-</td> <td data-bbox="911 472 1129 521" style="text-align: right;">4,96,250.00</td> </tr> <tr> <td data-bbox="323 521 449 570" style="text-align: center;">640</td> <td data-bbox="449 521 680 570" style="text-align: right;">4,65,48,401.99</td> <td data-bbox="680 521 911 570" style="text-align: right;">4,23,19,962.00</td> <td data-bbox="911 521 1129 570" style="text-align: right;">42,28,439.99</td> </tr> <tr> <td data-bbox="323 570 449 613" style="text-align: center;">Total</td> <td data-bbox="449 570 680 613" style="text-align: right;">4,70,44,651.99</td> <td data-bbox="680 570 911 613" style="text-align: right;">4,23,19,962.00</td> <td data-bbox="911 570 1129 613" style="text-align: right;">47,24,689.99</td> </tr> </tbody> </table>	ZONE WISE LAND DETAILS (Amount in Rs.)				Zone Code	Cost of Land as per Trial Balance	Title Deed Available	Title Deed Not Available	970	4,96,250.00	-	4,96,250.00	640	4,65,48,401.99	4,23,19,962.00	42,28,439.99	Total	4,70,44,651.99	4,23,19,962.00	47,24,689.99	
ZONE WISE LAND DETAILS (Amount in Rs.)																						
Zone Code	Cost of Land as per Trial Balance	Title Deed Available	Title Deed Not Available																			
970	4,96,250.00	-	4,96,250.00																			
640	4,65,48,401.99	4,23,19,962.00	42,28,439.99																			
Total	4,70,44,651.99	4,23,19,962.00	47,24,689.99																			
	<p>b. As per accounting Policy of the company, Employee cost to capital works are capitalized @ 15% on deposit works and 13.50% on distribution works. Such practice of capitalization on estimated basis without determination of actual directly attributable cost is not in accordance with IND AS 16.</p>	<p>b. Due to multiplicity of functional units as well as multiplicity of functions at particular unit, the company has formulated a policy of accounting and capitalizing the employee related costs at fixed percentages (15% on deposit works and 9.5% on other works).</p>																				
	<p>c. Review of trial balance reveals that Buildings under the head AG Code 10.208 "Building CONTA DIST INST" amounting to Rs. 48,34,196.68 and under AG Code 10.211 Office building amounting to Rs. 11,65,227.05 are appearing in books of account but information regarding the cost of Land of corresponding assets could not be provided to us. #Units 645 – Elec Civil Const Div– 1.</p>	<p>c. As the balances have been transferred under the Trifurcation Scheme and the land pertains to the erstwhile UPSEB, the matter is currently under consideration by the management for identification of the relevant title deeds.</p>																				
	<p>d. Trial balance is showing Buildings under the head AG Code 10.211 "Office Building" amounting to Rs. 4,20,87,422.10 but information regarding the Land of corresponding assets could not be provided to us. #Units641 – Civil</p>	<p>d. As the balances have been transferred under the Trifurcation Scheme and the land pertains to the erstwhile UPSEB, the matter is currently under consideration by the management for identification of the relevant title deeds.</p>																				
	<p>e. The zone is not evaluating the Property Plants and Equipment (PPE) for impairment as required under IND AS 36, as explained to us revaluation of PPE is not permitted by the Electricity (Supply) (Annual Accounts) Rules, 1985, the exception may be because the PPE cost is built in the Fixed Cost of the tariff but as explained to us the cost of PPE of the Company is not approved under the tariff approved by the regulator neither Depreciation is</p>	<p>e. In the opinion of the management, there is no specific indication of impairment of assets except investment in subsidiaries as on balance sheet date. The assets i.e. PPE of the company have been accounted for at their historical cost because most of the assets are very old where the impairment of assets is very unlikely. This fact has been duly disclosed under Point 31 of Note 30. Further, it is submitted that the cost of PPE of the</p>																				

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY
	<p>allocated to the Distribution companies. The company has not sought any clarification from relevant regulatory authorities regarding the same.</p>	<p>Company is not approved under the tariff approved by the regulator because UPPCL is selling bulk power to its subsidiaries and not in retail distribution of electricity business. Moreover, sale/ purchase of electricity are also made on energy exchanges as per the requirement and on mutually agreed terms.</p>
	<p>XXII. Payment of Lease a. Unit #972 (UP Vigilance Cell) and unit # 327 (Electricity Store Procurement Circle) are being maintained at rental premises. As explained to us the rent of Unit 972 is being deposited to Court as the ownership of the premises is sub-judice. Further, latest lease agreement and the rent receipt were not being provided to us for premises with Unit 327, further, Compliances of Ind AS 116 is not done at zone level.</p>	<p>In this reference, it is submitted that the present case is not a lease agreement, it's just a normal rent agreement which has been done to use the premises. Hence, IND AS 116 will not be applicable in the instant case and accordingly no compliance of the same is required. Presently, due to ownership dispute the matter is sub judice in court, hence the renewal rent agreement is pending. However, liability for payment of rent is being created on monthly basis in case of Unit #327. Further, amount of monthly rent is being deposited in court in case of Unit #972.</p>
	<p>b. The unit is accruing rent every year @ Rs 1 per month. The total amount accumulated in this ledger is Rs 120.00. However, no details were provided to us with regard to the title deed of the immovable property leased to KESCO limited was provided to us nor it was explained in which unit, the said asset is capitalized. (#Units330 – EIE&PC.)</p>	<p>The said accounting is done in view of UP Govt. notification. In terms of 'UP Transfer of KESA Zone Electricity Distribution Undertaking Scheme, 2000', no part of land belonging to UPPCL in KESA shall form part of the assets transferred under the above scheme, notwithstanding that the land was being used immediately before the appointed date exclusively or primarily for the distribution business in the KESA Zone. As per the scheme, KESCO is entitled to use such land as a licensee of UPPCL on payment of consolidated amount of Re. 1.00 per month during the period KESCO has the sanction or license to undertake the distribution business.</p>
	<p>c. Rental From Contractor: The unit has accounted Rental Income from Contractor M/S Prayagraj Power Generation Corporation Limited of Rs. 2,29,927.00 further as explained to us the said amount is on account of Lease of Land to the contractor. Unit has accounted for the said land in books of account during the year at notional cost of Rs. 1.00 as per records /information available with the Zone.</p>	<p>It was duly explained during the audit that no amount was expended/incurred by the UPPCL for acquiring the said land and it is provided free of cost by GOUP. However, it was omitted to record in the books of accounts inadvertently at that time. So, the same has been accounted for in the books in current financial year at nominal value of Rs1 in compliance to para 23 of Ind AS 20.</p>

S.NO	AUDITOR'S REPORT						MANAGEMENT REPLY																																																	
	<p>XXIII. Details of Liabilities of Rs. 44.34 crore under various heads as given below in respect GPF/CPF contribution of employees payable to U.P Power Sector Employee Trust is under reconciliation. Impact of such reconciliation, if any, on financial statement is not ascertainable at this stage.</p> <table border="1" data-bbox="327 469 1125 792"> <thead> <tr> <th></th> <th>Head</th> <th>UNIT 300</th> <th>UNIT 330</th> <th>UNIT 970</th> <th>Unit 640</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>44.11000</td> <td>Provision for Gratuity</td> <td>5,86,13,199.09</td> <td>-86,50,412.00</td> <td>-3,91,09,740.11</td> <td>-4,00,26,884.00</td> <td>-2,91,73,837.02</td> </tr> <tr> <td>44.12000</td> <td>Provision for Pension</td> <td>41,63,37,553.83</td> <td>-5,33,96,841.00</td> <td>-27,84,35,393.91</td> <td>-28,06,31,520.00</td> <td>-19,61,26,201.08</td> </tr> <tr> <td>44.61000</td> <td>Liability towards GPF</td> <td>56,12,33,866.00</td> <td>-5,04,83,326.00</td> <td>-37,14,39,634.03</td> <td>-35,13,16,139.63</td> <td>-21,20,05,233.66</td> </tr> <tr> <td>44.62000</td> <td>C.P.F. (Emp Share)</td> <td>8,87,55,590.00</td> <td>-52,04,099.00</td> <td>-4,30,06,252.00</td> <td>-3,32,82,093.00</td> <td>72,63,146.00</td> </tr> <tr> <td>44.62100</td> <td>C.P.F. Employer Cont.</td> <td>4,01,29,747.00</td> <td>-36,43,798.00</td> <td>-2,85,82,916.90</td> <td>-2,12,73,547.00</td> <td>-1,33,70,514.90</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Total</td> <td>-44,34,12,640.66</td> </tr> </tbody> </table>							Head	UNIT 300	UNIT 330	UNIT 970	Unit 640	Total	44.11000	Provision for Gratuity	5,86,13,199.09	-86,50,412.00	-3,91,09,740.11	-4,00,26,884.00	-2,91,73,837.02	44.12000	Provision for Pension	41,63,37,553.83	-5,33,96,841.00	-27,84,35,393.91	-28,06,31,520.00	-19,61,26,201.08	44.61000	Liability towards GPF	56,12,33,866.00	-5,04,83,326.00	-37,14,39,634.03	-35,13,16,139.63	-21,20,05,233.66	44.62000	C.P.F. (Emp Share)	8,87,55,590.00	-52,04,099.00	-4,30,06,252.00	-3,32,82,093.00	72,63,146.00	44.62100	C.P.F. Employer Cont.	4,01,29,747.00	-36,43,798.00	-2,85,82,916.90	-2,12,73,547.00	-1,33,70,514.90						Total	-44,34,12,640.66	<p>The reconciliation of trust liability is under process and necessary action will be taken after completion of the same.</p>
	Head	UNIT 300	UNIT 330	UNIT 970	Unit 640	Total																																																		
44.11000	Provision for Gratuity	5,86,13,199.09	-86,50,412.00	-3,91,09,740.11	-4,00,26,884.00	-2,91,73,837.02																																																		
44.12000	Provision for Pension	41,63,37,553.83	-5,33,96,841.00	-27,84,35,393.91	-28,06,31,520.00	-19,61,26,201.08																																																		
44.61000	Liability towards GPF	56,12,33,866.00	-5,04,83,326.00	-37,14,39,634.03	-35,13,16,139.63	-21,20,05,233.66																																																		
44.62000	C.P.F. (Emp Share)	8,87,55,590.00	-52,04,099.00	-4,30,06,252.00	-3,32,82,093.00	72,63,146.00																																																		
44.62100	C.P.F. Employer Cont.	4,01,29,747.00	-36,43,798.00	-2,85,82,916.90	-2,12,73,547.00	-1,33,70,514.90																																																		
					Total	-44,34,12,640.66																																																		
	<p>XXIV. Pending legal cases at different forums: In respect of pending legal cases at different forums, we were explained that the status of court cases received from PPA unit, Planning unit Power Management Cell and SPAT unit has been considered by the Zone and the same has been disclosed as contingent liability. Hence, we are unable to comment on the completeness of the details of contingent liabilities provided by the Zone. Contingent liability except aforesaid details pertaining to other unit/ zone may be looked into at HO level.</p>						<p>The contingent liabilities identified/prevaling during the period have been duly disclosed.</p>																																																	
	<p>XXV. Copies of the agenda notes and decisions of the Board of Directors and Executive committees towards purchase of power during 2024-25 and matters related thereto were not made available to us despite our request to the management of the zone and as such we are unable to comment on the implication arising out of the decisions, if any, made by management on this account.</p>						<p>Unit has been instructed not to repeat such type of comment in future.</p>																																																	

S.NO	AUDITOR'S REPORT					MANAGEMENT REPLY						
	<p>XXVI. Staff and Other Liabilities: A sum of Rs. 98.35 crore (Credit) appearing under various head as detailed below are continuing from long time and no clarification could be provided on this account and as such we are unable to comment upon the same:</p>					<p>These are very old balances and presently in the process of review/identifying the relevant details/records.Necessary action will be taken after completion of the same.</p>						
<table border="1"> <thead> <tr> <th data-bbox="323 435 407 488">AG Code</th> <th data-bbox="407 435 512 488"></th> <th data-bbox="512 435 655 488">Unit 300</th> <th data-bbox="655 435 821 488">Unit 330</th> <th data-bbox="821 435 982 488">Unit 640</th> <th data-bbox="982 435 1142 488">Unit 970</th> </tr> </thead> </table>	AG Code		Unit 300	Unit 330	Unit 640		Unit 970					
AG Code		Unit 300	Unit 330	Unit 640	Unit 970							
44.406	Life Insurance Premium	-	-	-2,560.90								
44.41	Other Miscellaneous	-43,005.50	-	-11,87,005.84	8,27,252.50							
44.502	Officers	-101.00	-	-1,40,000.00	5,04,054.00							
44.503	SE & MEs	-	-	2,000.00	-74,310.00							
44.504	Ministerial Staff	-	-	97,286.00	5,77,503.00							
44.505	Operating Staff	-	-	36,000.60	-31,000.00							
44.506	G.P.F. Pmt to Acctnt			-1,48,000.00								
44.507	Class IV Advance	-299.21	-	45,633.00	7,33,648.00							
44.61	Liab. towards GPF			-35,13,16,139.63								
46.101	Security Deposit In Cash (CAP)	-40,11,861.00	-	-	-							
46.102	Security deposits other than cash	-	-	-	-9,85,461.00							
46.103	Earnest Money deposit (cap)	-	-	-	-29,025.00							

S.NO	AUDITOR'S REPORT						MANAGEMENT REPLY	
	46.121	Security deposits in cash (O&M)	-	-	-	-70,527.00		
	46.22	Other Receipts	-	-	-	-3,32,270.00		
	46.81	Provision for Fringe Benefit	-92,828.82	-	-18,52,878.00	-7,85,121.00		
	46.985	Recv of MiscAdv PVVNL MRT	-	-	70,408.00	-		
	46.989	U.P.P.T.C. L.	-	-58,42,43,173.13	-	-3,85,94,178.00		
	46.541	IUT Cash			-31,405.75			
	46.542	Outside Zone	-	-	-25,15,229.00	-		
		Total	- 41,48,095.53	- 58,42,43,173.13	- 35,69,41,891.52	-3,82,59,434.50		
		Grand Total					-98,35,92,594.68	
Annexure II	As referred to in and forming part of, our Audit Report of even date to the members of Uttar Pradesh Power Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31st March, 2025.							
1.	(a) i. The Company has not maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment. ii. The company has not maintained proper records of Intangible Assets (Software) for Rs. 0.96 crore.				The Property, Plant and Equipment register are maintained in Excel format. Units are instructed to maintain the mentioned details. Units are instructed to maintain the mentioned details.			
	(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.				Physical verification of the assets is being carried out by the respective unit's head.			

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY																										
	<p>(c) As reported by Branch Auditors, title deed of Immovable Property (land) for Rs. 47.24 lakhs was not available on record. Further as reported by branch Auditors, no details were provided to them with regard to the title deed of the immovable property leased to KESCO Limited M/S Prayagraj Power Generation Corporation Limited was provided to them nor it was explained in which unit, the said asset is capitalized.</p> <p>Details of which are furnished below: Building and other Civil Construction be considered for reporting</p> <table border="1" data-bbox="325 597 1121 833"> <thead> <tr> <th colspan="4" data-bbox="325 597 1121 630">ZONE WISE LAND DETAILS</th> </tr> <tr> <th data-bbox="325 630 464 735">Zone Code</th> <th data-bbox="464 630 659 735">Cost of Land as per Trial Balance (in Rs.)</th> <th data-bbox="659 630 909 735">**Title Deed Available (in Rs.)</th> <th data-bbox="909 630 1121 735">Title Deed Not Available (in Rs)</th> </tr> </thead> <tbody> <tr> <td data-bbox="325 735 464 768">970</td> <td data-bbox="464 735 659 768">496250.00</td> <td data-bbox="659 735 909 768">0.00</td> <td data-bbox="909 735 1121 768">496250.00</td> </tr> <tr> <td data-bbox="325 768 464 800">640</td> <td data-bbox="464 768 659 800">46548401.99</td> <td data-bbox="659 768 909 800">42319962.00</td> <td data-bbox="909 768 1121 800">4228439.99</td> </tr> <tr> <td data-bbox="325 800 464 833">Total land</td> <td data-bbox="464 800 659 833">47044651.99</td> <td data-bbox="659 800 909 833">42319962.00</td> <td data-bbox="909 800 1121 833">4724689.99</td> </tr> </tbody> </table>	ZONE WISE LAND DETAILS				Zone Code	Cost of Land as per Trial Balance (in Rs.)	**Title Deed Available (in Rs.)	Title Deed Not Available (in Rs)	970	496250.00	0.00	496250.00	640	46548401.99	42319962.00	4228439.99	Total land	47044651.99	42319962.00	4724689.99	<p>The Unit Code 646 holding Land of Rs. 4.65 crores in its books has the title deed for the same. detail for the same are as follows:</p> <table data-bbox="1142 345 1885 443"> <tr> <td>Cost of Land</td> <td>1,13,52,800.00</td> </tr> <tr> <td>Development Charges</td> <td>3,09,67,162.00</td> </tr> <tr> <td>Total</td> <td>4,23,19,962.00</td> </tr> </table> <p>Other misc. Development Exp. 42,28,439.00 Total Value of Land held by unit 4,65,48,401.00 Further, the Unit Code 982 holding Land of Rs. 4,96,250/-, has been instructed to provide the title deed for above mentioned Land.</p>	Cost of Land	1,13,52,800.00	Development Charges	3,09,67,162.00	Total	4,23,19,962.00
ZONE WISE LAND DETAILS																												
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Total	4,23,19,962.00																											
	(d) As per information provided to us, Company has not revalued its Property, Plant and equipment during the year.	Informatory paragraph																										
	(e) As per the information provided, no proceeding have been initiated or are pending against the Company for holding any Benami property under Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.	Informatory paragraph																										
2.	<p>(a) There is a inventory of Rs. 14870.00 in the Standalone Financial statements as on 31.03.2025 which belongs to previous financial year. No physical verification has been conducted during the year.</p> <p>(b) As per terms of sanction of credit limits for working capital sanctioned by various Banks, Company has to submit age-wise and party-wise receivable statements on quarterly basis to the Bankers. Company has not furnished party-wise & age wise book debts statement to Banks as per terms of sanction. Quarterly book</p>	<p>In reference to the audit observation, it is submitted that the inventory balance of ₹14,870.00 pertains to earlier years and has been carried forward. The amount is highly immaterial in the context of the company's overall financial statements and does not impact the true and fair view of accounts.</p> <p>It is to mention that the Receivables statement has been prepared and provided to the bank on the basis of the information</p>																										

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY																								
	debts figure as per quarterly accounts have been submitted to Banker after submission of quarterly financial results. However, 31 st March 2025 book statement still has not been submitted to Banks till date.	available at that time. The Receivable statement of Q4 FY 2024-25 has been submitted.																								
3.	<p>Company has made investment during the year 2024-25 and the amount given as well as outstanding as on 31.03.2025 are furnished below:</p> <p>(a) (i) Subsidiaries</p> <table border="1" data-bbox="325 542 1125 932"> <thead> <tr> <th data-bbox="325 542 617 651">Name of Subsidiaries</th> <th data-bbox="617 542 837 651">Investment made during the year (in crore)</th> <th data-bbox="837 542 1125 651">Amount outstanding as on date (before provision for impairment)-(in crore)</th> </tr> </thead> <tbody> <tr> <td data-bbox="325 651 617 683">Purvanchal VVNL</td> <td data-bbox="617 651 837 683">3821.38</td> <td data-bbox="837 651 1125 683">31845.94</td> </tr> <tr> <td data-bbox="325 683 617 716">Madhyanchal VVNL</td> <td data-bbox="617 683 837 716">3446.32</td> <td data-bbox="837 683 1125 716">27678.81</td> </tr> <tr> <td data-bbox="325 716 617 748">Dakshinanchal VVNL</td> <td data-bbox="617 716 837 748">3705.00</td> <td data-bbox="837 716 1125 748">29567.71</td> </tr> <tr> <td data-bbox="325 748 617 781">Pashchimanchal VVNL</td> <td data-bbox="617 748 837 781">3750.69</td> <td data-bbox="837 748 1125 781">23455.63</td> </tr> <tr> <td data-bbox="325 781 617 813">KESCO</td> <td data-bbox="617 781 837 813">190.09</td> <td data-bbox="837 781 1125 813">2853.51</td> </tr> <tr> <td data-bbox="325 813 617 894">Southern U.P.Power Transmission Co. Ltd.</td> <td data-bbox="617 813 837 894">NIL</td> <td data-bbox="837 813 1125 894">NIL</td> </tr> <tr> <td data-bbox="325 894 617 932">Total</td> <td data-bbox="617 894 837 932">14913.48</td> <td data-bbox="837 894 1125 932">115401.60</td> </tr> </tbody> </table>	Name of Subsidiaries	Investment made during the year (in crore)	Amount outstanding as on date (before provision for impairment)-(in crore)	Purvanchal VVNL	3821.38	31845.94	Madhyanchal VVNL	3446.32	27678.81	Dakshinanchal VVNL	3705.00	29567.71	Pashchimanchal VVNL	3750.69	23455.63	KESCO	190.09	2853.51	Southern U.P.Power Transmission Co. Ltd.	NIL	NIL	Total	14913.48	115401.60	Informatory paragraph
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	<p>(ii) Other than subsidiaries</p> <table border="1" data-bbox="325 964 1125 1235"> <thead> <tr> <th data-bbox="325 964 537 1068">Name of Company</th> <th data-bbox="537 964 837 1068">Investment during the year (including Share application money pending allotment) (in crore)</th> <th data-bbox="837 964 1125 1068">Amount outstanding as on date(before provision for impairment) (in crore)</th> </tr> </thead> <tbody> <tr> <td data-bbox="325 1068 537 1166">UP Power Transmission Co. Ltd.</td> <td data-bbox="537 1068 837 1166">180.72</td> <td data-bbox="837 1068 1125 1166">2394.06</td> </tr> <tr> <td data-bbox="325 1166 537 1198">7.75% PFC Bonds</td> <td data-bbox="537 1166 837 1198">NIL</td> <td data-bbox="837 1166 1125 1198">123.00</td> </tr> <tr> <td data-bbox="325 1198 537 1235">Total</td> <td data-bbox="537 1198 837 1235">180.72</td> <td data-bbox="837 1198 1125 1235">2517.06</td> </tr> </tbody> </table>	Name of Company	Investment during the year (including Share application money pending allotment) (in crore)	Amount outstanding as on date(before provision for impairment) (in crore)	UP Power Transmission Co. Ltd.	180.72	2394.06	7.75% PFC Bonds	NIL	123.00	Total	180.72	2517.06	Informatory paragraph												
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S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY																																
	<p>(b) During the year Company has debited loan to its subsidiaries against transfer of its bond/Loan liabilities details of which are furnished as under:</p> <table border="1" data-bbox="325 375 1121 748"> <thead> <tr> <th data-bbox="325 375 617 509">Name of Subsidiaries</th> <th colspan="2" data-bbox="617 375 884 509">Amount transferred to loan account during the year (in crore)</th> <th data-bbox="884 375 1121 509">Balance outstanding as on 31.03.2025(in crore)</th> </tr> <tr> <td data-bbox="325 509 617 542"></td> <td data-bbox="617 509 764 542">Bond</td> <td data-bbox="764 509 884 542">Loan</td> <td data-bbox="884 509 1121 542"></td> </tr> </thead> <tbody> <tr> <td data-bbox="325 542 617 574">Madhyanchal VVNL</td> <td data-bbox="617 542 764 574">NIL</td> <td data-bbox="764 542 884 574">3306.96</td> <td data-bbox="884 542 1121 574">12789.63</td> </tr> <tr> <td data-bbox="325 574 617 607">Pashchimanchal VVNL</td> <td data-bbox="617 574 764 607">NIL</td> <td data-bbox="764 574 884 607">-</td> <td data-bbox="884 574 1121 607">4536.24</td> </tr> <tr> <td data-bbox="325 607 617 639">Dakshinanchal VVNL</td> <td data-bbox="617 607 764 639">NIL</td> <td data-bbox="764 607 884 639">3945.50</td> <td data-bbox="884 607 1121 639">14608.87</td> </tr> <tr> <td data-bbox="325 639 617 672">Purvanchal VVNL</td> <td data-bbox="617 639 764 672">NIL</td> <td data-bbox="764 639 884 672">4140.31</td> <td data-bbox="884 639 1121 672">20122.29</td> </tr> <tr> <td data-bbox="325 672 617 704">KESCO</td> <td data-bbox="617 672 764 704">NIL</td> <td data-bbox="764 672 884 704">481.87</td> <td data-bbox="884 672 1121 704">2178.04</td> </tr> <tr> <td data-bbox="325 704 617 748">Total</td> <td data-bbox="617 704 764 748">NIL</td> <td data-bbox="764 704 884 748">11874.64</td> <td data-bbox="884 704 1121 748">54235.07</td> </tr> </tbody> </table>	Name of Subsidiaries	Amount transferred to loan account during the year (in crore)		Balance outstanding as on 31.03.2025(in crore)		Bond	Loan		Madhyanchal VVNL	NIL	3306.96	12789.63	Pashchimanchal VVNL	NIL	-	4536.24	Dakshinanchal VVNL	NIL	3945.50	14608.87	Purvanchal VVNL	NIL	4140.31	20122.29	KESCO	NIL	481.87	2178.04	Total	NIL	11874.64	54235.07	<p>Informatory paragraph</p>
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	<p>(c) No terms and conditions for repayment of loan debited to Subsidiaries have been specified nor have any agreements for above loans been executed between U P Power Corporation Ltd. and respective subsidiaries. It is learnt that interest on Bonds Issued /Loan raised from UP Govt. has been accounted for in the books of Subsidiaries. In view of above, Para No.3 (b), (c), (d), (e) and (f) are not applicable.</p>	<p>Informatory paragraph</p>																																
4.	<p>As per Section 186 of the Companies Act 2013, threshold limit for grant of Loan is not applicable in respect of Loan transferred to Subsidiaries as mentioned in previous para 3 (b). However, company has not obtained approval of Board of Directors for Loan transferred to its Subsidiaries during the year as envisaged under Section 186 of Companies Act 2013 nor Register for Investment/Loan granted as per requirement of Companies Act have been produced before us. However, company has not granted any Loan, Security and Guarantee in favour of any Director or any other person in whom Directors are interested; hence compliance of Section 185 of Companies Act, 2013 is not applicable.</p>	<p>Informatory paragraph</p>																																

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY																		
5.	Company has not accepted any deposit/deemed deposit during the year, hence compliance of Section 73 and 76 of Companies Act, 2013 and relevant rules made there under are not applicable.	Informatory paragraph																		
6.	As per the information and explanations provided to us, the Company is covered under the provisions of Rule 3 of the Companies (Cost Records and Audit) Rules, 2014. The Company has maintained proper cost accounting records as required under the said Rules. The cost audit report for the financial year 2023-24 has been provided to us. For the financial year 2024-25, the due date for submission of the cost audit report is 30th September 2025.	In compliance to the provisions of Companies Act 2013 and Cost Records and Audit) Rules, 2014, the company has completed cost audit on 24/09/2025 i.e. well within the stipulated timeline.																		
7.	<p>(a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Goods and Service Tax, Duty of Customs, Duty of Excise, and, Cess and any other material statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2025 for a period of more than six months from the date on when they become payable except for the following as reported by branch Auditors:</p> <table border="1" data-bbox="325 979 1129 1230"> <thead> <tr> <th data-bbox="325 979 409 1044">S. No</th> <th data-bbox="409 979 867 1044">Head of Account</th> <th data-bbox="867 979 1129 1044">Amount (in INR)</th> </tr> </thead> <tbody> <tr> <td data-bbox="325 1044 409 1084">1</td> <td data-bbox="409 1044 867 1084">Provision for Fringe Tax</td> <td data-bbox="867 1044 1129 1084">2764115.23</td> </tr> <tr> <td data-bbox="325 1084 409 1125">2</td> <td data-bbox="409 1084 867 1125">Liability Towards GPF</td> <td data-bbox="867 1084 1129 1125">212005233.66</td> </tr> <tr> <td data-bbox="325 1125 409 1166">3</td> <td data-bbox="409 1125 867 1166">Gratuity</td> <td data-bbox="867 1125 1129 1166">29173837.02</td> </tr> <tr> <td data-bbox="325 1166 409 1206">4</td> <td data-bbox="409 1166 867 1206">Pension</td> <td data-bbox="867 1166 1129 1206">196126201.08</td> </tr> <tr> <td data-bbox="325 1206 409 1230">5</td> <td data-bbox="409 1206 867 1230">C.P.F (Emp Share)</td> <td data-bbox="867 1206 1129 1230">81492444.00</td> </tr> </tbody> </table> <p>(b) As per information and explanation given to us, there is no amount disputed as on 31.03.2025 against the statutory liabilities mentioned in Para No.7a above.</p>	S. No	Head of Account	Amount (in INR)	1	Provision for Fringe Tax	2764115.23	2	Liability Towards GPF	212005233.66	3	Gratuity	29173837.02	4	Pension	196126201.08	5	C.P.F (Emp Share)	81492444.00	<p>The balances mentioned here are under reconciliation and will be adjusted accordingly.</p> <p>Informatory paragraph</p>
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1	Provision for Fringe Tax	2764115.23																		
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4	Pension	196126201.08																		
5	C.P.F (Emp Share)	81492444.00																		

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY
8.	According to explanation and information given to us, Company has not surrendered or disclosed any transaction as income during the year in the tax assessment under Income Tax Act, 1961.	Informatory paragraph
9.	<p>(a) Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.</p> <p>(b) As per information and explanation given to us, Company is not declared as wilful defaulter by any Bank or Financial Institution or other lender.</p> <p>(c) As per information and explanation given to us, bond and unsecured loans have been utilized for the purpose for which it is granted.</p> <p>(d) As per information and explanation given to us and on application of appropriate test checks, we observed that funds raised on short term basis have not been utilised for long term purposes.</p> <p>(e) As per information and explanation given to us, Company has not raised funds in form of Bond during the year on behalf of its Subsidiaries (DISCOMS) but raised Loans from PFC/RFC as mentioned in Para No. 28 of Note 30 Notes to Accounts.</p> <p>(f) As per information and explanation given to us, Company has not raised loans during the year on the pledge of securities held in its subsidiaries.</p>	Informatory paragraph
10.	<p>(a) As per information and explanation given to us, Company has not raised any fund through initial public offer or further public offer (including debt instruments) during the year.</p> <p>(b) As per information and explanation given to us, Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially, or optionally convertible) during the year.</p>	<p>Informatory paragraph</p> <p>Informatory paragraph</p>
11.	(a) 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 31 st March, 2025.	

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY
	<p>(b) No report under Sub-Section (12) of section 143 of the Companies Act has been filed by the Auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government;</p> <p>(c) The Company has established a Whistle Blower Mechanism in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulations)</p>	Informatory paragraph
12.	<p>(a) The Company is not a Nidhi Company hence clause 3 (xii) (a) of the order is not applicable.</p> <p>(b) The Company is not a Nidhi Company hence clause 3 (xii) (b) of the order is not applicable.</p> <p>(c) The Company is not a Nidhi Company hence clause 3 (xii) (c) of the order is not applicable.</p>	Informatory paragraph
13.	In our opinion and according to information and explanation given to us, Company has not placed related party transactions entered into during the year for determination of its Arm's length status by Audit Committee as required under Section 177 of Companies Act, 2013.	Informatory paragraph
14.	<p>(a) In our opinion Company has an internal audit system, which needs more strengthening considering its coverage particularly in the area of internal control system on payment to Generators as well as review of old balances as mentioned in our Annexure-1 and Annexure-4 to our Audit Report and compliance of observations of Audit Report, so that it may be commensurate in size and nature of business of the Company.</p> <p>(b) Yes, we have considered reports of the Internal Auditors for the period under audit. Specific comments issued by Branch Auditors are mentioned in Para No.20(XX) to Annexure 1 of our Audit Report except concurrent audit report of Material Management Zone as mentioned in Para-17(M) of our Audit Report which could not be provided to us in spite of repeated requests.</p>	Informatory paragraph
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.	Informatory paragraph

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY
16.	<p>(a) 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. Accordingly, provision of clause 3(xvi) (a) of the Order is not applicable to the Company.</p> <p>(b) According to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities therefore no Certificate of Registration (COR) from Reserve Bank of India as per Reserve bank of India Act, 1934 is required. Accordingly, provision of clause 3(xvi) (b) of the Order is not applicable to the Company.</p> <p>(c) According to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in regulation made by the Reserve Bank of India. Accordingly, provision of clause 3(xvi) (c) of the Order is not applicable to the Company.</p> <p>(d) There is no CIC as part of Group. Accordingly, provision of clause 3(xvi) (d) of the Order is not applicable to the Company.</p>	Informatory paragraph
17.	There is no cash loss during the year under review. (Previous year Cash Loss is NIL).	Informatory paragraph
18.	During the year, there is no resignation by Statutory Auditors.	Informatory paragraph
19.	According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of Balance Sheet as and when they fall due within a period of one year from the Balance Sheet date. We, however, state that this is not an assurance as to the future viability of the Company. No projected cash flow statement for ensuing financial year 2024-25 has been provided to us. We further state	Informatory paragraph

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY
	that our reporting is based on the facts up to the date of the Audit Report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the Balance Sheet date, will get discharged by the Company as and when they fall due.	
20.	No CSR activity has been undertaken by the Company; and no expenditure has been incurred on same during the year 2024-25. Management has explained the reasons in Para-18 of Notes on Accounts.	Informatory paragraph
21.	Para 3 (xxi) of Companies (Auditor's Report) Order (CARO) is not applicable to Standalone Financial Statements.	Informatory paragraph
Annexure IV	As referred to in and forming part of, our audit report of even date to the members of Uttar Pradesh Power Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31st March, 2025.	
	<p>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.</p> <p>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, 2025, 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</p>	Informatory paragraph

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY
	audit report of even date on the Standalone Financial Statements of the Company for the year ended 31 st March, 2025, and as mentioned below –	
	i. The age-wise classification of Trade Receivables and Trade Payables appears to be inaccurate, as it is not prepared on a bill-wise basis. This may lead to misrepresentation of the actual ageing of outstanding balances and could affect the assessment of credit risk and working capital management.	Ageing of Trade Receivables and Trade Payables have been correctly done on the basis of related records.
	ii. The internal control system relating to key operational and financial areas — including cash transactions, procurement/works, inventory management, maintenance of books of accounts, fixed asset register, and delegation of powers — requires further strengthening to ensure transparency, accountability, and compliance with established procedures.	The company has a Proper and effective control system in all the areas. However, for implementing the system more smoothly and effectively, the system is reviewed from time to time and accordingly directions are issued. Moreover, in order to strengthen the existing system through information technology, the company is in process of implementation of ERP system.
	iii. There is no effective system in place to ensure completeness of power purchase accounting. Only those power purchase bills that are received are recorded in the books of accounts. No quantitative reconciliation is carried out between the actual power purchased and the power purchase accounted for. Additionally, reconciliation with power suppliers has not been conducted, nor was any such information made available for audit. In the absence of balance confirmations and reconciliations, the accuracy of power purchase, power sales, and the resultant impact on sundry payables and receivables cannot be ascertained.	In the opinion of the management, there is a proper and effective system of power purchase.
	iv. There is no established system for periodic review and reconciliation of old balances under various asset and liability heads. These balances require timely scrutiny and necessary adjustments in the books of account. Furthermore, party-wise details for key liability components such as security deposits and retention money are not maintained, impacting the accuracy and traceability of such payables.	Most of the old balances are pertaining to transfer scheme. However, necessary instructions are being issued to units at regular intervals to review the old balances and take necessary actions.

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY
	<p>v. The existing system for identification and reconciliation of Inter Unit Transactions (IUT) — between units and with the Head Office — is not adequate. Regular reconciliation is not being carried out, and details regarding the nature and particulars of unmatched items are not maintained. As a result, a significant amount of ₹76.34 crore remains unreconciled, which may affect the accuracy of financial reporting and inter-unit accountability.</p>	<p>The pending unreconciled IUT balance of Rs.76.34 crores is very old. However, presently, all the Inter Unit transactions are being accounted for in ERP and there is no unreconciled inter unit transactions from past 4-5 years.</p>
	<p>vi. There is no established system for obtaining confirmations and conducting periodic reconciliations of balances with parties, contractors, government departments, and others. This includes balances appearing under receivables, payables, loans, and advances. The absence of such a mechanism undermines the reliability and accuracy of the financial statements.</p> <p>Observations in Material Management Zone Audit Report on Internal Control over Financial reporting</p>	<p>The company has a system of confirmation and reconciliation of balances. However, units have been instructed to co-ordinate/communicate with the parties to get the balance confirmation at regular interval.</p>
	<p>According to the information and explanations given by management and based on audit, the following material weaknesses have been identified as at March 31, 2025:</p> <p>i. Internal / Concurrent audit system : Review of the concurrent audit reports depicts various persistent observations i.e. aspect of punitive charges excessively charged in monthly bills by M/s ROSA POWER SUPPLY Co, Payment of Fixed Charges to power generators M/s Anta GPS, Auraiya GPS & Dadri GPS without supply of powers, Payment booked in SAP not routed through payment voucher (KZ), Non submission of claims towards compensation for shortfall in supply of Solar & Wind Energy through SECI & non-reconciliation of account with them from long time, Non obtaining of self- certification of maintenance of annual CUF from all the developers and further verification of the same by UPPCL, submission of certificate from CAs other than statutory Auditors for verification of variable cost of various generators, submission of provisional bills by power generators in few cases etc. and as such system of compliance of various observations on regular basis needed to be streamlined & strengthened.</p>	<p>Observations raised by Concurrent audit/internal team has been complied with in timely manner except few matters which are under review.</p>

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY
	<p>ii. Subsidy receivable from UPNEDA and IREDA are accounted at the time of payment of power purchase to eligible generators. However, details of actual claims raised with UPNEDA/IREDA and confirmation of balances with UPNEDA /IREDA are not available.</p>	<p>UPNEDA and IREDA are being regularly followed up through letters and emails for confirmation of the balances reflected in the books of UPPCL and for submission of their respective statements</p>
	<p>iii. Written back of balances of Rs.1290.41 crore (Credit) under the head '62.912 – Sundry Credit written back' pertaining to old, un-claimed, un-reconciled balances etc. of previous year in respect of various generators/vendor and further allocated to DISCOMS with approval of Director (F) for Rs. 87.65 crore and balance of Rs. 1202.76 crore at unit level of such material amount of earlier years denotes lack of observance of internal control procedure, incorrect depiction of profitability of earlier years, material impact on the profitability of the current year and as such any correction/writing back of balances of such nature would in our view require approval of board of directors as a part of Corporate Governance for ensuring to streamline the internal control mechanism prevailing in the corporation and correct & proper disclosure in financial statement.</p>	<p>As per para 59 of Ind As 37, "Provisions shall be reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision shall be reversed." In line with this requirement, the provisions have been duly reviewed and reversed, as it is no longer considered probable that an outflow of economic resources will be necessary to settle the obligation.</p> <p>It is pertinent to mention here that these balances have been written back after due diligence and reconciliation with parties/confirmation of parties that no dues for that period are pending as on date.</p> <p>Approval for writing back of very old payables in Vendor ledgers has been accorded by Director (Finance), whereas other provisions which were not part of Vendor Payables Ledgers, were written back with approval at unit level.</p> <p>Director (Finance), being the highest authority in Finance and a member of the Board, is duly competent to approve such adjustments. There is no procedural inaccuracy in the above-mentioned accounting adjustment and no violation of corporate governance.</p>
	<p>iv. Late payment surcharge is being accounted for on the basis of bills received by unit. System of determination of Late payment surcharge after the specified time period as per PPA in respect of unpaid bills is not in place to ensure accounting of LPS on accrual basis.</p>	<p>The unit has verified Late Payment Surcharge bills of generators as per the provision of PPA. Proper checking and computation are carried out before verification all LPS bills. In cases where LPS bills were pending for verification, appropriate provisions have been made in the books.</p>

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY
	<p>v. During review of bills in respect of banked energy, it was observed that banked energy lapsed for withdrawal and available for drawl is not being bifurcated as per CRE guidelines. In some cases it was observed that withdrawal of energy was made in spite unavailable banked energy, which is not in accordance with CRE guidelines. Non-bifurcation of energy in lapsed and available for drawl may result in lack of control over supply of energy in excess of Banked energy available for drawl resulting in loss of revenue. Further, test checks of the provisions made on the said account was found to be varying with the details of energy banked & drawn available in records of generators. Hence, the aspect of determination of lapsed & available energy needs reconciliation in respect of all such co-generators for ensuring proper control over the banked energy and creating provision in books of account.</p>	<p>As the matter of encashment of Banked Energy is pending for decision at Hon'ble High Court. Currently no encashment of lapsed energy is being claimed by the Co Gens. After final outcome, the computation of lapsed/available units will be done accordingly. Meanwhile Provision for balance energy after withdrawal has been created in the books as best estimate of the liability. Further, this is to inform that any excess withdrawal of energy over banked energy is to be billed by DISCOM and as such no financial impact or loss of revenue on account of the same is on the books of EIEPC.</p> <p>For the purpose of creating provision, the data of banking and withdrawal of energy has been taken from the Energy Account Issued by UPSLDC.</p>
	<p>vi. Test checks of procurement of goods and services through Tender reveals various shortcomings in control system i.e. preparation of detailed estimates, inviting bids in respect of OEM items from vendors as well as its distributor / agents, submission of complete documents as per eligibility criteria, proper up-keeping of tender documents, award of work on lowest cost without ascertaining reasonableness and analysis of variance with estimated cost etc. requires to be streamlined / strengthened.</p>	<p>Procurement process in the company is in line with best practices adopted and inherited from UPSEB period.</p>
	<p>vii. System of regular reconciliation of TDS receivable as per books of account with figures appearing in 26 AS, Analysis of year wise breakup w.r.t. status of completion of the income tax assessments needs to be strengthened.</p>	<p>Reconciliation of TDS receivable with 26AS is being done on regular basis.</p>
	<p>A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.</p>	<p>Informatory paragraph</p>

S.NO	AUDITOR'S REPORT	MANAGEMENT REPLY
	<p>In opinion of Branch Auditors, except for the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Zone 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 of March 31st2025 based on the internal controls over financial reporting criteria established by the Company considering the components of internal</p>	

For and on behalf of the Board of Directors

Date:24-12-2025

Place: Lucknow

**Sd/-
(Sanjay Mehrotra)
Director Finance
(In-Additional charge)
DIN-02263323**

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

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	<p>A. Emphasis of Matter</p> <p>Considering the requirement of Standard on Auditing (SA 600) on 'Using the work of Another Auditor' including materiality, we draw attention to the following matters in the notes to the Consolidated Financial Statements:</p> <p>Uttar Pradesh Power Corporation Ltd. Holding Company</p> <p>1. Kindly refer Note 12 of the financial statement as on 31st March 2025, which reflects a Gross debit balance of ₹707.68 crore pertaining to M/s Rosa Power Supply Company Limited. This amount represents debit notes raised by the Company in April 2018 against which, stay orders have been issued by the Appellate Tribunal for Electricity (APTEL).</p> <p>It is observed that in a similar case involving M/s Lalitpur Power Generation Company, the Company has reversed the debit notes, as disclosed in Para No. 32 of Note 30: Notes to Accounts. However, in the case of Rosa Power, no such reversal has been made.</p> <p>This results in a contradiction in the Company's accounting treatment of similar transactions involving disputed debit notes under litigation.</p>	<p>Regarding debit balance of Rosa, it is submitted that UPPCL raised debit note amounting to Rs 707.68 Crore in April 2018 on the basis of UPERC order dated 22.08.2017, which was disputed by Rosa Power Supply Company Ltd (RPSCL) before Hon'ble UPERC vide petition No. 1310 of 2018. This petition was disposed off in favour of UPPCL by order dated 26.09.2018, justifying the debit notes. However, before UPPCL could start recovery from RPSCL dues, an appeal was filed by RPSCL in Hon'ble APTEL.</p> <p>Hon'ble APTEL in its order dated 28.09.2018 in IA No. 1387 of 2018, stayed the UPERC order dated 26.09.2018 and instructed "<i>There shall not be any recovery of income tax in terms of notice dated 09.04.2018 till next date of hearing</i>"</p> <p>In compliance of APTEL order, UPPCL has not made any recovery against the Debit notes. However, no orders questioning the validity of the said Debit Notes has been passed by either UPERC or APTEL. Also, the stay on the UPERC order was interpreted as to not change status quo. Hence the debit notes which were already taken into books in FY 2018-19, have not been reversed in the books of UPPCL so as to depict the correct picture of books of accounts.</p> <p>On the other hand, in the matter of debit notes of Lalitpur Power Generation Company Ltd. (LPGCL), Debit notes were issued by UPPCL on 24.03.2022 in pursuance to UPERC order dated 10.03.2022, against which, LPGCL filed appeal</p>

	INDEPENDENT AUDITOR'S REPORT	Management Reply
		<p>before Hon'ble APTEL. After hearing, Hon'ble APTEL in its order dated 01.04.2022, directed that the debit notes be "Kept in abeyance till the decision is taken on the application for interim relief", thereby directly questioning the validity of Debit notes. Hence, in compliance of the order, UPPCL has reversed the entry of debit notes and made disclosure in the final accounts accordingly. Thus, it is clear that both cases are different and accounting treatment has been done on the basis of best interpretation.</p>
	<p>2. Kindly refer Note 12 of the Financial Statement as on 31st March 2025, which includes ₹82.88 crore under Tax Deducted at Source (TDS). This amount includes ₹1.61 crore representing Income Tax refunds that were pending with the Income Tax Department for the financial years 2011-12, 2015-16 and 2016-17. These refunds has not been received till 31st March 2025</p> <p>The management has also informed us that on 23rd August 2024, a refund of ₹5.84 crore was received from the Income Tax Department for the financial years 2011-12, 2015-16 and 2016-17.</p>	<p>The pending refund related to the F.Y. 2007-08, 2008-09, 2011-12 and 2013-14 is still under pursuance with Principal Commissioner of Income tax and continuous follow up for the same with income tax department is being done.</p>
	<p>3. Accounting Policy of the Company regarding power purchases had not envisaged the method for accounting of power purchases where final approval of the tariff by the Regulatory Commission has not been granted.</p>	<p>It is already mentioned in the accounting policy of the company that power purchase from Central Generating Units and State Generating Unit is accounted for at the rate approved by Central Electricity Regulatory Commission (CERC) and UP Electricity Regulatory Commission (UPERC) respectively. Hence, it is implied that the power purchase is accounted for at the rates approved by the regulatory commission whether provisional or final.</p>
	<p>4. It has been observed that sales for the current year include ₹82.34 crore pertaining to prior period adjustments, which have been included under revenue from operations. As per Para 11 of Note 30 to the financial statements, the management considers a prior period adjustment to be material only if it exceeds 0.5% of the revenue from operations of the immediately preceding financial year.</p>	<p>This remark is informative in nature. The accounting of prior period adjustment has been made in accordance with Ind AS 08 considering the materiality of the transaction. The management considers a prior period adjustment to be material</p>

	INDEPENDENT AUDITOR'S REPORT	Management Reply
		only if it exceeds 0.5% of the revenue from operations of the immediately preceding financial year.
	<p>5. Kindly refer to para 6 (e) Of Note 30: Notes to accounts of the financial statements, which states that the Company has recognized a parcel of land at a nominal value of ₹1 under General Ledger Code 10.10100 during the financial year 2024–25.</p> <p>It is noted that the title deed for the said land had been leased to Prayagraj Corporation Limited under a lease agreement dated 7th January 2015, during the financial year 2014–15. However, the land has been recognized in the Company's books only in the current financial year.</p> <p><i>As per the lease agreement, the Lessee, Prayagraj Corporation Limited, has agreed that the amount of ₹5,18,80,418.28 (Rupees Five Crores Eighteen Lakhs Eighty Thousand Four Hundred Eighteen and Twenty-Eight Paise Only) provided by M/s Prayagraj Power Generation Company Limited for land acquisition shall be treated as premium.</i></p> <p>However, no details or explanations have been provided to us regarding the amount.</p> <p>Despite seeking clarification from the Company regarding the reasons for the delayed recognition of the land, no satisfactory explanation has been provided to us.</p>	<p>It was duly explained during the audit that no amount was expended/incurred by the UPPCL for acquiring the said land and it is provided free of cost by GOUP. However, it was omitted to record in the books of accounts inadvertently at that time. So, the same has been accounted for in the books in current financial year at nominal value of Rs1 in compliance to para 23 of Ind AS 20.</p>
	<p>Material Management Zone of Uttar Pradesh Power Corporation Ltd.</p> <p>6. Details of the decisions taken by the Board of Directors/management of the company during the financial year in respect of lodging claims, if any, towards disputes with generators, legal disputes, arbitrations etc. was not made available to us for determining its financial implication for depiction/disclosure in the financial statement of the Zone.</p>	<p>It was duly informed to the auditor that no such proposal was put up to BOD during the year by EIE&PC.</p>
	<p>7. During review of concurrent audit report of M/s Kherada & Co. for February 2025, it was observed that UPPCL has paid fixed charges of Rs. 218.55 crore i.e. without any supply of energy to Anta GPS, Auraiya GPS & Dadri GPS of NTPC Limited against PPAs extended from time to time. Hence, we are of the view that management may consider to explore the possibilities of termination of such on-going contracts for avoidance of increase in power cost & its burden on consumers.</p>	<p>Anta GPS, Auraiya GPS, and Dadri GPS are gas-based power plants of NTPC Limited with which UPPCL has long-term Power Purchase Agreements (PPAs) executed as per Central Government allocation. As per the terms of these PPAs, fixed charges are mandatorily payable to NTPC</p>

	INDEPENDENT AUDITOR'S REPORT	Management Reply												
		<p>irrespective of energy drawal, unless the plant is formally deallocated or surrendered with due regulatory approval.</p> <p>These gas plants are categorized as peaking/emergency support stations and are maintained in operational readiness to handle grid contingencies, frequency dips, or unexpected surge in demand—particularly during the evening and night peak hours or under low renewable generation conditions.</p> <p>However, due to high variable cost (typically above ₹10/kWh for (LF and RF) resulting from limited and costly gas availability, these stations are not scheduled under normal conditions as it would not be economically viable compared to other available cheaper sources or exchange procurement. Hence, UPPCL does not schedule them in routine MOD-based dispatch.</p>												
	<p>8. Details of the power purchased as per the said reconciliation statement and power transferred to DISCOMs and loss of energy during the current year & previous year is tabulated as below:</p> <table border="1" data-bbox="401 976 1073 1232" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Detail</th> <th style="text-align: center;">As on 31.03.2025</th> <th style="text-align: center;">As on 31.03.2024</th> </tr> </thead> <tbody> <tr> <td>Total number of Units purchased (MU)</td> <td style="text-align: center;">155096.09</td> <td style="text-align: center;">141931.69</td> </tr> <tr> <td>Total number of units sold (MU)</td> <td style="text-align: center;">147650.20</td> <td style="text-align: center;">134269.40</td> </tr> <tr> <td>Loss %</td> <td style="text-align: center;">4.80 %</td> <td style="text-align: center;">5.40%</td> </tr> </tbody> </table>	Detail	As on 31.03.2025	As on 31.03.2024	Total number of Units purchased (MU)	155096.09	141931.69	Total number of units sold (MU)	147650.20	134269.40	Loss %	4.80 %	5.40%	<p>Informatory para.</p>
Detail	As on 31.03.2025	As on 31.03.2024												
Total number of Units purchased (MU)	155096.09	141931.69												
Total number of units sold (MU)	147650.20	134269.40												
Loss %	4.80 %	5.40%												
	<p>9. Various information as detailed below in respect of purchase of power as per directive of ARR and Tariff rate for 2024-25 by UPERC were not found to have been disclosed at zonal level, which may be looked into at HO level.</p>	<p>The information pertaining to power purchase, sale & overall transmission loss and source-wise break-up of power purchase cost is disclosed in the Financial statement.</p>												

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	<ul style="list-style-type: none"> • The Petitioners are directed to show SOP and CGRF expenses separately in the Audited Accounts. • The Petitioners are directed to ensure that actual Power Purchased (MUs) & ex-bus & energy delivered at Discom periphery (MUs), inter & intra power purchase (MUs) along with inter & intra state losses are made part of the Audited Accounts as an Annexure <p>Our opinion is not qualified in respect of this matter</p>	
	Specific Observations of DISCOMS Statutory Auditors are given below: -	
	<p>a. Pashchimanchal Vidyut Vitran Nigam Limited.</p> <p>1. Refer Note No. 1(b) of Material accounting policy regarding the financial statement of the company having been prepared on a going concern basis, notwithstanding the fact that company is continuously running in loss since inception and net worth of the company has substantially eroded. Although the Company is making profit since last three financial years. The appropriateness of the said basis is inter-alia dependent on continuing support from the Government and improved operational/ financial performance.</p>	<p>It is submitted that PVVNL has been consistently earning profits since FY 2022-23, indicating a turnaround in its financial performance. As a result, the Net Worth of the Company has shown significant improvement.</p> <p>The Net Worth of PVVNL as on 31.03.2025 stands at ₹23,300.09 crore, as compared to ₹18,229.83 crore as on 31.03.2024, reflecting a notable increase of 27.81% during the financial year 2024-25.</p> <p>This consistent profitability and substantial improvement in net worth support the appropriateness of preparing the financial statements on a going concern basis.</p>
	<p>2. The amount of Unbilled revenue of ₹801.44 Crore is booked on the basis of 15 days Assessment considering the Average Assessment for the preceding 3 completed calendar month but there are different category of consumer having different billing cycle. There is not any report available for audit, generated on 31.03.2025. In absence of such report, the impact of the same on the account could not be ascertained and quantified. (Refer Note no 7 of financial statement and points no 45 of Notes to Accounts)</p>	<p>The provision for unbilled revenue has been made on the basis of accounting estimates of the Company and this fact has been disclosed in the Notes on Accounts Point no. 45 of PVVNL.</p>
	<p>3. Company do not have an effective system for realizing revenue from customers as the amount of receivables as on 31st March, 2025 is ₹15096.75 crores, which is equivalent to around 223 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</p>	<p>Due to strengthening of revenue realisation mechanism and addition of various modes of revenue collection viz. Online bill deposit, KIOSK machines, ATMs, Mobile vans etc., the Collection</p>

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	cases against defaulted customers. (Refer Note no 7 of financial statement)	efficiency of the company has been increased from 97.80% to 99.35% during FY 2024-25. The management expects that Revenue Realization from customers in coming year will be better in comparison to previous year and Debtors will decline.
	4. IND AS-8: In the current financial year, management has made several adjustments/corrections relating to prior period errors/omission. ₹377.60 crores have been adjusted with surplus in the statement of Profit and loss as disclosed in Note 12 of Financial Statements and point no 33(B) of Notes to Accounts in accordance with IND AS-8.	The same has been disclosed at point no. 33(A&B) of Notes to Accounts of PVVNL and in Point no. 32 at group level in accordance with IND AS-8.
	<p>5. As referred to in Point No. 12 of Notes to accounts a sum of ₹6104.44 Crores is payable as electricity duty to UP State Government. No provision has been made for interest and penalty for late payments. It has been explained to us by the company that no interest and penalty is levied for such late payments in past years and we have relied on the same.</p> <p>It is observed that the payment of Electricity Duty is booked on the basis of Debit/Credit Note raised by Uttar Pradesh Power Corporation Ltd and compounding charges is collected at division level and sent directly to the U.P. Treasury. 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.</p>	<p>Electricity Duty (ED) collected from consumers at the division level is remitted to UPPCL, the Holding Company, along with electricity charges. The settlement of ED liability with the Government of Uttar Pradesh is undertaken by book adjustments with the GoUP as per their Budget provisions, and corresponding book adjustments are passed in the accounts of PVVNL based on Debit/Credit Notes issued by UPPCL.</p> <p>As per past record no demand of Penalty/Interest has been raised by U.P. Govt. regarding late payment of Electricity Duty and Compounding charges.</p> <p>Necessary provision shall be made as and when the demand is raised by Govt. of U.P.(if any)</p>
	6. The company has not provided the basis of calculating the amount for the Electricity Internally consumed amounting to ₹255.17 crores.	The accounting of Electricity Internally consumed has been done on the basis of TEO issued by the UPPCL to the Discoms, therefore, the same may be verified at HO level.
	7. Tax Collected at Source (Asset) amounting to ₹1.61 crores and Tax Deducted at Source (Asset) amounting to ₹5.34 Crores are showing as on 31.03.2025 not reconciled with Form 26AS of the company for current financial year. Management has informed that the balances shown in the books of accounts reflect pending refund amount of TDS/TCS. We have relied upon the same. (Refer to Note No. 10"Other Current Assets" of the financial statements)	26AS is a report provided by the Income Tax Department and it is not a base for accounting in a company. Its reconciliation is a continues process and efforts are being made for the same.

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	8. Assets of the company have been accounted for at historical cost (Refer Note No. 24 of Financial Statements) where most of the assets are very old and as per Ind AS-36 Impairment of assets and Impairment losses has not been recognize.	The assets of the corporation have been accounted for at their historical cost and most of the assets are very old where the impairment of assets is very unlikely, the same has been disclosed in point no. 26 of the notes on accounts.
	SIGNIFICANT OBSERVATIONS OF ZONAL AUDITORS IN THEIR AUDIT REPORT ARE AS UNDER: Bulandshahr Zone:	
	1. It is informed that TDS- IT, GST, GST-TDS is being deposited centrally at HO level, therefore, payment details of TDS/ TCS/ GST couldn't have been verified at zone level.	Statutory dues payment can be verified at Head Quarter.
	2. A/c Code 28.87: Receivable amount of ₹ 6.64 crore from UPPTCL is stating amount since long period and subject to confirmation and reconciliation.	The said accounting code is pertaining to Inter Company Transactions. The reconciliation is under process.
	3. A/c Code 46.56, 46.98 & 46.99: Payable amount ₹2,37,98,695.86, ₹1,16,96,543.32 & ₹77,44,99,208.00 respectively are stating long period and subject to confirmation and reconciliation.	The said accounting code is pertaining to Inter Company Transactions. The reconciliation is under process.
	4. A/c Code 23.707 & 28.862: Receivable Amount ₹52,69,64,420.17 & ₹21,43,450.00 respectively are long overdue and subject to confirmation and reconciliation.	Balances in AG Head 23.707/28.862 are appearing since long. Efforts are being made to reconcile the balance by divisions.
	5. In EDD-II Hapur, demand reported on the portal of TRACES regarding TDS returns up to financial year 2016-17 amounting ₹1,12,847/-, hence the liability understated to that extent.	Demand reported in TRACES portal regarding TDS return up to FY 2016-17 due to wrong PAN entry etc. in TDS return. Efforts are being made to clear the demand.
	6. Rs. 166.83 crore is outstanding against the Theft Consumer against assessment as on 31.03.2025, which includes current year theft of ₹28,09,349.98 needs speedy recovery.	Balance of ₹166.83 crore appearing in AG head 23.8 Theft of power is cumulative balance of theft of power. For theft of power notice u/s 3 & 5 were issued to concerned consumers as per rules of the company and also provision for theft of power is being made every year in the books of account of company at HO Level.
	7. Interest on security of consumers has been provided up to 31.03.2025 but TDS there on has been dealt at H.O. level.	The TDS deductions is being made on Interest on Security deposits from Consumers (as applicable).

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	8. In Outsourcing Contract of providing skilled/unskilled labour contract terms and condition should be strictly followed but in some cases the deficiency persist.	The instructions have been issued from time to time for compliance of Terms & Conditions of contract/agreement.
	9. In EDD Khurja division it has found that various entries are outstanding under the GL head-Misc advance – Cash –(28.40110) amounting to ₹32,94,005.47 of which no adjustment entries have been passed since long back. In EDD Khurja division under the GL Head-Misc. Ad Mat (28.40120) amounting of ₹3,87,804/- is pertains an employee who is not currently working at the division. No recovery has been made from him.	Misc. advance is booked against employees for embezzlement / fraud and non-submission of stock account by JE's. In some cases, there is stay by HON'BLE court and in some other cases, it is not possible to recover the misc. advance because of death /retirement of employees or non-availability of full records, however efforts are being made by the divisions to get the misc. advance amount fully recovered/adjusted.
	10. In EDD-Jhangirabad division notices under section 3 & 5 were not issued timely.	Noted for future compliance.
	11. In EDD-Jhangirabad, it is observed that bill revision has been done. Total no of bills 10932 were revised during the period under consideration, the waiver amount is ₹10,96,36,953/- against actual amount is of ₹30,67,91,875/- which is approx. 35.73%, due to RDF & IDF.	It is the basic concept of Bill revision to rectify the wrong bills as per the applicable rates and rules of the Company. Therefore, the wrong amount would have been waived off.
	Current Assets & Current Liabilities	
	a. The balance in various recoverable accounts have not been classified into secured/unsecured and good doubtful of recovery. The provision, if any, required for doubtful debts is made by Head Office.	Informatory para.
	b. Sundry debtors, creditors, Loans and advances, Sundry deposits and other are subject to confirmation.	Due to large number of consumers in supply division it is very difficult to send balance confirmation letters to all consumers, however confirmation letters have been sent by divisions to major consumers & creditors.
	c. The balances of various inter unit accounts of Zone and Head Office are subject to confirmation.	Inter unit balance of ZONE & HQ arises in normal course of business due to transfer of material by Store & Misc. recovery from employees. These balances are regularly being reconciled.
	d. Advance Income Tax (A/c Code 27.4) showing a balance of ₹19,52,685.50 which is outstanding since more than 4 years. Needs proper adjustment.	The deduction of TDS by banks/other firms has been debited under AG 27.421 under various units of the company, which is adjusted at HQ level.

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	<p>e. The zone has shown an amount recoverable from Non- Board Employee (A/c Code 28.411) ₹1,67,76,297.00 and Miscellaneous Advance Ex- Employees (A/c Code 28.402) ₹130,540 (which is long overdue) of which reconciliation should be made and to be recovered/ adjusted.</p>	<p>Misc. advance is booked against employees for embezzlement/fraud and non-submission of stock account by JE's. In some cases, there is stay by HON'BLE court and in some other cases, it is not possible to recover the Misc. advance because of death /retirement of employees or non-availability of full records, however efforts are being made by the divisions to get the Misc. advance amount recovered.</p>
	<p>f. Misc. Deposit (A/c Code 28.862) is long overdue ₹21,13,950 and subject to confirmation and reconciliation.</p>	<p>The reconciliation of Misc. deposit under AG 28.862 is under progress.</p>
	<p>g. HQ MD Meerut (A/c Code 32.02.953) is showing a balance of ₹7,00,000 since long and there is no transaction in this account. Needs proper adjustment.</p>	<p>Inter unit balance of ZONE & HQ arises in normal course of business due to transfer of material by Store & Misc. recovery from employees. These balances are regularly being reconciled.</p>
	<p>h. A/c Code 44.121: Employee contribution ₹6,87,788.99 is very old and needs adjustment & A/c Code 44.12000: Prov. For pension is showing a balance of ₹79,11,54,587.00 out of which ₹5,69,793.00 pertains to current year. Bank Balance In few Bank accounts in the zone, old amounts debited of ₹1,64,28,014.04/- by the bank as bank charges but not responded in books of accounts and vice versa, are appearing in the bank reconciliation statements. We recommend the same shall be duly reconciled and shall be adjusted accordingly.</p>	<p>AG 44.121 balance is pertaining to EPF liability generated during EPF amount transfer by EPF department to PVVNL in 1978 and onwards efforts are being made to reconcile and adjust the amount by the divisions. The liability for provision of pension AG 44.12000 is being made at division level and the liability is adjusted at HQ level at the time of transfer of fund to Lucknow.</p>
	<p>b. Dakshinanchal Vidyut Vitran Nigam Limited-</p> <p>i. The Company is following its holding company Office Memorandum dated 06.09.2017 wherein rates of capitalisation of employee cost were prescribed on basis of financials of 2014-15 or so, @15% of deposit works, @13.50% of distribution works and @9.50% on other works, and made capitalisation of employees cost of Rs. 240.03 crores, being employees cost @ specified percentage to the extent of employee cost available at a particular division. In our opinion, this is incorrect and inappropriate method of capitalisation of employees cost, and Company shall formulate a long-term policy for ascertainment of method of capitalisation of employee cost and re-assessment of the same</p>	<p>Capitalization has been done as per the policy of the company. The same has been disclosed at point no. (II) (e) of Material Accounting Policies of the company.</p> <p>Paragraph 32 of Ind AS 2 'Inventories' provides that materials and other supplies held for use in the production of inventories are not written down</p>

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	<p>every three years.</p> <p>ii. The Company has valued its inventory of stores & spares at cost against the valuation method prescribed under Ind AS -2 "Inventories" which shall be lower of cost or net realisable value.</p> <p>iii. Pension & Gratuity (GPF Employees) expense of Rs. 23.41 Crores is booked @ 16.70% and 2.38% respectively on the basis of very old actuarial valuation report dated 09.11.2000 addressed to holding company.</p>	<p>below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. The Company is operating in the regulatory environment, and as per Tariff Regulations, the cost of other inventory items is recovered as per extant tariff regulations. Accordingly, the realizable value of the inventories is not lower than the cost. The same has been made in point no. 42 of Notes on Accounts.</p> <p>The fact has already been disclosed at point no. 16 (a) of Notes on accounts.</p>
	<p>c. Purvanchal Vidyut Vitran Nigam Limited</p> <p>i. There is a significant and concerning increase in the level of trade receivables compared to previous years As per the age-wise breakup of trade receivables provided by the Company, against the total revenue from sale of power (including Electricity Duty) of ₹17,028.37 crores for the current year, the outstanding trade receivables aged one year or less amount to ₹12,204.89 crores, indicating poor realization and collection efficiency. Furthermore, the total trade receivables outstanding as at year-end stand at ₹41,700.61 crore, which is substantially higher than the cumulative revenue from sale of power for the last two financial years combined. While it may not be currently feasible to precisely identify or quantify the irrecoverable portion, the magnitude and ageing of the outstanding amounts warrant serious review and assessment for impairment and provisioning.</p>	<p>The company has taken initiatives to increase the collections from the Debtors through Collection camps, KEOSKs and other mode of payments.</p> <p>Aside, the provision on the Trade Receivables is being created on the basis of Provisioning Policy of the Company.</p>
	<p>d. Kanpur Electricity Supply Company Limited</p> <p>i. The company has not booked Interest on ED during the current FY 2024-25 in accordance with the decision made at 104th BOD held on 22.05.2024 in which after considering the various facts, it has been decided that interest on ED shall not be booked from FY 2023-24 onwards. Impact of ₹116.31 crore has been disclosed as contingent liability in point no. 21B (I). (Also refer Note No. 29- 55 of "IND AS FS").</p>	<p>The matter is already covered in notes to accounts of Kesco. Further the amount has been booked as a contingent liability.</p>

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	<p>ii. Subsidy receivable amounting to Rs. 159.99 Crores from GoUP for UDAY Loss has been reversed during the year, out of which Rs. 79.88 Crores received in the FY 2023-24 and Rs. 80.11 Crores is received in the FY 2024-25. Due to this reversal of subsidy other income is understated amounting to Rs. 79.88 crores during the year. (Also refer Note No. 20 of "IND AS FS").</p>	<p>The overall receipt of subsidy from GoUP and its allocation to Discoms is being centrally controlled through UPPCL.</p> <p>Thus accounting has been done at discom level as per advice sent by UPPCL.</p>
	<p>iii. The Government of UP has, vide its order nos. 3188 dated 24.10.2003 and 1077 dated 17.04.2008 decided that the electricity duty and interest payable for the period from 15.01.2000 to 31.03.2003 and from 01.04.2003 to 31.03.2008 respectively would be adjusted against the balance subsidy payable to UPPCL by the State Government. Accordingly, the amount of electricity duty and interest payable thereon (up to the financial year ended 31st March, 2023), due to pending adjustment by the State Government has been shown under the head 'Electricity Duty and Other Levies Payable to Government' grouped under "Other Financial Liabilities (Current)" (Also refer note no-18 of "Ind AS FS").</p>	<p>Informatory Para.</p>
	<p>iv. Trade Receivables Rs. 1959.46 Crores : The company has changed its estimate for making provision on bad & doubtful debts during the F.Y. 2024-25 as compared to the F.Y. 2023-24. (Also refer to Note No. 29-10 of "IND AS-FS").</p>	<p>Informatory Para.</p>
	<p>v. 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, However, the financial impact of the same on IND AS "F.S." is not ascertainable. (Also refer to Note No. 1-3(1)(d) of "IND AS-FS").</p>	<p>The company has duly accounted for the amount of unpaid bills with respect to assets capitalized till 31st March, 2025 and the value has already been added to the cost of assets.</p>
	<p>vi. Prior period error in total income or total expenditure shall be considered material if it exceeds 1/2 % of the revenue from the operations of the immediate preceding financial year. During F.Y. 2024-25 Prior Period Expenses was 0.06 Crore and Income was 0.11 Crore which is quite less than 1/2 % ceiling limit and thus no separate disclosure for prior period items have been made in the financial statements. The prior period items during the year have been adjusted in the similar head of income/exp of current financial year. (Also refer Note No. 29-33 of "IND AS-FS").</p>	<p>Informatory Para.</p>

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	<p>e. Madhyanchal Vidyut Vitran Nigam Limited</p> <p>i. During the Financial Year 2024-25, various old balances appearing in different assets and liabilities heads which were being carried forward from previous years have been shifted to 'asset migration account' and 'liability migration account' totalling to Rs. 7.78 crores and Rs 2.13 crores respectively.</p>	Informatory Para.
	<p>ii. The financial statements of the company are being prepared on a going concern basis, notwithstanding the fact that company is continuously running in losses since last many years. The appropriateness of the said basis is inter-alia dependent on continuing support from the Government and improved operational/ financial performance.</p>	Given the fact that the company's net worth has risen to Rs. 8,740.24 crore in FY 2024-25 from Rs. 313.42 crore in FY 2003-04, there is no doubt regarding the company's ability to continue its operations on a going concern basis.
	<p>iii. The Company does not have an effective system for realizing revenue from customers as the amount of receivables as on 31st March, 2025 is Rs. 29,861.24 crores, which is equivalent to around 754 days sale of power by the 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.</p>	Smart prepaid/postpaid meters are being installed to ensure advance/timely collection of revenue. In addition to the above, the company is organizing camps and installing KEOSKs for realization.
	<p>iv. The segregation of 'Trade Receivable' into Government/ Non-Government and ageing into different age buckets as per para 10 of note 1B have been made only on the basis of online billing data provided by commercial wing.</p>	Informatory Para.
	<p>v. As per the direction of Hon'ble High Court, the special audit of Bills Revision in consumer's bills for the period April 2022 to Sept. 2023 has been conducted at Distribution Division level. However, the management has not provided us the number of bills and quantum of total amount involved. Since, information regarding the actual status and outcome of the special audits has not been provided to us, its impact on the financial statements could not be ascertained.</p>	All the records are available at Divisions.
	<p>vi. During the FY 2024-25 the company has for the first time implemented full-fledged accounting through an ERP system which was earlier done on manual basis. As explained to us, the company has got performed ERP accounting system audit at UPPCL level. However, the reports of the same was not made available to us. In the absence of which we were unable to comment on accuracy, operational effectiveness, completeness, and reliability of financial data generated through ERP system.</p>	Informatory Para.

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	Specific observation given by Branch Auditors:	
	a. Paschimanchal Vidyut Vitran Nigam Limited-	
	i. The compliance of Internal Audit Reports in few cases for the F.Y. 2024-25 are in progress.	Informatory Para.
	ii. TDS Default and demand of old period as per Traces are appearing on the portal. These need to verified and appropriate action there to should be taken by the company.	Active efforts are being made to reconcile and rectify defaults reflecting on TRACES. The balances showing as on 31.03.2024 was ₹0.63 crore which is reduced to ₹0.51 crore as on 31.03.2025.
	iii. During the year, ERP software has been fully implemented however complete functioning and independent due diligence of software should be ensured from the third party.	Informatory Para.
	iv. No information has been provided as regards to Capital Commitments made by the Company.	No Capital Commitments has been made by the Company during the year.
	v. Company's assets are un-insured with risk of theft, fire, riots, earthquake etc. and have not made adequate arrangement to save its assets from these incidents in future.	The company is distributing electricity in 14 districts of Uttar Pradesh through widely scattered distribution network which are required to be installed in open areas, which mainly covers Distribution Transformers, Poles, Lines & Cables etc., due to which it is very difficult to get insured the assets. Although, the security of assets has been look after by the company through regular patrolling and fencing of Distribution transformers and substations.
	vi. Shares Application Money pending allotment as at the opening of the year amounting to ₹1262.08 crores and shares application money received during the year amounting to ₹3686.82 crore out of which ₹37206894117 value of shares allotted after the expiry of 60 days from date of receipt of share application money. Share Application Money as on 31.03.2025 is ₹1198.21 crore are lying pending for allotment.	Equity is being received by the company through cash directly from UPPCL and from the Central Govt. via Ministry of Power in various Central govt. schemes of electrification directly to the Discom. In case of the said schemes, on receiving the fund to the Discom, the intimation of the same is sent to UPPCL for the allotment of share of UPPCL to U.P. Govt. Further, on confirmation received from UPPCL regarding allotment of their equity shares to GoUP, the discom make allotment of its equity

	INDEPENDENT AUDITOR'S REPORT	Management Reply												
		shares to the UPPCL. Due to the said exercise, there might be delay in allotment of shares in some cases.												
	vii. The unaccounted Distribution Losses during the year is 11.18%, the amount of which is indeterminate. The management has not segregated the same between normal loss and/or abnormal loss. Same needs to be looked into for appropriate action by the company.	Noted for future compliance.												
	<p>b. Dakshinanchal Vidyut Vitran Nigam Limited-</p> <p>i. The Company has outstanding trade receivables from Government/Semi-Government Consumers of Rs. 5,398.29 Crores, aging of which is as follows:</p> <table style="margin-left: 40px;"> <thead> <tr> <th>Outstanding for Period</th> <th>Amount (in Crores)</th> </tr> </thead> <tbody> <tr> <td>Up to 6 Months</td> <td>3,239.52</td> </tr> <tr> <td>6 Months – 1 Year</td> <td>317.43</td> </tr> <tr> <td>1 Year – 2 Years</td> <td>532.05</td> </tr> <tr> <td>2 Years – 3 Years</td> <td>260.80</td> </tr> <tr> <td>> 3 years</td> <td>1048.49</td> </tr> </tbody> </table> <p>Efforts should be made to realise the amount of Rs. 1,841.34 crores outstanding for more than 1 year.</p>	Outstanding for Period	Amount (in Crores)	Up to 6 Months	3,239.52	6 Months – 1 Year	317.43	1 Year – 2 Years	532.05	2 Years – 3 Years	260.80	> 3 years	1048.49	Efforts are being made for collection of due amounts from the state government.
Outstanding for Period	Amount (in Crores)													
Up to 6 Months	3,239.52													
6 Months – 1 Year	317.43													
1 Year – 2 Years	532.05													
2 Years – 3 Years	260.80													
> 3 years	1048.49													
	ii. The Company has also not amortised the government grant received under specific schemes of central/state governments outstanding under GL 55.30200 & GL 55.30300 in anticipation of conversion of such grants into equity in future.	Grants received under Specific Schemes are regularly converted into Equity by the GoUP through UPPCL. Hence there is no need to amortise.												
	iii. The Company has booked income under GL 63.11010 'Cross Subsidy Charges' of Rs. 28.98 Crores and GL 62.80100 'Wheeling Charges' of Rs. 47.80 Crores on the basis of 100% relying credit notes received from UPPTCL without having independent ascertainment/assessment of the same.	Billing is done by the UPPTCL for wheeling charges and cross subsidy and all the transactions are handled by the Transmission company w.r.t. wheeling charges and cross subsidy. These are based on the Norms issued by the Central and state Regulatory commission.												
	iv. Contravening the provision of Companies Act, 2013, the company is constantly defaulting in issuing equity share capital within the period of 60 days from receipt of fund from the shareholder.	The Company has taken due cognizance of the requirement under Section 42 and Section 62 read with applicable rules, which mandate allotment of shares within 60 days from the date of receipt of												

	INDEPENDENT AUDITOR'S REPORT	Management Reply
		<p>application money.</p> <p>The Company acknowledges the delays in earlier periods; however, it is submitted that during the current reporting period, necessary steps have been taken to ensure strict compliance. Shares are now being allotted promptly upon receipt of application money, well within the prescribed statutory timelines. The process has been streamlined internally to avoid any recurrence of such delays in future.</p>
	<p>v. The Company has huge outstanding liabilities of Rs. 212.43 crores towards Gratuity Payable to CPF Employees & Rs. 323.93 crores towards leave salary payable to employees on the basis of actuarial valuation. However, as a matter of good corporate governance, the company has failed to make any earmarked investment of such amount to ensure payment of such liabilities on time even in the unfavourable circumstances.</p>	<p>The company has not been at default in payment of the liabilities. Earmarked funds in this regard is not a mandatory requirement. Aside, the suggestion may be taken up for consideration.</p>
	<p>vi. Under CPC 5, there are unidentified bank receipts of Rs. 0.03 crores parked under GL Code 46.2 'Other Deposits Payable'. In our opinion nature/source of the receipts should be identified and dealt accordingly.</p>	<p>Noted for compliance.</p>
	<p>vii. Under CPC L, there are unidentified bank receipts of Rs. 0.01 crores are outstanding in Bank Reconciliation Statements, In our opinion nature/source of the receipts should be identified and dealt accordingly.</p>	<p>Noted for compliance.</p>
	<p>iii. Contravening the disclosure requirement under the Companies Act, 2013, the Company has not disclosed under capital work in progress, the overdue projects along with expected completion schedule, projects temporarily suspended and projects wherein cost exceed projections.</p>	<p>Disclosure has been made to the extent information available with the Company.</p>
	<p>ix. GL 46.303 Ministry of Power (Against Interest earned) long outstanding credit balance of Rs. 7.56 crores, liability should be reconciled with the Ministry and paid.</p>	<p>Noted for compliance.</p>

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	x. The Company has not made provisions from July 2017 till date in respect of more than 100 employees not yet migrated to 7 th Pay Commission. Quantum of provision is undeterminable from the records of the Company.	Provision has been made as per best estimates and judgement of the management. this matter will be reviewed in ensuing year and necessary adjustment will be made if required.
	xi. Insurance of Fixed Assets are not found causing risk factor to the company's fixed assets.	The company is distributing electricity in 21 districts of Uttar Pradesh through widely scattered distribution network which are required to be installed in open areas, which mainly covers Distribution Transformers, Poles, Lines & Cables etc., due to which it is very difficult to get insured the assets. Although, the security of assets has been looked after by the company through regular patrolling and fencing of Distribution transformers and substations.
	xii. While scrutiny of TRACES Portal we have found default of Rs. 239040.00 scrutinised during our review which belong to Rs. F.Y. 2022-23 Rs. 10770.00 & F.Y. 2024-25 Rs. 228270.00.	This is under reconciliation and the necessary revision in the TDS returns filed will be done to clear the defaults.
	xiii. During our review we found Cash Imprest with Staff amounting to Rs.0.17 Crore is pending for adjustment at the end of financial year.	Noted for compliance.
	xiv. Age wise detail of creditors is not provided by the management hence long outstanding creditors could not be verified and accordingly adjustment cannot be done.	The age wise details of the creditors is given in the Notes to Accounts.
	xv. During our review we found significant delays in filing of Compliances/Statutory forms with Registrar of Companies (ROC).	Regarding significant delays in the filing of compliances/statutory forms with the Registrar of Companies (ROC), it is to submit that all mandatory filings during the financial year were duly completed, and wherever delays occurred, they were limited to a period of less than two months from the respective due dates. During the current year under review, there has

	INDEPENDENT AUDITOR'S REPORT	Management Reply
		<p>been a marked improvement in compliance timelines in comparison to last year, and no instances of habitual or material non-compliance were noted. The minor delays that did occur were procedural in nature, did not attract any penalties or regulatory action beyond nominal additional fees, and had no adverse impact on the company's statutory standing.</p> <p>We remain committed to ensuring timely and accurate compliance with all statutory requirements.</p>
	<p>vi. As per Internal Audit Reports, the Internal Auditors cover only one Month period for purpose of verification. 100% verification of transactions and regular checking is not done. Further the report of Internal Auditors is not in standard format to interpret them in consolidated manner at Head /Zone office Level. In existing scope of internal audit being inadequate some material misstatements or frauds may remain undetected at unit level. In absence of complete information financial implications on Profitability and state of affairs of the company is not ascertainable.</p>	<p>To cover maximum in audit from financial year 2023-24 audit has been now conducted in Two Stages, Stage-1-April-December in which units are required to noted down all observations on account of Stage-1 and try to do necessary rectification/adjustments in Stage 2 Audit of January-March.</p>
	<p>vii. During the financial year 2024-25 company has made provision for Obsolete Stores of Rs.19.58 crores based on Independent Chartered Accountant Firm Report.</p>	<p>Informatory para.</p>
	<p>c. Kanpur Electricity Supply Company Limited-</p> <p>i. The Company has calculated Interest on Security Deposit (Consumer) @6.75% on the outstanding balance of Total Ledger Balance as per the books. However, the said interest is not reconciled with actual Interest allowed/adjusted by software used for recording sale of energy in the Customer bills raised during the year ended 31.03.2025 ("F.Y.")</p>	<p>The booking of Interest as an expense and payment of interest to consumers are different transactions as the former is based on the interest accrued on consumer security deposit during the year and the latter is the amount paid to consumers for interest accrued for previous year as per the practice followed by the company.</p> <p>As per the accrual concept, the expense for security deposit for the year is booked as per applicable rate for the year on the total amount of available security deposit as per book balance rather than on</p>

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	<p>ii. The Company in its Material Accounting Policies has not stated accounting policy for Rebate to Consumers on timely payment of bills.</p> <p>iii. The Internal Audit Report of “SE Commercial” for the financial year 2024-25 has not been provided to us for verification, The Replies of the management / compliance report of various observations pointed out by the Circle/Vertical wise respective Internal Auditor's in their Internal Audit Report up to the "F.Y." 2024-25 has not been made available to us, hence, we are unable to comment upon the impact, if any, arising in the "IND AS-FS" of "the Company/KESCO".</p>	<p>individual ledger balance. On the other hand, payment of interest is done as on the basis of interest accrued for previous financial year and that too on active consumers as per balance available in Online billing portal for each consumer.</p> <p>As mentioned by the Auditor, the company need to disclose only Material Accounting Policies and disclosure of all accounting policies are not required. The accounting for rebate has been done as per the generally accepted accounting practice and the auditors have not objected to the accounting treatment.</p> <p>The Internal Audit report of SE Commercial was delayed due to unavoidable circumstances & reasons beyond our control. However, the same is now available with us. The Internal audit reports of rest units have been discussed in detailed with the auditors and the matter has already been covered in the audit report above.</p>
	<p>iv. Compliance of “The Act”:</p> <p>As per MCA data the Company is an active compliant company. Further, the scrutiny of the master data and other returns of the company filed with the MCA revealed the following:</p> <ul style="list-style-type: none"> ➤ Charges column disclosed in the Company Master Data includes old satisfied charges. ➤ Director Identification Number (DIN) is not available in respect of the following director appointed to the Board of the Company. This is in contravention of Section 153, 154 read with section 158 of the Companies Act, 2013: 	<p>As mentioned by the Auditor the old satisfied charges are showing on MCA portal. It is the practice on MCA portal to show all the charges including satisfied charges with the date of satisfaction.</p> <p>Smt. Mala Srivastava is no longer in the position of Director & DIN of Shri Jitendra Pratap Singh is 11268576.</p>

INDEPENDENT AUDITOR'S REPORT			Management Reply									
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S.NO	Name of the Director	Date of Appointment										
1.	Smt. Mala Srivastava	22/12/2023										
2.	Shri Jitendra Pratap Singh	16/01/2025										
<p>➤ DIR-12 has not been filed up to 31/03/2025 in respect of the following Directors, who have been appointed to the board of the Company:</p> <table border="1"> <thead> <tr> <th>S. No.</th> <th>Name of the Director</th> <th>Date of Appointment</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Smt. Mala Srivastava</td> <td>22/12/2023</td> </tr> <tr> <td>2</td> <td>Shri Jitendra Pratap Singh</td> <td>16/01/2025</td> </tr> </tbody> </table>			S. No.	Name of the Director	Date of Appointment	1	Smt. Mala Srivastava	22/12/2023	2	Shri Jitendra Pratap Singh	16/01/2025	
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2	Shri Jitendra Pratap Singh	16/01/2025										
<p>e. Madhyanchal Vidyut Vitran Nigam Limited</p> <p>i. Company's assets are un-insured with risk of theft, fire, riots, earthquake etc. and have not made adequate arrangement to save its assets from these incidents in future.</p> <p>ii. The AT & C Losses during the year is 17.69 %, The management has not segregated the same between normal loss and/or abnormal loss. Same needs to be looked into for appropriate action by the company.</p> <p>iii. As reported by the zonal auditor of Ayodhya zone, theft of assets (AG code 18) has old balance of Rs. 101.90 Lakh in three divisions (code 592,599 &602) for which provision has been made at H.O. but present status has not been explained to the zonal auditors. Further as explained to us, the Provision of the same has been done at the Headquarters.</p> <p>iv. The company has delayed vendor payments under the RDSS scheme, resulting in unclaimed</p>			<p>i. The company is distributing electricity in in a wide area of Kanpur through widely scattered distribution network which are required to be installed in open areas, which mainly covers Distribution Transformers, Poles, Lines & Cables etc., due to which it is very difficult to get insured the assets. Although, the security of assets has been looked after by the company through regular patrolling and fencing of Distribution transformers and substations.</p> <p>ii. AT&C losses are within the limits prescribed under RDSS.</p> <p>iii. 100 percent provision against theft of assets is made at Discom HQ level.</p> <p>iv. Since rebate claimed by the company under</p>									

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	rebate of Rs. 6.64 crore, causing indirectly financial loss to the company/ RECIL/GoUP. As informed to us by the management that this delay is due to the reason that there is lack of sufficient funds available with the company to make necessary timely payment in order to avail the benefits of rebate.	the RDSS scheme is not the income of the company, there had been no financial loss for unclaimed rebate.
	Specific Observations of DISCOM Auditor on Audit Trail-	
	<p>a. Paschimanchal Vidyut Vitran Nigam Limited-</p> <p>Based on our examination, the company has implemented ERP System for accounting transactions which has a feature of recording of Audit Trail (edit log) except Revenue module, which is operated by a third party software, revenue amount is booked thorough JV's in ERP system on the basis of third party software data.</p> <p>As per proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) rules, 2014 on preservation of audit trail as per statutory requirement for record retention is not applicable for the financial year ended 31st March 2024, Since the company was not operating ERP system completely having audit trail feature for the year ended 31st March 2024.</p>	The Account is being generated completely from ERP System.
	<p>b. Dakshinanchal Vidyut Vitran Nigam Limited-</p> <p>Company had prepared its financial statements from books of accounts maintained under manual accounting system using conventional method of accounting such as sectional journals, ledgers, etc. Upto 30.06.2024 wherein audit trail feature is not available/applicable and from books of accounts maintained on SAP software w.e.f 01.07.2024 wherein audit trail feature is implemented.</p>	Informatory Para
	<p>c. Purvanchal Vidyut Vitran Nigam Limited-</p> <p>As per Rule 11(g) of Companies (Audit & Auditors') Rules, 2014 the Company is using accounting software for maintaining its books of account, which have a feature of recording audit trail facility.</p>	Informatory Para
	d. Kanpur Electricity Supply Company Limited-	

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	<p>The Ministry of Corporate Affairs (MCA) vide notification dated 24 March 2021 has issued the “Companies (Audit and Auditors) Amendment Rules, 2021. As per proviso to Rule 3(1), applicable for financial years commencing on or after the 1 April, 2022, every company which uses accounting software for maintaining its books of account, shall use accounting software for maintain its books of account, shall use only such accounting software which has a feature of recording audit trail of each transaction, creating an edit log of each change made in the books of account along with the date when such changes were made ensuring that the audit trail cannot be disabled.</p> <p>As required under above rules, the Company has used accounting software's for maintaining its books of account, which have a feature of recording audit trail (edit log) facility in respect of all relevant transactions recorded in the respective software's.</p> <p>Based on our examination which included test checks, and as communicated by the management, the feature of recording audit trail (edit log) facility was not enabled at the database level to log any direct data changes for the accounting software's used for maintaining the books of account. Hence, we are unable to comment on the efficacy of the audit trail feature.</p>	<p>The company has now implemented ERP which provides all relevant data to form a sufficient Audit Trail.</p>
	<p>e. Madhyanchal Vidyut Vitran Nigam Limited-</p> <p>The reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is applicable from 1st April 2023. In our opinion and according to the information and explanations given to us, the Company has maintained its books of account using accounting software which has a feature of recording audit trail (edit log) facility, and the same has been operated throughout the year for all transactions recorded in the software. Further, the audit trail feature has not been tampered with and has been preserved by the Company as per the statutory requirements for record retention.</p>	<p>Informatory Para</p>
	Annexure "I"	
	<p>As referred to in "Basis of Qualified Opinion" paragraph of our Audit Report of even date to the members of Uttar Pradesh Power Corporation Limited on the Consolidated Financial Statements of the Group for the year ended 31st March, 2025)</p>	

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	<p>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:</p>	
<p>1.</p>	<p>Uttar Pradesh Power Corporation Limited</p> <p>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:</p> <p>1. Kindly refer to Note 6 of the financial statements for the year ended 31st March 2025, which discloses an amount of ₹5.69 crore classified as an advance to Noida Power Corporation Ltd. (NPCL).</p> <p>As per the agreement dated 15th November 1993, the Uttar Pradesh State Electricity Board (UPSEB), currently known as Uttar Pradesh Power Corporation Limited, transferred certain assets to NPCL against a sales consideration of ₹10.10 crore. The key terms of the agreement are as follows:</p> <ul style="list-style-type: none"> • The sales consideration shall be treated as a loan. • The amount is repayable in four equal instalments: <ul style="list-style-type: none"> ○ The first instalment of one-fourth of the total amount is payable after one year from the date of transfer. ○ The remaining three instalments are to be paid in three equal annual payments thereafter. • Interest at the rate of 14% per annum is chargeable from the date of transfer, calculated on the reducing balance method. <p>As of 31st March 2025, an outstanding principal amount of ₹5.69 crore remains due from NPCL. In addition, an accrued interest of ₹256.81 crore has accumulated on this account.</p> <p>The management has made a 100% provision for both the principal and the interest due, citing the long-standing non-recovery and no movement in the account over the years.</p>	<p>After thorough examination, the matter for writing off the balances pertains to NPCL and accrued interest thereof is under consideration with the management. Necessary action shall be taken accordingly.</p>

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	<p>In response of our queries during the audit:</p> <ul style="list-style-type: none"> • The company is not provided the ledger account of NPCL since beginning. The management has replied to us that the outstanding balance of Rs. 5.69 Crores pertains to the period prior to FY 2007–08, and no transactions have occurred in the account after the year 2007-08, management further told us that they have no old data and documents to explain the same • The management has not provided details of any legal proceedings initiated against NPCL for the recovery of the outstanding dues, which is a matter of concern given the materiality of the amount involved and the extended period of non-recovery. As per the agreement, payment should have been made in four equal instalments, and NPCL has breached the terms of the agreement. However, the management has not taken or provided us with any details of cases lodged against NPCL to recover the amount, which raises concerns about the management's actions. • We asked for year-wise balance confirmation with NPCL; management has replied that year-wise balance was not available, • On our request to issue Balance confirmation letter to all sundry creditors, debtors, borrowers to compliance the statutory compliance, the company was not issued the balance confirmation letter to NPCL during the year and in previous years. This is the lapse of the statutory compliance of balance confirmation. • We requested the interest calculation from the inception of the advance, but the management only provided the interest calculation for the year 2024–25, so we are unable to comment on correctness of the amount of interest debited in the financial statements as on 31st March 2025. <p>We also addressed some other issues on which the management has not given us any satisfactory reply:</p> <ul style="list-style-type: none"> ○ The agreement was executed on ₹100 stamp paper, which raises a doubt about the validity of the agreement. ○ The amount pertains to the period prior to 2007–08. We inquired whether the company has taken any legal opinion regarding whether it can lodge a legal case against NPCL as per the Limitation Act. The management has not provided any 	

	INDEPENDENT AUDITOR'S REPORT	Management Reply																																																
	<p>satisfactory response to this query.</p> <p>In our view, the lack of action and documentation raises concerns regarding the recoverability of the advance and the appropriateness of the Company's internal control and legal follow-up in this matter.</p>																																																	
2.	<p>Kindly refer to Note 12 –of the Financial Statements as on 31st March 2025 discloses an amount of ₹1541.44 Receivables from Generators crore out of which ₹850.12 crore which has been outstanding for more than three years., this amount remains unconfirmed and unreconciled for a prolonged period. The Company has not recognized any provision against this outstanding balance.</p> <p>Further, the details of the outstanding ₹850.12 crore receivables (pending for over three years) are provided below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">S. No</th> <th style="text-align: center;">Particulars</th> <th style="text-align: center;">Amount (₹)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td>Bhakra Project Management Board</td> <td style="text-align: right;">16575376.60</td> </tr> <tr> <td style="text-align: center;">2</td> <td>N.H.P.C</td> <td style="text-align: right;">3432723674.00</td> </tr> <tr> <td style="text-align: center;">3</td> <td>MSEDCL</td> <td style="text-align: right;">15502004.00</td> </tr> <tr> <td style="text-align: center;">4</td> <td>Northern Railway (UI)</td> <td style="text-align: right;">3883753491.44</td> </tr> <tr> <td style="text-align: center;">5</td> <td>NPCL(UI)</td> <td style="text-align: right;">921987408.94</td> </tr> <tr> <td style="text-align: center;">6</td> <td>Lanko Eu Limited</td> <td style="text-align: right;">9705040.12</td> </tr> <tr> <td style="text-align: center;">7</td> <td>G.M.R Energy Private Limited</td> <td style="text-align: right;">60719.00</td> </tr> <tr> <td style="text-align: center;">8</td> <td>A.C.C Limited</td> <td style="text-align: right;">775440.00</td> </tr> <tr> <td style="text-align: center;">9</td> <td>Chunar Cement Factory (JPA) Limited</td> <td style="text-align: right;">63460809.77</td> </tr> <tr> <td style="text-align: center;">10</td> <td>Mittal Proc. Private. Ltd. Ghaziabad</td> <td style="text-align: right;">46511195.00</td> </tr> <tr> <td style="text-align: center;">11</td> <td>Bajaj Hindustan Limited, (Gangauli)</td> <td style="text-align: right;">30855342.42</td> </tr> <tr> <td style="text-align: center;">12</td> <td>Bajaj Sugar Limited, Barkhera</td> <td style="text-align: right;">28675110.97</td> </tr> <tr> <td style="text-align: center;">13</td> <td>Bajaj Hind. Paliakalan, Lak</td> <td style="text-align: right;">48957384.60</td> </tr> <tr> <td style="text-align: center;">14</td> <td>Himachal Pradesh</td> <td style="text-align: right;">1688774.00</td> </tr> <tr> <td></td> <td style="text-align: center;">Total</td> <td style="text-align: right;">8501231770.86</td> </tr> </tbody> </table> <p>In our opinion, a suitable provision against the Receivables from Generators should be</p>	S. No	Particulars	Amount (₹)	1	Bhakra Project Management Board	16575376.60	2	N.H.P.C	3432723674.00	3	MSEDCL	15502004.00	4	Northern Railway (UI)	3883753491.44	5	NPCL(UI)	921987408.94	6	Lanko Eu Limited	9705040.12	7	G.M.R Energy Private Limited	60719.00	8	A.C.C Limited	775440.00	9	Chunar Cement Factory (JPA) Limited	63460809.77	10	Mittal Proc. Private. Ltd. Ghaziabad	46511195.00	11	Bajaj Hindustan Limited, (Gangauli)	30855342.42	12	Bajaj Sugar Limited, Barkhera	28675110.97	13	Bajaj Hind. Paliakalan, Lak	48957384.60	14	Himachal Pradesh	1688774.00		Total	8501231770.86	<p>arty-wise response/action plan is as under:-</p> <p><u>Bhakra Project Management Board:</u> Balance pertains to transfer scheme & is under consideration for writing off. Necessary action shall be taken accordingly.</p> <p><u>N.H.P.C:</u> Reconciliation of balance is under process.</p> <p><u>MSEDCL:</u> During reconciliation of balances, it has come to know that the debit balance is due to penalty levied by UPPCL for short supply and the same has been disputed by MSEDCL LOI terms & conditions being reviewed. Accordingly necessary action shall be taken.</p> <p><u>Northern Railway (UI):</u> The balance is reconciled with NR. However, Northern Railway has informed that they had sought some clarification on billing related to UI charges from UPSLDC. Upon receipt of the clarification, the reconciliation statement will be signed accordingly.</p> <p><u>NPCL(UI):</u> Balance is reconciled with NPCL.</p>
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	INDEPENDENT AUDITOR'S REPORT	Management Reply
	<p>made by the company. On our request to issue Balance confirmation letter to all sundry creditors, debtors, borrowers to compliance the statutory compliance, the company was not issued the balance confirmation The matter also has been reported by the previous statutory auditor in their independent audit report for the financial year 2023-24, 2022-23 & 2021-22. The company has not taken any corrective action on that point.</p>	<p>NPCL has informed that out of this total balance, Rs.69 crores pertains to UI/DSM charges which they had deposited with UPSLDC instead of UPPCL. Hence, the matter is under consideration with the management for decision to recover the same from UPSLDC. Balance, Rs. 23 crores pertain to sign change violation charges, on which stay order has been granted by Hon'ble APTEL.</p> <p><u>Lanko Eu Limited:</u> The balance is appearing as receivable from 2014-15. Reconciliation of the same is under process.</p> <p><u>G.M.R Energy Private Limited:</u> Balance is appearing as receivable from 2018-19. Reconciliation of the same is under process.</p> <p><u>A.C.C Limited:</u> The balance is o/s from 2012-13. Reconciliation of the same is under process.</p> <p><u>Chunar Cement Factory (JPA) Limited:</u> The balance is outstanding from 2012-13. Chunar Cement Factory is the unit of Jaiprakash Associate, which is under Insolvency process. The claim for the outstanding amount has been lodged with resolution professional.</p> <p><u>Mittal Proc. Private. Ltd. Ghaziabad:</u> Debit balance is carried forward from year 2018-19. Reconciliation of the same is under process.</p> <p><u>Bajaj Hindustan Limited, (Gangauli)</u> <u>Bajaj Sugar Limited, Barkhera</u></p>

	INDEPENDENT AUDITOR'S REPORT	Management Reply
		<p><u>Bajaj Hind. Paliakalan, Lak:</u> Reconciliation has been completed & in the process of signature. Hence necessary adjustments/rectifications will be completed in 2025-26.</p> <p><u>Himachal Pradesh:</u> Balance pertains to transfer scheme & is under consideration for writing off. Necessary action shall be taken accordingly.</p>
3	<p>(a) Capital Reserve:</p> <p>Kindly refer Note 14 of the financial statements, the company has reported a Capital Reserve amounting to ₹195.95 crore. However, the company has not provided a detailed breakup, supporting documentation, or an explanation regarding the composition and nature of this reserve.</p> <p>In the absence of adequate supporting evidence, we are unable to verify the appropriateness, accuracy, and completeness of the amount reported under Capital Reserve. Accordingly, we are unable to comment on the validity of this balance.</p>	<p>Balance pertains to transfer scheme & is under consideration for adjustment with retained earnings. Necessary accounting shall be done accordingly after the approval of competent authority.</p>
	<p>(b) Restructuring Reserve:</p> <p>Kindly refer Note 14 of the financial statements as on 31st March, 2025, it shows a credit balance of ₹540.31 crore is reported under the head Restructuring Reserve. As confirmed to us during the course of the audit, this amount pertains to old balances pertaining to a transfer scheme. However, no detailed documentation, supporting records, or explanatory note has been provided to substantiate the nature, origin, or basis of this reserve.</p> <p>In the absence of such information, we are unable to verify the accuracy, classification, and appropriateness of the said balance in accordance with the applicable financial reporting framework, including Schedule III of the Companies Act, 2013.</p>	<p>Balance pertains to transfer scheme & is under consideration for adjustment with retained earnings. Necessary accounting shall be done accordingly after the approval of competent authority.</p>
4	<p>It was observed that the Company has regrouped certain old balances into an "Assets Migration Account" under Note 6 of financial statements as on 31st. March, 2025 under the head Non-</p>	<p>The old balances which are carrying over since last so many years, are mostly related to Transfer</p>

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	<p>Current Financial Assets – Others, amounting to a total of ₹121.81 crore. This amount includes an unreconciled inter-unit balance of ₹74.65 crore.</p> <p>The regrouped balances originated from various heads including Note 3: Capital Work-in-Progress, Note 6: Non-Current Financial Assets – Loans & Others, Note 11: Current Financial Assets – Others, Note 12: Other Current Assets, and Note 19: Current Financial Liabilities.</p> <p>Additionally, the Company has regrouped certain old balances from Note 18: Current Financial Liabilities – Trade Payables and Note 19: Current Financial Liabilities – Others into a "Liability Migration Account" amounting to ₹6.93 crore.</p> <p>The details of these regroupings have been disclosed in Para No. 12 of Note 30: Notes to Accounts.</p> <p>The company has regrouped a balance of ₹32.05 crore under "Other Receivables", which includes both current financial liabilities and current financial assets, and transferred the net amount to the Assets Migration Account.</p> <p>The company has not provided list of all the amounts mentioned in Para No. 12 of Note 30: Notes to Accounts. So, we are unable to verify the accuracy, classification, and appropriateness of the said balances.</p>	<p>scheme. Presently it is under consideration for writing off/writing back. Necessary accounting shall be done accordingly as per the approval of competent authority.</p>
5	<p>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):</p> <p>Non-compliance IND AS: IND AS 1 (Presentation of Financial Statement)</p> <ul style="list-style-type: none"> • It has been observed that the company is recognizing refunds related to income tax, interest on income tax, GST, and other statutory refunds on a cash basis, i.e., at the time of actual receipt. <p>This practice is not in compliance with Ind AS 1 – Presentation of Financial Statements, which requires the use of the accrual basis of accounting. Under the accrual concept, such refunds should be recognized in the financial statements when the right to receive</p>	<p>The Company recognizes income on a cash basis where the certainty of receipt is not assured. In cases where the receipt is reasonably certain, such income is accounted for on an accrual basis. Accordingly, interest income related to income tax refund has been recognized on an accrual basis and disclosed in Note 12 of the financial statements, as the right to receive the same is established upon</p>

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	<p>them is established, typically upon the issuance of the relevant order by the appropriate authority, and not merely upon the actual receipt of funds.</p> <ul style="list-style-type: none"> • It has been observed that company has classified some of the non - current assets as current, despite the fact that these balances have remained outstanding since previous financial years. In the absence of sufficient appropriate audit evidence or management explanations confirming the realisability or settlement of these amounts within twelve months from the balance sheet date, the classification of such items as current is inconsistent with the requirements of Ind AS 1 – Presentation of Financial Statements. <p>This misclassification has led to an overstatement of current assets and current liabilities, and a corresponding understatement of non-current assets and liabilities as at 31st March 2025. Notable examples include:</p> <ul style="list-style-type: none"> • Wheeling Charges – 1.29 crore • RRAS ₹ 5.48 crore, <p>both of which have been classified under Note 11: Current Financial Assets – Others, despite the absence of assurance regarding realisation within the next twelve months. We recommend that the Company reassess the classification of such balances in accordance with Ind AS 1 and provide appropriate disclosures and reclassifications to ensure fair presentation of the financial position.</p>	<p>issuance of the relevant order by the appropriate authority.</p> <p>As per Ind AS-1 Presentation of Financial Statements, <i>‘an entity shall classify an asset/ liability as current when, inter alia, it expects to realise/ settle the asset/ liability (respectively) within twelve months after the reporting period.’</i></p> <p>The Company expects Financial Assets-Other (Note-11), Other Current Assets (Note-12); and Financial Liabilities-Trade Payable (Note-18) and Other Financial Liabilities (Note-19) to be realized or settled or adjusted (respectively) within twelve months after the reporting period. Hence, the aforementioned items are being classified current and not as non-current.</p>
	<p>IND AS 19 (Employee Benefits) Kindly refer to Para No. 5(a) of Note 30 – Notes to Accounts to the financial statements. It has been noted that the accounting for employee benefits relating to the General Provident Fund (GPF) scheme has been carried out based on an actuarial valuation report dated 09.11.2000, which utilizes fixed contribution rates of 16.70% on basic pay and 2.38% on dearness allowance (DA). This methodology has been consistently applied over the years without any subsequent actuarial revaluation. However, this approach is not in compliance with the requirements of Indian Accounting Standard (Ind AS) 19 – Employee Benefits, which mandates that actuarial valuations should be performed at least annually, or more frequently if there are material changes in assumptions or plan obligations.</p>	<p>Actuarial valuation of gratuity liability in respect of CPF employees and leave encashment liability in respect of both GPF and CPF employees has been done in accordance with the provision of IND AS-19. As regard actuarial valuation of pension and gratuity for GPF employees, it is stated that the provision has been made on the basis of actuarial valuation report dated 09.11.2000 and the same facts has also been disclosed in Notes to Account.</p>

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<p>The continued reliance on an actuarial valuation report that is over two decades old constitutes a significant deviation from the prescribed accounting standards and may lead to a material misstatement of employee benefit liabilities in the financial statements.</p> <p>We recommend that the management undertake a fresh actuarial valuation of the GPF scheme in accordance with Ind AS 19 and ensure that future valuations are performed on a timely basis to reflect the accurate liability.</p>																																			
<p>IND AS 37 (Provisions, Contingent Liabilities and Contingent Assets) it has been observed that the Company has not recognized provisions for certain obligations arising from past events or services, despite the presence of indicators that such obligations meet the recognition criteria specified under Indian Accounting Standard (Ind AS) 37 – Provisions, Contingent Liabilities and Contingent Assets.</p> <p>The failure to recognize provisions under these circumstances constitutes a departure from the requirements of Ind AS 37 and may lead to a material misstatement in the financial statements. Specifically, the omission of necessary provisions results in an understatement of liabilities and an overstatement of profit or net assets, thereby impairing the faithful representation of the Company's financial position and performance.</p> <p>Additionally, the Company has disclosed a contingent liability related to power purchase & other contingencies amounting to ₹8331.19 crore, in Para No. 17 of Note 30: Notes to Accounts to the financial statements. However, certain other contingent liabilities, including a liability of ₹ 0.41 crore pertaining to court cases have not been disclosed by the company.</p> <p>Details of the court cases and amount of contingent liability is mentioned below</p> <table border="1"> <thead> <tr> <th>S. No</th> <th>Subject</th> <th>Respondent name</th> <th>Petitioner name</th> <th>Unit</th> <th>Year</th> <th>Amount of Contingent liability(₹)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Encashment of Bank Guarantee</td> <td>State bank of India</td> <td>Uttar Pradesh Power corporation Limited</td> <td>Ce_mm</td> <td>2024</td> <td>979975.00</td> </tr> <tr> <td>3</td> <td>Misc Civil case</td> <td>MS KASHI CONDUCTOR S</td> <td>Uttar Pradesh Power corporation Limited</td> <td>ce_mm</td> <td>2024</td> <td>2500000.00 (Approx.)</td> </tr> <tr> <td>4</td> <td>For medical reimbursement</td> <td>Uttar Pradesh Power</td> <td>Smt. Premvada</td> <td>Ng_09b</td> <td>2024</td> <td>665593.00</td> </tr> </tbody> </table>							S. No	Subject	Respondent name	Petitioner name	Unit	Year	Amount of Contingent liability(₹)	1.	Encashment of Bank Guarantee	State bank of India	Uttar Pradesh Power corporation Limited	Ce_mm	2024	979975.00	3	Misc Civil case	MS KASHI CONDUCTOR S	Uttar Pradesh Power corporation Limited	ce_mm	2024	2500000.00 (Approx.)	4	For medical reimbursement	Uttar Pradesh Power	Smt. Premvada	Ng_09b	2024	665593.00	<p>The Company has been recognizing provisions in its financial statements in compliance with the recognition and measurement principles prescribed under Ind AS 37 – <i>Provisions, Contingent Liabilities and Contingent Assets</i>. Wherever the criteria of a present obligation, arising from a past event with probable outflow of resources, has been met and the amount can be reliably estimated, appropriate provisions have been duly created and reflected in the accounts.</p> <p>As regards certain contingent liabilities, we acknowledge that a few items, including the liability of ₹0.41 crore pertaining to court cases, were inadvertently not disclosed. The amount is immaterial, however, the same will be taken care in future.</p>
S. No	Subject	Respondent name	Petitioner name	Unit	Year	Amount of Contingent liability(₹)																													
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INDEPENDENT AUDITOR'S REPORT						Management Reply
		corporation Limited & \$ others	Tiwari			
Total					4145568.00	
<p>We recommend that the management undertake a comprehensive review of all outstanding obligations, recognize provisions wherever applicable, and ensure full and transparent disclosure of contingent liabilities in accordance with Ind AS 37 and applicable regulatory requirements.</p>						
<p>IND AS 109 (Financial Instruments)</p> <p>1. During the audit, it has been noted that the company had issued listed bonds in prior financial years. However, the following deviations from the requirements of Ind AS 109 – Financial Instruments were observed:</p> <ul style="list-style-type: none"> • Incorrect Treatment of Transaction Costs: <p>The company has charged the entire transaction costs and issuance-related expenses to the Statement of Profit and Loss at the time of bond issuance. This accounting treatment is not in compliance with Ind AS 109, which states: Transaction costs that are directly attributable to the issue of a financial liability shall be deducted from the initial measurement of the financial liability." (Ind AS 109)</p> <p>i. Such costs are required to be amortized over the term of the financial liability using the Effective Interest Rate (EIR) method, rather than expensed immediately. The current approach has led to: Overstatement of finance costs in the year of bond issuance</p> <p>ii. Understatement of the carrying amount of the bond liability</p> <ul style="list-style-type: none"> • Use of Coupon Rate Instead of Effective Interest Rate: <p>It was further observed that the company is calculating and recognizing interest expense based on the coupon rate of the bonds, rather than applying the Effective Interest Rate (EIR) method as mandated by Ind AS 109.</p> <p>2. The Financial Assets disclosed under Note 6, Note 8, and Note 11 of the financial</p>						<p>1. The transaction costs and issuance-related expenses were charged to the Statement of Profit & Loss at the time of bond issuance. This treatment has been done considering the materiality of the amount involved in the transaction cost and has been consistently followed in prior years and reviewed during statutory audits.</p> <p>Since, the amounts involved are not material in relation to the overall size of borrowings, the effect of immediate expensing of such costs on the financial statements is negligible.</p> <p>2. As per Ind AS- 113 Fair Value Measurement, fair value means ‘the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between</p>

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	<p>statements have not been measured at fair value, as required under the provisions of Ind AS 109 – Financial Instruments.</p> <p>Furthermore, the company has not provided the necessary disclosures in accordance with Ind AS 107 – Financial Instruments: Disclosures, which are essential to ensure transparency regarding the classification, measurement basis, and risk exposure associated with these financial assets.</p>	<p>market participants at the measurement date.’</p> <p>The Company expects to realise the only respective amounts which are being accounted for in the Financial Assets and hence, has considered the same as its Fair Value.</p>
	<p>Ind AS 2: Inventories</p> <p>The Company has recognised Stores and Spares as part of inventory at cost, as disclosed in Para VI of Note 1 to the financial statements.</p> <p>However, this treatment is not in compliance with Ind AS 2 – Inventories, which requires inventories to be measured at the lower of cost and net realisable value (NRV). No assessment of NRV for these items has been carried out as at the reporting date.</p>	<p>The Company has recognised Stores and Spares as part of inventory at cost as per the accounting policy of the company.</p>
6	<p>Kindly refer to Note 21 – “Other Income” of the Financial Statements as on 31st, March 2025, includes an amount of ₹0.12 crore towards school fees/recruitment examination fees related to Shakti Magistrate High School, which is stated to be operated and managed by Uttar Pradesh Power Corporation Limited (UPPCL).</p> <p>In response to our query during the audit, we requested the following information for audit verification:</p> <ul style="list-style-type: none"> • Books of accounts maintained for the school • Date-wise breakup of fee receipts and sample fee receipts • Supporting entries in the cash book • Details of expenditure incurred on the operation and maintenance of the school, and whether such expenses were borne by UPPCL • Accounting procedures adopted for recording school-related transactions <p>However, the Company did not provide the above-mentioned information or supporting documentation for our review. We were informed that the matter was audited by the Zonal Auditor, but no remarks were made on this specific point.</p>	<p>In this regard it is to mention that all income and expenditures of the school are booked in appropriate accounting heads managed by unit 645 ECCD-1 of the UPPCL, and proper records for Fee receipt has been maintained by School.</p> <p>Further for better internal control it is instructed to maintain a dedicated cashbook for school transactions from FY 2025-26</p>

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	<p>It is further observed that the school collects fees on a daily basis. As per generally accepted accounting principles and sound accounting practices, each day's collection should be recorded in the cash book on the same day, and when such amounts are deposited into the bank, the cash balance should be accordingly reduced. The failure to maintain and share proper records of these transactions indicates non-adherence to basic accounting principles, including the principles of completeness, accuracy, and timely recording of financial transactions.</p> <p>In the absence of the requisite records and explanations, we are unable to verify the accuracy, completeness, and proper accounting treatment of the income and expenses related to the school. This constitutes a scope limitation and raises concern regarding the appropriateness of disclosures made under Note 21 of the financial statements, as well as compliance with applicable accounting principles and standards.</p>	
7	<p>Kindly refer Note no. 21 of the Financial Statements as on 31st March 2025, discloses an amount of ₹0.58 crore as rental income received from employees of Uttar Pradesh Power Corporation Limited (UPPCL). These residential accommodations have been allotted to employees at concessional rental rates.</p> <p>In order to assess the perquisite value of such accommodation in accordance with the provisions of the Income Tax Act, 1961, we requested the Company to provide the fair market rental value of these properties. However, the Company has not furnished the required information.</p> <p>In the absence of the fair market rental value, we are unable to ascertain the accurate perquisite value to be included in the employees' taxable income. This raises concerns regarding the Company's compliance with applicable tax laws and reporting obligations and may have implications for tax deduction at source (TDS) and employee benefit disclosures.</p>	<p>The necessary corrective measures are already initiated and in the process of applying tax on perquisites.</p>
8	<p>It is observed that provisions for expenses amounting to ₹ 16.012 crore incurred during the financial year were not recorded in the books of accounts as of 31st March 2025. The non-recognition of these expenses has resulted in an overstatement of income and understatement of liabilities for the year.</p> <p>This treatment is not in compliance with the accrual basis of accounting and Ind AS 1 – Presentation of Financial Statements, which requires that all known liabilities and expenses</p>	<p>It is submitted that expenses relating to legal payments, software maintenance, professional charges, and other expenditures could not be provisioned at the time of account closure due to delayed receipt of bills, pending approvals, or uncertainty in amounts (such as vehicle running expenses). However, it is important to note that</p>

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<p>relating to a financial year be recognised in the same period, irrespective of the timing of actual payment.</p> <p>List of the expenses of which provision should be made were give below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">S. No</th> <th style="text-align: center;">Profit centre</th> <th style="text-align: center;">Particulars</th> <th style="text-align: center;">Amount (₹)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td>UPO0401</td> <td>Maintenance of Software</td> <td style="text-align: right;">108366920.00</td> </tr> <tr> <td style="text-align: center;">2</td> <td>UPO0403</td> <td>Legal charges</td> <td style="text-align: right;">10320000.00</td> </tr> <tr> <td style="text-align: center;">3</td> <td>UPO0404</td> <td>Legal charges</td> <td style="text-align: right;">29952607.00</td> </tr> <tr> <td style="text-align: center;">4</td> <td>UPO0405</td> <td>Maintenance of Software</td> <td style="text-align: right;">102196.00</td> </tr> <tr> <td style="text-align: center;">5</td> <td>UPO0405</td> <td>Other Professional Charges</td> <td style="text-align: right;">21900.00</td> </tr> <tr> <td style="text-align: center;">6</td> <td>UPO0408</td> <td>Legal Charges</td> <td style="text-align: right;">8880150.00</td> </tr> <tr> <td style="text-align: center;">7</td> <td>UPO0413</td> <td>Legal Charges</td> <td style="text-align: right;">249180.00</td> </tr> <tr> <td style="text-align: center;">8</td> <td>UPO0416</td> <td>Other Professional Charges</td> <td style="text-align: right;">20000.00</td> </tr> <tr> <td style="text-align: center;">9</td> <td>UPO0646</td> <td>Vehicle Runing Expenses</td> <td style="text-align: right;">2212529.00</td> </tr> <tr> <td colspan="3" style="text-align: center;">Total</td> <td style="text-align: right;">160125482.00</td> </tr> </tbody> </table>				S. No	Profit centre	Particulars	Amount (₹)	1	UPO0401	Maintenance of Software	108366920.00	2	UPO0403	Legal charges	10320000.00	3	UPO0404	Legal charges	29952607.00	4	UPO0405	Maintenance of Software	102196.00	5	UPO0405	Other Professional Charges	21900.00	6	UPO0408	Legal Charges	8880150.00	7	UPO0413	Legal Charges	249180.00	8	UPO0416	Other Professional Charges	20000.00	9	UPO0646	Vehicle Runing Expenses	2212529.00	Total			160125482.00	<p>these provisions were identified during the closing of accounts and could have been accounted for in FY 2024-25. Despite the fact that the books were still open at that time, the statutory auditor did not permit the accounting entries to be passed. Consequently, these expenditures were not included in the financial statements of FY 2024-25.</p>
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9	<p>Kindly Refer to Para No. 8 of Note 30: Notes to Accounts to the financial statements, where the Company has disclosed that inter-unit transactions (IUT) amounting to ₹76.38 crore remain pending for reconciliation and consequential adjustments as at 31st March 2025.</p> <p>During the audit, it was observed that:</p> <ul style="list-style-type: none"> • The Company has not provided a breakup, bifurcation, or ageing analysis of the outstanding inter-unit balances. • No supporting reconciliation or documentation has been furnished to substantiate the nature and status of these pending entries. • Further, the Company has not provided any justification for the prolonged pendency of such inter-unit items. <p>As per sound accounting practices and internal control principles, inter-unit balances should be reconciled periodically and fully settled by the end of the financial year. If any balances remain pending, a complete reconciliation along with supporting details should be made available for</p>			<p>In reference to observation on pending reconciliation of IUT old balance, it is pertinent to mention that, these balance is pertain to earlier years (Since FY 2007-08) reconciliation of these IUT balance is in progress to identify, verify, and resolve the pending entries. Certain mismatches have arisen due to timing differences and delays in reporting by some units. These are being actively followed up for resolution.</p> <p>Further, the Company has implemented the SAP to strengthening its internal controls and ensure periodic reconciliation of inter-unit balances From FY 2024.25. resultant IUT transaction during FY 2024-25 is fully matched.</p>																																												

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	<p>audit review to ensure accuracy and completeness.</p> <p>In the absence of such reconciliation and documentation, we are unable to determine the accuracy, validity, and financial impact of the outstanding inter-unit balances on the financial statements for the year ended 31st March 2025. This is not in compliance with the accounting principles of completeness, accuracy, and proper presentation, as mandated under the Indian Accounting Standards (Ind AS) and the Companies Act, 2013.</p>																																																																																																					
10	<p>It is observed that certain balances have remained outstanding for more than Three years without any movement or settlement. As confirmed by management, no adequate explanation or supporting documentation is available for these balances. These appear to be old and potentially irrecoverable or unsettled amounts.</p> <p>The Detailed list of outstanding balance (except IUT) for more than 3 years</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">S.no</th> <th style="text-align: center;">GL Code</th> <th style="text-align: center;">Particulars</th> <th style="text-align: center;">Amount (₹)</th> <th style="text-align: center;">Balance</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">27.41100</td> <td>Advance On Fringe Benefit (*)</td> <td style="text-align: right;">2500000.00(**)</td> <td style="text-align: center;">Dr.</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">28.80100</td> <td>Wheeling Charges</td> <td style="text-align: right;">12948940.00</td> <td style="text-align: center;">Dr.</td> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: center;">28.81000</td> <td>Exp Recov Suppliers /cons</td> <td style="text-align: right;">235203.80</td> <td style="text-align: center;">Dr.</td> </tr> <tr> <td style="text-align: center;">4</td> <td style="text-align: center;">28.87920</td> <td>M/S Prayagraj Power</td> <td style="text-align: right;">1144000.50</td> <td style="text-align: center;">Dr.</td> </tr> <tr> <td style="text-align: center;">5</td> <td style="text-align: center;">28.87950</td> <td>Lalitpur PGCL</td> <td style="text-align: right;">217565.00</td> <td style="text-align: center;">Dr.</td> </tr> <tr> <td style="text-align: center;">6</td> <td style="text-align: center;">28.92000</td> <td>Deposit-GPF Trust</td> <td style="text-align: right;">1000000000.00</td> <td style="text-align: center;">Dr.</td> </tr> <tr> <td style="text-align: center;">7</td> <td style="text-align: center;">44.50300</td> <td>GPF SE-MES Opening Balance</td> <td style="text-align: right;">1657309.70</td> <td style="text-align: center;">Cr.</td> </tr> <tr> <td style="text-align: center;">8</td> <td style="text-align: center;">44.50400</td> <td>GPF Mnist Opening Balance</td> <td style="text-align: right;">808737.00</td> <td style="text-align: center;">Dr.</td> </tr> <tr> <td style="text-align: center;">9</td> <td style="text-align: center;">44.50500</td> <td>G.P.F. 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Currently liability of pension and gratuity is Rs 5.41 crore and the same is under reconciliation with the trust.</p>	S.no	GL Code	Particulars	Amount (₹)	Balance	1	27.41100	Advance On Fringe Benefit (*)	2500000.00 (**)	Dr.	2	28.80100	Wheeling Charges	12948940.00	Dr.	3	28.81000	Exp Recov Suppliers /cons	235203.80	Dr.	4	28.87920	M/S Prayagraj Power	1144000.50	Dr.	5	28.87950	Lalitpur PGCL	217565.00	Dr.
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8	44.50400	GPF Mnist Opening Balance	808737.00	Dr.																																																																																																		
9	44.50500	G.P.F. (Operating)	477535.4	Cr.																																																																																																		
10	44.50600	G.P.F. PMT to Account	468000.00	Cr.																																																																																																		
11	44.51600	CPF Gratuity Payment	10000000.00	Cr.																																																																																																		
12	44.60100	GPF Subs Officers	62862.00	Dr.																																																																																																		
13	44.60200	GPF-S.E. & M.E.S.	15580.00	Cr.																																																																																																		
S.no	GL Code	Particulars	Amount (₹)	Balance																																																																																																		
1	27.41100	Advance On Fringe Benefit (*)	2500000.00 (**)	Dr.																																																																																																		
2	28.80100	Wheeling Charges	12948940.00	Dr.																																																																																																		
3	28.81000	Exp Recov Suppliers /cons	235203.80	Dr.																																																																																																		
4	28.87920	M/S Prayagraj Power	1144000.50	Dr.																																																																																																		
5	28.87950	Lalitpur PGCL	217565.00	Dr.																																																																																																		

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	14	46.81000	Provision For Fringe	4102820.17	Cr.	Moreover, other balances are being carried since long and will be adjusted after reconciliation of the same.
	15	46.98970	Western U.P. Power	1157813.9	Cr.	
	16	46.98980	South East U.P. Power	1357475.77	Cr.	
	<p><i>(*) The Fringe Benefit Tax (FBT) was abolished by the Government of India in the year 2009, effective from Assessment Year 2010–11. However, an amount of ₹2500000.00 is still shown as “Advance on Fringe Benefit” under receivables.</i></p> <p><i>The management has not provided any explanation or documentary evidence to justify the continued recognition of this balance, nor clarified whether the surplus was deposited in excess and pertains to which financial year(s). It also remains unclear whether any action has been initiated to claim a refund or adjust the amount through the income tax portal.</i></p> <p><i>In the absence of proper reconciliation, year-wise break-up, or confirmation of refund status, the recoverability of this amount appears doubtful. Management is advised to immediately review the nature of this balance, identify the relevant years, and initiate necessary action for refund or write-off as per applicable accounting standards.</i></p> <p><i>(**) Kindly refer Note 12 of the financial statements as on 31st March 2025.</i></p> <p>The Company has not provided any explanation or supporting documentation regarding the nature, year of origin, or current status of the outstanding amount. In the absence of such details, we are unable to comment on the accuracy, recoverability, or potential financial impact of this balance on the financial statements. The lack of clarity also raises concerns regarding the adequacy of internal controls and the reliability of account balances.</p>					
11	<p>In accordance with “Standard on Auditing (SA) 505 – External Confirmations issued by The Institute of Chartered accountants of India,” we had requested the Company to issue balance confirmation letters to all sundry creditors, debtors, borrowers & Loans & advances. The company has sent balance confirmations through emails on different dates on few accounts.</p> <p>However, it was noted that the Company did not send balance confirmation requests to all</p>					<p>During the current financial year, the unit has obtained balance confirmations from a limited number of parties, which were shared with the auditors. Due to practical constraints, confirmations from all parties could not be obtained this year. However, going forward, balance confirmations will</p>

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		<p>relevant parties.</p> <p>The details of the balance confirmation issued by the company is given below.</p> <table border="1"> <thead> <tr> <th rowspan="2">. No.</th> <th rowspan="2">Particulars</th> <th colspan="2">Total</th> <th colspan="2">Issued</th> <th colspan="2">Non Issued</th> </tr> <tr> <th>Total Nos</th> <th>Total amount</th> <th>Total Nos</th> <th>Total amount</th> <th>Total Nos</th> <th>Total amount</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Sundry Creditors</td> <td>384</td> <td>189588057514.75</td> <td>48</td> <td>57125236.00</td> <td>336</td> <td>189530932278.75</td> </tr> <tr> <td>2</td> <td>Sundry Trade Receivables</td> <td>11</td> <td>303411349521.94</td> <td>11</td> <td>303411349521.94</td> <td>-</td> <td>-</td> </tr> </tbody> </table> <p>As per Standard on Auditing (SA) 505 – External Confirmations constitute important audit evidence, particularly for:</p> <ul style="list-style-type: none"> • Verifying the existence of balances (e.g., amounts payable to creditors), and • Confirming the accuracy and agreement of such balances with the records of the respective parties. 						. No.	Particulars	Total		Issued		Non Issued		Total Nos	Total amount	Total Nos	Total amount	Total Nos	Total amount	1	Sundry Creditors	384	189588057514.75	48	57125236.00	336	189530932278.75	2	Sundry Trade Receivables	11	303411349521.94	11	303411349521.94	-	-	<p>be systematically obtained from all major creditors, debtors in the next financial year to ensure compliance with the requirements of SA 505.</p>	
. No.	Particulars	Total		Issued		Non Issued																																	
		Total Nos	Total amount	Total Nos	Total amount	Total Nos	Total amount																																
1	Sundry Creditors	384	189588057514.75	48	57125236.00	336	189530932278.75																																
2	Sundry Trade Receivables	11	303411349521.94	11	303411349521.94	-	-																																
12	<p>It has been brought to our attention that Shri Manoj Kumar Singh, an employee of Uttar Pradesh Power Corporation Limited (UPPCL), was officially assigned a visit to Behatpur, Varanasi, as per Office Memorandum No. 903/SIAC/PAKIL/2023 dated 05.10.2023. The official tour was scheduled for a duration of seven days.</p> <p>According to the travel details:</p> <ul style="list-style-type: none"> • Departure: 06.10.2024 from Lucknow Railway Station at 6:00 PM, arriving in Varanasi at 11:00 PM. • Return: 13.10.2024 from Varanasi at 6:00 PM, arriving in Lucknow at 11:00 PM. <p>However, it has been noted that Shri Manoj Kumar Singh's attendance was recorded via the facial recognition system under UPPCL from 09.10.2024 to 13.10.2024, during which time he was officially on field duty away from the office.</p> <p>This observation raises certain concerns regarding the accuracy and integrity of the attendance</p>						<p>In reference to the observation, it is to submitted that Shri Manoj Kumar Singh was officially deputed to Behatpur, Varanasi, for the period from 06.10.2023 to 08.10.2023 (three days) and was required to submit his visit report by 13.10.2023, as per Office Memorandum No. 903/SIAC/PAKIL/2023 dated 05.10.2023. Further, he has confirmed his presence in office from 09.10.2023 to 13.10.2023 in accordance with the approved tour program.</p> <p>It is clarified that the Auditor's comment refers to travel dates from 06.10.2024 to 13.10.2024, which differ from the actual dates mentioned in the Office Memorandum. Accordingly, the attendance recorded in the facial recognition system from</p>																																

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	recording system. It is presently unclear how the attendance could have been registered through facial recognition while the employee was on official duty at a different location. This discrepancy may merit further review to ensure proper adherence to attendance protocols.	09.10.2023 to 13.10.2023 and 06.10.24 to 13.10.204 correctly reflects his presence and does not indicate any irregularity in facial recognition based attendance recording system.
13	<p>Refer Note No. 26 of the Financial Statements – <i>Administration, General & Other Expenses</i>, which includes legal expenses amounting to ₹12.22 crore incurred during the financial year. This represents a significant portion (approximately 18%) of the total expenses under this head, which amount to ₹66.97 crore. These legal expenses are stated before allocation to the respective DISCOM.</p> <p>It has been observed that while the appointment of legal advocates is carried out with prior approval of the management, such appointments are not processed through a competitive tendering mechanism. This differs from other service procurements by the Company, which generally follow a structured tendering process to ensure transparency, fairness, and cost control. Considering the materiality of legal expenses, it is recommended that the Company develop and adopt a structured and transparent policy—either through a competitive tendering system or a well-defined and settled empanelment mechanism—for the appointment of legal advocates. An established empanelment process, with periodic review and performance-based assessment, can help optimize legal costs while ensuring quality, accountability, and efficiency in legal services.</p>	The appointment of legal advocates have been done in line with the approved process of the company and incurrence of legal expenses is carried out with the prior approval of management.
14	<p>Observation in Tenders</p> <p>(i) A Tender Execution Agreement was executed between Uttar Pradesh Power Corporation Limited (UPPCL) and PayU Payments Private Limited on 25th March 2025, for a total tender value of ₹90 crore over a period of 5 years, with a monthly payment of ₹42.00 lakhs. The agreement was executed on e-stamp paper No. IN-UP61314829252402X dated 25-03-2025, which was purchased by UPPCL. However, during the audit:</p> <ol style="list-style-type: none"> 1. The company was unable to provide the voucher or supporting documentation for the payment made towards the purchase of the said e-stamp paper. This impacts the Cash in Hand balance. 2. Additionally, the Board Resolution authorizing the execution of the agreement with PayU Payments Private Limited was not provided. <p>As cash is a sensitive area, the concept of materiality does not apply. All cash-related transactions</p>	<p>(i) A Tender Execution Agreement was executed between Uttar Pradesh Power Corporation Limited (UPPCL) and PayU Payments Private Limited on 25th March, for a total tender value of Rs. 90 crore over a period of 5 years, with a monthly payment of Rs. 42.00 lakhs.</p> <p>The agreement was executed on e-stamp paper No. IN-UP61314829252402X dated 25-03-2025, which was purchased by the vendor, M/s PayU Payment Pvt. Ltd. in accordance to the UPPCL guidelines. However, due to typing error, the stamp paper mentioned "UPPCL" instead of the correct firm name and CSPC has authorized chief Engineer (IT)</p>

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	<p>must be fully supported with appropriate documentation to ensure proper accountability. Furthermore, in the absence of a valid Board Resolution, the authority to enter into such a significant financial agreement (₹90 crore over 5 years) remains unverified, raising concerns regarding the approval process and governance compliance.</p> <p>(ii) A tender agreement between UPPCL and Cyfuture India Private Limited was signed on April 5, 2025, for 5 years and 6 months, effective retroactively from March 10, 2025. The agreement used stamp paper dated April 1, 2025. However, the necessary board approval was not obtained, making the letter of award invalid and raising concerns about compliance and the agreement's legal standing.</p> <p>(iii) It has been observed that during the tender evaluation process, multiple evaluators recorded their scores on the same evaluation sheet. This practice violates standard ethical norms, as it may lead to influence among evaluators and compromise the independence of individual assessments.</p>	<p>for the PGA project who was then in-charge of the project. Subsequently, the Superintending Engineer (IT), who then signed the agreement as the Board Resolution authorized signatory.</p> <p>ii) The Letter of Award (LOA) was issued in favor of M/s Cyfuture, the L1 bidder with the highest Final Score, on 10.03.2025, after approval from the Central Store Purchase Committee (CSPC). This date is considered the official start of the project.</p> <p>M/s Cyfuture formally accepted the LoA on 13.03.2025 by email. Post acceptance, the Performance Bank Guarantee (BG), Resource Mobilization Confirmation Report, and all other requisite documentation were duly submitted. The BG was also verified with the issuing bank.</p> <p>Following the successful completion of these formalities, the agreement was executed on 05.04.2025, marking the actual commencement of implementation. Additionally, the authorized representative from M/s Cyfuture has submitted a valid Board Resolution authorizing them for signing the agreement and other relevant documentation with UPPCL.</p> <p>iii) The technical evaluation for the Unified CCC project was conducted in accordance with the evaluation criteria defined in RFP No.</p>

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	<p>Additionally, it was noted that no video recording or audiovisual documentation of the tender opening or evaluation proceedings was available. The absence of such records limits the ability to verify whether the process was conducted in a transparent and unbiased manner.</p> <ul style="list-style-type: none"> • The use of a common scoring sheet raises concerns about the integrity and fairness of the evaluation process, as it may result in collusion or unintentional bias among evaluators. • Lack of video documentation reduces transparency and makes it difficult to ensure procedural compliance or investigate any disputes or irregularities post-allotment. <p>Each evaluator should independently record their scores on separate sheets or through a secure digital platform, without access to others' evaluations until after submission.</p> <p>It is recommended that video recording be made mandatory during key stages of the tendering process, including tender opening, evaluation, and allotment, to enhance accountability and transparency.</p> <p>These recordings should be securely stored and made available for audit or review purposes when required.</p>	<p>11/UPPCL/RAPDRP-A/CCA/2023. A single consolidated evaluation sheet was used for this purpose, wherein all evaluators independently recorded their scores during the live technical presentations of the participating bidders. The assessment was based on parameters such as bidder credentials, CRM/CCC capabilities, technical demonstration, and solution alignment with project scope, as elaborated under Section 2 Eligibility Criteria and Technical Evaluation Matrix from Page 8 to 13 of the RFP.</p> <p>Following the conclusion of the presentations, the individual assessments were compiled, reviewed, and finalized into a single document, which was duly signed by the evaluation committee members. This signed sheet serves as the formal record of the technical evaluation process.</p> <p>As per the provisions of RFP No. 11/UPPCL/RAPDRP-A/CCA/2023 for the selection of Customer Care Agency (CCA), there is no clause mandating video or audio visual recording of the technical bid evaluation process. All records of evaluation have been documented in writing. All evaluations are conducted as per standard written procedures.</p> <p>The observation given by Audit team is - general in nature and does not point out any specific tender.</p>
15	<p>Non –Compliance of C &AG comments for FY 2023-24</p> <p>It has been observed that the Company has not made any provision for interest amounting to ₹28.65 crore relating to the delayed payment or non-deposit of General Provident Fund (GPF), Pension Contributions, and Gratuity Contributions in its books of account for the</p>	<p>As per audited accounts of the company for the financial year 2012-13 to 2023-24, liability towards GPF contribution is showing debit balance. Since there has always been a debit balance during the period 2012-13 to 23-24, no provision of interest</p>

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	<p>financial year 2024–25.</p> <p>This matter has been a persistent issue. The Comptroller and Auditor General (C&AG), in its comments on the accounts for FY 2023–24, reiterated that interest payable on such delayed deposits should be accounted for, as previously worked out and recorded in the accounts of the Uttar Pradesh Power Sector Employees Trust for the year 2014–15.</p> <p>Despite similar observations by the C&AG for several consecutive years—from 2012–13 to 2022–23—no corrective action has been taken by the Company's management to recognize and provide for the liability in its financial statements.</p> <p>Furthermore, the Statutory Auditor for FY 2023–24 also pointed out that no provision for interest on delayed/non-deposit of GPF, Pension, and Gratuity Contributions amounting to ₹28.65 crore had been made in the books of account.</p> <p>In the current year (FY 2024–25), this lapse continues to persist. The failure to account for such a significant accrued liability is not in compliance with the principles of accrual accounting and prudence, and violates the requirements of Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets, which mandates that probable and measurable obligations should be provided for in the accounts.</p>	<p>has been made. As regards accounting of interest on liability towards pension and gratuity, it is stated that regular interest is not payable to employee on pension and gratuity as in case of GPF hence provision of interest on pension & gratuity is not required. The company is also in process of reconciliation with the GPF trust.</p>
16	<p>Non- compliance of Accounting Policies:</p> <p>It has been observed that certain accounting policies disclosed in the financial statements are not being followed in practice, resulting in non-compliance with both the Company's own stated policies and the applicable Indian Accounting Standards (Ind AS). The key instances of such inconsistencies are outlined below:</p>	
	<p>(a) Investments</p> <p>As per the stated accounting policy, the Company is required to assess investments for impairment and measure them at fair value in accordance with Ind AS 109 – Financial Instruments. However, it was observed that provisions for impairment are not being made at fair value, which is a deviation from both the policy and Ind AS requirements.</p>	<p>As per Para 9 of Ind AS 36, "An entity shall assess at the end of each reporting period, whether there is any indication that an asset may be impaired. If such indication exists, the entity shall estimate the recoverable amount. Hence, the company has estimated the recoverable amount as per Ind AS 109 on the basis of net worth of the subsidiaries.</p>
	<p>(b) Financial Assets</p>	<p>Necessary accounting has been made as per</p>

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	<p>The Company's accounting policy states that financial assets are to be subsequently measured at amortised cost and that impairment is to be recognised based on the Expected Credit Loss (ECL) model, as required by Ind AS 109. However, in practice:</p> <ul style="list-style-type: none"> • Financial assets are not being measured at amortised cost, and • The expected credit loss model is not being applied for impairment assessment, leading to potential understatement of impairment losses. 	<p>accounting policy and a related disclosure has been made in Notes to accounts.</p>
	<p>(c) Financial Liabilities According to the accounting policy, borrowings are to be measured at fair value using the effective interest rate (EIR) method. However, in practice, borrowings are not being accounted for using the EIR method, resulting in a deviation from both the stated policy and Ind AS 109.</p>	<p>Borrowings are measured at fair value as it represents the actual amount of liability which is to be paid off.</p>
17	<p>Maintenance of Proper Books of Accounts:</p> <p>The Company currently operates a system of maintaining Sectional Journals, wherein vouchers for day-to-day transactions are recorded. These transactions are then posted to summaries and subsequently used to prepare monthly trial balances. However, this system is inadequate to provide a real-time and accurate financial position of individual accounts in an organized and reliable manner.</p> <p>It was further observed that the maintenance of party-wise subsidiary ledgers and their reconciliation with the primary books of account (i.e., Cash Book and Sectional Journals) is neither proper nor effective. This deficiency raises concerns over the accuracy and reliability of individual account balances, particularly with respect to trade payables, receivables, and advances.</p> <p>Additionally, as highlighted in Para No. 6(iv) of our Audit Report on the Consolidated Financial Statements, the Company has not maintained an audit trail or edit log facility,</p> <p>It has been observed that the Company was in the process of migrating to an ERP system during the financial year 2024–25. During this transition, it was noted that while some units recorded their accounting transactions exclusively in the ERP system (SAP) from the beginning of the financial year, certain units—specifically the Fund Unit and Import & Export Units—continued to maintain their books of accounts both manually and in SAP simultaneously.</p>	<p>The Company has been in the process of migrating from the manual system of maintaining Sectional Journals to the ERP system (SAP) during FY 2024–25. While the transition was ongoing, certain units (notably the Fund Unit and Import & Export Units) maintained records both manually and in SAP to ensure continuity of reporting and control. Bulk entries were subsequently posted in SAP to align balances with the manually maintained records.</p> <p>The Company has taken corrective steps to ensure a full migration to ERP (SAP) for all units from FY 2025–26 onwards. With this migration, parallel or manual accounting will be eliminated so that all transactions are captured directly in SAP at the transaction level. Further, the audit trail/edit log facility has been enabled in SAP to strengthen transparency, traceability, and ensure compliance with the requirements of Ind AS 1 and Ind AS 8.</p>

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	<p>In these cases, the units posted bulk entries into SAP in the middle of the financial year to reconcile the balances with the manually maintained records. This practice bypassed the standard accounting process, lacked transaction-level details, and failed to provide an adequate audit trail to support the financial information.</p> <p>Such an approach is not in compliance with fundamental accounting principles, particularly the principles of consistency and completeness. It also contravenes the requirements of Ind AS 1 – Presentation of Financial Statements and Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. For accurate and reliable financial reporting, it is essential that a consistent accounting system—either manual or ERP—be followed uniformly throughout the financial year, and all transactions be recorded in a systematic, complete, and verifiable manner.</p> <p>We are hereby enclosing a list of entries that were posted as single bulk entries without any narration or supporting clarification, which further undermines the transparency and auditability of the financial records.</p> <p>Detailed list of these entries is attached in “Annexure – B1 & B2”</p>	
18	<p>Major Non-Compliances of Law</p> <p>i) As per Section 177 of the Companies Act, 2013, the Company failed to place the following matters before the Audit Committee, as delegated by the Board of Directors:</p> <ul style="list-style-type: none"> • Scrutiny of inter-corporate loans and investments; • Evaluation of internal financial controls and risk management systems. 	<p>i. all matters stipulated under section 177 of companies Act, 2013 are duly considered and approved by the Audit Committee and placed before the Board as and when required.</p> <ul style="list-style-type: none"> • The power to Scrutiny inter-corporate loans and investments is also exercised by the Board pursuant to Section 179(1) of the Companies Act, 2013. • The Company has duly constituted Risk Management Committee and also has Risk Management Policy in place. The Committee periodically evaluates the internal financial controls and risk management systems, and presents its findings, if any, to the Audit Committee and Board of Directors <p>ii) The recruitment process for appointing a Whole-</p>

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	<p>ii) It is observed that the Company has not appointed a whole time Company Secretary as required under the provisions of Section 203 of the Companies Act, 2013, read with Rule 8A of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.</p>	<p>Time Company Secretary is currently under process. The Company is actively working to ensure compliance with the provisions of Section 203 of the Companies Act, 2013, read with Rule 8A of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, at the earliest.</p>
19	<p>Non-Disclosures in Notes on Accounts</p> <p>The following disclosures, as required under the applicable financial reporting framework, have not been made in the Notes to Accounts:</p> <ul style="list-style-type: none"> • The maturity analysis under Para 35(e) of Note No. 30 does not include the ageing or due date-wise analysis of Trade Payables amounting to ₹18953.09 crore pertaining to liability for purchase of power as on 31.03.2025. 	<p>Management has made disclosures which is necessary and relate to accounts for the FY 2024-25.</p>
20	<p>Major Audit observations in Material Management Zone Audit Report excluding those which have been appropriately dealt with elsewhere in the report: -</p> <p>i. Concurrent Audit has observed that compensation for shortfall of supply of power from SECI as per Wind PSA 700 MW and solar PSA 160 MW was not being claimed from the generators as per provision of PPAs from 2019-20 onwards. As per details compiled by Zone there is shortfall of 184.6695 MU i.e. 141.6326 MU up to 2022-23 in case of PSA 700MW and 43.03696 MU in case of PSA 160MW up-to 2023-24. The matter needs examination by management for compilation of total shortfall till date as per PPAs & amount of compensation thereon, for accounting of the same in books of account and its depiction in financial statements of the company. Hence, under the circumstances, impact of said non-determination of amount of compensation up to 31.03.2025 on financial statement is unascertainable at this stage.</p> <p>ii. Review of the Dr. balances of Rs. 1525.39 crore under the head 28.80010 Sundry Receivable revealed that that after reconciliation of account, a sum of Rs. 388.37 crore is receivable from Northern Railway – UP (NR-UP) against UI/DSM charges (35.34 crore) and Sign Change violation charges (353.12 crore) has been found to be receivable</p>	<p>Matter is being reviewed.</p> <p>The reconciliation with the Northern Railway DRM Office, Lucknow, has been finalized. However, the signing of the reconciliation statement is pending due to the DRM Office's request for certain</p>

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	<p>but reconciliation statement is pending for signature by railway authorities as stay order has been granted by Hon'ble APTEL in petition no 88 of 2023 wherein any change in the DSM charges for the disputed period may also impact the DSM sign change penalty. Under the circumstance, we are unable to comment on the possibility of realization of the said dues and as such final impact of the same on financial statement is unascertainable.</p> <p>iii. Review of the balance of Rs. 82.34 crore appearing under the head 83.10- Prior period Short Provision of PP reveals that Debit balance of Rs. 134.31 crore appearing under the head 41.106 pertaining to FY 2012-13 was adjusted with the credit balance of Rs. 108.71 crore under the head 41.206 pertaining to FY 2009-10 in respect of MP SEB and the balance amount of Rs. 25.60 crore has been transferred under the head prior period expenses with approval of Director (F) which in our view denotes lack of observance of internal control procedure, incorrect depiction of profitability of earlier years, material impact on the profitability of the current year, non-reconciliation of accounts with the party etc. and as such any correction/ writing off of balances of such nature would require approval of board of directors as a part of Corporate Governance for ensuring to streamline the internal control mechanism prevailing in the corporation and correct & proper disclosure in financial statement.</p>	<p>additional documents, which are currently under consideration for submission. Since Northern Railway has acknowledged the reconciliation and the process for signing is underway, the recoverability of the dues is not in question.</p> <p>The debit balance of ₹134.31 crore under liability head 41.106, pertaining to FY 2012–13, relates to a payment made to MPSEB. A corresponding provision of ₹108.71 crore had been standing under head 41.206 since 12-15 years, also in respect of MPSEB. Based on detailed scrutiny of available records and in absence of any other transactions with MPSEB during that period, it is reasonable to conclude that the provision was created towards the same liability.</p> <p>Given the age of these balances (12–15 years), limited availability of original documentation, and after due diligence and approval from Director (Finance), an adjustment was made by setting off the ₹108.71 crore provision against the ₹134.31 crore payment. The residual ₹25.60 crore has been booked under prior period expenses.</p> <p>Hence, this accounting adjustment Aligns with prudent financial practice and does not materially impact the current year's profitability (being <0.04% of total power purchase cost), and also does not indicate a lapse in internal control mechanisms.</p>
	<p>iv. Old Balances written off & transferred to Liability Migration account :</p> <p>In terms of directives of HO vide letter no 63/ PCL/CA /N-326/ Idle AG balances (SFS) TC-1 dated 04-05-2024, Various unadjusted balances appearing in books of account of different units pertaining to transfer scheme were transferred to Debit balance w/off (79.571) , Sundry credit balances written back (62.912) , Asset Migration Account (28.869) and Liability</p>	<p>Review of old balances including balances lying under Assets/Liability Migration account is underway. Necessary accounting like write-off/write-back will be done upon completion of this exercise.</p>

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	<p>Migration Account (46.975) respectively in FY 2023-24 which resulted in Dr. Balance of Rs. 42,17,00,406.82 crore appearing under the head Asset Migration Account (28.869) and Credit balance of Rs. 1,72,98,660.33 under the head Liability Migration Account (46.975) continue to appear as on 31.03.2025. Hence, pending reconciliation of said unadjusted balances transferred to Asset Migration & Liability migration account, impact of the same on financial statements of the zone is unascertainable at this stage.</p>	
	<p>v. Investments</p> <ul style="list-style-type: none"> • During review of decision taken as per minutes of meeting held on 09.08.2018 between Principal Secretary Energy, Go-MP and Principal Secretary Energy, GoUP at Lucknow in compliance to directions given by the Honble APTEL in appeal no. 59 of 2014 and IA no. 111 of 2014 and Appeal No. 120 of 2014 on 25.07.2018 it was observed that the company has entered in to arrangement with MPPMCL for 18.15 MW share in the project of Rajghat HPP at an equity contribution of Rs 66.74 crore, which works out to 40.32% share in the total cost of capital of Rs 165.50 crore. In this context we were explained by management that the said investment was made by Govt. of UP. Status of Reconciliation of the power scheduled for generation from Rajghat HPP plant since inception and actual scheduled generation to U.P. required to be worked out as per clause 6 of the said minutes is not available in records for determination of compensation of the energy receivable by U.P. In absence of requisite details, we are unable to comment on the impact, if any, on the financial statements of the unit. (Unit# 330). 	<p>In this regard, it is submitted that the requisite details relating to the reconciliation of power scheduled for generation from the Rajghat HPP plant since inception and the actual power scheduled to Uttar Pradesh, as required under Clause 6 of the referred minutes, are presently not available. The response from the concerned agency is awaited. Upon receipt of the information, the determination of compensation for energy receivable by Uttar Pradesh will be finalized, and any necessary impact on the financial statements of the Unit will be duly considered.</p>
	<p>vi. Loans and Advances:</p> <ul style="list-style-type: none"> • A sum of Rs. 152.15 crore (Previous Year Rs. 152.15 crore) appearing under the head '27.8 – Loans and Advances Others' includes Rs. 126.97 crore pertains to Advances provided as for Ultra Mega Power Projects and is outstanding since long period. UPPCL has requested GoUP for requesting Energy Department, GOI for refund of the advances in respect of UMPP under closure along with carrying cost. Considering the closure of some of the projects, long pending advances, remote possibility of recoveries at this stage, 100% provision against the same has been made in books of account with approval of management with stipulation that the same be put up before board for consideration & Approval. Hence, the said provision of Rs. 126.97 crore made in financial statement is subject to approval by Board of Director of Company. 	<p>a) The matter has now been approved by the BoD.</p>

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	<ul style="list-style-type: none"> Review of records reveals that Interest of Rs. 71.19 Lakh has been accounted for towards Interest on the above advances to 3 UMPPs in 2024-25 on the basis of form 26AS of the company, which needs to be looked into with reference to respective terms of agreement with all the UMPP, if any, on this account. Provisioning of Interest by some of UMPPs is acknowledgement of the fact regarding existence of the advances received/accounted in their records and as such making 100% provision against the same requires consideration by management in reference to point no i) above regarding provisioning of advances for approval of the Board of Directors of the Company. Further, latest confirmation of balances is not on records and as such balances are subject to reconciliation and confirmation. Impact of the said reconciliation, if any, on financial statement is not ascertainable at this stage. 	<p>b. Interest on UMPP advance is being accounted for since FY 2006-07 based on Form 26AS. However, it can be seen that other than TDS on Interest, no amount has realised since 2006-07.</p> <p>As per accrual-based accounting interest has been provided in their books by UMPPs and in compliance to Income Tax act, TDS has been deducted but mere deduction of TDS cannot be treated as assurance that advance is 100% refundable. Hence due to uncertainty of recovery of advance, provision has been created considering the concept of conservatism.</p> <p>Regarding confirmation of balances, it is to submit that balance of advances given to UMPP are confirmed by PFCCL in earlier years and thereafter there is no change in advance amount.</p>
	<p>vii. Credit balance of Rs. 22,55,69,165.08 is appearing under the head 28.6201 subsidy receivable from UPNEDA and debit Balance of Rs. 8,98,92,236.66 appearing under the head 28.6202 – Subsidy from IREDA is subject to reconciliation and confirmation. Impact of the said reconciliation and confirmation, if any, on financial statements is not ascertainable at this stage.</p>	<p>Reconciliation of UPNEDA & IREDA Balances with concerned units is under process.</p>
	<p>viii. During review of bills in respect of banked energy, it was observed that banked energy lapsed for withdrawal and available for drawl is not being bifurcated as per CRE guidelines. In some cases it was observed that withdrawal of energy was made by generators in spite of unavailable banked energy, which is not in accordance with CRE guidelines. Non-bifurcation of energy in lapsed and available for drawl may result in lack of control over supply of energy in excess of Banked energy available for drawl resulting in loss of revenue. Further, test checks of the provisions made towards balance of banked energy was found to be varying with the details of energy banked & drawn available in records kept by unit. Hence, the aspect of determination of lapsed & available energy needs reconciliation in respect of all such co-generators for ensuring</p>	<p>As the matter of encashment of Banked Energy is pending for decision at Hon'ble High Court. Currently no encashment of lapsed energy is being claimed by the Co Gens. After final outcome, the computation of lapsed/available units will be done accordingly. Meanwhile Provision for balance energy after withdrawal has been created in the books as best estimate of the liability. Data of banking and withdrawal of energy has been taken from the Energy Account Issued by UPSLDC for</p>

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	<p>proper control over the banked energy and creating provision in books of account. Hence, Impact of such reconciliation and bifurcation, if any, on provisions of Rs. 13,58,94,288.79 created during the year (PY Rs. 32,03,51,897.50) and accumulated provision of Rs. 80,98,18,313.00 (PY 67,39,24,024.50) as on 31.03.2025 on financial statements is unascertainable at this stage.</p>	<p>creating provisions. Further, this is to inform that any excess withdrawal of energy over banked energy is to be billed by DISCOM and as such no financial impact or loss of revenue on account of the same is on the books of EIEPC Unit of UPPCL.</p>
	<p>ix. Deviation Settlement Charges/ (Incentive)</p> <ul style="list-style-type: none"> • Deviation settlement charges of Rs 663.56 lakh {PY Rs. (68.08) crores} (Net) including provision of Rs. 220.96 crore towards NLDC settlement of Legacy Dues have been accounted for as per bills received from UPSLDC for the period up to 02-03-2025 only. However, no provision has been made towards DSM charges / (incentive) up to 31.03.2025, in absence of receipt of Bill from UPSLDC and lack of reasonable basis for such estimation and as such we are unable to comment upon the impact of the same, if any, on financial statements. • Review of ledgers pertaining to DSM charges owing to change in system for accounting of deviation settlement by UPSLDC instead of UPPCL during current year 2023-24 revealed that Reconciliation with UPSLDC done for the period up to 31.03.2023 contains Rs. 73.73 crore received by UPSLDC from NPCL and Solar Producers for the period up to 30.09.2022, which is subject to reconciliation. Hence, impact of said reconciliations & its final settlement on financial statements is not ascertainable at this stage. • Credit Balance of Rs. 160.81 crore appearing under the head '41.10' (Vendor Code 	<p>Deviation quantities and their corresponding settlement charges cannot be estimated prior to receipt of the State Load Dispatch Centre's (SLDC's) final, reconciled billing statement because the calculation hinges upon precise, time-block-level comparisons of declared schedules to actual draws or injections, in conjunction with instantaneous system frequency, all of which are only validated post-period. Therefore, in the absence of reasonable basis for estimating DSM amount, provision has not been created.</p> <p>UPERC has not allowed for adjustment/recovery of amount for the period up to 30.09.2022 from UPSLDC. Hence this amount is still recoverable from NPCL.</p> <p>The balance pertains to very old period and reconciliation of the same is presently in progress.</p>

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	4000000182, 4000000185, 4000000232) and Dr. balance of Rs. 70.97 crore appearing under the head 28.804 Reactive Energy Charges are pending for reconciliation. Impact of final reconciliation & Confirmation of the said balances with NRPC on financial statement is not ascertainable at this stage.	
	<p>x. Purchase of Power</p> <ul style="list-style-type: none"> • Accounting Policy of the Company regarding power purchases does not envisage the method for accounting of power purchases where final approval of the tariff by the Regulatory Commission has not been granted. Further, Policy does not provide for the following: <ul style="list-style-type: none"> i. Method of accounting of power purchased from Power exchanges, Power purchased from Renewable Sources, Traders (Bilateral) on the basis of contracts entered into with the respective parties, Power purchased from Nuclear power generator at the rates approved by Department of atomic energy, energy purchased & Banked energy from CO-Generators etc. ii. The energy accounts are generally delayed for settlement in most of the cases due to complexity in transactions involved in power sector. The Company receives claims for past period due to delayed settlement which are accounted for in the year of receipt of claims /invoices and as such the impact of settlement of on-going settlement of tariffs by various authorities/ forums is not ascertainable at this stage. 	<p>Presently, in cases where the final tariff approval from the Regulatory Commission is pending, power purchases are accounted for on a provisional basis and subsequently adjusted upon receipt of the final order.</p> <p>Power purchased from exchanges, renewable sources, traders (bilateral contracts), nuclear power generators (at rates approved by the Department of Atomic Energy), and co-generators (including banked energy) is recorded as per the respective contractual terms, regulatory guidelines, and invoices/claims received.</p> <p>Considering the complexities, settlement of energy accounts is often delayed. Consequently, past period claims arising from such settlements are recognized in the year of receipt of invoices/claim.</p>
	<p>xi. Aspect of recoverable amount of Rs. 13,694.00 Lakh (PY 13,694.00 Lakh) from M/s Lanco Anpara Power Project (LAPL) persistently observed in concurrent audit reports for the year 2023-24 issued by M/s Kherada & Co. is explained to be under review of Management from long time. Hence, impact of the final decision taken by management in the matter on the financial statement of the Zone, if any, is unascertainable at this stage.</p>	<p><i>Matter is under review. Necessary action for recovery if any will be taken as per final decision.</i></p>

	INDEPENDENT AUDITOR'S REPORT	Management Reply																					
	<p>xii. Credit balance of Rs. 310.14 Lakh (PY 261.76 crore Dr.) appearing under the head 70.154- Late Payment Surcharge has emerged owing to netting off recovery & Payment of LPSC of Rs. 355.37 Lakh in case of M/s THDC Limited for the period 22.02.2021 to 03.06.2022, which in our view should have been dealt through Prior Period Income instead of showing the net balances under this head. Further, accounting system adopted by unit is in diversion of accepted accounting policy on accrual basis where LPS should be accrued after the specified time period as per PPA in respect of unpaid bills, whereas unit has accounted for only in respect of bills received on this account by EI&PC unit (Unit # 330). Hence, no proper system is in place where status of bill wise LPS could be determined for accounting of LPS on accrual basis. Under the circumstances, we are unable to comment upon the amount of provision of LPSC and its consequent impact on profitability and liabilities of the unit.</p>	<p>The recovery of 355.37 Lakh from outstanding of M/s THDC is on account of revision in LPS earlier claimed by THDC due to commercial decisions and this is not error/omission in accounting, hence not classified as prior period.</p> <p>Regarding accounting of LPS, it is to submit that since introduction of PRAAPTI Portal, majority of generators upload bills on the Portal, wherein due date, Trigger date etc of each bill is available and accordingly payments are prioritize and payments are being released by the due date to avoid LPS.</p>																					
	<p>xiii. Review of trial balance reveals that receivable appearing under the head '28- Sundry receivable' includes following balances continuing from old time, reconciliation of which was informed to be under process. Pending reconciliations and confirmation of such old continuing balance, we are unable to comment over the same and its impact on the financial statements. (Unit #330 EIE&PC)</p> <table border="1" data-bbox="268 878 1262 1125" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">AG CODE</th> <th style="text-align: left;">SUB-HEAD</th> <th style="text-align: right;">AMOUNTS(INR)</th> </tr> </thead> <tbody> <tr> <td>28.290</td> <td>Other Income accrued & Due</td> <td style="text-align: right;">19,44,91,068.00</td> </tr> <tr> <td>28.401A</td> <td>Misc. Advances Other than Mater</td> <td style="text-align: right;">8599.21</td> </tr> <tr> <td>28.801</td> <td>Wheeling Charges</td> <td style="text-align: right;">1,29,48,940.00</td> </tr> <tr> <td>28.809</td> <td>Others</td> <td style="text-align: right;">(4,30,67,227.46)</td> </tr> <tr> <td>28.879</td> <td>UP Power Transmission Corp Ltd.</td> <td style="text-align: right;">6,63,96,296.10</td> </tr> <tr> <td>28.862</td> <td>Misc. Deposits / Receipts (Not Specified)</td> <td style="text-align: right;">2,95,25,000.00</td> </tr> </tbody> </table>	AG CODE	SUB-HEAD	AMOUNTS(INR)	28.290	Other Income accrued & Due	19,44,91,068.00	28.401A	Misc. Advances Other than Mater	8599.21	28.801	Wheeling Charges	1,29,48,940.00	28.809	Others	(4,30,67,227.46)	28.879	UP Power Transmission Corp Ltd.	6,63,96,296.10	28.862	Misc. Deposits / Receipts (Not Specified)	2,95,25,000.00	<p>Account head wise status is give below: GL 28.290: The balance pertain to UMPP interest and the same has been booked based on 26AS as Tax has been deducted on interest income.</p> <p>GL 28.401: Very old balance pertain to transfer scheme.</p> <p>GL 28.801: Very old balance pertain to transfer scheme.</p> <p>GL 28.809: Reconciliation is under process.</p> <p>GL 28.879: Reconciliation is under process.</p> <p>GL28.862: Balance pertain to amount deposited with CERC in the matter of penalty imposed for over drawl of power in FY 2009-10. Case is still pending.</p>
AG CODE	SUB-HEAD	AMOUNTS(INR)																					
28.290	Other Income accrued & Due	19,44,91,068.00																					
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28.862	Misc. Deposits / Receipts (Not Specified)	2,95,25,000.00																					

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	<p>xiv. Debit Balance of Rs. 442.08 crore is appearing under the head – 2301200530- Receivable from Noida power Corporation Limited (NPCL) against which 100% Provision has been made under the head 2306140000- Bulk Supply ICT in books of Unit#330 EIE&PC. Further, Rs. 5,68,43,000.52 Dr. is appearing under the head 27.30 –Loans and Advances to NPCL. The Electricity Import Export & Payment Circle Unit of the Zone has accrued interest of Rs. 34,10,70,401.00 (PY 29,67,52,933.00) during the Financial Year 2024-25 against advance provided to Noida Power Company Limited. Total accrued interest as on 31.03.2025 under the head 28.250 stands at Rs. 2,56,80,59,246.00 after netting of opening credit & Debit balance appearing under head of AG Code 28.501 & 28.503. In this regard we were explained that no recovery has been made from NPCL since very long time and 100% provision against the same is created at HO level. Recognizing the said transaction as an income when the recovery is uncertain is in contravention to Ind AS 115. In the absence of proper details, information, follow up action for recovery of the said balances, status of Pending disputes, if any, on this account, we are unable to quantify the recoverable amount and its consequential impact on financial statement. (Unit#330 EIE&PC).</p>	<p>The interest is being accrued on the basis of the agreement made between NPCL and UPPCL (erstwhile UPSEB). Further, 100% provisioning has been done due to uncertainty of recoverability of the said interest accrued. Hence no impact on financial statement. Matter is under reconciliation. Necessary rectification/adjustment will be carried out accordingly.</p>
	<p>xv. We observed lack of proper system of review for identifying doubtful dues, especially those arising out of disputes pending before respective judicial forums and absence of regular follow ups with the respective parties for recoverability of outstanding balances. In the absence of which we are unable to quantify the amount of provision which is required for irrecoverable or doubtful dues and its consequential impact on the financial statements. (Unit#330 – EIE&PC)</p>	<p>The audit comment is general in nature and not specific. It is pertinent to mention that the cases pending before various judicial forums such as Hon'ble Supreme Court, High Courts, CERC, UPERC are being regularly followed up by the concerned unit. Further, all the sale bills are issued to DISCOMs which are 100% owned subsidiaries of UPPCL, hence the dues are not considered doubtful and no provision is required for the same.</p>
	<p>xvi. TDS Receivables- Zone has balances aggregating to Rs. 86,63,60,112.50 (Y Rs. 166,27,25,975.72) as TDS receivable appearing in the books of account of different units. In the absence of year wise breakup and status of completion of the assessment, we cannot comment upon the genuineness of the same.</p>	<p>Out of total TDS receivable of Rs 86,63,60,112.50/- as on 31.03.2025, amount of Rs 67,63,20,140.37/- pertain to FY 2024-25 & remaining balance of Rs 19,03,86,136.82 pertain to earlier years out of which refund of Rs 12.84 Cr has been received in April 2025.</p>

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	<p>xvii. Other receivables from Power Purchasers (28.80) : Review of balance of Rs. 1541.44 crore (PY1394.41 crore) appearing under the head 28.80010 as on 31.03.2025 reveals that :</p> <ul style="list-style-type: none"> • Provisional balances aggregating to Rs. 368.51 crore (net credit) has been transferred under the said head 28.80010 which has resulted in under-statement of liabilities under the head 41.20 to the said extent. • Above Balances of Rs. 1541.44 crore includes Debit balances of Rs. 1516.943 crore (net) (Including Rs. 707.68 crore in respect of debit notes issued to ROSA PWR.CO.LTD.SHAHJAHANPUR in the month of April 2018 towards the recovery as per UPERC's Order but the recovery against the above debit notes is still stayed as per APTEL's order dated 29.09.2018) appearing under the head 41- Liabilities for purchase of power have been transferred under this head, which are continuing from long time and were explained to be under reconciliation. In absences of complete detail and non-reconciliation & confirmation of said balances, we are not able to comment on aspect of recoverability of the same. Hence, impact of pending reconciliation and confirmation of said balances on the financial statement of Zone is not ascertainable at this stage. (Unit #330) 	<p>a) For better presentation net debit balance of vendors in AG 41.1(Actual Liability) & 41.2(Provisional Liability) has been transferred to AG 28.80, as debit balances are subject to reconciliation.</p> <p>b) Other than debit balance of ROSA, reconciliation has been completed & finalized for Rs 388.38 crore receivable from Northern Railway on account of UI charges, Rs 92.20 Crore receivable from NPCL/UPSLDC on account of UI charges, Rs 31.05 Crore receivable from UPSLDC on account of Reactive charges (Negative bills pertain to FY 2024-25). Reconciliation with the other parties is presently under progress.</p>
	<p>xviii. Liabilities for purchase of power: Review of liabilities of Rs. 11026,18,12,714.98 appearing under the head 41- Liabilities for purchase of power reveals that:</p> <ul style="list-style-type: none"> • Written back of balances of Rs.1290.41 crore (Credit) under the head '62.912 –Sundry Credit written back' pertaining to old, un-claimed, un-reconciled balances etc. of previous year in respect of various generators/vendor and further allocated to DISCOMS with approval of Director (F) for Rs. 87.65 crore and balance of Rs. 1202.76 crore at unit level of such material amount of earlier years denotes lack of observance of internal control procedure, incorrect depiction of profitability of earlier years, material impact on the profitability of the current year and as such any correction/ writing back of balances of such nature would in our view require approval of board of directors as a part of Corporate Governance for ensuring to streamline the internal control mechanism prevailing in the corporation and correct & proper disclosure in financial statement. 	<p>As per para 59 of Ind As 37, <i>“Provisions shall be reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision shall be reversed.”</i> In line with this requirement, the provisions have been duly reviewed and reversed, as it is no longer considered probable that an outflow of economic resources will be necessary to settle the obligation. It is pertinent to mention here that these balances have been written back after due diligence and</p>

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	<ul style="list-style-type: none"> • Provision of 7926.91 crore towards provisional liability i.e. Rs. 7845.93 crore under the head 41.20- Provisional Liability and Rs. 80.98 crore under the head 41.89 – Provisional Liability –Banked energy as appearing as on 31.03.2025 towards liability against unverified/ unbilled power purchase etc. comprises of following • Liability of Rs. 1484.30 crore appearing as on 31.03.2025 is for more than 1 year. • A sum of Rs. 788.33 crore i.e. Rs. 617.41 crore claimed during FY 2023-24 & Rs. 170.92 crore Claimed in FY 2024-25 by KSK Mahanadi Power Co. towards change in Law have been returned to generators owing to non-submission complete details/ documents for verification of the claim. Under the circumstances, the veracity of the provisions made in respect of the said returned bills is unascertainable at this stage. • Review of balance of Rs. 11026,18,12,714.98 appearing under the head 41.10 – Liability for power purchase as on 31.03.2025 includes Debit balances of Rs. 1491.00 crore and balance of Rs. 1371.17 crore (Credit) are continuing from more than 1 year which requires reconciliation and confirmation. Some of the instances of Debit & Credit Balances continuing from previous years noted during test check is given below. Impact of the said 	<p>reconciliation with parties/confirmation of parties that no dues for that period are pending as on date. Approval for writing back of very old payables in Vendor ledgers has been accorded by Director (Finance), whereas other provisions which were not part of Vendor Payables Ledgers, were written back with approval at unit level.</p> <p>Director (Finance), being the highest authority in Finance and a member of the Board, is duly competent to approve such adjustments. There is no procedural inaccuracy in the above-mentioned accounting adjustment and no violation of corporate governance.</p> <p>Provisional liability for less than 1 year is approximately equal to Average power purchase billing per month and related to energy purchased in March 2025, bills verified in April 2025.</p> <p>Provisional liability outstanding for more than one year includes an amount of ₹617.41 crore pertaining to a CIL claim raised by KSK. The bill has been returned due to lack of supporting documents. However, a provision has been created for the claimed amount as a reasonable estimate, pending receipt and verification of the required documentation.</p> <p>For better presentation net debit balance of vendors in AG 41.1 & 41.2 (which is payable in nature) has been transferred to AG 28.80 (which is a receivable in nature) and are presently under reconciliation.</p>

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pending reconciliation & confirmation of aforesaid Debit & Credit Balances on financial statement is not ascertainable at this stage.

Sl. No	Vendor Code	Name of Vendor	Balance as on 31.03.2025
1.	4000000190	POWER TRADING CORPORATION	-4,60,90,05,695.28
2.	4000000165	PGCIL	-2,00,47,22,640.21
3.	4000000159	SECI	-1,34,17,56,455.16
4.	4000000005	BAJAJ Energy	-99,43,50,525.94
5.	4000000181	MMPCL	-49,78,62,389.00
6.	4000000099	SJVNL	-31,42,62,431.01
7.	4000000060	Triveni Engineering	-10,77,49,092.64
8.	4000000171	Tanda Thermal Power station - NTPC	-5,46,84,781.00
9.	4000000163	Ultratech Cement	-3,05,55,468.56
10.	4000000202	Sukhbeer Agro Energy Limited	-1,95,76,242.07
11.	4000000368	Manikaran Power Limited	-15,34,750.00
12.	4000000068	SAEL Limited	2,13,68,820.10
13.	4000000117	SAEL 20 MW LALITPUR	3,20,37,589.00
14.	4000000052	KARCHAM	7,28,09,113.00
15.	4000000119	SECIL	10,39,75,574.24
16.	4000000147	SJVNL	47,77,93,211.00
17.	4000000140	NPCL NAPS	56,16,63,487.00
18.	4000000149	TEESTA III	78,40,01,626.00
19.	4000000143	NPCL RAPS	93,80,99,193.00
20.	4000000008	M/s M.B.POWER (PTC INDIA LIMITED)	1,20,98,09,673.00
21.	4000000335	PGCIL – CTUIL	4,01,67,30,252.96

- Regarding the aspect of reconciliation of balances of trade payable as mentioned above,

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	<p>we were explained that work order for reconciliation for the period up to 2017-18 was awarded to the M/S Mercados Marketing Energy Private Limited and reconciliation for the period for 2018-19 to 2022-23 was carried out and report submitted on 04-11-2023. However, considering the need for reconciliation of accounts since inception of the account of generator, the said contract was revised for conducting the reconciliation since inception and up to 31.03.2025. In this context we were informed that reconciliation in respect of 102 generators has been completed for the period up to 31.03.2024 and effect thereof has been made in books of account except in few cases where the final reconciliation statements is yet to be signed by both the parties. Under the circumstances, the overall reconciliation is still under process and as such impact of reconciliation & confirmation of balance of Rs. 11026,18,12,714.98 under the head '41 – Liability for Power Purchase' in respect of various generators, if any, on financial statement of the unit is unascertainable at this stage. (Unit #330)</p>	<p>Rigorous efforts are being made to reconcile historic balances of all vendors and as a result reconciliation with most of the vendors has been signed and reconciliation with remaining vendors is under process.</p>
	<p>xix. Maintenance of Books of Account:</p> <p>Implementation of SAP/ ERP system was commenced in the company/ zone in previous year and after updating and regularization of balances and as per internal audit report, first monthly trial balance for January 2025 was generated from SAP and used for reporting purposes. However, documentary evidence regarding various implemented control including maintenance & preservation of audit trail, user's roles & responsibility etc. were not made available to us. In this context we were explained that aspect of identification and assessment of various Risks including financial reporting Risk, maintenance & preservation of audit trail (edit log) facility were being dealt at Head office. Some of the observations noted during our test check are mentioned below:</p> <ul style="list-style-type: none"> - There are open items in various ledger particularly vendor ledger since long time, - Various un-cleared credit entries are appearing in vendor ledgers made through funds section vide KZ documents which remained unexplained by the unit # 330 and as such implication thereof on the balances, if any, on account of the Zone is unascertainable at this stage. 	<p>All the transactions are being routed through ERP and accounts are being generated from ERP. Audit trail for all the transactions are maintained in SAP.</p> <p>The matter is under review and necessary action shall be taken after completion of review.</p>

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	<p>- Creation of PO & GRN in respect of invoices in unit #330- EI&E are being done by Account section instead of officers /officials of technical section processing of verification of invoices.</p> <p>- Non -Reconciliation of Quantitative details of electricity purchased appearing in SAP as compared to Actual quantity of scheduled electricity during the year i.e. scheduled energy is 1,55,096.09 MU as against 159592.81 MU appearing in SAP.</p> <p>- Invoice verification date is appearing as Document date instead of Invoice date.</p> <p>- Multiple vendor codes are existing for same vendor.</p> <p>- Internal auditor has reported that there are cases where payments booked in SAP through general entry in voucher type AB instead of booking through Payment vouchers (KZ) documents.</p> <p>In view of the above, we are unable to comment upon the effectiveness, integrity of the control system, Risks including financial reporting Risk, maintenance & preservation of audit trail (edit log) facility.</p>	<p>These entries mainly relate to reconciliation adjustments between manual accounting records and ERP based accounts.</p> <p>The matter is under review and necessary action shall be taken after completion of review.</p> <p>Invoice verification date is the date on which verification document is created on ERP, hence it is correct, while the Invoice date is the date of Invoice.</p> <p><i>The same will be taken care after the reconciliation.</i></p> <p>AB document type is used for clearing already existing invoice document with existing payment document or negative bill.</p>
	<p>xx. Internal / Concurrent audit system : Review of the concurrent audit reports depicts various persistent observations i.e. aspect of punitive charges excessively charged in monthly bills by M/s ROSA POWER SUPPLY Co, Payment of Fixed Charges to power generators M/s Anta GPS, Auraiya GPS & Dadri GPS without supply of powers, Payment booked in SAP not routed through payment voucher (KZ), Non submission of claims towards compensation for shortfall in supply of Solar & Wind Energy through SECI & non-reconciliation of account with them from long time, Non obtaining of self-certification of maintenance of annual CUF from all the developers and further verification of the same by UPPCL, submission of certificate from CAs other than statutory Auditors for verification of variable cost of various generators, submission of</p>	<p>Observations raised by Concurrent audit/internal team has been complied with in timely manner except few matter which are under review.</p>

	INDEPENDENT AUDITOR'S REPORT	Management Reply																				
	provisional bills by power generators in few cases etc. and as such system of compliance of various observations on regular basis needed to be streamlined & strengthened.																					
	<p>xxi. Property Plant and Equipment: -</p> <ul style="list-style-type: none"> The Title Deed of immovable property (Land) of Rs. 47,24,689.99 as detailed below was not provided to us. <table border="1" data-bbox="354 505 1247 776" style="margin-left: 40px;"> <thead> <tr> <th colspan="4" style="text-align: center;">ZONE WISE LAND DETAILS (Amount in Rs.)</th> </tr> <tr> <th style="text-align: center;">Zone Code</th> <th style="text-align: center;">Cost of Land as per Trial Balance</th> <th style="text-align: center;">Title Deed Available</th> <th style="text-align: center;">Title Deed Not Available</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">970</td> <td style="text-align: right;">4,96,250.00</td> <td style="text-align: center;">-</td> <td style="text-align: right;">4,96,250.00</td> </tr> <tr> <td style="text-align: center;">640</td> <td style="text-align: right;">4,65,48,401.99</td> <td style="text-align: right;">4,23,19,962.00</td> <td style="text-align: right;">42,28,439.99</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: right;">4,70,44,651.99</td> <td style="text-align: right;">4,23,19,962.00</td> <td style="text-align: right;">47,24,689.99</td> </tr> </tbody> </table> <ul style="list-style-type: none"> As per accounting Policy of the company, Employee cost to capital works are capitalized @ 15% on deposit works and 13.50% on distribution works. Such practice of capitalization on estimated basis without determination of actual directly attributable cost is not in accordance with IND AS 16. Review of trial balance reveals that Buildings under the head AG Code 10.208 “Building CONTA DIST INST” amounting to Rs. 48,34,196.68 and under AG Code 10.211 Office building amounting to Rs. 11,65,227.05 are appearing in books of account but information regarding the cost of Land of corresponding assets could not be provided to us. #Units 645 – Elec Civil Const Div– 1. Trial balance is showing Buildings under the head AG Code 10.211 “Office Building” amounting to Rs. 4,20,87,422.10 but information regarding the Land of corresponding assets could not be provided to us. #Units641 – Civil 	ZONE WISE LAND DETAILS (Amount in Rs.)				Zone Code	Cost of Land as per Trial Balance	Title Deed Available	Title Deed Not Available	970	4,96,250.00	-	4,96,250.00	640	4,65,48,401.99	4,23,19,962.00	42,28,439.99	Total	4,70,44,651.99	4,23,19,962.00	47,24,689.99	<p>a) As the balances have been transferred under the Trifurcation Scheme and the land pertains to the erstwhile UPSEB, the matter is currently under consideration by the management for identification of the relevant title deeds.</p> <p>b. Due to multiplicity of functional units as well as multiplicity of functions at particular unit, the company has formulated a policy of accounting and capitalizing the employee related costs at fixed percentages (15% on deposit works and 9.5% on other works).</p> <p>c. As the balances have been transferred under the Trifurcation Scheme and the land pertains to the erstwhile UPSEB, the matter is currently under consideration by the management for identification of the relevant title deeds.</p> <p>d. As the balances have been transferred under the Trifurcation Scheme and the land pertains to the erstwhile UPSEB, the matter is currently under consideration by the management for identification of the relevant title deeds.</p>
ZONE WISE LAND DETAILS (Amount in Rs.)																						
Zone Code	Cost of Land as per Trial Balance	Title Deed Available	Title Deed Not Available																			
970	4,96,250.00	-	4,96,250.00																			
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Total	4,70,44,651.99	4,23,19,962.00	47,24,689.99																			

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	<ul style="list-style-type: none"> The zone is not evaluating the Property Plants and Equipment (PPE) for impairment as required under IND AS 36, as explained to us revaluation of PPE is not permitted by the Electricity (Supply) (Annual Accounts) Rules, 1985, the exception may be because the PPE cost is built in the Fixed Cost of the tariff but as explained to us the cost of PPE of the Company is not approved under the tariff approved by the regulator neither Depreciation is allocated to the Distribution companies. The company has not sought any clarification from relevant regulatory authorities regarding the same. 	<p>e. In the opinion of the management, there is no specific indication of impairment of assets except investment in subsidiaries as on balance sheet date. The assets i.e. PPE of the company have been accounted for at their historical cost because most of the assets are very old where the impairment of assets is very unlikely. This fact has been duly disclosed under Point 31 of Note 30. Further, it is submitted that the cost of PPE of the Company is not approved under the tariff approved by the regulator because UPPCL is selling bulk power to its subsidiaries and not in retail distribution of electricity business. Moreover, sale/ purchase of electricity are also made on energy exchanges as per the requirement and on mutually agreed terms.</p>
	<p>xxii. Payment of Lease</p> <ul style="list-style-type: none"> Unit #972 (UP Vigilance Cell) and unit # 327 (Electricity Store Procurement Circle) are being maintained at rental premises. As explained to us the rent of Unit 972 is being deposited to Court as the ownership of the premises is sub-judice. Further, latest lease agreement and the rent receipt were not being provided to us for premises with Unit 327, further, Compliances of Ind AS 116 is not done at zone level. The unit is accruing rent every year @ Rs 1 per month. The total amount accumulated in this ledger is Rs 120.00. However, no details were provided to us with regard to the title deed of the immovable property leased to KESCO limited was provided to us nor it was explained in which unit, the said asset is capitalized. (#Units330 – EIE&PC.) 	<p>In this reference, it is submitted that the present case is not a lease agreement, it's just a normal rent agreement which has been done to use the premises. Hence, IND AS 116 will not be applicable in the instant case and accordingly no compliance of the same is required.</p> <p>Presently, due to ownership dispute the matter is subjudice in court, hence the renewal rent agreement is pending. However, liability for payment of rent is being created on monthly basis in case of Unit #327. Further, amount of monthly rent is being deposited in court in case of Unit #972.</p> <p>The said accounting is done in view of UP Govt. notification. In terms of 'UP Transfer of KESA Zone Electricity Distribution Undertaking Scheme, 2000', no part of land belonging to UPPCL in</p>

	INDEPENDENT AUDITOR'S REPORT						Management Reply																												
	<ul style="list-style-type: none"> Rental From Contractor: The unit has accounted Rental Income from Contractor M/S Prayagraj Power Generation Corporation Limited of Rs. 2,29,927.00 further as explained to us the said amount is on account of Lease of Land to the contractor. Unit has accounted for the said land in books of account during the year at notional cost of Rs. 1.00 as per records /information available with the Zone. 						<p>KESA shall form part of the assets transferred under the above scheme, notwithstanding that the land was being used immediately before the appointed date exclusively or primarily for the distribution business in the KESA Zone. As per the scheme, KESCO is entitled to use such land as a licensee of UPPCL on payment of consolidated amount of Re. 1.00 per month during the period KESCO has the sanction or license to undertake the distribution business.</p> <p>It was duly explained during the audit that no amount was expended/incurred by the UPPCL for acquiring the said land and it is provided free of cost by GOUP. However, it was omitted to record in the books of accounts inadvertently at that time. So, the same has been accounted for in the books in current financial year at nominal value of Rs1 in compliance to para 23 of Ind AS 20.</p>																												
	<p>xxiii. Details of Liabilities of Rs. 44.34 crore under various heads as given below in respect GPF/CPF contribution of employees payable to U.P Power Sector Employee Trust is under reconciliation. Impact of such reconciliation, if any, on financial statement is not ascertainable at this stage.</p> <table border="1" data-bbox="199 1084 1276 1352"> <thead> <tr> <th></th> <th>Head</th> <th>UNIT 300</th> <th>UNIT 330</th> <th>UNIT 970</th> <th>Unit 640</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>44.11000</td> <td>Provision for Gratuity</td> <td>5,86,13,199.09</td> <td>-86,50,412.00</td> <td>-3,91,09,740.11</td> <td>- 4,00,26,884.00</td> <td>- 2,91,73,837.02</td> </tr> <tr> <td>44.12000</td> <td>Provision for Pension</td> <td>41,63,37,553.83</td> <td>-5,33,96,841.00</td> <td>-27,84,35,393.91</td> <td>- 28,06,31,520.00</td> <td>- 19,61,26,201.08</td> </tr> <tr> <td>44.61000</td> <td>Liability towards GPF</td> <td>56,12,33,866.00</td> <td>-5,04,83,326.00</td> <td>-37,14,39,634.03</td> <td>- 35,13,16,139.63</td> <td>- 21,20,05,233.66</td> </tr> </tbody> </table>							Head	UNIT 300	UNIT 330	UNIT 970	Unit 640	Total	44.11000	Provision for Gratuity	5,86,13,199.09	-86,50,412.00	-3,91,09,740.11	- 4,00,26,884.00	- 2,91,73,837.02	44.12000	Provision for Pension	41,63,37,553.83	-5,33,96,841.00	-27,84,35,393.91	- 28,06,31,520.00	- 19,61,26,201.08	44.61000	Liability towards GPF	56,12,33,866.00	-5,04,83,326.00	-37,14,39,634.03	- 35,13,16,139.63	- 21,20,05,233.66	<p>The reconciliation of trust liability is under process and necessary action will be taken after completion of the same.</p>
	Head	UNIT 300	UNIT 330	UNIT 970	Unit 640	Total																													
44.11000	Provision for Gratuity	5,86,13,199.09	-86,50,412.00	-3,91,09,740.11	- 4,00,26,884.00	- 2,91,73,837.02																													
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INDEPENDENT AUDITOR'S REPORT							Management Reply																																					
44.62000	C.P.F. (Emp Share)	8,87,55,590.00	-52,04,099.00	-4,30,06,252.00	-	72,63,146.00																																						
44.62100	C.P.F. Employ er Cont.	4,01,29,747.00	-36,43,798.00	-2,85,82,916.90	3,32,82,093 .00	-	1,33,70,514.90																																					
					Total	-	44,34,12,640.6 6																																					
xxiv.	Pending legal cases at different forums: In respect of pending legal cases at different forums, we were explained that the status of court cases received from PPA unit, Planning unit Power Management Cell and SPAT unit has been considered by the Zone and the same has been disclosed as contingent liability. Hence, we are unable to comment on the completeness of the details of contingent liabilities provided by the Zone. Contingent liability except aforesaid details pertaining to other unit/ zone may be looked into at HO level.						The contingent liabilities identified/prevaling during the period have been duly disclosed.																																					
xxv.	Copies of the agenda notes and decisions of the Board of Directors and Executive committees towards purchase of power during 2024-25 and matters related thereto were not made available to us despite our request to the management of the zone and as such we are unable to comment on the implication arising out of the decisions, if any, made by management on this account.						Unit has been instructed not to repeat such type of comment in future.																																					
xxvi.	<p>Staff and Other Liabilities: A sum of Rs. 98.35 crore (Credit) appearing under various head as detailed below are continuing from long time and no clarification could be provided on this account and as such we are unable to comment upon the same:</p> <table border="1"> <thead> <tr> <th></th> <th>AG Code</th> <th>Unit 300</th> <th>Unit 330</th> <th>Unit 640</th> <th>Unit 970</th> </tr> </thead> <tbody> <tr> <td>44.406</td> <td>Life Insurance Premium</td> <td>-</td> <td>-</td> <td>-2,560.90</td> <td></td> </tr> <tr> <td>44.41</td> <td>Other Miscellaneous</td> <td>-43,005.50</td> <td>-</td> <td>-11,87,005.84</td> <td>8,27,252.50</td> </tr> <tr> <td>44.502</td> <td>Officers</td> <td>-101.00</td> <td>-</td> <td>-1,40,000.00</td> <td>5,04,054.00</td> </tr> <tr> <td>44.503</td> <td>SE & MEs</td> <td>-</td> <td>-</td> <td>2,000.00</td> <td>-74,310.00</td> </tr> <tr> <td>44.504</td> <td>Ministerial Staff</td> <td>-</td> <td>-</td> <td>97,286.00</td> <td>5,77,503.00</td> </tr> </tbody> </table>							AG Code	Unit 300	Unit 330	Unit 640	Unit 970	44.406	Life Insurance Premium	-	-	-2,560.90		44.41	Other Miscellaneous	-43,005.50	-	-11,87,005.84	8,27,252.50	44.502	Officers	-101.00	-	-1,40,000.00	5,04,054.00	44.503	SE & MEs	-	-	2,000.00	-74,310.00	44.504	Ministerial Staff	-	-	97,286.00	5,77,503.00	These are very old balances and presently in the process of review/identifying the relevant details/records. Necessary action will be taken after completion of the same.	
	AG Code	Unit 300	Unit 330	Unit 640	Unit 970																																							
44.406	Life Insurance Premium	-	-	-2,560.90																																								
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INDEPENDENT AUDITOR'S REPORT							Management Reply
44.505	Operating Staff	-	-	36,000.60	-31,000.00		
44.506	G.P.F. Pmt to Acct			-1,48,000.00			
44.507	Class IV Advance	-299.21	-	45,633.00	7,33,648.00		
44.61	Liab. towards GPF			-			
46.101	Security Deposit In Cash (CAP)	-40,11,861.00	-	35,13,16,139.63	-		
46.102	Security deposits other than cash	-	-	-	-9,85,461.00		
46.103	Earnest Money deposit (cap)	-	-	-	-29,025.00		
46.121	Security deposits in cash (O&M)	-	-	-	-70,527.00		
46.22	Other Receipts	-	-	-	-3,32,270.00		
46.81	Provision for Fringe Benefit	-92,828.82	-	-18,52,878.00	-7,85,121.00		
46.985	Recv of MiscAdv PVVNL MRT	-	-	70,408.00	-		
46.989	U.P.P.T.C.L.	-	58,42,43,173.13	-	-3,85,94,178.00		
46.541	IUT Cash			-31,405.75			
46.542	Outside Zone	-	-	-25,15,229.00	-		
	Total	-41,48,095.53	58,42,43,173.13	35,69,41,891.52	-3,82,59,434.50		
	Grand Total				-98,35,92,594.68		
2.	Common observations in Audit Report of Subsidiaries						
	A. Trade Receivable on account of supply of Power:						
	a) Paschimanchal Vidyut Vitran Nigam Limited-						
	i. Ind AS 109 has specified two approaches to calculate the expected credit loss:						As per Ind AS-08, "Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. Loss allowance

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	<ul style="list-style-type: none"> • General Approach • Simplified Approach <p>During the year under audit, the Company has adopted Simplified Approach to calculate its Expected Credit Loss on Trade Receivables. As per the Management of the Company, the rate of Provision in the bracket of 0-6 months is NIL as the Management believes that the consumers in this category are in the phase of temporary disconnection for 6 months until it becomes permanently disconnected and would pay their dues within 6 months from the date of being temporarily disconnected based on the collection efforts and initiatives being taken. The chances of recovery during this period are significantly higher. Further, As per IND AS 109 under the age bucket of More than 3 years as per the simplified approach calculation loss amount would be the total outstanding amount which expects provisioning at the rate of 100 percent. However, based on the collection efforts and the current and future initiatives being undertaken by the company for collection, the Management considered to follow a graded provisioning over a period of four years from the financial year i.e FY 2022-23. Under these assumptions, in the previous financial year provisioning @ 40% on trade receivables is calculated under this age bucket for FY2023 and the same would be increased by another 20% each year till FY 2026. From FY2026 onwards, 100% provision would be applicable under this age bucket. The above deviation is not in accordance of Ind AS 109. Further in the current year company didn't make any additional provision and continue with the same provision of Rs 4211.70 Crore of the previous year. We were informed by the management that by following the conservative approach, the Management has decided that the provision stated in Annual Accounts upto 31.03.2024 is appropriate and no new addition/deduction in provision is required for FY 2024-25. (Refer to Note no 7 of financial statements and point no. 10(i) of Notes on Accounts)</p>	<p>for Expected Credit Loss (i.e. Provision for Bad & Doubtful Debts) is an Accounting Estimates.” Further, Ind AS 109 states to make provision on Trade Receivable only on the basis of lifetime Expected Credit Loss model based on Simplified Approach. Accordingly, the company has made provision on the basis of lifetime Expected Credit Loss model based on Simplified Approach in accordance with Ind AS 109. Being an Accounting estimate, management envisaged to make provision in a graded manner for Trade Receivables outstanding for More than 3 years (i.e. @80% for the FY 2024-25) considering the various factors like Collection efforts and the current & future initiatives being undertaken by the company for collection etc. All other Trade Receivables (except Credit Impaired) have been Considered Good and no provision is made on such Trade Receivables. Further, it may be noted that management envisaged that 100% Trade Receivables which are pending for More than 3 years are not doubtful because of collection efforts and the current & future initiatives being undertaken by the company for collection like One Time Settlement Scheme (OTS), Installment Payments etc.</p> <p>Apart from the above, it is important to mention that through G.S.R. 635(E) dated 10th October, 2024, the MoP issued the guidelines for minimum requirement of the Provisions on the Trade Receivables of Distribution Companies. According to the above guidelines, the Distribution companies are required to make Provisions in FY 2024-25 at the rate of 75% on the Trade Receivables</p>

	INDEPENDENT AUDITOR'S REPORT	Management Reply
		<p>outstanding for more than 3 years. The company has made a Provision of 80% considering the conservative approach of the accounting.</p> <p>The provision for Bad & Doubtful Debts as on 31.03.2025, calculated as per policy will be ₹3038.64 crore in comparison to provision as on 31.03.2024 amounting to ₹4211.70 crore. Following the conservative approach, the Management has decided that the provision stated in Annual Accounts upto 31.03.2024 is appropriate and no change in provision is required for FY 2024-25. (Refer point no. 10(i)&(ii) of Notes on Accounts)</p>
	<p>ii. No revaluation loss has been recognized during the reporting period in respect of Trade Receivables based on security deposit equivalent to 45 days billing to cover the outstanding dues. In absence of adequate security deposit cover for customers under Government sponsored schemes, no provision for likely impairment loss has been provided against such receivables by the company. Under the circumstances, we are not in a position to comment on the possible impact thereof on the financial statements of the company. (Refer to Point no 10 of Notes to Accounts)</p>	<p>The Security deposit collected from the consumers on the basis of 45 days' average billing as per Chapter-3 of Cost Data Book issued by UPERC. There are few reasons listed below for non-making of impairment provision on the Trade Receivable:</p> <p>1) On overdue of the payment of bills raised, a notice is served to the consumers. Further, management believes that the bill amounts that crossed due date are still recoverable as a notice of Section 5 (i.e. RC) is serve to the consumer and office of the District Collector shall recover the amount from consumers.</p> <p>2) Considering the various efforts by the company for collection at their level such as arrangement of Camps, Awareness programs and Kiosks etc. the management is hopeful for the collection from consumers.</p> <p>In view of the above, it is envisaged that sufficient provision has been made to meet any impairment of</p>

	INDEPENDENT AUDITOR'S REPORT	Management Reply
		receivables from all the categories of consumers. Hence, no impairment loss has been recognized during the reporting period in respect of Trade Receivables.
	iii. The company has not furnished the details of advance deposit received from consumers against temporary connection and the entire security deposits from them has been shown as non-current liabilities. In absence of such details, quantification of current and non-current liabilities therefrom is not possible and ascertained.	The Security Deposit from consumer against Temporary Connection is booked along with Security Deposit from consumer of Permanent Connection in specific accounting code and reflected in the Balance Sheet. The number of temporary connections is immaterial in volume, therefore, has not been separately accounted.
	iv. During the course of audit, we observed that a huge amount is lying as debtors, which has been classified into secured/unsecured and good/doubtful/ Govt./Non-Govt. Age wise analysis of outstanding is done in Note No. 8 of Financial statements, however, details thereof is not provided to us for the audit. Moreover, the classification into disputed and undisputed debtors are not done at all in Note No. 8 of Financial statements, which is not in accordance with amended Schedule III to the Companies Act 2013. Time barring/non-recoverable cases are not identified, in absence of any such classification, we are unable to comment there upon.	The company is having approx. 0.78 crore consumers having ₹24757.95 Crore billed amount (including ED). Considering the large volume of consumers, separate disclosure of disputed/undisputed Trade Receivables is not practically possible. The company has disclosed age wise balances of Trade Receivables and made a provision as per the Policy of the Company. Therefore, the time barring/non recoverable cases are already covered under the provision and complied with the conservative concept of the Accounting.
	v. The amount outstanding under the head sundry debtors (AG- 23) is not reconciled with the billing ledger. Outstanding balance in Balance Sheet as on 31 st March, 2025 under Trade Receivables could not be verified with consumer ledger or with other available records with the divisions/zone. Under the circumstances, we are not in a position to comment on the possible impact thereof on the financial statements of the company.	The company is in the process of reconciliation.
	vi. As reported by branch Auditor of Meerut Zone, amount outstanding under the head AG-23(sundry debtors) is not verified and reconciled with the subsidiary records (Billing Data/Online data of the Consumers) maintained at various units. Chances of recovery are not analysed. Time barring and non -recoverable cases are not identified. No provision is made in the accounts for non-recoverable amount at Zone level and is reportedly made at headquarter level.	The company is in the process of reconciliation.

INDEPENDENT AUDITOR'S REPORT

Management Reply

b) Dakshinanchal Vidyut Vitran Nigam Limited-

- i. The Company has followed graded provisioning on trade receivable over the period of four years with incremental provisioning of 20% each successive year, being 80% in FY 2024-25, resulting deficient provisioning for doubtful debts by as follows:

S. No.	Particular	Outstanding Amount (In Crores)	Provision Amount (In Crores)
1.	Provision requirement in different age brackets excluding government debtors		
	A. Up to 6 Months	1,166.64	Nil
	B. 6 Months-1 Year	484.07	130.70
	C. 1-2 Year	1427.65	428.30
	D. 2-3 Year	851.83	357.77
	E. More than 3 Year (100% Provision required)	15,208.69	15,208.69
	Total	19,138.88	16,125.46
2.	Provision made in Balance Sheet		13,083.71
3.	Additional Provision not made (1-2)		3,041.75

In our opinion once a debt has been identified as bad and doubtful debt it cannot be carried in Financial Statement as receivable, hence 100% provisioning of such debt is required.

As per Ind AS-08, "Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. Loss allowance for Expected Credit Loss (i.e. Provision for Bad & Doubtful Debts) is an Accounting Estimates." Further, Ind AS 109 just say to make provision on Trade Receivable only on the basis of lifetime Expected Credit Loss model based on Simplified Approach. Accordingly, the company has made provision on the basis of lifetime Expected Credit Loss model based on Simplified Approach in accordance with Ind AS 109. Being an Accounting estimate, management envisaged to make provision in a graded manner for Trade Receivables outstanding for More Than 3 years (i.e. @80% for the FY 2024-25) considering the various factors like Collection efforts and the current & future initiatives being undertaken by the company for collection like One Time Settlement Scheme (OTS), Instalment Payments etc.

Apart from the above, it is important to mention that through G.S.R. 635(E) dated 10th October, 2024, the MoP issued the guidelines for minimum requirement of the Provisions on the Trade Receivables of Distribution Companies. According to the above guidelines, the Distribution companies are required to make Provisions in FY 2024-25 at the rate of 75% on the Trade Receivables outstanding for more than 3 years. The company has made a Provision of 80% considering the conservative approach of the accounting.

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	<p>c) Madhyanchal Vidyut Vitran Nigam Limited-</p> <p>i. Ind AS 109 has specified two approaches to calculate the expected credit loss:</p> <ul style="list-style-type: none"> • General Approach • Simplified Approach <p>During the year under audit, the Company has adopted Simplified Approach to calculate its Expected Credit Loss on Trade Receivables. As per the Management of the Company, the rate of Provision in the bracket of 0-6 months is NIL as the Management believes that the consumers in this category are in the phase of temporary disconnection for 6 months until it becomes permanently disconnected and would pay their dues within 6 months from the date of being temporarily disconnected based on the collection efforts and initiatives being taken. The chances of recovery during this period are significantly higher. Further, as per IND AS 109 under the age bucket of more than 3 years as per the simplified approach calculation loss amount would be the total outstanding amount which expects provisioning at the rate of 100 percent. However, based on the collection efforts and the current and future initiatives being undertaken by the company for collection, the Management considered to follow a graded provisioning over a period of four years from the financial year i.e. FY 2022-23. Under these assumptions, from the FY 2022-23 provisioning @ 40% on trade receivables is calculated under this age bucket and the same would be increased by another 20% each year till FY 2025-2026. From FY 2025-2026 onwards, 100% provision would be applicable under this age bucket. The above deviation is not in accordance of Ind AS 109. We were informed by the management that by following the conservative approach, the Management has decided that the provision stated in Annual Accounts up to 31.03.2025 is appropriate and no new addition/deduction in provision is required for FY 2024-25.</p>	<p>As per Ind AS-08, “Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. Loss allowance for Expected Credit Loss (i.e. Provision for Bad & Doubtful Debts) is an Accounting Estimates.” Further, Ind AS 109 just say to make provision on Trade Receivable only on the basis of lifetime Expected Credit Loss model based on Simplified Approach. Accordingly, the company has made provision on the basis of lifetime Expected Credit Loss model based on Simplified Approach in accordance with Ind AS 109. Being an Accounting estimate, management envisaged to make provision in a graded manner for Trade Receivables outstanding for More Than 3 years (i.e. @80% for the FY 2024-25) considering the various factors like Collection efforts and the current & future initiatives being undertaken by the company for collection like One Time Settlement Scheme (OTS), Instalment Payments etc.</p> <p>Apart from the above, it is important to mention that through G.S.R. 635(E) dated 10th October, 2024, the MoP issued the guidelines for minimum requirement of the Provisions on the Trade Receivables of Distribution Companies. According to the above guidelines, the Distribution companies are required to make Provisions in FY 2024-25 at the rate of 75% on the Trade Receivables outstanding for more than 3 years. The company has made a Provision of 80% considering the conservative approach of the accounting.</p> <p>The provision for Bad & Doubtful Debts has been</p>

	INDEPENDENT AUDITOR'S REPORT	Management Reply
		<p>made as per the accounting policy adopted by the Board of Directors which is continually followed since last 3 years.</p> <p>The Management considers that the provision calculated as per the adopted policy is appropriate.</p>
	<p>ii. Party/Consumer wise (debtors from sale of power) details were not available at the zones in support of balances of 'Trade Receivable (Current)' as appearing in Note 8. Further, reconciliation of outstanding balances of consumers as per consumer ledgers maintained by the billing agencies and the balances appearing in the books of accounts of concerned zones has also not been done.</p>	<p>There are approx. 1.02 crore consumers spread over all categories in zones in the jurisdiction of the Company. The differences as per consumer ledgers maintained by the billing agencies and the balances appearing in the books of accounts are under reconciliation.</p>
	<p>iii. As per the zonal auditor's report of Zones CISS Lucknow, Bareilly, Trans Gomti, it has come to their knowledge that in some cases, additional security deposits have not been collected from consumers as per requirement.</p>	<p>The concerned zone has been instructed to look into the matter and realize the additional security wherever required.</p>
	<p>iv. In several cases, legal notices/ recovery proceedings have been initiated against consumers at the zones to recover the outstanding over dues against sale of power. However, all the 'Trade Receivables' in the financial statements have been classified as 'considered good' by deducting the amount of 'total provision for doubtful debts' from the total debtors without identifying these cases or ascertaining their actual position.</p>	<p>The provision for Bad & doubtful debts is made as per the accounting policy of the company which is considered adequate to cover such cases where such proceedings or notices have been issued. The provision so made is adequate in the opinion of the management.</p>
	<p>v. We draw attention to para 21(A) of Note 1B relating to disclosures of trade receivables wherein the company has not ascertained and classified the Trade Receivables into 'Disputed/ Undisputed', as required by amended Schedule III to the Companies Act, 2013.</p>	<p>The company approximately is having 1.02 crore consumers resulting in approximately 99.86 lakhs number of bills per month, considering the large volume of consumers, separate disclosure of disputed/undisputed trade receivables is not practically possible.</p>
	<p>vi. Further, the total trade receivables as per the data provided by the commercial wing as on 31st March 2025 do not match with the total 'trade receivables' as shown in the books of accounts of the company. The same has not been considered and has been reduced from the category of 'non-government consumers' under 'Receivables outstanding for more than 3 years' while categorizing the age buckets for the purpose of provisioning for bad and doubtful debts.</p>	<p>The data as per commercial section/ Billing Ledgers and as per accounts is under reconciliation. The differences in the Trade receivables are mostly on account of older periods. Further all the Government Dues are considered good and mostly reconciled and recoverable from them.</p>

INDEPENDENT AUDITOR'S REPORT		Management Reply						
	<p>vii. The company has not furnished the details of advance deposit received from consumers against temporary connection and the entire security deposits from them has been shown as non-current liabilities. In absence of such details, quantification of current and non-current liabilities therefrom is not possible and ascertained.</p>	<p>The Security Deposit from consumer against Temporary Connection is booked along with Security Deposit from consumer of Permanent Connection in specific accounting code and reflected in the Balance Sheet. The number of temporary connections is immaterial in volume, therefore, has not been separately accounted.</p>						
	<p>viii. Observations of the Zonal auditors with respect to the trade receivable</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%; text-align: left;">Zone Name</th> <th style="text-align: left;">Observations</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;">LESA – CISS-Gomti Zone</td> <td style="vertical-align: top;"> <p>a. The zone has shown recoverable (Supply of Power) amounting to Rs.4521.96 Crore. Billing Ledger is not made available for verification category wise outstanding receivable against supply of power shown in trial balance as on 31.03.2025. Age wise classification of receivable/book debts are not made available to us. Age wise analysis of debtors is essential to take appropriate action of making provisions towards bad and doubtful debts and also for apprising management the correct status thereof.</p> <p>b. As per the manual additional security calculated on the basis of 45 days previous year billed amount has to be realized. However, in large number of cases such additional security has not been realized. Amount indeterminate.</p> </td> </tr> <tr> <td style="vertical-align: top;">LESA – TRANS GOMTI Zone</td> <td style="vertical-align: top;"> <p>A. Recoverable from sale of power (AG-23) are appearing at Rs. 2,59,540.79 lakh as on 31.03.2025. System of reconciliation of consumer-wise details as per online billing system with balances appearing in books of account is not in vogue. Hence, figures of said receivable against supply of power are subject to reconciliation and confirmation, impact whereof is unascertainable at this stage.</p> </td> </tr> </tbody> </table>	Zone Name	Observations	LESA – CISS-Gomti Zone	<p>a. The zone has shown recoverable (Supply of Power) amounting to Rs.4521.96 Crore. Billing Ledger is not made available for verification category wise outstanding receivable against supply of power shown in trial balance as on 31.03.2025. Age wise classification of receivable/book debts are not made available to us. Age wise analysis of debtors is essential to take appropriate action of making provisions towards bad and doubtful debts and also for apprising management the correct status thereof.</p> <p>b. As per the manual additional security calculated on the basis of 45 days previous year billed amount has to be realized. However, in large number of cases such additional security has not been realized. Amount indeterminate.</p>	LESA – TRANS GOMTI Zone	<p>A. Recoverable from sale of power (AG-23) are appearing at Rs. 2,59,540.79 lakh as on 31.03.2025. System of reconciliation of consumer-wise details as per online billing system with balances appearing in books of account is not in vogue. Hence, figures of said receivable against supply of power are subject to reconciliation and confirmation, impact whereof is unascertainable at this stage.</p>	<p>Billing Ledger is available at Division level.</p> <p>Further, age-wise classification is provided by Commercial wing at HQ level for making provisions towards bad & doubtful debts.</p> <p>The list of unrealized additional security has not been attached by the Audit. Although, the concerned zone has been instructed to look into the matter and realize the additional security wherever required.</p> <p>The data as per commercial section/ Billing Ledgers and as per accounts is under reconciliation. The differences in the Trade receivables are mostly on account of older periods.</p>
Zone Name	Observations							
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	INDEPENDENT AUDITOR'S REPORT	Management Reply
	<p>B. Comments on Old Balances</p> <p>As per report of DISCOMS Auditors, there are certain old balances which have not been reviewed since long including their classification Summarized position of major balances Subsidiary-wise is reproduced below:</p>	
	<p>a) Paschimanchal Vidyut Vitran Nigam Limited-</p>	
	<p>i. Balances of trade receivables, trade Payables, Suppliers, Contractors, loans and advances, staff related liabilities & advances and other various debit/credit balances, dues from government including but not limited to UPPCL, UPTCL, UPJVNL, UHBVNL, UPCL, etc., certain borrowing from PFC and reconciliation in respect of certain Bank balances are subject to respective confirmations, reconciliation and consequential adjustments thereof. In absence of proper records/details, we are unable to ascertain the effect of the adjustments arising from reconciliation and settlement of old dues, possible loss/ profit that may arise on account thereof, non-recovery or partial recovery of such dues and non-settlement of liabilities.</p>	<p>The copy of confirmation letter from other Discoms viz. PuVVNL, MVVNL, DVVNL and Other Companies viz. UPPTCL, UPPCL (Power Purchase Liability) and from various FI's/Banks etc. has been provided to audit. For the remaining balance confirmation letter has been issued to the concerned companies.</p>
	<p>ii. Various debit and credit opening balances are lying unadjusted, including the account received under transfer scheme. Under these circumstances, we are not in a position to comment on the possible impact thereof on the financial statements of the company.</p>	<p>The company is in process to setoff/reconcile/adjust the unadjusted balance lying under various debit and credit AG Code.</p>
	<p>iii. As referred in Note 9 to the financial statements, receivables from Uttar Pradesh Jal Vidyut Nigam amounting ₹0.83 crore and ₹33.50 crore from Uttar Pradesh Power Transmission Corporation Limited are shown under Current Assets, which are outstanding for more than 12 months. As a result of this, other current assets are overstated and other non-current assets are understated by ₹34.33 crore.</p>	<p>As per Ind AS 1, Presentation of Financial Statements, the Assets shall be classified as Current or Non-Current based on its expectation of realization in the upcoming 12 months. The classification on the basis of past 12 months is not prescribed by the Ind AS.</p>
	<p>iv. As referred to in Note 18 to the financial statements, Payables to Uttar Pradesh Rajkiya Vidyut Utpadan Nigam Ltd. amounting ₹33,080.00, Uttarakhand Power Corporation Ltd. ₹0.17 crore, are shown under Current Liabilities. However, these balances are outstanding for more than 12 months. As a result of this, current liabilities (Other financial liabilities) are overstated and non-current liabilities (Other financial liabilities) are understated by ₹0.17 Crores.</p>	<p>This fact has been disclosed in the Clause 2 (g) of Note no.1 "General information and Material Accounting Policy" of the Company. The classification has been done on the basis of this provision.</p>
	<p>a) Dakshinanchal Vidyut Vitran Nigam Limited-</p>	

INDEPENDENT AUDITOR'S REPORT**Management Reply**

- i. There is no reasonable certainty for the recovery/payment of following amounts outstanding since long period of time without any balancing/reconciliation, hence should be written off:

Debit Balances

S. No.	GL	Name	Amount (in Crores)
1	28.40100	Amount recoverable from employee	0.60
2	28.40110	Amt. Rec. from Employee	4.37
3	28.40120	Amt. Rec. Emp. (Mat. Cost)	11.05
4	28.87700	U.P Rajya Vidyut Utpadan Nigam Ltd.	1.55
5	28.87900	U.P Power Trans. Corporation Ltd.	9.62
6	25.10010	Advance to Supplier/Cont. – RGGVY-12 th Plan	3.09
7	25.50000	Advance Interest Free (Capital) - EE Admin	8.09
8	25.70000	Control Account (Capital) - EE Admin	0.55
	Total Debit		38.92

Credit Balances

S. No.	GL	Name	Amount(in Crores)
1	46.98700	UP RVUNL	0.60
2	46.98900	U.P Power Trans. Corporation Ltd.	2.98
3	44.41200	EC Payable (Out of Nigam)	6.02
4	44.41000	Other Misc.	11.53
5	42.10000	Lia. Supply of Mat. Cap – EE Admin	0.12
6	43.10000	Liab. Supp. Of Mat. (O&M) - EE Admin	0.15
7	46.10100	Security – RGGVY 12 th Plan	5.63
	Total Credit		27.03

These balances are under reconciliation and necessary correction in accounting, if required, shall be done after reconciliation.

c) Purvanchal Vidyut Vitran Nigam Limited-

- (a) The Company is carrying old balances in various tax heads like Sales Tax, Service Tax, State Sales Tax, Central Sales Tax etc., inspite of the fact that these taxes have been discontinued from July, 2017 or before. The details are as under: -

INDEPENDENT AUDITOR'S REPORT				Management Reply																							
	<table border="1"> <thead> <tr> <th>Head of Account</th> <th>AG Code</th> <th>Amount (In Lacs)</th> </tr> </thead> <tbody> <tr> <td>Central Sales Tax</td> <td>46.926</td> <td>2.55</td> </tr> <tr> <td>State Sales Tax</td> <td>46.927</td> <td>1082.49</td> </tr> <tr> <td>Sale Tax (Cont. Bill)</td> <td>46.928</td> <td>30.26</td> </tr> <tr> <td>Service Tax</td> <td>46.929</td> <td>75.06</td> </tr> <tr> <td>Provision for FBT</td> <td>46.81</td> <td>9.93</td> </tr> <tr> <td>TCS Withholding on Sales</td> <td>46.934</td> <td>26.63</td> </tr> <tr> <td>Subsidy Refundable</td> <td>46.935</td> <td>1.01</td> </tr> </tbody> </table> <p>As per the information provided by the Management, there are no outstanding dues payable in respect of these taxes. However, the Company has not provided a detailed breakup, reconciliation, or a satisfactory explanation for the existence of these credit balances. In the absence of adequate information and supporting documentation, we are unable to verify the nature and correctness of these balances, and therefore, cannot ascertain their impact on the financial statements.</p>	Head of Account	AG Code	Amount (In Lacs)	Central Sales Tax	46.926	2.55	State Sales Tax	46.927	1082.49	Sale Tax (Cont. Bill)	46.928	30.26	Service Tax	46.929	75.06	Provision for FBT	46.81	9.93	TCS Withholding on Sales	46.934	26.63	Subsidy Refundable	46.935	1.01		<p>These balances are under reconciliation and necessary correction in accounting, if required, shall be done after reconciliation.</p>
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	<p>d) Madhyanchal Vidyut Vitran Nigam Limited-</p> <p>i. In many cases at zones and head office, party wise breakup, ageing of outstanding amounts, actual nature of transactions and reconciliation/ balance confirmation from the parties under following major heads were not available for verification.</p> <p>As reported by the zonal auditor of Lesa CISS following major heads were not available for verification :-</p> <table border="1"> <thead> <tr> <th>Account Head</th> <th>Amount (Rs. in Crores)</th> </tr> </thead> <tbody> <tr> <td>Deposit for electrification</td> <td>240.22</td> </tr> <tr> <td>Other Liability & Provisions</td> <td>3049.55</td> </tr> </tbody> </table>	Account Head	Amount (Rs. in Crores)	Deposit for electrification	240.22	Other Liability & Provisions	3049.55		<p>Most of these balances are quite old and details of the same are not available. Efforts are being made to reconcile and identify these balances and also to obtain confirmation for the same.</p>																		
Account Head	Amount (Rs. in Crores)																										
Deposit for electrification	240.22																										
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	<p>ii. It was noted that the following balances pertaining to various zones are outstanding in the books of Headquarter since many years which have not been identified, reconciled and transferred to the respective units/zones.</p> <table border="1"> <thead> <tr> <th>Account Head</th> <th>Amount (Rs. in Crores)</th> </tr> </thead> <tbody> <tr> <td>Other Liabilities and Provisions</td> <td>8.34</td> </tr> </tbody> </table>	Account Head	Amount (Rs. in Crores)	Other Liabilities and Provisions	8.34		<p>Most of these balances are quite old and details of the same are not available. Efforts are being made to reconcile and identify these balances and also to obtain confirmation for the same.</p>																				
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INDEPENDENT AUDITOR'S REPORT		Management Reply						
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Stock Related Accounts (net)</td> <td style="text-align: right;">38.97</td> </tr> <tr> <td>Deposit for Electrification</td> <td style="text-align: right;">35.04</td> </tr> <tr> <td>Capital Work in Progress</td> <td style="text-align: right;">(3.46)</td> </tr> </table> <p>In absence of proper explanations, complete details and reconciliation thereof, the resultant impact on the accounts of the company, if any, could not be ascertained.</p>	Stock Related Accounts (net)	38.97	Deposit for Electrification	35.04	Capital Work in Progress	(3.46)	
Stock Related Accounts (net)	38.97							
Deposit for Electrification	35.04							
Capital Work in Progress	(3.46)							
	<p>iii. During the course of our audit, we have come across some expenses (like telephone expenses, vehicle expenses etc.), which have been accounted for on cash basis instead of accrual/mercantile basis. The same is not in accordance with the basic accounting assumptions and the company's accounting policy</p>	All expenses are accounted for on accrual basis except for the para separately disclosed in the Note no. 1 "General Information and Material Accounting Policy"						
	<p>iv. TDS receivables as per the company's books for the FY 2024-25 amounts to Rs. 0.68 crore, whereas the TDS as per Form 26AS amounts to Rs. 1.97 crore (as per data updated in 26AS till 19.05.2025), resulting in a significant difference of Rs 1.29 crores which is subject to reconciliation. Therefore, the current assets and other Income are under stated to the extent of Rs 1.29 crore.</p>	26AS is a report provided by the Income Tax Department and it is not a base for accounting in a company. Its reconciliation is a continues process and efforts are being made for the same.						
	<p>v. As reported by the zonal auditor of Ayodhya zone and Bareilly zone, the Interest received from banks on flexi Fixed Deposits has been accounted net of Income Tax deducted at Source on such interest, and TDS has not been accounted in books of account. No Certificate from bank regarding FDR balance, Interest earned and TDS has been obtained</p>	Concerned zones have been instructed to look into the matter and take necessary corrective action wherever required.						
	<p>vi. The accounting policies of the company for the year under reference were not certified by the Zonal auditors of LESA CISS Gomti.</p>	<p>At Zonal offices, there is no financial statements for Audit rather there is Trial Balances. The Auditor certifies the Trial Balances only based on the checking of transactions.</p> <p>Accounting Policy is the integral part of the Financial Statements which is being prepared at HO level and signed by the Central Statutory Auditor.</p>						
	C. Cash and Cash equivalent							

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	<p>Subsidiaries' Auditors have reported various deficiencies in Internal Control System in preparation of bank reconciliation statement which are reproduced below:</p> <p>a) Paschimanchal Vidyut Vitran Nigam Limited-</p> <p>i. Bank Reconciliation Statement (BRS) in respect to bank accounts in some divisions, contains outstanding of earlier years entries, which includes stale cheques, un-cashed cheques, other debits and credit, which requires special attention of the management for necessary adjustments and impact thereof is not ascertainable on the financial statements.</p> <p>ii. During the course of audit, we observed that Bank Charges were outstanding in BRS year to year. We were informed that these charges are first debited by bank and later on are recovered from the bank. Hence, these continue in BRS year to year. We suggest to create a code in the Balance Sheet and keep these amounts in Bank Charges Recoverable from Bank A/c with sub-ledger bank wise instead of continuing in BRS, which is not correct.</p>	<p>The Bank Reconciliation Statement (BRS) is being done regularly in all the divisions. The outstanding balances of Un-cashed cheques, Other Debits and Other Credit in BRS are being monitored regularly and adjusted after due reconciliation.</p> <p>Mostly, the company got reversal of Bank charges deducted by banks. In some cases the reversal of Bank charges is not possible by bank, then the same is booked in separate AG Code (AG 78.883) allotted for Bank Charges as expense in P&L a/c.</p>
	<p>b) Dakshinanchal Vidyut Vitran Nigam Limited-</p> <p>i. Balances with various Bank to the extent of (as per Cash Book) Rs. 8.59 crores are un-reconciled for which company failed to obtain bank statements or bank balance confirmations, liable for reconciled/written off.</p> <p>ii. Under CPC 5, there are unidentified bank receipts of Rs. 0.03 crores parked under GL Code 46.2 'Other Deposits Payable'. In our opinion nature/source of the receipts should be identified and dealt accordingly.</p> <p>iii. Under CPC 1, there are unidentified bank receipts of Rs. 0.01 crores are outstanding in Bank Reconciliation Statements, In our opinion nature/source of the receipts should be identified and dealt accordingly.</p>	<p>The Bank Reconciliation Statement (BRS) is being done regularly in all the divisions. The outstanding balances of Un-cashed cheques, Other Debits and Other Credit in BRS are being monitored regularly and adjusted after due reconciliation.</p> <p>Noted for future compliance</p> <p>Noted for future compliance</p>
	<p>c) Purvanchal Vidyut Vitran Nigam Limited-</p>	

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	<p>The Zonal Auditors have observed many irregularities in Bank Reconciliation Statements which includes:-</p> <ol style="list-style-type: none"> i. In BRS, a long list of outstanding entries is being carried forward from last many years and even the uncashed/ stale cheques and other entries pertaining to revenue accounts have been shown outstanding and not accounted for in the cash book. The cumulative amount of such entries is in several crores. ii. Some of the Bank reconciliation has been prepared with opening differences iii. In Revenue Bank reconciliation statement, there are some huge other debit and other Credits which needs proper reconciliation. <p>Major irregularities observed by the Zonal Auditors are as under:-</p>	<p>The Bank Reconciliation Statement (BRS) is being done regularly in all the divisions. The outstanding balances of Un-cashed cheques, Other Debits and Other Credit in BRS are being monitored regularly and adjusted after due reconciliation.</p>
	<p>➤ Prayagraj Zone</p> <p>There are discrepancies between the balances as per the bank statements and the balances reflected in the Cash/Bank Book. The Company is in the process of reconciling these differences. However, in certain units, entry-wise details have not been made available for review. Consequently, we are unable to provide specific comments on these variances or assess the potential impact of the un-reconciled items on the financial results of the Company.</p> <p>➤ Azamgarh Zone</p> <p>A review of the Revenue Bank reconciliation statement revealed significant entries under other debits and credits (List-A) requiring thorough reconciliation and accurate accounting. Additionally, lapses were identified in the preparation of the Bank Reconciliation Statement (BRS). Strengthening the BRS system with robust checks can help minimize errors. A comparative analysis indicates that the balances of other debits and credits have fluctuated across divisions, necessitating a detailed review to ensure financial consistency.</p> <p>Reconciliation Statement List-A</p>	<p>BRS is being prepared on monthly basis to address the differences between cash book balance and bank balance.</p> <p>A separate AG Code has been opened for the parking of such balances and is being reconciled on regular basis.</p>

INDEPENDENT AUDITOR'S REPORT					Management Reply
S. No.	Division Name	Other Debit	Other Credit		
1	EDD-I Ballia	2443532.00	-		
2	EDD-I Mau	6246996.00	6864180.00		
3	EDD-II Ballia	173258.00	39865.00		
4	EDD-II Mau	27830.00	7664.00		
5	EDD-III Ballia	282593.00	445015.00		
6	EDD-III Mau	5932216.00	-		
7	EDD-IV Ballia	54793.00			
<p>➤ Gorakhpur Zone</p> <p>A review of the Bank Reconciliation Statement (BRS) for certain units revealed long-standing outstanding entries that have been carried forward for an extended period. To ensure accurate financial reporting, it is essential to establish a time frame for reconciliation and issue clear guidelines on whether these amounts should be written off or adjusted in the books.</p> <p>Significant differences were observed in various Bank Reconciliation Statements. Key reasons for these discrepancies include old outstanding entries pending reversal, stale cheques not collected within 90 days, and unadjusted balances affecting the accuracy of receivables. Additionally, some reconciliations only mention "pending adjustment" without providing necessary details, thereby failing to serve their intended purpose.</p> <p>In many units, numerous debit and credit entries have been carried forward from previous years without proper adjustment or explanation. Furthermore, discrepancies exist in agreements with banks regarding transaction charges, where deductions are being made despite agreements stating otherwise, leading to complaints filed for reversal. These amounts remain unrecorded in financial statements, creating inconsistency.</p> <p>Additional concerns include improper maintenance of cheque dishonour registers, missing records, and misallocated bank accounts incorrectly assigned to certain units.</p>					<p>The review and accounting of the entries in BRS is being done on regular basis. Significant amount shown in BRS have been adjusted in the current year in most of the units.</p>

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	<p>Addressing these issues through improved documentation, regular reviews, and systematic adjustments will help enhance the accuracy and reliability of the reconciliation process.</p>	
	<p>➤ Mirzapur Zone A review of the Bank Reconciliation Statement (BRS) indicates a significant number of outstanding entries carried forward over an extended period. To ensure accuracy in financial reporting, it is imperative to establish a defined timeline for reconciliation and issue clear guidelines for appropriate write-offs or adjustments in the books.</p> <p>While substantial differences have been noted in the BRS across various units, there has been a marked improvement in the reconciliation process in several units. The summary of the status as of 31st March 2025 is outlined below, highlighting key reconciliations and necessary corrective actions to enhance financial accuracy and compliance.</p>	<p>The review and accounting of the entries in BRS is being done on regular basis.</p>

INDEPENDENT AUDITOR'S REPORT

Management Reply

NAME OF UNIT	BANK A/C NO.	BALANCE AS PER CASH BOOK	BALANCE AS PER BANK	DIFFERENCE	REMARKS
EDD KACHHWAN	CENTRAL BANK OF INDIA-1622601849	85,27,287.35	2,55,38,673.16	1,70,11,385.81	1. Other Difference of Rs. 31 2. Other Debit of Rs. 0.18 Lac 3. Other Credit of Rs. 138.58 L
	CENTRAL BANK OF INDIA-1622601838	2,96,860.00	-	-2,96,860.00	1. Cheque unencashed of Rs. Lac 2. Theft of Rs. 1.72 Lac
EDD MIRZAPUR	CENTRAL BANK OF INDIA-1622601872	30,384.06	30,384.06	-	-
	CENTRAL BANK OF INDIA-1622601883	5,07,541.66	23,032.00	-4,84,509.66	1. Other Credit of Rs. 163.72 2. Other Debit of Rs. 159.16 L
EDD CHUNAR	BANK OF BARODA-28450200012791	1,35,38,055.69	31,04,859.69	-1,04,33,196.00	Auto Sweep difference
	BANK OF BARODA-28450200012790	23,82,003.57	6,16,051.24	-17,65,952.33	1. Uncashed CHEQUES of Rs. Lac 2. Other Debit of Rs. 0.46 Lac
EDD-I BHADOHI					1. Uncashed CHEQUES of Rs. Lac 2. Other Debit of Rs. 19.54 La 3. Other Credit of Rs. 2.75 Lac
	ICICI BANK-082005002550	37,33,888.87	4,13,67,628.50	3,76,33,739.63	1. Other Credit of Rs. 1154.56 2. Other Debit of Rs. 186.98 L 3. Cheque deposited but not acknowledged by Bank of Rs 1195.06 Lac
	ICICI BANK-082005002541	3,32,26,818.38	12,92,862.26	-3,19,33,956.12	
EDD-II GOPIGANJ	HDFC BANK-50200027894171	86,93,800.00	86,93,800.00	-	1. Uncashed CHEQUES of Rs. Lac 2. Other Debit of Rs. 0.85 Lac 3. Other Credit of Rs. 0.26 Lac
	HDFC BANK-50200027893856	14,72,800.30	0.01	-14,72,800.29	
EDD ROBERTSGANJ	HDFC BANK-50200002277691	1,53,51,761.29	70,23,633.03	-83,28,128.26	1. Other Credit of Rs. 37.24 La 2. Other Debit of Rs. 120.52 L
	HDFC BANK-50200002277728	3,87,61,368.25	22,72,905.00	-3,64,88,463.25	1. Other Credit of Rs. 73.79 La 2. Other Debit of Rs. 274.92 L
EDD PIPRI	HDFC BANK-19177620000010	66,39,455.08	66,39,455.08	-	-
	HDFC BANK-19177620000037	77,12,247.69	70,26,145.69	-6,86,102.00	1. Other Credit of Rs. 2.58 Lac 2. Other Debit of Rs. 1.02 Lac
EDC SONBHADRA	ICICI BANK-089105000853	14,77,220.00	14,77,220.00	-	-
ETD ROBERTSGANJ	PUNJAB NATIONAL BANK-0413002100028197	-	-	-	-
CHIEF OFFICE MIRZAPUR	HDFC BANK-10877620000125	14,074.39	14,074.39	-	-
ZAO MIRZAPUR	BANK OF BARODA-10380200015510	34,976.10	34,976.10	-	-
ETD MIRZAPUR	PUNJAB NATIONAL BANK-3866002100000473	-	-	-	-
EWG MIRZAPUR	PUNJAB NATIONAL BANK-3866002100014193	4,30,955.60	4,30,955.60	-	-
ESWD MIRZAPUR	HDFC BANK-10877620000108	34,107.00	5,308.00	-28,799.00	Bank Charges and Unencashed cheque.
EDC MIRZAPUR	PUNJAB NATIONAL BANK-3866002100001049	25,60,850.87	25,60,850.87	-	-
STORES MIRZAPUR	CENTRAL BANK OF INDIA-3266246554	54,014.24	54,014.24	-	-
EWD MIRZAPUR	HDFC BANK-10877620000115	10,000.00	10,000.00	-	-
ETD BHADOHI	ICICI BANK-082005002557	-	-	-	-
EDC BHADOHI	NA	-	-	-	-

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<p>➤ Varanasi Zone</p> <p>Bank reconciliation has improved across most divisions compared to the previous year. However, some long-standing entries, including stale cheques, bank charges, and credits, remain unresolved.</p> <ul style="list-style-type: none"> • Key irregularities include: <ul style="list-style-type: none"> a. Old discrepancies carried forward without proper details or reconciliation. b. Stale cheque issues have reduced, but some divisions still require adjustments. c. Debit and credit entries older than three months remain unadjusted in several divisions. d. Further strengthening reconciliation processes and timely corrective actions will enhance financial accuracy. <p>Units Where unexplained old differences are there :-</p>				<p>The review and accounting of the entries in BRS is being done on regular basis.</p>
Sl. No	Unit Name	Differences As on 31.03.2025	Remark	
1	UEDD-1 Bhelupur (Rev A/c)	2418681.32	<p>Old differences carried forward of BRS as on above March 2003 as on 01.04.2024 is Rs 3,23,41,318.90 The whole amount is adjusted by the unit in the books. No proper supporting and relevant documents provided by the unit; hence the reconciliation is not acceptable as on 31.03.2025.</p> <p>As on 31.03.2025, there are 22 cheques amounting Rs 370145 not cleared from more than 3 months. These cheques must be reversed and amount to be recovered from respective consumers with bank charges</p>	
2	EDD-1 Sigra Varanasi (Rev A/c)	3150474.41	Includes Rs 2514274.41, old differences carried forward from April 2008.	

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3	UEDD-II ChaukaghatVarana si(Rev A/c)	2479397.00	Rs 38872.00 outstanding from 21.05.2020. Detail of other credit amounting Rs 785049 not mentioned in the reconciliation.	
4	UEDD-V Varanasi (Rev A/c)	96,35,919.35	Includes BRS difference as on March 2022 of ₹ 95,76,157.58. Also includes other debit of ₹ 564119.77 which includes ent ies older than 1 year	
5	EUDD –VI Ashapur Varanasi Rev A/c)	6003080.2	Included Rs 27,38,790.60 b/f from Bank reconciliation Statement of 2988012100000670 dated 31.03.2017. There s also 38 entries of Rs 20,37,855 older than 3 months. Rs 8886 Bank charges is also part of reconciliation.	
6	UEDD-VIII Varanasi (Rev A/c)	-1444934.95	Rs 214368.00 Uncashed cheque from 01.02.2020 to 18.03.2024 Rs 556759.00 Untraceable RTGS and cash Deposits from 17.05.2019 to 26.04.2021 Rs 2216061.95 Other credit -no detail from 15.04.2019 to 17.01.2025	
7	UEDD-III Varanasi Machhodari (Rev a/c)	22258008.15	Included Rs 21992059.15 of March 2012 carried forward. It also includes Rs 700 which is older than 3 months. .	
8	EDD- Chandauli-1 (Rev A/c)	305673819.65	Rs 327916680.13 Difference between opening Balance of cash book & Bank. Rs 26305.80 of Bank charges shown as difference in Reco. Rs 29,55,000 debited by bank but not	

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			entered in cash book.	
9	EDD Mughalsarai (Rev A/c)	32436616.22	<p>Total Rs 146553751.44 uncashed cheque included Rs 141837456.23 up to March 18.</p> <p>Total Rs 416565224.82 Other credit as bank statement head included Rs 416214484.67 up to March 2021.Amount included negative cash transaction of Rs (892209.00).</p> <p>Total Rs 99127369.83 Other debits (Bank Charges) include Rs 97915856.97 up to March 2021 and other old entries.</p> <p>Diff in Oct2013 Bank Reconciliation ₹ 21,50,20,442.14, Amount short/excess taken in main cash book ₹13,56,28,566.25+₹ 2,35,56 .95, Difference related to RODO & SLC ₹ 60,21,141.68, Extra Dish ₹ 65,089, Cash Balance Difference 8,29,66,404.12 & Extra remittance shown in cash book ₹ 23,65,65,081.37. NO details of all these amounts are available in B₹</p>	
10	EDD-III Jaunpur (Rev A c)	89,34,353.11	Includes old difference of ₹ 4,20,87,244.54 as on March2023, bank charges of ₹ 3,30,222.00 as on March2024, credited by bank but not debited by unit of ₹ 3,40,23,437.44 as on March 2024 and excess posting of ₹ 60,000 as on March 2024.	
11	EDD-IV Jamania Ghazipur	24087647.47	Net difference included the figure of Rs 23978440.85 with remark Extra	

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			Remittance shown in cash book. Bank charges of ₹ 42546.22 also mentioned in reconciliation	
12	EDD-III Saidpur Ghazipur (Rev A/c)	-10331.00	Wrongly debited from revenue account Rs (10295).	
13	EDD-II Ghazipur (Rev A/c)	3806980.00	Short remittance in cash book 2740000.	
14	EDD-I Varanasi (Exp A/c)	32539763.40	Include the amount of Rs 2492015.00 with remark other credit deposit /other/SLC/Penalty/EMD/Tender fees as on 2023-24(unidentified as on 31.03.2024) without any details thereof.	
15	EDD-II Varanasi (Exp A/c)	12308215.90	₹1626753 Outstanding cheques up to 03/24 included balances from 06.02.2020 to 28.03.2024. Other Credits amount to 37,25,416.55 and other debit includes ₹ 97,48,825.92, Sweep Credit ₹ 12,25,50,000, Sweep Debit ₹. 13,78,50,700, Sweep Amount not taken in cash book ₹ 12,56,401, Sweep Amount not taken in cash book 04/2024 ₹ 2,00,000, EFT received not taken in cash book ₹ 22,36,568 and other amounts.	
16	UEDD-II Varanasi (Exp A/c)	41454.00	Included bank charges of Rs 49568 with remark bank charges up to 03/25 and 8115 as other credit up to March 2024.	
17	UEDD-VIII Kajakpura Varanasi (Exp A/c)	78000	Outstanding cheque – ₹ 78000/- but no detail available in the reconciliation. No details available for removal of figure of Rs 382845.00 outstanding cheques up	

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			to 03/2024 which includes figure from 06.10.2018 to 06.07.2022. Rs 1223130.52 with caption other credits which includes figure from 02.12.2021 to 18.11.2022.	
18	EDD-1 Chandauli (Exp A/c)	-355747.36	Include Rs 551077.29 as difference between cash book and bank statement as on 30.09.2015 Rs 906740.65 Balance with sweep account.	
19	EDD Mughalsarai (Exp A/c)	-8777396.97	Include outstanding cheques of ₹ 5,77,11,222.40, Other debit figure Rs 5,20,165.37 which includes Rs 4756414.18 belongs up to 31/03/2022 and also Rs -3370080.00 for Sep 2022 and Rs -899624.00 for Dec 2022. There is figures belong to Sweep Account 04/2023 Rs 1,02,89,812.00 04/2024 Rs 5,46,10,000.00 Interest amount not taken in Cash book up to April 2013 Rs 750211.00 Mistake in cash book March 14 Rs 1000000.00 Debited in cash book but not credited by bank Rs 1057260.00 Totaling mistake in cash book March 15 Rs 23528.00	
20	ECD Varanasi	-1315398.44	Difference of up to 03/2018 -Rs 324729.00 Amount debited and credited by Bank Debit Rs 128752207.00 Credit Rs 127044020.20	
21	Vigilence (Exp)	28,65,208.00	Included 2 cheques amounting Rs 48466	

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			is more than 3 months old. These amounts need to reverse to consumer account. Ch.no.3113-Rs23700 Ch no 3146- Rs 24766	
22	EDD Chiraigaon Varanasi (Rev)	703078.00	Uncashed cheque of Rs 674674 included 300000.00 of 01.07.2024.	
23	EDD Chiraigaon Varanasi (Exp)	-	Rs 26,374 deposit balance not taken in to the cash book.	
24	EDC Ghazipur	-381322.00	No information annexed regarding different amount.	
	<p>➤ Basti Zone Significant discrepancies were observed in the Bank Reconciliation Statements, primarily due to outstanding cheques pending reversal and variances in balances. Several old cheques remain unreversed as of 31.03.2025, including numerous cheques from FY 2010-11 and earlier years that have not been collected by the bank, rendering them stale. Consequently, the receivables balance does not accurately reflect the financial position and requires corrective action.</p> <p>Additionally, substantial differences were noted between the Cash Book and the Pass Book balances across various units, amounting to ₹6,22,98,770.24. These discrepancies emphasize the need for strengthened financial controls, timely reconciliation of outstanding entries, and improved monitoring to ensure accuracy in financial reporting.</p>			The review and accounting of the entries in BRS is being done on regular basis.
	<p>Capital Work in Progress</p> <p>a) Purvanchal Vidyut Vitran Nigam Limited-</p> <p>i. GOVERNMENT FUNDED PROJECTS</p> <p>(a) RDSS PROJECT During the year under Audit, the Company has provisionally deferred the liquidated damages (LD) clause as originally mentioned in their Standard Bid Document (SBD) and refunded the LD deducted to the Vendors No approval of the Nodal Agency</p>			As per Para 5.6.2 of RDSS “Any interest earned on grant shall be remitted to Ministry of Power’s bank

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	<p>(REC Ltd.) has been obtained in this regard, which is against Para 23 of General Terms and Condition of Agreement with REC Ltd. Further, the same is also against Para 14(iii) of the Tripartite Memorandum of Agreement dated 29/03/2022 which states as under: -</p> <p>“State Government/Discom shall suitably incorporate the provisions towards levy of Liquidated Damages in their agreements with contractors for delay in completion of the project(s) and also other relevant contractual provisions pertaining to the procurement of goods and works. Out of the amount recovered towards Liquidated Damages, if any, by State Government/Discom under this provision, the amount proportionate to subsidy shall be remitted to MOP account.”</p> <p>Interest on Mobilisation Advance to Vendors amounting to ₹11.07 Crores and Rebate aggregating to ₹22.53 Crores have been accounted for in AG Code 46.104 and disclosed under “Other Financial Liabilities (Current). The same should be reduced from Capital Work in Progress as per Ind AS 16. Hence, the CWIP and Current Liabilities are overstated to this extent.</p> <p>ii. As reported by the Zonal Auditors, the status, situation and condition of Capital Work in Progress is not available for verification.</p>	<p>account on regular basis and at least once in a quarter.</p> <p>As per Para 5.6.3 “Since grant under the scheme is Central Government and Discoms are only the custodian of this Money.</p> <p>Considering the above, the amount of interest and rebate has been accounted for in AG Code 46.104 and disclosed under “Other Financial Liabilities (Current).</p> <p>The records are maintained at Division level, therefore, it may be checked at that level.</p>
	<p>iii. Capital work in progress includes advance to Suppliers/ Contractors amounting to ₹65.75 Crores. As reported by some of the zonal auditors, name and age-wise break-up of the same is not available, hence we are not able to comment upon the same.</p>	<p>The party-wise list of advances to Suppliers/ Contractors has been maintained by the respective units w.r.t. major on going projects.</p>
	<p>iv. Stores and Spares relating to Capital Works amounting to ₹949.68 Crores has been disclosed under “Inventories” and not under “Capital Work in Progress” as per Ind AS 16. Hence, CWIP is understated, and Inventories are overstated by ₹949.68 Crores.</p>	<p>The items lying in the stores are being classified as inventory till it is being issued for the capital work or its intended use.</p>
	<p>v. It was observed that the Company has not carried out an assessment for impairment of Capital Work-in-Progress (CWIP) as required under Ind AS 36. AS 36 – Impairment of Assets, despite the existence of significant CWIP balances and the absence of documentation to demonstrate active monitoring of project viability or progress. As per Ind AS 36, an entity is required to assess at each reporting date whether there are any indications that an asset, including CWIP, may be impaired. However, the Company has</p>	<p>The amount lying under capital work in progress includes material issued at site and material issued to contractors for capital works as well as ongoing capital works which are not completed on the balance sheet date. Such capital works are regularly being capitalised on completion of the work. These</p>

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	<p>not conducted such an assessment or provided supporting evidence to establish the continued recoverability of CWIP balances. In the absence of an impairment evaluation, we are unable to determine whether any impairment loss should have been recognised, and the impact, if any, on the carrying value of CWIP and the financial statements remains unascertainable. This represents a non-compliance with the provisions of Ind AS 36 and may result in the overstatement of assets in the financial statements.</p>	<p>capital works are not old to be impaired. Hence, impairment is not required on such capital work in progress.</p>
	<p>b) Madhyanchal Vidyut Vitran Nigam Limited-</p> <p>i. As reported by the zonal auditor of Ayodhya Zone, a sum Rs.339.15 Crores has been capitalised during the year (including capitalisation of employee cost Rs. 30.10 crores which are on basis of fixed percentage of total cost instead of actual). The zonal auditors have reported that the fixed Assets completion certificates from the Executive Engineer have been provided but the certification of CWIP from external agencies were not furnished to them.</p>	<p>Completion certificates from the Executive Engineer have been shown to the audit which is sufficient for capitalization of CWIP.</p>
	<p>E. INVENTORIES</p> <p>Inventory, including stores and spares for capital works, operations & maintenance (O&M), and others, has been valued at cost. However, as per the requirements of Ind AS 2, inventories should be valued at the lower of cost and net realizable value (NRV). The valuation method adopted by the Group for stores and spares related to O&M and other activities is not in line with this standard. Due to the non-availability of necessary information, the financial impact of this non-compliance on the financial statements is not ascertainable.</p> <ul style="list-style-type: none"> • The Group has not framed any accounting policy for identification and provisioning of obsolete or non-moving inventory, which is a key requirement for ensuring fair presentation of inventory balances. • As per Ind AS 16 – <i>Property, Plant and Equipment</i>, stores and spares that are specifically meant for capital works should be included in Capital Work-in-Progress (CWIP) until capitalized. It has been observed that inventory includes ₹3,650.05 crore classified under “Stores and Spares – Capital Works,” which is required to be reclassified and clubbed with CWIP. <p>a) Paschimanchal Vidyut Vitran Nigam Limited-</p>	<p>Obsolete and non-moving inventory are identified periodically and provided for in the books as per the generally accepted accounting principles</p> <p>The items lying in the stores are being classified as inventory till it is being issued for the capital work or its intended use in accordance with the IND AS 2.</p> <p>Paragraph 32 of Ind AS 2 ‘Inventories’ provides</p>

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	<p>i. As per Para 9 of IND AS 2, “Inventories shall be measured at the lower of cost and net realizable value”. The company has the policy of valuing inventories at cost basis, while it is required to be valued at cost or net realizable value, whichever is lower. This policy of company is not in line of respective IND AS 2. Accordingly, the impact of non-compliance of the above IND AS on the financial statements is not ascertainable.</p> <p>ii. Inventory consists of stock items, which are used interchangeably for capital expenditure or for regular repairs and maintenance purposes. Since ultimate use of such stock items is indeterminate at initial recognition, the Company classifies such items as inventory. These items are classified subsequently either in property, plant and equipment through capital work in progress or expense in the Statement of Profit and Loss as and when it is so used, which is not in accordance with requirement of IND AS-2 ‘Inventories’ and IND AS-16 ‘Property, Plant and Equipment’. The effect of such non-compliance on PPE, inventory, depreciation, spares consumption is not ascertainable.</p>	<p>that materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. The Company is operating in the regulatory environment, and as per Tariff Regulations, the cost of other inventory items is recovered as per extant tariff regulations. Accordingly, the realizable value of the inventories is not lower than the cost. The same has been made in point no. 42 of Notes on Accounts.</p> <p>The items lying in the stores are being classified as inventory till it is being issued for the capital work or its intended use in accordance with the IND AS 2.</p>
	<p>b) Purvanchal Vidyut Vitran Nigam Limited-</p> <p>During our review of inventory records, it was observed that the Company has not made any provision for slow-moving and obsolete inventory items. As per applicable accounting principles under Ind AS 2 – Inventories, inventories should be valued at the lower of cost and net realizable value (NRV). In the absence of a systematic assessment of inventory ageing and usability, there is a risk of overstatement of inventory value in the financial statements. The Company should undertake a comprehensive review of inventory to identify obsolete or slow-moving items and make appropriate provisions to reflect their realizable value accurately.</p> <p>The Company has carried out physical verification of stores as on 31/03/2025 through</p>	<p>Paragraph 32 of Ind AS 2 ‘Inventories’ provides that materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. The Company is operating in the regulatory environment, and as per Tariff Regulations, the cost of other inventory items is recovered as per extant tariff regulations. Accordingly, the realizable value of the inventories</p>

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	<p>Departmental Committee. The major comments/ qualification of Zonal Auditors are as under: -</p> <p>Gorakhpur Zone :-</p> <p>The verification of stores as of 31 March 2025 was conducted by internal officers rather than independent auditors. No movement analysis was available to categorize stock, though an ABC analysis exists. The inventory verification process was deemed inadequate, and stock records, while maintained, lacked proper management due to missing bin cards and disorganized storage. Independent auditors did not verify the physical stock, and unit-wise valuation details were not provided. The inventory valuation remains unverified by an independent firm, raising concerns about its accuracy. Additionally, a discrepancy of ₹ 4,771,692.70 was found between the trial balance and the physical verification sheet for EWD, Gorakhpur.</p>	<p>is not lower than the cost. The same has been disclosed in point no. 42 of Notes on Accounts.</p> <p>As per the Physical verification guidelines of the Company, it should be physically verified by the internal officers every year. Aside, an order no. 1134 dated 17-12-2022 has been issued by the UPPCL to physically verify the Fixed Assets on a regular interval of three years and Inventory on high/low value basis.</p>
	<p>Mirzapur Zone:-</p> <p>Physical Verification of the inventory has been done at Stores Division. Inventory Valuation has not been done till date of audit.</p>	<p>The physical verification has been done by the departmental committee and the valuation has been done as per the policy of the company.</p>
	<p>Basti Zone :-</p> <p>Due to the absence of documentary evidence, verification of whether the physical verification and valuation of inventory for stores and spares were conducted as required could not be confirmed. Consequently, the accuracy and reliability of the reported inventory figures remain unverified.</p>	<p>The physical verification and the valuation has been done as per the policy of the company.</p>
	<p>Azamgarh Zone :-</p> <p>The Physical verification and valuation process at division level has not been done by any external agency as was done until last year.</p>	<p>The physical verification and the valuation has been done as per the policy of the company.</p>
	<p>Prayagraj Zone :-</p> <p>Physical Verification of Inventory has been conducted at the year-end, but the coverage and procedure of such verification is not appropriate because it didn't fetch details of</p>	<p>Necessary instructions have been issued to units to comply the same.</p>

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	<p>discrepancy in quantity or non-moving / out-dated / obsolete items in the inventory.</p> <ul style="list-style-type: none"> • Stock shortage/ excess pending investigation amounting to ₹9.83 Crores is outstanding as on 31/03/2025. In absence of proper information, we are unable to comment upon its nature and proper accountable. • No movement analysis is available to categorize fast moving, slow moving, non-moving and dead stock items. • No provision for obsolete, unserviceable stores and spares has been made during the year under audit. 	<p>The units have been instructed to update the stock shortages/excess pending investigation and investigate the same for necessary accounting.</p> <p>The detail of fast moving, slow moving, non-moving and dead stock items of store divisions is available at the unit.</p> <p>As per Management analysis no provision against obsolete, unserviceable stores and spares are required.</p>
	<p>c) Kanpur Electricity Supply Company Limited</p> <p>i. According to the information and explanations given to us, stores and spares (inventory) lying with the third parties i.e. 'Advance to Capital Contractors' of Rs. 287.79 Crores grouped under the head 'Capital Work in Progress' (Also Refer Note No. 3 of "IND AS FS") and 'Advances Recoverable in Cash or in Kind or for value to be received' of 1.09 Crores grouped under the head 'Other Current Assets' (Also Refer Note No. 11 of "IND AS - FS") are accounted for based on consumption statements received in this regard. However, no confirmation and reconciliation of the said inventory lying with the said third parties has been done at the year end. Due to non-furnishing of complete information in this regard, the financial impact on the 'Inventories' under 'Current Assets' is not ascertainable.</p>	<p>The amount booked as advance is as per the stock accounts of material issued to contractors for erection at site. The balances reflecting in the head of CWIP shall be capitalized on utilization and commencement of the Assets.</p> <p>However, efforts are being made to obtain balance confirmation of the same from third parties.</p>
	<p>d) Madhyanchal Vidyut Vitran Nigam Limited-</p> <p>i. Ageing of inventory has not been done and obsolete items were also not identified and adjusted for in the books of account in some cases. "Stock excess pending for investigation" at LESA CISS Zone is Rs. 1.36 Crores and at Ayodhya Zone is Rs. 2.49 Crores, which is pending for adjustment.</p>	<p>As per accounting policy of the company any shortage/excess of material found during the year end are shown as "Material short/excess pending investigation" till the finalization of investigation.</p> <p>As disclosed in Notes on accounts forming part of the financial statements, "Paragraph 32 of Ind AS 2</p>

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	<p>ii. As per IND AS 2, "Inventories shall be measured at the lower of cost and net realizable value". The company has the policy of valuing inventories at cost basis, while it is required to be valued at cost or net realizable value, whichever is lower. This policy of company is not in line of respective IND AS 2. Accordingly, the impact of non-compliance of the above IND AS on the financial statements is not ascertainable.</p> <p>iii. Provision for unserviceable store of Rs. 41.76 Crores as appearing in 'Note 7- Inventories' continues since 2012-13 despite substantial increase in level of inventory to Rs 1,255.30 Crores in 2024-25 as against Rs. 230 Crores in 2012-13. In absence of complete details, we are unable to comment on the adequacy of provision on this account and its impact on financial statements.</p>	<p>'Inventories' provides that materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. The Company is operating in the regulatory environment, and as per Tariff Regulations, the cost of other inventory items is recovered as per extant tariff regulations. Accordingly, the realizable value of the inventories is not lower than the cost."</p> <p>Creating provision for unserviceable store is a matter of estimate to be made by the management according to the circumstances. In view of the management the existing provision of Rs. of 41.76 Crores is sufficient as on the date of Balance Sheet.</p>
F.	<p>Property Plant & Equipment</p> <p>We draw attention to para 3 ii(e) of Company Information and Significant accounting policies stating that employee cost to capital works are capitalized @ 15% on deposit works, 13.50% on distribution works and 9.5% on other works. Further, it was noted that a sum of Rs. 1104.32 Crore of Employee benefit expenses has been capitalized to fixed assets out of total establishment expenditure of Rs. 4185.66 Crore incurred during the year.</p> <p>a) Paschimanchal Vidyut Vitran Nigam Limited-</p> <p>i. Property, Plant & Equipment registers are not properly maintained by the Company for the year ended 31st March, 2025. In the absence of complete details, we are unable to quantify the impact of the same on the financial statements.</p> <p>ii. There may be instances of delayed capitalization of Property, Plant and Equipment,</p>	<p>The Company is maintaining its Fixed Asset Register (FAR) in the ERP system, where asset-wise details including asset codes, descriptions, locations and capitalization data are systematically recorded. The FAR is being maintained in accordance with applicable accounting standards and regulatory requirements.</p> <p>Due to wide geographical area and the complexity</p>

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	<p>resulting delay in capitalization with corresponding impact on Depreciation for the delayed period. In the absence of sufficient and appropriate audit evidences, we are not in a position to comment on the correctness of the same (Refer to 2(II) and IV(b) of 'Material Accounting Policies' to the Financial Statements.</p> <p>iii. The Company has capitalized during the year, employee cost amounting to ₹347.94 Crore on ad-hoc basis @15% on Deposit works, @13.50% on Distribution works and @9.5% on other works on the amount of total expenditure. However, the Company does not have a practice of specifically identifying such expenses attributable to additions to such CWIP or to the acquisition of Property, Plant and Equipment or bringing it to its working condition, which is not in accordance with IND AS-16. In the absence of sufficient and appropriate audit evidences, we are not in a position to comment upon the correctness of the same. (Refer to para 2(I)(e) of Material Accounting Policies)</p>	<p>in the nature of Capital Works, there may be instance of delayed capitalization in the certain cases. However, the company ensures that most of the completed Capital Works are capitalized immediately after completion.</p> <p>Further, the ERP system has been implemented-and depreciation on addition of Fixed Assets is provided on the basis of actual date of capitalization.</p> <p>The same has also been disclosed in Significant Accounting Policies at point no. 2(II) and IV(b).</p> <p>Due to multiplicity in nature of work perform by a particular employee, it is not possible to ascertain exact portion of Employee Cost directly attributable to Capital Work. Capitalization has been done as per the policy of the company. The same has been disclosed at point no. (II) (e) of Material Accounting Policies of the company.</p>
	<p>b) Dakshinanchal Vidyut Vitran Nigam Limited-</p> <p>i. (A) In our opinion and as per the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant & Equipment, however, the same has not been updated.</p> <p>(B) The Company is maintaining proper records showing full particulars of intangible assets.</p>	<p>Fixed Assets Register showing particulars, including quantitative details and Cost Centre of Property, Plant & Equipment is updated till FY 2024-25.</p>

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	<p>ii. According to the information and explanation given to us, the Property, Plant & Equipment of the company have been physically verified by the company management though not at reasonable intervals. In our opinion, the method/mode of verification, periodicity of verification, valuation and impairment is not commensurate to the nature and size of business.</p>	<p>Physical verification of Property, Plant & Equipment has been annually done by Officials of the Units as per prevailing practice.</p>
	<p>iii. According to the information and explanation given to us, no revaluation of the Property, Plant and Equipment or Intangible Assets has been done by the company during the year under review.</p>	<p>Informatory para</p>
	<p>iv. According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made there under.</p>	<p>Informatory para</p>
	<p>c) Purvanchal Vidyut Vitran Nigam Limited-</p> <p>i. The additions during the year to Property, Plant and Equipment include capitalisation of employee costs calculated at a fixed percentage of the cost of each asset addition, as per Para 3(I)(e) of the Company's Material Accounting Policies. However, as per Ind AS 16 – Property, Plant and Equipment, only those directly attributable costs that are clearly linked to the acquisition or installation of the asset should be capitalised. The practice of applying a standard percentage without a clear and consistent basis for such attribution is not in line with the requirements of Ind AS 16. In the absence of specific allocation and supporting documentation, we are unable to determine the portion of employee costs that should have been expensed instead of capitalised, and consequently, the impact on the carrying value of Property, Plant and Equipment, as well as depreciation and amortisation, is not quantifiable at this stage.</p> <p>ii. The Company has disclosed in Para 26 of the Notes to Accounts that no impairment of assets has been considered necessary as on the balance sheet date, in accordance with the requirements of Ind AS 36 – Impairment of Assets. The management has stated that assets have been accounted for at historical cost, and since most of the assets are very old, the possibility of impairment is considered to be remote. However, we note that this assessment has been made without conducting a physical verification of fixed</p>	<p>Due to multiplicity in nature of work perform by a particular employee, it is not possible to ascertain exact portion of Employee Cost directly attributable to Capital Work. Capitalization has been done as per the policy of the company. The same has been disclosed at point no. (II) (e) of Material Accounting Policies of the company.</p> <p>The assets of the corporation have been accounted for at their historical cost and most of the assets are very old where the impairment of assets is very unlikely, the same has been disclosed in point no. 26 of the notes on accounts.</p>

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	<p>assets, as reported by the Zonal Auditors across operational zones. Ind AS 36 requires entities to assess at each reporting date whether there is any indication that an asset may be impaired. Such indicators often emerge from physical inspection, operational inefficiencies, obsolescence, or other internal and external factors In the present case, no documented impairment review procedures have been presented, nor has the Company conducted physical verification that could support its conclusion that no impairment indicators exist. In the absence of adequate supporting evidence and a formal impairment assessment process, we are unable to determine whether the Company's conclusion regarding the absence of impairment losses is appropriate. As a result, we are unable to verify the correctness of the carrying value of Property, Plant and Equipment, and the consequential impact, if any, on depreciation, amortisation, or profit/loss for the year remains unascertainable.</p> <p>iii. As reported by the Zonal Auditors, the Fixed Assets Register stating nature of assets, date of addition, its location, actual cost etc. is not up to date.</p> <p>iv. As reported by the Zonal Auditors, completion certificate has not been produced for verification for transfer of Capital Work in Progress to Fixed Assets by some of the units.</p>	<p>The Company is maintaining its Fixed Asset Register (FAR) in the ERP system, where asset-wise details of all the units including asset codes, descriptions, locations and capitalization data are systematically recorded.</p> <p>The relevant records are available at units and units have been instructed to provide the completion certificate to the auditor as and when required by the auditor.</p>
	<p>d) Kanpur Electricity Supply Company Limited-</p> <p>i. The land of the company is on lease from U.P. Power Corporation Ltd. ("UPPCL") @ 1 per month in compliance to the UP Transfer of KESA Zone Electricity. Distribution Undertaking Scheme 2000 issued vide notification No 186/XXIV-1-2000 dated 15/01/2000. The above also includes Plot no 4, block 96. area 10198.53 sqm & Plot No 54, block-14, area 5958.24 sqm. The lease period of these two plots ended in the year 1994. After the completion of lease period, the process of converting lease land in to free hold land could not be done due to some administrative constraint. "The Company KESCO" is fully exercising its right on the use of above plots undisputedly and there is no legal litigation over the use of this plot/land in any forum. (Also Refer Note No. 29-6(c) of "IND AS FS").</p>	<p>The Company Kesco has received leasehold land from UPPCL in accordance with 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 nature of lease would not have any impact on the financial statements.</p>

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	<p>ii. 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 assess the financial impact on "Ind AS F.S." of the aforesaid.</p> <p>iii. The company has not separately identified / disclosed, capital and rotational spares in its financial statements.</p>	<p>A detailed note in this regard has also been made at point no 6 (b) of notes to accounts.</p> <p>The assets are being used on a constant basis and depreciation is being charged on all the assets.</p>
	<p>e) Madhyanchal Vidyut Vitran Nigam Limited-</p> <p>i. Property, Plant and Equipment registers have been maintained by company at various zones. As reported by the zonal auditors of Ayodhya zone, full particulars like date of purchase, date of installation/ commissioning, location of fixed assets, identification number, useful life were not recorded. However, the records of the same has been furnished before us.</p> <p>Further, it was noted that the unique asset identification mark on all the assets was not marked at the Headquarter.</p>	<p>Informatory para</p> <p>Most of the assets have unique asset identification mark, for any exceptions concerned unit has been directed.</p>
	<p>ii. In our opinion, the company has maintained proper records for the intangible assets.</p>	<p>Informatory para</p>
	<p>iii. As per information made available to us, the physical verification of the fixed assets of the company have been conducted by outsourced independent CA/ CMA firms during the financial year 2023-24.</p>	<p>Informatory para</p>
	<p>iv. The company has not revalued its Property, Plant and Equipment during the year.</p>	<p>Informatory para</p>
	<p>v. No proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.</p>	<p>Informatory para</p>
G	<p style="text-align: center;">Impact on Profit & Loss Account</p> <p>a) Dakshinanchal Vidyut Vitran Nigam Limited-</p> <p>i. The Company following its holding company office memorandum dt. 12.03.2024 has clubbed long outstanding (12.08.2003 - transfer scheme balances) balances of various accounting heads (fundamentally debit balances) under GL 28.86900 'Asset Migration Account' of Rs. 54.86 crores and accounting heads (fundamentally credit balances) under GL 46.97500 'Liabilities Migration Account' of Rs. 17.92 crores, for which no balancing/reconciliation is available. In our opinion in absences of any reasonable</p>	<p>The old Balances have been transferred to Assets/Liabilities Migration Account in accordance with the instructions issued through Office Memorandum. A detailed review and reconciliation exercise is presently underway to ascertain the</p>

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<p>certainty for the recovery/payment, both such balances shall be written off to profit & loss.</p> <p>ii. There is no reasonable certainty for the recovery/payment of following amounts outstanding since long period of time without any balancing/reconciliation, hence should be written off.</p>				<p>nature and realisability of these balances. Based on the outcome, suitable accounting treatment, including provisioning or write-off, will be carried out in compliance with applicable guidelines.</p> <p>These balances are under reconciliation and necessary correction in accounting, if required, shall be done after reconciliation.</p>
Debit Balances				
S. No.	GL	Name	Amount (in Crores)	
1	28.40100	Amount recoverable from employee	0.60	
2	28.40110	Amt. Rec. from Employee	4.37	
3	28.40120	Amt. Rec. Emp. (Mat. Cost)	11.05	
4	28.87700	U.P Rajya Vidyut Utpadan Nigam Ltd.	1.55	
5	28.87900	U.P Power Trans. Corporation Ltd.	9.62	
6	25.10010	Advance to Supplier/Cont. – RGGVY-12 th Plan	3.09	
7	25.50000	Advance Interest Free (Capital) - EE Admin	8.09	
8	25.70000	Control Account (Capital) - EE Admin	0.55	
Total Debit			38.92	
Credit Balances				
S. No.	GL	Name	Amount (in Crores)	
1	46.98700	UP RVUNL	0.60	
2	46.98900	U.P Power Trans. Corporation Ltd.	2.98	
3	44.41200	EC Payable (Out of Nigam)	6.02	
4	44.41000	Other Misc.	11.53	
5	42.10000	Lia. Supply of Mat. Cap – EE Admin	0.12	
6	43.10000	Liab. Supp. Of Mat. (O&M) - EE Admin	0.15	
7	46.10100	Security – RGGVY 12 th Plan	5.63	
Total Credit			27.03	

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	<p>iii. There is no reasonable certainty for the payment of the following amounts under GL 46.10400 'Retention money from Suppliers (Cap)(Rs.383.92 Crores), GL 46.12400 'Retention Money from Supplier (O&M) (Rs.965.61 Crores) & GL 46.20000 Other Deposit Payable'(Rs.150.36 Crores) which are outstanding since long period of time without any balancing/reconciliation, hence age wise analysis is required so that the same should be adjusted/written back.</p>	<p>These balances are under reconciliation and necessary correction in accounting, if required, shall be done only after reconciliation.</p>
	<p>b) Purvanchal Vidyut Vitran Nigam Limited-</p> <p>i. It has been observed that the age-wise classification of trade receivables (debtors) has been carried out by the Company based on the last payment date of the consumer, rather than the actual due date of outstanding bills. This practice results in an incorrect ageing profile, whereby even a partial or token payment made against long-outstanding dues leads to the receivable being classified in a younger age bracket. Consequently, debtors who may be significantly overdue are misrepresented as more current, thereby understating the provision for bad and doubtful debts. This accounting treatment is inconsistent with standard industry and accounting practice, which requires ageing to be based on the invoice/bill due date, not payment activity. In the absence of accurate ageing data and detailed reconciliations, we are unable to quantify the impact of this misstatement on the provision for doubtful debts and the consequential effect on the financial statements.</p> <p>ii. Tax Deducted at Source (TDS) has not been deducted on certain provisions made at year-end towards expenses/payables. This is not in compliance with the provisions of the Income Tax Act, 1961, which require TDS to be deducted at the time of credit of such expenses to the account of the payee or at the time of payment, whichever is earlier, even if the amount is credited to a provision account. Non-compliance with these provisions may result in disallowance of the related expenditure under Section 40(a)(ia) of the Act, and may also attract interest, penalties, and other consequences as per applicable tax laws.</p>	<p>The age-wise classification of debtors has been carried out based on the last payment date, as the system does not currently support ageing strictly on the basis of invoice due dates, especially in cases where part payments are received. The underlying assumption has been that once a consumer initiates payment, the likelihood of discharge of the entire liability increases. Further, in OTS scheme it was facilitated to consumer to discharge their old dues in instalment, which also results in their balances appearing in lower age brackets. Notwithstanding this limitation, the Company has ensured by formulating the provisioning policy that adequate provisions for Bad and Doubtful Debts are made, keeping in view the overall recovery pattern and prudence. Hence it is to submit that the provision made for Bad and Doubtful debts is correct and sufficient.</p> <p>Year-end provisions for expenses were created on a general basis without linkage to specific vendors/parties. Accordingly, TDS was not deducted on such provisions. The Company, however, ensures deduction and deposit of TDS at the time of crystallization of liability/payment to the respective parties in accordance with the provisions of the Income Tax Act, 1961.</p>

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	<p>iii. As per information provided to us, total default of ₹1.29 Crores is outstanding for late filing/ late deposit/short deduction of Income Tax TDS. As the nature of default is not known, we are unable to comment upon its impact on the profitability of the Company.</p>	<p>TDS defaults are being closely monitored and revision/payment as required is being done on regular basis. The significant amount pertains to employees related TDS which is under consideration.</p>
	<p>c) Kanpur Electricity Supply Company Limited-</p> <p>i. UP State Power Sector Employees Trust and UP Power Corporation CPF Trust vide its letter GPF Trust Letter No. 1909 dt 23/04/2025 and CPF Trust Letter No. 8414 dt 08/04/2025 intimated the allocation of loss incurred in investment made in DHFL in form of loss of notional interest. The company has accounted for the same and shown under the Note no.-28 of IND AS-FS-Exceptional items in the statement of Profit & Loss Account. The documents / information available was not adequate for forming an opinion</p>	<p>For the purpose of accounting and provisioning of the losses identified till date, the matter has been discussed in detail with accounting experts, legal advisor and the management, on the strategy to be formed for making provisions. In view of the same, it is submitted that on account of the amount invested in DHFL and not received with interest, Trusts have decided to calculate the loss and account for the same in the books of accounts of the Trusts and request all the Discoms & other companies to make the necessary provisions in line with the PF rules as applicable to exempted trusts, on the basis of proportion of the contribution received from all the Discoms & other companies.</p> <p>The treatment given by other companies was also obtained and is similar disclosures made by NTPC in their Financial Statement for F.Y.- 2020-21. Accordingly, on the basis of discussion as above, all Discoms and other beneficiaries of the Trusts have been advised to make provisions in the books of accounts for these losses and proper disclosure through Notes on Accounts could be made possible to all the Investors, Creditors, Readers etc. of the Financial Statement.</p> <p style="text-align: right;">As permitted by the State Government, if there is</p>

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	<p>ii. As per the instructions issued by UPPCL vide letter no 1376/14-PCL/2021 dt 24.06.2023 in compliance with the orders of Honorable High Court, a Special Audit on various aspects of billing parameters has to be conducted through independent CA/CMA firms for the period FY 2021-22, FY 2022-23 and up to 30.09.2023. The said Orders of the Honorable High Court were not available for our verification. However, as informed the work for the same is under progress it is not possible to ascertain any impact on the financial statements for the year under audit.</p> <p>iii. Unbilled Revenue in respect of sale of electricity is recognized on the basis of fifteen days' assessment considering the average assessment for the preceding three completed calendar months. Thus, Unbilled revenue has been accounted for on an estimated basis instead of based on actual figures which were ascertainable from bills raised subsequently, as an event occurring after the Balance Sheet date. (Amount unascertainable).</p>	<p>any deficiency, UPPCL may lodge a claim with Govt. of U.P. as mentioned in letter no-1891/पी-2-2019सा0(89)/2019 dated 23-11-2019 who is willing to support UPPCL by assuring interest free loan. As support from Govt. of U.P. is in form of loan (GoUP will not ultimately bear the losses) but provide an arrangement to support for the timely repayment of dues to the members of the Trusts, such losses are to be borne by all Discoms and beneficiaries of the Trusts as per the rule of the Trust 2000 and 2004 respectively. If, any further recovery is made from DHFL against the cases filed before the Hon'ble Supreme Court in coming years, the provisions made in books of accounts will be reversed to that extent in the same proportions as per accounting rules.</p> <p>The audit work is under process and final report is yet to be received and hence it is not possible to ascertain any impact on the financial statements for the year under audit.</p> <p>It is to submit that the billing cycle across all the consumers is not 1st to last day of the month due to large number of consumers (more than 3 crores), therefore, it is not possible to calculate the actual figures for the unbilled revenue. Hence, Unbilled revenue is recognized on an estimated basis, considering fifteen days' average consumption derived from the preceding three completed calendar months. This methodology has been</p>

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		consistently applied and uniformly followed across all DISCOMs and ensures a fair and prudent estimation of revenue. The accounting treatment has also been appropriately disclosed in the Notes to Accounts.
	<p>d) Madhyanchal Vidyut Vitran Nigam Limited-</p> <p>i. Advances to suppliers amounting to Rs 105.46 Crores at the HO level are outstanding since more than 9 years. It also includes Rs 40.61 Crores for which even party wise/ date wise details were not available with the concerned unit. No documentary evidence or explanations were made available to us regarding the recoverability of these amounts. Accordingly, in our opinion, these amounts are doubtful of recovery and provision should have been made against these advances.</p>	The reconciliation is under process and the follow-up is being made regularly with the concerned unit to reconcile the balances in the ensuing year and take necessary corrective action accordingly.
H	<p>Non-Reconciliation of Inter Unit transactions.</p> <p>Other current assets-Note 13 includes Inter Unit Transfers Rs. 101.69 crore which have been not reconciled since long and needs to be reconciled and adjusted immediately.</p> <p>Specific observation given by DISCOMS Auditors are given below:-</p> <p>a) Paschimanchal Vidyut Vitran Nigam Limited-</p> <p>i. The Company has shown ₹923.29 crores as Inter Unit Transfer under the head of Other Current Assets. No further details of these amounts are disclosed in the Financial Statements. Management has informed that the reconciliation of these entries are under process. Consequential impact of the same on the financial statements is not ascertainable. (Refer to in Note 18 to the Financial Statements)</p>	The Inter Unit Transactions of current year is being settled automatically on ERP System. Whereas, the company is making sincere efforts to reconcile and settle old Inter Unit Transfer balances.
	<p>b) Purvanchal Vidyut Vitran Nigam Limited-</p> <p>i. The Inter unit balance has not been reconciled and are pending since long due to which net amount of 723.30 Crores having debit balance has been shown as Inter unit transfers in the Balance Sheet.</p>	The Inter Unit Transactions of current year is being settled automatically on ERP System. Whereas, the company is making sincere efforts to reconcile and settle old Inter Unit Transfer balances.

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- i. The company is in the process of reconciliation of various types of inter unit transactions. Inter-unit account showing net debit balance of Rs. 357.88 Crores (P.Y. Rs. 794.69 Crores) under 'Note 11- Other Current assets' is represented by large number of un-reconciled entries under various heads like IUTs within zone, IUTs outside zone etc. since many years.
- ii. The company's' inter-unit transfer balances were significantly reduced during the year with respect to which detailed workings or supporting documents were not provided to us.
- iii. On analysing the differences in IUTs for the current year, following major unmatched amounts were ascertained in different heads.

(Amount in Crores)

Particulars	Debit	Credit	Net Differences
Liabilities for IUT-With in Zone	798.58	172.64	625.94
Other Adj.-With in Zone	0.12	6.83	-6.72
Liabilities for IUT-Outside Zone	33,657.09	33,375.75	281.34
Fund Transfer by HQ	1390.17	1,928.04	-537.87
Remittance to HQ	146.25	146.32	-0.07
Accts-Cash -With in Zone	128.92	229.58	-100.66
Capital Exp.-With in Zone	0.03	225.64	-225.62
MATERIALS-Outside Zone	272.38	286.18	-13.8
Central Receipts on behalf of Divisions	2,615.80	2,603.18	12.62
MATERIALS-With in Zone	51.11	522.34	-471.23

The detailed list of these unmatched entries during the year, along with reasons of their non-adjustment were not available to us for our verification. The impact of such non reconciliation on the financial statements of the company is not ascertainable at this stage.

The Inter Unit Transactions of current year is being settled automatically on ERP System. Whereas, the company is making sincere efforts to reconcile and settle old Inter Unit Transfer balances.

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I	Non-Compliances of Ind AS/Schedule-III and Other Provisions of The Companies Act-2013 (other than those mentioned above)	
	<ul style="list-style-type: none"> • Specific observation given by DISCOMS Auditors are given below:- a) Paschimanchal Vidyut Vitran Nigam Limited- BORROWINGS i. Non-current Borrowings of ₹5094.70 Crore have been shown in Note No. 13 to the Financial Statements. IND AS 109 requires management to classify all the financial liabilities and assets at amortized cost using effective interest rate method. Transaction cost has been netted off in borrowing upon initial recognition but the management is unable to comply with the effective interest rate method stating that, being a government company, all loans are backed by the State government guarantee or by charge on Assets. It is also stated that the loan is squared off by many ways such as conversion into bonds, equity and subsidy by State Government. As a result of this, we are unable to comment upon it. 	<p>Most of the loan are backed by hypothecation and guarantee of U.P Govt. The repayment liabilities of the company is limited upto the terms of repayment of loan. Being a government undertaking company, loan is written off by many ways such as: Converted into Bonds, Equity, Adjustment, Subsidy by State Government.</p> <p>Due to above mention multiple influencing factors, the method of effective interest rate cannot be opted by the Company.</p>
	<p style="text-align: center;">PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS</p> i. As per Para 16 of IND AS 37, the company is required to disclose Court Cases going on at the end of financial year, brief description related to nature of the contingent liabilities and estimate of its financial effects and possibility of reimbursement. The company has not made required disclosure with respect to above. Thus, company has not complied with disclosure requirement of IND AS 37. Accordingly, the impact of non-compliance of the above IND AS on the financial statements is not ascertainable. (Refer to Note No. 21(B)(II) of Notes to Accounts)	<p>Since, the Management cannot extract and find out the exact value of future possible liabilities which will be occurred after finalization of court cases, hence the same has been disclosed in Notes on Accounts as Contingent Liability.</p>
	ii. Amount as disclosed in respect of claims/pending court/ arbitration/legal/tax cases have not been properly compiled and ascertained as per IND AS-37 "Provisions, Contingent Liabilities and Contingent Assets". No amount of capital commitments in respect of estimated amount of contract remaining to be executed on capital accounts ascertained. In the absence of details thereof, impact of the same upon the financial statements is not ascertained. (Refer Note No. 21(B)(II) of Notes to accounts, regarding contingent liabilities)	<p>The contingent liabilities consist of claim of staff, court cases for Revenue, other related liabilities and Statutory defaults etc. has already been disclosed in Notes on Accounts at point no. 20(B)(d). The records of the same is available with the company.</p>

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	<p>iii. During the course of audit, we observed that a huge amount is lying as debtors, which has been classified into secured/unsecured, good/doubtful Age wise analysis of outstanding is done in Note No. 9 of Financial statements however, details thereof is not provided to us for the audit. Moreover, the classification into disputed and undisputed debtors are not at all done in Note No. 9 of Financial statements as per the requirement of amended schedule iii of the Companies Act 2013. Time barring/non-recoverable cases are not identified. The company have arrears of ₹3798.32 Crore outstanding from more than 3 year for which management informed us that all these arrears are recoverable and sufficient provision has been made. The Company makes provision on non-government debtors for 0 to 06 months, 06 month to 12 months, 01 year to 2 years, 2 years to 03 years and above 03 years respectively, which is not in adherence to the provisions of IND AS 37.</p>	<p>In manual accounting system, there is no system exist to record the consumer wise details in the books of accounts. the company is in the process to classify its debtors into the category of disputed and undisputed. Although, as per the requirement of Schedule III company has given age wise details of the debtors as Annexure to Note No. 7. The necessary disclosure is made in Notes on Accounts.</p>
	<p>iv. Further, as per IND AS 37, 109 and applicable financial reporting framework, the company is required to make 100% provision for doubtful debts more than 3 years, whereas the company has made provision of 80% as per company policy.</p>	<p><i>As per Ind AS 8, "Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. Loss allowance for expected credit loss (i.e. Provision for bad and doubtful debts) is an accounting estimate."</i> Further, Ind AS 109 does not state any quantum of the provision to be made on trade receivables. It just says to make provision on trade receivables only on the basis of Life time expected credit loss model based on simplified approach. Accordingly, PVVNL has made provision on the basis of life time expected credit loss model based on simplified approach in accordance with Ind AS 109. However, based on the collection efforts and the current and future initiatives being undertaken for collection it has been decided to follow a graded provisioning over a period of four years from the financial year F.Y. 2022-23. Under these assumptions, in the current financial year provisioning @80% on trade receivables is proposed under this age bucket for F.Y. 2024-25 and the same would be increased by another 20% each year till FY 2026. From FY 2026</p>

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		<p>onwards, 100% provision would be applicable under this age bucket.</p> <p>The provision for Bad & Doubtful Debts as on 31.03.2025, calculated as per policy will be ₹3038.64 crore in comparison to provision as on 31.03.2024 amounting to ₹4211.70 crore. Following the conservative approach, the Management has decided that the provision stated in Annual Accounts upto 31.03.2024 is appropriate and no change in provision is required for FY 2024-25.</p>
	<p>v. Refer Point No. 1(c), 2(VI)(b) and 2(VI)(f) of Significant Accounting Policies, wherein disclosure has been made for certain items which have been accounted for on cash basis/cut-off date basis, which is not in consonance with the accrual basis of accounting required by the Indian GAAP. Due to cut off date basis of accounting, the accounting for provisions in the books of accounts is not in consonance with IND AS-37 "Provisions, Contingent Liabilities and Contingent Assets" is not verifiable. Accordingly, the impact of non-compliance of the above IND AS on the financial statements is not ascertainable.</p>	<p>All the expenses and Income are accounted for on accrual basis except those are mentioned in Material Accounting Policies.</p> <p>Further, the provision of expenses has been made for the liabilities crystallise after the cutoff date in consonance with the Ind AS 37 and also as per the best industry practices.</p>
	<p>vi. As per UPERC (MYT) Regulation 2019, 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 statement is not ascertained.</p>	<p>The PVVNL is the fully owned 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. The payment thereon is made by UPPCL and adjustment made in Books of PVVNL through Debit Note received from UPPCL. The accountal of settlement/adjustment of Wheeling charges 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 too. In view of the past trend, no provision has been made during the year by the company.</p>

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	<p>vii. During the year the company have made 100% provision on account of theft of fixed asset amounted to ₹ 16.24 Crore has been classified under Financial Asset (current) , however it should be covered under Fixed Asset (Non Current).</p>	<p>The 100% Provision for loss on account of theft of fixed assets pending investigation have been made for balance at the close of financial year. The same has been presented in the Financial Assets instead of Fixed Assets because the asset has been decapitalised when it is stolen, therefore, the same is shown under financial assets as theft of fixed assets pending investigation until the investigation is completed.</p>
	<p>viii. Auditor of Moradabad Zone has reported that Moradabad ZO has not disclosed the impact of pending litigations on its financial position in its financial statements amounting ₹1742.87 Lakhs.</p>	<p>The contingent liabilities consist of claim of staff, court cases for Revenue, other related liabilities and Statutory defaults etc. has already been disclosed in Notes on Accounts at point no. 20(B)(d). The records of the same is available with the company.</p>
	<p>Besides non-compliance of IND AS referred above, compliance status of other accounting standards are as under:</p> <p>i. IND AS-1: Policies relating to provision made against (i) advances to suppliers/contractors (ii) Slow/non-moving and unserviceable stores, (iii) bad and doubtful debts (iv) advance to employees and others are not disclosed under Annexure "Significant Accounting Policies" annexed with Financial Statements as required in IND AS-1. Accordingly, the impact of non-compliance of the above IND AS on the financial statements is not ascertainable. IND AS 20 -)</p>	<p>The Company has disclosed all material accounting policies in compliance with Ind AS-1. As per the standard, only accounting policies considered material to the financial statements are required to be presented.</p>
	<p>ii. IND AS-36: All the assets of the company are recorded at their historical values without arriving at their recoverable amounts and arriving at amount of impairment of loss. Company's submission that "their recoverable amount is higher of the assets' net selling price", has not been substantiated. In the absence of fixed assets physical verification, fixed assets register, techno-economic viability assessment and calculation and determination of Cash Generating Unit, we are unable to comment whether any impairment loss has remained un-assessed or un-provided for in accordance with IND AS-36 "Impairment of Assets". Impact of non-compliance of the above IND AS on the financial statements is not ascertainable.</p>	<p>As Assets of the Company have been accounted for at historical cost and most of the Assets are very old. Due to increasing Inflation and increasing Market value of the metals, cement, infrastructure, etc. The recoverable amount of the assets is expected higher than its present accounted value. Hence there is no sign of impairment of assets and accordingly impairment of assets is not required.</p>

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	<p>iii. IND AS – 116 Leases - The company is earning rental income from leasing of their assets mainly electricity pole, but the appropriate disclosure is not made in the Financial Statement.</p>	<p>Matter will be reviewed in future.</p>
	<p>iv. There are few cases of late deposits, short deposits of TDS & electricity Duty etc., which may invite interest penalty for the same. No provision in respect of default towards late deposits, short deposits, not deposit of TDS and late filling and Interest thereon is made by the Management.</p>	<p>The company is deducting & remitting TDS as per the provisions of Income Tax Act. There is no late deposit of TDS. Whereas, the adjustment of Electricity Duty is being made at UPPCL level from Subsidy/Other Receivables and the account of the same is done vide Debit note issued by UPPCL.</p>
	<p>v. GST reconciliation with books of accounts and return is not made available to us and stated by the management that the same is under process. Hence, we are unable to comment upon the impact of same on financial statements.</p>	<p>The company is regular in paying and depositing GST on time. The reconciliation of Books of Accounts and GST Returns is under process and will be taken care of after such reconciliation.</p>
	<p>vi. Provision for accrued liability on account of pension has been made at a fixed percentage based on actuarial valuation report dated 09-11-2000, which is very old and is also against the provisions of IND AS 19. Accordingly, the impact of non-compliance of the above IND AS on the financial statement is not ascertainable.</p>	<p>The liability of Pension is booked at divisional level at a fixed percentage based on actuarial valuation report dated 09.11.2000 and payment to U.P. Power Sector Employees Trust is made centrally at HQ level. The payment of pension has been made by U.P. State Government Treasury Department directly to the concerned employee. Thus, the company is not obtaining Actuarial Valuation Report regarding Pension.</p>
	<p>vii. During the year the company as per letter no, I/8414/2025/102/CPFTrust/DHFL/FDR/ NotionalLoss/2022 dated 08.04.2025 of U.P. Power Corporation Contributory Provident Fund Trust, Lucknow and I/9109/2025/12/UPSPSET/DHFL/2019 dated 24.04.2025 of U.P. State Power Sector Employees Trust, Lucknow, have booked the amount of losses incurred on account of Notional Interest, which is allocated to the company, an amount of ₹13.66 crore on account of GPF and ₹13.13 crore on account of CPF, Total ₹26.79 crore. The company has made a provision (AG 79.730) of ₹26.79 Crore, shown as exceptional item in the financial statement, and created a liability towards the GPF and CPF Trust (AG 44.610 and 44.621). In the absence of its complete details and audit trail thereof with appropriate audit evidences with the company, we are not in a position</p>	<p>As per letter no, I/8414/2025/102/CPFTrust/DHFL/FDR/NotionalLoss/2022 dated 08.04.2025 of U.P. Power Corporation Contributory Provident Fund Trust, Lucknow and I/9109/2025/12/UPSPSET/DHFL/2019 dated 24.04.2025 of U.P. State Power Sector Employees Trust, Lucknow, the amount of ₹13.66 crore on account of GPF and ₹13.13 crore on account of CPF, Total ₹26.79 crore interest accrued on Invested amount, Unrealized Interest and Notional Interest in DHFL company, is allocated</p>

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	to comment upon its correct accountal and commercial expediency of the same. (Refer to note 18 & 28 of financial statements) and its consequential impact on the financial statements is not ascertainable.	and the same has been accounted for in Annual Accounts of FY 2024-25 after getting approval from BOD.
	<p>b) Dakshinanchal Vidyut Vitran Nigam Limited-</p> <p>i. The Company had consistently adopted an inappropriate method of amortisation of government grants & consumer contributions by charging amortisation on the written down value of capital reserve which results in lower charge of amortisation and residual value of capital reserve, even though the useful life of the corresponding asset has expired. Estimated cumulative effect of this incorrect method during preceding three years has resulted in under amortisation of substantial amount. Otherwise also the Company has failed to maintain any subsidiary record to co-relate grant and consumer contribution with the corresponding asset and for amortisation of full amount of the grant and consumer contribution over the useful life of asset.</p> <ul style="list-style-type: none"> • As per audit report of Jhansi and Banda Zone the auditor has observed that various entries amounting to Rs. 7,67,17,185/- debited to GL 10.54800 'Repairs of Transformer' and net Rs. 1,56,94,400/- debited to GL 10.54900 'Repairs of other Transformer' total amounting to Rs. 9,24,11,585/- under both heads appears to pertaining to repairs of transformers and other fixed assets, however the same are capitalized there by inflating the fixed assets by Rs. 9,24,11,585/- and inflating the profit by same amount. 	<p>Proper records of the assets created through government grants and contribution from consumer are being maintained.</p> <p>It was Capital Expenditure under Business Plan 2024-25 which has correctly capitalized by the unit. However, the unit has mistakenly used GL 10.54800/10.54900 in place of GL 10.54100/10.54200, it was due to some typographical mistake but all the GLs lies in Fixed asset head resulting in no differential impact in accounting.</p>
	<p>ii. There is no reasonable satisfaction that the Company has filed all the required satisfaction of charges with the Registrar of Companies.</p>	<p>It is to be submitted that the Company has duly filed Form CHG-4 for satisfaction of charges during the reporting period, strictly within the prescribed time limit as per the provisions of the Companies Act, 2013. All charge satisfaction filings have been completed in a timely and compliant manner, and records are available for verification.</p>

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	<p>c) Purvanchal Vidyut Vitran Nigam Limited- OTHER EQUITY</p> <p>i. During our audit, we noted that an amount of ₹2793.43 Crores received as Consumers' Contribution towards Capital Assets has been presented under "Other Equity" in the balance sheet. As per Schedule III of the Companies Act, 2013, and in alignment with applicable accounting principles (particularly Ind AS 115 – Revenue from Contracts with Customers and guidance under Ind AS 20 – Accounting for Government Grants, where applicable), such receipts should not be treated as equity. Instead, they should be classified as "Deferred Income" under Non-Current Liabilities, as they represent obligations to provide future utility or service access in exchange for the contribution received.</p>	<p>Since the amount of consumer contribution represents the corresponding assets created under deposit scheme, it has been classified as capital grant and shown under other equity.</p>
	<p>ii. The misclassification of Consumers' Contribution towards capital assets has resulted in a material misstatement in the financial statements. An amount of ₹2,525.60 Crores, which should have been presented as Deferred Income under Non-Current Liabilities, has instead been disclosed under Other Equity. Consequently, Non-Current Liabilities are understated and Other Equity is overstated to the same extent. This misrepresentation distorts the true financial position of the Company and may lead to a misleading assessment of its solvency, leverage, and capital structure by users of the financial statements. Moreover, this accounting treatment is not in compliance with the prescribed format under Schedule III of the Companies Act, 2013, nor does it align with the principles of Ind AS 115, which requires revenue to be recognized only upon satisfaction of performance obligations, or Ind AS 20, which mandates systematic recognition of such capital contributions over the useful life of the related assets. If not corrected, this misstatement could also result in regulatory non-compliance and may necessitate future restatement of the financial statements. Furthermore, the amortization appears to be based on estimations, with no specific one-to-one correspondence to individual assets demonstrated to us.</p>	

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	FINANCIAL LIABILITIES-OTHERS (NON-CURRENT)	
	<p>i. We observed that the entire amount of security deposits received from consumers has been classified under Non-Current Liabilities in the financial statements. However, as per the principles of Schedule III of the Companies Act, 2013, deposits received against temporary connections, which are typically expected to be settled or refunded within 12 months, should be classified as Current Liabilities. As informed by the Management, consumer security deposits have been accounted for under Accounting Code 48.1 on a consolidated basis, encompassing both temporary and permanent consumers. However, the Company has not maintained a bifurcation of these deposits in its books of account, and no separate details or supporting schedules were provided to us during the audit. Due to the absence of necessary information, we are unable to comment on the specific impact this may have on the financial statements. This may affect the assessment of its short-term liquidity position by the users of the financial statements.</p>	<p>It is to submit that in most of the cases, temporary connections are converted into permanent connections within the stipulated timeline, hence classification of entire security deposit amount is done under non-current liabilities.</p>
	<p>ii. It was observed that the Company has determined the gratuity liability of employees as required by Ind AS 19 – Employee Benefits covered under the General Provident Fund (GPF) scheme, based on Actuarial Valuation Report dated 09/11/2000 that is very old. Moreover, the Company has independently computed the liability and disclosed the entire amount under “Other Financial Liabilities (Current)” in the financial statements. However, as per the provisions of Ind AS 19 and the classification requirements of Schedule III of the Companies Act, 2013, gratuity liabilities should be determined based on current actuarial valuation and be bifurcated into current and non-current portions, based on the expected timing of payment. The use of very old actuarial valuation report raises concerns about the accuracy and reliability of the reported liability, and the classification of the entire amount as a current liability results in a potential overstatement of current liabilities and understatement of non-current liabilities. In the absence of a proper actuarial assessment and appropriate bifurcation, the financial statements do not accurately reflect the Company’s long-term employee benefit obligations, which may affect users' understanding of its future outflows and financial position.</p>	<p>Liability for gratuity of GPF employees is being accounted for @2.38% as per the actuarial valuation report submitted by PWC to UPPCL on dated 09.11.2000. It has been classified under current liability since the provision for expense is booked every year and liability is also being discharged against the retirement of the GPF employee.</p>
	<p>iii. As reported by the Zonal Auditors, the status, situation and condition of Capital Work in Progress is not available for verification.</p>	<p>Units have been instructed to maintain and put up the work register to the auditor for verification in ensuing year.</p>
	<p>iv. Capital work in progress includes advance to Suppliers/ Contractors amounting to ₹65.75 Crores. As reported by some of the zonal auditors, name and age-wise break-up of the</p>	<p>The party-wise list of advances to Suppliers/ Contractors has been maintained by the respective</p>

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	same is not available, hence we are not able to comment upon the same.	units w.r.t. major on-going projects. The balances have been significantly reduced in the current year.
	v. Stores and Spares relating to Capital Works amounting to ₹949.68 Crores has been disclosed under "Inventories" and not under "Capital Work in Progress" as per Ind AS 16. Hence, CWIP is understated, and Inventories are overstated by ₹949.68 Crores.	The items lying in the stores are being classified as inventory till it is being issued for the capital work or its intended use in accordance with the IND AS 2.
	vi. It was observed that the Company has not carried out an assessment for impairment of Capital Work-in-Progress (CWIP) as required under Ind AS 36. AS 36 – Impairment of Assets, despite the existence of significant CWIP balances and the absence of documentation to demonstrate active monitoring of project viability or progress. As per Ind AS 36, an entity is required to assess at each reporting date whether there are any indications that an asset, including CWIP, may be impaired. However, the Company has not conducted such an assessment or provided supporting evidence to establish the continued recoverability of CWIP balances. In the absence of an impairment evaluation, we are unable to determine whether any impairment loss should have been recognised, and the impact, if any, on the carrying value of CWIP and the financial statements remains unascertainable. This represents a non-compliance with the provisions of Ind AS 36 and may result in the overstatement of assets in the financial statements.	The amount lying under capital work in progress includes material issued at site and material issued to contractors for capital works as well as ongoing capital works which are not completed on the balance sheet date. Such capital works are regularly being capitalised on completion of the work. These capital works are not old to be impaired. Hence, impairment is not required on such capital work in progress.
	<p style="text-align: center;">COMPLIANCES</p> <p>The Company has not complied with the following requirements of Companies Act, 2013, MSMED Act, 2006, Income Tax Act, 1961 and Ind AS and Standards on Auditing issued by ICAI.</p>	
	i. The Company has not complied with the provisions of section 42(4) and 42(6) of the Companies Act, 2013 as well as The Companies (Acceptance of Deposits) Rules 2014 relating to Share Application Money pending Allotment.	The company has issued fully paid-up equity shares on right basis pursuant to section 62 of The Act after making due compliance. Share application money is received under separate bank account maintained for the specific purpose. The allotment of the same is being done in accordance with the Companies Act, 2013 i.e. 60 days from the date of receipt of share application money.

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	<p>ii. There is no system at Zones and ESDs of the Company to prepare the Balance Sheet and Statement of Profit and Loss. The Zonal auditors have only been provided Trial Balances (MTB) for the purpose of their audit which is non-compliance of Schedule III of the Companies Act, 2013.</p>	<p>Due to organizational structure of the Company the Units and Zones are performing different type of activities. Hence at unit and zonal level only Trial Balances are prepared.</p>
	<p>iii. The following Ind AS issued by ICAI has not been properly followed by the Company: -</p> <ul style="list-style-type: none"> ➤ Ind AS – 2 “Inventories” ➤ Ind AS – 16 “Property Plant & Equipment’s” ➤ Ind AS – 19 “Employee Benefits” ➤ Ind AS – 20 “Accounting of Government Grants and Disclosure of Government Assistance” ➤ Ind AS – 36 “Impairment of Assets” ➤ Ind AS – 107 “Financial Instruments: Disclosures” ➤ Ind AS – 109 “Financial Instruments” ➤ Ind AS – 115 “Revenue from Contracts with Customers’ 	<p>The company is following all the applicable IND AS to the extent possible. Moreover, we will review and if there is any non-compliance, we will ensure the compliance of all the applicable Ind AS in coming years.</p>
	<p>iv. The company has failed to comply with provisions of Income Tax Act, 1961 regarding deduction of TDS on provisions for expenses/payables.</p>	<p>Year-end provisions for expenses were created on a general basis without linkage to specific vendors/parties. Accordingly, TDS was not deducted on such provisions. The Company, however, ensures deduction and deposit of TDS at the time of crystallization of liability/payment to the respective parties, in accordance with the provisions of the Income Tax Act, 1961</p>
	<p>v. The Company has ascertained the amount payable to Micro, Small and Medium Enterprises (MSMEs) as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. However, no provision for interest payable has been made in the books of account. The absence of this information may have a potential impact on the finance costs and amount of creditors presented in the financial statements, to the extent of non-recognition of applicable interest to eligible MSME creditors.</p>	<p>The facts regarding interest on MSME liability has been disclosed in the point no. 18 of the notes to accounts.</p>
	<p>vi. As per Secretarial Report for the year ended 31stMarch, 2024, the Company has not complied with Regulation 24(1) of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, wherein, the Company is required to get appointed at least one Independent Director of its Holding Company in its Board.</p>	<p>During the current financial year 2024-25, the company has appointed independent directors in its Board.</p>

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	vii. The Company has disclosed contingent liabilities to the tune of ₹141.30 Crores at para 21(b)(ii) of Notes to Account of Balance Sheet. Since, the status of contingent liability has not been provided to us, we are unable to comment upon the provision required as per Ind AS-37.	Contingent liabilities have been appropriately disclosed in Notes to Accounts in accordance with Ind AS-37.
	d) Kanpur Electricity Supply Company Limited-	
	i. “IND AS” 1- PRESENTATION OF FINANCIAL STATEMENTS: Reference is invited to Note no: 29-10 and 29-55 which are in the nature of 'Material Accounting Policies'. However, the company has disclosed these policies in its Notes on Account instead of grouping it under Note No: 1'Material Accounting Policies'	There has been no change in accounting policy with respect to provision for bad debts as per point no 29.10 of notes to accounts
	ii. "IND AS" 2 – INVENTORIES : As per Accounting Policy stated in Note No. 1-3V(a) of the Company on stores & spares, stores and spares are valued at cost instead of at the lower of cost and net realizable value, as stated in paragraph no. 9, of above "IND AS".	Paragraph 32 of Ind AS 2 ‘Inventories’ provides that materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. The Company is operating in the regulatory environment, and as per Tariff Regulations, the cost of other inventory items is recovered as per extant tariff regulations. Accordingly, the realizable value of the inventories is not lower than the cost. The same has been made in point no. 42 of Notes on Accounts.
	iii. IND AS" 16- PROPERTY. PLANT AND EQUIPMENT: The Material Accounting Policy stated in Para no.1-3-I(e) of the company states that "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, @13.50% on distribution works and @ 9.50% on other works on the amount of total expenditure." this policy is not in line with para 16 of the above "IND AS", which provides that the cost of an item of property, plant and equipment comprises any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management.	Due to multiplicity in nature of work perform by a particular employee, it is not possible to ascertain exact portion of Employee Cost directly attributable to Capital Work. Thus, the company is capitalizing the same on the basis of Office order no. 285 dated 06.09.2017 at prescribed percentage. The necessary disclosure has already been made in Material Accounting Policies

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	<p>iv. "IND AS" 19- EMPLOYEE BENEFITS: Company has provided for post-employment benefits in the nature of pension and gratuity, in respect of erstwhile UPSEB employees, as per the actuarial valuation report dated 09.11.2000. (Also Refer Note No. 29- 16(a) of "IND AS FS"), according to which the cost of providing such benefits is determined using the 'Attained Age Method' which is not in compliance with paragraph no. 67 of the above "IND AS" according to which, the cost of providing such benefits is determined by using the 'Projected Unit Credit Method' with actuarial valuation being carried out at the end of each annual reporting period. Further the actuarial valuation was done in the year 2000-2001 only which does not give the realistic estimation of the liability as many other assumptions made have also undergone changes with the passage of time.</p>	<p>The actuarial valuation is for employees belonging to erstwhile UPSEB employees for which actuarial valuation has been done at the time of trifurcation by the actuarial valuer.</p>
	<p>v. "IND AS" 36 - IMPAIRMENT OF ASSETS: As per the opinion of the Company, there is no specific indication of impairment of any assets as on the balance sheet date (Also Refer Note No. 29-27 of "IND AS FS"). However, we have not been furnished with the evidence of carrying out any exercise by the Company to determine the impairment, if any, of any asset.</p>	<p>The assets of the corporation have been accounted for at their historical cost and most of the assets are very old where the impairment of assets is very unlikely, the same has been disclosed in point no. 26 of the notes on accounts.</p>
	<p>vi. IND AS" 109 - FINANCIAL INSTRUMENTS: The company has followed a graded provision for bad & doubtful debts on trade receivables in respect of debts outstanding for a period exceeding 3 years instead of provisioning at the rate of 100%. (Also Refer Note No. 29-10 of "IND AS FS")</p> <p>The effect of non-compliance/divergence from the "IND AS"(s) as stated in paragraph no. 1 to 6 above has resulted in non-compliance of the provisions of sections 129(1) and 129(5) of the Companies Act,2013 ("The Act"), according to which the financial statements of the Company shall comply with the "IND AS" and where the financial statements of the Company do not comply with the "IND AS", the Company shall disclose in its financial statements, the deviation from the "IND AS", the reasons for such deviation and the financial effects, if any, arising out of such deviation. No such disclosures have been made due to non-availability of relevant information/details and also cumulative effect on "IND AS - FS" of these could also be not ascertained.</p>	<p>As per Ind AS-08, "Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. Loss allowance for Expected Credit Loss (i.e. Provision for Bad & Doubtful Debts) is an Accounting Estimates." Further, Ind AS 109 states to make provision on Trade Receivable only on the basis of lifetime Expected Credit Loss model based on Simplified Approach. Accordingly, the company has made provision on the basis of lifetime Expected Credit Loss model based on Simplified Approach in accordance with Ind AS 109. Being an Accounting estimate, management envisaged to make provision in a graded manner for Trade Receivables outstanding for More than 3 years (i.e. @80% for the FY 2024-25) considering the various factors like</p>

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		<p>Collection efforts and the current & future initiatives being undertaken by the company for collection etc. All other Trade Receivables (except Credit Impaired) have been Considered Good and no provision is made on such Trade Receivables. Further, it may be noted that management envisaged that 100% Trade Receivables which are pending for More than 3 years are not doubtful because of collection efforts and the current & future initiatives being undertaken by the company for collection like One Time Settlement Scheme (OTS), Installment Payments etc.</p> <p>Apart from the above, it is important to mention that through G.S.R. 635(E) dated 10th October, 2024, the MoP issued the guidelines for minimum requirement of the Provisions on the Trade Receivables of Distribution Companies. According to the above guidelines, the Distribution companies are required to make Provisions in FY 2024-25 at the rate of 75% on the Trade Receivables outstanding for more than 3 years. The company has made a Provision of 80% considering the conservative approach of the accounting.</p>
	<p>Compliance of “The Act”:</p> <p>As per MCA data the Company is an active compliant company. Further, the scrutiny of the master data and other returns of the company filed with the MCA revealed the following:</p> <p>i. Charges column disclosed in the Company Master Data includes old satisfied charges.</p>	<p>The charges have been filed and it is also showing in the MCA portal that the charges have been satisfied along with date of satisfaction.</p>

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	<p>ii. Director Identification Number (DIN) is not available in respect of the following director appointed to the Board of the Company. This is in contravention of Section 153, 154 read with section 158 of the Companies Act, 2013:</p>	DIN for Smt. Mala Srivastava & Shri Jitendra Pratap Singh is under process.									
	<p>iii. DIR-12 has not been filed up to 31/03/2025 in respect of the following Directors, who have been appointed to the board of the Company:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>S. No.</th> <th>Name of the Director</th> <th>Date of Appointment</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Smt. Mala Srivastava</td> <td>22/12/2023</td> </tr> <tr> <td>2</td> <td>Shri Jitendra Pratap Singh</td> <td>16/01/2025</td> </tr> </tbody> </table>	S. No.	Name of the Director	Date of Appointment	1	Smt. Mala Srivastava	22/12/2023	2	Shri Jitendra Pratap Singh	16/01/2025	The DIR 12 has not been filed due to unavailability of DINs of the respective directors. DIN for Smt. Mala Srivastava & Shri Jitendra Pratap Singh is under process.
S. No.	Name of the Director	Date of Appointment									
1	Smt. Mala Srivastava	22/12/2023									
2	Shri Jitendra Pratap Singh	16/01/2025									
	<p>e) Madhyanchal Vidyut Vitran Nigam Limited-</p> <p>i. The 'liabilities for capital works', 'liabilities for O&M works' and 'Liability for expenses' etc. have been categorized under 'Other Financial Liability(current)' instead of showing them under 'Financial liability (Trade payable)'.</p>	<p>As per the Guidance Note on the Revised Schedule III to the Companies Act, 2013 issued by the Institute of Chartered Accountants of India (ICAI), a liability shall be classified as a <i>Trade Payable</i> only if it pertains to the amounts due on account of goods purchased or services received in the normal course of business.</p> <p>The Guidance Note further clarifies that amounts payable under contractual obligations, or those pertaining to statutory dues, or related to capital expenditure, should not be included under <i>Trade Payables</i>. Such items should instead be presented under the appropriate heads such as <i>Other Financial Liabilities</i> or <i>Other Current Liabilities</i>.</p> <p>Since the company is engaged in distribution of power. Therefore, these items have been appropriately classified under "Other Financial Liabilities (Current)", as they do not meet the definition of <i>Trade Payables</i> as prescribed under the Revised Schedule III.</p>									

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	<p>ii. The company returned Rs. 3.58 crore of a grant received from REC because payments were made to vendors for duplicate meter installations. However, this return of grant was not recorded correctly in the financial statements as per Ind As 20. As per Ind AS 20 and Ind AS 1, returned grants must be adjusted to avoid overstating income, assets, or equity, ensuring a true and fair view of the financial statements. Failure to record the return results in misstatement of income and net assets, which may impact decision-making, regulatory compliance, and tax or audit outcomes.</p>	<p>The concerned unit has been instructed to review the matter and take necessary action.</p>
	<p>iii. Rebates related to capital assets under RDSS are currently recorded as liabilities instead of being deducted from the asset cost (Capital Work-in-Progress), resulting in misclassification. As per Ind AS 16, rebates must reduce the asset's cost, not be recognized as liabilities, aligning with the matching principle and presentation requirements under Ind AS Misclassification inflates liabilities and asset values, distorting financial ratios, depreciation, and profitability.</p>	<p>The rebate availed by the company under RDSS will be reduced from cost of the project at the time of closure of scheme.</p>
	<p>iv. IND AS-1: Policies relating to provision made against (i) advances to suppliers/contractors (ii) Slow/non-moving and unserviceable stores, (iii) advance to employees and others are not disclosed under Annexure "Significant Accounting Policies" annexed with Financial Statements as required in IND AS-1. Accordingly, the impact of non-compliance of the above IND AS on the financial statements is not ascertainable.</p>	<p>The matter will be reviewed and necessary action will be taken, if required.</p>
	<p>v. As per IND AS 20 Accounting for Government grants / subsidy is done on the basis of advice from Uttar Pradesh Power Corporation Ltd., (the holding company), but the timing at which the grant is to be booked as per IND AS 20 cannot be ascertained as the grant is booked as per the credit notes received from UPPCL which is not in consonance with the IND AS-20 "Accounting for Government Grants". Impact of non-compliance of the above IND AS on the financial statements is not ascertainable.</p>	<p>As per Para 8 of Ind AS-20 "Accounting for Government Grants and Disclosure of Government Assistance" "<i>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. Receipt of a grant does not of itself provide conclusive evidence that the conditions attaching to the grant have been or will be fulfilled.</i>"</p> <p>Considering the above para, it is established that the government grant is recognised in the books of accounts when both the two criteria are fulfilled. Accordingly, the grant is booked in UPPCL after</p>

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		<p>both the conditions are met viz. the conditions for the grant is fulfilled and government has made the budget provision and approved the same which reasonably assures about the receipts of the grant. Only after that credit notes are issued to discoms for accounting of the same. Since the grant is received in UPPCL on behalf of discoms and not to the discoms directly, the discoms can only account for the grant when credit notes are received to the Discoms.</p>												
	<p>vi. 'Financial Assets-Others – Current' (Note-10) and 'Other Financial Liabilities-Current' (Note-18) have been classified as 'current' but include balances which are outstanding for realization/ settlement since previous financial years, and in the absence of adequate information/explanations regarding the realizability /settlement of such amounts within twelve months after the year end, not classifying them as non-current assets/ liabilities is not in accordance with Ind AS-1 "Presentation of Financial Statements"</p> <p>Certain balances are incorrectly classified as current instead of non-current assets/liabilities based on their nature and settlement terms. The list of such items are mentioned below:</p> <table border="1" data-bbox="235 992 1268 1125"> <thead> <tr> <th>Particulars</th> <th>Amount (In Rs.)</th> <th>Currently shown Under</th> </tr> </thead> <tbody> <tr> <td>Other Receivables</td> <td>30.44 Crore</td> <td>Current Asset</td> </tr> <tr> <td>Staff Related Liabilities</td> <td>1.08 Crore</td> <td>Current Liability</td> </tr> <tr> <td>Sundry Liability</td> <td>0.16 Crore</td> <td>Current Liability</td> </tr> </tbody> </table> <p>As per Ind AS 1, classification depends on expected realization or settlement within 12 months (current) or beyond (non-current). This Misclassification leads to inaccurate presentation of financial position.</p>	Particulars	Amount (In Rs.)	Currently shown Under	Other Receivables	30.44 Crore	Current Asset	Staff Related Liabilities	1.08 Crore	Current Liability	Sundry Liability	0.16 Crore	Current Liability	<p>The amount receivable/ payables expected/ Intended to be realized/paid within a year are to be classified as current asset/current liability. The classification is being done on the basis of the company's estimate and hence shown as current assets/liabilities.</p>
Particulars	Amount (In Rs.)	Currently shown Under												
Other Receivables	30.44 Crore	Current Asset												
Staff Related Liabilities	1.08 Crore	Current Liability												
Sundry Liability	0.16 Crore	Current Liability												

	INDEPENDENT AUDITOR'S REPORT	Management Reply
J	Other observations given by statutory Auditors of DISCOMS on specific subject are given below: -	
	<p>a) Paschimanchal Vidyut Vitran Nigam Limited-</p> <ul style="list-style-type: none"> • DEPRECIATION/AMORTISATION <p>The company have regrouped the assets in the current year which impact the depreciation retrospectively for which no calculation or documents was provided to us. In the absence of proper audit trail, we are unable to quantify the impact of the same on depreciation and consequential impact on the financial statements.</p>	<p>The company has regrouped and reclassified its assets during the year which was misclassified in earlier years due to Manual Accounting System. Now the same has been corrected in FY 2024-25 after due reconciliation in ERP System.</p>
	<ul style="list-style-type: none"> • OTHERS <p>i. No subsidiary ledgers have been maintained by the company for Consumer Security Deposit, Meter Security Deposit and Advance consumption charges. In absence of same, correctness of the figures appearing in the financial statements under these head could not be verified.</p>	<p>The company is maintaining Online Consumer Ledger through third party software which maintains all the required records of consumers like Consumption, Arrear, Security, Advance, etc.</p>
	<p>ii. Interest accrued and due ₹7.26 Crores under Other Current Assets (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 10 of Financial Statement)</p>	<p>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.</p>
	<p>iii. As during the course of audit we observe that the late payment surcharge recoverable from customers is accounted for on cash basis due to uncertainty of realization however, the company does not have record related to actual realization of the late payment surcharge actually collected , the amount of late payment surcharge was being accounted for on ad-hoc basis by the divisions thus, late payment surcharge is not accounted for in line with the accounting policy & due non availability of proper records we are unable to ascertain the effect of the transactions on the financial statement.</p>	<p>Due to uncertainty of realization of Late Payment Surcharge, the accountal is being made on cash basis. The same has been disclosed in Significant Accounting Policy at point no. 2(VI)(b).</p>

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	iv. With reference to the CAG final comments of FY 2023-24 regarding booking of timely payment rebate of 1.5% under RDSS Scheme, the company has not restated the same in the FY 2023-24, while in the current year the company has booked the same as other liability (retentions).	The booking of timely payment rebate of 1.5% under RDSS Scheme, the company has not restated the same in the FY 2023-24 as the same is under reconciliation, but during FY 2024-25, the company has booked the same as Other Liability (Retentions).
	v. Company has made extra provision of ₹ 0.92 Crore on account of theft of fixed Assets. Accordingly, the balances under the provision are overstated and the profit is understated to that extent.	During FY 2024-25, the addition in Theft of Fixed Assets pending Investigation is ₹16.24 Crore and 100% provision has been made regarding the same.
	b) Dakshinanchal Vidyut Vitran Nigam Limited-	
	i. Grants from Central/State Governments for acquisition/construction of capital assets Rs. 1984.75 crores (cumulative) is declared as Capital Reserve of under Other Equity, whereas as per Ind AS 20 'Accounting for Government Grants and Disclosure of Government Assistance', it should have been declared in balance sheet as deferred income under liabilities and amortised to profit and loss on a systematic basis over the useful life of asset. Effect of this is that 'Other Equity' is overstated and liabilities are understated by Rs. 1984.75 crores.	Revision/Change in the Accounting Policy is under consideration. This matter shall be taken in the revision/change in the accounting policies of the company.
	ii. As per generally adopted accounting practice in electricity distribution companies, contribution for capital works & service line charges are presented in balance sheet as liabilities, and an amount equivalent to the depreciation charged for the year on corresponding assets is appropriated as income in profit and loss over the useful life of asset, whereas the Company has declared 'consumer contributions towards service lines charges' of Rs. 3,238.89 crores as Capital Reserve under Other Equity. Effect of this is such that, Other Equity is overstated and liabilities understated by Rs. 3,238.89 crores.	Since the amount of consumer contribution represents the corresponding assets created under deposit scheme, it has been classified as capital grant and shown under other equity.
	iii. Long outstanding unreconciled and uncalled Liability towards UP Power Sector Employees Trust of Rs. 206.67 crores, includes Rs. 71.75 crores payable towards Provident Fund of GPF Employees. The above liability is liable for refund to the employees or to the trust. Outstanding interest Provision Rs. 98.51 crores on above amount shall be dealt accordingly. In respect of an amount of Rs. 36.41 crores payable towards Pension & Gratuity of GPF Employees, there is no reasonable certainty for payment of the same.	These balances are under reconciliation with respective Trust and necessary correction in accounting, if required, shall be done after reconciliation.

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	<p>iv. Similarly, Long outstanding unreconciled and uncalled Liability towards CPF Trust of Rs. 16.13 crores, includes Rs. 11.55 crores payable towards Provident Fund of CPF Employees. This includes deduction from the employee(s) salary of Rs. 3.65 crores and employer contribution of Rs. 7.90 crores. In our opinion these amounts and Interest Provision outstanding of Rs. 4.58 crores should be dealt as referred in para 8 above.</p>	<p>Theses balances are under reconciliation with respective Trust and necessary correction in accounting, if required, shall be done after reconciliation.</p>
	<p>v. Company under Note 32 'Exceptional Items' has booked additional provision for losses due to DHFL for Notional Interest of Rs. 11.79 Crores related to GPF liability and Notional Interest of Rs. 8.80 Crores related to CPF liability, in our opinion, this is a contribution for the benefit of employee should be classified as employee benefit expenses instead of exceptional items in the statement of profit and loss accounts.</p>	<p>Liability for payment to the trust for Losses in DHFL is not a routine nature expense. Therefore, these are treated as exceptional items and disclosed separately.</p>
	<p>vi. As per the Internal Auditors report of EDC Fatehabad Agra mostly all the tenders passed during the year does not contains proper EMD Amount & Tender Cost Fees.</p>	<p>The observation of Auditors has been noted for review.</p>
	<p>vii. During review of Internal Audit Report of EDD Jhinhak Kanpur Dehat there is shortfall of cash reported in Cash Book & Cash in Hand of Rs. 3262779.00 pending since Financial Year 2023-24.</p>	<p>The observation of Auditors has been noted for review.</p>
	<p>viii. During our review of Internal Audit Report of EDD- IV Sadabad, the auditor has reported shortage of additional security amount of Rs. 181.81 Lacs which is to be collected on along with Revenue Bills of Nagar Nigam.</p>	<p>The observation of Auditors has been noted for review.</p>
	<p>c) Purvanchal Vidyut Vitran Nigam Limited-</p> <p>i. An amount of ₹462.76 Crores has been disclosed in the financial statements under the head "Liability Migration Account". As explained by the Management, this balance represents a net figure comprising several idle balances, including those arising from the Transfer Scheme and other historical balances lying in the Company's accounts. The balance in these accounts needs to be reviewed by the management.</p>	<p>The idle balances arrived under transfer scheme and other idle balances have been transferred to the dedicated migration GL account. The details of the same has been disclosed in the notes to accounts. Further regular efforts are being made to mitigate the migration account balances. The migration account balances have been decreased in the current year as compared to last year.</p>

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	<p style="text-align: center;">• OTHER FINANCIAL LIABILITIES (CURRENT)</p> <p>i. The Company has provided interest amounting to ₹22.63 Crores on General Provident Fund (G.P.F.) liability and ₹0.95 Crores on Contributory Provident Fund (C.P.F.) liability during the year under audit. These liabilities, as well as the related interest expense on delayed payments, have been disclosed in the financial statements under liabilities towards the respective G.P.F. and C.P.F. Trusts. However, the balances reflected in the Balance Sheet and the interest provided thereon are subject to reconciliation with the Trust accounts. In the absence of such reconciliation, we are unable to verify the accuracy and completeness of these liabilities and interest provisions, and the potential impact, if any, on the financial statements remains unascertained.</p>	<p>Reconciliation of Balances of G.P.F. and C.P.F. has been done from upto FY 2023-24 and reconciliation of current year is under process-</p> <p>After implementation of ERP, CPF/GPF contribution are being regularly transferred to Trust as per salary register through ERP.</p>
	<p>ii. The total TDS and TCS payable under the head 'Sundry Liabilities' is reported at ₹45.93 crores. However, as per the challans produced before us, only ₹2.12 crores has been deposited in April 2025 pertaining to March,2025. No reconciliation between the reported liabilities and the actual deposits was provided to us for verification. Additionally, we note that opening balances also included unreconciled amounts, which remain unresolved.</p>	<p>The balances of TDS and TCS payable is being scrutinised and necessary correction / adjustment will be made accordingly.</p>
	<p>iii. As reported by the Zonal Auditors, Party-wise and Age-wise breakup of Liability for Capital Supplies/ Works and Liability for O&M Supplies/ Works are not available at Zones. Further, the liability includes amount of ₹ 40.45 crores on account of expenses debited in the FY 2022-23 based on forged documents. As informed to us, the investigation is still under process hence the impact of the same could not be ascertained presently.</p>	<p>Subsidiary ledgers of vendors are available in ERP system. The investigation of the forged bills is under process. The necessary accountal required (if any) will be dealt with accordingly after decision of the matter.</p>
	<p>iv. M/s Singh Bajpai & Associates were engaged by the management for the purpose of independent verification of vendor invoices recorded in the ERP system, as per Letter No. 51 dated 20/02/2024. In their report dated 20/05/2024, they highlighted several instances where discrepancies were noted in the invoices submitted by vendors, such as mismatches in quantities, rates, tax or supporting documentation. However, we have not been provided with any documentation or confirmation regarding the corrective actions taken by the management to address or resolve these discrepancies. Consequently, we are unable to determine whether these discrepancies have been rectified in the books of accounts or whether they</p>	<p>The observations given by the firm against the bills were sent to the concerned units for compliance. The necessary adjustment / compliance was made by the concerned units where ever necessary before recommending for any payment against bills. Accordingly, the vendor liability was adjusted in the books of accounts.</p>

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	<p>continue to affect the outstanding balances of trade payables. In the absence of such confirmation or status of compliance, we are not able to quantify or comment upon the possible financial impact of these discrepancies on the amount of creditors reported in the balance sheet as on 31/03/2025.</p>	
	<p>v. The Company has ascertained the amount payable to Micro, Small and Medium Enterprises (MSMEs) as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. However, no provision for interest payable has been made in the books of account. The absence of this information may have a potential impact on the finance costs and amount of creditors presented in the financial statements, to the extent of non-recognition of applicable interest to eligible MSME creditors.</p>	<p>The facts regarding interest on MSME liability has been disclosed in the notes to accounts.</p>
	<p>• TRADE RECEIVABLES</p> <p>i. As reported by the Zonal Auditors, the management has not provided consumer-wise breakup of Sundry Debtors outstanding hence, we are unable to comment on the genuineness of the same.</p>	<p>Customer wise details are available in billing system and available at each distribution division.</p>
	<p>ii. It has been observed that the age-wise classification of trade receivables (debtors) has been carried out by the Company based on the last payment date of the consumer, rather than the actual due date of outstanding bills. This practice results in an incorrect ageing profile, whereby even a partial or token payment made against long-outstanding dues leads to the receivable being classified in a younger age bracket. Consequently, debtors who may be significantly overdue are misrepresented as more current, thereby understating the provision for bad and doubtful debts. This accounting treatment is inconsistent with standard industry and accounting practice, which requires ageing to be based on the invoice/bill due date, not payment activity. In the absence of accurate ageing data and detailed reconciliations, we are unable to quantify the impact of this misstatement on the provision for doubtful debts and the consequential effect on the financial statements.</p>	<p>Age wise classification of debtors has been done considering that when the consumer makes the payment and it is not possible in the system to do the ageing on the basis of invoice date as some times consumer makes the part payment also. It has also been presumed that as and when the consumer starts paying their dues that he will discharge his complete liability.</p>
	<p>iii. As reported by the Zonal Auditors, in Bank Reconciliation Statements, huge amount of uncashed/ stale cheques pertaining to revenue account are being carried forward from last several years and they have not been reversed. The cumulative amount of such entries is in several crores. The management has failed to provide the year-wise breakup and total figure of uncashed cheques as on 31/03/2025.</p>	<p>The review and accounting of the entries pending in BRS is being done on regular basis under supervision of the management. The values of uncashed cheques have been reduced significantly in the current year.</p>

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	Hence, the Trade Receivables and provision for Bad & Doubtful Debts are understated to this extent. In absence of proper information, we are unable to comment upon its impact on Financial Statements.	
	<ul style="list-style-type: none"> • OTHER ASSETS- i. As per the financial statements for the year ended 31st March 2025, the Company has reported TDS receivable of ₹5.24 crores and TCS receivable of ₹12.71 crores under current assets. However, based on the latest Form 26AS available for the financial year 2024–25, the total TDS credited amounts to only ₹3.12 crores, and TCS credited is merely ₹0.03 crores. The Company has not provided a satisfactory explanation or reconciliation for these differences, including with respect to long outstanding opening balances. In the absence of such reconciliation, the correctness and recoverability of the amounts disclosed under TDS/TCS receivable in the balance sheet cannot be verified, and there exists a risk of overstatement of assets in the financial statements. 	The TDS receivable during the year has been booked on the basis of 26 AS of FY 2024-25. The balance TDS receivables amount pertains to the earlier years which is under reconciliation. The necessary adjustment (if required) will be made accordingly.
	<ul style="list-style-type: none"> • MISCELLANEOUS i. Balances in personal account of advances, deposits, creditors etc. are subject to confirmation and reconciliation and consequent adjustments, if any. ii. In case of advances under T.I. and P.I. and adjustment thereof, amount aggregating to Re. 0.90 Crores is outstanding. It needs serious perusal and timely settlement. 	<p>The letters for confirmation of the outstanding balances of advances, deposit, vendor balances etc. have been issued by the concerned units.</p> <p>Instructions have been issued to the units to close T.I. & P.I. and adjust the same in the accounts.</p>
	<p>d) Kanpur Electricity Supply Company Limited-</p> <ul style="list-style-type: none"> • SUNDRY RECEIVABLE (LAND) Rs. 7.44 Crores : i. The company has deposited the above amount with Government of Uttar Pradesh ("Go UP") in earlier years for transfer of Company's Leasehold Land to Freehold Land but till date the procedure for the said conversion has not been completed. <p>Further, "Go UP" due to delayed payment of conversion charges for conversion</p>	The company is a state government undertaking and the amount has also been deposited to the State Govt itself. Thus, the payment is being made between two Government entities under the ownership & control of Govt of UP.

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	<p>of nazul land to freehold land demanded interest and penalty in December, 2009. Since then, no change in status is there up to 31.03.2025. The company is showing Rs. 118.37 Crores in the accounts being interest and penalty on delayed payment as contingent liability.</p> <p>Thereafter the waiver petition of interest & penalty was rejected finally by "Go UP".</p> <p>In absence of any action by the management thereafter we are unable to form an opinion on the realizability of the sum paid in the matter.</p>	
	<ul style="list-style-type: none"> ● DEPOSIT FOR ELECTRIFICATION Rs. 81.33 Crores : Party-wise break-up of the above sum with respect to: - <ul style="list-style-type: none"> i. Amount lying on account of incomplete project & ii. Amount unspent which is refundable to parties against completed projects was not made available to us for our verification. Hence, we are unable to verify the above liability as on 31.03.2025 	<p>The amount received for deposit work is first booked as a liability and thereafter the amount is booked as capital reserves on capitalization of such asset and the company is exercising proper accounting and control in this matter which has duly been verified by the Auditors.</p>
	<ul style="list-style-type: none"> ● STATEMENT OF CHANGES IN OTHER EQUITY: Other Equity Dr. Rs. 4474.75 Crores. : <ul style="list-style-type: none"> i. The other equity includes 'Restructuring Reserve' of Rs. 14.46 Crores being difference arrived at the time of restructuring for which no reconciliation has been done till date. The financial impact of such difference on the Assets/Liabilities is not ascertainable. ● OTHERS: <ul style="list-style-type: none"> i. Trade Receivables, Trade Payables, other receivables, payables, UPSEB period balances and other personal accounts are subject to confirmation and reconciliation thereof. The consequential adjustments, if any, arising out of the aforesaid exercise, is not ascertainable. (Also Refer Note No. 29-14 of "IND AS FS") ii. Account Number 0731002100037949 opened with Punjab National Bank in the year 2019 under the name and style of "Kesco Tax Circle-3 account and Pramod Kumar Singh" was opened without the approval of the Board. The said 	<p>The balance is very old and it pertains to the Transfer Scheme.</p> <p>The observation has been noted for future compliance.</p> <p>The said account was opened with the approval of Managing Director, KESCo who is vested with all</p>

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	<p>account, up to the F.Y. 2022-23, was being depicted along with Account Number 0255001800000036-III with the name and style "Expenditure PNB account". The rationale for opening this account without Board approval was not provided to us. The said account is however, reconciled and confirmed as at 31st March, 2025</p>	<p>the administrative and financial power of the company.</p>
	<p>iii. KESCO is maintaining a Bank account with ICICI Bank under the name & style of "KESCO Online Payment Gateway A/e No. 628805023346" under which payment made by consumers through various online mode were received by the company. As per practice, the amount received from the bank was being matched daily with the report generated from the KESCO website. In the month of July 2023, KESCO Billing Software Agency M/s Fluent Grid sent freezed MIS report of June 2023 on 04-07-2023. On matching the freezed MIS report with the amount received from the bank it was found that 44.93 lakhs was not credited by ICICI Bank in the above account of KESCO. The above transactions were not included in the daily report being generated through the KESCO website, due to which no difference in the amount was found in the daily reconciliation. Similarly for the month of July 2023, 1.48 crore were credited to the consumer ledger account but not received in the bank account of KESCO. The matter was taken up with the bank and after matching of settlement report sent by bank it was noticed that bank account and IC-ID were different in all above transactions.</p> <p>Looking to the fact a FIR was lodged on 25.07.2023 against the bank. On enquiry of the Cyber Cell of UP Police it was found that it was a case of cyber-attack by a group of people who had also opened a different account with ICICI bank in the name of KESCO and 91.22 lakhs were recovered after arrest of those persons. The company has ensured recovery of the loss caused in this regard through the following modes-</p> <ul style="list-style-type: none"> ➤ Cash recovery of 91.22 lakh has already been made by the Police and handed over to the Company/KESCO ➤ Withholding of bills for work executed by M/s Fluent grid Recovery to the tune of Rs. 1.40 crore. The company is also having a Bank Guarantee submitted by the firm for Rs. 61/- lakhs. 	<p>The matter has already been covered in detail in our notes to accounts. Also to mention that adequate measures have been adopted to compensate the loss incurred and the same has also been agreed by the statutory auditors.</p>

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	<ul style="list-style-type: none"> ➤ ICICI bank has also provided a lien marked FDR for Rs. 82.02 Lakhs to KESCO. ➤ Thus, the company has made adequate measures to recover the loss caused in this regard and no financial loss to the company is envisaged. In view of the above fact no provision has been made. (Also refer Note No. 29-52 of "IND AS FS"). • As a result of the aforesaid matters where in impact on the "IND AS-FS" of the Company is not ascertainable due to reasons as mentioned in respective paragraphs, we are unable to determine, in totality, whether adjustments might have been found necessary in the "IND AS-FS". 	
	<p>e) Madhyanchal Vidyut Vitran Nigam Limited-</p> <ul style="list-style-type: none"> • Books of Accounts i. In absence of availability of relevant party wise ledgers/ relevant records from where data has been extracted and the reconciliation/ balance confirmation from parties (except for the current year), the correctness of balances stated in respect of Liabilities for Capital Works, O & M Works and Other liabilities and provisions, Loam and Advances, Material in transit/ under inspection/ lying with contractors' could not be verified in most of the cases. 	<p>As the accounts at Discom headquarters are made after incorporating the MTBs of different zones which are being independently audited by statutory auditors appointed by CAG, these details are available at different zones and duly audited by their auditors.</p>
	<ul style="list-style-type: none"> • Balances Outstanding To / From Outside Parties i. Balances of trade receivables, trade Payables (except UPPCL, UPPTCL and Other DISCOMs), Suppliers, Contractors, loans and advances, staff related liabilities & advances and other various debit/credit balances, etc. are subject to confirmations. Therefore, in absence of proper records/details, we are unable to ascertain the effect of the adjustments arising from reconciliation and settlement of old dues, possible loss/ profit that may arise on account thereof, non-recovery or partial recovery of such dues and non-settlement of liabilities. 	<p>The legacy balances were transferred to DISCOM at the time of unbundling of DISCOMS of power sector. Efforts are in progress to reconcile these old balances and obtain confirmations wherever required. Considerable reconciliations have been made in this regard. Efforts are underway to reconcile the remaining balances.</p>
	<ul style="list-style-type: none"> ii. The CSC e-wallet balance as per the separate portal and the balance recorded in the books of accounts were not reconciled, resulting in a difference of Rs. 8.29 crores as on 31 March 2025. 	<p>A Committee has been formed at HQ level for reconciliation of the balances.</p>

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	<p style="text-align: center;">• Statutory Compliances</p> <p>i. As per Income tax Act, 1961, TDS should be deducted on due or payment basis whichever is earlier. However, it has been noticed that the company is deducting TDS at the time of booking of expenses (which is generally much delayed as compared to date of invoice) which violates the provision of Income Tax Act,1961 due to which liability of interest @1.5% per month or part of the month will arise on the company.</p> <p>In some of units, it was noticed by us that the company is booking expenses much after the date of invoice. Further, it was noted that bills which were quite old were also booked during the current financial year. Due to this there is delay in deduction of TDS as compared to the stipulated timelines which attracts interest under Section 201(1A), with interest amounting to Rs.1.10 crore(approx.). As per Ind AS 12, related interest and penalties are expenses and must be accrued and disclosed as liabilities to avoid understatement of expenses.</p>	<p>As per Section 194C of the Income Tax Act, TDS is required to be deducted at the time of crediting the payment to the vendor's account or at the time of payment, whichever is earlier. In our accounting system (SAP), the vendor's account is credited upon posting the invoice. Consequently, TDS is deducted at that point, and payment to the vendor is processed subsequently. Hence there has been no default/delay in deposition of the TDS.</p>
	<p>ii. The company previously operated multiple TAN registrations for different units/zones; however, currently, only a single TAN is in use. No, evidence or confirmation has been provided regarding the formal surrender of earlier TANs or details of any related defaults, penalties, or dues.</p> <ul style="list-style-type: none"> • A case reported by the Zonal Auditor of CISS Gomti highlights an unpaid TDS default amounting to Rs. 14,370.00. • Further as per zonal auditors of Bareilly zone, they have checked the outstanding dues with respect to TDS demand on "Traces" and found that out of 38 units, 28 units have no outstanding dues. In rest of the units the old demands are still outstanding. The reason for the outstanding demands is mainly due to incorrect filing of TDS return or due to short deposit of TDS. 	<p>Concerned units/zones have been instructed to review the matter and take corrective action wherever required.</p>
	<p style="text-align: center;">• Other Observations</p> <p>i. As referred in Note 18 to the financial statements, the company has made provision for loss incurred by GPF/ CPF trusts' amounting to Rs 455.48 Crores as on 31.03.2025 on account of insolvency of DHFL. The amount has been booked as per the allocations sent by the UPPCL and the basis on which the above-mentioned amount has been calculated has not been provided to us. Any other loss/shortfall in the fund value as compared to total obligation as on the</p>	<p>Except For DHFL losses, no other losses have been informed by the trust & accordingly no further provisions have been made.</p>

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	balance sheet date, if any, is not ascertainable in absence of complete information with the company.	
	<p>ii. Bank reconciliation statements at some of the divisions/ units have not been properly prepared and various old un-reconciled entries are appearing in the bank reconciliation statements in various units at zones/ head office since long periods which require adjustments and appropriate accounting in the books of account. Similarly, the copies of bank statements were available but proper balance confirmation certificates/statements, duly authenticated by the bank were not available in many cases.</p>	Differences as reflected in BRS are being scrutinized regularly and many accounts have been reconciled from the date of the report. Efforts are being made to reconcile the balance accounts/ <u>entries</u> also.
	<p>iii. As reported by zonal auditor of Ayodhya zone, the divisions have bank balance in their MTB of Rs.68.98 Crores, while balances as per Bank Statements is Rs. 18.49 Crores resulting into the difference of Rs 50.49 crores. Most of these entries are pending for last many years and have not been adjusted in accounts.</p> <p>➤ As reported by zonal auditor of Lesa Ciss Gomti Zone, in case of Electricity Urban Distribution Division-Thakurganj, Lesa, Lucknow Bank cash handling charges of Rs.10,06,547.61 have been charged by bank. As per terms bank cannot charge cash handling charges from the unit bank account, so unit should take necessary action for reversal of such amount into bank account.</p> <p>As reported by the zonal auditors of Ayodhya Zone,</p> <p>➤ Bank accounts have not been entered in MTB for 4 banks belong to 3 units.</p> <p>➤ BRS and Bank statements have not been provided for 5 banks belong to 3 units.</p> <p>➤ Proper Bank reconciliation statements have not been prepared for 4 banks belong to 2 units.</p> <p>Moreover, at LESA CISS Zone, it was observed that the balance of two bank accounts was not found in the Cash Book. There are differences between the MTB and Cash Book amounting to Rs 0.58 crores appearing in MTB which are pending for adjustment for more than eight years.</p> <p>The exact financial impact of the above on the financial statements could not be ascertained at this stage.</p>	Matter will be reviewed and corrective action will be taken accordingly wherever required.

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	<ul style="list-style-type: none"> ➤ Authorized Share Capital and Paid-up share capital of the company as per latest data from the Registrar of companies is Rs 20,000 crores and Rs 24,232.49 crores respectively. However, the actual authorized share capital and paid-up share capital of the company is Rs. 30,000 crores and Rs 27,678.81 crores respectively as per financial statements. ➤ All statutory employee-related dues, including contributions towards Provident Fund (PF), General Provident Fund (GPF), and Contributory Provident Fund (CPF), have been duly deposited into the designated trust accounts as per the applicable regulatory requirements. However, despite these payments being made, we have not received any formal confirmation, acknowledgment letters, or receipts from the respective trust authorities confirming the actual receipt and proper crediting of these deposits. Furthermore, no balance confirmations, periodic statements, or reconciliation reports have been provided by the trust, which are essential to verify the accuracy, completeness, and up-to-date status of these statutory dues. 	<p>ROC filing for updation of authorized share capital and paid-up share capital of the company on MCA portal is under progress.</p> <p>Reconciliation of balances with concerned trusts is under process.</p>
K	SIGNIFICANT OBSERVATIONS OF ZONAL AUDITORS IN THEIR AUDIT REPORT ARE AS UNDER:	
	<p>a) Pashchimanchal Vidyut Vitran Nigam Limited- MEERUT ZONE:</p> <ul style="list-style-type: none"> • LAND & LAND RIGHTS (AG Code 10.101) and PROPERTY PLANT AND EQUIPMENTS (FIXED ASSETS) & DEPRECIATION <ul style="list-style-type: none"> i. Depreciation on fixed assets has been charged in the accounts and the fixed assets are presented in the financial statements net of depreciation. The accounting entries for depreciation are auto-posted centrally in the SAP system by the Head Quarter (HQ). The Zonal Office has not identified amount of impairment of assets, required as per IND AS 36. 	<p>From FY 2024-25, the Depreciation on Fixed Assets is being charged from the date of capitalization and booked accordingly in ERP System.</p>
	<ul style="list-style-type: none"> ii. As per the stated accounting policy of the company, a fixed percentage of employee costs is capitalized under capital works. This practice is not fully aligned with the principles of Ind AS 16 – Property, Plant and Equipment, which permits capitalization of only those employee costs that are directly attributable to 	<p>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, @13.50% on Distribution works and @9.5% on Other works on the amount of</p>

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	<p>the construction or acquisition of qualifying assets. The company, however, continues to follow its internal policy framework for such capitalization. We recommend that the company re-evaluate this policy to ensure alignment with Ind AS 16.</p>	<p>total expenditure. the same has been disclosed in Material Accounting Policy at point no. II (e).</p>
	<p>iii. The physical verification of inventory has been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to the book records were not material. In our opinion, the frequency of verification is reasonable. However, un-serviceable/slow-moving/non-moving items forming part of the inventories are mixed with the regular stock and are valued as normal stock of inventory is neither computed nor accounted.</p>	<p>The physical verification of inventory is being done regularly. If any shortage/ excess material found, then it has been dealt accordingly. Further, provision @10% of overall inventory balance is being made at PVVNL HQ level.</p>
	<p>• GOODS & SERVICE TAXABILITY</p> <p>i. It was noted that the Zonal Office is currently paying GST @18% under SAC 9966 for the hiring of motor vehicles. However, in cases where the vehicles are rented without diesel, and the service provider is not a body corporate, the service falls under the scope of Reverse Charge Mechanism (RCM) as per Notification No. 22/2019-Central Tax (Rate), effective from 01.10.2019. Under RCM, GST is payable @5% (2.5% CGST + 2.5% SGST) by the recipient. We advise that the company review its vendor arrangements and consider shifting to RCM wherever applicable, to ensure compliance and potential tax savings.</p>	<p>GST @18% on hiring of passenger vehicles with driver is being charged by the service providers in accordance with the Corporation's internal policy, as laid down in internal guidance/circular no. 16/2019 dated 06.11.2019.</p> <p>Further, the Finance Department has also clarified this treatment vide Memo No. FIN-CTI-TAX-0048-2023/33418 dated 07.12.2023, wherein at Point B, it is specifically mentioned that "<i>in cases where the cost of fuel is not included in the consideration charged from the service recipient, GST shall be applicable @18%.</i>" This circular supports the Corporation's position that such services are liable to tax under Forward Charge Mechanism at the rate of 18%. The ZAO has relied on the above departmental circulars in continuing with the existing practice.</p>
	<p>• SUNDRY RECEIVABLES</p> <p>Amount outstanding under the head AG-23(sundry debtors) is not verified and reconciled with the subsidiary records (Billing Data/Online data of the Consumers) maintained at various units.</p>	<p>The amount under the head Sundry Debtors is booked on the basis of Adjusted Online CS-4. Due</p>

	INDEPENDENT AUDITOR'S REPORT	Management Reply																		
	<p>Chances of recovery are not analysed. Time barring and non-recoverable cases are not identified. No provision is made in the accounts for non-recoverable amount at Zone level and is reportedly made at headquarter level.</p> <p>1. Sundry Debtors under the head AG-23/28 include certain accounts which are outstanding for more than one year. We are highlighting below such accounts having substantial outstanding with no transactions during the year:</p> <table border="1" data-bbox="340 529 1136 824"> <thead> <tr> <th style="text-align: center;">S.No.</th> <th style="text-align: center;">GL Account No.</th> <th style="text-align: center;">Balance as on 31.03.2025 (Amount in ₹ lacs)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">2301023105</td> <td style="text-align: center;">154.08</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">2301033306</td> <td style="text-align: center;">72.73</td> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: center;">301063105</td> <td style="text-align: center;">370.90</td> </tr> <tr> <td style="text-align: center;">4</td> <td style="text-align: center;">2305090000</td> <td style="text-align: center;">206.98</td> </tr> <tr> <td style="text-align: center;">5</td> <td style="text-align: center;">28.87100</td> <td style="text-align: center;">1444.41</td> </tr> </tbody> </table>	S.No.	GL Account No.	Balance as on 31.03.2025 (Amount in ₹ lacs)	1	2301023105	154.08	2	2301033306	72.73	3	301063105	370.90	4	2305090000	206.98	5	28.87100	1444.41	<p>to such adjustments, the amount reflected under the head Sundry Debtors (AG-23) is not tallied with Billing Ledger.</p> <p>The provision against doubtful receivables is being made centrally at HQ level.</p>
S.No.	GL Account No.	Balance as on 31.03.2025 (Amount in ₹ lacs)																		
1	2301023105	154.08																		
2	2301033306	72.73																		
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4	2305090000	206.98																		
5	28.87100	1444.41																		
	<p>2. Remittance of Funds by Vitran Nigam to UPPCL</p> <p>➤ The Sundry Debtors balance also includes an amount receivable from the Government under AG Code 28.85800, with an outstanding of ₹208.77 crore as on year-end, which includes opening balance of ₹195.64 crore which has not been recovered yet, indicating a persistent accumulation of old dues.</p>	<p>The balance pertains to old period. The same will be reconciled/adjusted in subsequent years after due verification.</p>																		
	<ul style="list-style-type: none"> • REVENUE FROM SALE OF POWER <ul style="list-style-type: none"> i. Revenue booked under theft cases for the year under the head AG 61.601 amounting to ₹7.33 crore (Previous Year ₹22.72 crore). The figures of the last fortnight are provisional one which are reportedly in accordance with the guidelines of Uttar Pradesh Electricity Regulatory Commission (UPERC). No provision has been made against unsettled cases outstanding at the end of the year at Zonal level. 	<p>The necessary provision is being made in Annual Accounts at HQ level.</p>																		

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	<ul style="list-style-type: none"> • Others 	
	i. The Provisions of expenses made at the year-end are subject to TDS but tax has not been deducted. It has been deducted at the time of payment.	The provision for expenses at the end of the year are made on estimated basis as per value of works/service provided by contractor. The same has been reversed after receiving the bill from contractor. The deduction of TDS is being made at the time of verifying of bills and the same has been deposited within due time.
	ii. Advance Income Tax & TDS (AG code 27) amounting to ₹75.76 lac (Previous Year Rs 74.40 lac) is not reconciled and transferred to head office.	The deduction of TDS by banks/other firms has been debited under AG 27.421 under various units of the company, which is adjusted at HQ level after receiving refund of Income Tax from IT Department.
	iii. As per AG Codes 31, 32, and 37, stock aggregating to ₹272.39 crore, fixed assets aggregating to ₹108.24 crore, and inter-unit transfer accounts aggregating to ₹208.44 crore have been transferred to various zones or units in earlier year. However, these balances continue to remain outstanding and are pending adjustment, liquidation, or recovery. The long-pending nature of these amounts reflects delays in inter-zonal and inter-unit reconciliation and settlement of transferred stock, assets, and transactions.	The inter unit transfer stock from one zone to another zone of the company is settled at HQ level.
	iv. Significant old balances continue to remain outstanding with the HQ–MD Office, reflecting a debit balance of ₹1,709.99 crore under AG Code 33 and a credit balance of ₹5,333.35 crore under AG Code 34. These long-pending balances indicate that necessary adjustments, settlements, or reconciliations have not been carried out over the years.	The Fund transfer by units to HQ (AG 33) and Fund transfer by HQ to units (AG 34) has been accumulated at unit level, which is set off at company level.
	MORADABAD ZONE: <ul style="list-style-type: none"> • WIP Project: PVVNL Smart City Moradabad Estimated Cost: ₹7,231.20 Lakhs Completed Value: ₹6,860.16 Lakhs As per information and explanation given to us, Project had extended COD till 31.07.2024 but the same is still showing in Capital Work In Progress. No Liquidated Damages has been imposed upon the Contractor which is maximum 10% of the Awarded Amount. We observe that Revenue has been understated to the extent i.e. ₹723.10 Lakh. Further, We 	EUDD I MBD is the nodal unit for the Smart City Moradabad project. This project is under progress/completion which is to be capitalized after successfully completion. The Nodal Unit vide their letter no 2280 dated 14.05.2025 has informed that no bill has been provided by the firm after 31.07.2024 due to which no penalty has been deducted from the firm. It has also been informed that ₹14.06 crore has been withheld as a retention

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	<p>have also been explained that no billing has been done by the Contractor since 31.07.2024 to the Nodal Unit and accordingly LD has not been deducted,</p> <p>Project: PVVNL RDSS Loss Reduction Estimated Cost: ₹1,17,132.69 Lakhs Completed Value: ₹89,124.62 Lakhs As per information and explanation given to us, Project had extended COD till 09.01.2025 but the same is still stated in Capital Work In Progress. No Liquidated Damages has been imposed upon the Contractor which is maximum 10% of the Balance Unexecuted Work. We observe that Revenue has been understated to the extent i.e. ₹421.00 Lakh approx.</p> <ul style="list-style-type: none"> • SUNDRY RECEIVABLES The aging of these receivables was provided to us but in the absence of any further information and documentary evidence for the aging, we could not verify it. Hence, we are unable to express our opinion on the asset quality. • INTER UNIT BALANCE No reconciliation for IU (Out of Zone) accounts was provided to us. Hence we are unable to express our opinion on various IU accounts • ED AND OTHER LEVIES During the year Total ED & Other Levies Collected ₹22,703.78 Lakhs however ED & Other Levies Paid ₹12,370.96 Lakhs. That mean either ₹10,332.81 Lakhs amount is excess collected or not paid to the government. If excess collected, it is income and if correctly collected, why not full amount of duty paid to the government? In such a way the liability is accumulated over the years and reached to such alarming level ₹91,174.65 lakhs. 	<p>money from the firm's bill which is much more than the penalty amount pointed out by the Branch Auditor of ₹7.23 crore i.e. 10% of the agreement value. Further, the nodal unit has confirmed that as soon as the firm bill submit the bills, the penalty will be deducted as per the rules.</p> <p>The mentioned project is related to EUDD II Moradabad & EDD Chandausi as the nodal divisions of RDSS Loss Reduction Project. In which total penalty as per agreement has been deducted ₹12.76 (5.93+6.83) Crore till now which is parked as retention in MTB of March 2025 in ERP..</p> <p>As the Branch Auditor mentioned that aging of sundry receivables was provided to Branch Auditor after matching the balance with MTB as on March 2025. The data for aging has been taken from RMS Portal (billing software) due to non availability of customer wise billing ledger in ERP/Accounting module, which is reconciled with MTB balances.</p> <p>Reconciliation of IUT (Out of Zone) is done at HQ level.</p> <p>These liabilities will be settled after the receipt of WMDR(Advices) from the holding company because all the ED payment to State Govt. is done at UPPCL (The holding Co.) Level and thereafter WMDR are issued to concerning Zones through respective Discoms accordingly the same is booked in respective units.</p>

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	<ul style="list-style-type: none"> <li data-bbox="268 289 1281 418"> <p>• ACCOUNTING SYSTEM During the course of auditing we observed that no sub-ledgers of Accounts Receivables and Accounts Payables are prepared. Hence party wise receivables and payables cannot be ascertained.</p> <li data-bbox="268 456 1281 654"> <p>• GST MATTERS Jeeps/Passenger Vehicles have been hired with Driver from the contractors and the passenger vehicle is parked in the premises of service recipient at night . Hence , GST is required to be deposited under Reverse Charge @ 5%. Albeit, we observed that GST is being paid on such transactions under Forward Charge @ 18% which is wrong in 2 ways : first its chargeability and second rate of tax.</p> <li data-bbox="268 1040 1281 1304"> <p>• Recoverable From Employees As per aging analysis provided to us, we observe that ₹396.93 lakh is recoverable from Employees under various heads for more than one year. However, no plausible explanation has been submitted to us. Besides the same, Advances to Employees are vary from ₹81.67 Lakh to less than ₹1,000.00. No explanation offered by the local management pertaining to ‘how the Advance to single employee attained the abnormal amount of ₹81.67 Lakhs.’ We are also not sure that the same advances is as per the Company’s overall policy read with relevant provisions of the Companies Act.</p> 	<p data-bbox="1304 321 1883 407">After implementation of ERP, all the third-party payments/accounts payable details are being maintained at ERP.</p> <p data-bbox="1304 477 1883 628">GST @18% on hiring of passenger vehicles with driver is being charged by the service providers in accordance with the Corporation’s internal policy, as laid down in internal guidance/circular no. 16/2019 dated 06.11.2019.</p> <p data-bbox="1304 634 1883 943">Further, the Finance Department has also clarified this treatment vide Memo No. FIN-CTI-TAX-0048-2023/33418 dated 07.12.2023, wherein at Point B, it is specifically mentioned that <i>"in cases where the cost of fuel is not included in the consideration charged from the service recipient, GST shall be applicable @18%."</i> This circular supports the Corporation’s position that such services are liable to tax under Forward Charge Mechanism at the rate of 18%.</p> <p data-bbox="1304 950 1883 1005">The treatment has been made in compliance with the above circulars.</p> <p data-bbox="1304 1044 1883 1227">Miscellaneous advance refers to recoveries from internal staff due to losses incurred by the department on account of their negligence, laxity, fault or fraudulent actions. These recoveries are made based on the orders of the competent authority.</p> <p data-bbox="1304 1234 1883 1320">The amount of ₹81.67 lakhs mentioned here is not a general advance, but a misc. recovery to be recovered from the staff.</p> <p data-bbox="1304 1326 1883 1352">The above case pertains to ‘EDD I Rampur’ and it</p>

	INDEPENDENT AUDITOR'S REPORT	Management Reply
		was informed by the unit that due to non-depositing of revenue collected from 11/2015 to 01/2018 in division account, Shri Vivek Kumar Saxena had been dismissed from service of the Corporation and misc. advance was booked against him vide UPPCL's order No 3469- dated 27.09.2023. Due to non-recovery of the said amount Section 5 notice has been issued and sent it to DM for further action/recovery.
	<p>BULANDSHAHAR ZONE</p> <p>i. Bank reconciliation statements (BRS) in respect to Bank accounts in case of many of the divisions of Bulandshahr zone contains outstanding old entries which includes stale cheques, uncashed cheques, other debits and credits more than three month which requires reversal after proper & exact reconciliation and may have impact on trial balance.</p>	Efforts are being made to clear the old uncashed cheques, other credits and debits in bank reconciliation statement.
	ii. Without prejudice to para no. 1, bank reconciliation statements of various divisions need special attention on some issues which are as per annexure – 1.	Noted for future compliance.
	iii. Fixed assets register has been maintained on ERP System, physical verification of fixed assets needs to be examined.	The matter with respect to physical verification of Fixed Assets Register is under consideration and will be taken care of in upcoming years.
	iv. The management has informed to us that physical verification of inventories has been done by the officer authorized at every division / office of the zone and the same is valued on the cost or NRV which is less. It is also informed by the management that now ERP software is installed in place actual stock register of each item.	Informatory Para.
	v. On the basis of information given by various divisions / offices of Bulandshahr Zone, Contingent Liability including court cases as on 31/03/2025 was ₹35.61 Crores.	Informatory Para.
	vi. Purchase of Inventory and stores made at Stores Division Ghaziabad of which invoice raised by Stores Division Ghaziabad to the Bulandshahr Zone; therefore, we cannot comment on any impact of such purchase.	Informatory Para.

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	vii. It has found that EDC-2, Bulandshahr does not have title deed of land & building which is pertains to Civil Division, Ghaziabad shown in Fixed Assets	Informatory Para.
	<p>GHAZIABAD ZONE</p> <p>i. The Branch has two categories of customers i.e. prepaid customers and posts paid customers. In the case of prepaid customers, the collection goes to HO which in turn inform the branch of the amount collected by them on its behalf. The Zone could not produce the records related to accounting of unadjusted portion out of prepaid recharge of meter and recognition of revenue out of such prepaid amount for the period upto 31st March, 2025. Also it could not be explained how the accounting is done of the cases of negative balance in the case of prepaid meter. No record could be produced before us to verify the accrual of income and realization thereof, hence we are unable to comment thereon and quantify its impact on the accounts;</p>	The accounting treatment of Prepaid Consumer have been done in accordance with the accounting instructions issued through letter no. 57/PCL/CA/N-312/V-II dated 03.05.2024 according to which the unutilized portion of recharge amount is shown as Advance from Consumer under the Current Liability head.
	ii. In respect of post-paid customers, in terms of the company's accounting policies, revenue is supposed to have been recognized on accrual basis, however, it is noticed that in the case of the billing pertaining to the period spreading to the next financial year, the branch has recognized income of the broken period falling in the next financial year based on average of preceding three months. The different customers are having different billing period, however, it is explained that the Zone does not generate any report as the close of the year showing accrual of income in such cases. Hence, in the absence of such report, the recognition of income in such cases could not be checked hence its impact on the account could not be ascertained and quantified.	Unbilled Revenue in respect of Sale of Electricity is recognized on the basis of fifteen days Assessment considering the Average Assessment for the preceding three completed calendar months (i.e. Dec to Feb in respect of March). The same has also been disclosed in Notes on Accounts of the financial statement.
	iii. The Company has not laid down its accounting policy on recognition of income in the case of theft of power (dishonest abstraction of power) and the income is recognized based on consumption estimated in report of JE/SDO etc. During the year, the Branch has recognized such income of ₹33.95 Crores (MTB-6106010000) where no recovery (MTB- 2308000000) have been realized during the year and whole account has been accounted for as Receivable. Further, such accounting treatment is not in accordance with Ind As-18 which stipulates recognition of income only when the realization thereof is certain. Hence, the Zone has not provided for the doubtful amount. However it is informed by the officials that the provision is made at the HO level in their books,	The overall provision against outstanding dues from consumers including Receivable against Theft of Power has not been made in branch accounts, however, the same has been accounted for at Discom Headquarter.

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	the details and basis thereof, however, could not be explained. In view thereof, its impact on the accounts of the Zone could not be ascertained and quantified.	
	iv. Further, the Opening debtors pertaining to theft cases were ₹210.73 Crores whereas the Closing Debtors are ₹246.48 Crores. The amount of recovery on this account during the year is not provided to us. Even without the effect of such recovery, if any, the closing balance has overshoot the opening balance by ₹1.80 Crores. No explanation is provided to us.	
	v. In the case of permanent disconnection cases, the Branch estimates the unrealized amount pertaining to period as back as five to six years and account for the amount as "P.D. Debtors" ((MTB 2305010000-2305163307) by reducing the same amount from Normal Debtors (MTB 2301010000-2301183304). Such transfer of amount is done on adhoc basis without ensuring recognition of corresponding income in earlier years. Its impact on the accounts cannot be quantified.	As enumerated to the Auditor, accountal of permanent disconnection cases is made as per the practice followed from the previous years. Also, amount recognized in the books from the permanent disconnection cases is based on the records maintained at SDO & Division level which were shown to the auditor during the course of the audit.
	vi. In respect of revenue from new meter connection (MTB 55.1000), the accounting policy "Consumer contribution, grants and subsidies towards cost of capital assets are treated as capital reserve and high power supply projects e.g. hospitals, heavy manufacturing units, etc., the branch collect the charges (Code MTB 55.10200-55.10400) and pass on the entire amount to UP Transco (Code MTB 14) towards other capital expenditure/fixed asset payments. While the receipts are recognized as capital receipts which is amortized against depreciation and the payment to UP Transco is recognized as Capital assets, however, it is noticed that the advance payment are capitalized as fixed assets even without completion of the project and without commencement of generation of income from such asset. This is against the IndAs 16. Its impact on the accounts, if any, could not be quantified.	Electrification work of various types may involve a Consumer Contribution received for Service connections and lines which is first credited to Advance from consumer towards Cost of Capital Assets, thereafter on completion of work, the same has been transferred to Fixed Assets as well as credited to AG 55 (Consumer Contribution towards Cost of Capital Assets). The amortization of Consumer Contribution towards Cost of Capital Assets has been done at Discom Headquarter.
	vii. In respect of fixed assets, the certificate of physical verification and in respect of stock pertaining to all the divisions, neither thereof the working papers of such verification are not provided to us. Its impact on the accounts, if any, could not be ascertained and quantified.	It was enumerated to the auditor that physical verification of each and every units has been done and available with units.

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	<p>viii. In the Bank Reconciliation were subject to:</p> <p>a) uncashed cheques of Rs 7.18 Cr;</p> <p>b) Old difference Rs 41.85 Cr</p> <p>c) Other credits not traced Rs 24.50 crores</p>	<p>Efforts are being made to clear the old uncashed cheques, other credits and debits in bank reconciliation statement.</p>
	<p>ix. MTB 18.40001 i.e. 'Intangible Assets" theft of fixed asset pending investigation amounts to ₹27.27 crores as on Balance sheet date includes ₹2.59 crores for the year (i.e. FY 24-25) and rest relate to the previous year. Though a copy of FIRs and related reports were produced at the time of preparation of this report, how its accounting is done, could not be explained hence we are unable to comment on its accounting and its impact on the accounts.</p>	<p>Adequate arrangements to safeguard the assets are made by the divisions through patrolling of lines/substations. However, due to scattered geographical location of assets, cases of theft are there. In all such cases, FIRs are also have been lodged with police department, accounting in respect of theft of assets have been done as per the policy of the company and prevalent accounting practice.</p> <p>The provision regarding the same is made at Discom Headquarter.</p>
	<p>x. Balance confirmations from external group companies and inter zone are not produced before us by the Branch for verification, hence we are unable to comment on its impact, if any on the accounts.</p>	<p>The copy of confirmation letter from other discoms (Purvanchal, Madhyanchal, Dakshinanchal, KESCO), UPPTCL, UPPCL (Power Purchase Liability) and from various FI's/Banks etc. has been provided to audit.</p>
	<p>xi. The Income Tax Act stipulate deduction TDS at the time of making provision for expense or payment whichever is earlier, however, the Zone deducts TDS at the time of recording of expense in accounts. In the case of TCS u/s 206C of the Income Tax Act, tax is not collected at the specified rate;</p>	<p>Year-end provisions for expenses were created on a general basis without linkage to specific vendors/parties. Accordingly, TDS was not deducted on such provisions. The Company, however, ensures deduction and deposit of TDS at the time of crystallization of liability/payment to the respective parties in accordance with the provisions of the Income Tax Act, 1961.</p>
	<p>xii. The security deposit from customers (under code MTB 48.1000-48.10900) is ₹1930.18 crores whereas the same as per customer's master data for all divisions, it is ₹2877.40 crore. No explanation could be offered for such a huge difference hence we are unable to comment on its impact on the accounts. Our audit performed in accordance with</p>	<p>The reconciliation of Security Deposit from Consumer is under process.</p>

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	generally accepted auditing techniques revealed short collection of Security deposit in respect of commercial meters, by ₹110 crore.	
	xiii. Review of internal audits reports revealed, such audit is done on “test month” basis instead of all the months of the year.	Informatory Par.
	xiv. During July'20 to November'20, there was a cash embezzlement of ₹5.64 crores under the division EUDD-7, Ghaziabad by Mr. Sumit Gupta, Head Cashier Revenue of the division. Similarly, Cashier of EDD Greater Noida Satender Pal Singh TG-II embezzled cash of ₹82,21,974/- during March'21, April'21 and June'21. In yet another case, Cashier of EUDD-IV, Ghaziabad Harinath TG-II during the year 2018-19 embezzled ₹19,19,767/-(net of recovery of ₹89,3287). Despite the above cases having been declared fraud in respective years, the same has not been provided for.	The necessary disclosure in this regard has been made in Notes on Accounts.
	xv. The audit revealed that expenses during the year, are lower by over {100 crore compared to that in previous year for which it is explained that during the year, the Company has changed its accounting policy in respect of certain expenditure booked as Capital Expenditure. Such expenditure in earlier year were charged to revenue. Neither the nature of such expenditure nor the effect thereof on accounts, could be explained to us;	Informatory Para.
	xvi. In a significant number of customers, the master data revealed dues of the age more than 3 months. Similarly overdue amount from customer could not be ascertained in the absence of MIS monitoring report. No provision is considered in such cases.	Adequate provision for doubtful debts against trade receivable has been made in accordance with company's provisioning policy. The same has also been adequately disclosed in the Notes to accounts.
	xvii. In the case of few sub heads, the Opening balances are found not matching with the closing balance of the previous year. In few sub heads, negative balance was noticed. The difference in such case was adjusted by Branch as “adjustment”. Its effect, if any, could not be ascertained	It is submitted that the differences in opening balances under a few sub-heads are primarily due to the change in chart of accounts and mapping structure under the ERP system, as compared to the earlier legacy accounting system. Certain AG codes/sub-codes used in the legacy system have been mapped differently in ERP, which may result in sub-head level mismatch when compared

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		<p>directly. However, it is confirmed that at the group/class level of assets and liabilities, the overall closing balances of the previous year have been correctly carried forward as opening balances in the current year. The differences at sub-head level are only due to reclassification or regrouping and do not affect the accuracy of the financial statements-</p>
	<p>SAHARANPUR ZONE:</p> <p>i. It has come to our notice that the zone has since shifted payment module w.e.f. 1 Jan 2022. Under the system the payments are centralized at HQ Meerut UP. During the audit, it comes to our notice that the GR/IR clearing is pending. It's suggested to clear all GR/IR in timely manner.</p> <p>ii. Bank Reconciliation Statement (BRS) in respect to bank accounts in case of few divisions of Saharanpur Zone contains outstanding of previous years entries.</p> <p>iii. AG Code 26.7 represent Cont. Mat. Control A/C having balance as on 31.03.2025 is ₹1,13,84,537.54 belongs to material advanced to contractor Mr. Shailesh Kumar is still pending Since 2010. This material is required to be recovered from the contractor immediately otherwise provision is required to be make in the books of the accounts.</p>	<p>Regular monitoring is being undertaken to ensure that such balances are reconciled promptly to maintain the accuracy of accounts.</p> <p>Efforts are being made to clear the old uncashed cheques, other credits and debits in bank reconciliation statement.</p> <p>The material issued to contractor, against which this advance is booked, found in Contractor's store. All these materials have been lifted from contractor's store and now lying at Electricity Store Centre, Saharanpur. An investigation committee has been formed and the investigation is under progress.</p>
	<p>PROPERTY PLANT AND EQUIPMENT:</p> <p>i. Property, Plant and Equipment of ₹2,15,75,416.67 were stolen from sites during the year and cumulated amount of Property, Plant and Equipment Stolen is ₹45,86,91,680.88 as on 31.03.2025 and provision for loss should be made at head office level. As informed to us FIRs for the same had also been lodged in concerned police stations.</p> <p>ii. The zone is in the process of maintaining proper fixed assets register showing full particulars including quantitative details and situations of fixed assets.</p>	<p>The provision for loss of assets due to theft has been correctly made at Discom Headquarter.</p> <p>Informatory Para</p>

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	<p>b. Dakshinanchal Vidyut Vitran Nigam Limited-</p> <p>i. As per our observation and as per the Zonal Auditor of Agra Zone the sub ledger opening balances have not been reconciled with the corresponding closing balances of the previous financial year. This issue primarily arises from the migration to the SAP system, during which multiple sub-ledgers were merged and standardized.</p> <p>Due to the inherent structural differences and the lack of a proper reconciliation process during the migration, discrepancies have emerged in the sub-ledger opening balances. As a result, we are unable to determine whether any material adjustments may be necessary to the financial position at the beginning of the current financial year.</p>	<p>During the migration stage, all balances have been migrated to the SAP system from manual system, due to multiple sub ledgers migration, some sub ledgers re-grouped into another ledgers but there is no difference in the balances of major heads.</p>
	<p>ii. As Per the observation of Zonal Auditor of Agra Zone all balances of advance to supplier, contractors and staff, all sums due to contractors/ suppliers on account of works contracts or supplies and all money received from contractors/suppliers on account of Security Deposits, Earnest Money Deposit, Retention Money, other like items are subject to confirmation.</p>	<p>The Company is making continuous efforts to obtain the confirmations from vendors/suppliers.</p>
	<p>iii. As per observation of Zonal Auditor of Agra branch EUDD III Agra has reported cash balance of Rs.116980 in shape of burnt notes, which need to be written off after necessary approval but the same has not written off till date.</p>	<p>All the cash certificates are available and matched with cash balances as per SAP except in the unit EUDD-III, Agra shortage in cash is due to burnt note as informed by the division. The necessary action in this regard will be taken after the investigation to the matter.</p>
	<p>iv. As per the observation of Zonal Auditor of Agra branch advance amounting to Rs.1.25 Crores given to employees is irrecoverable due to death/ termination and retirement and should be written off after necessary approvals but the same has not been done at Head Office level till date.</p>	<p>The matter is taken up for resolution in the ensuing year.</p>
	<p>v. As per the observation of Zonal Auditor of Jhansi prior period items amounting to Rs.7,77,83,960/- (consolidated figure of all the units of Jhansi & Banda Zone) are debited in the Books of Accounts during the F.Y.2024-25.</p>	<p>As per company's policy of materiality prior period errors in total income or total expenditure is to be considered material if it exceeds half percent of the revenue from operations of the immediate preceding financial year. The subjected amount together with</p>

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		other prior period errors were under the limit of the materiality at the company level and hence not routed through prior period.
	<p>vi. As per the Zonal Auditors report of Jhansi, Agra and Aligarh there are old outstanding entries in the bank reconciliation which should be adjusted in the books of account after necessary approval.</p> <p>(a) As per Jhansi Zone report Cheques amounting to Rs.58820045/- outstanding for more than 3 months becomes non recoverable and needs adjustment.</p> <p>(b)As Per Aligarh Zone Audit Report Old outstanding entries as per Bank Reconciliation statement of receipt account and expenditure account of Rs. 8.57 Crores and Rs. 5.00 Crores respectively needs adjustment.</p>	Efforts are being made to clear the old uncashed cheques, other credits and debits in bank reconciliation statement.
	<p>c. Purvanchal Vidyut Vitran Nigam Limited-</p> <p>In Azamgarh Zone it has been observed that:-</p> <p>i. The Zone has contingent liabilities amounting to ₹5.26 crore related to pending litigation; however, supporting documentation for verification was not provided. During the audit, it was observed that documentary evidence was missing from certain employee travel bills, indicating a lapse in verification controls.</p>	The detail of contingent liabilities is available with the concerned units.
	<p>ii. An attempt was made to match the balance of Receivables against Supply Account Group 23 with the Commercial Statement (CS-4) across all divisions, but no justification has been provided regarding discrepancies. The Fixed Asset Register for FY 2024-25 has been finalized, and an adjustment entry of ₹. 24,24,786.11 lacs was passed on 31.03.2025 in EDD III Ballia, yet the impact of this adjustment could not be explained.</p>	The online CS 4 is used to account for the revenue from sale of power while AG 23 represents the cumulative debtor balances. The fact of difference between online database and books of accounts w.r.t. outstanding balance has been disclosed in notes to accounts.
	<p>iii. The Zone has long-standing unreconciled balances in inter-unit accounts, necessitating proper reconciliation and accounting. Certain Inter-Unit General Ledgers (IUT GLs) that should reflect zero balance at the zonal level remain unreconciled, warranting immediate corrective action.</p>	IUT is under reconciliation, the follow-up with the units is being done rigorously to reconcile the differences.

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	iv. As of the audit date, there is an outstanding demand of ₹. 90,130.00 for late filing, late deposit, or short deduction of Income Tax TDS, with specific liabilities across divisions—ESD AZM (₹84,540), EDD-I Ballia (₹. 650), ETD Mau (₹. 2,510), and EDD-II Ballia (₹. 2,430).	TDS default is being regularly monitored and revision/payment as required is being done on regular basis. The significant amount pertains to employees related TDS which is under consideration.
	v. There is no system to verify whether GST charged by contractors is deposited or whether contractors have submitted GSTR-1 and GST-3B with accurate division details. The Zone currently does not avail input GST, citing power sale exemption, which is resulting in revenue losses. It is recommended that a GST audit be conducted to minimize future losses and penalties. Moreover, while GST TDS deducted by divisions is transferred to the MD office at month-end, verification of deposit dates remains unavailable, as GSTR-7 and GST-3B returns are handled at the head office but were not provided during the audit.	Units have been instructed to check whether the taxes charged by the vendors has been deposited in due course of time.
	vi. Due to an incomplete work register, the amount debited under Capital Work in Progress (CWIP) is unverifiable. CWIP is transferred to fixed assets based on Completion Certificates, but poor record-keeping affects accuracy. Depreciation on transferred CWIP is charged at 50% of the notified rate per UPERC tariff regulations, whereas company policy mandates pro-rata depreciation. In some divisions, CWIP registers are not properly maintained, making it difficult to assess project completion stages. Immediate corrective action is needed for financial accuracy and compliance.	Addition to WIP is done based on WBS settlement of the respective projects. Further depreciation is charged on the fixed assets through online depreciation run mechanism as per the rates notified by UPERC.
	vii. The Zone has not maintained a Fixed Asset Register for FY 2024-25, relying solely on the accounting software-generated register. Proper reconciliation and validation are needed to ensure accuracy and compliance with accounting standards.	The fixed assets register of all the units are available in the ERP system which may be verified in due course of time.
	In Basti Zone it has been observed that:-	
	i. The contingent liabilities related to pending litigations in Basti Zone have increased from ₹. 196.00 lacs in the previous year to more than ₹. 248.23 lacs in the current year, which may materially impact the financial position of the entity and necessitates appropriate assessment and disclosure.	The detail of contingent liabilities is available with the concerned units.
	ii. As per the Master Data, the number of pending recovery cases under Section 5 has increased from 1362 cases amounting to ₹. 940.77 lakhs at the beginning of the year to 1416 cases amounting to ₹. 995.36 lakhs at the end of the year, indicating financial exposure that requires further scrutiny.	The details of pending recovery cases are available with the respective units. Regular follow-up is being done by the units to recover the same.

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	<p>iii. Payments made to the outsourcing agency, M/s World Class Services, for the supply of manpower for March 2025 lacked attached EPF/ESIC challans, and no evidence of EPF/ESIC contributions was provided, raising concerns regarding statutory compliance by the agency. Additionally, a debit and credit entry amounting to ₹ 14,50,159.31 was recorded in MTB in March 2025 without a proper explanation from management, necessitating further review.</p>	Necessary instruction has been given to the concerned units to comply the audit observation.
	<p>iv. Regarding Tender No- 22/EDC(B)2024-25 submitted by M/s Chaudhary Construction Company, tender details were not attached to the tender file, and discrepancies were noted between the turnover figures stated in the Turnover Certificate for FY 2022-23 (₹. 75,07,784.00) and those reflected in the financial statement (₹. 28,19,960.00). This discrepancy indicates submission of a false turnover certificate, rendering the bidder ineligible. The matter requires thorough scrutiny.</p>	Necessary instruction has been given to the concerned units to comply the audit observation.
	<p>v. The Zone has not maintained proper records detailing full particulars, including quantitative details and asset locations. Internal audit reports indicate that the Fixed Asset records have not been updated across units. Additionally, no intangible assets were found in the books of account for any unit within Basti Zone. The absence of proper asset records and updates raises concerns regarding asset accountability and financial reporting accuracy, necessitating corrective action.</p>	The fixed assets register of all the units are available in the ERP system which may be verified in due course of time.
	<p>vi. In EDC Siddharth Nagar, multiple financial reconciliation issues remain unresolved, including:</p> <ul style="list-style-type: none"> • AG Code-31.01000 (IUT-Material within Zone): ₹ 31,09,455.09 pending reconciliation. • AG Code-32.01000 (IUT Capital & Fixed within Zone): ₹. 2,45,67,366.00 carried forward since March 2024, requiring reconciliation. • AG Code-37.41000 (IUT Other Assets within Zone): ₹ 10,54,86,891.00 outstanding since March 2024, necessitating immediate resolution. • These financial discrepancies require prompt action to ensure accuracy and compliance in financial reporting. 	Necessary instruction has been issued to the unit to reconcile the balances. Further, rigorous follow-up is being made from the Discom headquarters with the zones for reconciliation of the IUT.
	<p style="text-align: center;">In Gorakhpur Zone it has been observed that:-</p> <p>i. The party-wise and age-wise breakup of liabilities for capital works and O&M supplies/works is available at the zone level; however, due to lack of supporting details, an audit comment on the same cannot be provided.</p>	The vendor wise and age wise break up of capital/O&M liabilities are available in the ERP system.

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	ii. In certain units, the Earnest Money Deposit (EMD) Security Register has not been maintained properly, making it impossible to verify whether EMD/security deposits from contractors have been correctly accounted. As a result, it is uncertain whether refunds issued to contractors were genuine or made in excess of the actual amount due.	Necessary instruction has been issued to the units to maintain the proper records.
	iii. Most units maintain two separate ledgers, TDS on Salary and TDS on Salary Manual, yet payment entries have not been regularly posted in these accounts. The client informed that these entries remain pending at the Head Office (H.O.) level, requiring urgent reconciliation.	TDS deducted on salary is being deposited centrally by the Discom Headquarter including the manual entries.
	iv. A discrepancy exists between the debtor balances in the company's online database (₹ 11,155.22 Crore) and the Consolidated Trial Balance of the Zone (₹ 3,474.41 Crore), with no reconciliation prepared. The online database includes fictitious arrears, arrears of disconnected consumers, and surcharge amounts, whereas the company's accounting policy recognizes surcharges only upon realization. Immediate reconciliation is required to ensure accuracy and compliance in financial reporting.	The fact of difference between online database and books of accounts w.r.t. outstanding balance has been disclosed in notes to accounts. The same is being reconciled.
	v. A significant amount is reflected as advances to suppliers for capital work-in-progress and O&M work across multiple units, but relevant supporting details were not provided for verification. The closing balance as of 31.03.2025 stands at ₹ 4.61 Crores, but adjustments and authenticity of these balances remain unverified.	The break-up of advance to contractors/suppliers are available at the respective units. The old balances lying in this head is under reconciliation.
	vi. Provisions for monthly fixed expenses, such as premise rent, vehicle rent, and payments to contractual labourers, are recorded on a payment basis, meaning they are booked in the month when bills are presented. This approach includes prior-period expenses, as several bills from earlier periods were found during the audit without provisions made in the accounts. These expenses are booked on a cash basis, leading to accounting inconsistencies.	Liability is created in ERP system on the basis of invoices received from the vendors throughout the year. At the year end necessary provision for expenses are made as per the mercantile system of accounting.
	vii. Despite an agreement between the bank and the unit stating that no bank charges would be deducted from unit bank accounts, a significant amount of charges have been deducted, which remain pending in reconciliation and result in revenue loss for the company. Units have submitted letters to their respective branches requesting refunds, but no decisive action has been taken at the Head Office (H.O.) level to recover these amounts.	Regular correspondence is being done with banks to reverse the bank charges. Units are in the process to resolve the issue.
	viii. Provision for Interest on Security Deposit has been made; however, TDS on the same has not been deducted. As informed during the audit, TDS deductions will be made in FY 2025-26, requiring appropriate adjustments to ensure compliance.	TDS on interest on security deposit is being deducted by the RMS system at the time of adjustment of the same in the consumer bills.

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	<p>In Mirzapur Zone it has been observed that:-</p> <p>i. The books of accounts and records have been maintained in most units, except where specific deficiencies have been noted. Certain units have not properly maintained or updated key records, including Log Books of Vehicles, ATD/ATC Register, and Service Books, affecting operational transparency and compliance.</p>	Necessary instructions have been issued to the units to maintain the requisite records.										
	<p>ii. During the audit, it was observed that advances to employees were recorded as outstanding against materials in various units, with some amounts being considerably large. Additionally, advances for materials were debited to Junior Engineers (J.E.s), who later provided details on consumption and remaining stock balances through JE Stock Accounts in Forms 1S/2S/3S/4S. The provision entry for miscellaneous advances to employees was recorded in line with DISCOM directives; however, the reconciliation and verification of such advances require further scrutiny.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">HEAD OF ACCOUNT</th> <th style="text-align: center;">CLOSING BALANCE AS ON 31.03.2025</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">28.40100</td> <td style="text-align: right;">61,49,879.41</td> </tr> <tr> <td style="text-align: center;">28.40120</td> <td style="text-align: right;">71,03,595.00</td> </tr> <tr> <td style="text-align: center;">28.41110</td> <td style="text-align: right;">77,222.00</td> </tr> <tr> <td style="text-align: center;">TOTAL</td> <td style="text-align: right;">1,33,30,696.41</td> </tr> </tbody> </table>	HEAD OF ACCOUNT	CLOSING BALANCE AS ON 31.03.2025	28.40100	61,49,879.41	28.40120	71,03,595.00	28.41110	77,222.00	TOTAL	1,33,30,696.41	Very old balances are lying in the respective heads which are under reconciliation. Further provision for doubtful receivables was also made in the books as approved by the BOD in the earlier year.
HEAD OF ACCOUNT	CLOSING BALANCE AS ON 31.03.2025											
28.40100	61,49,879.41											
28.40120	71,03,595.00											
28.41110	77,222.00											
TOTAL	1,33,30,696.41											
	<p>iii. The Company has not complied with the requirements of Schedule III of the Companies Act, 2013 and Ind AS. The Zonal Offices lack a structured system for preparing the Balance Sheet and Statement of Profit and Loss, which are essential for financial reporting compliance. Instead, only Trial Balances (MTB) were provided for audit purposes, which does not meet the statutory requirements under Schedule III of the Companies Act, 2013.</p>	Due to organizational structure of the Company the Units and Zones are performing different type of activities. Hence at unit and zonal level only Trial Balances are prepared.										
	<p>In Varanasi Zone it has been observed that:-</p> <p>i. A significant outstanding balance of ₹ 282.73 crore under AG Code 25 at the beginning of the financial year has been settled/accounted for during the year. However, as of 31.03.2025, an advance of ₹ 8.49 crore has been given to IOCL for the supply of Petroleum Oil, requiring monitoring for proper settlement.</p>	The necessary adjustment entries have been passed by the units after due reconciliation appearing in the books of accounts. The advance given to IOCL is further adjusted in the subsequent period.										
	<p>ii. As per corporation rules and regulations, Transaction Identifiers (TI) should be opened against passed vouchers and closed within the financial year. However, an amount of</p>	Necessary instruction has been issued to the units to settle the opened TI.										

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	₹58,000 remains outstanding for more than three years under AG Code 24.220 in UEDD-I, Varanasi, necessitating immediate reconciliation. Additionally, an amount of ₹2,000 remains outstanding in Permanent Imprest accounts in the books of UEDD-I, Varanasi, under AG Code 24.210, requiring prompt resolution.	
	iii. The total outstanding balance under GL Code 24.210 and GL Code 24.220 as of 31.03.2025 amounts to ₹45,44,419.00, requiring proper reconciliation and adjustment. Party-wise details of sundry creditors, except those from the Store Division, were not presented for audit verification, limiting the ability to comment on their accuracy.	Necessary instruction has been issued to the units to reconcile and adjust the balances.
	iv. The Zone has pending court cases amounting to ₹1,10,46,17,004.55, which could have potential financial implications. Additionally, several internal auditors have reported that the Fixed Asset Register has not been updated, which impacts the proper recording and verification of assets.	Contingent liabilities have been disclosed in Notes to Accounts in accordance with Ind AS-37. The fixed assets register of all the units are available in the ERP system which may be verified during audit.
	v. It was observed that accrual-based accounting (Ind AS 1) is not being followed properly across the Zone, leading to non-compliance with financial reporting standards and affecting transparency in financial statements.	The company is following all the applicable IND AS as mentioned in financial statements except stated otherwise.
	vi. The observation contained in the Audit Reports on the accounts of Varanasi, Azamgarh, Gorakhpur, Prayagraj, Basti and Mirzapur Zones audited by Zone auditors have been appropriately dealt with while preparing our report.	Informatory Para.
	d. Madhyanchal Vidyut Vitran Nigam Limited- i. As reported by the zonal auditors Bareilly zone, few non-operating bank accounts are reflecting in MTB of few units. Status of these bank accounts whether these have been closed or not is not confirmed by the units. If these bank accounts are in non-operating condition and balance which is shown in these bank accounts as per MTB found to be correct then it is a loss of opportunity interest.	Concerned zone has been instructed to review the matter and take necessary action.
	ii. As reported by the zonal auditors of LESA-CISS Gomti Zone, Power purchase and transmission charges have not been accounted for in books of accounts of the Zone. The reconciliation of units of power purchased, billed and transmission loss and theft were also not done/ provided for at Zonal Level. While examining the performance for the year 2024-25 the total energy receipt were 4610.36 MU and energy sold was 4196.84 MU resulting in a energy loss of 413.52 MU which in terms of percentage come to 8.97%. The total energy loss in monetary terms is calculated and accounted for at Head quarter level. Further, as informed to us the same has been accounted for at	Informatory Para

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	the company level. The company has disclosed the AT&C is 17.69% at note no. 36(E) of notes to accounts.	
	“Annexure II” to Independent Audit Report As required by para XXI of CARO (2020) Order under Companies Act, 2013, adverse remarks as reported by respective Auditors are furnished below: Holding Company -Uttar Pradesh Power Corporation Limited.	
	i. Para No. 1 Relating to property, Plant & Equipment	The Property, Plant and Equipment register are maintained in Excel format. Units are instructed to maintain the mentioned details. Units are instructed to maintain the mentioned details.
	ii. Para No. 2 (a) Relating to physical verification of inventory.	In reference to the audit observation, it is submitted that the inventory balance of ₹14,870.00 pertains to earlier years and has been carried forward. The amount is highly immaterial in the context of the company's overall financial statements and does not impact the true and fair view of accounts.
	iii. Para No. 2 (b) Relating to submission of quarterly statements to Bank regarding working capital limits.	It is to mention that the Receivables statement has been prepared and provided to the bank on the basis of the information available at that time. The Receivable statement of Q4 FY 2024-25 has been submitted.
	iv. Para No. 3(c) Regarding terms & conditions for repayment of loans debited to subsidiaries.	Informatory Para.
	v. Para No. 4 Regarding Board approval for loan granted to subsidiaries.	Informatory Para.
	vi. Para No. 7 Related to Non-Payment of Statutory dues.	The balances mentioned here are under reconciliation and will be adjusted accordingly.
	vii. Para No. 13 Relating to approval of related parties' transaction by Audit Committee.	Informatory Para.
	viii. Para No. 14 Relating to deficiencies in internal audit system.	Informatory Para.
	Subsidiaries	

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	a. Pashchimanchal Vidyut Vitran Nigam Ltd.	
	i. Para No. 1 Relating to property, Plant & Equipment.	The Fixed Assets Register showing full particulars including quantitative details and situation of Property, Plant and Equipment as on 31.03.2024 has already been completed and submitted to UPERC. The Company maintains its Fixed Asset Register (FAR) in the ERP system, where asset-wise details including asset codes, descriptions, locations, and capitalization data are systematically recorded. The FAR is being maintained in accordance with applicable accounting standards and regulatory requirements.
	ii. Para No. 2 (a) Relating to physical verification of Inventory.	Physical verification of Inventory has been annually done by Officials of the Units of the Discom as per Internal Guidelines.
	iii. Para No. 7 (a) Regarding Statutory Dues.	The company is regular in depositing undisputed statutory dues such as Income Tax, GST, Labour Cess, etc. in Govt. account by HQ. The GPF CPF contribution/deductions from Employee Salary is being made at unit level and total contribution/deduction is remitted by HQ to Trust Lucknow on regular basis.
	iv. Para No. 10 (b) regarding non-compliance of section 42 and section 62 of companies act 2013.	Informatory Para.
	v. Para No. 11 (a) Relating to cases of earlier years for fraud at Ghaziabad and Bulandshahar Zone respectively.	All the cases pertain to previous years. Further, the disclosure regarding said frauds has already been made in Notes on Accounts.
	b. Dakshinanchal Vidyut Vitran Nigam Ltd.	
	i. Para No. (i) Relating to property, Plant & Equipment.	The Fixed Assets Register showing full particulars including quantitative details and situation of Property, Plant and Equipment as on 31.03.2024 has

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		<p>already been completed and submitted to UPERC. The Company maintains its Fixed Asset Register (FAR) in the ERP system, where asset-wise details including asset codes, descriptions, locations, and capitalization data are systematically recorded. The FAR is being maintained in accordance with applicable accounting standards and regulatory requirements.</p>
	<p>ii. Para No. (ii) (a) Relating to physical verification of Inventory.</p>	<p>Physical verification of Inventory has been annually done by Officials of the Units of the Discom as per Internal Guidelines.</p>
	<p>iii. Para No. (vii) Regarding Statutory dues</p>	<p>Liability of Electricity duty is adjusted from Revenue subsidy as per UP Govt GO regularly at UPPCL level. Regarding other liabilities divisions are instructed to review and reconcile/adjust in the books of accounts. The matter of GST is under protest with High Court; Allahabad and the disputed amount has been disclosed under Contingent Liabilities.</p>
	<p>iv. Para No. (xiii) Related to Non compliances of Section 177 and section 188 of Companies act 2013.</p>	<p>Informatory Para.</p>
	<p>v. Para No. (xiv) Related to deficiencies in internal audit system.</p>	<p>Informatory Para.</p>
	<p>vi. Para No. (xvii) Related to cash losses.</p>	<p>Informatory Para.</p>
	<p>vii. Para No. (xviii) Resignation of auditor.</p>	<p>Informatory Para.</p>
	<p>c. Purvanchal Vidyut Vitran Nigam Ltd.</p>	
	<p>i. Para No. (i) Relating to property, Plant & Equipment.</p>	<p>The Fixed Assets Register showing full particulars including quantitative details and situation of Property, Plant and Equipment as on 31.03.2024 has already been completed and submitted to UPERC. The Company maintains its Fixed Asset Register (FAR) in the ERP system, where asset-wise details including asset codes, descriptions, locations, and</p>

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		capitalization data are systematically recorded. The FAR is being maintained in accordance with applicable accounting standards and regulatory requirements.
	ii. Para No. (ii) (a) Relating to physical verification of Inventory.	The necessary instructions have been issued to Prayagraj and Gorakhpur zone to do the necessary correction.
	Para No. (vii) Regarding Statutory Dues.	Informatory Para.
	iii. Para No. (ix) (a) Relating to repayment of loans & borrowings.	Informatory Para.
	iv. Para No. (xi) (a) and (c) Relating to fraud and relating to whistle blower mechanism.	Informatory Para.
	v. Para No. (xiv) (a) Regarding deficient internal audit system.	Internal Audit is being conducted at half yearly interval for better control and compliance.
	d. Kanpur Electricity Supply Company Ltd.	
	i. Para No. (i) Relating to property, Plant & Equipment.	The Fixed Assets Register showing full particulars including quantitative details and situation of Property, Plant and Equipment as on 31.03.2024 has already been completed and submitted to UPERC. The Company maintains its Fixed Asset Register (FAR) in the ERP system, where asset-wise details including asset codes, descriptions, locations, and capitalization data are systematically recorded. The FAR is being maintained in accordance with applicable accounting standards and regulatory requirements.
	ii. Para No. (ii) (a) Relating to physical verification of Inventory.	Physical verification of Inventory has been annually done by Officials of the Units of the Discom as per Internal Guidelines.
	iii. Para No. (vi) Regarding Cost Records.	The company is duly complying the requirement given in section 148 of companies act 2013 regarding cost audit which is being done by cost auditors on the basis of cost records maintained.

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	iv. Para No. (vii) (a) Regarding Statutory Dues.	Company is maintaining proper records for ED payable.
	v. Para No. (ix) Regarding loan taken through UPPCL Holding Company.	Loans are taken by UPPCL on behalf of the Company and thus the documents are available at UPPCL level.
	vi. Para No. (x) (b) Regarding disclaimer of section 42 and section 62 of companies act 2013.	Informatory Para.
	vii. Para No. (xiv) (a) Regarding Strengthening of Internal Audit system.	Internal Audit is being conducted at half yearly interval for better control and compliance.
	viii. Para No (xix) Disclaimer regarding payment of liabilities within one year from the balance sheet date.	The company is a government owned entity and its operations are duly backed up by government subsidy. The company is paying its liabilities on a regular basis and there is no intention of non-payment of the pending current liabilities in one year. However, for the parties whose balances are under reconciliation, the payment will be made after such reconciliation.
	e. Madhyanchal Vidyut Vitran Nigam Ltd.	
	i. Para No. (i) Relating to property, Plant & Equipment.	The Fixed Assets Register showing full particulars including quantitative details and situation of Property, Plant and Equipment as on 31.03.2024 has already been completed and submitted to UPERC. The Company maintains its Fixed Asset Register (FAR) in the ERP system, where asset-wise details including asset codes, descriptions, locations, and capitalization data are systematically recorded. The FAR is being maintained in accordance with applicable accounting standards and regulatory requirements.
	ii. Para No. (ii) (a) Relating to physical verification of Inventory.	Physical verification of Inventory has been annually done by Officials of the Units of the Discom as per Internal Guidelines.

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	iii. Para No. (vii) Regarding statutory dues.	Concerned Zones have been instructed to look into the matter and take necessary action wherever required.
	iv. Para No. (xiv) Regarding deficiencies in Internal Audit system.	All the zones have been instructed to coordinate with internal auditors for timely receipt of the audit reports and provide the compliance to the statutory audit in future.
	v. Para No. (xvii) Related to cash losses.	Being, informatory comment not required.
	A. Holding Company (Uttar Pradesh Power Corporation Limited)	
	i. The age-wise classification of Trade Receivables and Trade Payables appears to be inaccurate, as it is not prepared on a bill-wise basis. This may lead to misrepresentation of the actual ageing of outstanding balances and could affect the assessment of credit risk and working capital management	Ageing of Trade Receivables and Trade Payables have been correctly done on the basis of related records.
	ii. The internal control system relating to key operational and financial areas — including cash transactions, procurement/works, inventory management, maintenance of books of accounts, fixed asset register, and delegation of powers — requires further strengthening to ensure transparency, accountability, and compliance with established procedures.	The company has a Proper and effective control system in all the areas. However, for implementing the system more smoothly and effectively, the system is reviewed from time to time and accordingly directions are issued. Moreover, in order to strengthen the existing system through information technology, the company is in process of implementation of ERP system.
	iii. There is no effective system in place to ensure completeness of power purchase accounting. Only those power purchase bills that are received are recorded in the books of accounts. No quantitative reconciliation is carried out between the actual power purchased and the power purchase accounted for. Additionally, reconciliation with power suppliers has not been conducted, nor was any such information made available for audit. In the absence of balance confirmations and reconciliations, the accuracy of power purchase, power sales, and the resultant impact on sundry payables and receivables cannot be ascertained.	In the opinion of the management, there is a proper and effective system of power purchase.
	iv. There is no established system for periodic review and reconciliation of old balances under various asset and liability heads. These balances require timely scrutiny and necessary adjustments in the books of account. Furthermore, party-wise details for key liability	Most of the old balances are pertaining to transfer scheme. However, necessary instructions are being issued to units at regular intervals to review the old

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	components such as security deposits and retention money are not maintained, impacting the accuracy and traceability of such payables.	balances and take necessary actions.
	v. The existing system for identification and reconciliation of Inter Unit Transactions (IUT) — between units and with the Head Office — is not adequate. Regular reconciliation is not being carried out, and details regarding the nature and particulars of unmatched items are not maintained. As a result, a significant amount of ₹76.34 crore remains unreconciled, which may affect the accuracy of financial reporting and inter-unit accountability.	The pending unreconciled IUT balance of Rs.76.34 crores is very old. However, presently, all the Inter Unit transactions are being accounted for in ERP and there is no unreconciled inter unit transactions from past 4-5 years.
	vi. There is no established system for obtaining confirmations and conducting periodic reconciliations of balances with parties, contractors, government departments, and others. This includes balances appearing under receivables, payables, loans, and advances. The absence of such a mechanism undermines the reliability and accuracy of the financial statements.	The company has a system of confirmation and reconciliation of balances. However, units have been instructed to co-ordinate/communicate with the parties to get the balance confirmation at regular interval.
	<p>Observations in Material Management Zone Audit Report on Internal Control over Financial reporting</p> <p>According to the information and explanations given by management and based on audit, the following material weaknesses have been identified as at March 31,2025:</p> <p>i. Internal / Concurrent audit system : Review of the concurrent audit reports depicts various persistent observations i.e. aspect of punitive charges excessively charged in monthly bills by M/s ROSA POWER SUPPLY Co, Payment of Fixed Charges to power generators M/s Anta GPS, Auraiya GPS & Dadri GPS without supply of powers, Payment booked in SAP not routed through payment voucher (KZ), Non submission of claims towards compensation for shortfall in supply of Solar & Wind Energy through SECI & non-reconciliation of account with them from long time, Non obtaining of self-certification of maintenance of annual CUF from all the developers and further verification of the same by UPPCL, submission of certificate from CAs other than statutory Auditors for verification of variable cost of various generators, submission of provisional bills by power generators in few cases etc. and as such system of compliance of various observations on regular basis needed to be streamlined & strengthened.</p>	Observations raised by Concurrent audit/internal team has been complied with in timely manner except few matters which are under review.

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	<p>ii. Subsidy receivable from UPNEDA and IREDA are accounted at the time of payment of power purchase to eligible generators. However, details of actual claims raised with UPNEDA/IREDA and confirmation of balances with UPNEDA /IREDA are not available.</p>	<p>UPNEDA and IREDA are being regularly followed up through letters and emails for confirmation of the balances reflected in the books of UPPCL and for submission of their respective statements</p>
	<p>iii. Written back of balances of Rs.1290.41 crore (Credit) under the head '62.912 –Sundry Credit written back' pertaining to old, un-claimed, un-reconciled balances etc. of previous year in respect of various generators/vendor and further allocated to DISCOMS with approval of Director (F) for Rs. 87.65 crore and balance of Rs. 1202.76 crore at unit level of such material amount of earlier years denotes lack of observance of internal control procedure, incorrect depiction of profitability of earlier years, material impact on the profitability of the current year and as such any correction/ writing back of balances of such nature would in our view require approval of board of directors as a part of Corporate Governance for ensuring to streamline the internal control mechanism prevailing in the corporation and correct & proper disclosure in financial statement.</p>	<p>As per para 59 of Ind As 37, "<i>Provisions shall be reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision shall be reversed.</i>" In line with this requirement, the provisions have been duly reviewed and reversed, as it is no longer considered probable that an outflow of economic resources will be necessary to settle the obligation.</p> <p>It is pertinent to mention here that these balances have been written back after due diligence and reconciliation with parties/confirmation of parties that no dues for that period are pending as on date. Approval for writing back of very old payables in Vendor ledgers has been accorded by Director (Finance), whereas other provisions which were not part of Vendor Payables Ledgers, were written back with approval at unit level.</p> <p>Director (Finance), being the highest authority in Finance and a member of the Board, is duly competent to approve such adjustments. There is no procedural inaccuracy in the above-mentioned accounting adjustment and no violation of corporate governance.</p>
	<p>iv. Late payment surcharge is being accounted for on the basis of bills received by unit. System of determination of Late payment surcharge after the specified time period as per PPA in respect of unpaid bills is not in place to ensure accounting of LPS on accrual basis.</p>	<p>The unit has verified Late Payment Surcharge bills of generators as per the provision of PPA. Proper checking and computation are carried out before</p>

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		verification all LPS bills. In cases where LPS bills were pending for verification, appropriate provisions have been made in the books.
	<p>v. During review of bills in respect of banked energy, it was observed that banked energy lapsed for withdrawal and available for drawl is not being bifurcated as per CRE guidelines. In some cases it was observed that withdrawal of energy was made in spite unavailible banked energy, which is not in accordance with CRE guidelines. Non-bifurcation of energy in lapsed and available for drawl may result in lack of control over supply of energy in excess of Banked energy available for drawl resulting in loss of revenue. Further, test checks of the provisions made on the said account was found to be varying with the details of energy banked & drawn available in records of generators. Hence, the aspect of determination of lapsed & available energy needs reconciliation in respect of all such co-generators for ensuring proper control over the banked energy and creating provision in books of account.</p>	<p>As the matter of encashment of Banked Energy is pending for decision at Hon'ble High Court. Currently no encashment of lapsed energy is being claimed by the Co Gens. After final outcome, the computation of lapsed/available units will be done accordingly. Meanwhile Provision for balance energy after withdrawal has been created in the books as best estimate of the liability. Further, this is to inform that any excess withdrawal of energy over banked energy is to be billed by DISCOM and as such no financial impact or loss of revenue on account of the same is on the books of EIEPC. For the purpose of creating provision, the data of banking and withdrawal of energy has been taken from the Energy Account Issued by UPSLDC.</p>
	<p>vi. Test checks of procurement of goods and services through Tender reveals various shortcomings in control system i.e. preparation of detailed estimates, inviting bids in respect of OEM items from vendors as well as its distributer / agents, submission of complete documents as per eligibility criteria, proper up-keeping of tender documents, award of work on lowest cost without ascertaining reasonableness and analysis of variance with estimated cost etc. requires to be streamlined / strengthened.</p>	<p>Procurement process in the company is in line with best practices adopted and inherited from UPSEB period.</p>
	<p>vii. System of regular reconciliation of TDS receivable as per books of account with figures appearing in 26 AS, Analysis of year wise breakup w.r.t. status of completion of the income tax assessments needs to be strengthened.</p>	<p>Reconciliation of TDS receivable with 26AS is being done on regular basis.</p>
	<p>A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. In opinion of Branch Auditors, except for the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the</p>	<p>Informatory Para.</p>

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	<p>Zone 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 of March 31st2025 based on the internal controls over financial reporting criteria established by the Company considering the components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.</p> <p>Branch Auditors have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the 31st March 2025 of financial statements of the Zone, and these material weaknesses do not affect their opinion on the financial statements of the Zone.</p>	
	<p>B. Subsidiaries</p> <p>a) The Auditors of Pashchimanchal Vidyut Vitran Nigam Limited have reported that:</p> <p>i. The Company did not have an appropriate internal control system for reconciliation of quantitative details and value of property, plant and equipment reflected in the financial statements, stating the same is under process. Consequently, its impact on the financial statements cannot be ascertained.</p>	<p>The company has implemented ERP system, which consist of all the details relating to Property, Plant and Equipment.</p>
	<p>ii. The Company did not have an appropriate internal control system for obtaining external balance confirmation on periodic basis. This could potentially result in inaccurate assets & liabilities disclosed in the books of accounts.</p>	<p>The balance confirmation is obtained from parties regularly. In some cases, parties not reverted back their confirmation.</p>
	<p>iii. There may be instances of delayed capitalization of Property, Plant and Equipment, resulting delay in capitalization with corresponding impact on Depreciation for the delayed period. In the absence of sufficient and appropriate audit evidences, we are not in a position to comment on the correctness of the same (Refer to 2(II) and IV(b) of 'Material Accounting Policies' to the Financial Statements.</p>	<p>Due to wide geographical area and the complexity in the nature of Capital Works, there may be instance of delayed capitalization in the certain cases. However, the company ensures that the most of the completed Capital Works are capitalized within the same month of completion.</p> <p>As the ERP system has been implemented, the current environment facilitates better tracking and control. Presently, depreciation on addition to Fixed Assets is provided on the actual date of capitalization.</p>

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	<p>iv. Company do not have an effective system for realizing revenue from customers as the amount of receivables as on 31st March, 2025 is ₹15096.75 crore, which is equivalent to around 223 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.</p>	<p>Due to strengthening of revenue realisation mechanism and addition of various modes of revenue collection viz. Online bill deposit, KIOSK machines, ATMs, Mobile vans etc., the Collection efficiency of the company has been increased from 97.80% to 99.35% during FY 2024-25. The management expects that Revenue Realization from customers in coming year will be better in comparison to previous year and Debtors will decline.</p>
	<p>v. The Company do not have an appropriate internal control regarding realization of arrears. Company is making bad debts provision as per their policy but the percentage of provision in the age group of more than 3 years is not in line of Ind AS 109.</p>	<p>Ind AS 109 does not state any quantum of the provision to be made on trade receivables. It just says to make provision on trade receivables only on the basis of Life time expected credit loss model based on simplified approach. Accordingly, PVVNL has made provision on the basis of life time expected credit loss model based on simplified approach in accordance with Ind AS 109. Being an accounting estimate, management envisaged to make provision in a graded manner for Trade Receivables outstanding for more than three years (i.e. @80% for FY 2024-25) considering the various factors like collection efforts and the current & future initiative being undertaken for collection etc. All other Trade receivables (except credit impaired) have been considered good and no provision is made on such trade receivables.</p>
	<p>vi. The Company did not have an appropriate internal control system to minimize electricity theft and line losses.</p>	<p>Efforts are being made to reduce the electricity theft by strengthening the distribution network and patrolling the existing distribution lines.</p>
	<p>vii. There is huge amount pending for recovery of advances from employees, contractors and suppliers.</p>	<p>Recovery from employees, contractor and supplier is being done regularly. Balances which are unreconciled are being reconciled and the same will be accounted for accordingly.</p>

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	viii. Bank Reconciliation Statement (BRS) in respect to bank accounts in some divisions, contains outstanding of earlier years entries, which includes stale cheques, uncashed cheques, other debits and credit, which requires special attention of the management for necessary adjustments.	The matter is under consideration of management and the necessary action has already been taken by the management accordingly. The company is making efforts to reconcile and account for the old balances.
	ix. The Company has shown ₹923.29 crore as Inter Unit Transfer under the head of other financial liabilities (Current) 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.	The Inter Unit Transactions of current year is being settled automatically on ERP System. Whereas, the company is making sincere efforts to reconcile and settle old Inter Unit Transfer balances.
	x. Based on our examination the company has implemented ERP System for accounting transactions which has a feature of recording of Audit Trail (edit log) except Revenue module, which is operated by a third party software, revenue amount is booked thorough JV's in ERP system on the basis of third party software data.	The units generate the data from the billing software and prepares accounts on SAP from that data. However, Efforts are being made to integrate the billing software and SAP to minimize the risk of human intervention and enhance the overall accuracy.
	<p>Auditors of Bulandshahar Zone has reported following qualifications in their report: The following material weaknesses has/have been identified as at March 31st 2025:</p> <ul style="list-style-type: none"> ● No Biometric System has been installed for keeping the records of attendance of employees. ● No CCTV camera has been placed to protect the assets and records. ● Service book is not updated on regular interval of time. 	<ul style="list-style-type: none"> ● Employee Facial Attendance is being installed for keeping the records of attendance. ● Noted for future compliance. ● Service book is updated from time to time.
	<p>Auditors of Moradabad Zone has reported following qualifications in their report:</p> <ul style="list-style-type: none"> ● Recoverable From Employees <p>As per aging analysis provided to us, we observe that ₹396.93 lakh is recoverable from Employees under various heads for more than one year. However, no plausible explanation has been submitted to us. Besides the same, Advances to Employees are vary from ₹81.67 Lakh to less than ₹1,000.00. No explanation offered by the local management pertaining to 'how the Advance to single employee attained the abnormal amount of ₹81.67 Lakhs.' We are also not sure that the same advances is as per the Company's overall policy read with relevant provisions of the Companies Act.</p>	<p>Miscellaneous advance refers to recoveries from internal staff due to losses incurred by the department on account of their negligence, laxity, fault or fraudulent actions. These recoveries are made based on the orders of the competent authority.</p> <p>The amount of ₹81.67 lakhs mentioned here is not a general advance, but a misc. recovery to be recovered from the staff.</p> <p>The above case pertains to 'EDD I Rampur' and it</p>

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		<p>was informed by the unit that due to non-depositing of revenue collected from 11/2015 to 01/2018 in division account, Shri Vivek Kumar Saxena had been dismissed from service of the Corporation and misc. advance was booked against him vide UPPCL's order No 3469- dated 27.09.2023. Due to non-recovery of the said amount Section 5 notice has been issued and sent it to DM for further action/recovery</p>
	<p>Auditors of Ghaziabad Zone has reported following qualifications in their report: The following material weakness has been identified in the operating effectiveness of the Zone's internal financial control over financial reporting as at 31st March, 2025:</p> <ul style="list-style-type: none"> • The Zone did not have an appropriate internal control system for reconciliation of quantitative details and value of property, plant and equipment reflected in the financial statements, stating the same is under process. Consequently, its impact on balances of Trial Balance cannot be ascertained. • The divisions under the Zone did not have an appropriate internal control system for obtaining external balance confirmation on periodic basis. This could potentially result in inaccurate assets & liabilities disclosed in the books of accounts • 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. • The divisions under the Zone did not have an appropriate internal control system for preparing debtors ageing and making provisions for bad debts. Instead, the provision for bad debts is made on fixed percentage basis. This could potentially result in non-booking of bad debts • The divisions under the Zone did not have an appropriate internal control system to minimize electricity theft and line losses. 	<p>Noted for future compliance</p>

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	<ul style="list-style-type: none"> • The Bank Reconciliation Statement (BRS) in respect to bank accounts in some division contains outstanding entries of earlier years, which includes stale cheques, uncashed cheques, other debits and credits. • Samvidha Employee Transfer Internal Control needs to be reviewed and effective control system to be instituted. 	
	<p>Auditors of Saharanpur Zone has reported following qualifications in their report: In our opinion and according to the information and explanations given to us and based on our audit procedure performed, the following material weakness has been identified in the operating effectiveness of the Company's internal financial control over financial reporting as at 31st March, 2025:</p> <ul style="list-style-type: none"> • The Zone did not have an appropriate internal control system for reconciliation of quantitative details and value of property. plant and equipment reflected in the financial statements/trial balance, stating the same is under process. Consequently, its impact on balances of Trial Balance cannot be ascertained. • 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. • No Biometric System has been installed for keeping the records of attendance employees. 	<ul style="list-style-type: none"> • Noted for future compliance. • Noted for future compliance. • Employee Facial Attendance is being installed for keeping the records of attendance.
	<p>The Auditors of Dakshinanchal Vidyut Vitran Nigam Limited have reported that:</p> <ul style="list-style-type: none"> i. The Company did not have an appropriate internal control system for recording of financial transactions into books of accounts commensurate to size and nature of business of the Company. Books of accounts upto 30.06.2024 are kept on conventional method of accounting using sectional journals, ledgers, etc. wherein audit trail is missing. However, w.e.f 01.07.2024 the company has switched over to SAP-ERP based accounting wherein audit trail is available in the system. 	<p>From 01st July, 2024, All the transactions are being done through SAP by the units and complete audit trail is available for all the transactions. Moreover, the company has sufficient internal control systems for book keeping and records maintenance.</p>
	<ul style="list-style-type: none"> ii. There is absence of integrity of accounting data between different accounting hierarchy wherein manual accounts (Trial Balances) of divisions are consolidated manually at Zones, which are further consolidated at Head Office with Head Office, Schemes/Units accounts 	<p>From 01st July, 2024, All the transactions are being done through SAP by the units and consolidation of books of accounts of all the units is automatically</p>

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	upto 30.06.2024 which had resulted in unexplained consolidation suspense of Rs. 132.59 crores in the nature of Inter Unit Transfer (IUT Difference) subject to matters reported Basis of Qualified Opinion section of our report, and could potentially result in misstatement in consolidated figures.	done in SAP. The reconciliation of old balances of Inter Unit Transfer (IUT) transactions are under process.
	iii. The Company did not have an appropriate internal control system for integrating billing software data with accounting data, which could potentially result in material misstatement in the Company's revenue from operation, trade receivables and provision for bad debts balances.	The units generate the data from the billing software and prepares accounts on SAP from that data. However, Efforts are being made to integrate the billing software and SAP to minimize the risk of human intervention and enhance the overall accuracy.
	iv. The Company did not have an appropriate internal control system for physical verification, maintenance of inventory registers, and valuation of inventories, which could potentially result in material misstatement in the Company's inventories balances.	Physical verification of the inventory is done on regular basis by the officers of the company. The company has got the inventory valued from outside Chartered Accountant firms as per the Accounting Standards and the same has been acknowledged by the branch auditors.
	v. The Company did not have an appropriate internal control system for recording of dates of additions and deletions of fixed assets upto 30.06.2024. The company has not considered actual dates of additions and deletions to fixed assets for computing depreciation; this could result in misstatement in the Company's depreciation figure. With effect from 01.07.2024 SAP-ERP was implemented in the system and addition/deletion of fixed assets if any are recorded in the software itself. Further as per the observation of zonal auditor of agra zone no supporting documentation or detailed information has been provided to substantiate the addition/deletion made during the current financial in Property, Plant Equipment.	The company has implemented SAP system. The FA Module of the SAP is in go-live status and all the assets' addition, deletion and computing depreciation are done in SAP system. The FA module of the SAP records proper date, detail of all the assets added or deleted from system.
	vi. The Company did not have an appropriate internal control system for physical verification of fixed asset, identification of discarded assets and identification of impairment losses, which could potentially result in misstatement in the Company's fixed assets balances.	Matter is under consideration.
	vii. The Company did not have an appropriate internal control system for making assessment of completion of Capital Work in Progress (CWIP), which could potentially result in material misstatement in Company's CWIP and Fixed assets balances due to non-capitalization of completed projects as reported in Basis of Qualified Opinion section of our report.	DVVNL is an electricity Distribution company, in the company, mostly the CWIP projects pertain to electrification / preparation of Lines and Substations. The Substation / lines should normally be considered to be complete for capitalization

	INDEPENDENT AUDITOR'S REPORT	Management Reply
		when the line / substation is charged and the electricity passes through that line or substation. The Company follows the same practice for making assessment of completion of the CWIP.
	viii. The Company did not have an appropriate internal control system for obtaining periodic external balance confirmation, which could potentially result in misstatement in Company's trade receivable, other receivables, and other payables figures.	Balance confirmation of other discoms, UPPCL, UPPTCL, REC, PFC are available and shown to auditor also. Due to large no. of consumers and most of them are domestic consumers spread over the large geographical area of 21 districts, obtaining confirmation of all trade receivables is practically not possible.
	ix. The Company did not have an appropriate control for identifying very long outstanding receivables and/or payables. These could result in misstatement in the Company's Financial Assets-Others (Current), Other Current Assets, Other Financial Liabilities (Current).	The Company has been incorporated in F.Y. 2003-04 while final Transfer Scheme Balances were received in the F.Y. 2014-15. Efforts are being made to identify/reconcile these old balances.
	x. The Company did not have an appropriate internal control system for making independent assessment of power purchases and transmission charges. Further such expenses are booked on the basis of advice/invoices received from UPPCL & UPPTCL respectively.	The power purchase from different electricity generators and transmission of the electricity to the discom feeders are centrally dealt by UPPCL on behalf of the Discom.
	xi. The Company did not have an appropriate internal control system for recording 'Recovery Certificates' (Section 5 of Revenue Recovery Act, 1890) sent, received back unrealized, pending realization, which could result in mis-statement in trade receivable and provision of doubtful debt.	Section 5 of The Revenue Recovery Act, 1890 denotes as under: - <i>"Where any sum is recoverable as an arrear of land-revenue by any public officer other than a Collector or by any local authority, the Collector of the district in which the office of that officer or authority is situated shall, on the request of the officer or authority, proceed to recover the sum as if it were an arrear of land-revenue which had accrued in his own district, and may send a certificate of the amount to be recovered to the Collector of another district under the foregoing provisions of this Act, as if the sum were payable to himself".</i>

	INDEPENDENT AUDITOR'S REPORT	Management Reply
		As the company send Section 5 Recovery Certificates to the DM's of the district and the recovery of the revenue is as per the Law of the Land, the company has proper internal control over the process of Recovery of Dues.
	xii. The Company internal control system over remittance & acceptance of accounting transactions and material (goods) movements between its different units was not operating effectively till 30.06.2024, which could result in large consolidation suspense and adjustments. However, w.e.f. 01.07.2024 under SAP-ERP system-based accounting the internal control measures have been implemented.	All remittance & acceptance of accounting transactions and material (goods) movements between different units are monitored through MM Module of SAP.
	xiii. The Company internal control system over provisioning of expenses, booking of accounting transactions under various heads, etc. was not operating effectively, which could potentially result in misstatement of Company's financial statement.	Company is following accrual system except otherwise stated in the policy.
	<p>xiv. ASSET MIGRATION ACCOUNT (GL HEAD 28.869) & LIABILITY MIGRATION ACCOUNT (GL HEAD 46.9750)</p> <p>The company following its Holding company office memorandum dt. 12.03.2024 has clubbed long outstanding (dt 12.08.2003 - Transfer scheme Balances) balances of various accounting heads (fundamentally debit balances) under GL 28.869 Asset Migration Account of ₹54.86 crores and accounting heads (fundamentally credit balances) under GL 46.975 Liabilities Migration Account' of ₹17.92 crores for which no balancing/reconciliation is available in our opinion in absence of any reasonable certainty for the recovery/payment, both such balances may be considered for write off to Profit & Loss Account necessary enquiry and approval.</p>	The transfer scheme balances lying in asset migration & liability migration account are under reconciliation.
	<p>xv. SA 600 "Using the Work of Another Auditor" not received from Kanpur Zone Auditor M/s Prasad Gupta J & Co Chartered Accountants.</p> <p>A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual financial statements will not be prevented or detected on a timely basis.</p> <p>In our opinion, except of the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has</p>	Informatory Para.

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	<p>maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31st, 2025 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. However, as the company has migrated from manual based accounting system to SAP-ERP based accounting system during the current financial year, in our opinion there is need of data migration audit so as to ensure that all assets and liabilities have been correctly migrated from manual to ERP and further, system audit on regular basis.</p> <p>We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31st, 2025 financial statements of the Company, and these material weaknesses does not affect our opinion on the financial statements of the Company.</p>	
	<p>b) The Auditors of Purvanchal Vidyut Vitran Nigam Limited have reported that: According to the information and explanations provided to us and based on the reports on Internal Financial Controls Over Financial Reporting of Company audited by us and its Six Zones, audited by the zonal auditors, the following control deficiencies have been identified in operating effectiveness of the internal financial control over financial reporting as at 31st March 2025 :-</p> <p>i. The current process of preparation and consolidation of financial statements involves significant manual intervention, including extraction, compilation, and adjustment of data from various modules of the ERP system. This manual handling increases the risk of errors, inconsistencies, and delays, and undermines the efficiency and reliability of financial reporting. An automated system integrated directly with the ERP for generation of financials would ensure real-time data accuracy, standardized reporting, improved internal controls, and timely compliance with statutory requirements. Therefore, it is imperative that the Company adopts a robust automation mechanism for financial statement preparation directly from the ERP system to enhance transparency, accuracy, and operational efficiency.</p>	<p>The company is in regular touch with the ERP team as well as UPPCL team to configure the various reporting such as grouping and financial statements for uniform presentation across Discoms.</p>
	<p>ii. There is no established system or process in place for periodic review and reconciliation of old balances appearing under various asset and liability heads. As a result, several balances remain unverified, unreconciled, or unadjusted over extended periods. This lack of review</p>	<p>During the current financial year, the company has identified the old idle balance and transferred the same into a separate AG code. Further the same will</p>

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	increases the risk of misstatements in the financial statements and may lead to incorrect asset or liability recognition. A structured and ongoing mechanism for review, reconciliation, and appropriate adjustment of such aged balances is necessary to ensure the accuracy and reliability of the books of account.	be decided by the Board on case-to-case basis.
	iii. The current financial reporting environment lacks seamless integration between the Revenue Management System (RMS) and the Enterprise Resource Planning (ERP) system. This disconnect leads to manual interventions, delayed reconciliations, and increased risk of errors or omissions in revenue recognition, customer billing, and receivables tracking. Establishing an automated interface between RMS and ERP is essential to strengthen internal controls, ensure data integrity, and enhance the accuracy and timeliness of financial reporting. Integration would also improve audit trails, reduce duplication of efforts, and support better decision-making through real-time information flow.	The integration process of RMS and ERP is under process.
	iv. Internal control system with regard to Cash transactions, Procurement/Works transactions, maintenance of inventory, capitalization of WIP maintenance of Books of accounts, Fixed Assets register, delegation of powers to various employees etc. requires to be further strengthened.	Introduction of ERP software has increased the control/strength over various financial activities as well as reporting.
	v. The Company has not implemented adequate access controls as part of its Internal Financial Controls. User access to financial systems is not consistently restricted based on roles and responsibilities, and there is no evidence of regular review or approval of access rights.	Roles and authorisations of various transaction codes is being mapped based on hierarchy/designation of the employee after due approval from the competent authority.
	vi. The present system of identification and reconciliation of Inter Unit transaction is not adequate. The reconciliation needs to be done on a regular basis with complete details of the nature and particulars of the unmatched items.	Reconciliation of IUT is a continuous process and is carried out at regular intervals.
	vii. There is no system of confirmation and reconciliation of balances in accounts of parties, contractors, Government Department etc. including those balances appearing under receivables, payables, loan and advances.	Third party confirmation letters are being issued by the units to the concerned parties.
	viii. The books of accounts are maintained on ERP but few journal entries are based on manual calculations that increase the risk of errors and omissions.	Informatory Para.
	ix. The Company did not have an appropriate internal control system for maintaining record of audit trail (edit log) for all transactions recorded in the books of accounts, which could potentially result in unauthorized or unwanted changes in the Company's financial figures.	The company has fully migrated the accounting process in ERP from FY 24-25 onwards. The audit trail is available in the system.
	x. The Company did not have an appropriate internal control system for valuation of inventories, which could potentially result in material misstatement in the Company's inventories balances.	The company has the appropriate policy of physical verification of inventory and valuation thereof.

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	xi. The Company did not have an appropriate internal control system for physical verification of fixed asset and identification of discarded assets, which could potentially result in misstatement in the Company's fixed assets balances.	As per the policy of the company, physical verification of the assets are to be done at the interval of 3 years. Further last physical verification exercise was done as on 31.03.2024.
	xii. The Company internal control system over reconciliation of bank accounts was not operating effectively. We have observed substantial difference in balance as per bank vs balance as per cash book with very old outstandings as reported in Basis of Qualified Opinion section of our report.	Necessary instruction has been issued to units to reconcile and adjust the entries pending in BRS.
	xiii. There is no proper system for timely action and follow up of Internal Audit Reports of Zones.	Internal Audit is being conducted at half yearly interval for better control and compliance.
	The Auditors of Madhyanchal Vidyut Vitran Nigam Limited have reported that: i. System of compilation of Bank Reconciliation statement is weak in as much as many old un-reconciled/ unidentified entries are pending in the BRS for adjustment and its appropriate accounting in the books of account.	The bank reconciliation statement (BRS) discrepancies are being reviewed regularly, and many accounts have been reconciled since the report date. Efforts are also ongoing to reconcile the remaining bank reconciliations.
	ii. It was noted that large number of un-reconciled IUTs are persisting since previous years. Special attention of the management is called for reconciliation of this account and necessary adjustments thereto. Management has informed that the reconciliation of these entries is under process.	The company has substantially reduced the IUT balances in current F.Y. The current entries being made in ERP, there are no further additions in the IUT balances. Efforts are being made to reconcile the balance old differences.
	iii. Party wise details, ageing and breakups/ sub-ledgers of advances to supplier, contractors, staff, security deposits and other parties (except for the current year) was generally not maintained and hence the system of reconciliation and balance confirmation with the concerned parties is not in vogue. This could potentially result in inaccurate assets & liabilities disclosed in the books of accounts.	As the accounts at Discom headquarters are made after incorporating the MTBs of different zones which are being independently audited by statutory auditors appointed by CAG, these details are available at different zones and duly audited by their auditors. Considering the size and widespread locations of the different zones and offices, the Zonal Auditors have been appointed. In case of any discrepancy observed by zonal auditors, the same is being reflected in their Audit Reports. In view of the same, the said observation is not sustainable except as reported in the Zonal Audit reports. Efforts however are being made to make these details available to Zonal Auditors in all the case.

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	<p>iv. It was noted that billing of power is generated through an IT system but the billing system is independent of accounts 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 accounts department to reconcile trade receivable as per books of account with the data of commercial department wherein there are huge differences.</p> <p>It was also noted 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.</p>	<p>There are approx. 101.70 lakhs consumers spread over all categories in zones in the jurisdiction of the Company. The differences in billing ledger and trial balance are under reconciliation-</p>
	<p>v. It was noted that various payments for AMCs/ online billing system/ other expenses of the UPPCL etc are done by UPPCL on behalf of the company and its accounting is done in the books on the basis of debit notes raised by UPPCL. Similarly, loans taken, repaid, bonds issued, subsidies received, liabilities/provision written back, interest cost etc are being accounted for only on the basis of debit notes/ credit notes from the UPPCL. However, there was no system in the company to independently ascertain and ensure the direct attributability and accuracy of the provisioning of total expenditures so done or entries received pertaining to the financial year.</p>	<p>Accounting of expenses allocated by UPPCL is done on the basis of details provided by UPPCL along with concerned Debit/Credit notes.</p> <p>Further, accuracy and sanctity of the said documents of holding company is duly verified during the statutory/ supplementary audit of UPPCL.</p>
	<p>vi. As reported by zonal auditors of Ayodhya Zone, the Zone does not have an appropriate internal control system in respect of capital work in progress (CWIP). All CWIP are capitalised without taking into account the completion certificate from external authorities.</p>	<p>Completion certificates from the Executive Engineer have been shown to the audit which is sufficient for capitalization of CWIP.</p>
	<p>vii. 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.</p>	<p>Internal control in respect of movement of inventories during maintenance and capital works is quite sufficient. However, efforts will be made to further strengthen the system.</p>
	<p>viii. The Company do not have an appropriate internal control regarding realization of arrears. Company is making bad debts provision as per their policy but the percentage of provision in the age group of more than 3 years is not in line of Ind AS 109.</p>	<p>The provision for Bad & Doubtful Debts has been made as per the accounting policy adopted by the Board of Directors which is continually followed since last 3 years.</p> <p>The Management considers that the provision calculated as per the adopted policy is appropriate.</p>

	INDEPENDENT AUDITOR'S REPORT	Management Reply
	ix. The Company did not have an appropriate internal control system to minimize electricity theft and line losses.	Various measures like installation of Arial bunched cables, prepaid smart metering etc. have been implemented to minimise theft of electricity and line losses.

Date:24-12-2025

Place: Lucknow

For and on behalf of the Board of Directors

**Sd/-
(Sanjay Mehrotra)
Director Finance
(In-Additional charge)
DIN-02263323**

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

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



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

पत्रांक: म.ले.(ऑडिट-II)/ए.एम.जी.-III/लेखा/UPPCL(SFS)/2024-25/60⁰ दिनांक: 05.12.2025

सेवा में,

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

महोदय,

एतत्सह कंपनी अधिनियम, 2013 की धारा 143(6)(b) के अधीन उत्तर प्रदेश पॉवर कारपोरेशन लिमिटेड (एकल) के 31 मार्च 2025 को समाप्त वर्ष के लेखाओं पर भारत के नियंत्रक-महालेखापरीक्षक की टीका-टिप्पणियाँ कंपनी अधिनियम, 2013 की धारा 143(6)(b) के निबंधनो के अनुसरण में कंपनी की वार्षिक सामान्य बैठक के समक्ष प्रस्तुत करने हेतु अग्रपिहित की जा रही है। कृपया वार्षिक सामान्य बैठक के समक्ष इन टीका-टिप्पणियों के प्रस्तुत किए जाने की वास्तविक तिथि की सूचना दें।

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

कृपया पत्र की पावती भेजें।

संतुष्टक: यथोपरि

भवदीय

(शिव शंकर)

वरि. उपमहालेखाकार/ (ए.एम.जी.-III)

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (b) OF THE COMPANIES ACT, 2013 ON THE STANDALONE FINANCIAL STATEMENTS OF 'UTTAR PRADESH POWER CORPORATION LIMITED' FOR THE YEAR ENDED 31 MARCH 2025

The preparation of Standalone Financial Statements of **Uttar Pradesh Power Corporation Limited** (Company) for the year ended **31 March 2025** 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 Auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act are 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 **11 June 2025**.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the Standalone Financial Statements of **Uttar Pradesh Power Corporation Limited** for the year ended **31 March 2025**, under Section 143 (6) (a) of the Act. 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 selective examination of some of the accounting records.

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

A. Comments on Disclosure

1. As per Ind AS 1 (refer para 32), an entity shall not offset 'assets' and 'liabilities' or 'income' and 'expenses', unless required or permitted by an Ind AS.

The Company, being the holding of its five subsidiary DISCOMs, had long-term loans of ₹ 35468.85 crore (Non-Current Financial Liabilities-Borrowings: Note-15) and short-term loans of ₹ 18761.66 crore (Current Financial Liabilities-Borrowings: Note-17) as on 31 March 2025 borrowed on behalf of its subsidiary DISCOMs, which are transferred to respective DISCOMs. Since these borrowings are to be serviced by the respective DISCOMs, the Company should have accounted the 'interest expenses' payable against

these borrowings in the 'Expenses side' of the Statement of Profit and Loss and also booked the corresponding amount receivable from subsidiary DISCOMs under 'Income side' of the Statement of Profit and Loss.

Contrary to the provisions of Ind AS 1, however, the Company has offset the above two figures and showed the 'Finance Cost (Note-24)' as 'Nil' in the Statement of Profit and Loss. Thus, the Financial Statements do not present a correct picture of Company's financial position. The Company has also not disclosed the above facts under 'Notes on Accounts'.

2. Based on the proposal forwarded by the Company, the Government of Uttar Pradesh (Department of Energy) had accorded (30 December 2024) 'in-principle approval' for the comprehensive reforms of Company's two subsidiary DISCOMs (*Purvanchal Vidyut Vitran Nigam Limited and Dakinanchal Vidyut Vitran Nigam Limited*) through privatisation/Public Private Partnership.

These facts are material and merit for suitable disclosure under 'Notes on Accounts'.

D. Comments on Statutory Auditors' Report

3. Refer the assertion given by the Statutory Auditors under Annexure I of their Audit Report (*refer the heading 'IND AS 19 (Employee Benefit)' under para 6*) linking to the disclosure made by the Company under 'Notes on Accounts' (*refer para no. 5 (a)*) that "accounting for employee benefits relating to the General Provident Fund Scheme has been carried out based on an actuarial valuation report dated 09.11.2000, which utilizes fixed contribution rates of 16.70 per cent on 'basic pay' and 2.38 per cent on 'dearness allowance'." As, however, noticed from the disclosure made by the Company under 'Notes on Accounts', the above employee benefits have been calculated for pension and Gratuity of the employees recruited prior to creation of the Company (*viz. for GPF employees*).

Thus, the assertion given by the Statutory Auditors is factually incorrect and misleading.

C. Other Comments

4. The 'contingent liabilities' disclosed by the Company under 'Notes on Accounts' (*refer para 17 (b) of the Notes on Accounts*), included the contingent liability of ₹ 2,020.00 crore in respect of *M/s Lalitpur Power Generation Company Limited versus*


UPPCL case (petition No. 4033/2020) as against the actual amount ₹ 2031.49 crore for the same. Further, the contingent liabilities disclosed under 'Notes on Accounts' did not include ₹ 176.46 crore in respect of petition No 1200/2017 filed by UPRVNL before UPERC.

Thus, the 'contingent liabilities' disclosed by the Company under 'Notes on Accounts' were understated to the extent of ₹ 187.95 crore.

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

Place: Lucknow

Date: 05.12.2025


(Sanjay Kumar)
Accountant General (Audit- II)
Uttar Pradesh, Lucknow

कार्यालय प्रधान महालेखाकार (लेखापरीक्षा-II)
उत्तर प्रदेश, लखनऊ
'ऑडिट भवन', टीसी-35-V-1
विभूति खण्ड, गोमतीनगर, लखनऊ-226 010



SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थं सत्यनिष्ठा
Dedicated to Truth in Public Interest

Office of the Principal Accountant General
(Audit-II), U.P., Lucknow
'Audit Bhawan' TC-35-V-1, Vibhuti Khand,
Gomti Nagar, Lucknow-226 010

पत्रांक: प्र.म.ले.(ऑडिट-II)/ए.एम.जी.-III/लेखा/उ.प्र.पा.का.लि.-समेकित/2024-25/ 527 दिनांक: 16.12.2025

सेवा में,

प्रबंध निदेशक,
उत्तर प्रदेश पावर कारपोरेशन लिमिटेड,
शक्ति भवन, 14-अशोक मार्ग,
लखनऊ-226001 ।

महोदय,

एतत्सह कंपनी अधिनियम, 2013 की धारा 145(5) के अधीन उत्तर प्रदेश पावर कारपोरेशन लिमिटेड के 31 मार्च 2025 को समाप्त वर्ष के समेकित लेखाओं पर भारत के नियंत्रक-महालेखापरीक्षक की टीका-टिप्पणियाँ कंपनी अधिनियम, 2013 की धारा 143(6)(b) के निबंधनो के अनुसरण में कंपनी की वार्षिक सामान्य बैठक के समक्ष प्रस्तुत करने हेतु अग्रेषित की जा रही है। कृपया वार्षिक सामान्य बैठक के समक्ष इन टीका-टिप्पणियों के प्रस्तुत किए जाने की वास्तविक तिथि की सूचना दें।

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

कृपया पत्र की पावती भेजें।

संलग्नक: यथोपरि

भवदीय

वरि. उपमहालेखाकार
(ए.एम.जी.-III)

COMMENTS OF THE CONTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF 'UTTAR PRADESH POWER CORPORATION LIMITED' FOR THE YEAR ENDED 31 MARCH 2025.

The preparation of Consolidated Financial Statements (CFS) of **Uttar Pradesh Power Corporation Limited** (Company/UPPCL), for the year ended **31 March 2025** 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 Auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) read with Section 129 (4) of the Act are 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 **11 June 2025**.

I, on behalf of the Comptroller and Auditor General of India (CAG), have conducted a supplementary audit of the Consolidated Financial Statements of **Uttar Pradesh Power Corporation Limited**, for the year ended **31 March 2025**, under Section 143 (6)(a) read with Section 129 (4) of the Act. We conducted a supplementary audit of the Financial Statements of the parent Company (**Uttar Pradesh Power Corporation Limited**) and its five subsidiaries (*Purvanchal Vidyut Vitran Nigam Limited* (PuVVNL), *Paschimanchal Vidyut Vitran Nigam Limited* (PVVNL), *Madhyanchal Vidyut Vitran Nigam Limited* (MVVNL), *Dakshinanchal Vidyut Vitran Nigam Limited* (DVVNL) and *Kanpur Electricity Supply Company Limited* (KESCO) for the year ended **31 March 2025**. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under Section 143 (6) (b) read with Section 129 (4) of the Act which have come to my attention and which, in my view, are necessary for enabling a better understanding of the financial statements and the related audit report:

A. COMMENTS ON CONSOLIDATED PROFITABILITY

Consolidated Statement of Profit and Loss

Income

Other Income (Note-22) ₹ 31,467.99 crore

1. Clause iv of Annexure-II of the Revamped Distribution Sector Scheme (RDSS) read with the Action Plan of the Company approved (4 March 2022) by the Monitoring Committee for RDSS constituted under the chairmanship of Secretary (Power), GoI, provides that during the financial year 2024-25, the GoUP shall take over 90 *per cent* of Company's 'financial losses' incurred during the previous financial year (2023-24). Later, GoUP clarified (7 August 2024) that the Government has considered the 'loss subsidy' claimed by the Company under the RDSS, based on 'Operational Funding Requirement' (OFR) as determined by the Company instead of Company's 'financial losses'.

Accordingly, the operational loss subsidy receivable for the financial year 2024-25 should be ₹ 4,931.29 crore, being 90 *per cent* of the OFR (₹ 5,479.21 crore) as worked out by the Company based on its audited accounts for the financial year 2023-24. As against this, the Company claimed the 'loss subsidy' amounting to ₹ 15,485.00 crore for the financial year 2024-25 based on the provisional OFR; of which, the GoUP released ₹ 6,500.00 crore.

Thus, the excess subsidy of ₹ 1,568.71 crore (₹ 6500 crore *minus* ₹ 4931.29 crore) received by the Company for the financial year 2024-25 was refundable to the GoUP and should have been booked as 'Current Liability' instead of the 'Other Income'.

Wrong accounting of excess subsidy received as 'income' has resulted in overstatement of 'Other Income' by ₹ 1,568.71 crore with corresponding understatement of 'Current Liabilities' as well as 'Loss for the year' to the same extent.

B. COMMENTS ON CONSOLIDATED FINANCIAL POSITION

Consolidated Balance Sheet

Equity and Liabilities

Equity

Other Equity (Note 14): ₹ 95,722.72 crore (debit)

2. One subsidiary DISCOM (DVVNL) of the Company collected a total rebate of ₹ 21.09 crore (current year: ₹ 8.30 crore; prior periods: ₹ 12.79 crore) on timely payment made to the contractors in terms of Clause 12.5 of the bid document of the project works funded under Revamped Distribution Sector Scheme (RDSS). The above

rebate amount (₹ 21.09 crore) was accounted under 'Other Equity' (₹ 3.32 crore) and 'Other Financial Liabilities' (₹ 17.77 crore).

As per Para 16 (a) of Ind AS 16, the cost of an item of property, plant and equipment (PPE) comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates. Thus, the above mentioned rebate on timely payment to work contractors should have been deducted from the acquisition cost of PPE (CWIP) in compliance with the aforesaid provisions of Ind AS 16.

This resulted in understatement of 'Other Equity (debit balance)' by ₹ 3.32 crore, overstatement of 'Other Financial Liabilities (Note 20)' by ₹ 17.77 crore with corresponding overstatement of and 'Capital Works in Progress' by ₹ 21.09 crore.

Despite similar comment of the CAG issued on the CFS of the Company for the year 2023-24, no corrective action was taken by the Management.

3. The above includes ₹ 5,372.50 crore (credit), being the subsidy for funding the operational losses unwarrantedly claimed by the Company on behalf of its five subsidiary DISCOMs under *Ujwal DISCOMs Assurance Yojana* (UDAY) during the year 2021-22, which was incorrectly sanctioned/released by GoUP. As the admissibility period for funding of operational losses under UDAY had already ended on 31 March 2021 and there was no scheme of GoI/GoUP for funding of such operational losses during the year 2021-22, the subsidy released under UDAY was refundable to the GoUP.

The GoUP clarified (July 2023) that ₹ 5,372.50 crore was released for funding of losses of DISCOMs under the Action Plan/Revamped Distribution Sector Scheme (RDSS), however, the same was treated as UDAY loss subsidy due to mistake.

The reply is not tenable in view of the fact that the Action Plan for RDSS as approved by GoI (REC) did not have any provision for funding Company's losses for the FY 2021-22.

Thus, the subsidy of ₹ 5,372.50 crore recognised by the Company for the FY 2021-22 was neither covered under UDAY nor RDSS and same needs to be de-recognised by the Company in its CFS.

This resulted in understatement of 'Other Equity (debit balance)' and 'Current Liabilities' by ₹ 5,372.50 crore each.

Despite similar comment of CAG issued on the CFS of the Company for the year 2021-22 to 2023-24, no corrective action has been taken by the Management.

Current Liabilities

Financial Liabilities

Other Financial Liabilities (Current) (Note- 20)

Electricity Duty & Other levies payable to govt.: ₹ 15,503.31 crore

4. As per the UP Electricity Duty Act 1952 {refer clause 4 (2)}, “Where the amount of electricity duty is not paid to the State Government within the prescribed period as aforesaid, the Licensee (DISCOM), the Board or other person mentioned in clause (c) of sub-section (1), as the case may be, shall liable to pay within such period as may be prescribed, interest at the rate of 18 per cent per annum on the amount of electricity duty remaining unpaid until payment thereof is made”.

The above head (Other Financial Liabilities-Electricity Duty & Other levies payable to Govt) is understated by ₹ 242.07 crore (current year: ₹ 126.28 crore; prior periods: ₹ 115.39 crore) due to non-accounting of the interest liability against the ‘Electricity Duty’ dues payable by one of the Company’s subsidiary DISCOMs (KESCO) to the State Government for the period from April 2023 to March 2025. This has also resulted in understatement of the ‘Loss for the year’ by ₹ 126.68 crore, understatement of ‘prior period expenditure (under Other Equity)’ by ₹ 115.39 crore with corresponding understatement of ‘Other Equity (debit balance)’ by ₹ 242.07 crore.

C. COMMENTS ON DISCLOSURE

Material Accounting Policies of CFS (Note No. 1)

Revenue Recognition: Recoveries for theft of power

5. A reference is invited to the Declared Accounting Policies of the CFS (Note No. 1) (refer para 3-Material Accounting Policies, sub-para (e) under the heading-VIII-Revenue Recognition), which provide that in case of detection of theft of energy, the consumer is billed on laid down norms as specified in Electricity Supply Code.

It was however, noticed that no uniform policy for treatment of recovery made in theft cases was being followed by DISCOMs. In the case of Company’s one subsidiary DISCOM (PuVVNL), recovery against theft cases was accounted for on ‘cash basis’ while in other subsidiary DISCOM (PVVNL), it was accounted for on ‘accrual basis’. It is evident that the above mentioned Accounting Policy of the Company indicates only the basis for billing in case of theft of energy. The policy, however, does not specify the

basis of recognising the revenue recovered in theft cases in the Accounts. Thus, the said Accounting Policy is deficient to the above extent.

Despite similar comment of CAG issued on the CFS of the Company for the year 2023-24, no corrective action was taken by the Management.

Notes to Accounts (Note No. 31)

6. Based on the proposal forwarded by the Company, the Government of Uttar Pradesh (Department of Energy) had accorded (30 December 2024) 'in-principle approval' for the comprehensive reforms of Company's two subsidiary DISCOMs (PUVVNL and DVVNL) through privatisation/Public Private Partnership. In Compliance to the above, UPPCL initiated the reforms during the year 2024-25 after approval of the Board of Directors.

The Company (UPPCL), being a listed entity, sourced funds from the financial market (through issue of Bonds) and Financial Institutions/Banks (through borrowings) for allocation among its five subsidiary DISCOMs (including PUVVNL and DVVNL). Considering this, the Government's decision to privatize two DISCOMs is a material fact, which could influence the economic decisions of the stakeholders of the Company and its subsidiary DISCOMs as mentioned under para 7 (*refer fourth sub-para*) of the Ind AS 1 read with Regulation 4(1)(b) of Chapter-II of principal governing disclosures and obligations of listed entity of Securities and Exchange Board of India (listing obligations and disclosure requirements) regulations, 2015. In view of this, the Company should have disclosed the above material facts under the 'Notes to Accounts', which was not done.

7. As per the guidelines/conditions attached to two Central Schemes (UDAY and RDSS), the loss funding under the said Schemes was based on the 'financial losses' of the State DISCOMs. On the contrary, the funding for the losses of the Company's five DISCOM subsidiaries under the said two Schemes (UDAY and RDSS) as claimed by the Company (UPPCL) and approved by GoUP was based on the derived figures of 'Operational Funding Requirements' (OFR) of the respective DISCOMs. This fact should be disclosed in the Notes to Accounts of the Financial Statements.

Despite similar comment of the CAG on RDSS Scheme issued during the FY 2023-24, no corrective action has been taken by the management.

Commitments, Contingent Liabilities/Assets (Para 20 (B) (d))

8 (i). The 'contingent liabilities' disclosed by the Company below the above heading under 'Notes to Accounts (Note No. 31)' included the contingent liability of ₹ 2,020.00 crore in respect of *M/s Lalitpur Power Generation Company Limited versus UPPCL* case (petition No. 4033/2020) as against the actual amount ₹ 2031.49 crore as worked out by legal cell as on the balance sheet date (31 March 2025). Further, the contingent liabilities disclosed under 'Notes to Accounts' did not include ₹ 176.46 crore in respect of petition No 1200/2017 filed by the state owned power generation utility (UPRVUNL) before UPERC.

Thus, the 'contingent liabilities' disclosed by the Company under 'Notes to Accounts' were understated to the extent of ₹ 187.95 crore.

(ii). The Company's one subsidiary DISCOM (DVVNL) had the disputed statutory liabilities of ₹ 5.05 crore towards Goods & Service Tax (₹ 3.58 crore) and Service Tax (₹ 1.47 crore), which were pending in the Hon'ble High Court and Excise & Service Tax Appellate Tribunal respectively. The Company should have disclosed these disputed liabilities under the heading 'Contingent Liability and Commitments'.

D. COMMENTS ON AUDITORS' REPORT ON CFS

9. Refer the assertion given by the Statutory Auditors under Annexure 1 of their Audit Report (*refer the heading 'IND AS 19 (Employee Benefit)' under para 5*) that "accounting for employee benefits relating to the General Provident Fund Scheme has been carried out based on an actuarial valuation report dated 09.11.2000, which utilizes fixed contribution rates of 16.70 per cent on 'basic pay' and 2.38 per cent on 'dearness allowance'." However, it was noticed that the above is calculated for Pension and Gratuity for the employees recruited prior to creation of the UPPCL (for GPF employees). Thus, the statement made by Statutory Auditor is factually incorrect to that extent.

10. The Statutory Auditors while reporting upon non-compliance of Ind AS-37 at point no. 5 of Annexure-I of Audit Report (Page-31), have commented on 'overstatement of profit' while the Consolidated Financial Statements of the Company have reported the 'Loss for the period' during the FY 2024-25. Thus, the Statutory Auditors report is incorrect to that extent.

E. OTHER COMMENTS

11. As per Ind AS 1 (*refer para 32*), an entity shall not offset assets and liabilities or income and expenses, unless required or permitted by an Ind AS. Thus, an entity must depict each item of assets and liabilities as well as income and expenses separately in the Financial Statements.

Contrary to above provisions, however, the Company had netted off the liabilities towards 'Compounding Charges' aggregating to ₹ 2.33 crore relating to one subsidiary DISCOM (KESCO) against the 'Receivable from Government subsidy' during the year 2022-23 (₹ 0.91 crore) and 2023-24 (₹ 1.42 crore) instead of showing both the items separately. This was done without the concurrence of the State Government. Due to this, Assets and Liabilities as depicted in the CFS of the Company for 2024-25 are understated by ₹ 2.33 crore each.

Date: 16.12.2025
Place: Lucknow

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

Damodar Kumar
Accountant General
Uttar Pradesh (Audit – II), Lucknow

लोकहितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (b) OF THE COMPANIES ACT, 2013 ON THE STANDALONE FINANCIAL STATEMENTS OF UTTAR PRADESH POWER CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2025

FINAL COMMENTS	MANAGEMENT'S REPLY
<p>A. Comments on Disclosure</p> <p>1. As per Ind AS 1 (<i>refer para 32</i>), an entity shall not offset 'assets' and 'liabilities' or 'income' and 'expenses', unless required or permitted by an Ind As.</p> <p>Contrary to the provisions of Ind AS 1, however, the Company has offset the above two figures and showed the 'Finance Cost (Note-24)' as 'Nil' in the Statement of Profit and Loss. Thus, the Financial Statements do not present a correct picture of Company's financial position. The Company has also not disclosed the above facts under 'Notes on Accounts'.</p>	<p>In reference to the audit observation, it is submitted that the finance cost is shown as 'Nil' in the financial statements of the Company because all borrowings have been raised on behalf of the DISCOMs (subsidiary companies). Accordingly, the interest paid/payable on such borrowings is directly allocated and transferred to the respective DISCOMs, who are the ultimate beneficiaries and users of the funds. Furthermore, loans have been availed from various financial institutions on behalf of the DISCOMs. Since UPPCL has not extended any loans directly to the DISCOMs, the question of earning interest income does not arise. Accordingly, there is no scope for any offsetting of interest income against interest expenses.</p> <p>This treatment is adopted to present a true and fair view of the standalone financial position of UPPCL, ensuring that no finance cost is reflected in its books where the liability is contractually and operationally passed through to the DISCOMs.</p> <p>However, we acknowledge that to enhance transparency and enable better understanding of the financials by the users of the statements, additional disclosures will be considered in the ensuing financial statements, showing the finance cost incurred and the corresponding transfer to DISCOMs, either by way of note or schedule-wise breakup.</p>
<p>2. Based on the proposal forwarded by the Company, the Government of Uttar Pradesh (Department of Energy) had accorded (30 December 2024) 'in-principle approval' for the comprehensive reforms of Company's two subsidiary DISCOMs (<i>Purvanchal Vidyut Vitran Nigam Limited and Dakinanchal Vidyut Vitran Nigam Limited</i>) through privatization/ Public Private Partnership.</p> <p>These facts are material and merit for suitable disclosure under 'Notes on Accounts'.</p>	<p>With reference to the observation regarding disclosure of reforms being undertaken in PuVVNL & DVVNL, it is submitted that all the activities pertaining to the proposed reforms are currently at a preliminary stage after in-principle approval having been received from GoUP. It is also worthy to mention that even the tendering process for inviting bids has not been initiated at this point. Further, no financial transaction of any kind has been undertaken till date. Hence, there is nothing to disclose as of now.</p>

FINAL COMMENTS	MANAGEMENT'S REPLY
	It is reiterated that the company shall ensure full compliance with the SEBI LODR requirements. As the entire process is currently under finalization and approval, the appropriate disclosures shall be made in the financials for FY 2025-26, as applicable.
B. Comments on Statutory Auditor's Report	
<p>3. Refer the assertion given by the Statutory Auditors under Annexure 1 of their Audit Report (<i>refer the heading 'Ind AS 19) (Employee Benefit)' under para 6</i>) linking to the disclosure made by the Company under 'Notes on Accounts' (<i>refer para no.5 (a)</i>) that "accounting for employee benefits relating to the General Provident Fund Scheme has been carried out based on an actuarial valuation report dated 09.11.2000, which utilizes fixed contribution rates of 16.70 <i>per sent</i> on 'basic pay' and 2.38 per cent on 'dearness allowance'." As, however, noticed from the disclosure made by the Company under 'Notes on Accounts', the above employee benefits have been calculated for pension and Gratuity of the employee recruited prior to creation of the Company (<i>viz.</i> for GPF employees).</p> <p>Thus, the assertion given by the Statutory Auditors is factually incorrect and misleading.</p>	Comment on Statutory Auditor Report.
C. Other Comments	
<p>4. The 'contingent liabilities' disclosed by the Company under 'Notes on Accounts' (<i>refer para 17 (b) of the notes on Accounts</i>), included the contingent liability of ₹ 2,020.00 crore in respect of <i>M/s Lalitpur Power Generation Company Limited versus UPPCL</i> case (petition No. 4033/2020) as against the actual amount ₹ 2031.49 crore for the same. Further, the contingent liabilities disclosed under 'Notes on Accounts' did not include ₹ 176.46 crore in respect of petition No. 1200/2017 filed by UPRVUNL before UPERC.</p> <p>Thus, the 'contingent liabilities' disclosed by the Company under 'Notes on Accounts' were understated to the extent of ₹ 187.95 crore.</p>	<p>With reference to the audit observation, the following is submitted:</p> <p>1.Regarding Civil Appeal No. 4033 of 2020 – LPGCL vs UPPCL:</p> <p>In this reference it is submitted that the total claim amount as on 31.03.2025 considering estimation of carrying cost based on due date as per PPA (30 days from the acknowledgement date) works out to be Rs. 2031.49 Crs (Under-recovered fixed cost FY 2017-18 of Rs. 1108 Crs + Carrying cost of Rs 923.49 Crs). But due to inadvertent calculation mistake for arriving the carrying cost, it has been shown as Rs.2020 crores in notes to account.</p> <p>However, it is assured that the same will be shown correctly in the ensuing account and measure will be taken to ensure non repetition of such mistake in future.</p>

FINAL COMMENTS	MANAGEMENT's REPLY
	<p data-bbox="1066 232 1906 264">2. Regarding Petition No. 1200 of 2017 – UPPCL vs UPRVUNL:</p> <ul data-bbox="1087 305 1953 574" style="list-style-type: none"><li data-bbox="1087 305 1953 467">• This petition was filed by UPRVUNL for the determination of final tariff and approval of capital cost for Anpara 'D' Thermal Power Station before the Hon'ble UPERC. It is a tariff determination matter and not a claim involving financial liability against UPPCL at the time.<li data-bbox="1087 480 1953 574">• As of the reporting date i.e., 31.03.2025, the matter was under consideration before the Hon'ble Commission and the financial impact, if any, could not be reasonably estimated.

Date:24-12-2025

Place: Lucknow

For and on behalf of the Board of Directors

**Sd/-
(Sanjay Mehrotra)
Director Finance
(In-Additional charge)
DIN-02263323**

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

FINAL COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (b) READ WITH SECTION 129 (4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF U.P. POWER CORPORATION LIMITED FOR THE YEAR ENDED 31ST MARCH 2025.

S.No.	Final Comment	Management Reply
A.	<p align="center"><u>COMMENTS ON CONSOLIDATED PROFITABILITY</u> Consolidated Statement of Profit and Loss Income Other Income (Note-22) ₹ 31,467.99 crore.</p>	
1.	<p>Clause iv of Annexure-II of the Revamped Distribution Sector Scheme (RDSS) read with the Action Plan of the Company approved (4 March 2022) by the Monitoring Committee for RDSS constituted under the chairmanship of Secretary (Power), GoI, provides that during the financial year 2024-25, the GoUP shall take over 90 <i>per cent</i> of Company's 'financial losses' incurred during the previous financial year (2023-24). Later, GoUP clarified (7 August 2024) that the Government has considered the 'loss subsidy' claimed by the Company under the RDSS, based on 'Operational Funding Requirement' (OFR) as determined by the Company instead of Company's 'financial losses'.</p> <p>Accordingly, the operational loss subsidy receivable for the financial year 2024-25 should be ₹ 4,931.29 crore, being 90 <i>per cent</i> of the OFR (₹ 5,479.21 crore) as worked out by the Company based on its audited accounts for the financial year 2023-24. As against this, the Company claimed the 'loss subsidy' amounting to ₹ 15,485.00 crore for the financial year 2024-25 based on the provisional OFR; of which, the GoUP released ₹ 6,500.00 crore.</p> <p>Thus, the excess subsidy of ₹ 1,568.71 crore (₹ 6500 crore <i>minus</i> ₹ 4931.29 crore) received by the Company for the financial year 2024-25 was refundable to the GoUP and should have been booked as 'Current Liability' instead of the 'Other Income'.</p> <p>Wrong accounting of excess subsidy received as 'income' has resulted in overstatement of 'Other Income' by ₹ 1,568.71 crore with corresponding understatement of 'Current Liabilities' as well as 'Loss for the year' to the same extent.</p>	<p>Audit observation is accepted and necessary accounting adjustments shall be made in FY 2025-26.</p>
B	<p align="center"><u>COMMENTS ON CONSOLIDATED FINANCIAL POSITION</u> Consolidated Balance Sheet Equity and Liabilities Equity</p>	

FINAL COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (b) READ WITH SECTION 129 (4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF U.P. POWER CORPORATION LIMITED FOR THE YEAR ENDED 31ST MARCH 2025.

S.No.	Final Comment	Management Reply
2.	<p>One subsidiary DISCOM (DVVNL) of the Company collected a total rebate of ₹ 21.09 crore (current year: ₹ 8.30 crore; prior periods: ₹ 12.79 crore) on timely payment made to the contractors in terms of Clause 12.5 of the bid document of the project works funded under Revamped Distribution Sector Scheme (RDSS). The above rebate amount (₹ 21.09 crore) was accounted under 'Other Equity' (₹ 3.32 crore) and 'Other Financial Liabilities' (₹ 17.77 crore).</p> <p>As per Para 16 (a) of Ind AS 16, the cost of an item of property, plant and equipment (PPE) comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates. Thus, the above mentioned rebate on timely payment to work contractors should have been deducted from the acquisition cost of PPE (CWIP) in compliance with the aforesaid provisions of Ind AS 16.</p> <p>This resulted in understatement of 'Other Equity (debit balance)' by ₹ 3.32 crore, overstatement of 'Other Financial Liabilities (Note 20)' by ₹ 17.77 crore with corresponding overstatement of and 'Capital Works in Progress' by ₹ 21.09 crore.</p> <p>Despite similar comment of the CAG issued on the CFS of the Company for the year 2023-24, no corrective action was taken by the Management.</p>	<p>The comment pertains to PVVNL instead of DVVNL, there is a typographical error in the audit observation.</p> <p>As per Para 16 (a) of Ind AS 16 provides to capitalize any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.</p> <p>The rebate is not a cost directly incurred to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.</p> <p>Apart from the above, the guidelines of RDSS stipulates as under:</p> <p>Para 5.6.2 "Any interest earned on grant shall be remitted to Ministry of Power's bank account on regular basis and at least once in a quarter.</p> <p>Para 5.6.3 "Since grant under the scheme is Central Government and Discoms are only the custodian of this Money, income tax is not payable on interest earned on this money."</p> <p>Since rebate is to be refunded because the Company is the custodian of the money as per the Para 5.6.3 of RDSS guidelines mentioned above, it is the liability for the company. Therefore, the same has been disclosed under the Financial Liabilities- Others.</p> <p>In light of this consistent position and its alignment with applicable accounting treatment, no further corrective action is considered necessary in this regard.</p>
3.	<p>The above includes ₹ 5,372.50 crore (credit), being the subsidy for funding the operational losses unwarrantedly claimed by the Company on behalf of its five subsidiary DISCOMs under <i>Ujwal DISCOMs Assurance Yojana</i> (UDAY) during the year 2021-22, which was incorrectly sanctioned/released by GoUP. As the admissibility period for funding of operational losses under UDAY had already ended on 31 March 2021 and</p>	<p>The Company has provided a letter no. 1772/24-1-2023-03.2023 dated 05-07-2023 to the office of C&AG (Copy enclosed as annexure 19) issued by the GoUP clarifying that the loss funding during the year 2021-22 was mistakenly shown by the government under the head of UDAY. The above letter clarifies that the given subsidy during the year 2021-22 was approved in the Budget provision under Action Plan. Hence, there is no excess</p>

FINAL COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (b) READ WITH SECTION 129 (4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF U.P. POWER CORPORATION LIMITED FOR THE YEAR ENDED 31ST MARCH 2025.

S.No.	Final Comment	Management Reply
	<p>there was no scheme of GoI/GoUP for funding of such operational losses during the year 2021-22, the subsidy released under UDAY was refundable to the GoUP.</p> <p>The GoUP clarified (July 2023) that ₹ 5,372.50 crore was released for funding of losses of DISCOMs under the Action Plan/Revamped Distribution Sector Scheme (RDSS), however, the same was treated as UDAY loss subsidy due to mistake.</p> <p>The reply is not tenable in view of the fact that the Action Plan for RDSS as approved by GoI (REC) did not have any provision for funding Company's losses for the FY 2021-22.</p> <p>Thus, the subsidy of ₹ 5,372.50 crore recognised by the Company for the FY 2021-22 was neither covered under UDAY nor RDSS and same needs to be de-recognised by the Company in its CFS. This resulted in understatement of 'Other Equity (debit balance)' and 'Current Liabilities' by ₹ 5,372.50 crore each.</p> <p>Despite similar comment of CAG issued on the CFS of the Company for the year 2021-22 to 2023-24, no corrective action has been taken by the Management.</p>	<p>booking of subsidy in the company as well as no unwarrantedly claim made by the company as commented by the audit.</p> <p>Further, it is submitted that the same views and explanations were submitted to the audit during FY 2023-24. However, the audit has contended that the reply is not tenable, stating that the loss subsidy was not approved under the Action Plan by the Government of Uttar Pradesh (GoUP) and that the Revamped Distribution Sector Scheme (RDSS) of the Government of India (GoI) was not applicable for loss subsidy in FY 2021-22.</p> <p>In this regard, it is submitted that since GoUP, being the ultimate authority responsible for releasing/providing the loss subsidy, has affirmed that an amount of ₹5,372.50 crore was released for funding the losses of DISCOMs, it would not be appropriate to recognize a current liability (payable to GoUP) for the same. This would result in the recognition of a fictitious liability that would remain unsettled indefinitely and this would not present a true and fair picture of the financial position. Because the provider (GoUP) has clearly acknowledged that the funds were appropriately released to the distribution companies specifically for loss funding, and in such a scenario, no recovery/repayment of the amount is expected and importantly no claim has been made by the GoUP for this subsidy till date.</p> <p>Moreover, here it is noteworthy to mention that as per para 10 of Ind AS 37, "<i>A liability is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.</i>" Since, there is no present obligation in the instant case owing to the affirmation, as mentioned above, by the GoUP, no outflow of the resources is expected. Hence, creation of a liability would result in contravention of Ind AS 37.</p> <p>Therefore, the requirement to restate Other Equity by creating a corresponding current liability towards GoUP does not appear to be justified in this case. Accordingly, it is submitted that there is no understatement of Other Equity (being negative) or Current Liabilities in the present instance.</p>

FINAL COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (b) READ WITH SECTION 129 (4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF U.P. POWER CORPORATION LIMITED FOR THE YEAR ENDED 31ST MARCH 2025.

S.No.	Final Comment	Management Reply
		In light of this consistent position and its alignment with applicable accounting treatment, no further corrective action is considered necessary in this regard.
	Current Liabilities Financial Liabilities Other Financial Liabilities (Current) (Note- 20) Electricity Duty & Other levies payable to govt.: ₹ 15,503.31 crore	
4.	<p>As per the UP Electricity Duty Act 1952 {refer clause 4 (2)}, “Where the amount of electricity duty is not paid to the State Government within the prescribed period as aforesaid, the Licensee (DISCOM), the Board or other person mentioned in clause (c) of sub-section (1), as the case may be, shall liable to pay within such period as may be prescribed, interest at the rate of 18 per cent per annum on the amount of electricity duty remaining unpaid until payment thereof is made”.</p> <p>The above head (Other Financial Liabilities-Electricity Duty & Other levies payable to Govt) is understated by ₹ 242.07 crore (current year: ₹ 126.28 crore; prior periods: ₹ 115.39 crore) due to non-accounting of the interest liability against the ‘Electricity Duty’ dues payable by one of the Company’s subsidiary DISCOMs (KESCO) to the State Government for the period from April 2023 to March 2025. This has also resulted in understatement of the ‘Loss for the year’ by ₹ 126.68 crore, understatement of ‘prior period expenditure (under Other Equity)’ by ₹ 115.39 crore with corresponding understatement of ‘Other Equity (debit balance)’ by ₹ 242.07 crore.</p>	<p>As per past practice and available records, no demand for interest or penalty has been raised by the Government of Uttar Pradesh on account of any delay in the remittance of Electricity Duty. Further, in accordance with Paragraphs 14 and 15 of Ind AS 37, a provision is recognized only when:</p> <ol style="list-style-type: none"> 1. The entity has a present obligation (legal or constructive) as a result of a past event, 2. It is probable that an outflow of resources will be required to settle the obligation; and 3. A reliable estimate can be made of the amount of the obligation. <p>Since, The GoUP has neither levied such interest in past nor we can establish that the same may be demanded in the future. None of these conditions are presently met with respect to any interest or penalty on delayed payment of Electricity Duty, no provision has been made in the financial statements.</p>
C	<u>Comments on Disclosure</u> Material Accounting Policies of CFS (Note No. 1) Revenue Recognition: Recoveries for theft of power	
5.	<p>A reference is invited to the Declared Accounting Policies of the CFS (Note No. 1) (refer para 3- Material Accounting Policies, sub-para (e) under the heading-VIII- Revenue Recognition), which provide that in case of detection of theft of energy, the consumer is billed on laid down norms as specified in Electricity Supply Code.</p>	<p>As per Para 117 of Ind AS-01 “An entity shall disclose material accounting policy information. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of</p>

FINAL COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (b) READ WITH SECTION 129 (4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF U.P. POWER CORPORATION LIMITED FOR THE YEAR ENDED 31ST MARCH 2025.

S.No.	Final Comment	Management Reply
	<p>It was however, noticed that no uniform policy for treatment of recovery made in theft cases was being followed by DISCOMs. In the case of Company's one subsidiary DISCOM (PuVVNL), recovery against theft cases was accounted for on 'cash basis' while in other subsidiary DISCOM (PVVNL), it was accounted for on 'accrual basis'. It is evident that the above mentioned Accounting Policy of the Company indicates only the basis for billing in case of theft of energy. The policy, however, does not specify the basis of recognising the revenue recovered in theft cases in the Accounts. Thus, the said Accounting Policy is deficient to the above extent.</p> <p>Despite similar comment of CAG issued on the CFS of the Company for the year 2023-24, no corrective action was taken by the Management.</p>	<p><i>general purpose financial statements make on the basis of those financial statements."</i></p> <p>In compliance to the above provision of Ind AS-01, the company has disclosed only the material accounting policy. Hence, revenue related to theft cases has not been separately disclosed.</p> <p>As far as Audit comment regarding specifying recognition of revenue in theft cases is concerned, it is submitted that, as per Point No. 2 (d) of Note no. 1 "Material Accounting Policy" it has been clearly mentioned that "<i>These Consolidated financial statements are prepared on accrual basis of accounting, unless stated otherwise</i>"</p> <p>The above itself serves the purpose of specific disclosure as commented by the Audit in case of basis of recognition of the Theft cases. Hence, the said Accounting Policy is not deficient.</p> <p>In light of this consistent position and its alignment with applicable accounting standards/framework, no specific disclosure in Material Accounting Policy is required in this regard.</p>
	Notes to Accounts (Note No. 31)	
6.	<p>Based on the proposal forwarded by the Company, the Government of Uttar Pradesh (Department of Energy) had accorded (30 December 2024) 'in-principle approval' for the comprehensive reforms of Company's two subsidiary DISCOMs (PUVVNL and DVVNL) through privatisation/ Public Private Partnership. In Compliance to the above, UPPCL initiated the reforms during the year 2024-25 after approval of the Board of Directors.</p> <p>The Company (UPPCL), being a listed entity, sourced funds from the financial market (through issue of Bonds) and Financial Institutions/Banks (through borrowings) for allocation among its five subsidiary DISCOMs (including PUVVNL and DVVNL). Considering this, the Government's decision to privatize two DISCOMs is a material fact, which could influence the economic decisions of the stakeholders of the Company and its subsidiary DISCOMs as mentioned under para 7 (<i>refer fourth sub-para</i>) of the Ind AS 1 read with</p>	<p>With reference to the observation regarding disclosure of reforms being undertaken in PuVVNL & DVVNL, it is submitted that all the activities pertaining to the proposed reforms are currently at a preliminary stage after in-principle approval having been received from GoUP. It is also worthy to mention that even the tendering process for inviting bids has not been initiated at this point. Further, no financial transaction of any kind has been undertaken till date. Hence, there is nothing to disclose as of now.</p> <p>Company is committed to fully comply with the SEBI LODR requirements. As the entire process is currently under finalization and approval, the appropriate disclosures shall be made in the financials for FY 2025-26, as applicable.</p>

FINAL COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (b) READ WITH SECTION 129 (4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF U.P. POWER CORPORATION LIMITED FOR THE YEAR ENDED 31ST MARCH 2025.

S.No.	Final Comment	Management Reply
	Regulation 4(1)(b) of Chapter-II of principal governing disclosures and obligations of listed entity of Securities and Exchange Board of India (listing obligations and disclosure requirements) regulations, 2015. In view of this, the Company should have disclosed the above material facts under the 'Notes to Accounts', which was not done.	
7.	As per (UDAY and RDSS), the loss funding under the said Schemes was based on the 'financial losses' of the State DISCOMs. On the contrary, the funding for the losses of the Company's five DISCOM subsidiaries under the said two Schemes (UDAY and RDSS) as claimed by the Company (UPPCL) and approved by GoUP was based on the derived figures of 'Operational Funding Requirements' (OFR) of the respective DISCOMs. This fact should be disclosed in the Notes to Accounts of the Financial Statements. Despite similar comment of the CAG on RDSS Scheme issued during the FY 2023-24, no corrective action has been taken by the management.	The observation has been noted for compliance and the necessary disclosure shall be made in the Notes to Accounts in ensuing year.
	Commitments, Contingent Liabilities/Assets (Para 20 (B) (d))	
8.	<p>(i). The 'contingent liabilities' disclosed by the Company below the above heading under 'Notes to Accounts (Note No. 31)' included the contingent liability of ₹2,020.00 crore in respect of <i>M/s Lalitpur Power Generation Company Limited versus UPPCL</i> case (petition No. 4033/2020) as against the actual amount ₹2031.49 crore as worked out by legal cell as on the balance sheet date (31 March 2025). Further, the contingent liabilities disclosed under 'Notes to Accounts' did not include ₹176.46 crore in respect of petition No 1200/2017 filed by the state owned power generation utility (UPRVUNL) before UPERC.</p> <p>Thus, the 'contingent liabilities' disclosed by the Company under 'Notes to Accounts' were understated to the extent of ₹187.95 crore.</p>	<p>(i) With reference to the audit observation, the following is submitted:</p> <p>1.Regarding Civil Appeal No. 4033 of 2020 – LPGCL vs UPPCL:</p> <p>In this reference it is submitted that the total claim amount as on 31.03.2025 considering estimation of carrying cost based on due date as per PPA (30 days from the acknowledgement date) works out to be Rs. 2031.49 Crs (Under-recovered fixed cost FY 2017-18 of Rs. 1108 Crs + Carrying cost of Rs 923.49 Crs). But due to inadvertent calculation mistake for arriving the carrying cost, it has been shown as Rs.2020 crores in notes to account.</p> <p>However, it is assured that the same will be shown correctly in the ensuing account and measure will be taken to ensure non repetition of such mistake in future.</p>

FINAL COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (b) READ WITH SECTION 129 (4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF U.P. POWER CORPORATION LIMITED FOR THE YEAR ENDED 31ST MARCH 2025.

S.No.	Final Comment	Management Reply
	<p>(ii). The Company's one subsidiary DISCOM (DVVNL) had the disputed statutory liabilities of ₹ 5.05 crore towards Goods & Service Tax (₹ 3.58 crore) and Service Tax (₹ 1.47 crore), which were pending in the Hon'ble High Court and Excise & Service Tax Appellate Tribunal respectively. The Company should have disclosed these disputed liabilities under the heading 'Contingent Liability and Commitments'.</p>	<p>2. Regarding Petition No. 1200 of 2017 – UPPCL vs UPRVUNL:</p> <ul style="list-style-type: none"> This petition was filed by UPRVUNL for the determination of final tariff and approval of capital cost for Anpara 'D' Thermal Power Station before the Hon'ble UPERC. It is a tariff determination matter and not a claim involving financial liability against UPPCL at the time. <p>As of the reporting date i.e., 31.03.2025, the matter was under consideration before the Hon'ble Commission and the financial impact, if any, could not be reasonably estimated.</p> <p>(ii) The omission of the contingent liability amount from the Notes to Accounts as pointed out by the audit was occurred inadvertently and was not deliberate. However, the same has been reported by the Statutory Auditor of DVVNL in his audit report, which may be considered as having served the purpose of disclosure. However, due care will be taken to ensure its disclosure in the financial statements for the year 2025-26.</p>
D	COMMENTS ON AUDITORS' REPORT ON CFS	
9.	<p>Refer the assertion given by the Statutory Auditors under Annexure 1 of their Audit Report (<i>refer the heading 'IND AS 19 (Employee Benefit)' under para 5</i>) that "accounting for employee benefits relating to the General Provident Fund Scheme has been carried out based on an actuarial valuation report dated 09.11.2000, which utilizes fixed contribution rates of 16.70 per cent on 'basic pay' and 2.38 per cent on 'dearness allowance'." However, it was noticed that the above is calculated for Pension and Gratuity for the employees recruited prior to creation of the UPPCL (for GPF employees). Thus, the statement made by Statutory Auditor is factually incorrect to that extent.</p>	<p>Comment on Statutory Auditor Report.</p>
10.	<p>The Statutory Auditors while reporting upon non-compliance of Ind AS-37 at point no. 5 of Annexure-I of Audit Report (Page-31), have commented on 'overstatement of profit' while the Consolidated Financial Statements of the Company have reported the 'Loss for the period'</p>	<p>Comment on Statutory Auditor Report.</p>

FINAL COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (b) READ WITH SECTION 129 (4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF U.P. POWER CORPORATION LIMITED FOR THE YEAR ENDED 31ST MARCH 2025.

S.No.	Final Comment	Management Reply
	during the FY 2024-25. Thus, the Statutory Auditors report is incorrect to that extent.	
E.	OTHER COMMENTS	
11.	<p>As per Ind AS 1 (<i>refer para 32</i>), an entity shall not offset assets and liabilities or income and expenses, unless required or permitted by an Ind AS. Thus, an entity must depict each item of assets and liabilities as well as income and expenses separately in the Financial Statements. Contrary to above provisions, however, the Company had netted off the liabilities towards 'Compounding Charges' aggregating to ₹ 2.33 crore relating to one subsidiary DISCOM (KESCO) against the 'Receivable from Government subsidy' during the year 2022-23 (₹ 0.91 crore) and 2023-24 (₹ 1.42 crore) instead of showing both the items separately. This was done without the concurrence of the State Government. Due to this, Assets and Liabilities as depicted in the CFS of the Company for 2024-25 are understated by ₹ 2.33 crore each.</p>	<p>It is to kindly submit that the company has not offset any liability for asset as stated in the Audit Para. Our company was in receipt of subsidy from State Government. On the other hand, the company is liable to deposit compounding charges payable to State Government. As per Order no 748 dt 31.05.2018, our company has been authorized to adjust the liability for compounding charges against the subsidy receivable from GoUP.</p> <p>The liability for compounding charges is separately accounted for as liability and the final amount of liability is adjusted against subsidy receivable rather than payment of the same. This is the only accounting treatment available for adjustment of liability and if the same is not adhered to, then it shall result in booking of fictitious amount of liability and assets which would not be correct. Hence the accounting treatment followed by the company is correct.</p> <p>It may be noted that the same view and explanation has been submitted to audit in FY 2023-24. In light of this consistent position and its alignment with applicable accounting treatment, no further corrective action is considered necessary in this regard.</p>

For and on behalf of the Board of Directors

Date:24-12-2025

Place: Lucknow

**Sd/-
(Sanjay Mehrotra)
Director Finance
(In-Additional charge)
DIN-02263323**

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



Manish Mishra & Associates

Company Secretaries in Practice

Office Address: Flat No. G-2, B-1/65, Classic Mansion Apartment, Sector-K, Aliganj, Lucknow,
Uttar Pradesh - 226024

Contact: +91-7054645555 | E-mail: mmacs@lucknow@gmail.com / manish@mmacs.in

FORM No. MR.3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2025

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

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

We have conducted Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by U.P. Power Corporation Limited (CIN: U32201UP1999SGC024928) (hereinafter called 'the Company') having its Registered Office at Shakti Bhawan, Ashok Marg, Lucknow Uttar Pradesh, India - 226001. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon after considering the following facts:

- i. U.P. Power Corporation Limited is a Government Company as defined in Sec 2 (45) of the Companies Act 2013 with certain provisions of the Companies Act 2013 being exempted for Government Companies pursuant to Section 452(2) of the Companies Act, 2013 read with applicable notification issued by Ministry of Corporate Affairs from time to time.
- ii. The creation of U.P. Power Corporation Ltd. (UPPCL) is the result of power sector reforms and restructuring in UP (India) which is the focal point of the Power Sector, responsible for planning and managing the sector through its transmission, distribution & supply of electricity.



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- iii. U.P. Power Corporation Limited debt securities are listed on BSE Ltd.

MANAGEMENT RESPONSIBILITY FOR SECRETARIAL COMPLIANCES

The Company's Management is responsible for preparation and maintenance of secretarial records and for devising proper systems to ensure compliance with the provisions of applicable laws and regulations.

SECRETARIAL AUDITOR RESPONSIBILITY

Our responsibility is to express an opinion on the secretarial records, standards and procedures followed by the Company with respect to secretarial compliances. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company nor taxation laws. This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2025, according to the applicable provisions of-

1. The Companies Act, 2013 (the Act) and the Rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
3. The Securities And Exchange Board Of India (Depositories And Participants) Regulations, 2018 and the Regulations and Bye-laws framed there under;
4. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings- There were no Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings during the financial year under Report.
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the company:-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011- There were no instances of



S. Kumar

Substantial Acquisitions of Shares and takeovers during the financial year under report.

- b. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
- d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018- Not applicable to the Company during the Audit period.
- e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations 2021- Not applicable to the Company during the Audit period.
- f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2015-
- g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993
- h. The Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993-
- i. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.
- j. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and The SEBI (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999- There were no instances of Share Based Employee Benefits and Sweat Equity during the financial year under report.
- k. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations 2021. There were no instances of Delisting of Equity Shares during the financial year under report.
- l. Standard Operating Process under Regulations 3(5) and 3(6) of SEBI (PIT) Regulations, 2015 for ensuring Compliance with Structured Digital Database (SDD)- Company has complied with Regulations 3(5) and 3(6) of SEBI (PIT) Regulations, 2015.



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

- i. With respect to The Secretarial Standards SS-1 and SS-2 issued by the ICSI and as notified by the Ministry of Corporate Affairs (MCA) and report that the Company has generally Complied with the said Standards
- ii. The Listing Agreements entered into by the Company with the BSE Limited

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2025, complied with the statutory provisions listed above and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter;

We further report that as per the information provided to us, the company has complied with the provisions of the other laws applicable to the company subject to the observations mentioned below:-

- 1- The provident fund and miscellaneous provisions Act
- 2- Payment of gratuity Act, 1972,
- 3- Payment of bonus Act, 1965,
- 4- Minimum wages Act, 1948,
- 5- The Workmen compensation Act, 1923,
- 6- Industrial Dispute Act, 1947,
- 7- The Trade Unions Act, 1926,
- 8- Electricity Act, 2003,
- 9- The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder.

We have not verified the compliances of the above specific laws applicable to the company, we have relied upon the information provided by the concerned official looking after the compliances of the aforesaid laws.

We further report that during the said Financial Year, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc., mentioned in the foregoing chart, subject to the observations made in the following paragraph:

- i. "The Company has partially complied with the applicable provisions of Secretarial Standard-1 & 2, there remains scope for further improvement in aligning fully with the said standards.



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- ii. *The company has not complied the following relating to IEPF pursuant to Rule 5 (8) and 7 (2B) of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016]:*
- *The company has Not filed the FORM IEPF-1 for transfer of funds to IEPF which is due from during FY 2024-25.*
 - *Company has Not Filed the Form IEPF-2 for appointment of nodal officer.*
- iv. *The Company has maintained required data relating to Structured Digital Database for keeping records of Unsensitive Price Sensitive Information pursuant to Reg 3(5) & Reg (6) PIT Regulations. However, the documents for the same has not been produced before us for verification.*
- v. *The Company has made a delay in filing of Financial Results for the quarter ended March 2024 (i.e. after 60 days) pursuant to Regulation 52 of SEBI (LODR) Regulations, 2015.*
- vi. *The board of directors does not have the requisite number of independent directors pursuant to Regulation 17(1)(b) of SEBI (LODR) Regulations, 2015.*
- vii. *The audit committee does not consist of independent directors pursuant to Regulation 18(1) of SEBI (LODR) Regulations, 2015.*
- viii. *The nomination and remuneration committee does not consist of independent directors pursuant to Regulation 19(1) of SEBI (LODR) Regulations, 2015.*
- ix. *The stakeholders relationship committee does not consist of independent directors pursuant to Regulation 20 of SEBI (LODR) Regulations, 2015.*
- xi. *The Company has made the following delays with respect to filing of outcome of meeting pursuant to Regulation 30 of SEBI (LODR) Regulations, 2015.*



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- There has been delay of more than 30 minutes in filing of the outcome of the meetings of Board of Directors dated 26 June, 2024 and 24 Sep, 2024.

Adequate notice is given to all directors to schedule the Board Meeting, agenda and detailed notes on agenda were generally sent seven days in advance (except for meeting/s held at shorter notice) and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and meaningful participation at the meeting. As per the minutes of the meetings duly recorded and signed by the Chairman/Chairman of the meeting, the decisions of the Board and Committees meetings were unanimous and no dissenting views have been recorded.

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



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The following are the details of actions taken against the listed entity/its promoters/directors/material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/Regulations and circulars/guidelines issued thereunder-

S.No	Action taken by BSE	Details of Violation/ Regulation No	Amount of Fine	Status
1.	Fine for Non-compliance with requirement to appoint qualified company secretary as the compliance officers for Quarter ended on March 2024.	Regulation 6 (1)	107380/-	Fine amount paid by the Company
2.	Fine for Non-compliance with requirement to appoint qualified company secretary as the compliance officers for Quarter ended on June 2024	Regulation 6 (1)	79060/-	Fine amount paid by the Company
3.	Fine for non-submission of the financial results within the period prescribed under this regulation for F.Y. ended on March, 31, 2024.	Regulation 52	159300/-	Request for the waiver of fine under Regulation 52 is sent to BSE Limited via letter dated July 06, 2024 & August 06, 2024 for which reply is still awaited



Sumant

4.	Fine for non-submission of annual report within the period prescribed under this regulation for F.Y. 2023-24.	Regulation 53(2)	11800/-	Request for the waiver of fine under Regulation 53(2) is sent to BSE Limited via letter dated November 28, 2024 for which reply is still awaited.
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**For Manish Mishra & Associates,
Company Secretaries
(F.R. N. P2015UP081000)**

Sukhendra



**CS Sukhendra Kumar
Partner
Practicing Company Secretary
CP. No.: 21707
M. No: 37552
UDIN: A037552G000947978
Peer Review Cert. No. 3163/2023
Date-06-08-2025
Place-Lucknow**

ANNEXURE-A

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

My report of even date is to be read along with this letter.

1) Maintenance of Secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.

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

3) I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4) Wherever required, I have obtained the Management representation about the Compliance of Laws, Rules and Regulations and happening events etc.

5) The Compliance of the Provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on test basis.

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



Sumit

**For Manish Mishra & Associates,
Company Secretaries
(F.R. N. P2015UP081000)**

Sukhendra



**CS Sukhendra Kumar
Partner
Practicing Company Secretary
CP. No.: 21707
M. No: 37552
UDIN: A037552G000947978
Peer Review Cert. No. 3163/2023
Date-06-08-2025
Place-Lucknow**



U. P. Power Corporation Limited

(A Government of UP undertaking)

CIN:U32201UP1999SGC024928

Registered address: Shakti Bhawan, 14 Ashok Marg, Lucknow-226001

Phone No. 0522-2286618 | Email: companysecretary@uppcl.org | Website: <https://www.uppcl.org/>



Management replies on observations of Secretarial Audit Report for the F.Y. 2024-25.

Sr. No.	Details of Observation	Management Replies
i.	The Company has partially complied with the applicable provisions of Secretarial Standard-I & II, there remains scope for further improvement in aligning fully with the said standards.	The Company takes note of the observation of the Secretarial Auditor and is taking necessary steps to ensure full compliance with all provisions of Secretarial Standard-I & II. Measures have been initiated to strengthen internal processes, documentation, and to ensure complete alignment with the requirements of the standard in future Board Meetings.
ii.	<p>The company has not complied the following relating to IEPF pursuant to Rule 5 (8) and 7 (2B) of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016]:</p> <ul style="list-style-type: none">➤ The company has Not filed the FORM IEPF-1 for transfer of funds to IEPF which is due from during FY 2024-25.➤ Company has Not Filed the Form IEPF-2 for appointment of nodal officer.	<p>The Company takes note of the observations and is in the process of taking corrective action with necessary steps are being initiated to ensure timely compliance. Furthermore, a resolution for the appointment of the Nodal Officer and Deputy Nodal Officer has been placed before the Board of Directors for consideration and approval.</p> <p>The Company ensures that Form IEPF-1 for the transfer of funds to the IEPF for the financial year 2024-25 and Form IEPF-2 for the appointment of the Nodal Officer; shall be filed in due course after the appointment is made.</p>
iii.	The Company has maintained required data relating to Structured Digital Database for keeping records of Unsensitive Price Sensitive Information pursuant to Reg 3(5) & Reg (6) PIT Regulations. However, the documents for the same has not been produced before us for verification.	The provision related UPSI specifically applicable to Equity listed Company, However the Company confirms that it has maintained the required data relating to the Structured Digital Database for keeping records of Unpublished Price Sensitive Information (UPSI) pursuant to Regulation 3(5) and Regulation 3(6) of the SEBI (Prohibition of Insider Trading) Regulations, 2015. However, due to operational constraints, the relevant documents were not made available for verification during the audit. The Company shall ensure that all necessary documents and records are made readily accessible for future audits and verifications.
iv.	The Company has made a delay in filing of Financial Results for the quarter ended March 2024 (i.e. after 60 days) pursuant to Regulation 52 of SEBI (LODR) Regulations, 2015.	U. P. Power Corporation Limited including its Five Subsidiary Companies (Discoms) are having 814 (approx.) accounting units, whose accounts are prepared and the same are audited by the Branch Auditors of the Company. These accounts are Consolidated for preparation of the Financial Statements of the respective subsidiary Companies and thereafter the Financial

		<p>Statements of UPPCL are audited by the statutory auditors of the Company.</p> <p>The Company has submitted the audited Financial Statements along with required annexures to the Stock Exchange on June 26, 2024 with delay in compliance of said regulation</p>
v.	<p>The Board of Directors does not have the requisite number of independent directors pursuant to Regulation 17(1)(b) of SEBI (LODR) Regulations, 2015.</p>	<p>The Company has duly constituted the Board of Directors with executive and non-executive directors (Nominee Directors appointed by the Government of Uttar Pradesh) except Independent Directors. As the company is an Uttar Pradesh State Government Company (State PSU) therefore all the Directors including Independent Directors are appointed by the Government of Uttar Pradesh. The Company has already submitted representations to the Government of Uttar Pradesh to nominate/appoint Independent Directors on the Board of the Company. The same is under process at the level of Government of Uttar Pradesh.</p>
vi.	<p>The Audit Committee does not consist of independent directors pursuant to Regulation 18(1) of SEBI (LODR) Regulations, 2015.</p>	<p>The Company has duly constituted the Audit Committee with executive and non-executive directors (Nominee Directors appointed by the Government of Uttar Pradesh) except Independent Directors. As the company is an Uttar Pradesh State Government Company (State PSU) therefore all the Directors including Independent Directors are appointed by the Government of Uttar Pradesh. The Company has already submitted representations to the Government of Uttar Pradesh to nominate/appoint Independent Directors on the Board of the Company. The same is under process at the level of Government of Uttar Pradesh.</p>
vii.	<p>The Nomination and Remuneration Committee does not consist of independent directors pursuant to Regulation 19(1) of SEBI (LODR) Regulations, 2015.</p>	<p>The Company has duly constituted the Nomination and Remuneration Committee with executive and non-executive directors (Nominee Directors appointed by the Government of Uttar Pradesh) except Independent Directors. As the company is an Uttar Pradesh State Government Company (State PSU) therefore all the Directors including Independent Directors are appointed by the Government of Uttar Pradesh. The Company has already submitted representations to the Government of Uttar Pradesh to nominate/appoint Independent Directors on the Board of the Company. The same is under process at the level of Government of Uttar Pradesh.</p>
viii.	<p>The Stakeholders Relationship Committee does not consist of independent directors pursuant to Regulation 20 of SEBI (LODR) Regulations, 2015.</p>	<p>The Company has duly constituted the Stakeholders Relationship Committee with executive and non-executive directors (Nominee Directors appointed by the Government of Uttar Pradesh) except Independent Directors. As the company is an Uttar Pradesh State Government Company (State PSU) therefore all the Directors including Independent Directors are appointed by the Government of Uttar Pradesh. The Company</p>

		has already submitted representations to the Government of Uttar Pradesh to nominate/appoint Independent Directors on the Board of the Company. The same is under process at the level of Government of Uttar Pradesh.
ix.	<p>The Company has made the following delays with respect to filing of outcome of meeting pursuant to Regulation 30 of SEBI (LODR) Regulations, 2015.</p> <ul style="list-style-type: none"> ➤ There has been delay of more than 30 minutes in filing of the outcome of the meeting of Board of Directors dated 26th June, 2024 and 24th Sep, 2024. 	<p>The Company acknowledges the delays of more than 30 minutes in filing the outcomes of the Board of Directors meetings held on 26th June 2024 and 24th September 2024, as required under Regulation 30 of SEBI (LODR) Regulations, 2015. These delays were due to unforeseen operational challenges during the respective periods on BSE listing centre. The Company recognizes the importance of timely disclosures to ensure transparency and regulatory compliance and also necessary measures, including enhancing coordination between departments and strengthening the compliance monitoring system, are being implemented to avoid recurrence of such delays in the future.</p> <p>It ensures that it remains committed to meeting all regulatory timelines and enhancing its governance.</p>

For and on behalf of the Board of Directors

Date: 24-12-2025

Place: Lucknow

Sd/-
(Sanjay Mehrotra)
Director Finance
(In-Additional charge)
DIN-02263323

Sd/-
(Pankaj Kumar)
Managing Director
DIN-08095154



Annexure-VII

Disclosure under Section 134(3)(m) of the Act, read with Rule 8 of the Companies (Accounts) Rules, 2014

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:

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- **Conservation of Energy**

Uttar Pradesh is one of the largest states in the country. During the year 2024-25, 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 individual agriculture consumer/Private Tube well Consumer/ Krishi Upbhogta at 33KV/11KV Substations and feeder level solarization 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 RSPV Regulation 2019 issued by the UPERC, Solar Power Consumers are allowed the facility of net meter and Under RSPV Regulation 2019 (First Amendment) dated 01.06.2022 facilitates Net Billing.
- (viii) 1000 Numbers of Grid Connected & Individual PTW Consumer Pumps are solarized.

- **Technology adaptation**

- (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) Effective 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 and out go.

For and on behalf of the Board of Directors

Date:24-12-2025

Place: Lucknow

**Sd/-
(Sanjay Mehrotra)
Director Finance
(In-Additional charge)
DIN-02263323**

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