

# U.P. POWER CORPORATION LIMITED

## CONSOLIDATED BALANCE SHEET

AS AT

31<sup>st</sup> MARCH 2017

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## CONSOLIDATED STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED ON

31<sup>st</sup> MARCH 2017

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

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

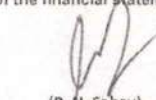
**CONSOLIDATED BALANCE SHEET AS AT 31.03.2017**

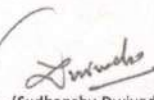
(₹ in Lakhs)

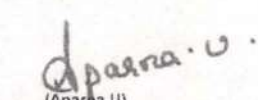
Particulars	Note No.	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	Figures as at the beginning of previous reporting period
<b>(I) ASSETS</b>				
<b>(1) Non-current assets</b>				
(a) Property, Plant and Equipment	2	2729586.17	2251835.98	1869862.67
(b) Capital work-in-progress	3	462207.85	353240.65	138698.69
(c) Assets not in Possession	4	8852.25	7088.16	5395.02
(d) Intangible assets	5	33.26	-	-
<b>(e) Financial Assets</b>				
(i) Investments	6	232919.37	215182.27	228649.00
(ii) Loans	7	-	-	-
(iii) Others	8	618570.00	490677.59	341270.04
<b>(2) Current assets</b>				
(a) Inventories	9	252769.47	259783.67	218993.12
<b>(b) Financial Assets</b>				
(i) Trade receivables	10	4589448.58	3474941.06	2526993.89
(ii) Cash and cash equivalents	11-A	655757.61	512033.50	477508.16
(iii) Bank balances other than (ii) above	11-B	51812.31	30232.43	61496.45
(iv) Others	12	286344.32	266591.61	239601.19
(c) Other Current Assets	13	349060.10	256564.93	247992.83
<b>Total Assets</b>		<b>10237361.29</b>	<b>8118171.85</b>	<b>6356461.06</b>
<b>(II) EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share Capital	14	7287540.82	5686291.86	3975101.84
(b) Other Equity	15	(5861534.28)	(5749991.64)	(6693790.98)
<b>LIABILITIES</b>				
<b>(1) Non-current liabilities</b>				
<b>(a) Financial liabilities</b>				
(i) Borrowings	16	4024704.05	1949683.70	5152340.84
(b) Other financial liabilities	17	329558.32	282737.30	244540.99
<b>(2) Current liabilities</b>				
<b>(a) Financial liabilities</b>				
(i) Borrowings	18	130849.16	117035.13	133727.35
(ii) Trade payables	19	2166054.66	2258669.38	2024070.55
(iii) Other financial liabilities	20	2160186.60	3573743.17	1520468.25
(b) Provisions	21	1.96	2.95	2.22
Company Information & Significant Accounting Policies of Consolidated Financial Statement	1(A)			
Notes on Accounts of Consolidated Financial Statement	1(B)			
Note 1(A) to 30 form integral part of Accounts.				
<b>Total Equity and Liabilities</b>		<b>10237361.29</b>	<b>8118171.85</b>	<b>6356461.06</b>

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

  
(Pradeep Soni)  
Company Secretary  
(Part Time)

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

  
(Sudhanshu Dwivedi)  
Director(Finance)  
Din-6533235

  
(Aparna U.)  
Managing Director  
Din-6523278

Place: Lucknow  
Date: 08 DEC 2018

Subject to our report of even date

For Gaur & Associates  
Chartered Accountants  
FRN No. 005354C

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



**U.P. POWER CORPORATION LIMITED**

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN: U32201UP1999SGC024928

**CONSOLIDATED FINANCIAL STATEMENT**

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS**  
**FOR THE YEAR ENDED ON 31.03.2017**

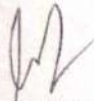
(*₹ in Lakhs*)

Particulars	Note No.	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
I Revenue From Operations	22	4052426.42	3602390.29
II Other Income	23	823329.13	1122986.57
<b>III Total Income (I+II)</b>		<b>4875755.55</b>	<b>4725376.86</b>
<b>IV EXPENSES</b>			
1 Cost of materials consumed			
2 Purchases of Stock-in-Trade (Power Purchased)	24	4417587.97	3895040.03
3 Changes in inventories of finished goods, Stock-in-Trade and work-in-progress			
4 Employee benefits expense	25	135699.49	113837.82
5 Finance costs	26	203341.63	633867.97
6 Depreciation and amortization expenses	27	86043.34	69381.83
7 Administration, General & Other Expense	28	106363.45	80824.12
8 Repair and Maintenance	29	184002.97	158249.89
9 Bad Debts & Provisions	30	918100.01	1582670.61
<b>IV Total expenses (IV)</b>		<b>6051138.86</b>	<b>6533872.27</b>
V Profit/(Loss) before exceptional items and tax (III-IV)		(1175383.31)	(1808495.41)
VI Exceptional Items		-	-
<b>VII Profit/(Loss) before tax (V(+/-)VI)</b>		<b>(1175383.31)</b>	<b>(1808495.41)</b>
VIII Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
<b>IX Profit (Loss) for the period from continuing operations (VII-VIII)</b>		<b>(1175383.31)</b>	<b>(1808495.41)</b>
X Profit/(Loss) from discontinuing operations		-	-
XI Tax expense of discontinuing operations		-	-
<b>XII Profit/(Loss) from discontinuing operations (after tax) (X-XI)</b>		<b>(1175383.31)</b>	<b>(1808495.41)</b>
<b>XIII Profit/(Loss) for the period (IX+XII)</b>		<b>(1175383.31)</b>	<b>(1808495.41)</b>
XIV Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss- Remeasurement of Defined Benefit Plans		44.73	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
<b>XV Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit/(Loss) and Other Comprehensive Income for the period)</b>		<b>(1175338.58)</b>	<b>(1808495.41)</b>
XVI Earnings per equity share (continuing operation):			
(1) Basic		(173.66)	(348.05)
(2) Diluted		(173.66)	(348.05)
XVII Earnings per equity share (for discontinuing operation):			
(1) Basic		-	-
(2) Diluted		-	-
XVIII Earnings per equity share (for discontinuing & continuing operations)			
(1) Basic		(173.66)	(348.05)
(2) Diluted		(173.66)	(348.05)
Company Information & Significant Accounting Policies of Consolidated Financial Statement	1(A)		
Notes on Accounts of Consolidated Financial Statement	1(B)		
Note 1(A) to 30 form integral part of Accounts.			

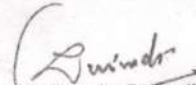
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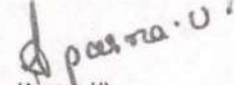
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Place : Lucknow  
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For Gaur & Associates  
Chartered Accountants  
FRN No. 005354C



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



## U.P. POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN: U32201UP1999SGC024928

## CONSOLIDATED FINANCIAL STATEMENT

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

₹ in Lakhs)

## A. EQUITY SHARE CAPITAL AS AT 31.03.2017

Balance at the beginning of the reporting period	Changes in Equity Share Capital during the year	Balance at the end of the reporting period
5686291.86	1601248.96	7287540.82

## B. OTHER EQUITY AS AT 31.03.2017

Particulars	Share application money pending allotment	Capital / Other Reserve	Retained Earnings	Total
Balance at the beginning of the reporting period	956666.35	1920494.46	(13041374.83)	(10164214.02)
Changes in accounting policy or prior period errors	-	-	(26.28)	(26.28)
Restated balance at the beginning of the reporting period	956666.35	1920494.46	(13041401.11)	(10164240.30)
Total Comprehensive Income for the year	-	0.00	(1175338.58)	(1175338.58)
Addition during the Year	-	850771.53	-	850771.53
Reduction during the Year	-	37936.15	-	37936.15
Share Application Money Received	1288058.15	-	-	1288058.15
Share Allotted against Application Money	1917008.96	-	-	1917008.96
Balance at the end of the reporting period	327715.53	2733329.85	(14216739.69)	(11155694.31)
Adjustment of Reversed Provision	-	-	-	5294160.03
Net Balance at the end of the reporting period	-	-	-	(5861534.28)


₹ in Lakhs)

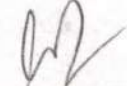
## A. EQUITY SHARE CAPITAL AS AT 31.03.2016

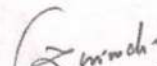
Balance at the beginning of the reporting period	Changes in Equity Share Capital during the year	Balance at the end of the reporting period
3975101.84	1711190.02	5686291.86

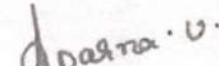
## B. OTHER EQUITY AS AT 31.03.2016

Particulars	Share application money pending allotment	Capital Reserve	Retained Earnings	Total
Balance at the beginning of the reporting period	1017964.68	638897.84	(11201542.91)	(9544680.39)
Changes in accounting policy or prior period errors	-	-	(30909.62)	(30909.62)
Restated balance at the beginning of the reporting period	1017964.68	638897.84	(11232452.52)	(9575590.00)
Total Comprehensive Income for the year	-	0.00	(1808948.60)	(1808948.60)
Addition during the Year	-	1298404.16	-	1298404.16
Reduction during the Year	-	16807.54	-	16807.54
Share Application Money Received	1649891.68	-	-	1649891.68
Share Allotted against Application Money	1711190.02	-	-	1711190.02
Balance at the end of the reporting period	956666.35	1920494.46	(13041401.11)	(10164240.30)
Adjustment of Reversed Provision	-	-	-	4414248.66
Net Balance at the end of the reporting period	-	-	-	(5749991.64)

  
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Company Secretary  
(Part Time)

  
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**U.P. POWER CORPORATION LIMITED**  
CIN - U32201UP1999SGC024928

**NOTE NO. 1(A)**

**COMPANY INFORMATION & SIGNIFICANT ACCOUNTING POLICIES OF  
CONSOLIDATED FINANCIAL STATEMENT**

**1. Reporting Entity**

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

**2. GENERAL/BASIS OF PREPARATION**

- (a) The consolidated financial statements are prepared in accordance with the applicable provisions of the Companies Act, 2013. However where there is a deviation from the provisions of the Companies Act, 2013 in preparation of these accounts, the corresponding provisions of Electricity (Supply) Annual Accounts Rules 1985 have been adopted.
- (b) The accounts are prepared under historical cost convention, on accrual basis, unless stated otherwise, in pursuance of Ind AS, and on accounting assumption of going concern.
- (c) Insurance and Other Claims, Refund of Custom Duty, Interest on Income Tax & Trade Tax and Interest on loans to staff is accounted for on receipt basis after the recovery of principal in full.
- (d) **Statement of compliance**

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

For all the periods upto and including 31<sup>st</sup> March 2016, the Group prepared its financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in India, accounting standards specified under Section 133 of the Companies Act, 2013, the Companies Act, 2013 (to the extent notified and applicable) and applicable provisions of the Companies Act, 1956, and the provisions of the Electricity Act, 2003 to the extent applicable. The Group followed the provisions of Ind AS 101 in preparing its opening Ind AS Balance Sheet as of the date of transition, viz. 1<sup>st</sup> April 2015. As per Ind AS- 101 if the Group's Ind AS accounting policies used in the Opening Balance

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Sheet which are different from its previous GAAP policies applied as at 31<sup>st</sup> March 2015, then adjustments are required to be made to restate the opening balance as per Ind AS. Therefore, as required by Ind AS 101, the resulting adjustments are required to be recognized directly through retained earnings as at 1<sup>st</sup> April 2015. This is the effect to the general rule of Ind AS 101 which is to apply Ind AS retrospectively. However no such adjustments arose in case of company which is required to be made through retained earnings.

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

**(e) Functional and presentation currency**

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

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

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

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

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

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

An asset is current when it is:

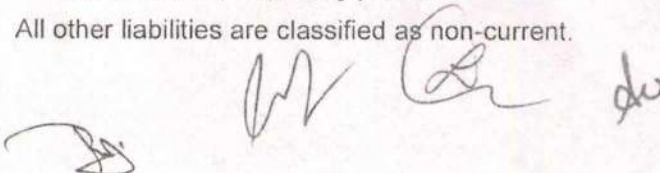
- Expected to be realized or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.






### 3. SIGNIFICANT ACCOUNTING POLICIES

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

#### I- BASIS OF CONSOLIDATION

The consolidated financial statements related to U.P Power Corporation Ltd. (the Company), its Subsidiaries and Associates together referred to as "Group".

##### (a) Basis of Accounting:

- i) The financial statements of the Subsidiary Companies and Associates in the consolidation are drawn up to the same reporting date as of the Company for the purpose of consolidation.
- ii) The consolidated financial statements have been prepared in accordance with the Indian Accounting Standard, Ind AS-110- 'Consolidated Financial Statements' and Ind AS-28- 'Investments in Associates and Joint Ventures' as specified in Companies Act, 2013 and Companies (Indian Accounting Standards) Rules, 2015.

##### (b) Principles of consolidation:

The consolidated financial statements have been prepared as per the following principles:

- i) The financial statements of the company and its Subsidiaries are combined on a line basis by adding together the like items of the assets, liabilities, income and expenses after eliminating intra-group balances, intra-group transactions, unrealized profits or losses.
- ii) The consolidated financial statements include the investment in Associates, which has been accounted for using the method of accounting by diminution/impairment in investment in associates.
- iii) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements except as otherwise stated in the significant accounting policies/Notes on accounts.

#### II- Property, Plant and Equipment

- (a) Property, Plant and Equipment are shown at historical cost less accumulated depreciation.
- (b) All costs relating to the acquisition and installation of Property, Plant and Equipment till the date of commissioning are capitalized.
- (c) Consumer Contribution, Grants and Subsidies received towards cost of capital assets are treated initially as capital reserve and subsequently amortized in the proportion in which depreciation on related asset is charged.





- (d) In the case of commissioned assets, where final settlement of bills with the contractor is yet to be affected, capitalization is done, subject to necessary adjustment in the year of final settlement.
- (e) Due to multiplicity of functional units as well as multiplicity of function at particular unit, Employees cost to capital works are capitalized @ 15% on deposit works, 13.50% on Distribution works and @ 9.5% on other works on the amount of total expenditure.
- (f) Borrowing cost during construction stage of capital assets are capitalized as per provisions of Ind AS-23.

### III- Capital Work-In-Progress

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

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

### IV- INTANGIBLE ASSETS

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

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

### V- DEPRECIATION

- (a) Depreciation is charged on Straight Line Method as per Schedule II of the Companies Act 2013.
- (b) Depreciation on additions to / deductions from Property, Plant and Equipment during the year is charged on Pro rata basis.
- (c) Property, Plant and Equipment are depreciated up to 95% of original cost except in case of temporary erections/constructions where 100% depreciation is charged.

### VI- INVESTMENTS

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

### VII- STORES & SPARES

- (a) Stores and Spares are valued at cost.
- (b) As per practice consistently following by the Company, Scrap is accounted for as and when sold.

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

#### **VIII- REVENUE/ EXPENDITURE RECOGNITION**

- (a) Revenue from sale of energy is accounted for on accrual basis.
- (b) Late payment surcharge recoverable from consumers on energy bills is accounted for on cash basis due to uncertainty of realisation.
- (c) Sale of energy is accounted for based on tariff rates approved by U.P. Electricity Regulatory Commission.
- (d) In case of detection of theft of energy, the consumer is billed on laid down norms as specified in Electricity Supply Code.
- (e) Penal interest, over due interest, commitment charges, restructuring charges and incentive/rebates on loans are accounted for on cash basis after final ascertainment.

#### **IX- POWER PURCHASE**

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

- (a) In respect of Central Sector Generating Units and unscheduled interchange/reactive energy, at the rates approved by Central Electricity Regulatory Commission (CERC).
- (b) In respect of State Sector Generating Units and unscheduled interchange/reactive energy, at the rates approved by U.P. Electricity Regulatory Commission (UPERC).
- (c) In respect of Power Trading Companies, at the mutually agreed rates.
- (d) Transmission charges are accounted for on accrual basis on bills raised by the U.P. Power Transmission Corporation Limited at the rates approved by UPERC.

#### **X- EMPLOYEE BENEFITS**

- (a) Liability for Pension & Gratuity in respect of employees has been determined on the basis of actuarial valuation and has been accounted for on accrual basis.
- (b) Medical benefits and LTC are accounted for on the basis of claims received and approved during the year.
- (c) Leave encashment has been accounted for on accrual basis.

#### **XI- PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

- (a) Accounting of the Provisions is made on the basis of estimated expenditures to the extent possible as required to settle the present obligations.
- (b) Contingent assets and liabilities, if any, are disclosed in the Notes on Accounts.

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

## **XII- GOVERNMENT GRANT, SUBSIDIES AND CONSUMER CONTRIBUTIONS**

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

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

## **XIII- FOREIGN CURRENCY TRANSACTIONS**

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

## **XIV- DEFERRED TAX LIABILITY**

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

## **XV- CASH FLOW STATEMENT**

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

## **XVI- FINANCIAL ASSETS**

### **Initial recognition and measurement:**

Financial assets of the Company comprises, Cash & Cash Equivalents, Bank Balances, Trade Receivable, Advance to Contractors, Advance to Employees, Security Deposits, Claim recoverables etc. The Financial assets are recognized when the company become a party to the contractual provisions of the instrument.

All the Financial Assets are recognized initially at fair value plus transaction cost that are attributable to the acquisition or issue of the financial assets as the company purchase/acquire the same on arm length price and the arm length price is the price on which the assets can be exchanged.

### **Subsequent Measurement:**

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

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

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

#### **XVII- FINANCIAL LIABILITIES**

##### **Initial recognition and measurement:**

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


##### **Subsequent Measurement:**


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

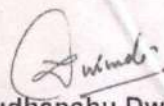
A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

#### **XVIII- MATERIAL PRIOR PERIOD ERRORS**

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

  
(Pradeep Soni)  
Company Secretary  
(Part Time)

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

  
(Sudhanshu Dwivedi)  
Director (Finance)  
DIN - 6533235

  
(Aparna U)  
Managing Director  
DIN - 6523278

Place : Lucknow  
Date 08 DEC 2018

Subject to our report of even date

For Gaur & Associates  
Chartered Accountants

FRN No. 005354C



M.No.016746



## U.P. Power Corporation Limited

CIN:U32201UP1999SGC024928

### Note No. 1 (B)

#### Notes on Accounts forming part of Consolidated Financial Statements for the F.Y 2016-17

1. The Holding, Subsidiary, and Associate companies considered in the Consolidated Financial Statements are as follows:

S No.	Name of Company	Status	Proportion (%) of Shareholding as on*	
			31-03-2017	31-03-2016
1	U.P Power Corporation Limited	Holding	NA	NA
2	Purvanchal Vidyut Vitran Nigam Limited**	Subsidiary	100	100
3	Pashchimanchal Vidyut Vitran Nigam Limited**	Subsidiary	100	100
4	Madhyanchal Vidyut Vitran Nigam Limited**	Subsidiary	100	100
5	Dakshinanchal Vidyut Vitran Nigam Limited**	Subsidiary	100	100
6	Kanpur Electricity Supply Company Limited**	Subsidiary	100	100
7	Sonebhadra Power Generation Company Limited	Subsidiary	100	100
8	Southern Power Generation Company Limited	Subsidiary	100	100
9	Yamuna Power Generation Company Limited	Associate	25	25

\* Includes the shares of promoters subsequently held by their Nominees.

\*\*It represents the Distribution Companies (DISCOMs).

The Company U.P Power Transmission Corporation Limited which was an Associate of U.P Power Corporation Limited in the F.Y 2015-16 is not an Associate in the F.Y 2016-17 since the percentage of holding of shares in UPPTCL has been reduced below the stipulated limit during the year 2016-17.

2. The amount of Loans, Subsidies and Grants were received from the State Government by the Uttar Pradesh Power Corporation Limited centrally, being the Holding Company and distributed by the Holding Company to the DISCOMs, which have been accounted for accordingly.
3. The loan taken by the Subsidiary Companies during the financial year 2016-17 amounting to ₹ 2222934.58 Lacs out of which ₹ 174586.94 Lacs directly and ₹ 2048347.64 Lacs by Holding Company i.e. UPPCL for and on behalf of Discoms as per details given below:-



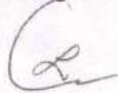





(₹ In Lacs)

Sl. No.	Particulars	DVVNL	PuVVNL	PVVNL	MVNNL	Kesco	UPPCL	Total
1	REC	18007.80	24706.63	79740.82	2457.44	-	245000.00	369912.69
2	PFC	-	6910.25	5243.00	37521.00	-	200000.00	249674.25
3	Bond	-	-	-	-	-	1362126.51	1362126.51
4	Uday (Intt. Free)	-	-	-	-	-	164802.65	164802.65
5	Govt. Loan	-	-	-	-	-	76418.48	76418.48
Total		18007.8	31616.88	84983.82	39978.44	-	2048347.64	2222934.58

4. The Board of Directors of distribution companies have escrowed all the Revenue receipt accounts in favour of U.P. Power Corporation Limited, Lucknow. The Holding Company has been further authorized to these escrow revenue accounts for raising or borrowing the funds for & on behalf of distribution companies for all necessary present and future financial needs including Power Purchase obligation.
5. Accounting entries after reconciliation (IUT) have been incorporated in the current year. Reconciliation of outstanding balances of IUT is under progress and will be accounted for in coming years.
6. (a) The Property, Plant & Equipment including Land remained with the company after notification of final transfer scheme are inherited from erstwhile UPSEB which had been the title holder of such Non-Current Assets. The title deeds of new Property, Plant & Equipment created/purchased after incorporation of the company, are held in the respective units where such assets were created/ purchased.
- (b) Where historical cost of a discarded/ retired/ obsolete Property, Plant & Equipment is not available, the estimated value of such asset and depreciation thereon has been adjusted and accounted for.
- (c) In terms of powers conferred by the Notification no. GSR 627(E) dated 29 August 2014 of Ministry of Corporate Affairs, Govt. of India, the depreciation/amortization on Property, Plant & Equipment/Intangible Assets have been calculated taking into consideration the useful life of assets as approved in the orders of UPERC (terms & conditions for determination of distribution tariff) Regulation, 2006.
7. (a) Capitalisation of Interest on borrowed fund utilized during construction stage of Property, Plant & Equipment (i.e. Capital Assets) has been done by identifying the Schemes/Assets and the funds used for the purpose to the extent established.
- (b) Borrowing cost capitalized during the year is ₹ 28778.09 Lacs (31<sup>st</sup> March 2016 ₹ 14093.56 Lacs).





8. (a) The Provision for Bad & Doubtful Debts against revenue from sale of power has been made @ 5 % on the incremental debtors during the year.
- (b) The details of provision for doubtful loans & advances are as under:-
- (i) Provision to the extent of 10% on the balances of suppliers/contractors has been made by UP Power Corporation Limited, Purvanchal Vidyut Vitran Nigam Limited, Pashchimanchal Vidyut Vitran Nigam Limited and an amount of ₹ 113.10 Lacs by Kanpur Electricity Supply Company Limited against the unadjusted advances for more than two year.
- (ii) Provision @ 100% on interest accrued and due during the year on loan of NPCL has been made by UP Power Corporation Limited under the Note No. 05 (Financial Assets-Loans-Non Current).
- (c) A provision for doubtful receivables to the extent of 10% on the balances appearing under the different heads of "Financial Assets-Other- Current" (excluding Receivable on account of loan & Prepaid Expenses)/ "Other Current Assets" (Receivable from Employees) has been made by UP Power Corporation Limited, Purvanchal Vidyut Vitran Nigam Limited, Pashchimanchal Vidyut Vitran Nigam Limited and an amount of ₹ 4.46 Lacs by Kanpur Electricity Supply Company Limited against the doubtful receivables from Employees.
- (d) The provision for unserviceable store has been made @10% of closing balance by Pashchimanchal Vidyut Vitran Nigam Limited.
9. Transmission charges are accounted for as per the bills raised by UPPTCL.
10. Government dues in respect of Electricity Duty and other Levies amounting to ₹ 580842.60 Lacs shown in Note-20 include ₹ 53520.63 Lacs on account of Other Levies realized from consumers.
11. Liability towards staff training expenses, medical expenses and LTC has been provided to the extent established.
12. (a) Some balances appearing under the heads 'Financial Assets-Other (Current)', 'Financial Assets- Loans (Non-Current)', 'Other Current Assets', 'Other Financial Liabilities (Current)' and 'Financial Liabilities- Trade Payables (Current)' Material in transit/ under inspection/lying with contractors are subject to confirmation/ reconciliation and subsequent adjustments, as may be required.
- (b) On an overall basis the assets other than Property, Plant & Equipment and Financial Assets-investments (Non-current) have a value on realisation in the ordinary course of business at least equal to the amounts at which they are stated in the Balance Sheet.

*[Handwritten signatures]*



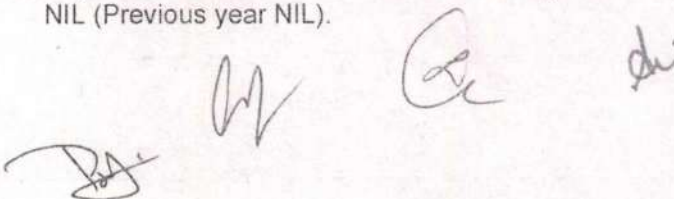



13. Basic and diluted earnings per share has been shown in the Statement of Profit & Loss in accordance with Ind-AS 33 "Earnings Per Share". Basic earnings per share have been computed by dividing net loss after tax by the weighted average number of equity shares outstanding during the year. Number used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

	(₹ in Lacs)	
	<u>31.03.2017</u>	<u>31.03.2016</u>
<b><u>Earning per share:</u></b>		
(a) Net loss after tax (numerator used for calculation)	1175338.58	1808495.41
(b) Weighted average number of Equity Shares* (denominator for calculating Basic EPS)	6767.94	5196.11
(c) Weighted average number of Equity Shares* (denominator for calculating Diluted EPS)	6999.29	5602.62
(d) Basic earnings per share of Rs. 1000/- each (EPS Amount in Rupees)	(173.66)	(348.05)
(e) Diluted earnings per share of Rs. 1000/- each (EPS Amount in Rupees)	(173.66)	(348.05)

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

14. Based on actuarial valuation report dt.9.11.2000 submitted by M/s Price Waterhouse Coopers to UPPCL (the Holding Company) provision for accrued liability on account of Pension and Gratuity has been made @16.70% and 2.38% respectively on the amount of Basic pay, Grade pay and DA paid to employees.
15. Amount due to Micro, Small and medium enterprises (under the MSMED Act 2006) could not be ascertained and interest thereon could not be provided for want of sufficient related information. However, the company is in the process to obtain the complete information in this regard.
16. Provision for Employees Cost has been made amounting to ₹ 25284.68 Lakh for the period 01.04.2016 to 31.03.2017 regarding 7th Pay Commission order no.999/काविनी एवं वे०प्र०-29/पाकालि/2017-5-काविनी एवं वे०प्र०/16 dated 01.09.2017
17. Debts due from Directors were Rs. NIL (previous year Nil).
18. Payment to Directors and Officers in foreign currency towards foreign tour was NIL (Previous year NIL).



19. Additional Information required under the Schedule-III of the Companies Act, 2013 are as under:-

(a) Quantitative Details of Energy Purchased and Sold:-

Sl. No	Details	F.Y 2016-17 (Units in MU)	F.Y 2015-16 (Units in MU)
(i)	Total number of units purchased	107495.239	93651.569
(ii)	Total number of units sold	78280.460	68886.257
(iii)	Distribution Losses	29214.779	24765.312

(b) Contingent Liabilities and Commitments:-

Sl. No.	Details	Amount (₹ In Lacs)	
		F.Y 2016-17	F.Y 2015-16
1	Estimated amount of contracts remaining to be executed on capital account and not provided for.	35135.06	2383.69
2	Power Purchase	47443.51	46800.45
3	Interest on RAPDRP Loan	21800.32	15591.00
4	Amount involved in court cases	16389.65	16004.95
5	Statutory Dues	522.72	550.74
6	Other Contingencies	4514.12	4621.83
	Total	125805.38	85952.66

(c) Disclosure as per Schedule III to the Companies Act, 2013

Sl. No.	Name of the entity	Net Assets i.e Total Assets minus total liabilities as at 31.03.2017		Share in Profit or Loss for the Year 2016-17	
		As % of Consolidated Net Assets	Amount (₹ Lacs)	As % of Consolidated Profit or Loss	Amount (₹ Lacs)
	1	2	3	4	5





<b>A Parent</b>				
UPPCL	72.56	(4789843.39)	72.93	(857176.62)
<b>B Subsidiary</b>				
Madhyanchal Vidyut Vitran Nigam Limited	1.50	(98942.25)	6.15	(72279.56)
Pashchimanchal Vidyut Vitran Nigam Limited	3.67	(242406.54)	3.98	(46800.13)
Purvanchal Vidyut Vitran Nigam Limited	5.91	(389927.01)	7.38	(86687.64)
Dakshinanchal Vidyut Vitran Nigam Limited	13.91	(918328.96)	12.28	(144348.34)
Kanpur Electricity Supply Company Limited	2.44	(161269.41)	(2.72)	31955.06
Sonebhadra Power Generation Company Limited	0.01	(612.65)	0.00	(0.63)
Southern Power Transmission Corporation Limited	0.00	(153.13)	0.00	(0.72)
<b>Total</b>	<b>100.00</b>	<b>(6601483.34)</b>	<b>100.00</b>	<b>(1175338.58)</b>

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

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

**A- List of Related Parties**

(a) List of Subsidiary & Associates:-

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





(b) Key management personnel:-

S. No.	Name	Designation	Working Period (For FY 2016-17)	
			Appointment	Retirement/ Cessation
<b>A- UPPCL (Holding Company)</b>				
1	Shri Sanjay Agarwal	Chairman	17/05/2013	Working
2	Shri Ayodhya Prasad Mishra	Managing Director	31/07/2012	23/03/2017
3	Shri Vishal Chauhan	Managing Director	25/03/2017	Working
4	Shri Sudhanshu Dwivedi	Director (Finance)	30/06/2016	Working
5	Shri Satya Prakash Pandey	Director (P.M. & Admin)	01/07/2016	Working
6	Shri Krishna Murari Mittal	Director	06/12/2014	Working
7	Shri Ramanand Yadav	Director (Corporate Planning)	23/02/2015	Working
8	Shri Sanjay Kumar Singh	Director (Commercial)	06/03/2013	Working
			Additional Charge of Director (P.M. & Admin) from 20/11/2015 to 30/06/2016	
			Additional Charge of Director (Finance) from 10/12/2015 to 30/06/2016.	
9	Shri Vishal Chauhan (M.D of	Nominee Director	18/06/2015	29/06/2017
10	Shri Neel Ratan Kumar (Special Secretary- Finance)	Nominee Director	16/04/2013	Working
11	Smt Manju Shankar (Department of Public Enterprises)	Nominee Director	10/12/2015	Working
<b>B- Subsidiary &amp; Associates (Having Related Party Transactions)</b>				
<b>I- Madhyanchal Vidyut Vitran Nigam Limited</b>				
1	Shri Sanjay Agarwal	Chairman	17/05/2013	Working
2	Shri Shamim Ahmad	Managing Director	27/03/2015	11/06/2016
3	Shri Satya Prakash Pandey	Managing Director	17/08/2016	Working
4	Shri Anil Kumar Agarwal	Director (Finance)	15/05/2013	31/12/2016
5	Shri Rakesh Kumar	Director (Finance)	31/12/2016	Working
6	Shri Ved Prakash Verma	Director (P.M. & Admin)	24/03/2015	Working
7	Shri Subhash Chandra	Director	03/09/2015	31/12/2016
8	Shri Sudhir Kumar Verma	Director (Tech.)	30/06/2016	Working





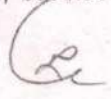




9	Shri Indra Mohan Kaushal	CFO	19/12/2015	Working
10	Smt. Neetu Arora Tandon	Company Secretary	10/09/2015	Working
<b>II- Pashchimanchal Vidyut Vitran Nigam Limited</b>				
1	Shri Sanjay Agarwal	Chairman	17/05/2013	Working
2	Shri Abhishek Prakash	Managing Director	03/01/2016	Working
3	Smt. Selwa Kumari J	Nominee Director	17/08/2015	Working
4	Shri Vishal Chauhan	Nominee Director	18/06/2015	Working
5	Shri Sudhanshu Dwivedi	Nominee Director	30/06/2016	Working
6	Shri Anil Kumar	Director (T)	24/03/2015	Working
7	Shri P.K. Agarwal	Director (F)	04/02/2017	Working
8	Shri Narendra Agarwal	Director (P & A)	04/09/2015	02/01/2017
9	Shri Arvind Rajvedi	Director (C)	30/06/2017	Working
10	Shri P.K. Agarwal	CFO	30/03/2016	Working
11	Dr. Jyoti Arora	Company Secretary	02/11/2015	Working
<b>III- Purvanchal Vidyut Vitran Nigam Limited</b>				
1	Shri Sanjay Agarwal	Chairman	01/04/2016	Working
2	Shri Ajay Kumar Singh	Managing Director	01/04/2016	27/03/2017
3	Shri Ajit Singh	Director (C)	01/04/2016	Working
4	Shri Sudhanshu Dwivedi	Director (F)	01/04/2016	30/06/2016
5	Shri A K Awasthi	Director (F)	29/12/2016	Working
6	Shri Rakesh Verma	Director (P & A)	01/04/2016	Working
7	Shri Mohit Arya	Director (C)	01/01/2017	Working
<b>IV- Dakshinanchal Vidyut Vitran Nigam Limited</b>				
1	Shri Sanjay Agarwal	Chairman	17/05/2013	Working
2	Shri S.V.S Rathore	Managing Director	04/02/2016	Working
3	Shri S.K Mishra	Director (Finance)	07/11/2012	30/06/2016
4	Shri S.C Bharti	Director (Technical)	24/03/2015	Working
5	Shri S.V.S Rathore	Director	24/03/2015	Working
6	Shri N.C Agarwal	Director (P & A)	24/03/2015	Working
<b>V- Kanpur Electricity Supply Company Limited</b>				
1	Shri Sanjay Agarwal	Chairman	17/05/2013	Working
2	Smt Selva Kumari J.	Managing Director	10/12/2014	16/02/2017



3	Shri Ranvir Prasad	Managing Director	17/02/2017	Working
4	Shri Rakesh Kumar	Director (F)	02/07/2016	30/12/2016
5	Shri Radhey Syam Yadav	Director (T)	02/07/2016	Working
6	Shri Vijay Singh Srivastava	Director (C)	30/06/2016	Working
7	Shri Kaushal Raj Sharma	Nominee Director	21/09/2015	Working
<b>VI- Sonebhadra Power Generation Company Limited</b>				
1	Shri Sanjay Agrawal	Chairman	17/05/2013	20/04/2016
2	Shri Ayodhya Prasad Mishra	Director	19/09/2012	23/03/2017
3	Shri Sanjay Kumar Singh	Director	20/04/2016	25/09/2016
4	Shri Rama Nand Yadav	Director	07/09/2015	Working
5	Shri Sudhanshu Dwivedi	Director	26/09/2016	Working
<b>VII- Southern UP Power Transmission Company Limited</b>				
1	Shri Sanjay Agrawal	Chairman	08/08/2013	Working
2	Shri Ayodhya Prasad Mishra	Director	08/08/2013	23/03/2017
3	Shri Vishal Chauhan	Director	18/06/2015	Working
4	Shri Sanjay Kumar Singh	Director	20/04/2016	Working
5	Shri Sudhanshu Dwivedi	Nominee Director	23/03/2017	Working
6	Shri Rama Nand Yadav	Nominee Director	23/03/2017	Working
<b>VIII- Yamuna Power Generation Company Limited</b>				
1	Shri Rama Raman	Chairman	04/05/2013	16/08/2016
2	Shri Ayodhya Prasad Mishra	Managing Director	31/07/2012	23/03/2017
3	Shri Rama Raman	Director	04/07/2010	16/08/2016
4	Shri Deepak Agrawal	Director	25/07/2016	Working
5	Shri Arun Veer Singh	Director	19/08/2016	Working
6	Shri Sudhanshu Dwivedi	Director	30/06/2016	Working

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



Corporation Limited, Uttar Pradesh Rajya Utpadan Nigam Limited and Uttar Pradesh Jal Vidyut Nigam Limited.

(d) Post-Employment Benefit Plan:-

1- Uttar Pradesh Power Sector Employees Trust.

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

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

(₹ In Lacs)

	2016-2017	2015-2016
Salary & Allowances	462.16	352.48
Leave Encashment	35.33	15.60
Contribution to Gratuity/ Pension/ PF	49.81	42.82

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

(₹ In Lacs)

S No.	Name of The Company	Nature of Transaction	2016-17	2015-16
1	UP Power Transmission Corporation Limited	Power Transmission & Misc. Transaction	168860.65	164557.69
2	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	Power Purchase	1128534.13	940367.28
3	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	Receivable (Unsecured)	106.95	(350.83)
3	Uttar Pradesh Jal Vidyut Nigam Limited	Power Purchase	6254.71	6149.73

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

(₹ In Lacs)

Particulars	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016	01 <sup>st</sup> April 2015
<b>Amount Recoverable</b>			
<b>From Associates</b>			
➤ YPGCL	62.76	154.46	215.42
<b>From Others</b>			
➤ UPRVUNL	263.36	156.41	523.91
➤ UPPTCL	40050.74	28803.44	25692.16
<b>Amount Payable</b>			
<b>From Others</b>			
➤ UPJVNL	8850.44	8866.08	3828.81
➤ UPPSET	126542.69	112138.38	90484.73
➤ JVUNL	0.04	0.04	0.04





22. Due to heavy unused carried forward losses / depreciation and uncertainties to recover such losses/depreciation in near future, the deferred tax assets have not been recognized in accordance with Para 34 of Ind AS-12 issued by ICAI.

### 23. First Time Adoption of Ind AS

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

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



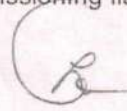


Any resulting differences between carrying amount of assets and liabilities according to Ind AS 101 as of 1st April 2015 compared with those presented in the Indian GAAP Balance Sheet as of 31st March 2015, were recognized in equity under retained earnings within the Ind AS Balance Sheet. However no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

### Exemption and exceptions availed

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

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

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



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

## ii) Estimates

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

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

## 24. Notes to First-Time adoption:

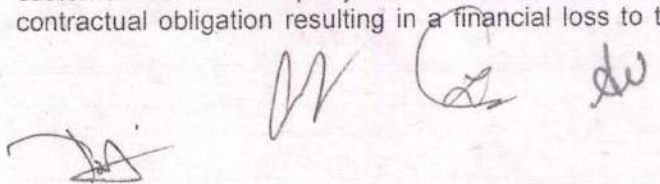
- (a) **Statement of Cash Flows:** The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash Flows.

## 25. Financial Risk Management

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

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

- (a) **Regulatory Risk:** The Group's substantial operations are subject to regulatory interventions, introductions of new laws and regulations including changes in competitive framework. The rapidly changing regulatory landscape poses a risk to the Group. Regulations are framed by State Regulatory Commission as regard to Standard of Performance for utilities, Terms & Conditions for determination of tariff, obligation of Renewable Energy purchase, grant of open Access, Deviation Settlement Mechanism, Power Market Regulations etc. Moreover, the State Government is notifying various guidelines and policy for growth of the sector. These Policies/Regulations are modified from time to time based on need and development in the sector. Hence the policy/regulation is not restricted only to compliance but also has implications for operational performance of utilities, return of Equity, Revenue, competitiveness, and scope of supply. To protect the interest of utilities, State Utilities are actively participating while framing of Regulations. ARR is regularly filed to UPERC considering the effect of change, increase/decrease, of power purchase cost and other expenses in deciding the Tariff of Sales of Power to ultimate consumers.
- (b) **Credit Risk:** Credit risk is the risk of financial loss to the Group if a customer or counter party to a financial instrument fails to meet its contractual obligation resulting in a financial loss to the Group. Credit risk







arises principally from cash & cash equivalents and deposits with banks and financial institutions. In order to manage the risk, group accepts only high rated bank/FIs.

- (c) **Market Risk- Foreign Currency Risk:** Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income/loss. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return. The Group has no material foreign currency transaction hence there is no Market Risk w.r.t foreign currency translation.
- (d) **Market Risk- Interest Rate Risk:** The Group is exposed to interest rate risk arising from borrowing with floating rates because the cash flows associated with floating rate borrowings will fluctuate with changes in interest rates. The Group manages the interest rate risks by entering into different kind of loan arrangements with varied terms (eg. Rate of interest, tenure etc.).

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

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

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

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

**26. Capital Management**

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

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

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

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27. In the opinion of management, there is no specific indication of impairment of any assets as on balance sheet date as envisaged by Ind AS-36 of ICAI. Further, the assets of the corporation have been accounted for at their historical cost and most of the assets are very old where the impairment of assets is very unlikely.

**28. Recent accounting pronouncement:**

Standards issued but not yet effective:

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

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



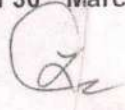


The Group shall evaluate the requirements of the amendment and the effect on the financial statement.

29. Statement containing salient features of the financial statements of Subsidiaries and Associates of UP Power Corporation Limited pursuant to first proviso to sub section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014, in form AOC-I is attached.

30. Jawaharpur Vidyut Utpadan Nigam Limited (a Subsidiary of UPPCL) was transferred to Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited on 16.06.2015 (Refer GoUP letter No. 836 dated 24.09.2014 read with letter No. 1029 dated 27.11.2014 and the decision of 116<sup>th</sup> BoD of UPPCL dated 03.06.2015). Thus, Jawaharpur Vidyut Utpadan Nigam Limited (JVUNL) was no more a subsidiary of UPPCL AS ON 31.03.2016. Hence, the balances of JVUNL have not been considered in Consolidated Financial Statements for the F.Y 2015-16 onwards with a corresponding effect in Previous Year.

31. Uttar Pradesh Power Transmission Corporation Limited was Associate of Uttar Pradesh Power Corporation Limited up to Financial Year 2015-16. During the Financial Year 2016-17 the percentage of Shareholding of Uttar Pradesh Power Corporation Limited in Uttar Pradesh Power Transmission Corporation Limited has been reduced below the required limit of Associates disclosure, hence, the Company Uttar Pradesh Power Transmission Corporation Limited is no more Associates of Uttar Pradesh Power Corporation Limited from Financial Year 2016-17 and treated in financial statement accordingly.

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



Particulars	SBN (₹ 500 and 1000 Notes)	Other denomination Notes	Total
Closing Cash in Hand as on 08-11-2016	2344.42	378.50	2722.92
Add: Permitted Receipts	196070.01	27257.28	223327.29
Add: Non permitted Receipts	---	---	---
Less: Permitted Payments	---	7.60	7.60
Less: Amount Deposited in Banks	198154.81	24904.36	223059.17
<b>Closing Cash in Hand as on 30-12-2016</b>	<b>259.62</b>	<b>2723.82</b>	<b>2983.44</b>

### 33. Disclosure as per Ind AS 112 "Disclosure of Interest in Other Entities"

#### (a) Subsidiaries

The Group's subsidiaries at 31<sup>st</sup> March 2017 are set out below. They have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interest held equals the voting rights held by the Group.

Name of Entity	Place of Business/County of Origin	Ownership interest held by the Group (%)			Ownership interest held by Non-controlling interest (%)			Principal activities
		31-03-17	31-03-16	01-04-15	31-03-17	31-03-16	01-04-15	
MVVNL	India	100	100	100	-	-	-	Distribution of energy
DVVNL	India	100	100	100	-	-	-	Distribution of energy
PVVNL	India	100	100	100	-	-	-	Distribution of energy
PUVNNL	India	100	100	100	-	-	-	Distribution of energy
Kesco	India	100	100	100	-	-	-	Distribution of energy
Southern UP Power Transmission Company Limited	India	100	100	100	-	-	-	Transmission of energy
Sonebhadra Power Generation Company Limited	India	100	100	100	-	-	-	Generation of energy

#### (b) Associates

The Group has one Associate Company "Yamuna Power generation Company Limited". The Company was formed with the objective to meet





out growing demand of electricity during 12th five year plan. But due to non-availability of required land and uncertainty of allocation of fuel (coal/gas) for the project, ultimately lead Energy Task Force (ETF) Govt. of U.P, come to conclusion to abandon the project in its meeting dated 07-05-2012. Subsequently on the recommendation of the said Task Force, Govt. of UP took the decision to abandon the project and wind up the company and conveyed its decision on 05.05.2015.

The Company is incorporated in India and the Group hold 25% of the share capital.

#### 34. Reconciliation between Previous GAAP and Ind AS:-

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

(₹ In Lakh)

Particulars	31 <sup>st</sup> March, 2016	01 <sup>st</sup> April, 2015
1	2	3
Total Equity (Shareholder's Fund) as per previous GAAP	(1982031.98)	(3326224.04)
<b>Adjustments:-</b>		
1 Prior Period Errors (Net)	(35360.10)	(24109.24)
2 Others	33197.84	(7253.70)
<b>Total Equity (Shareholder's Fund) as per Ind AS</b>	<b>(1984194.24)</b>	<b>(3357586.98)</b>

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

(₹ In Lakh)

Particulars	31 <sup>st</sup> March, 2016
1	2
<b>Profit after tax as per previous GAAP</b>	<b>(1,837,696.09)</b>
Prior Period Errors (Net)	(11250.86)
Others	40451.54
<b>Profit after tax as per Ind AS</b>	<b>(1808495.41)</b>
Add:- Other comprehensive Income (Net of Income Tax)	---
<b>Total Comprehensive income for the year</b>	<b>(1808495.41)</b>

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

(₹ In Lakh)

Particulars	Previous GAAP	Effect of Transition	Ind AS
-------------	---------------	----------------------	--------

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		to Ind AS	
1	2	3	4
Net Cash Flow From Operating Activities	1245136.46	443715.53	1688851.99
Net Cash Flow From Investing Activities	(2332093.51)	12610.89	(2319482.62)
Net Cash Flow From Financing Activities	1588166.83	(923010.86)	665155.97
Net Increase/(Decrease) in Cash and Cash Equivalents	3261.02	31264.32	34525.34
<b>Cash and Cash Equivalents as at 01-April 2015</b>	539004.88	(61496.72)	477508.16
<b>Cash and Cash Equivalents as at 31st- March 2016</b>	542265.90	(30232.40)	512033.50

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

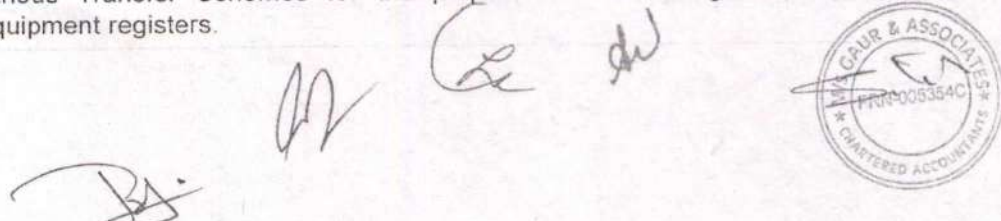
36. The Annual Accounts of F.Y 2015-16 have yet to be adopted in Annual General meeting as final comments of CAG is awaited.

37. Consequent to the applicability of Ind-AS the financial statements for the year ended 2016-17 has been prepared as per Ind AS. Accordingly previous year's figures have been regrouped/ rearranged wherever necessary to confirm to this year classification.

38. Other separate relevant notes given by the Holding, Subsidiary & Associates are given below:

**U.P Power Corporation Limited (Holding Company)**

- I) Ministry of Power, Govt. of India, with an objective to improve the operational and financial efficiency of the state Discoms, has issued UDAY (Ujwal Discom Assurance Yojna) Scheme for Operational and Financial Turnaround of power Distribution Companies (DISCOMs) vide order no-06/02/2015-NEF/FRP dated 20-11-2015. This Scheme has been approved by the Govt of U.P. and tripartite MOU amongst Ministry of Power, Govt. of India, Govt. of U.P. and U.P. Power Corporation Ltd. (on behalf of DISCOMs) has been signed on 30-01-2016. As per the scheme, the Govt. of U.P. has taken over the DISCOM debt of ₹ 39133.76 Crore by issue of Special Security Bonds and the Govt. of U.P. has transferred 50% Grant of ₹ 19566.88 crore, 25% Equity of ₹ 9783.44 crore and 25% Interest free loan of ₹ 9783.44 crore upto 31.03.2017 by adjustment.
- II) The Company is making efforts to recognize and identify the location of land along with its title deed as well as of other Property, Plant & Equipment, transferred under various Transfer Schemes for the purpose of maintaining Property, Plant & Equipment registers.





III) In spite of formation of UPPTCL, few units of the company like finance, audit, and HQ are not fully equipped to operate the entire working of the company, so the corresponding units of UPPCL are still performing the work of UPPTCL. Therefore, the 25% of the employee cost of these units are apportioned to UPPTCL.

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

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

S.No	Defined benefit plans:- (In ₹)	Gratuity		Leave Encashment	
		As on 31/03/2017	As on 31/03/2016	As on 31/03/2017	As on 31/03/2016
1	<b>Assumptions</b>				
	Discount Rate	7.46% per annum	NA	7.00% per annum	NA
	Salary Escalation	3.00% per annum	NA	3.00% per annum	NA
	Rate of return on Plan assets	NA	NA	NA	NA
2	<b>Table showing changes in present value of obligations</b>				
	Opening of defined benefit obligations	0	NA	0	NA
	Interest cost	0	NA	0	NA
	Service Cost	31,685,485	NA	6,53,224,961	NA
	Benefits Paid	0	NA	0	NA
	Actuarial (gain)/Loss on obligations	0	NA	0	NA
	<b>Closing of defined benefit obligation</b>	<b>31,685,485</b>	<b>NA</b>	<b>6,53,224,961</b>	<b>NA</b>
3	<b>Table showing changes in the fair value of plan assets</b>				
	Fair value of plan assets at beginning of year	0	NA	0	NA
	Expected return on plan	0	NA	0	NA





	assets				
	Contributions	0	NA	0	NA
	Benefits paid	0	NA	0	NA
	Actuarial Gain/(Loss) on Plan assets	0	NA	0	NA
	Fair value of plan assets at end of year	0	NA	0	NA
<b>6</b>	<b>The amounts to be recognized in the Balance Sheet and Statement of Profit and Loss</b>				
	Present value of obligations as at the end of year	31,685,485	NA	6,53,224,961	NA
	Fair value of plan assets as at the end of the year	0	NA	0	NA
	Net Asset/(liability) recognized in balance sheet	(31,685,485)	NA	(6,53,224,961)	NA
<b>7</b>	<b>Expenses recognized in statement of Profit &amp; loss</b>				
	Service cost	31,685,485	NA	6,53,224,961	NA
	Interest cost	0	NA	0	NA
	<b>Expenses/(Income) recognized in statement of Profit &amp; Loss</b>	<b>31,685,485</b>	<b>NA</b>	<b>6,53,224,961</b>	<b>NA</b>
<b>8.</b>	<b>Sensitivity analysis</b>				
	Base liability	31,685,485	Impact	6,53,224,961	Impact
	Increase in Discount rate by 0.50%	29,404,342	(2,281,143)	6,35,487,382	(17,737,579)
	Decrease in Discount rate by 0.50%	34,212,026	2,526,541	6,71,964,135	18,739,174
	Increase in salary inflation by 1%	36,531,194	4,845,709	6,90,351,965	37,127,004
	Decrease in salary inflation by 1%	27,540,011	(4,145,474)	6,19,389,980	(33,834,981)
	Increase withdrawal rate by 0.5%	33,405,771	1,720,286	6,58,399,723	5,174,762
	Decrease withdrawal rate by 0.5%	29,839,313	(1,846,172)	6,47,800,737	(5,424,224)





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

**Purvanchal Vidyut Vitran Nigam Limited (Subsidiary Company)**

I) In respect of Mobilization advance of ₹ 7.14 crore the agreement was terminated in July 2015 on account of Fake Bank Guarantee produced by M/s Bicco Laware Ltd. for 10% mobilization advances amounting to ₹ 0.27 Crore has been made by superintending engineer, electricity distribution Circle-Mau and payment of Bill amounting to ₹ 6.99 Crore has been withheld by superintending engineer, electricity distribution circle-Azamgarh, which is in process of recovery. In the samemanner bills against supply of materials and erection of works are also lying in electricity distribution circle-Basti and siddhartnagar. From above it is clear that mobilization advances paid to M/s Bicco Laware Ltd is not irrecoverable. Hence, the provision of irrecoverable Mobilization advance is not made in the accounts of PuVVNL Varanasi.

**Pashchimanchal Vidyut Vitran Nigam Limited (Subsidiary Company)**

I) The Company has large nos. of Stock items located at various divisions/sub-divisions/store centre etc. To establish the realizable value, as such, is practically very difficult. Same has been valued at cost. The difference of cost and realization value in overall position will be insignificant.

II) Management estimates that the provision for Bank charges has not been made in current financial year, since the sufficient provision already exists.

III) Management estimates that the provision for Advance to Suppliers(Capital) has not been made since the sufficient provision already exists.

IV) Capitalisation of Interest on borrowed fund utilized during construction stage of Property, Plant & Equipment (i.e. Capital Assets) has been done by identifying the Schemes/Assets and the funds used for the purpose to the extent established.

V) IND AS-38: Intangible Assets consists Bay that is constructed by TRANSCO under Deposit Works at their substations. For transmission of power from 132 KVA substation to 33/11 KVA substation of Discoms. The Discom is bearing expenditure of construction of Bay and obtain exclusive right for use of such assets. The same is amortized according to its useful life i.e 25 years.

VI) Prior Period errors and omissions have been corrected retrospectively by restating the comparative amount for the Prior Period presented in which error or omissions are occurred. If the error or omission occurred before the earlier period presented, the balances of Other Equity for the earliest period are restated. Prior Period expenditures





of ₹927.96 lacs relating to FY 2014-15 and ₹ (453.18) lacs relating to FY 2015-16 has been adjusted in pursuant of compliance of IND AS. As a result of this EPS of FY 2015-16 has been changed.

VII) The Security deposit collected from the consumers on the basis of 2 month average billing. On overdue of the payment of bills raised, a notice is to be served to the consumers. The company has most of the consumers with capacity to meet their obligations and therefore the risk of default is negligible. Further, management believes that the unimpaired amounts that are passed due are still collectable. Hence, no impairment loss has been recognised during the reporting period in respect of Trade Receivables.

**Sonebhadra Power Generation Company Limited (Subidiary Company)**

I) As per Guidelines issued by Ministry of Power, Govt. of India for the implementation/development of project, the Company initiated the preparatory activities such as process of land acquisition, arrangement for coal linkage, arrangement of water resources and environmental clearance etc. The Company reviewed the progress of the project work and observed the following facts:-

- Ministry of Coal, Gol did not communicate about allotment of coal to the project, though the application was submitted in July 2009 and too much time had elapsed since then.
- Due to practical problems and resistance from land owners there was no considerable progress in the land acquisition.
- Ministry of Environment and Forest, Gol, finding Singauralli region (which is adjoining to project area) as critically polluted declared moratorium on establishing new projects in this area.
- The concerned department did not communicate regarding allocation of water to the project.

II) Board of Directors took cognizance of the facts narrated in note- 3 above and decided to abandon/close the Project with dissolution of the company and directed to present the case before the Energy Task Force, Govt. of U.P. for its approval in its meeting dated 07-10-2013.

III) The Energy Task Force, Govt. of U.P. also recommended for abandoning the Project with dissolution of M/s Sonebhadra Power Generation Company Ltd. and further directed to get this decision approved by the Hon'ble Cabinet, Govt. of UP. The Govt. of UP vide its letter no. 432/24-ऊनिनि०१०/१८-२०(प्रकोष्ठ) 14 dated 02.July.2018 conveyed its decision to dissolve M/s Sonebhadra Power Generation Company Ltd. and abandon Dopaha Thermal Power Project at Duddhi Tehshil of district Sonebhadra under case-2 bidding guidelines.

*[Handwritten signatures]*





In view of the above, there is no probability that the Company shall carry out any business in future, hence treatment to various items in the balance sheet has been given accordingly.

**Yamuna Power Generation Company Limited (Associate)**

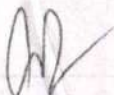
I) Due to non availability of required land and uncertainty of allocation of fuel (coal/gas) for the project, ultimately lead Energy Task Force (ETF) Govt of UP, come to conclusion to abandon the project in its meeting dated 07-05-2012 and on recommendation of said Task Force, Govt. of UP took the decision to abandon the project and wind up the Company and conveyed its decision on 05-05-2015.

In view of the above, there is no probability that the Company shall carry out any business in future; hence treatment to various items in the balance sheet has been given accordingly.

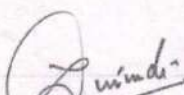
II) The Annual Accounts of F.Y. 2010-2011, 2011-2012, 2012-2013, 2013-14, 2014-15 & 2015-16 have yet to be approved by members in Annual General Meeting.



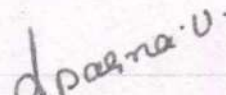
(Pradeep Soni)  
Company Secretary  
(Part Time)



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



(Sudhanshu Dwivedi)  
Director (Finance)  
DIN - 6533235



(Aparna U)  
Managing Director  
DIN - 6523278

Place : Lucknow  
Date :

08 DEC 2018

Subject to our report of even date

For Gaur & Associates  
Chartered Accountants

FRN No. 005354C



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



## U.P. POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN: U32201UP1999SGC024928

## CONSOLIDATED FINANCIAL STATEMENT

## Form AOC-1

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

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures as at 31st March 2017

## Part A:- Subsidiaries

(\* in Lakhs)

1 Sl. No.	1	2	3	4	5	6	7
2 Name of the subsidiary	MVVNL, Lucknow	PurVVNL, Varanasi	PVVNL, Meerut	DVVNL, Agra	KESCO, Kanpur	Sonebhadra PGCL	Southern UPPTCL
3 The date since when subsidiary was acquired	12.08.2003	12.08.2003	12.08.2003	12.08.2003	15.01.2000	14.02.2007	08.08.2013
4 Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	N/A	N/A	N/A	N/A	N/A	N/A	N/A
5 Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6 Share capital	726608.83	1154040.16	888214.33	500231.19	16314.74	6.65	5.00
7 Reserves and surplus	(817045.73)	(1173379.88)	(793414.30)	(1457535.03)	(195697.15)	(619.30)	(158.13)
8 Total assets	2368482.01	3028444.24	1993927.42	2279220.69	323680.70	0.46	92.32
9 Total Liabilities	2458918.91	3047783.96	1899127.39	3236524.53	503063.11	613.11	245.45
10 Investments	-	-	-	-	-	-	-
11 Turnover	798060.31	932018.78	1316110.12	773174.94	233062.27	-	-
12 Profit/(Loss) before taxation	(72279.56)	(86687.64)	(46800.13)	(144348.34)	31955.06	(0.63)	(0.72)
13 Provision for taxation	-	-	-	-	-	-	-
14 Profit/(Loss) after taxation	(72279.56)	(86687.64)	(46800.13)	(144348.34)	31955.06	(0.63)	(0.72)
15 Proposed Dividend	-	-	-	-	-	-	-
16 Extent of shareholding (in percentage)	100%	100%	100%	100%	100%	100%	100%

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





**U.P. POWER CORPORATION LIMITED**

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN: U32201UP1999SGC024928

**CONSOLIDATED FINANCIAL STATEMENT**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint VenturesStatement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures  
as at 31st March 2017**Part B:- Associates and Joint Ventures***(₹ in Lakhs)*

Name of Associates or Joint Ventures	Yamuna Power Generation Company Ltd.
1. Latest audited Balance Sheet Date	31.03.2017
2. Date on which the Associate or Joint Venture was associated or acquired	20.04.2010
3. Shares of Associate or Joint Ventures held by the company on the year end	
No.	12500
Amount of Investment in Associates or Joint Venture	1.25
Extent of Holding (in percentage)	25%
4. Description of how there is significant influence	NA
5. Reason why the associate/joint venture is not consolidated	NA
6. Networth attributable to shareholding as per latest audited Balance Sheet	(61.63)
7. Profit or Loss for the year	
i. Considered in Consolidation	(0.84)
ii. Not Considered in Consolidation	NA





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

**PROPERTY, PLANT & EQUIPMENT**

NOTE-2  
(₹ in Lakhs)

Particulars	Gross Block				Depreciation				Net Block	
	As at 31.03.2016	Addition	Adjustment/ Deletion	As at 31.03.2017	As at 31.03.2016	Addition	Adjustment/ Deletion	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
Land & Land Rights	1073.17	0.02	0.43	1072.76	86.03	-	46.14	39.89	1032.87	987.14
Buildings	71572.66	11547.29	-	83119.95	25577.11	1443.18	2747.71	24272.58	58847.37	45995.55
Plant & Pipe Lines	94.98	-	-	94.98	70.91	2.58	-	73.49	21.49	24.07
Other Civil Works	4070.53	4.94	-	4075.47	2430.67	79.92	-	2510.59	1564.88	1639.86
Plant & Machinery	1136681.71	495619.28	251030.50	1381270.49	82511.41	60417.07	36937.74	105990.74	1275279.75	1054170.30
Lines, Cable Networks etc.	1781487.93	288590.93	10377.36	2059701.50	642737.47	69094.25	34926.04	676905.68	1382795.82	1138750.46
Vehicles	1693.91	54.11	21.95	1776.07	1260.26	59.82	64.43	1255.65	470.42	433.65
Furniture & Fixtures	3017.71	403.52	1.04	3420.19	1131.71	182.28	27.08	1286.91	2133.28	1886.00
Office Equipments	14351.34	893.46	0.50	15244.30	6402.39	1476.93	75.30	7804.02	7440.29	7948.95
<b>Total</b>	<b>3014043.94</b>	<b>797113.55</b>	<b>261431.78</b>	<b>3549725.71</b>	<b>762207.96</b>	<b>132756.03</b>	<b>74824.44</b>	<b>820139.55</b>	<b>2729586.17</b>	<b>2251835.98</b>

Particulars	Gross Block				Depreciation				Net Block	
	As at 01.04.2015	Addition	Adjustment/ Deletion	As at 31.03.2016	As at 01.04.2015	Addition	Adjustment/ Deletion	As at 31.03.2016	As at 31.03.2016	As at 01.04.2015
Land & Land Rights	1073.17	-	-	1073.17	85.50	0.00	(0.53)	86.03	987.14	987.67
Buildings	58967.74	12607.16	2.25	71572.66	21701.77	1166.53	(2708.81)	25577.11	45995.55	37265.96
Plant & Pipe Lines	94.98	-	-	94.98	68.33	2.58	-	70.91	24.07	26.65
Other Civil Works	4070.53	-	-	4070.53	2343.64	87.03	-	2430.67	1639.86	1726.89
Plant & Machinery	966079.32	463997.24	293394.85	1136681.71	111943.21	51199.44	80631.24	82511.41	1054170.30	854136.11
Lines, Cable Networks etc.	1531992.45	327335.90	77840.42	1781487.93	567519.86	59460.14	(15757.47)	642737.47	1138750.46	964472.59
Vehicles	1627.82	74.61	8.52	1693.91	1214.86	(297.76)	(343.15)	1260.26	433.65	412.97
Furniture & Fixtures	2810.44	240.08	32.81	3017.71	969.06	171.83	9.19	1131.71	1886.00	1841.38
Office Equipments	13904.51	847.46	400.63	14351.34	4912.06	1429.23	(61.10)	6402.39	7948.95	8992.45
<b>Total</b>	<b>2580620.96</b>	<b>805102.45</b>	<b>371679.48</b>	<b>3014043.94</b>	<b>710758.29</b>	<b>113219.02</b>	<b>61769.37</b>	<b>762207.96</b>	<b>2251835.98</b>	<b>1869862.67</b>





**U.P. POWER CORPORATION LIMITED**

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN: U32201UP1999SGC024928

**CONSOLIDATED FINANCIAL STATEMENT  
CAPITAL WORKS IN PROGRESS**

Note-3

(₹ in Lakhs)

Particulars	As at 01.04.2016	Additions	Deductions/ Adjustments	Capitalised During the Year	As at 31.03.2017
Capital Work in Progress	353201.27	923087.21	(16932.75)	(797147.88)	462207.85
PPE Adjustment of C.W.P	39.38	-	(39.38)	-	-
	<b>353240.65</b>	<b>923087.21</b>	<b>(16972.13)</b>	<b>(797147.88)</b>	<b>462207.85</b>

Particulars	As at 01.04.2015	Additions	Deductions/ Adjustments	Capitalised During the Year	As at 31.03.2016
Capital Work in Progress	138661.04	1019989.17	(346.49)	(805102.45)	353201.27
PPE Adjustment of C.W.P	37.65	1.73	-	-	39.38
	<b>138698.69</b>	<b>1019990.90</b>	<b>(346.49)</b>	<b>(805102.45)</b>	<b>353240.65</b>





**U.P. POWER CORPORATION LIMITED**

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN: U32201UP1999SGC024928

**CONSOLIDATED FINANCIAL STATEMENT**

Note-4

**ASSETS NOT IN POSSESSION**

(₹ in Lakhs)

Particulars	As At 31.03.2017	As At 31.03.2016	As At 01.04.2015
Lines, Cable Networks etc.	8852.25	7088.16	5395.02
<b>Total</b>	<b>8852.25</b>	<b>7088.16</b>	<b>5395.02</b>

Note-5

**INTANGIBLE ASSETS**

(₹ in Lakhs)

Particulars	As At 31.03.2017	As At 31.03.2016	As At 01.04.2015
Intangible Assets	33.26	-	-
<b>Total</b>	<b>33.26</b>	<b>-</b>	<b>-</b>

Note-6

**FINANCIAL ASSETS - INVESTMENTS (NON-CURRENT)**

(₹ in Lakhs)

Particulars	As At 31.03.2017	As At 31.03.2016	As At 01.04.2015
UPPTCL-Investment in Share Capital	221333.52	221333.52	221333.52
Share Application Money	18072.31	18072.31	18072.31
Provision for Impairment	(21386.46)	218019.37	(24223.56)
		215182.27	(10763.08)
			228642.75
Jawaharpur PGCL	-	-	5.00
Provision for Impairment	-	-	-
			5.00
Yamuna PGCL	1.25	1.25	1.25
Provision for Impairment	(1.25)	(1.25)	-
			1.25
<b>Other Investments-</b>			
(a) 7.75% PFC Bonds	10000.00	-	-
(b) 7.59% HUDCO Bonds	4900.00	14900.00	-
<b>Total</b>	<b>232919.37</b>	<b>215182.27</b>	<b>228649.00</b>

Note-7

**FINANCIAL ASSETS - LOANS (NON-CURRENT)**

(₹ in Lakhs)

Particulars	As At 31.03.2017	As At 31.03.2016	As At 01.04.2015
Capital Advances			
NPCL LOAN	568.43	568.43	568.43
Interest Accrued and Due	8051.84	6931.76	5957.21
Provision for B/D Loan & Interest	(8620.27)	(7500.19)	(6525.64)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>





**U.P. POWER CORPORATION LIMITED**

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN: U32201UP1999SGC024928

**CONSOLIDATED FINANCIAL STATEMENT**

Note-8

**FINANCIAL ASSETS - OTHERS (NON-CURRENT)**

(₹ in Lakhs)

Particulars	As At 31.03.2017	As At 31.03.2016	As At 01.04.2015
Advances to Capital Suppliers / Contractors	618644.44	490735.95	341328.40
Provision for Doubtful Advances	(118.77)	(102.69)	(102.69)
UPPTCL			
Receivable	70.00	70.00	70.00
Payable	(25.67)	(25.67)	(25.67)
<b>Total</b>	<b>618570.00</b>	<b>490677.59</b>	<b>341270.04</b>

Note-9

**INVENTORIES**

(₹ in Lakhs)

Particulars	As At 31.03.2017	As At 31.03.2016	As At 01.04.2015
<b>(a) Stores and Spares</b>			
Stock of Materials - Capital Works	201083.83	203931.30	168349.92
Stock of Materials - O&M	43187.37	50661.27	47153.67
<b>(b) Others</b>			
B	276699.83	282693.46	240197.43
Provision for Unserviceable Stores	(23930.36)	(22909.79)	(21204.31)
<b>Total</b>	<b>252769.47</b>	<b>259783.67</b>	<b>218993.12</b>





**U.P. POWER CORPORATION LIMITED**

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN: U32201UP1999SGC024928

**CONSOLIDATED FINANCIAL STATEMENT**

Note-10

**FINANCIAL ASSETS - TRADE RECEIVABLES (CURRENT)**

(₹ in Lakhs)

Particulars	As At 31.03.2017	As At 31.03.2016	As At 01.04.2015
Sundry Debtors	52297.94	52997.49	54676.43
<b>Debt outstanding for a period exceeding six month from the date they are due for payment</b>			
Secured & Considered goods	324851.23	328362.42	258023.36
Unsecured & considered good	3678818.10	2986279.57	2123618.63
Considered doubtful	582403.95	496427.17	454715.97
	4586073.28	3811069.16	2836357.96
<b>Other Debts</b>			
Secured & considered good	39285.55	2536.09	38051.57
Unsecured & considered good	634776.90	330721.98	296822.43
Considered doubtful	64126.05	29238.48	23270.52
	738188.50	362496.55	358144.52
<b>Sub Total</b>	<b>5376559.72</b>	<b>4226563.20</b>	<b>3249178.91</b>
Allowance for Bad & Doubtful Debts	(672940.12)	(613045.47)	(566362.60)
Allowance for Bad & Doubtful Debts	(113835.58)	(76289.13)	(93774.21)
Allowance for Bad & Doubtful Debts	0.00	(62048.21)	(62048.21)
Advance received from Consumers	(786775.70)	(751382.81)	(722185.02)
	(335.44)	(239.33)	0.00
<b>Sub Total</b>	<b>(787111.14)</b>	<b>(751622.14)</b>	<b>(722185.02)</b>
<b>Total</b>	<b>4589448.58</b>	<b>3474941.06</b>	<b>2526993.89</b>

Note-11-A

**FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS (CURRENT)**

(₹ in Lakhs)

Particulars	As At 31.03.2017	As At 31.03.2016	As At 01.04.2015
<b>(a) Balance with Banks</b>			
In Current & Other Account	603140.06	453570.99	323482.01
PPE Adjustment of in Current & Other account	-	-	(0.27)
Dep. with original maturity upto 3 months	23818.03	6312.30	34537.60
	626958.09	459883.29	358019.34
<b>(b) Cash in Hand</b>			
Cash in Hand (Including Stamps in Hands)	26318.66	49048.04	111668.15
Cheque/Drafts in Hand	1260.78	1624.25	6312.02
Cash imprest with Staff	1220.08	1477.92	1508.65
	28799.52	52150.21	119488.82
<b>Total</b>	<b>655757.61</b>	<b>512033.50</b>	<b>477508.16</b>

Note-11-B

**FINANCIAL ASSETS - BANK BALANCES  
OTHER THAN ABOVE (CURRENT)**

(₹ in Lakhs)

Particulars	As At 31.03.2017	As At 31.03.2016	As At 01.04.2015
Deposit with original maturity of more than 3 months but less than 12 months	51812.31	30232.43	61496.45
<b>Total</b>	<b>51812.31</b>	<b>30232.43</b>	<b>61496.45</b>





## U.P. POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN: U32201UP19995GC024928

## CONSOLIDATED FINANCIAL STATEMENT

Note-12

## FINANCIAL ASSETS - OTHERS (CURRENT)

(₹ in Lakhs)

Particulars	As At 31.03.2017	As At 31.03.2016	As At 01.04.2015
<b>Receivables (unsecured)</b>			
Uttar Pradesh Government	132955.03	104198.57	103790.66
Claims receivable from GoUP against Bunkar Arrears	0.00	0.00	0.00
Uttar Pradesh jal Vidyut Nigam	0.00	0.00	0.00
	132955.03	104198.57	103790.66
<b>Uttaranchal PCL</b>			
Receivable	19262.27	19262.27	19262.27
Payable	(16.70)	(16.70)	(16.70)
	19245.57	19245.57	19245.57
<b>UPRVUNL</b>			
Receivable	328.30	221.34	570.84
Payable	(64.93)	(64.93)	(46.93)
	263.37	156.41	523.91
<b>UPPTCL</b>			
Receivable	40276.00	29028.45	25886.03
Payable	(269.59)	(269.34)	(265.99)
	40006.41	28759.11	25620.04
<b>Employees (Receivables)</b>	25359.33	24469.02	21453.39
Provision for Doubtful receivables from Employees	(835.22)	(4284.22)	(15819.46)
	24524.11	20184.80	5633.93
<b>Others</b>	88333.81	106293.50	84493.21
Prov. For Doubtful Receivables	(18983.98)	(13365.65)	0.00
PPE Adjustment of Others	0.00	820.58	(4.85)
	69349.83	93748.43	84488.36
<b>Theft of Fixed Assets Pending Investigation</b>	13022.13	12131.08	11083.31
Prov. For estimated Losses	(13022.13)	(11832.36)	(10784.59)
Advance tax and tax deducted at source	-	-	-
UP Jawaharpur Vidyut Utpadan Nigam Ltd.	-	-	-
Advance Income Tax	-	-	-
Income Tax Deducted at Source (Income from Investments)	-	-	-
Income Tax Deducted at Source-Other Receipts	-	-	-
<b>Total</b>	<b>286344.32</b>	<b>266591.61</b>	<b>239601.19</b>





## U.P. POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN: U32201UP1999SGC024928

## CONSOLIDATED FINANCIAL STATEMENT

Note-13

## OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As At 31.03.2017	As At 31.03.2016	As At 01.04.2015
<b>Advances (Unsecured/Considered Good)</b>			
Suppliers/Contractors	14972.57	13423.94	10739.00
Provision for Doubtful Advances	(1283.57)	13689.00	(1275.16)
Tax Deducted at source		2839.12	2622.74
TDS- Other Receipts		56.02	56.02
Advance Income Tax		14.16	14.16
Fringe Benefit Tax Advance Tax	52.78		58.87
Provision	(41.03)	11.75	(41.03)
<b>Advances to Staff</b>			
Unsecured Considered Good	117.29		116.09
Unsecured Considered Doubtful	36.92		38.88
Provision for Doubtful Loans & Advances	(36.92)	117.29	(38.88)
<b>Advances recoverable in Cash or in kind of value to be received</b>			
Unsecured Considered Good	384.38		520.98
Unsecured Considered Doubtful	312.98		199.88
Provision for Doubtful Loans & Advances	(312.99)	384.37	(199.88)
Other Advances (Unsecured/Considered Good)	0.00		116.71
Provision for Loss in Land acquisition process	0.00	0.00	(116.71)
Advance paid to State Govt. for freehold title of Land		743.87	743.87
<b>Misc. Recovery</b>			
Unsecured Considered Good	84.50		54.92
Unsecured Considered Doubtful	296.66		299.15
Provision for Doubtful Loans & Advances	(296.66)	84.50	(299.15)
Income Accrued & Due		1962.20	2754.75
Income Accrued & but not Due		7717.01	7894.74
Prepaid Expenses		496.52	122.11
Inter Unit Transfers		320944.29	229497.93
<b>Total</b>	<b>349060.10</b>	<b>256564.93</b>	<b>247992.83</b>





## U.P. POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW

CIN: U32201UP1999SGC024928

CONSOLIDATED FINANCIAL STATEMENT

NOTE-14

## EQUITY SHARE CAPITAL

₹ In Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
<b>(A) AUTHORISED :</b>			
90000000 (Previous Years 750000000 & 600000000 respectively) Equity shares of par value of Rs. 1000/- each	9000000.00	7500000.00	6000000.00
<b>(B) ISSUED SUBSCRIBED AND FULLY PAID UP</b>			
728754082 (Previous Years 568629186 & 397510184 respectively) Equity shares of par value Rs. 1000/- each (of the above shares 36113400 were allotted as fully paid up pursuant to UP Power Sector Reform Scheme for consideration other than cash) (It includes 2000 shares of 1000/- each of Promoter's Share of Discom)	7287540.82	5686291.86	3975101.84
<b>Total</b>	<b>7287540.82</b>	<b>5686291.86</b>	<b>3975101.84</b>

- a) During the year, The Company has issued 160124896 Equity Shares of Rs. 1000 each only and has not bought back any shares.  
b) The Company has only one class of equity shares having a par value Rs. 1000/- per share.  
c) During the year ended 31st March 2017, no dividend has been declared by board due to heavy accumulated losses.

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

Shareholder's Name	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	No. of Shares	% of Holdings	No. of Shares	% of Holdings	No. of Shares	% of Holdings
Government of UP	728754082	100	568629186	100	397510184	100

## e) Reconciliation of No. of Shares

No. of Shares as on 01.04.2015	No. of Shares as on 31.03.2016	Issued During the Year	Buy Back during the Year	No. of Shares as on 31.03.2016
397510184	568629186	160124896	-	728754082

NOTE-15

## OTHER EQUITY

₹ In Lakhs)

Particulars	As At 31.03.2017	As At 31.03.2016	As At 01.04.2015
<b>A. Share Application Money (Pending For Allotment)</b>	327715.53	956666.35	1017964.68
<b>B. Capital Reserve</b>			
(i) Consumers Contributions towards Service Line and other charges	638530.38	568839.17	500404.87
(ii) Subsidies towards Cost of Capital Assets	1542881.90	972352.44	55406.23
(iii) APDRP Grant/Other Grants	18945.27	18300.89	6969.94
(iv) Restructuring Reserve	56521.68	56521.68	56521.68
(v) Uday Grant	456855.50	284885.16	-
(vi) Others	19595.12	19595.12	19595.12
<b>C. Surplus in Statement of P&amp;L</b>			
Opening Balance	(13041401.11)	(11232905.70)	(9518890.92)
Impact of IndAS adjustment of retained earnings	-	-	(7111.14)
Add: Depreciation on expired life assets & earlier years	-	-	(2564.62)
Add: Operational Loss Subsidy	-	-	247432.10
Add: Profit(Loss) for the year	(1175336.58)	(1808495.41)	(1528599.84)
Less: Prior Period Expenditure/(Income)	-	-	(23181.28)
	(14216739.69)	(13041401.11)	(11232905.70)
Add: Provision for Impairment of Subsidiaries Reversed	5284848.26	4404936.89	2872940.43
Add: Provision for B/D Interest on Loan to Kesco Reversed	9311.77	9311.77	9311.77
<b>Total</b>	<b>(5861534.28)</b>	<b>(5749991.84)</b>	<b>(6693790.98)</b>





**U.P. POWER CORPORATION LIMITED**

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN: U32201UP1999SGC024928

**CONSOLIDATED FINANCIAL STATEMENT**

Note-16

**FINANCIAL LIABILITIES - BORROWINGS (NON-CURRENT)**

(₹ in Lakhs)

Particulars	As At 31.03.2017	As At 31.03.2016	As At 01.04.2015
<b>(A) SECURED LOANS</b>			
<b>TERM LOANS</b>			
Rural Electrification Corporation Ltd.	162911.01	122730.22	102786.27
Power Finance Corporation Ltd.	31419.05	31419.05	75002.70
APDRP(PFC)	-	-	5121.45
R-APDRP(PFC)	155400.60	116169.78	65803.44
R-APDRP(REC)	116259.68	51092.36	33222.83
REC(Kesco)	15000.00	0.00	5431.18
APDRP(REC)	797.88	1377.96	1958.05
	<u>481788.22</u>	<u>322789.37</u>	<u>289325.92</u>
<b>WORKING CAPITAL LOANS</b>			
(i) Rural Electrification Corporation Ltd.	15000.00	-	-
<b>(B) UNSECURED LOANS</b>			
Bonds	489876.51	-	-
REC	199303.90	101663.49	425289.99
PFC	127701.75	242933.04	514691.81
U.P. State Industrial Development Corporation Ltd.	0.54	0.54	0.64
HUDCO	-	-	32900.54
Housing Development Finance Corporation Ltd.	0.07	0.07	25466.72
	<u>816882.77</u>	<u>344597.14</u>	<u>998349.70</u>
<b>(C) BONDS/ LOANS RELATE TO DISCOMS(Secured)</b>			
9.68% Non Convertible Bonds	640731.50	527012.01	1054024.99
8.97% Rated Listed Bond	223620.00	-	-
8.68% /8.48% Rated Listed Bonds	131960.00	-	-
9.70% Bond/Uday Bond	612936.00	1609247.50	-
	<u>1609247.50</u>	<u>527012.01</u>	<u>1054024.99</u>
<b>(D) Interest free Loans (UDAY LOAN) (Unsecured)</b>	978344.00	608311.76	-
<b>(E) Other than Bank</b>			
REC	82686.38	121861.65	120636.90
PFC	40755.18	25111.77	110178.85
	<u>123441.56</u>	<u>146973.42</u>	<u>230815.75</u>
<b>(F) Commercial Banks</b>			
Total Banks/Allahabad Bank	-	-	1579812.63
Bank of Baroda	-	-	26897.73
Bank of India	-	-	31992.77
Bank of Maharashtra	-	-	19262.28
Canara Bank	-	-	119649.13
Central Bank of India	-	-	133917.56
Corporation Bank	-	-	47381.47
Dena Bank	-	-	28547.97
Federal Bank	-	-	4507.09
Indian Overseas Bank	-	-	38689.48
Karur Vysya Bank	-	-	1670.28
Oriental Bank of Commerce	-	-	78413.93
Punjab & Sindh Bank	-	-	36833.41
Punjab National Bank	-	-	164197.42
South Indian Bank	-	-	8112.66
State Bank of India	-	-	49989.32
Syndicate Bank.	-	-	14047.65
UCO BANK	-	-	61656.42
Union Bank of India	-	-	95717.99
Vijaya Bank	-	-	38527.29
	<u>-</u>	<u>-</u>	<u>2579824.48</u>
<b>Total</b>	<b>4024704.05</b>	<b>1949683.70</b>	<b>5152340.84</b>





**U.P. POWER CORPORATION LIMITED**

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN: U32201UP1999SGC024928

**CONSOLIDATED FINANCIAL STATEMENT**

Note-17

**FINANCIAL LIABILITIES - OTHERS (NON-CURRENT)**

(*₹ in Lakhs*)

Particulars	As At 31.03.2017	As At 31.03.2016	As At 01.04.2015
Security Deposits From Consumers	249725.12	227603.48	208879.52
Interest on Security Deposits from Consumers	43037.39	34691.26	31026.72
Liability/Provision for Leave Encashment	21860.96	15775.52	4634.75
Liability for Gratuity on CPF Employees	3323.75	2578.94	0
Provision VII Pay Commission	11611.10	2088.10	0
<b>Total</b>	<b>329558.32</b>	<b>282737.30</b>	<b>244540.99</b>

Note-18

**FINANCIAL LIABILITIES - BORROWINGS (CURRENT)**

(*₹ in Lakhs*)

Particulars	As At 31.03.2017	As At 31.03.2016	As At 01.04.2015
<b>Secured Loan</b>			
<b>Overdraft from Banks</b>			
<b>(Paripassu charge on Receivables on Corporation)</b>			
State Bank of India	-	3027.73	3036.96
Central Bank of India	10454.43	10472.37	10621.49
Canara Bank	7655.43	9976.01	10042.10
Punjab National Bank	45134.09	2711.61	2999.83
Allahabad Bank	37605.16	36323.23	36889.93
ICICI Bank	0.05	10538.49	10012.10
Indian Overseas Bank	-	116.29	10116.78
Oriental Bank of Commerce	-	12077.37	12499.36
Bank of India	-	4315.21	4931.81
Karur Vysaya Bank	-	7476.82	7576.99
Rural Electrification Corporation	15000.00	-	-
	115849.16	97035.13	108727.35
<b>NOIDA Loan</b>	15000.00	20000.00	25000.00
<b>Total</b>	<b>130849.16</b>	<b>117035.13</b>	<b>133727.35</b>

Note-19

**FINANCIAL LIABILITIES - TRADE PAYABLE (CURRENT)**

(*₹ in Lakhs*)

Particulars	As At 31.03.2017	As At 31.03.2016	As At 01.04.2015
Liability for Purchase of Power	1733291.01	1778878.36	1652151.62
Liability for Wheeling charges	432732.51	464096.05	368705.32
UHBVN Ltd.	31.14	-	-
PPE Adjustment for purchase of power	-	15694.97	3213.61
	2166054.66	2258669.38	2024070.55
<b>Total</b>	<b>2166054.66</b>	<b>2258669.38</b>	<b>2024070.55</b>





**U.P. POWER CORPORATION LIMITED**

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW

CIN: U32201UP1999SGC024928

**CONSOLIDATED FINANCIAL STATEMENT**

Note-20

**OTHER FINANCIAL LIABILITIES(CURRENT)**

(₹ in Lakhs)

Particulars	As At 31.03.2017	As At 31.03.2016	As At 01.04.2015
Interest accrued & due (Loans through PCL)	-	21293.33	60056.03
Interest accrued & due on borrowings	6435.79	6524.55	3867.98
Current Maturity of Long Term Borrowings (Other)	18249.02	442600.21	67171.30
Current Maturity of Long Term Borrowings through UPPCL	102827.54	1507796.55	188430.03
Liability for Capital Supplies/works	648288.03	496457.24	348522.61
Liability for O&M Supplies/works	57470.34	47672.22	38928.70
PPE Adjustment of Liability For O&M Supplies/works	0.00	(146.36)	(146.36)
Deposits & Retentions from Suppliers & others	260306.66	159676.13	78097.22
Electricity Duty & other levies payable to govt.	580842.60	467140.80	324835.83
Deposit for Electrification works	75882.88	66562.27	57680.99
Deposit Works	2219.70	3291.47	2279.90
Liabilities towards UPPCL CPF Trust	1022.25	858.78	322.93
Liabilities for Gratuity on CPF Employees	46.29	41.71	0.00
Liability for Leave Encashment	1802.33	2181.71	494.25
Interest Accrued but not Due on Borrowings	49404.50	53076.63	76413.33
Staff related Liabilities	142486.89	127359.98	110994.07
Sundry Liabilities	62119.66	38357.86	59822.74
PPE Adjustment	-	0.65	(48.05)
<b>Payable to UPJVNL</b>			
Payable	8851.97	8879.86	3842.59
Receivable	(1.53)	(13.78)	(13.78)
Liabilities for Expenses	13958.76	11982.96	8421.75
PPE Adjustment	-	8.27	6.73
<b>Liabilities towards UP Power Sector Employees Trust</b>			
Provident Fund	91729.77	80625.15	68318.97
Provision for Interest on GPF Liability	4809.40	3808.72	0.00
Pension & Gratuity Liability	30003.52	27704.51	22165.75
Amount Payables to Parties	1.71	1.71	1.71
Provision VII Pay Commission	1428.48	-	-
Payable to JVUNL	0.04	0.04	0.04
Payable to M/s Jain Kapoor & Co.	-	-	0.04
VAT Payable	-	-	0.95
<b>Total</b>	<b>2160186.60</b>	<b>3573743.17</b>	<b>1520468.25</b>

Note-21

**PROVISIONS (CURRENT)**

(₹ in Lakhs)

Particulars	As At 31.03.2017	As At 31.03.2016	As At 01.04.2015
Provision for Liabilities/Payments	0.17	0.38	0.33
Payment for Audit Expenses	0.35	0.85	0.69
Legal & Professional Charges	1.44	1.56	1.04
Provision for Income Tax	-	0.16	0.16
<b>Total</b>	<b>1.96</b>	<b>2.95</b>	<b>2.22</b>

*(Handwritten signatures and initials)*





## U.P. POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN: U32201UP1999SGC024928

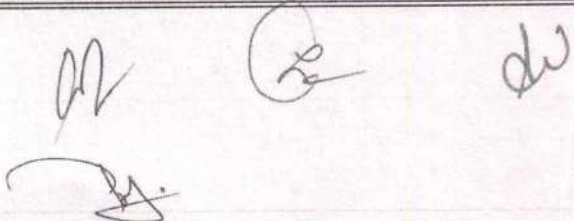
### CONSOLIDATED FINANCIAL STATEMENT

Note-22

#### REVENUE FROM OPERATIONS (GROSS)

(₹ in Lakhs)

Particulars	As At 31.03.2017	As At 31.03.2016	
<b>Supply in Bulk</b>	79983.20	83667.27	
Torrent Power Ltd.			
<b>Large Supply Consumer</b>			
Industrial	982659.79	895069.37	
Traction	67824.99	55128.51	
Irrigation	41669.40	53402.86	
Public Water Works	108464.58	89464.54	1093065.28
<b>Small &amp; Other Consumers</b>			
Domestic	1330680.24	1130325.04	
Commercial	569256.15	490212.51	
Industrial Low & Medium Voltage	334646.38	305402.54	
Public Lighting	75674.83	59616.66	
STW & Pump Canals	141718.14	119194.60	
PTW & Sewage Pumping	124065.39	123209.57	
Institution	32384.19	15249.85	
Railway	6988.24	5812.24	
Assessment against Theft	3413.25	2954.04	
Regulatory Surcharge	43319.69	68186.94	
Miscellaneous Charges form Consumers	117666.32	107173.88	
Others (Unbilled)	-	5961.55	
Electricity Duty	(13652.87)	(12791.31)	2420508.11
<b>Other Operating Revenue</b>			
Delayed Payment charges from Consumers	1103.73	1238.01	
Other recoveries form consumers	72.80	41.95	
Sale of Scrap	323.58	76.42	
Penalty from Contractor	134.19	88.11	
Extra State Consumer	4030.21	3705.14	5149.63
<b>Total</b>	<b>4052426.42</b>	<b>3602390.29</b>	







**U.P. POWER CORPORATION LIMITED**

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CIN: U32201UP1999SGC024928

**CONSOLIDATED FINANCIAL STATEMENT**

Note-23

**OTHER INCOME***(₹ in Lakhs)*

Particulars	As At 31.03.2017	As At 31.03.2016
<b>From U.P. Govt.</b>		
RE Subsidy from Govt. of U.P.	20406.00	20777.00
Revenue Subsidy from Govt. of U.P.	587100.96	593550.34
Subsidy for Operational Losses	21476.30	250908.00
Subsidy for Payment of Interest on Loan	2162.96	2101.81
Subsidy Against Loan/Interest	25009.25	25513.57
Subsidy against Compounding Charges	7464.00	0.00
Cross Subsidy	353.61	0.00
Subsidy from Govt.	5137.39	17878.50
Subsidy against UDAY/Govt. Guarantee Loan	4603.95	14143.77
	673714.42	924872.99
<b><u>(a) Interest from :</u></b>		
Loans to Staff	1.11	2.56
Loans to NPCL (licencee)	1120.09	974.55
Fixed Deposits	6450.93	6424.48
PPE Adjustment of Interest	-	0.59
Advance to Contractors	87.02	490.12
Banks (Other than on Fixed Deposits)	902.31	1.13
Others	24528.93	33090.39
	33090.39	22587.74
	33090.39	30481.17
<b><u>(b) Other non operating income</u></b>		
Delayed Payment Charges	107914.15	155449.28
Income from Contractors/Suppliers	4612.71	8323.45
Profit on Sale of Stores	-	0.01
Rental from Staff	83.88	102.17
PPE Adjustment Rental from Staff	-	(21.26)
Miscellaneous Income/ Receipts	3887.29	2926.61
PPE Adjustment exam fee	-	814.89
PPE Adjustment Misc. Receipt	-	0.07
Excess found on Verification of Stores	2.42	18.55
Sale of Tender Forms	23.87	116524.32
	23.87	18.64
	116524.32	167632.41
<b>Total</b>	<b>823329.13</b>	<b>1122986.57</b>





## U.P. POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN: U32201UP1999SGC024928

### CONSOLIDATED FINANCIAL STATEMENT

Note-24

#### PURCHASE OF POWER

(₹ in Lakhs)

Particulars	As At 31.03.2017	As At 31.03.2016
Transmission Charges	166369.06	162578.82
UHBVN Ltd.	41.14	-
	166410.20	162578.82
<b>Power Purchase from:</b>		
NTPC	845435.30	831553.76
Power Trading Corporation Ltd.	172088.70	138504.98
NPCIL	70974.17	79467.90
UPRVUNL	1128531.13	940367.28
Satlaj JVNL	52276.26	51838.96
NHPC	132417.65	132984.95
UPJVNL	6254.71	6149.73
Adani Exports	274.08	2966.02
NTPC (VVNL)	39761.84	38501.11
Tata Power Trading Co. Ltd.	9273.79	2511.26
THDC	89110.43	83957.04
Vishnu Prayag	38486.29	37589.70
Rosa Power Co. Ltd.	245457.64	366208.04
Arawali Power Co. Pvt. Ltd.	14021.51	18762.95
Power Purchased through Energy Exchange	24417.51	9938.15
Bajaj Energy Pvt. Ltd.	137743.02	141071.52
Lanco Anpara Power Ltd.	172937.82	234846.85
SASAN (UMPP)	57332.45	54549.14
GMR Energy Pvt. Ltd.	3306.02	2026.12
Lalitpur Power Projects	186527.25	17580.46
	3426627.57	3191375.92
<b>Co-Generating Units</b>	532757.18	279488.45
<b>Surcharge</b>	57982.74	50029.83
Unsheduled Interchange & Reactive Energy Charges	20812.99	30064.98
PPE adjustment of Purchase of Power	-	12526.90
<b>Inter-state Transmission &amp; Related Charges to:</b>		
Power Grid Corporation Ltd.	218740.44	180565.02
Power System Operation Corp.	516.57	581.41
WUPPTCL	5189.97	-
	224446.98	181146.43
<b>Sub Total</b>	<b>4429037.66</b>	<b>3907211.33</b>
<b>Rebate against Power Purchase</b>	(11449.69)	(12171.30)
<b>Total</b>	<b>4417587.97</b>	<b>3895040.03</b>





**U.P. POWER CORPORATION LIMITED**

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**CONSOLIDATED FINANCIAL STATEMENT**

Note-25

**EMPLOYEE BENEFIT EXPENSES**

(*₹ in Lakhs*)

Particulars	As At 31.03.2017	As At 31.03.2016
Salaries & Allowances	97778.43	72400.96
Dearness Allowance	73905.74	68191.52
Other Allowances	6377.32	5863.24
Bonus/Ex.Gratia	953.48	715.17
Medical Expenses (Reimbursement)	4302.07	5126.00
Leave Travel Assistance	0.55	0.76
Earned Leave Encashment	9989.27	26192.59
Compensation	87.65	99.36
Staff Welfare Expenses	470.13	1476.41
Pension & Gratuity	16154.96	22294.84
Other Comprehensive income of Gratuity	44.73	-
Other Terminal Benefits	3889.95	3553.70
Interest on GPF	3623.17	3377.87
Gratuity (CPF)	1160.12	3728.69
Other Terminal Benefit (CPF)	1408.35	1083.00
Expenditure on Trust	104.71	164.82
Contributions to provident and other funds	1646.63	1558.94
<b>Sub Total</b>	<b>221897.26</b>	<b>215827.87</b>
Expense Capitalised	(86197.77)	(101988.32)
PPE Adjustment of Expenses Capitalised	-	(1.73)
<b>Total</b>	<b>135699.49</b>	<b>113837.82</b>

Note-26

**FINANCE COST**

(*₹ in Lakhs*)

Particulars	As At 31.03.2017	As At 31.03.2016
<b>(a) Interest on Loans</b>		
Working Capital	3426.96	6297.70
Interest expenses on Borrowings	10416.61	28549.50
Less- Rebate of Timely Payment of Interest	-	(9.19)
	13843.57	34838.01
<b>(b) other borrowing costs</b>		
Finance Charges/Cost of Raising Fund	7732.89	5460.09
Bank Charges	577.11	1125.22
PPE Adjustment of Bank Charges	-	(0.02)
Guarantee Charges	-	62.35
	8310.00	6647.64
<b>(c) Interest on Loans</b>		
Interest on Bonds	30185.74	-
PFC	28516.23	87504.32
R-APDRP	6238.38	2966.77
APDRP	-	603.17
HUDCO	(431.69)	8143.68
REC	42446.44	128183.28
Bank Loan	17968.17	330395.82
Bonds	22594.69	-
Interest on GPF	2365.91	-
Interest on CPF	1.00	-
Interest to Consumers	30851.87	17678.53
Provision of Int. on ED/Licence Fee/GPF	13241.40	11462.06
Interest on Secured Loan	15988.01	19538.25
<b>Sub-Total</b>	<b>209966.15</b>	<b>19538.25</b>
Interest Capitalised	(28778.09)	(14093.56)
<b>Total</b>	<b>203341.63</b>	<b>633867.97</b>



**U.P. POWER CORPORATION LIMITED**

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CIN: U32201UP1999SGC024928

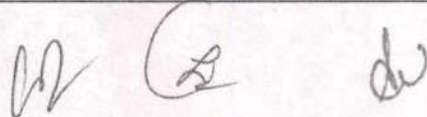
**CONSOLIDATED FINANCIAL STATEMENT**

Note-27

**DEPRECIATION AND AMORTIZATION EXPENSE**

*(₹ in Lakhs)*

Particulars	As At 31.03.2017	As At 31.03.2016
<b><u>Depreciation on -</u></b>		
Buildings	1459.69	1132.20
Hydraulic Work	10.95	2.73
Other Civil Works	99.87	80.71
Plant & Machinery	80532.37	43845.05
Lines Cables Networks etc.	49002.57	56709.68
Vehicles	60.37	58.55
Furnitures & Fixtures	182.24	162.19
Office Equipments	1478.59	1353.87
Computer & Communication	-	66.81
Intangible Assets	1.06	-
Equivalent amount of dep. on assets aquired out of the consumer's contribution & GoUP subsidy	132827.71	103411.79
Prior Reriod Expenses Adjustment	(47084.13)	(24914.53)
Capital Expenditure Assets not pertains to Corporation/Nigam	299.76	(9339.35)
	223.92	
<b>Total</b>	<b>86043.34</b>	<b>69381.83</b>










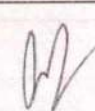
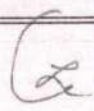

**U.P. POWER CORPORATION LIMITED**

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN: U32201UP1999SGC024928

**CONSOLIDATED FINANCIAL STATEMENT****Note-28****ADMINISTRATIVE, GENERAL & OTHER EXPENSES***(₹ in Lakhs)*

Particulars	As At 31.03.2017	As At 31.03.2016
Interest Expense on Electricity duty	4145.42	4052.99
Rent	280.95	236.53
Lease Rent on leasehold land to UPPCL	-	0.12
Rates & Taxes	434.37	429.87
Insurance	244.97	235.04
Communication Charges	1574.70	1333.39
Legal Charges	1409.73	1235.87
Auditors Remuneration & Expenses	146.67	112.35
Internal Audit	0.10	0.10
Consultancy Charges	8727.37	2032.36
Licence Fees	918.05	769.86
Technical Fees & Professional Charges	942.51	336.34
Travelling & Conveyance	3741.11	2261.29
Printing & Stationary	1824.59	1569.75
Advertisement Expenses	1180.70	1225.86
PPE Adjustment of Advertisement expenses	-	(30.83)
Electricity Charges	46769.68	35146.43
Water Charges	36.83	9.77
Entertainment	6.97	5.61
Expenditure on Trust	97.93	71.81
Miscellaneous Expenses	7037.07	7127.90
PPE Adjustment of Miscellaneous Expenses	-	3.10
Expenses incurred for Revenue Realisation	2633.08	1195.02
Compensation	264.81	268.28
Compensation(Other than Staff)	600.25	380.85
Fees & Subscription	478.36	395.37
Online, Spot Billing & Camp Charges	6797.70	4394.29
Security charges	1116.55	1119.44
Rebate to consumer	467.87	147.38
Payment to Contractual Persons	6343.44	3913.99
Honariams	382.84	376.17
Professional Charges	97.95	150.14
Interest on Late payment of TDS/VAT	0.72	0.20
Revenue Expenses	7660.15	10317.48
<b>Total</b>	<b>106363.45</b>	<b>80824.12</b>





**U.P. POWER CORPORATION LIMITED**

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**CONSOLIDATED FINANCIAL STATEMENT**

Note-29

**REPAIRS AND MAINTENANCE**

(₹ in Lakhs)

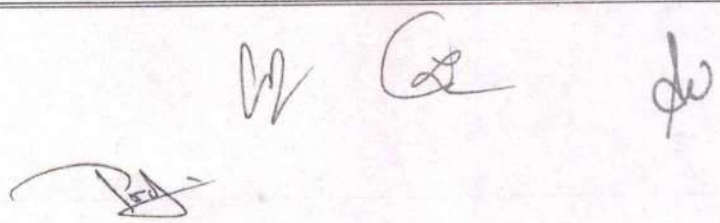
Particulars	As At 31.03.2017	As At 31.03.2016
Plant & Machinery	76295.87	71491.79
Buildings	11465.98	9551.55
Other Civil Works	215.05	229.29
Lines, Cables Networks etc.	94518.08	76711.00
Vehicles - Expenditure	2400.47	1855.74
Less: Transferred to different Capital & O&M Works/ Administrative Exp.	(2233.47)	(1855.74)
Furnitures & Fixtures	24.47	26.89
Office Equipments	1316.52	239.37
Payment to Contractual Persons	8020.10	7903.37
Transferred to different Capital & O&M Works/ Administrative Exp.	(8020.10)	(7903.37)
<b>Total</b>	<b>184002.97</b>	<b>158249.89</b>

Note-30

**BAD DEBTS & PROVISIONS**

(₹ in Lakhs)

Particulars	As At 31.03.2017	As At 31.03.2016
<b>PROVISIONS</b>		
Doubtful Debts (Sale of Power)	35501.51	29213.81
<b>Doubtful Loans and Advances</b>		
Other Current Assets	(1.09)	245.40
Financial Assets Others (Non Current)	16.08	-
Loans (Non Current)	1120.09	974.55
Short Term	9.45	4.78
Provision (Other)/Loss in Land acquisition process	(909.77)	3260.95
Doubtful Other Current Assets (Receivables)	2169.33	1830.42
Impairment in Investments	877074.26	1545458.19
Advances to Supplier/Contrator	0.04	0.84
Loss of Materials	-	253.91
Provision for obsolete store	1930.34	-
Provision for contingencies(TDS)	-	380.00
Provision for Theft of Fixed Assets/Estimated Losses(Fixed Assets)	1189.77	1047.76
<b>Total</b>	<b>918100.01</b>	<b>1582670.61</b>







## U.P. POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN: U32201UP1999SGC024928

## CONSOLIDATED FINANCIAL STATEMENT

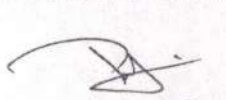
## CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED ON 31st MARCH 2017


(` in Lakhs)

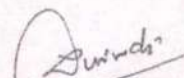
PARTICULARS	2016-17	2015-16
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Loss Before Taxation & Extraordinary items	(1175383.31)	(1808495.41)
<b>Adjustment For:</b>		
a Depreciation and Amortization Expenses	86043.34	69381.83
b Finance Cost	203341.63	633867.97
c Bad Debts & Provision	918100.01	1582670.61
d Interest Income (Other Income)	(33090.39)	(30481.17)
e Other Comprehensive Income	44.73	-
Sub Total	1174439.32	2255439.24
Operating Profit Before Working Capital Change	(943.99)	446943.83
<b>Adjustment for:</b>		
a Inventories	5083.86	(40790.55)
b Financial Assets - Trade Receivable (Current)	(1150009.03)	(977160.98)
c Other Current Assets	(93763.13)	(14548.39)
d Financial Assets - Others(Current)	(20942.48)	(28038.19)
e Financial Assets - Bank Balance other than Financial Assets - Cash and Cash Equivalent (Current)	(21579.88)	31264.02
f Other Financial Liabilities (Current)	(1413556.57)	2053274.91
g Financial Assets - Borrowings(Non - Current)	13814.03	(16692.22)
h Financial Liabilities - Trade Payable (Current)	(92614.72)	234598.83
i Provisions (Current)	(0.99)	0.73
Sub Total	(2773568.91)	1241908.16
<b>NET CASH GENERATED/(USED) FROM OPERATING ACTIVITIES (A)</b>	<b>(2774512.90)</b>	<b>1688851.99</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
a Decrease (Increase) in Property, Plant And Equipment	(563793.53)	(451355.14)
b Decrease (Increase) in Work in Progress	(108967.20)	(214541.95)
c (Increase)/Decrease in Financial Assets - Investments (Non-Current)	(894811.36)	(1531991.46)
d Decrease/(Increase) in Financial Assets - Others(Non-Current)	(127908.49)	(149407.55)
e Decrease/(Increase) in Other Non-Current Assets - Assets Not in Possession	(1764.09)	(1693.14)
f Decrease/(Increase) in Intangible assets	(33.26)	-
g Decrease/(Increase) in Financial Assets - Loans(Non-Current)	(1120.09)	(974.55)
h Interest Incomes (Other Income)	33090.39	30481.17
<b>NET CASH GENERATED/(USED) FROM INVESTING ACTIVITIES (B)</b>	<b>(1665307.63)</b>	<b>(2319482.62)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
a Proceeds from Financial Assets - Borrowings(Non - Current)	2075020.35	(3202657.14)
b Proceeds from Share Capital	1601248.96	1711190.02
c Proceed from Other Equity	1063795.94	2752294.75
d Financial liabilities - Others(Non-Current)	46821.02	38196.31
e Finance Cost	(203341.63)	(633867.97)
<b>NET CASH GENERATED/(USED) FROM FINANCING ACTIVITIES (C)</b>	<b>4583544.64</b>	<b>665155.97</b>
<b>NET INCREASE (DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>143724.11</b>	<b>34525.34</b>
<b>CASH &amp; CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>512033.50</b>	<b>477508.16</b>
<b>CASH &amp; CASH EQUIVALENTS AT THE END OF THE YEAR (Refer Note No. 11-A)</b>	<b>655757.61</b>	<b>512033.50</b>

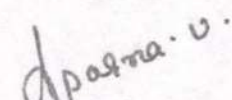
## Notes to the Consolidated Statement of Cash Flow

- (i) This Statement has been prepared under indirect method as prescribed by Ind AS-07  
(ii) Cash and cash equivalent consists of cash in hand, bank balances with scheduled banks and fixed deposits having maturity less than three months with banks.  
(iii) Previous year figures have been regrouped and reclassified wherever considered necessary.

  
(Pradeep Soni)  
Company Secretary  
(Part Time)


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

  
(Sudhanshu Dwivedi)  
Director (Finance)  
DIN- 6533235

  
(Aparna U)  
Managing Director  
DIN-6523278

Place: Lucknow  
Date: 08 DEC 2018

Subject to our report of even date

For Gau & Associates  
Chartered Accountants  
FRN No. 005354C  
  
(S.K. Gupta)  
Partner  
M. No.016746





## INDEPENDENT AUDITOR'S REPORT

TO,  
THE MEMBERS OF  
UP POWER CORPORATION LIMITED

### Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of UP Power Corporation Limited (hereinafter referred to as "the Holding Company"), its seven subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and one associates which comprise the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss (Including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

### Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Ind As Financial Statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance (Including Other Comprehensive Income), consolidated cash flows and consolidated changes in Equity of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the Companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.





### **Auditors' Responsibility**

Our responsibility is to express an opinion on these Consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred in Other Matters paragraph below is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated Ind AS financial statements.

### **Basis for Qualified Opinion**

The consolidated Ind AS financial statements include the financial statements/financial information of the Holding Company and its Subsidiaries and Associate.

The Accounts of the Holding company is audited by us and the Accounts of Subsidiaries and Associate are audited by other Auditors whose reports have been furnished to us by the Holding Company's management. Our opinion on the consolidated Ind AS financial statements, in so far it relates to the amounts and disclosures included in respect of these Subsidiaries and Associate, our report is qualified, to the extent applicable, on the basis of our audit report of Holding Company and the audit reports furnished to us by the management related to Subsidiaries and Associate.





### Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effect of the matters described in the "Basis for Qualified Opinion" paragraph above, the aforesaid Consolidated Ind AS Financial Statement give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- (a) In the case of Consolidated Balance Sheet, of the consolidated state of affairs (financial position) of the Group as at 31st March, 2017  
 (b) In the case of Consolidated Statement of Profit and Loss, of the consolidated net Loss (financial performance including Other Comprehensive Income) for the year ended on that date;  
 (c) In the case of Consolidated Cash Flows and Changes in Equity for the year ended on that date.

### Other matter

(a) The comparative financial information of the Group for the year ended 31 March 2016 and the transition date opening balance sheet as at 1 April 2015 included in these consolidated Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by us/the predecessor auditors, whose audit report for the year ended 31 March 2016 and 31 March 2015 dated 19 Feb 2018 and 10 May 2017 respectively expressed an modified opinion on those consolidated Ind AS financial statements, as adjusted for the differences in the accounting principles adopted by the Group on transition to the Ind AS, which have been audited by us with respect to Holding Company and by other auditors with respect to its audited subsidiaries and Associate.

(b) We did not audit the financial statements/financial information of following subsidiaries and associate companies whose financial statements/financial information reflect the details given below of total assets and net assets as at 31st March 2017, total revenues and net cash flows for the year ended on that date to the extent to which they are reflected in the consolidated Ind AS financial statements:

<i>(Rupees in Lakhs)</i>				
Name of the Companies	Total Assets	Net Assets	Total Net Profit/ (Loss)	Net Cash InFlows/ (outflows)
<b>Subsidiaries:</b>				
Madhyanchal Vidyut Vitran Nigam Limited, Lucknow	2368482.01	(98942.25)	(72279.56)	24157.39
Purvanchal Vidyut Vitran Nigam Limited, Varanasi	3028444.24	(389927.01)	(86687.64)	14221.48
Pashchimanchal Vidyut Vitran Nigam Limited, Meerut	1993927.42	(242406.54)	(46800.13)	36748.17
Dakshinanchal Vidyut Vitran Nigam Limited, Agra	2279220.69	(918328.96)	(144348.34)	(1646.56)
Kanpur Electricity Supply Company Limited, Kanpur	323680.70	(161269.41)	31955.06	15352.37
Sonebhadra Power Generation Company Limited	0.46	(612.65)	(0.63)	0.16



Southern UP Power Transmission Company Limited	92.32	(153.13)	(0.72)	(0.76)
<b>Total</b>	<b>9993847.84</b>	<b>(1811639.95)</b>	<b>(318161.96)</b>	<b>88832.25</b>
<b>Associates:</b>				
Yamuna Power Generation Company Limited	1.27	(246.51)	(0.84)	0.91
<b>Total</b>	<b>1.27</b>	<b>(246.51)</b>	<b>(0.84)</b>	<b>0.91</b>
<b>Grand Total</b>	<b>9993849.11</b>	<b>(1811886.46)</b>	<b>(318162.80)</b>	<b>88833.16</b>

These financial statements/financial information have been audited by other Auditor whose reports have been furnished to us by the management and our opinion on the consolidated Ind AS financial statements, in so far it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-sections (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate is based solely on the reports of other auditors.

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the matters as stated in Para (a) & (b) above, with respect to our reliance on the work done and the reports of the other auditors and the financial statements/ financial information certified by the Holding Company's Management.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and associate as noted in the other matter paragraph, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Change in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
  - d) In our opinion, except for the effect of the matters described in the basis for Qualified Opinion paragraph above, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - e) Being a Government Company, pursuant to the Notification No. GSR 463 (E) dated 5<sup>th</sup> June 2015 issued by Ministry of Corporate Affairs, Government of India, provisions of sub-section (2) of Section 164 of





the Companies Act, 2013, are not applicable to the Holding Company. Further, on the basis of the reports of the Statutory Auditors of its Subsidiaries and Associate incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31<sup>st</sup> March, 2017 from being appointed as a director in terms of Section 164 (2) of the ACT.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, its Subsidiaries and Associate incorporated in India and the operating effectiveness of such controls, refer to our separate Report in **Annexure-1**.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and associate, as noted in the 'other matter' paragraph:
- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates.
  - ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or Indian Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There has been no requirement to transfer the amounts, to the Investor Education and Protection Fund by the Holding Company and its subsidiaries and associate incorporated in India.
  - iv. Requisite disclosure has been provided in Note No. 32 of consolidated Ind AS financial statements as to holdings as well as dealing in Specified Bank Notes (SBN) during the period from 8<sup>th</sup> November 2016 to 30<sup>th</sup> December 2016 by the Group. Based on the audit procedure, audit report submitted by the other auditors and relying on the management representation, we report that the disclosures are in accordance with the books of accounts and records maintained by the Group.

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

**For Gaur & Associates**

Chartered Accountants

FRN: 005354C

*S.K. Gupta*  
**CA S. K. Gupta**

Partner

Membership No.: 016746



Place: Lucknow

Date: 08 DEC 2018



## **ANNEXURE-1 TO THE INDEPENDENT AUDITORS' REPORT**

**Referred to in paragraph 1 (f) of the Independent Auditors' Report of even date to the members of UPPCL on the consolidated Ind AS financial statements as of and for the year ended March 31st, 2017**

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

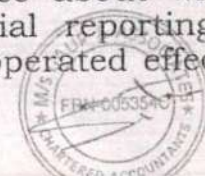
In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31<sup>st</sup> March 2017, we have audited the internal financial controls over financial reporting of UP Power Corporation Limited ("the Holding Company") and its Subsidiaries (the Holding Company and its Subsidiaries together referred as "the Group") and Associate, which are companies incorporated in India, as of that date.

### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding company, its Subsidiaries, and Associate, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by "the Institute of Chartered Accountants of India" (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively





in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters Paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of





changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to explanation given to us, the Holding Company, its subsidiaries and Associate, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2017, based on the internal controls over financial reporting criteria established by the Company considering the components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **Other Matters**

Our Aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to seven Subsidiaries and one Associate, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

**For Gaur & Associates**

Chartered Accountants

FRN: 005354C



**CA S. K. Gupta**

Partner

Membership No.: 016746

Place: Lucknow

Date: 08 DEC 2018



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

AUDITOR'S REPORT	MANAGEMENT REPLY
<p>TO, THE MEMBERS OF UP POWER CORPORATION LIMITED</p> <p><b>Report on the Consolidated Ind AS Financial Statements</b></p> <p>We have audited the accompanying consolidated Ind AS financial statements of UP Power Corporation Limited (hereinafter referred to as "the Holding Company"), its seven subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and one associates which comprise the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss (Including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").</p>	<p align="center">No Comments</p>
<p><b>Management's Responsibility for the Consolidated Ind AS Financial Statements</b></p> <p>The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Ind As Financial Statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance (Including Other Comprehensive Income), consolidated cash flows and consolidated changes in Equity of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the Companies included in the Group and of its associates are responsible for</p>	<p align="center">No Comments</p>

*[Handwritten Signature]*



AUDITOR'S REPORT	MANAGEMENT REPLY
<p>maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.</p>	
<p><b>Auditors' Responsibility</b></p> <p>Our responsibility is to express an opinion on these Consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.</p> <p>We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.</p> <p>An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment,</p>	<p>No Comments</p>



AUDITOR'S REPORT	MANAGEMENT REPLY
<p>including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.</p> <p>We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred in Other Matters paragraph below is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated Ind AS financial statements.</p>	
<p><b>Basis for Qualified Opinion</b></p> <p>The consolidated Ind AS financial statements include the financial statements/financial information of the Holding Company and its Subsidiaries and Associate.</p> <p>The Accounts of the Holding company is audited by us and the Accounts of Subsidiaries and Associate are audited by other Auditors whose reports have been furnished to us by the Holding Company's management. Our opinion on the consolidated Ind AS financial statements, in so far it relates to the amounts and disclosures included in respect of these Subsidiaries and Associate, our report is qualified, to the extent applicable, on the basis of our audit report of Holding Company and the audit reports furnished to</p>	<p>No Comments</p>



AUDITOR'S REPORT	MANAGEMENT REPLY
us by the management related to Subsidiaries and Associate.	
<p><b>Opinion</b></p> <p>In our opinion and to the best of our information and according to the explanations given to us, except for the possible effect of the matters described in the "Basis for Qualified Opinion" paragraph above, the aforesaid Consolidated Ind AS Financial Statement give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;</p> <p>(a) In the case of Consolidated Balance Sheet, of the consolidated state of affairs (financial position) of the Group as at 31st March, 2017</p> <p>(b) In the case of Consolidated Statement of Profit and Loss, of the consolidated net Loss (financial performance including Other Comprehensive Income) for the year ended on that date;</p> <p>(c) In the case of Consolidated Cash Flows and Changes in Equity for the year ended on that date.</p>	<p>No Comments</p>
<p><b>Other matter</b></p> <p>(a) The comparative financial information of the Group for the year ended 31 March 2016 and the transition date opening balance sheet as at 1 April 2015 included in these consolidated Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by us/the predecessor auditors, whose audit report for the year ended 31 March 2016 and 31 March 2015 dated 19 Feb 2018 and 10 May 2017 respectively expressed an modified opinion on those consolidated Ind AS financial statements, as adjusted for the differences in the accounting principles adopted by the</p>	<p>No Comments</p>



**AUDITOR'S REPORT**

**MANAGEMENT REPLY**

Group on transition to the Ind AS, which have been audited by us with respect to Holding Company and by other auditors with respect to its audited subsidiaries and Associate.

(b) We did not audit the financial statements/financial information of following subsidiaries and associate companies whose financial statements/financial information reflect the details given below of total assets and net assets as at 31st March 2017, total revenues and net cash flows for the year ended on that date to the extent to which they are reflected in the consolidated Ind AS financial statements:

*(Rupees in Lakhs)*

Name of the Companies	Total Assets	Net Assets	Total Net Profit/ (Loss)	Net Cash InFlow s/ (outflows)
<b>Subsidiaries:</b>				
Madhyanchal Vidyut Vitran Nigam Limited, Lucknow	2368482.01	(98942.25)	(72279.56)	24157.39
Purvanchal Vidyut Vitran Nigam Limited, Varanasi	3028444.24	(389927.01)	(86687.64)	14221.48
Pashchimanchal Vidyut Vitran Nigam Limited, Meerut	1993927.42	(242406.54)	(46800.13)	36748.17
Dakshinanchal Vidyut Vitran Nigam Limited, Agra	2279220.69	(918328.96)	(144348.34)	(1646.56)
Kanpur Electricity Supply Company Limited, Kanpur	323680.70	(161269.41)	31955.06	15352.37
Sonebhadra Power Generation Company Limited	0.46	(612.65)	(0.63)	0.16
Southern UP Power Transmission	92.32	(153.13)	(0.72)	(0.76)



AUDITOR'S REPORT					MANAGEMENT REPLY	
Company Limited						
Total	9993847.84	(1811639.95)	(318161.96)	88832.25		
<b>Associates:</b>						
Yamuna Power Generation Company Limited		(246.51)				
	1.27		(0.84)	0.91		
Total	1.27	(246.51)	(0.84)	0.91		
Grand Total	9993849.11	(1811886.46)	(318162.80)	88833.16		
<p>These financial statements/financial information have been audited by other Auditor whose reports have been furnished to us by the management and our opinion on the consolidated Ind AS financial statements, in so far it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-sections (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate is based solely on the reports of other auditors.</p> <p>Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the matters as stated in Para (a) &amp; (b) above, with respect to our reliance on the work done and the reports of the other auditors and the financial statements/ financial information certified by the Holding Company's Management.</p>						
<p><b>Report on Other Legal and Regulatory Requirements</b></p> <p>1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and associate as noted in the other matter paragraph, we report, to the extent applicable, that:</p> <p>a) We have sought and obtained all the information and explanations which to</p>						<p>No comment</p>



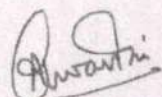
AUDITOR'S REPORT	MANAGEMENT REPLY
<p>the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.</p>	
<p>b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.</p>	<p>No comment</p>
<p>c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Change in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.</p>	<p>No comment</p>
<p>d) In our opinion, except for the effect of the matters described in the basis for Qualified Opinion paragraph above, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.</p>	<p>No comment</p>
<p>e) Being a Government Company, pursuant to the Notification No. GSR 463 (E) dated 5<sup>th</sup> June 2015 issued by Ministry of Corporate Affairs, Government of India, provisions of sub-section (2) of Section 164 of the Companies Act, 2013, are not applicable to the Holding Company. Further, on the basis of the reports of the Statutory Auditors of its Subsidiaries and Associate incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31<sup>st</sup> March, 2017 from being</p>	<p>No comment</p>



AUDITOR'S REPORT	MANAGEMENT REPLY
<p>appointed as a director in terms of Section 164 (2) of the ACT.</p> <p>f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, its Subsidiaries and Associate incorporated in India and the operating effectiveness of such controls, refer to our separate Report in <b>Annexure-1</b>.</p>	<p>No comment</p>
<p>g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and associate, as noted in the 'other matter' paragraph:</p>	<p>No comment</p>
<p>i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates.</p>	<p>No comment</p>
<p>ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or Indian Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.</p>	<p>No comment</p>
<p>iii. There has been no requirement to transfer the amounts, to the Investor Education and Protection Fund by the Holding Company and its subsidiaries and associate incorporated in India.</p>	<p>No comment</p>
<p>iv. Requisite disclosure has been provided in Note No.32 of consolidated Ind AS financial</p>	<p>No comment</p>



AUDITOR'S REPORT	MANAGEMENT REPLY
<p>statements as to holdings as well as dealing in Specified Bank Notes (SBN) during the period from 8<sup>th</sup> November 2016 to 30<sup>th</sup> December 2016 by the Group. Based on the audit procedure, audit report submitted by the other auditors and relying on the management representation, we report that the disclosures are in accordance with the books of accounts and records maintained by the Group.</p>	
<p>2. The Annual Accounts of F.Y. 2015-16 have yet to be adopted in Annual General Meeting as final comments of C&amp;AG are still awaited.</p>	<p>No comment</p>



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



(SUDHIR ARYA)  
Director (Finance)



**ANNEXURE-1 TO THE INDEPENDENT AUDITORS' REPORT**

Referred to in paragraph 1 (f) of the Independent Auditors' Report of even date to the members of UPPCL on the consolidated Ind AS financial statements as of and for the year ended March 31st, 2017

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

ANNEXURE-1 TO THE INDEPENDENT AUDITORS' REPORT	MANAGEMENT REPLY
<p>In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31<sup>st</sup> March 2017, we have audited the internal financial controls over financial reporting of UP Power Corporation Limited ("the Holding Company") and its Subsidiaries (the Holding Company and its Subsidiaries together referred as "the Group") and Associate, which are companies incorporated in India, as of that date.</p>	<p>No comment</p>
<p><b>Management's Responsibility for Internal Financial Controls</b></p> <p>The respective Board of Directors of the Holding company, its Subsidiaries, and Associate, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by "the Institute of Chartered Accountants of India" (ICAI).</p>	<p>No comment</p>



These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

No comment



Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters Paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



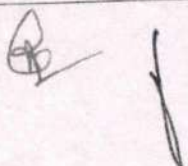
**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's

No comment

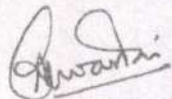


<p>assets that could have a material effect on the financial statements.</p>	
<p><b>Inherent Limitations of Internal Financial Controls over Financial Reporting</b></p>	<p>No comment</p>
<p>Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.</p>	
<p><b>Opinion</b></p>	<p>No comment</p>
<p>In our opinion, to the best of our information and according to explanation given to us, the Holding Company, its subsidiaries and Associate, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2017, based on the internal controls over financial reporting criteria established by the Company</p>	





<p>considering the components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.</p>	
<p><b>Other Matters</b>  Our Aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to seven Subsidiaries and one Associate, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.</p>	<p>No comment</p>



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



(SUDHIR ARYA)  
Director (Finance)



**MANAGEMENT REPLY TO CAG'S FINAL COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF U.P. POWER CORPORATION LIMITED FOR THE YEAR ENDED ON 31 MARCH 2017.**

CAG's COMMENTS	MANAGEMENT REPLY
<p>The preparation of consolidated financial statements of U.P. Power Corporation Limited for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller &amp; Auditor General of India under section 139 (5) read with section 129 (4) of the Act is responsible for expressing opinion on the financial statements under section 143 read with section 129 (4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 08 December 2018.</p>	<p>NO COMMENT</p>
<p>I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of Uttar Pradesh Power Corporation Limited for the year ended 31 March 2017, under section 143 (6) (a) read with section 129 (4) of the Act. We conducted a supplementary audit of the financial statements of parent company Uttar Pradesh Power Corporation Limited (UPPCL), subsidiary companies- PurvanchalVidyutVitrان Nigam Limited (PuVVNL), PaschimanchalVidyutVitrان Nigam Limited (PVVNL), MadhyanchalVidyutVitrان Nigam Limited (MVVNL), DakshinanchalVidyutVitrان Nigam Limited (DVVNL), Kanpur Electricity Supply Company Limited (KESCO) and Southern UP Power Transmission Company Limited (SuUPPTCL) and associate company- Yamuna Power Generation Company Limited; but did not conduct supplementary audit of the financial statements of subsidiary company Sonebhadra Power Generation Company Limited for the year ended 31 March 2017. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and the Company personnel and a selective examination of some of the accounting records.</p>	<p>NO COMMENT</p>
<p>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</p>	<p>NO COMMENT</p>



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:	
<b>A. COMMENTS ON CONSOLIDATED PROFITABILITY</b>	
<b>Statement of Profit and Loss</b>	
<b>1. Revenue from Operations (Note-22): ₹ 40,524.26 crore</b>	
<p>(a) The above includes revenue from Sale of Power (Regulatory Surcharge and Miscellaneous Revenue) pertaining to two divisions of DVVNL (i.e. Electricity Urban Distribution Division-II, Vrindavan and Electricity Distribution Division-II, Kamla Nagar, Agra) which was wrongly booked as ₹ 8.24 crore in place of ₹ 14.52 crore. This has resulted in understatement of Revenue from Operations as well as Trade Receivables by ₹ 6.28crore.</p>	As informed by DVVNL, compliance has been made in the accounts for the year F.Y. 2018-19.
<p>(b) The above is understated by ₹ 8.90 crore (MVVNL: ₹ 4.46 crore and PuVVNL: ₹ 4.44 crore) due to short booking of revenue against the sale of power to the Railway Traction Consumers by MVVNL and PuVVNL. As a result, Revenue from Operations as well as Trade Receivables have been understated and Loss for year has been overstated by ₹ 8.90 crore.</p> <p>Despite a similar comment of the C&amp;AG of India on the accounts of the Company for the year 2015-16, no corrective action has not been taken by the Management.</p>	<p>As informed by MVVNL, necessary accounting corrections have been made during the current financial year 2018-19.</p> <p>As informed by PuVVNL, Balance Sheet of 2017-18 was already finalized and submitted to AG Office before finalization of comments for the year 2016-17, hence the amount of Rs. 4.44 crore towards revenue from sale of power to Railway Traction has been taken in books of accounts of the division (EDD-I Basti) for Financial Year 2018-19.</p>
<p>(c) The above does not include ₹ 16.02 crore on account of electricity internally consumed in three divisions of LESA<sup>1</sup> Zone of MVVNL (EUDD- Aishabagh ₹ 4.21 crore, EUDD- University- ₹ 1.06 crore and EUDD Chinhat- ₹ 10.75 crore). This has resulted in understatement of Revenue from Operations and understatement of Administrative General and other Expenses each by ₹ 16.02 crore.</p>	As informed by MVVNL, necessary compliance/provision has been made in the financial year 2018-19.
<p>(d) The above includes the meter box charges of ₹1.35 crore recovered from the consumers in respect of PuVVNL. Since the meter box charges are recovered from consumers as Fixed Line Charges, the same should have been shown under 'Consumers Contribution towards Service Line and Other Charges' under the head Capital Reserve. This resulted in understatement of both Loss for</p>	As informed by PuVVNL, Balance Sheet of 2017-18 was already finalized and submitted to AG Office before finalization of comments for the year 2016-17, hence correction entry of Rs. 1.35 crore relating to meter box charges (Rs.0.39 crore and Rs. 0.96 crore of EDD -I Azamgarh and EDD-II Azamgarh respectively) has been made in books of accounts for the Financial Year

<sup>1</sup>Lucknow Electricity Supply Administration



<p>the year as well as Capital Reserve by ₹ 1.35 crore.</p> <p>Despite a similar comment of the C&amp;AG of India on the accounts of the Company for the year 2015-16, no corrective action has not been taken by the Management.</p>	<p>2018-19.</p>
<p>(e) UPPCL levied a penalty of ₹ 3.24 crore on Damodar Valley Corporation (DVC) for deviation in power supply and deducted the penalty amount from the bill of power purchased from DVC for the year 2016-17. Later on, after scrutinising the earlier verified bill of power purchase, the above penalty was withdrawn by UPPCL on 30.08.2018. However, UPPCL did not pass adjustment entry for the above said withdrawn penalty in the books of accounts for the year 2016-17 which were open on the date of withdrawal of the said penalty. This has resulted in understatement of Purchase of Stock in trade (Power Purchased) as well as Revenue from Operations by ₹ 3.24 crore.</p>	<p>Necessary accountal has been made in the accounts for the F.Y. 2017-18.</p>
<p><b>2. Other Income (Note-23): ₹ 8,233.29crore</b></p>	
<p>(a) The above includes penalty of ₹ 0.75 crore deducted by DVVNL from the bills of contractors executing projects under IPDS and DDUGJY schemes on account of delay in execution of work. The same being incidental income earned in the projects should have been credited to the respective projects thereby reducing the project cost. However, DVVNL accounted the above items as its own income. Similarly, during 2015-16, the Company accounted penalty of ₹ 1.10 crore deducted from the contractors executing projects under RGGVY and R-APDRP schemes as its own income. This resulted in understatement of Loss for the year by ₹ 0.75 crore, Other Equity (minus balance) by ₹ 1.10 crore and overstatement of Capital Work-in-Progress by ₹ 1.85 crore. Despite similar comment of the C&amp;AG on the accounts of the Company for the year 2015-16, no corrective action has been taken by the Management.</p>	<p>As informed by DVVNL, compliance has been made in accounts for the F.Y 2019-20.</p>
<p>(b) The above includes an amount of ₹ 160.60 crore (MVVNL: ₹ 24.80 crore, PVVNL: ₹ 15.31 crore and PuVVNL: ₹ 120.49 crore) towards late payment surcharge booked on accrual basis.</p> <p>The recognition of above income is in contravention to the Accounting Policy No. VIII(b) of UPPCL which provides for accounting of late payment surcharge from consumers on cash basis due to uncertainty of realisation. As a result, Other</p>	<p>As informed by MVVNL, necessary compliance/provision has been made in the financial year 2018-19</p> <p>As informed by PVVNL, the late payment surcharge is accounted for on cash basis. The necessary adjustment/correction has been made by</p>



<p>Income and Trade Receivables both are overstated by ₹ 160.60 crore each resulting in understatement of Loss for the year by the same amount.</p> <p>Despite a similar comment of the C&amp;AG of India on the accounts of the Company for the year 2015-16, no corrective action has been taken by the Management.</p>	<p>concerned division in month of October-2018.</p> <p>As informed by PuVVNL, late payment surcharge recoverable from consumers on energy bills is accounted for on cash basis due to uncertainty of realization. This policy is followed across all units of Discom.</p>
<p>(c) The above includes ₹ 60.87 lakh interest earned on fixed deposits of funds received under loan component of Rajiv Gandhi GraminVidyutikaranYojna (RGGVY) in 11th and 12th plans. Under RGGVY scheme, funds have been received as 90 per cent subsidy from Government of India (GoI) and balance 10 per cent as loan from Rural Electrification Corporation (REC) to the State Government. The Company (PuVVNL) transferred interest earned on subsidy component of RGGVY to the GoI amounting to ₹ 5.83 crore but retained ₹ 60.87 lakh and included the same under "Other Income" treating this amount as the Company's own income. Since, the loan under RGGVY has been received by the State Government from REC and not by the Company, interest earned on the loan component should have been credited to the State Government and should not have been treated as the Company's own income. This has resulted in understatement of both Loss for the year and Other Current Liabilities by ₹ 60.87 lakh each.</p> <p>Despite a similar comment of the C&amp;AG of India on the accounts of the Company for the year 2015-16, no corrective action has been taken by the Management.</p>	<p>As informed by PuVVNL, since Balance Sheet of 2017-18 was already finalized and submitted to AG Office before finalization of comments for the year 2016-17, hence interest amount of Rs. 60.87 lacs (10% State Government share) payable to State Government has been credited as liability towards payment to State Government during financial year 2018-19.</p>
<p><b>Expenses:</b></p>	
<p><b>3. Purchase of Stock in trade (Power Purchased) - Note 24: ₹ 44,175.88 crore</b></p>	
<p>UPPCL received (31.08.2018) power purchase adjustment bill for an amount of ₹ 24.64 crore in respect of power purchased from U.P. JalVidyut Nigam Limited for period from 01.04.2002 to 30.06.2018 in accordance with tariff approved by U.P. Electricity Regulatory Commission dated 03.07.2018. Out of the total amount of the bill, ₹ 23.53 crore pertained to the period from 01.04.2002 to 31.03.2017. The above bill was verified by UPPCL on 22.10.2018. Though the</p>	<p>Necessary accountal has been done in the accounts for the F.Y 2018-19.</p>



<p>UPPCL's (Stand alone) accounts for the year 2016-17 were closed on 14.11.2018, the Company did not account for the above bill amount of ₹ 23.53 crore as cost of power purchased and sale of power in the books of accounts for the year 2016-17.</p> <p>This has resulted in understatement of Purchase of Stock in trade (Power Purchased) as well as Revenue from Operations by ₹ 23.53 crore.</p>	
<p><b>4. Employee Benefit Expenses (Note-25): ₹ 1,356.99 crore</b></p>	
<p>(a) The above does not include a provision of ₹ 4.36 crore which was required to be made by the DVVNL in respect of 7<sup>th</sup> Pay Commission arrears (₹ 0.75 crore), Pension &amp; gratuity on 7<sup>th</sup> Pay Commission arrears of employees covered under GPF (₹ 2.71 crore) and 10 percent Employer's Contribution on 7<sup>th</sup> Pay Commission arrears of employees covered under CPF (₹ 0.90 crore). The above non-provision has resulted in understatement of Other Current Liabilities as well as Loss for the year by ₹ 4.36 crore.</p>	<p>As informed by DVVNL, compliance has been made in account for the F.Y 2018-19.</p>
<p>(b) The above includes an expenditure of ₹ 3.19 crore on account of 6<sup>th</sup> Pay Commission arrears and other arrears for previous years by Aligarh Zone of the DVVNL which was booked as current year expenditure whereas it was required to be debited against the existing provision/liability booked for the same purpose. This has resulted in overstatement of Employee Benefit Expenses as well as Loss for the year and Current Liabilities by ₹ 3.19 crore.</p>	<p>As informed by DVVNL, the same has been adjusted at the time of payments to the employees and excess provision has already been reversed in F.Y 2018-19.</p>
<p>(c) The above includes excess provision for leave encashment amounting to ₹ 1.44 crore against an employee of KESCO. The provision for leave encashment against the employee was wrongly worked out to ₹ 1.60 crore in place of ₹ 0.16 crore thereby resulting into excess provision of ₹ 1.44 crore. Consequently, Loss for the year and Current Liabilities are overstated by ₹ 1.44 crore.</p>	<p>As informed by KESCO, due to a clerical error, the leave encashment provision for an employee was made for ₹ 1,60,17,730 instead of ₹ 16,01,730. necessary correction has been done while calculating the amount of Provision for leave encashment for FY 2017-18.</p>
<p>(d) The above does not include provision for gratuity for employees covered under CPF scheme (₹ 2.01 crore) and provision for pension and gratuity on increased salary on account of implementation of 7<sup>th</sup> Pay Commission (₹ 12.06 crore) in MVVNL. This has resulted in understatement of Loss as well as Current</p>	<p>As informed by MVVNL, necessary compliance/provision has been made in the financial year 2018-19.</p> <p>Since 7<sup>th</sup> pay commission is come into force, due to complicity, provision for arrear for the staff has been provided at HQ level instead of unit level. It were to</p>



<p>Liabilities by ₹ 14.07 crore.</p>	<p>be given in four yearly installments in ensuing years out of which two yearly installments have been paid till FY 2018-19, for which provision for pension &amp; gratuity has been accounted for accordingly by the unit concerned. Provision for pension &amp; gratuity on remaining two installments has been accounted for in ensuring account of 2018-19.</p>
<p><b>5. Finance Cost (Note 26): ₹ 2,033.42 crore</b></p>	
<p>(a) The above includes ₹ 7.71 crore being interest for the year 2016-17 on loans taken by MVVNL for capital works under APDRP and R-APDRP schemes which should have been capitalised. Non-capitalisation of the above amount resulted in overstatement of Loss for the year and understatement of Capital Work-in-Progress by ₹ 7.71 crore.</p>	<p>As informed by MVVNL, necessary compliance /provision has been made in the financial year 2018-19.</p>
<p>(b) The above does not include interest of ₹ 146.71 crore paid against the bonds/securities issued by the Government of Uttar Pradesh to the banks on behalf of the DISCOM (PuVVNL). The interest on these bonds is paid by UPPCL (holding company) on behalf of the DISCOM. The State Government reimburses the same to UPPCL/DISCOM. As the amount of bonds have been reflected as Secured Loan in the accounts of PuVVNL, the Company should have accounted for the interest on these bonds as expense and the reimbursement of the same as income in its Statement of Profit &amp; Loss.</p> <p>Further, as per the Significant Accounting Policies of the Company, the subsidy is to be accounted for on receipt basis. The Company, however, did not account for ₹ 209.10 crore of subsidy as income in the Statement of Profit &amp; Loss in violation of its Significant Accountings policies. Due to non-accountal of interest and subsidy, the Company has overstated the Loss for the year and understated Current Assets by ₹ 62.39 crore.</p> <p>Despite a similar comment of the C&amp;AG of India on the accounts of the Company for the year 2015-16, no corrective action has been taken by the Management.</p>	<p>As informed by PuVVNL, Balance Sheet of 2017-18 was already finalized and submitted to AG Office before finalization of comments for the year 2016-17, hence correction entry of Rs. 62.39 crore relating to amount paid against bonds/security issued by Government to Banks and subsidy received thereof has been made in books of accounts during the Financial Year 2018-19.</p>
<p><b>6. Depreciation and Amortisation expenses (Note-27): ₹ 860.43 crore</b></p>	



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

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

As informed by DVVNL, compliance has been made in F.Y 2018-19.

As informed by PVVNL, The company has provided depreciation on Fixed Assets on the basis of their Useful Life approved by UPERC as per provision of Notification No. 627(E) dated 29.08.2014 of Ministry of Corporate Affairs.

The company has taken useful life of Computer & Printer as 15 years under the category of Office Equipments given in the UPERC order referred above.

In regard to UPPCL, It is stated that in the concerned notification of the UPERC, the useful life of "Office equipment" was given. Since the Computers are grouped under the Account Head of "Office equipment" in the accounts of the company. And, accordingly, the depreciation was charged on computers on the basis of useful life given for office equipment in the UPERC's Regulation. However, the useful life of 6 years for IT equipment including software has now specifically been given for the year 2017-18, 2018-19 & 2019-20 in UPERC (Multiyear distribution tariff) regulation 2014 and accordingly depreciation has been charged on computers.

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

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

As informed by PuVVNL Against mobilization advance of Rs. 7.14 crore, a sum of Rs. 9.33 crore has been adjusted by following units against pending bills of M/s Biecco Lawrie Limited.

Particulars	Amount (In Cr.)
EDD Khalilabad	2.19
EDD Kopaganj	1.82
EDD 3 Ghosi	1.41
EDC Basti	2.58



<p>made in the Books of Accounts. This has resulted in understatement of Loss for the year and overstatement of Current Assets by ₹ 6.87 crore.</p>	<table border="1" data-bbox="964 115 1398 261"> <tr> <td data-bbox="964 115 1163 205">EDC Azamgarh</td> <td data-bbox="1163 115 1398 205">1.33</td> </tr> <tr> <td data-bbox="964 205 1163 261"><b>Total</b></td> <td data-bbox="1163 205 1398 261"><b>9.33</b></td> </tr> </table> <p>Necessary accountal has also been done in the accounts for the F.Y. 2018-19.</p>	EDC Azamgarh	1.33	<b>Total</b>	<b>9.33</b>
EDC Azamgarh	1.33				
<b>Total</b>	<b>9.33</b>				
<p><b>B. COMMENTS ON CONSOLIDATED FINANCIAL POSITION</b></p>	<p><b>Assets</b></p>				
<p><b>Non-current Assets</b></p>					
<p><b>8. Property, Plant and Equipment (Note - 2) ₹ 27,295.86 crore</b></p>					
<p>(a) Although no depreciation is applicable on land as per the Companies Act, 2013 and the depreciation schedule approved by UPERC, DVVNL and PVVNL charged depreciation of ₹ 1.02 crore (DVVNL: ₹ 0.40 and PVVNL: ₹ 0.62 crore) on the cost of Land and Land Rights in previous years.</p>	<p>As informed by DVVNL, depreciation on Land was transferred under Final Transfer Scheme 2003 issued on 03 November, 2015 vide Notification no. 1528/24-P-2-2015-Sa.(218)/2014. No further depreciation is being charged.</p> <p>As informed by PVVNL, depreciation of Rs. 0.62 crore on Land and Land Rights was transferred under Final Transfer Scheme, 2003 vide Govt. of U.P. notification no. 1528/24-P-2-2015-SA(218)/2014 Lucknow dated 03.01.2015. But no further depreciation on land is being charged. As regards the clubbing of accumulated depreciation on building necessary correction has been made in the accounts for the F.Y 2018-19.</p>				
<p>(b) In case of assets 'Overhead line on wooden support', the cumulative depreciation charged is shown as ₹ 5.79 crore against the gross block of the said assets of ₹ 4.41 crore in the accounts of PVVNL resulting in negative net value of the asset.</p> <p>As a result of (a) and (b) above, 'Property, Plant and Equipment' is understated and Other Equity (minus balance) is overstated by ₹ 2.40 crore.</p> <p>Despite similar comment of the C&amp;AG of India on the accounts of the Company for the year 2015-2016, no corrective action has been taken by the Management.</p>	<p>As informed by PVVNL, the necessary correction/adjustment in accumulated depreciation has already been made in annual account of FY 2019-20.</p>				
<p><b>9. Capital Work-in-progress (Note-3): ₹ 4,622.08 crore</b></p>					
<p>(a) The above does not include ₹ 13.30 crore against payment made to M/s HCL during 2015-16 by DVVNL for work of system integration project covering software, hardware, field survey and networking and work of GIS change management which were covered under R-APDRP scheme. The same being capital expenditure should have been</p>	<p>As informed by DVVNL, compliance shall be made in the accounts for the F.Y 2019-20.</p>				



<p>booked as capital work-in-progress by the Company. However, the Company has included the amount in Inter Unit Transfers under Current Assets. This has resulted in understatement of Capital Work in Progress and overstatement of Current Assets by ₹ 13.30 crore.</p> <p>Despite similar comment of the C&amp;AG on the accounts of the Company for the year 2015-16, no corrective action was taken by the Management.</p>	
<p>(b) The above includes balances of ₹ 85.60 crore related to APDRP works of LESA zone of MVVNL which were completed during 2015-16 but are pending for capitalisation. Non-capitalisation of above works resulted in overstatement of Capital Work-in-Progress and understatement of Fixed Assets by ₹ 85.60 crore and understatement of Depreciation as well as Loss for the year by ₹ 3.25 crore.</p>	<p>As informed by MVVNL, necessary corrective action has been made during the financial year 2018-19.</p>
<p>(c) The above includes the expenditure incurred under the scheme RGGVY. As per the scheme, 90 per cent of the expenditure was funded in form of a grant by the Central Government and the balance 10 per cent was funded in form of loan from the REC to the State Government. The interest on loan component was reimbursed by the State Government to the Company as subsidy). PuVVNL paid interest of ₹ 43.22 crore to REC upto 2015-16. This amount was reimbursed by GoUP. Since, the loan was released to create capital assets/infrastructure under the scheme, the interest on loan component should have been booked under Capital Work-in-progress and amount of subsidy should have been shown as Capital Reserve. This resulted in understatement of both Capital Work-in-progress and Capital Reserve by ₹ 43.22 crore.</p> <p>Despite similar comment of the C&amp;AG on the accounts of the Company for the year 2015-16, no corrective action was taken by the Management.</p>	<p>As informed by PuVVNL, EMI of Principal &amp; Interest paid to REC under RGGVY scheme by PuVVNL and reimbursed by the State Govt. The company has acted in the capacity of debt servicing agency. 10% portion of RGGVY is received by UPPCL from GoUP as equity. This is worth to mention that amount received under RGGVY is not treated as loan by UPPCL as well as PuVVNL. Thus the interest was not the expenses for company. Loan under RGGVY also does not form part of loan component of company. Hence Interest has not been incorporated as Capital WIP and Subsidy as Capital Reserve. As such there is no understatement of both capital WIP and Capital Reserve.</p>
<p><b>Current Assets</b></p>	
<p><b>10. Inventories (Note- 9): ₹ 2,527.69 crore</b></p>	
<p>The above is overstated by ₹ 90.07 crore due to double accounting of the same figure in the books of both the Zone as well as the Divisions of PuVVNL. In the year 2015-16 the Company inventories were revalued as per Accounting Standard-2. The entries of impact of revaluation</p>	<p>As informed by PuVVNL Balance Sheet of 2017-18 was already finalized and submitted to AG Office before finalization of comments for the year 2016-17, necessary adjustment entry of Rs. 90.07 crore relating to IUT of inventory has been passed by the Allahabad zone in books of accounts during the Financial Year 2018-19.</p>



<p>were passed at zonal level in 2015-16 and were transferred to concerned divisions in 2016-17. In 2016-17, while transferring the impact to concerned divisions by the Allahabad Zone, an entry amounting to ₹ 90.07 crore remained in Zonal books and accounted in concerned divisions also.</p> <p>This has resulted into overstatement of Inventories by ₹ 90.07 crore and understatement of Other Equity (minus balance) by ₹ 90.07 crore.</p>	
<p><b>Financial Assets</b></p>	
<p><b>11. Trade Receivables (Note -10): ₹ 45,894.49 crore</b></p>	
<p>The Private Tube Well (PTW) consumers are exempted from Electricity Duty (ED). However, DVVNL and MVVNL have accounted for ₹ 14.51 crore (DVVNL: ₹ 13.80 crore and MVVNL: ₹ 0.71 crore) as ED receivable from PTW consumers during year 2016-17. This has resulted in overstatement of Trade Receivables as well as Other Current Liabilities by ₹ 14.51 crore.</p> <p>Although similar matter was apprised through Management Letter issued on the accounts of the Company for the year 2015-16, no corrective action has been taken by the Management.</p>	<p>As informed by DVVNL, matter will be examined and suitable action regarding accountal will be made thereafter.</p> <p>As informed by MVVNL, necessary compliance/provision has been made in the accounts for the F.Y. 2018-19</p>
<p><b>12. Cash and Cash equivalent (Note-11-A): ₹ 6,557.58 crore</b></p>	
<p>(a) The above includes ₹ 25.91 crore being the amount of cheques received against sale of power and deposited in banks up to December 2016 (pertaining to nine divisions of DVVNL amounting ₹ 9.51 crore, eight divisions of MVVNL amounting ₹ 1.15 crore, nine divisions of PuVVNL amounting ₹ 10.63 crore and four divisions of PVVNL amounting ₹ 4.62 crore). These cheques could not be realised within their validity period and became time-barred as on 31 March 2017. However necessary entries for their reversal were not made in the accounts. This has resulted in overstatement of Cash and Cash Equivalents and understatement of Trade Receivables by ₹ 25.91 crore.</p> <p>Despite a similar comment of the C&amp;AG on the accounts of the Company for year 2015-16, no corrective action has been taken by the Management.</p>	<p>As informed by DVVNL, reconciliation is under process and necessary adjustment shall be made in F.Y 2019-20.</p> <p>As informed by MVVNL, Since the transaction which are part &amp; parcel of cash book can not be adjusted through transfer entries. the reversal entries are passed through cashbook in the year where the minus entries can be recorded for which concerned divisions have been directed. This is a continuous process and the overall effect on the balance sheet is nil. However, efforts are being made to take corrective action in this regards.</p> <p>As informed by PuVVNL since Balance Sheet of 2017-18 was already finalized and submitted to AG Office before finalization of comments for the year 2016-17, uncashed cheques amounting to Rs. 10.63 crore has been adjusted by all the concerned divisions in the accounts for the F.Y. 2018-</p>



	19 and 2019-20.  As informed by PVVNL, amount of Rs. 4.35 crore (against Rs. 4.62 crore) has been reconciled and debited to the concerned consumers. whereas for the balance amount, the efforts are continued at division level.
<p>(b) Cheques amounting to ₹ 1.02 crore were issued against various Trade Payables during 2015-16 in five divisions (EUDD-III, Aligarh, EDD-II, Aligarh, EDD-III, Aligarh, EDD-Etah and EDD-Kasganj) of DVVNL which were not encashed by the parties up to 31 March 2016 and had become time barred. The same should have been written back in the accounts of the Company which was not done. This has resulted in understatement of Cash and Cash Equivalent as well as Trade Payable by ₹ 1.02 crore.</p> <p>A similar matter was apprised through Management Letter on the accounts of the Company for the year 2015-16, however, no corrective action has been taken by the Management.</p>	As informed by DVVNL, reconciliation is under process and necessary adjustment shall be made in accounts for the F.Y 2019-20.
<b>Equities and Liabilities</b>	
<b>Equity</b>	
<b>13. Other equity (Note-15): (-) ₹ 58,615.34 crore</b>	



<p>The above includes subsidy received from the Government of Uttar Pradesh (GoUP) in 2015-16 as reimbursement against the payment of principal and interest amount on loans. The Government subsidy received towards reimbursement of the principal repayment of ₹ 54.06 crore (DVVNL: ₹ 52.31 crore and KESCO: ₹ 1.75 crore) should have been treated as capital grant instead of income and credited to Capital Reserve. Thus, accounting of above capital subsidy as income resulted in understatement of Accumulated Losses as well as Capital Reserve under the head of Other Equity by ₹ 54.06 crore.</p> <p>Despite a similar comment of the C&amp;AG on the accounts of the Company for year 2015-16, no corrective action was taken by the Management.</p>	<p>As informed by DVVNL, compliance has been made in the accounts for the F.Y 2018-19</p> <p>As informed by KESCO, the Accounts for FY 2016-17 were signed on 15.09.2018 and the final comments of C&amp;AG for FY 2015-16 were not received at that time due to which it was not possible to pass the correction entry in FY 2016-17</p> <p>The final comments of C&amp;AG for FY 2015-16 were received in July, 2019 and accordingly the correction entry in compliance of the Final comments of C&amp;AG has now been passed in accounts for the FY 2018-19 by crediting the amount of ₹ 1,77,04,546 received for repayment of Principal amount to Capital Reserve vide TEO No 165/3(F)/19.</p> <p>The impact of audit compliance has been made in accordance with relevant Ind As-8 by retrospectively restating the opening value of brought forward loss and capital reserve.</p>
<p><b>Liabilities</b></p>	
<p><b>Non-current Liabilities</b></p>	
<p><b>14. Borrowings (Note 16) ₹ 40,247.04 crore</b></p>	
<p>Southern UPPTCL has shown ₹ 25.67 lakh as payables to Uttar Pradesh Power Transmission Corporation Limited (UPPTCL) under the head 'Borrowings' on Liability side of the Balance Sheet. Further, an amount of ₹ 70 lakh has been depicted as Advances to ECTD Agra (Division of UPPTCL) under the head 'Loan' on assets side of the Balance Sheet. These balances pertaining to the same Company should have been shown after netting off. This has resulted in overstatement of Borrowing as well as Non-Current Assets by ₹ 25.67 lakh.</p> <p>Despite a similar comment of the C&amp;AG of India on the account of the Company for the years 2014-15 and 2015-16, no corrective action has been taken by the management.</p>	<p>As informed by SUPPTCL, necessary corrections have already been done in the financial statements for the year 2017-18.</p>
<p><b>15. Trade Payable (Note-19): ₹ 21,660.55 crore</b></p>	
<p>Alaknanda Hydro Power Company Limited (AHPCL) submitted bill of ₹ 45.04 crore against supply of energy for the period from 01.06.2015 to</p>	<p>The comment of CAG for F.Y. 2015-16 was received vide letter no म.ले. (ई.</p>



<p>29.06.2015. Against this, UPPCL verified bills of ₹ 20.63 crore and remaining bills amounting to ₹ 24.41 crore remained unverified. The unverified bills were for both firm as well as infirm power supply. As per the provisions of Power Purchase Agreement, infirm power was to be supplied free of cost. Board of Directors approved to refer the matter to U.P. Electricity Regulatory Commission (UPERC) with the remarks that UPPCL has principally agreed to pay an amount of ₹ 3.21 crore towards cost of firm power supply. However, M/s AHPCL has demanded an amount of ₹ 12.99 crore.</p> <p>As the Board has accepted power purchase liability of ₹ 3.21 crore, liability for the same should have been booked in the Accounts and the differential amount ₹ 9.78 crore (₹ 12.99 crore - ₹ 3.21 crore) should have been shown as contingent liability. Thus, the Current Liability (Trade Payable), Power Purchased as well as Other Equity (minus balance) are understated by ₹3.21 crore.</p> <p>Despite a similar comment of the C&amp;AG of India on the Accounts of the Company for the year 2015-16, no corrective action has been taken by the Management.</p>	<p>एण्ड आर.एस.ए.)/इ.एस-११/लेखा/यू.पी.पा. का.लि./2015-16/465 dated 14.03.2019. In this connection, it is to mention that the accounts for the F.Y. 2016-17 had been approved by the BoD on 14.11.2018 and the accounts for the F.Y. 2017-18 had also been finalised for the approval of BoD (date of approval 22.03.2019), hence the power purchase liability amounting to ₹3.21 crore has been accounted for in the accounts for the F.Y. 2018-19 and contingent liability amounting to ₹ 9.78 Crore has also been disclosed in the accounts of that year.</p>
<p><b>16. Other financial Liabilities (Current) - Note-20: ₹ 21,601.87 crore</b></p>	
<p>(a) The above amount of Other Current Liabilities has been arrived after netting-off an amount of ₹ 30.48 crore which was receivable from consumers viz. Railways, State Tube wells, JalSansthan and Local Bodies and Others by DVVNL. The receivable amount from the consumers should have been shown separately under the head Other Current Assets. This has resulted in understatement of Other Current Liabilities as well as Other Current Assets by ₹ 30.48 crore.</p>	<p>As informed by DVVNL, the above debit balances in AG Code 47.4 are due to misclassification of deposit work same will be reconciled and corrected in F.Y 2019-20.</p>
<p>(b) The above does not include an amount of ₹ 35.67 crore being the amount of interest payable by KESCO to the Government of Uttar Pradesh on account of delayed payment of conversion charges for conversion of najul land to freehold land.</p> <p>The request for waiver of interest was finally rejected by Government of Uttar Pradesh (GoUP) in December 2009. As the interest was not waived off by GoUP, the provision for interest on delayed payment should have been made in the Accounts. However, the Company neither made any provision for the same nor depicted any contingent</p>	<p>As informed by KESCO, a liability is booked when there is a reasonable certainty of outflow of economic resources of the enterprise. In the present case, there is no such liability on the company as the liability for payment of Interest shall only arise when UPPCL or KESCO (on behalf of UPPCL) desires to convert the land into free hold. At present there is neither any demand from Govt of UP nor any such action is being taken by the Company.</p>



<p>liability on this account. This resulted in understatement of Other Current Liabilities as well as Fixed Assets by ₹ 35.67 crore.</p> <p>Despite a similar comment of the C&amp;AG of India on the accounts of the Company for years 2014-15 and 2015-16, no corrective action has been taken by the Management.</p>	<p>Govt of UP has not demanded any such interest for ₹35.67 crore. It is not possible to book a liability without any demand or a concrete certainty and booking of liability only on the basis of future assumptions will lead to overstatement of loss and liability and will not reflect the correct position of the financial statements.</p>
<p>(c) Above does not include provision of ₹ 10.65 crore for pension and gratuity on increased salary on account of 7<sup>th</sup> Pay Commission for the year 2015-16 (₹ 2.87 crore) and 2016-17 (₹ 7.78 crore) in PUVNL. This has resulted in understatement of Other Current Liabilities and Loss by ₹ 10.65 crore.</p>	<p>As informed by PUVNL, as per order No.999 dt. 01.09.2017 of UPPCL, Lucknow regarding 7<sup>th</sup> pay commission, the provision of salary is made on estimated basis. Further it is to be state that provision for Pension &amp; Gratuity is already been accounted for while the actual pay bills and arrear bills was prepared by concerned units.</p> <p>In view of management there is no requirement to make any additional provision regarding Pension &amp; Gratuity.</p>
<p>(d) As per Building and Other Construction Workers' Welfare Cess Act, 1996, the executing agency should deduct labourcess at the rate of one percent of the total cost of projects and the same should be deposited with the Labourcess Authority within 30 days of receipt of payment.</p> <p>PuVVNL executed works under various schemes and released payment of ₹ 1,443.94 crore to various Contractors. However, no labourcess has been deducted against the required amount of ₹ 14.44 crore from the bills of the contractors. This has resulted in understatement of Other Current Liabilities as well as Other Current Assets by ₹ 14.44 crore.</p> <p>Despite a similar comment of the C&amp;AG of India on the accounts of the Company for years 2014-15 and 2015-16, no corrective action has been taken by the Management.</p>	<p>As informed by PuVVNL, work under RGGVY &amp; RAPDRP are in progress and amount of Labour Cess under RGGVY are being deposited by venders directly to the Labour Commissioner of related area which is further reimbursed through payment of bills to contractors.</p> <p>In reference of the amount quoted by Audit, it is to submit that labour cess amounting to Rs. 4.49 crore has been deposited to Labour Department in accordance with the Extraordinary Gazette dated 18th May, 2018. Further no any demand has been raised by the Labour Cess Authority till date.</p>
<p>(e) The Significant Accounting policy of UPPCL regarding "Employee Benefits" (para no. 3(X)(a) under Note No. 1-A) states that Liability for Pension &amp; Gratuity in respect of employees has been determined on the basis of actuarial valuation and has been accounted for on accrual basis.</p> <p>However, UPPCL has not made provision amounting to ₹ 2.61 crore for pension and gratuity @ 16.70 percent and 2.38 percent respectively for employees covered under GPF and 10 percent</p>	<p>Necessary Provision has been made in the accounts for the F.Y 2018-19.</p>



<p>Employer's Contribution towards employees covered under CPF in respect of 7<sup>th</sup> Pay Commission arrears amounting ₹ 15.02 crore for the period 01.04.2016 to 31.03.2017. This has resulted in understatement of Other Current Liabilities and also understatement of Employee Cost as well as Loss for the year by ₹ 2.61 crore.</p>	
<p>(f) The above does not include ₹ 28.08 crore and ₹ 0.57 crore being interest payable on account of delay/non-deposit of General Provident Fund (GPF) and Pension and Gratuity as worked out and accounted for in the Financial Statements of Uttar Pradesh Power Sector Employees Trust for the year 2014-15. This has resulted in understatement of Current Liabilities and Other Equity (minus balance) by ₹ 28.65 crore.</p> <p>Despite similar comment of the C&amp;AG of India on the Accounts of the Company for the year 2012-13 to 2015-16, no corrective action has been taken by the Management.</p>	<p>There was no amount payable to UPPSE Trust as on 31.03.2015(after netting off of the liabilities towards GPF of Rs. 16.60 Crore Dr and Pension and gratuity of Rs. 3.92 Cr). Hence the account of the same was not required. However the UPPSE Trust has already been requested to reconcile its account with company.</p>
<p><b>C. OTHER COMMENTS</b></p>	
<p><b>17. Comments on Disclosure</b></p>	
<p>(a) The Commercial Tax Department has raised a demand of ₹ 4.09 crore towards VAT on the deemed sale of meters and on sale of cable for the year 2010-11 against M/s Torrent Power Limited (TPL), an input based franchise of DVVNL. As per terms and conditions of the agreement executed with TPL, the Company was responsible to pay the taxes and duties. The Company has neither provided the above liability nor disclosed the same as Contingent Liability in the Notes to accounts.</p> <p>Despite a similar comment of the C&amp;AG on the accounts for the year 2015-16, no corrective action was taken by the Management.</p>	<p>As informed by DVVNL, compliance has been made in the accounts for the F.Y 2018-19.</p>
<p>(b) As per Point No. 15 of Note to Accounts No. 1(b) of PVVNL, provision for accrued liability on account of pension and gratuity has been made at the rate of 16.70 <i>per cent</i> and 2.38 <i>per cent</i> respectively on basic pay, grade pay and DA paid to employees based on actuarial valuation report dated 09.11.2000 submitted by M/s. Price Waterhouse Coopers to UPPCL (Holding Company).</p> <p>However, the actuarial valuation formula (November, 2000) is being applied only for</p>	<p>As informed by PVVNL, the provision for Gratuity of CPF Employee has been made on the basis of Actuarial Valuation Report of M/s Mithras Consultants dated 12.09.2019 in FY 2018-19.</p>



<p>employees covered under GPF whereas for employees covered under CPF, provision for gratuity is being made on actual basis. This material fact should have been disclosed in Notes to Accounts which has not been done by the Company. Therefore, Notes to Accounts are deficient to that extent.</p>	
<p>(c) DVVNL and PVVNL has charged depreciation on fixed assets on the basis of useful life prescribed by UPERC instead of those prescribed in Schedule II of the Companies Act, 2013. This material fact and its impact should have been disclosed in the Notes to Accounts which have not been done. Notes to Accounts are deficient to that extent.</p>	<p>As informed by DVVNL, as per the Part-B Schedule-II, Provisions of the same not applicable.</p> <p>As informed by PVVNL, the depreciation on Fixed Assets has been provided as per the provisions of Companies Act, 2013 on "Straight Line Method" basis. Life of Fixed Assets has been considered as per order of Uttar Pradesh Electricity Regulatory Commission. Where life of assets is not given in UPERC order, the same has been taken as per Companies Act, 2013. The same has been rectified/disclosed in Notes on Accounts of FY 2017-18 at point no. 7(d).</p>
<p>(d) PVVNL has not disclosed contingent liability of ₹ 290.28 crore on account of interest on outstanding electricity duty<sup>2</sup>. Although, GoUP has not imposed any penal interest on account of outstanding/delayed payment of electricity duty in past years, however, the same should have been disclosed in contingent liabilities under Notes to Accounts.</p>	<p>As informed by PVVNL, As per past record no demand has been raised by U.P. Govt. regarding late payment of Electricity Duty. Necessary provision shall be made as and when the demand is raised by Govt. of U.P.</p>
<p>(e) Employees Provident Fund authorities raised a demand of ₹ 277.33 crore on PuVVNL against dues of EPF for the financial year 2010-11 to 2013-14. The Company gave an application to the EPF Commissioner regarding exemption of establishment under Section 16(1)(b) of the Act but the EPF Commissioner dismissed the application. Subsequently, the Company has filed a petition in the High Court in March 2018. Since, the matter is sub-judice, it should have been disclosed under Contingent Liabilities in Notes to Accounts.</p>	<p>As informed by PuVVNL, the company has entered into agreement with various contractors for operation &amp; maintenance of sub-stations and payment thereof is made to the contractors as per the agreement. The contractor is responsible for paying salary to deployed employees and deposit the statutory liability to the concerned Authority. If any probable liability arises in future, the same has to be settled by the contractor itself. Since the company does not have any possible obligation that arises from past event, the question of disclosure under Notes to Accounts as Contingent Liability does not arise. In view of the above, this comment has not been taken by CAG in FY 2017-18.</p>

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



<p><b>(f)</b> In July 2017, it was revealed from bank reconciliation statement of PuVVNL, that deposits in bank were short by ₹ 1.89 crore. On scrutiny, some fraudulent activities of the Division Cashier came to notice during March, 2017 to July, 2017. The Company could not recover the money till date. This material fact involving significant amount should be disclosed in Notes to Accounts.</p>	<p>As informed by PuVVNL, the necessary account of the same has already been made by the concerned unit as amount recoverable from the employee. Hence question of disclosure for the same in the notes to accounts does not arise. In view of the above, this comment has not been taken by CAG in FY 2017-18.</p>
<p><b>(g)</b> UPPCL has netted of Liquidated Damages (LD) amounting to ₹ 381.91 crore (LD imposed on SEUPPTCL: ₹ 200 crore, LD imposed on WUPPTCL: ₹ 181.91 crore) from Power Purchase Cost during the year 2016-17. The above financially material facts should have been disclosed in Notes to Accounts. Thus, Notes to Accounts are deficient to that extent.</p>	<p>Necessary disclosure has been made in the accounts for the F.Y 2018-19.</p>
<p><b>(h)</b> Ind AS 24 (Para 17) states that an entity shall disclose key management personnel compensation in total and for each of the following categories: short term employee benefits, post-employment benefits, other long-term benefits, termination benefits and share-based payment. Further, as per Section 203 of the Companies Act 2013, key managerial personnel includes Company Secretary and Chief Financial Officer. The Company has, however, not included names of Company Secretary and Chief Financial Officers of UPPCL and its subsidiaries (except MVVNL and PVVNL) in related party disclosures under Note 21 A(b) and 21B(b). Thus reporting of related party transactions was incomplete and deficient to that extent.</p>	<p>The company secretary in UPPCL was in part time capacity not in whole time therefore the disclosure of his name was not done in the list of KMP. Further, it is to submit that the name of CFO was inadvertently left to be disclosed in the list of KMP. However necessary disclosure has been made in the F.Y 2018-19.</p>
<p><b>(i)</b> UPPCL in its 139<sup>th</sup> meeting of Board of Directors decided for closure of the Southern UP Power Transmission Company Limited after getting necessary approval from the Competent Authority.</p> <p>The aforesaid material fact was neither disclosed by the Company nor commented by the Statutory Auditor on the Consolidated Financial Statements of the Company for the year ended 31 March 2017.</p>	<p>The disclosure of Southern UP Power Transmission Company Limited could not be made inadvertently. However same shall be disclosed in the ensuing accounts in hand.</p>



<p>(j) Uttar Pradesh JalVidyutUtpadan Nigam Limited (UPJVUNL) has been supplying electricity to Staff and other consumers at Pipri, Sonbadhra on behalf of UPPCL since January 2000. Due to non-transfer of consumers to concerned Discom and non-remittance of collected amount to UPPCL/Discom a liability towards UPPCL amounting to ₹ 73.82 crore has been shown in the books of UPJVUNL for the year 2016-17. Further, the reduction in the above liability on account of cost of power sold to UPPCL is still undetermined by UPJVUNL.</p> <p>This material fact has not been disclosed by UPPCL in the Financial Statements.</p>	<p>In regard to UPPCL, It is stated that the authorities concerned of UPJVNL and PuVVNL have been requested to take final decision immediately in reference to the audit comment and accordingly ensure necessary compliance in its books of accounts for the F.Y.2019-20.</p>
<p>(k) M/s AHPCL has issued bills amounting to ₹9.66 crore for firm energy supply to UPPCL during the period from 24.04.2015 to 30.04.2015 and 01.05.2015 to 09.05.2015 on the basis of Generating Transformer (GT) meter reading due to non-availability of main meter reading. This bill has not been verified by UPPCL on the ground that there is no provision in Power Purchase Agreement for assessing consumption on the basis of GT meter reading. The Management of UPPCL had submitted the proposal to the Board of Directors for approval to refer the case to UPERC in Board Meeting dated 18 January 2016 accepting the fact that energy has been received by UPPCL and company is liable to pay the amount. However, no decision has been taken by the Board of Directors to refer the case to UPERC in that meeting or in subsequent meetings.</p> <p>As the Company accepted the fact that the energy has been received and did not deny the payment, the Company was required to disclose contingent liability of ₹ 9.66 crore towards payment of energy purchased.</p> <p>Despite similar comment of the C&amp;AG on the Accounts of the Company for the year 2015-16, no corrective action has been taken by the management.</p>	<p>Since the matter is still disputed, the liability of to ₹9.66 crore towards payment of energy purchased from M/s AHPCL has been shown as Contingent Liability in the hands i.e. 2018-19.</p>
<p>(l) As per Section 158 of Companies Act 2013, every person or company while furnishing any return, information or particulars as are required to be furnished under this Act, shall mention the Director Identification Number (DIN) in such return, information or particulars in case such return, information or particulars relate to the Director or contain any reference of any Director.</p>	<p>As informed by SUPPTCL, the necessary correction has already been done in the financial statements for the year 2017-18.</p>



<p>In the Financial Statements of Southern UPPTCL, the DIN has not been mentioned in respect of the Managing Director and Director, who have signed the financial statement. Thus the Financial Statements are deficient to that extent.</p>	
<p>(m) Section 173 of the Companies Act, 2013, stipulates that every company shall hold a minimum number of four meetings of its Board of Directors every year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board. Southern UPPTCL held only three Board meetings during the year 2016-17 in contravention of the above provisions of Companies Act, 2013.</p>	<p>As informed by SUPPTCL, noted for future compliance.</p>
<p><b>18. Significant Accounting Policies</b></p>	
<p>(a) Reference is invited to Significant Accounting Policy No. 3 (II) (e) of Note No. 1(A) of UPPCL (CFS) which states that "Due to multiplicity of functional units as well as multiplicity of functions at particular unit, Employees cost to capital works are capitalised @ 15 per cent on deposit works, 13.50 per cent on Distribution works and @ 9.5 per cent on other works on the amount of total expenditure." This policy is not in line with para 16 of Ind AS 16 on Property Plant and Equipment which provides that the cost of an item of Property, Plant and Equipment comprises any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.</p> <p>Thus, the capitalisation of employees cost amounting to ₹ 861.98<sup>3</sup> crore to Capital works, on percentage basis to the amount of total expenditure incurred on capital works, is not in conformity with the provisions of Ind AS 16.</p>	<p>Due to multiplicity of functional units as well as multiplicity of functions at particular unit, it was not possible to locate the directly attributable cost, therefore, the corporation has formed the policy to capitalize the employee cost at predetermined rate.</p>
<p>(b) As per para 100 of Ind AS 38 on Intangible Assets, residual value of an intangible asset with a finite useful life shall be assumed to be zero unless:</p> <p>(1) there is a commitment by a third party to purchase the asset at the end of its useful life; or</p> <p>(2) there is an active market for the asset and:</p> <p>(i) residual value can be determined by reference to that market; and</p>	<p>The matter will be examined and necessary action, if required, will be taken.</p>

<sup>3</sup>UPPCL (standalone)-₹3.01 crore, MVVNL- ₹230.03 crore, PuVVNL-₹194.37 crore, PVVNL- ₹228.73 crore, DVVNL-₹203.34 crore, KESCO-₹2.49 crore.



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

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

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

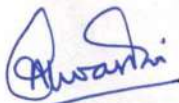
Reference is invited to Accounting Policy of Parent and subsidiaries/associates regarding employees benefits which stated that liability for pension and gratuity in respect of employees has been determined on the basis of actuarial valuation and has been accounted for on accrual basis.

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

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

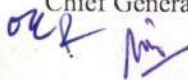
In absence of the latest actuarial valuation report, the provision of Pension and Gratuity has been made on the basis of actuarial valuation report dated 09.11.2000

As informed by the statutory Auditor, the matters has been reported at point no. 5(d) of statutory audit report on Standalone Financial statement of the corporation. They have further stated that they have not audited the financial statement/financial information of the subsidiaries and associates companies.



(A.K. Awasthi)

Chief General Manager (Audit & Accounts)



Director (Finance)