

U.P. POWER CORPORATION LIMITED

CONSOLIDATED BALANCE SHEET

AS AT

31st MARCH 2019

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CONSOLIDATED STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED ON

31st MARCH 2019

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

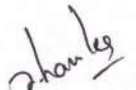
U.P. POWER CORPORATION LIMITED
14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.
CIN: U32201UP1999SGC024928
CONSOLIDATED FINANCIAL STATEMENT

CONSOLIDATED BALANCE SHEET AS AT 31.03.2019

(₹ in Lakhs)

Particulars	Note No.	As at 31.03.2019	As at 31.03.2018
(I) ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	2	3951886.68	3174758.54
(b) Capital work-in-progress	3	2085777.98	1474861.15
(c) Assets not in Possession	4	12978.10	11830.07
(d) Intangible assets	5	287.82	96.99
(i) Investments	6	230899.23	240990.00
(ii) Loans	7	14.27	14.27
(iii) Others	8	744.03	788.30
(2) Current assets			
(a) Inventories	9	349039.17	318107.30
(b) Financial Assets			
(i) Trade receivables	10	6844062.99	5701096.30
(ii) Cash and cash equivalents	11-A	599864.38	624416.32
(iii) Bank balances other than (ii) above	11-B	52956.90	79594.91
(iv) Others	12	263912.47	310592.53
(c) Other Current Assets	13	565858.70	604541.03
Total Assets		14958282.72	12541687.71
(II) EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	14	9118636.32	8040093.81
(b) Other Equity	15	(6350224.41)	(6452987.17)
LIABILITIES			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	5610978.92	5522761.78
(b) Other financial liabilities	17	353162.93	322968.54
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	143725.06	210402.18
(ii) Trade payables	19	2961907.40	2116464.47
(iii) Other financial liabilities	20	3120095.77	2781982.51
(b) Provisions	21	0.73	1.59
Significant Accounting Policies of Consolidated Financial Statement	1(A)		
Notes on Accounts of Consolidated Financial Statement	1(B)		
Total Equity and Liabilities		14958282.72	12541687.71

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


(Niharika Gupta)
Company Secretary


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


(Sudh Arya)
Director (Finance)
DIN - 05135780

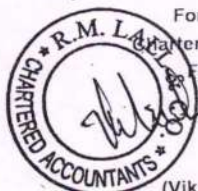

(M. Devaraj)
Chairman & Managing Director
DIN - 08677754

Place : Lucknow

Date : 06.04.2021

UDIN :- 21401216 AAAA0 4019

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


(Vikas C Srivastava)
Partner
M. No. 401216

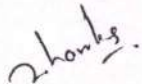
U.P. POWER CORPORATION LIMITED
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CIN: U32201UP1999SGC024928
CONSOLIDATED FINANCIAL STATEMENT


CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED ON 31.03.2019

(₹ in Lakhs)

Particulars	Note No.	For the year ended 31.03.2019	For the year ended 31.03.2018
I Revenue From Operations	22	5002542.04	4446612.25
II Other Income	23	1332274.34	903608.67
III Total Income (I+II)		6334816.38	5350220.92
IV EXPENSES			
1 Cost of materials consumed			4926995.19
2 Purchases of Stock-in-Trade (Power Purchased)	24	5602449.64	
3 Changes in inventories of finished goods, Stock-in-Trade and work-in-progress			137889.53
4 Employee benefits expense	25	141389.33	329110.61
5 Finance costs	26	461628.71	110339.27
6 Depreciation and amortization expenses	27	112963.00	148898.97
7 Administration, General & Other Expense	28	197040.56	242087.75
8 Repair and Maintenance	29	225086.86	868254.76
9 Bad Debts & Provisions	30	868290.72	
10 Other expenses			6763576.08
IV Total expenses (IV)		7608848.82	6763576.08
V Profit/(Loss) before exceptional items and tax (III-IV)		(1274032.44)	(1413355.16)
VI Exceptional Items		0.12	
VII Profit/(Loss) before tax (V(+/-)VI)		(1274032.56)	(1413355.16)
VIII Tax expense:		0.13	
(1) Current tax			
(2) Deferred tax			
IX Profit (Loss) for the period from continuing operations (VII-VIII)		(1274032.69)	(1413355.16)
X Profit/(Loss) from discontinued operations			
XI Tax expense of discontinued operations			
XII Profit/(Loss) from discontinued operations (after tax) (X-XI)		(1274032.69)	(1413355.16)
XIII Profit/(Loss) for the period (IX+XII)			
XIV Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss- Remeasurement of Defined Benefit Plans (Actuarial Gain or Loss)		(1062.72)	(668.89)
(ii) Income tax relating to items that will not be reclassified to profit or loss			
B (i) Items that will be reclassified to profit or loss			
(ii) Income tax relating to items that will be reclassified to profit or loss			
XV Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit/(Loss) and Other Comprehensive Income for the period)		(1275095.41)	(1414024.05)
XVI Earnings per equity share (continuing operation):			
(1) Basic		(147.31)	(182.29)
(2) Diluted		(147.31)	(182.29)
XVII Earnings per equity share (for discontinued operation):			
(1) Basic			
(2) Diluted			
XVIII Earnings per equity share (for discontinued & continuing operations)			
(1) Basic		(147.31)	(182.29)
(2) Diluted		(147.31)	(182.29)
Significant Accounting Policies of Consolidated Financial Statement	1(A)		
Notes on Accounts of Consolidated Financial Statement	1(B)		
Note 1(A) to 30 form integral part of Accounts.			

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


(Niharika Gupta)
Company Secretary


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


(Sudhir Awasthi)
Director (Finance)
DIN - 05135780



(M. Devaraj)
Chairman & Managing Director
DIN - 08677754

Place : Lucknow

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Chartered Accountants
FRN No. 000932C


R.M. Lall & Co.
Chartered Accountants
Partner
M. No. 401216

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 31.03.2019

Balance at the beginning of the reporting period	Changes in Equity Share Capital during the year	Balance at the end of the reporting period
8040093.81	1078542.51	9118636.32

B. OTHER EQUITY AS AT 31.03.2019

Particulars	Share application money pending allotment	Capital / Other Reserve	Retained Earnings	Total
Balance at the beginning of the reporting period	259075.02	2847734.16	(15775616.22)	(12668807.04)
Changes in accounting policy or prior period errors	0.00	0.00	0.00	0.00
Restated balance at the beginning of the reporting period	259075.02	2847734.16	(15775616.22)	(12668807.04)
Total Comprehensive Income for the year	0.00	0.00	(1429155.01)	(1429155.01)
Adjustment as per Point no. 36 of Note 1B	0.00	0.00	154059.60	154059.60
Addition during the Year	0.00	677660.83	0.00	677660.83
Reduction during the Year	0.00	47385.98	0.00	47385.98
Share Application Money Received	1033477.57	0.00	0.00	1033477.57
Share Allotted against Application Money	1078542.51	0.00	0.00	1078542.51
Balance at the end of the reporting period	214010.08	3478009.01	(17050711.63)	(13358692.54)
Adjustment of Reversed Provision on Investments				6850102.43
Adjustment of Reversed Provision on UPPCL Debtors				154333.70
Adjustment of Provision on Financial Assets-Other Current- Subsidiaries (Unsecured)				4032.00
Net Balance at the end of the reporting period				(6350224.41)

(₹ in Lakhs)

A. EQUITY SHARE CAPITAL AS AT 31.03.2018

Balance at the beginning of the reporting period	Changes in Equity Share Capital during the year	Balance at the end of the reporting period
7287540.82	752552.99	8040093.81

B. OTHER EQUITY AS AT 31.03.2018

Particulars	Share application money pending allotment	Capital / Other Reserve	Retained Earnings	Total
Balance at the beginning of the reporting period	327715.53	2745493.93	(14230101.34)	(11156891.88)
Changes in accounting policy or prior period errors	0.00	177.05	25612.44	25789.49
Adjustment as per Point no. 36 of Note 1B	0.00	0.00	(157103.27)	(157103.27)
Restated balance at the beginning of the reporting period	327715.53	2745670.98	(14361592.17)	(11288205.66)
Total Comprehensive Income for the year	0.00	0.00	(1414024.05)	(1414024.05)
Addition during the Year	0.00	133823.91	0.00	133823.91
Reduction during the Year	0.00	31760.73	0.00	31760.73
Share Application Money Received	683912.48	0.00	0.00	683912.48
Share Allotted against Application Money	752552.99	0.00	0.00	752552.99
Balance at the end of the reporting period	259075.02	2847734.16	(15775616.22)	(12668807.04)
Adjustment of Reversed Provision on Investments				6104294.54
Adjustment of Reversed Provision on UPPCL Debtors				107937.01
Adjustment of Provision on Financial Assets-Other Current- Subsidiaries (Unsecured)				3588.32
Net Balance at the end of the reporting period				(6452987.17)

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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 financial statements were authorized for issue by Board of Directors on 02-03-2021.

(e) **Functional and presentation currency**

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

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

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

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

(g) Current and non-current classification

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

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

3. SIGNIFICANT ACCOUNTING POLICIES

I- BASIS OF CONSOLIDATION

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

(a) Basis of Accounting:

- i) The financial statements of the Subsidiary Companies and Associates in the consolidation are drawn up to the same reporting period as of the Company for the purpose of consolidation.
- ii) The consolidated financial statements have been prepared in accordance with 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:

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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

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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.
- (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:

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- (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.
- (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.

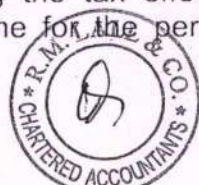
XIV- DEFERRED TAX LIABILITY

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

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profitability of the Company and no provision is made in case of current loss and past accumulated losses as per Para 34 of Ind AS 12 "Income Taxes".

XV- STATEMENT OF CASH FLOW

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

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.

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XVIII- MATERIAL PRIOR PERIOD ERRORS

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

(Niharika Gupta)
Company Secretary

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

(Sudhir Arya)
Director (Finance)
DIN - 05135780

(M. Devraj)
Chairman &
Managing Director
DIN - 08677754

Place : Lucknow

Date : 06.04.2021

UDIN: 21401216 AAAAAC 4019

Subject to our report of even date

For R M Lall & Co.
Chartered Accountants
FARN No. 000932C



(Kas C Srivastava)
Partner
M. No. 401216

U.P. Power Corporation Limited

CIN:U32201UP1999SGC024928

Note No.1 (B)

Notes to Accounts forming part of Consolidated Financial Statements for the F.Y 2018-19

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

S No.	Name of Company	Status	Proportion (%) of Shareholding as on*	
			31-03-2019	31-03-2018
1	U.P Power Corporation Limited	Holding	NA	NA
2	PurvanchalVidyutVitrان Nigam Limited**	Subsidiary	100	100
3	PashchimanchalVidyutVitrان Nigam Limited**	Subsidiary	100	100
4	MadhyanchalVidyutVitrان Nigam Limited**	Subsidiary	100	100
5	DakshinanchalVidyutVitrان Nigam Limited**	Subsidiary	100	100
6	Kanpur Electricity Supply Company Limited**	Subsidiary	100	100
7	Sonebhadra Power Generation Company Limited*** (inoperative service dated 27.03.2019)	Subsidiary	0	100
8	Southern-UP Power Transmission Company Limited	Subsidiary	100	100
9	Yamuna Power Generation Company Limited*** (inoperative service dated 25.03.2019)	Associate	0	25

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

** It represents the Distribution Companies (DISCOMs).

*** Sonebhadra Power Generation Company Limited and Yamuna Power Generation Company Limited are inoperative w.e.f. the date as cited above. As per order of the Registrar of Companies (MCA), Kanpur, U.P. dated 18.08.2020 and 28.08.2020 Sonebhadra Power Generation Company Ltd. and Yamuna Power Generation Company Ltd. respectively have been struck off from the Register of Companies and the same have been dissolved. (Refer Note 29 & 30)

2. The amount of Loans, Subsidies and Grants were received from the State Government by the Uttar Pradesh Power Corporation Limited centrally, being the Holding Company and distributed by the Holding Company to the DISCOMs, which have been accounted for accordingly.

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3. The loan taken by the Subsidiary Companies during the financial year 2018-19 amounting to ₹ 908110.44 Lacs. ₹ 592843.69 Lacs received from the Holding Company i.e. UPPCL (The UPPCL takes loan from financial institution for and on behalf of Discoms) as per details given below:-

(₹ InLacs)

Sl. No	Particulars	DVVNL	PuVVNL	PVVNL	MVNNL	Kesco	UPPCL	Total
1	REC	29,862.55	37,399.72	85,747.04	44,603.92	-	1,52,915.00	350528.23
2	PFC	15,340.00	36,401.09	51,910.78	9,533.65		4,08,748.75	521934.27
3	PFC Loan (IPDS)					4,468.00		4468.00
4	Bond							
5	Uday (Intt. Free)					-	-	-
6	Govt. Loan						31179.94	31179.94
	Total	45,202.55	73,800.81	1,37,657.82	54,137.57	4,468.00	592843.69	908110.44

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

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

(b) Borrowing cost capitalized during the year is 49658.88Lacs(31stMarch 2018₹ 40954.18Lacs).

8. (a) The Provision for Bad & Doubtful Debts against revenue from sale of power has been made @5% on the incremental debtors during the year.

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

(i) Provision to the extent of 10% on the balances of suppliers/contractors has been made by UP Power Corporation Limited, Purvanchal Vidyut Vitran Nigam Limited, Pashchimanchal Vidyut Vitran Nigam Limited and an amount of ₹77.24Lacs by Kanpur Electricity Supply Company Limited against the unadjusted advances for more than two year and Rs. 536.04 Lacs by Dakshinanchal Vidyut Vitran Nigam Limited against advances not recovered for more than 5 years.

(ii) Provision @ 100% on interest accrued and due during the year on loan of NPCL has been made by UP Power Corporation Limited under the Note No. 07 (Financial Assets-Loans-Non Current).

(c) A provision for doubtful receivables to the extent of 10% on the balances appearing under the different heads of "Financial Assets-Other- Current" (excluding Receivable on account of loan & Prepaid Expenses)/ "Other Current Assets" (Receivable from Employees) has been made by UP Power Corporation Limited, Purvanchal Vidyut Vitran Nigam Limited, Pashchimanchal Vidyut Vitran Nigam Limited and an amount of ₹187.36Lacs by Kanpur Electricity Supply Company Limited against the doubtful receivables from Employees.

(d) The provision for unserviceable store has been made @10% of closing balance and the 100% Provision for loss on account of theft of fixed assets pending investigation have been made for balance at the close of financial year by 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 704545.49Lacs shown in Note-20 include 51204.80Lacs on account of Other Levies realized from consumers.

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

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12.(a) Some balances appearing under the heads 'Financial Assets-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.

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>31.03.2019</u>	<u>31.03.2018</u>
<u>Earning per share:</u>		
(a) Net loss after tax (numerator used for calculation)	(1275095.41)	(1414024.05)
(b) Weighted average number of Equity Shares* (denominator for calculating Basic EPS)	865587584.83	775703593.17
(c) Weighted average number of Equity Shares* (denominator for calculating Diluted EPS)	876062221.24	781656156.88
(d) Basic earnings per share of Rs. 1000/- each (EPS Amount in Rupees)	(147.31)	(182.29)
(e) Diluted earnings per share of Rs. 1000/- each (EPS Amount in Rupees)	(147.31)	(182.29)

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

14. 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 for the employees covered under GPF scheme has been made @ 16.70% and 2.38% respectively on the amount of Basic pay, Grade pay and DA paid to employees.

15. 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

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want of sufficient related information. However, the company is in the process to obtain the complete information in this regard.

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

17. Payment to Directors and Officers in foreign currency towards foreign tour was NIL (Previous year NIL).

18. Additional Information required under the Schedule-III of the Companies Act, 2013 areas under:-

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

Sl. No.	Details	F.Y 2018-19	F.Y 2017-18
		(Units in MU)	(Units in MU)
(i)	Total number of units purchased	115435.510	119163.550
(ii)	Total number of units sold	88095.250	88138.536
(iii)	Distribution Losses	27340.260	31025.014

(b) Contingent Liabilities and Commitments:-

Sl. No.	Details	Amount (₹ In Lacs)	
		F.Y 2018-19	F.Y 2017-18
1	Estimated amount of contracts remaining to be executed on capital	9002.44	40170.09
2	Power Purchase	1010143.82	516273.93
3	Interest on RAPDRP Loan	31368.62	27906.42
4	Amount involved in court cases	9138.19	16413.41
5	Claims by employees under litigation	503.57	524.82
6	Others Contingencies	20326.22	4953.52
	Total	1080482.86	606242.19

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

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Sl. No.	Name of the Entity	Net Assets i.e. Total Assets minus Total Liabilities as at 31.03.2019		Share in Profit or Loss for the Year 2018-19	
		As % of Consolidated Net Assets	Amount (₹ in Lakhs)	As % of Consolidated Profit or Loss	Amount (₹ in Lakhs)
A	Parent				
	U.P. Power Corporation Ltd., Lucknow	(62.97)	446868.60	64.70	(825015.80)
B	Subsidiaries				
	MadhyanchalVidyutVitrان Nigam Ltd., Lucknow	(37.87)	268723.30	5.85	(74648.22)
	PurvanchalVidyutVitrان Nigam Ltd., Varanasi	9.51	(67500.19)	7.75	(98761.34)
	PashchimanchalVidyutVitrان Nigam Ltd., Meerut	21.81	(154735.00)	10.12	(129049.55)
	DakshinanchalVidyutVitrان Nigam Ltd., Agra	134.34	(953302.39)	20.13	(256716.23)
	Kanpur Electricity Supply Company Ltd., Kanpur	22.77	(161581.15)	3.53	(44964.13)
	Southern Power Transmission Corporation Ltd., Lucknow	(0.01)	60.91	(0.00)	0.26
C	Others				
	CFS Adjustment (Refer Note No. 36)	12.42	(88131.18)	(12.08)	1,54,059.60
	Total	100.00	(709597.10)	100.00	(1275095.41)

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

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

A- List of Related Parties

(a) List of Subsidiary & Associates:-

Subsidiary
MadhyanchalVidyutVitrان Nigam Limited
PashchimanchalVidyutVitrان Nigam Limited
PurvanchalVidyutVitrان Nigam Limited
DakshinanchalVidyutVitrان Nigam Limited
Kanpur Electricity Supply Company Limited
Sonebhadra Power Generation Company Limited (inoperative service dated 27.03.2019, Refer Note No. 29)
Southern-UP Power Transmission Company Limited (Refer Note No. 31)
Associates
Yamuna Power Generation Company Limited (inoperative service dated 25.03.2019, Refer Note No. 30)

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(b) Key management personnel:-

S. No.	Name	Designation	Working Period (For FY 2018-19)	
			Appointment	Retirement/ Cessation
A- UPPCL (Holding Company)				
1	ShriAlok Kumar	Chairman	20.05.2017	Working
2	Smt. Aparna U.	Managing Director	26.10.2017	Working
3	ShriSudhanshuDwivedi	Director (Finance)	30.06.2016	Working
4	ShriSatyaPrakashPandey	Director (P.M. & Admin.)	01.07.2016	Working
5	Shri Vijay Kumar	Director (Distribution)	06.01.2018	Working
6	Shri V. P. Srivastava	Director (Corporate	04.01.2018	Working
7	Shri A.K. Srivastava	Director (Commercial)	27.06.2018	Working
8	ShriAmit Gupta (M.D of UPPTCL)	Nominee Director	22.01.2018	31.08.2018
9	Dr.SenthilPandiyam C.(M.D of UPPTCL)	Nominee Director	10.09.2018	Working
10	Shri Neel Ratan Kumar (Special Secretary- Finance)	Nominee Director	16.04.2013	Working
11	SmtManju Shankar (Department of Public Enterprises)	Nominee Director	10.12.2015	Working
12	ShriIndra Mohan Kaushal	Chief Financial Officer	26.12.2017	13.11.2018
13	ShriPramendraNathSahay	Chief Financial Officer	14.11.2018	Working
14	ShriPradeepSoni	Company Secretary (Part	01.08.2017	Working
B- Subsidiary & Associates (Having Related Party Transactions)				
I- MadhyanchalVidyutVitran Nigam Limited				
1	ShriAlok Kumar	Chairman	20.05.2017	Working
2	ShriSubh Chand Jha	Managing Director	27.03.2018	04.04.2018
3	Shri Sanjay Goyal	Managing Director	05.04.2018	Working
4	ShriRakesh Kumar	Director (Finance)	31.12.2016	Working

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

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

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

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

(d) Post-Employment Benefit Plan:-

1- Uttar Pradesh Power Sector Employees Trust.

B- Transactions with Related 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: -

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

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

(₹ In Lacs)

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

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

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

Particulars	(₹ InLacs)	
	31 st March 2019	31 st March 2018
Amount Recoverable		
From Others		
➤ UPRVUNL	358.99	310.63
➤ UPPTCL	49247.10	46630.79
Amount Payable		
To Others		
➤ UPJVNL	8826.17	8837.52
➤ UPPSET	112809.16	126249.97

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

22. Financial Risk Management

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

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

(a) Regulatory Risk: 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.

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

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

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

Fair value sensitivity analysis for fixed-rate instruments

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

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

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

23. Capital Management

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

The Group is wholly owned by the 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.

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

24. In the opinion of management, there is no specific indication of impairment of any assets as on balance sheet date as envisaged 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.
25. Statement containing salient features of the financial statements of Subsidiaries and Associates of UP Power Corporation Limited pursuant to first proviso to sub section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014, in form AOC-I is attached.
26. Jawahar Pur 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 116th BoD of UPPCL dated 03.06.2015). Thus, Jawahar Pur 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.
27. Uttar Pradesh Power Transmission Corporation Limited was Associate of Uttar Pradesh Power Corporation Limited up to Financial Year 2015-16. During the Financial Year 2016-17 the percentage of Shareholding of Uttar Pradesh Power Corporation Limited in Uttar Pradesh Power Transmission Corporation Limited has been reduced below the required limit of Associates disclosure, hence, the Company Uttar Pradesh Power Transmission Corporation Limited is no more Associates of Uttar Pradesh Power Corporation Limited from Financial Year 2016-17 and treated in financial statement accordingly.

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

Subsidiaries

The Group's subsidiaries at 31st March 2019 are set out below. They have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interest held equals the voting rights held by the Group.

Name of Entity	Place of Business/ Country of Origin	Ownership interest held by the Group (%)		Ownership interest held by Non-controlling interest (%)		Principal activities
		31-03-19	31-03-18	31-03-19	31-03-18	
MVVNL	India	100	100	-	-	Distribution of energy

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DVVNL	India	100	100	-	-	Distribution of energy
PVVNL	India	100	100	-	-	Distribution of energy
PUVNNL	India	100	100	-	-	Distribution of energy
Kesco	India	100	100	-	-	Distribution of energy
Southern UP Power Transmission Company Limited	India	100	100	-	-	Transmission of energy

29. Sonbhadra Power Generation Company Limited was incorporated as per directives of GoUP No. 609/ऊ०(नि०नि०)प्र०/24-60 dated 13.11.2006. As per guidelines issued by Ministry of Power, Government of India for the implementation/development of project, the Company initiated the preparatory activities such as process of land acquisition, arrangement for coal linkage, arrangement of water resources and environmental clearance etc. but Ministry of Coal, GOI did not communicate about allotment of coal to the project, due to resistance from land owners land acquisition process has abandoned, Ministry of Environment & Forest, GOI, finding Singrauli region as critically polluted declared Moratorium on establishing new projects in this area, the concerned department did not communicate regarding allocation of water to the project.

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

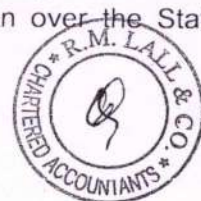
Energy Task Force, Government of UP also recommended to abandon the project with dissolution of this Company and further directed to get the approval by Hon'ble Cabinet, Govt. of UP. The Govt of UP vide its letter no 432/24 ऊ०नि०नि०प्र०/18-20(प्रकोष्ठ) 14 dated 02.07.2018 conveyed its decision to dissolve Sonbhadra Power Generation Company Limited. The Company has been closed with effect from 27.03.2019 in accordance with the provision of section 248(2) of the Companies Act 2013. Resulting to this the treatment of balances of Sonbhadra Power Generation Company Limited has been done as below:

- A. Sonbhadra Power Generation Company Limited has issued its equity share in the name of UP Power Corporation Limited for the amount of Rs. 613.58 Lacs in consideration of converting Sundry Payables to UPPCL during FY 2018-19. Correspondingly UP Power Corporation Limited has shown this equity shares under the head of Investments and the impairment of the same has been made since the subsidiary company is no more in existence.
- B. An amount of Rupees one lakh under the head of Sundry Receivables, arisen after the issuance of Equity Shares mentioned in point No.1 above, from Sonbhadra Power Generation Company Limited has been written off during FY 2018-19 in accordance with approval of Board of Directors dated 22nd March, 2019.
- C. Sonbhadra Power Generation Company Limited has transferred the closing balance of Bank Account Rs. 0.42 Lacs, as on the date of closure, to UP Power Corporation Limited and UP Power Corporation Limited has taken over the Statutory or Other

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Expenses/Dues to that extent of this Company in compliance of the decision of Board of Directors taken in the 146th meeting dated 22nd March, 2019.

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

Since the name of the Company has been struck off by the ROC-Kanpur, the financial statement of the company has not been incorporated in this Consolidated Financial Statements.

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

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

- A. Yamuna Power Generation Company Limited has issued its equity share in the name of UP Power Corporation Limited for the amount of Rs. 64.76 Lacs in consideration of converting Sundry Payables to UPPCL during FY 2018-19. Correspondingly UP Power Corporation Limited has shown this equity shares under the head of Investments and the impairment of the same has been made since the subsidiary company is no more in existence.
- B. Yamuna Power Generation Company Limited has transferred the closing balance of Bank Account Rs. 1.39 Lacs, as on the date of closure, to UP Power Corporation Limited and UP Power Corporation Limited has taken over the Statutory or Other Expenses/Dues to that extent of this Company in compliance of the decision of Board of Directors taken in the 146th meeting dated 22nd March, 2019.
- C. The Board has also decided in its 146th meeting dated 22nd March, 2019 to bear Statutory or Other Expenses/Dues by UP Power Corporation Limited arisen over and above transferred from Yamuna Power Generation Company Limited as mentioned in Point No. B above.

Since the name of the Company has been struck off by the ROC-Kanpur, the financial statement of the company has not been incorporated in this Consolidated Financial Statements.

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

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

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

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

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

33.The Annual Accounts of F.Y 2016-17 and 2017-18 have yet to be adopted in Annual General meeting as final comments of CAG has been received for F.Y 2016-17 on 24.12.2020 and final comments for F.Y 2017-18 is awaited on Consolidated Financial Statements.

34. Consequent to the applicability of Ind-AS the financial statements for the year ended 2018-19 has been prepared as per Ind-AS. Accordingly previous year's figures have been regrouped/ rearranged wherever necessary to confirm to this year classification.

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

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Revenue from sale of power is recognized on satisfaction of performance obligation upon supply of power to the consumers at an amount that reflects the consideration (As per UPERC Tariff), adjusted with rebate on timely payment, the Company expects to receive in exchange for those supplied power.

Consumers Contribution received under Deposit Work has been amortized in the proportion in which depreciation on related asset is charged to allocate the transaction price over a period of life of assets.

36. Reconciliation of Inter Company Transactions related to sale of power by the UPPCL to the DISCOMs and purchase of Power by the DISCOMs from the UPPCL for the year ended 31.03.2019

Name of Company	Sale of Power as per audited accounts of the UPPCL for the F.Y. 2018-9	Purchase of Powr as per audited accounts of the DISCOMs for the F.Y. 2018-19	Amount remained as un-eliminated in preparation of CFS (2-3)	For removing the uneliminated amount of Inter Company Transactions, the figures of Power Purchased of DISCOMs have been adjusted				Total amount of restated figures of the power purchased by DISCOMs		
				In the F.Y. 2018-19	In the F.Y. 2017-18	In the F.Y. 2016-17 and before	Total (5+6+7)	In the F.Y. 2018-19 (3+5)-(6+7)	In the F.Y. 2017-18	Adjusted in F.Y. 2016-17 and before
1	2	3	4	5	6	7	8	9	10	11
DVVNL	1162242.96	1216769.26	54526.3							
MVVNL	1119978.8	1166519.40	46540.6							
PasVVNL	1591015.32	1665045.35	74030.03		85087.51	150738.7	235826.21	5296877.63	85087.51	157103.27
PurVVNL	1194093.54	1244749.22	50655.68							
KESCo	229547.01	239620.61	10073.6							
Unbilled Sale of Power by UPPCL for the year 2018-19	81766.61		81766.61	81766.61			81766.61	81766.61		
Unbilled Sale of Power by UPPCL for the year 2016-17 and before	6364.57		6364.57			6364.57	6364.57			
TOTAL	5385008.81	5532703.84	323957.39	81766.61	85087.51	157103.27	323957.39	5378644.24	85087.51	157103.27

* Not included in the total amount of Sale of Power for the F.Y. 2018-19.

Note 1. The amount of power purchase from generators amounting to Rs. 5532703.84 lacs was earlier accounted for/shown by UPPCL (Company) in their unaudited accounts for the F.Y. 2018-19 and accordingly, the bills of sale of power amounting to Rs. 5532703.84 lacs were raised on the subsidiary companies and the same have been accounted for by the subsidiary companies in their audited books of accounts for in their accounts for the F.Y. 2018-19. The accounts for the subsidiary companies had been finalised till 26.09.2019, but due to some reasons and circumstances, the accounts of the company could finalise on 30.12.2020. During the course of audit of the accounts of the UPPCL for the F.Y. 2018-19, the error foRs. 235826.21 lacs in respect of purchase of power from generators related to prior period came into notice, hence the company has to make necessary corrections for Rs. 235826.21 lacs by reversal of sale of power and power purchase (earlier accounted for in the unaudited accounts) in the audited accounts for the F.Y. 2018-19, in accordance with the provisions of Ind AS-8. Thus, in order to avoid the misrepresentation of Consolidated Financial Statement of the company, the company has restated the purchase cost of the subsidiary companies by Rs. 235826.21 lacs in accordance with Ind AS-8.

Note 2. The sale of power to the subsidiary companies amounting to Rs. 81766.61 lacs could not be billed by UPPCL against power purchased by the company in the F.Y. 2018-19. Hence, the provision for purchase cost against the aforesaid unbilled amount by the company has been adjusted in power purchase cost as well as Power Purchase liability of the subsidiary companies in the compilation of the Consolidated Financial Statement of the Company as at the end of the F.Y. 2018-19.

Note 3. The sale of power to the subsidiary companies amounting to Rs. 6364.57 lacs could not be billed by UPPCL against power purchased by the company in the F.Y. 2017-18 or before. Hence, the provision for purchase cost against the aforesaid unbilled amount by the company has been adjusted in power purchase cost as well as Power Purchase liability of the subsidiary companies in the compilation of the Consolidated Financial Statement of the Company through other equity as at the end of the F.Y. 2017-18.

37. As a result of Prior Period Adjustments and/or Other Adjustments in the F.Y 2017-18 or before and Regrouping of items in the Balance Sheet figures have been changed as under:

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A- RECONCILIATION OF CONSOLIDATED BALANCE SHEET AS AT 31.03.2018

(Rs. in Lakhs)

Particulars	Note No.	Audited 2017-18	Corresponding of 2017-18 given in Audited 2018-19	Difference	Reasons
(I) ASSETS					
(1) Non-current assets					
(a) Property, Plant and Equipment	2	3174873.17	3174758.54	(114.63)	PPE Adjustment+Windup of Subsidiary
(b) Capital work-in-progress	3	645331.26	1474861.15	829,529.89	PPE Adjustment+Regrouping
(c) Assets not in Possession	4	11830.07	11830.07	-	
(d) Intangible assets	5	96.99	96.99	-	
(e) Financial Assets					
(i) Investments	6	240990.00	240990.00	-	
(ii) Loans	7	-	14.27	14.27	Regrouping
(iii) Others	8	829586.52	788.30	(828798.22)	Regrouping+Windup of Subsidiary
(2) Current assets					
(a) Inventories	9	318107.30	318107.30	0.00	
(b) Financial Assets					
(i) Trade receivables	10	5607183.99	5701096.30	93912.31	PPE Adjustment+Regrouping
(ii) Cash and cash equivalents11-A		624316.69	624416.32	99.63	PPE Adjustment+Windup of Subsidiary
(iii) Bank balances other than (ii) above11-B		79093.98	79594.91	500.93	PPE Adjustment
(iv) Others	12	305774.66	310592.53	4817.87	PPE Adjustment+Regrouping
(c) Other Current Assets	13	604746.91	604541.03	(205.88)	PPE Adjustment+Regrouping
Total Assets		12441931.54	12541687.71	99756.17	
(II) EQUITY AND LIABILITIES					
Equity					
(a) Equity Share Capital	14	8040093.81	8040093.81	-	
(b) Other Equity	15	(6340669.76)	(6452987.17)	(112317.41)	PPE Adjustment+Windup of Subsidiary+Regrouping
LIABILITIES					
(1) Non-current liabilities					
(a) Financial liabilities					
(i) Borrowings	16	5522761.78	5522761.78	-	
(b) Other financial liabilities	17	358730.91	322968.54	(35762.37)	Regrouping+Windup of Subsidiary
(2) Current liabilities					
(a) Financial liabilities					
(i) Borrowings	18	210402.18	210402.18	-	
(ii) Trade payables	19	1868109.75	2116464.47	248354.72	PPE Adjustment

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(iii) Other financial liabilities	20	2782500.64	2781982.51	(518.13)	PPE Adjustment+ Regrouping+Windup of Subsidiary
(b) Provisions	21	2.23	1.59	-0.64	Windup of Subsidiary
Total Equity and Liabilities		12441931.54	12541687.71	99756.17	

B- Reconciliation of Statement of Profit & Loss for the Year ended 2017-18

						<i>(Rs. in Lakhs)</i>
Particulars	Note No.	Audited 2017-18	Corresponding of 2017-18 given in Audited 2018-19	Difference	Reasons	
I Revenue From Operations	22	4449316.26	4446612.25	- 2,704.01	PPE Adjustment+ Regrouping	
II Other Income	23	906229.04	903608.67	- 2,620.37	PPE Adjustment+ Regrouping	
III Total Income (I+II)		5355545.30	5350220.92	(5324.38)		
IV EXPENSES						
1 Cost of materials consumed						
2 Purchases of Stock-in-Trade (Power Purchased)	24	4841907.66	4926995.19	85087.53	PPE Adjustment	
3 Changes in inventories of finished goods, Stock-in-Trade and work-in-progress						
4 Employee benefits expense	25	132733.20	137889.53	5156.33	PPE Adjustment+ Regrouping	
5 Finance costs	26	344652.03	329110.61	(15541.42)	PPE Adjustment+ Regrouping	
6 Depreciation and amortization expenses	27	110286.41	110339.27	52.86	PPE Adjustment+Windup of Subsidiary	
7 Administration, General & Other Expense	28	147355.95	148898.97	1543.02	PPE Adjustment+ Regrouping+Windup of Subsidiary	
8 Repair and Maintenance	29	242726.50	242087.75	(638.75)	PPE Adjustment+ Regrouping	
9 Bad Debts & Provisions	30	856097.10	868254.76	12157.66	PPE Adjustment	
10 Other expenses						
IV Total expenses (IV)		6675758.85	6763576.08	87817.23		
V Profit/(Loss) before exceptional items and tax (III-IV)		(1320213.55)	(1413355.16)	(93141.61)		
VI Exceptional Items						
VII Profit/(Loss) before tax (V(+/-)VI)		(1320213.55)	(1413355.16)	(93141.61)		
VIII Tax expense:						
(1) Current tax						

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	(2) Deferred tax	-	-	-
IX	Profit (Loss) for the period from continuing operations (VII-VIII)	(1320213.55)	(1413355.16)	(93141.61)
X	Profit/(Loss) from discontinued operations	-	-	-
XI	Tax expense of discontinued operations	-	-	-
XII	Profit/(Loss) from discontinued operations (after tax) (X-XI)	-	-	-
XIII	Profit/(Loss) for the period (IX+XII)	(1320213.55)	(1413355.16)	(93141.61)
XIV	Other Comprehensive Income			
	A (i) Items that will not be reclassified to profit or loss- Remeasurement of Defined Benefit Plans (Actuarial Gain or Loss)	(668.89)	(668.89)	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-
	B (i) Items that will be reclassified to profit or loss	-	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-
XV	Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit/(Loss) and Other Comprehensive Income for the period)	(1320882.44)	(1414024.05)	(93141.61)

38. Previous year's figures have been regrouped/ rearranged wherever necessary to confirm to this year classification.

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

U.P Power Corporation Limited (Holding Company)

(I) As required by IND AS 19, the company has measured its liabilities arising from Gratuity for the employees covered under CPF Scheme & Leave encashment of all employees and stated the same in Balance Sheet and Statement of P&L in the financial year 2018-19. The Disclosure in the regard is as below:

S.N o	Defined benefit plans:- (Amount ₹ in Lacs)	Gratuity		Leave Encashment	
		As on 31/03/2019	As on 31/03/2018	As on 31/03/2019	As on 31/03/2018
1	Assumptions				
	Discount Rate	7.77%	7.89%	7.43%	7.69%
	Rate of increase in Compensation levels	4.00%	3.00%	4.00%	3.00%
	Rate of return on Plan assets	Not Applicable	Not Applicable	Not Applicable	Not Applicable
	Average future service (in Years)	25.76 Years	26.31 Years	14.88 Years	14.98 Years
2	Service Cost				

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	Current Service Cost	64.55	43.64	72.08	67.20
	Past Service Cost (including curtailment Gains/ Losses)	0	18.98	0	0
	Gains or losses on Non Routine settlements	0	0	0	0
3	Net Interest Cost				
	Interest Cost on Defined Benefit Obligation	29.02	23.64	492.97	457.26
	Interest Income on Plan Assets	0	0	0	0
	Net Interest Cost (Income)	29.02	23.64	492.97	457.26
4	Change in present value of obligations				
	Opening of defined benefit obligations	367.82	316.85	6410.48	6532.25
	Interest cost	29.02	23.64	492.97	457.26
	Service Cost	64.55	62.62	72.08	67.20
	Benefits Paid	(6.01)	(2.48)	(1052.74)	(1134.50)
	Actuarial (gain)/Loss on total liabilities	112.23	(32.81)	1114.72	488.27
	<i>due to change in financial assumptions</i>	80.30	(24.58)	459.86	(255.99)
	<i>due to change in demographic assumptions</i>	0	0	0	0
	<i>due to experience variance</i>	31.93	(8.23)	654.86	744.26
	Closing of defined benefit obligation	567.61	367.82	7037.51	6410.48
5	Change in the fair value of plan assets				
	Opening Fair value of plan assets	0	0	0	0
	Actual return on plan assets	0	0	0	0
	Employer Contribution	6.01	2.48	1052.74	1134.50
	Benefits paid	(6.01)	(2.48)	(1052.74)	(1134.50)
	Closing Fair value of plan assets	0	0	0	0
6	Actuarial (Gain)/Loss on Plan Asset				
	Expected Interest Income	0	0	0	0
	Actual Income on Plan Assets	0	0	0	0

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	Actuarial gain/(loss) on Assets	0	0	0	0
7	Other Comprehensive Income				
	Opening amount recognized on OCI outside P&L account	0	0	N/A	N/A
	Actuarial gain/(loss) on liabilities	(112.23)	32.81	N/A	N/A
	Actuarial gain/(loss) on assets	0	0	N/A	N/A
	Closing amount recognized on OCI outside P&L account	(112.23)	32.81	N/A	N/A
8	The amounts to be recognized in the Balance Sheet Statement				
	Present value of obligations	567.61	367.82	7037.51	6410.48
	Fair value of plan assets	0	0	0	0
	Net Obligations	567.61	367.82	7037.51	6410.48
	Amount not recognized due to assets limit	0	0	0	0
	Net defined benefit liability/(assets) recognized in balance sheet	567.61	367.82	7037.51	6410.48
9	Expenses recognized in Statement of Profit & loss				
	Service cost	64.55	62.62	72.08	67.20
	Net Interest cost	29.02	23.64	492.97	457.26
	Net actuarial (gain)/loss			1114.72	488.27
	Expenses/(Income) recognized in statement of Profit & Loss	93.57	86.26	1679.77	1012.73
10	Change in Net Defined Obligations				
	Opening of Net defined benefit liability	367.82	316.85	6410.48	6532.25
	Service Cost	64.55	62.62	72.08	67.20
	Net Interest Cost	29.02	23.64	492.97	457.26
	Re-measurements	112.23	(32.81)	1114.72	488.27
	Contributions paid to fund	(6.01)	(2.48)	(1052.74)	(1134.50)

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	Closing of Net defined benefit liability	567.61	367.82	7037.51	6410.48
11	Sensitivity analysis				
	Item	As on 31/03/2019	Impact	As on 31/03/2019	Impact
	Base liability	567.61		7037.51	
	Increase in Discount rate by 0.50%	528.76	(38.85)	6843.01	(194.50)
	Decrease in Discount rate by 0.50%	610.62	43.01	7243.90	206.39
	Increase in salary inflation by 1%	655.33	87.71	7444.68	407.17
	Decrease in salary inflation by 1%	495.31	(72.30)	6669.98	(367.53)
	Increase withdrawal rate by 0.5%	589.63	22.02	7091.41	53.90
	Decrease withdrawal rate by 0.5%	543.88	(23.73)	6980.59	(56.92)

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

(III) In spite of formation of UPPTCL, two units of the company H.Q Payment and Electricity Training Institute (ETI) Unit are not fully equipped to operate the entire working of the company, so the corresponding units of UPPCL are still performing the work of UPPTCL. Therefore, the 25% of the employee cost of these units are apportioned to UPPTCL.

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

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

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

(VII) The status of Bonds issued by the Company for the subsidiaries is as under:-

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(Amount ₹ in Lacs)

S.No	Details of Bonds	Amount of Bonds	No. of Bonds	Date of Issue	Face Value	Rate of interest	Previous due date of interest payment	Paid/ or not	Next date of interest payment	Amount of interest payable on next date	Next due date of Principal payment	Principal Amount payable on next due date	Security	Outstanding as at 31.03.2019	Outstanding as at 31.03.2018
1	THE COMPANY Bond series III/2016-17	651000.00	65100	17-Feb-2017	10	8.97%	15-Feb-2019	Paid	15-May-2019	14238.71	15-May-2020	23250.00	Govt. Guaranteed and Hypothecated for receivables	651000.00	651000.00
2	THE COMPANY Bond series IV/2016-17	348950.00	34895	27-Mar-2017	10	8.48%	15-Mar-2019	Paid	17-Jun-2019	7458.54	15-Jun-2020	12462.50		348950.00	348950.00
3	THE COMPANY Bond series I/2017-18	449820.00	44982	05-Dec-2017	10	9.75%	21-Jan-2019	Paid	22-Apr-2019	10934.32	19-Jul-2019	13230.00		449820.00	449820.00
4	THE COMPANY Bond series II/2017-18	549100.00	54910	27-Mar-2018	10	10.15%	21-Jan-2019	Paid	22-Apr-2019	13895.24	18-Oct-2019	16150.00		549100.00	549100.00
1	U.P. Power Corporation Ltd.- 2031	537682	537682	04-Jul-2016	1	9.70%	04-Jan-2019	Paid	04-Jul-2019	25863.24	04-Jan-2022	26884.10	Govt. Guaranteed	537682.00	537682.00
2	U.P. Power Corporation Ltd.- 2031	469998	469998	28-Sep-2016	1	9.70%	28-Mar-2019	Paid	28-Sep-2019	22982.26	28-Mar-2022	23499.90		469998.00	469998.00
3	U.P. Power Corporation Ltd.- 2032	29949	29949	30-Mar-2017	1	9.70%	30-Sep-2018	Paid	01-Apr-2019	1440.59	30-Sep-2020	1247.97		29949.00	29949.00
		3036499.00	1237516							96812.90		116724.47		3036499.00	3036499.00

Payment of Principal amount is started from 19.07.2019.

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 exist.

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

(IV) The following fraud/embezzlement were noticed/detected during the year as disclosed by Branch Auditor of Meerut Zone in its Audit Report are as follows:

S.NO.	Particulars	Amount (Rs. In lacs)
1	Fraud made by Mr. Raj Kumar, Lineman in EDD-IV, Meerut	4.00
2	Fraud made by Mr. Suresh Babu, TG-II in EDD, Baghpat	366.04
	Total	370.04

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a. Manual Receipt Book are discontinued from FY 2019-20. Recovery had been initiated from Mr. Rajkumar Lineman, EDD-IV, Meerut.

b. In case of EDD-I, Baghpat, FIR have been lodged against Mr. Suresh Babu and departmental inquiry is in process against the officer for supervisory lapse.

N. Gupta

(Niharika Gupta)
Company Secretary

A. K. Awasthi

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

S. Arya

(Sudhir Arya)
Director (Finance)
DIN - 05135780

M. Devraj

(M. Devraj)
Chairman &
Managing Director
DIN - 08677754

Place : Lucknow

Date : 06.04.2021

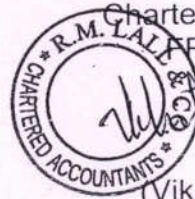
UDIN :- 21401216AAAAAO 4019

Subject to our report of even date

For R M Lall & Co.

Chartered Accountants

FRN No. 000932C



(Vikas C Srivastava)

Partner

M. No. 401216

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

CONSOLIDATED FINANCIAL STATEMENT

PROPERTY, PLANT & EQUIPMENT

NOTE-2

Particulars	Gross Block			Depreciation			Net Block	
	As at 31.03.2018	Addition	Adjustment/ Deletion	As at 31.03.2019	Addition	Adjustment/ Deletion	As at 31.03.2019	As at 31.03.2018
Land & Land Rights	1072.76	0.00	0.00	1072.76			147.77	924.99
Buildings	91241.71	7577.32	0.17	98818.86	1,846.57		27732.96	71085.90
Plant & Pipe Lines	94.98	0.00	0.00	94.98	6.02		85.53	9.45
Other Civil Works	4075.47	0.00	0.00	4075.47	79.92		2669.13	1406.34
Plant & Machinery	1584053.15	552307.36	256658.80	1879701.71	60,993.09	47757.25	155496.79	1724204.92
Lines, Cable Networks etc.	2376807.87	587978.10	13400.04	2951385.93	94,740.65	8478.46	807132.00	2144253.93
Vehicles	1784.73	(41.04)	14.42	1729.27	74.37	11.46	1415.87	313.40
Furniture & Fixtures	3725.05	1223.12	1.98	4946.19	221.05	1.56	1712.55	3233.64
Office Equipments	16312.42	1719.10	0.50	18031.02	1,805.75	4.08	11576.92	6454.10
Total	4079168.14	1150763.96	270075.91	4959856.20	159767.42	56207.50	1007969.52	3951886.68

NOTE-2

PROPERTY, PLANT & EQUIPMENT

Particulars	Gross Block			Depreciation			Net Block	
	As at 31.03.2017	Addition	Adjustment/ Deletion	As at 31.03.2018	Addition	Adjustment/ Deletion	As at 31.03.2018	As at 31.03.2017
Land & Land Rights	1072.76	0.00	0.00	1072.76			39.89	1032.87
Buildings	83119.94	8122.37	0.60	91241.71	1,678.39		25948.96	65292.75
Plant & Pipe Lines	94.98	0.00	0.00	94.98	6.02		79.51	15.47
Other Civil Works	4075.47	0.00	0.00	4075.47	78.62		2589.21	1486.26
Plant & Machinery	1381197.94	450920.53	248065.32	1584053.15	66,794.80	30522.29	142260.95	1441792.20
Lines, Cable Networks etc.	2059701.50	325874.31	8767.94	2376807.87	80,226.55	36262.42	720869.81	1655938.06
Vehicles	1726.07	76.22	17.56	1784.73	107.79	10.48	1352.96	431.77
Furniture & Fixtures	3420.08	305.23	0.26	3725.05	203.97	(0.32)	1493.06	2231.99
Office Equipments	15244.30	1068.22	0.10	16312.42	1,908.67	(0.85)	9775.25	6537.17
Total	3549653.04	786366.88	256851.78	4079168.14	151004.81	66796.03	904409.60	3174758.54
Previous Year	3014043.94	797040.99	261431.78	3549653.15	132753.73	74824.44	820137.25	2729513.98



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

Note-3

CAPITAL WORKS IN PROGRESS

(₹ in Lakhs)

Particulars	As at 01.04.2018	Additions	Deductions/ Adjustments	Capitalised During the Year	As at 31.03.2019
Capital Work in Progress	646076.23	1432690.48	(11805.33)	(1150763.95)	916197.42
Advance to Supplier/Contractor	828784.92	646311.21	(305515.57)	-	1169580.56
	1474861.15	2079001.69	(317320.90)	(1150763.95)	2085777.98

Particulars	As at 01.04.2017	Additions	Deductions/ Adjustments	Capitalised During the Year	As at 31.03.2018
Capital Work in Progress	462207.84	967341.51	2148.77	(786366.86)	645331.26
PPE Adjustment of C.W.P	744.96				744.96
Advance to Supplier/Contractor	618359.80	360671.62	(150246.49)	-	828784.93
	1081312.60	1328013.13	(148097.72)	(786366.86)	1474861.15

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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 31.03.2019	As At 31.03.2018
Lines, Cable Networks etc.	12978.10	11830.07
Total	12978.10	11830.07

Note-5

INTANGIBLE ASSETS

Particulars	As At 31.03.2019	As At 31.03.2018
Intangible Assets	287.82	96.99
Total	287.82	96.99

Note-6

FINANCIAL ASSETS - INVESTMENTS (NON-CURRENT)

(₹ in Lakhs)

Particulars	As At 31.03.2019	As At 31.03.2018
UPPTCL-Investment in Share Capital	221333.52	221333.52
Share Application Money	18072.31	18072.31
Provision for Impairment	(30806.60)	(20715.83)
	208599.23	218690.00
Yamuna PGCL	66.01	1.25
Provision for Impairment	(66.01)	(1.25)
Other Investments-		
(a) 7.75% PFC Bonds	17400.00	17400.00
(b) 7.59% HUDCO Bonds	4900.00	4900.00
	22300.00	22300.00
Total	230899.23	240990.00

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

Note-7

FINANCIAL ASSETS - LOANS (NON-CURRENT)

(₹ in Lakhs)

Particulars	As At 31.03.2019	As At 31.03.2018
Capital Advances		
NPCL LOAN	568.43	568.43
Interest Accrued and Due	10818.83	9339.21
Provision for B/D Loan & Interest	(11387.26)	(9907.64)
Advance to Capital Suppliers/ Contractors		
Secured ad Considered Goods	14.27	14.27
Condiered Dobtful	1.59	1.59
	15.86	15.86
Less Provision for Doubtful Advances	(1.59)	(1.59)
	14.27	14.27
Total	14.27	14.27

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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 31.03.2019	As At 31.03.2018
UPPTCL		
Receivable	-	70.00
Payable	-	(25.67)
Advance paid to State Govt. for freehold title of Land	743.87	743.87
TDS F.Y. 2013-14	0.10	0.10
TDS F.Y. 2016-17	0.06	-
Total	744.03	788.30

Note-9

INVENTORIES

(₹ in Lakhs)

Particulars	As At 31.03.2019	As At 31.03.2018
(a) Stores and Spares		
Stock of Materials - Capital Works	213021.56	242402.02
Stock of Materials - O&M	128294.00	341315.56
(b) Others		
B	373739.66	343204.20
Provision for Unserviceable Stores	(24700.49)	(25096.90)
Total	349039.17	318107.30

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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 31.03.2019	As At 31.03.2018	
Sundry Debtors	52297.94	52297.94	
<u>Trade Receivables outstanding from</u>			
<u>Customers on account of Sale of Power for a</u>			
<u>period exceeding six month from the date they</u>			
<u>are due for payment</u>			
Secured & Considered goods	247288.88	253216.21	
Unsecured & considered good	5593561.25	3961890.97	
Unsecured & Considered doubtful	668965.43	604445.90	4819553.08
<u>Trade Receivables outstanding from</u>			
<u>Customers on account of Sale of Power for a</u>			
<u>period Less than six month from the date they</u>			
<u>are due for payment</u>			
Secured & considered good	38022.85	9795.03	
Unsecured & considered good	349742.44	981815.99	
Considered doubtful	31451.63	30165.60	1021776.62
<u>Trade Receivables outstanding from</u>			
<u>Customers on account of Electricity Duty for a</u>			
<u>period exceeding six month from the date they</u>			
<u>are due for payment</u>			
Secured & Considered goods	19780.86	24008.76	
Unsecured & considered good	508815.79	401855.88	
Unsecured & Considered doubtful	57668.33	58801.56	484666.20
<u>Trade Receivables outstanding from</u>			
<u>Customers on account of Electricity Duty for a</u>			
<u>period Less than six month from the date they</u>			
<u>are due for payment</u>			
Secured & considered good	6065.25	662.23	
Unsecured & considered good	51570.36	47693.52	
Considered doubtful	4734.42	2108.19	50463.94
<u>Dabtors-Sale of Power (subsidiary)</u>			
Dabtors Unbilled revenue	88131.18	242190.78	
Adjustment as per Point no. 36 of Note 1B	(88131.18)	(242190.78)	0.00
Sub-Total	7629965.43	6428757.78	
Allowance for Bad & Doubtful Debts	(785902.44)	(727661.48)	
Total	6844062.99	5701096.30	

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

Note-11-A

FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS (CURRENT)

(₹ in Lakhs)

Particulars	As At 31.03.2019	As At 31.03.2018	
(a) Balance with Banks			
In Current & Other Account	549164.63	598228.99	
Dep. with original maturity upto 3 months	1179.93	550344.56	606844.59
(b) Cash in Hand			
Cash in Hand (Including Stamps in Hands)	47892	16166.57	
Cheque/Drafts in Hand	613.66	234.61	
Cash imprest with Staff	1014.16	49519.82	17571.73
Total	599864.38	624416.32	

Note-11-B

FINANCIAL ASSETS - BANK BALANCES OTHER THAN ABOVE (CURRENT)

(₹ in Lakhs)

Particulars	As At 31.03.2019	As At 31.03.2018	
Deposit with original maturity of more than 3 months but less than 12 months	52956.90	79093.98	
PPE Adjustments	-	500.93	
Total	52956.90	79594.91	

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

Note-12

FINANCIAL ASSETS - OTHERS (CURRENT)

(₹ in Lakhs)

Particulars	As At 31.03.2019	As At 31.03.2018
Receivables (unsecured)		
Uttar Pradesh Government	115549.38	146297.34
IREDA		331.17
Uttaranchal PCL		
Receivable	1.41	19262.27
Payable	(16.70)	(16.70)
	(15.29)	19245.57
UPRVUNL		
Receivable	423.92	375.56
Payable	(64.93)	(64.93)
	358.99	310.63
UPPTCL		
Receivable	49515.72	46899.41
Payable	(268.62)	(268.62)
	49247.10	46630.79
Employees (Receivables)		
Provision for Doubtful receivables from Employees	24768.09	27670.80
	(990.76)	(924.43)
	23777.33	26746.37
Others		
Prov. For Doubtful Receivables	88481.57	86475.41
	(13486.61)	(15444.75)
	74994.96	71030.66
Theft of Fixed Assets Pending Investigation		
Prov. For estimated Losses	15094.74	13549.86
	(15094.74)	(13549.86)
	-	-
Total	263912.47	310592.53

Note-13

OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As At 31.03.2019	As At 31.03.2018
Advances (Unsecured/Considered Good)		
Suppliers/Contractors	21657.78	15996.87
Provision for Doubtful Advances	(2379.56)	(1347.34)
	19278.22	14649.53
Tax Deducted at source	3558.97	3106.47
Advance Income Tax	13.28	13.28
Fringe Benefit Tax Advance Tax	52.78	52.78
Provision	(41.03)	(41.03)
	11.75	11.75
Advances recoverable in Cash or in kind of value to be received		
Unsecured Considered Good	68.15	359.88
Unsecured Considered Doubtful	263.37	340.61
PPE Adjustments	-	(41.73)
Provision for Doubtful Loans & Advances	(263.37)	(340.61)
	68.15	318.15
Misc. Recovery		
Unsecured Considered Good	64.85	163.27
Unsecured Considered Doubtful	372.65	296.45
Provision for Doubtful Loans & Advances	(372.65)	(296.45)
	64.85	163.27
Income Accrued & Due	1517.80	2191.00
Income Accrued & but not Due	2158.58	7985.32
Prepaid Expenses	400.23	462.63
Inter Unit Transfers	538786.87	575639.63
Total	565858.70	604541.03

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

EQUITY SHARE CAPITAL

NOTE-14

Particulars	As at 31.03.2019	As at 31.03.2018
(A) AUTHORISED :		
900000000 (Previous Year 750000000 & 600000000 respectively) Equity shares of par value of Rs. 1000/- each	12500000.00	12500000.00
(B) ISSUED SUBSCRIBED AND FULLY PAID UP		
911863632 (Previous Year 804009381) Equity shares of par value Rs. 1000/- each	9118636.32	8040093.81
(of the above shares 36113400 were allotted as fully paid up pursuant to UP Power Sector Reform Scheme for consideration other than cash) (It includes 2000 shares of 1000/- each of Promoter's Share of Discom)		
Total	9118636.32	8040093.81

- a) During the year, The Company has issued 107854251 Equity Shares of Rs. 1000 each only and has not bought back any shares.
b) The Company has only one class of equity shares having a par value Rs. 1000/- per share.
c) During the year ended 31st March 2019, no dividend has been declared by board due to heavy accumulated losses.

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

Shareholder's Name	As at 31.03.2019		As at 31.03.2018	
	No. of Shares	% of Holdings	No. of Shares	% of Holdings
Government of UP	911863632	100	804009381	100

e) Reconciliation of No. of Shares

No. of Shares as on 01.04.2018	Issued During the Year	Buy Back during the Year	No. of Shares as on 31.03.2019
804009381	107854251	-	911863632

OTHER EQUITY

NOTE-15

Particulars	As At 31.03.2019		As At 31.03.2018
A. Share Application Money (Pending For Allotment)		214010.08	259075.02
B. Capital Reserve			
(i) Consumers Contributions towards Service Line and other charges	803715.98		709472.87
(ii) Subsidies towards Cost of Capital Assets.	2470781.82		1586639.77
(iii) PPE Adjustments	-		177.05
(iv) APDRP Grant/Other Grants	749.66		18472.17
(v) Restructuring Reserve	56521.68		56521.68
(vi) Uday Grant	126644.75		456855.5
(vii) Others	19595.12	3478009.01	19595.12
C. Surplus in Statement of P&L			
Opening Balance	(15775616.22)		(14230101.34)
Add: Depreciation on expired life assets & earlier years	-		-
Add: Operational Loss Subsidy	-		-
Add: Profit/(Loss) for the year	(1429155.01)		(1414024.05)
Less: Prior Period Expenditure/(Income)	0.00		25612.44
Less: Adjustment as per Point no. 36 of Note 1B	1,54,059.60	(17050711.63)	(157103.27)
			(15775616.22)
Add: Provision for Impairment of Subsidiaries Reversed	6850102.43		6104294.54
Add: Provision on UPPCL Debtors Reversed	154333.70		107937.01
Add: Provision on Financial Assets-Other Current- Subsidiaries (Unsecured)	4032.00		3588.32
Total	(6350224.41)		(6452987.17)

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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 31.03.2019	As At 31.03.2018	
(A) SECURED LOANS			
TERM LOANS			
Rural Electrification Corporation Ltd.	109320.77	94837.20	
Power Finance Corporation Ltd.	0.00	112052.53	
R-APDRP(PFC)	167740.03	160174.53	
R-APDRP Part-B (PFC)	35315.18	0.00	
R-APDRP(REC)	174269.50	136421.96	
REC(Kesco)	16250.00	29000.00	
APDRP(REC)	0.00	217.79	
Sub Station Loan (REC)	2458.38	0.00	
RAPDRP SCADA Part B	35552.46	0.00	
Saubhagya (REC)	46500.00	0.00	
DDUGGY (PFC)	38501.00	0.00	
IPDS (PFC)	5600.00	0.00	
Non-Convertible Bonds	207700.29	0.00	
Rural Electrification Corporation Ltd. (Saubhagya)	10633.52	0.00	
Power Finance Corporation Ltd. (IPDS)	28473.09	0.00	
REC (DDUGGY)	32240.00	0.00	532704.01
(B) UNSECURED LOANS			
9.70% Uday Bonds/Bonds	1037628.99	1112986.85	
REC	588361.34	373593.94	
PFC	732230.39	314189.93	
U.P. State Industrial Development Corporation Ltd.	0.54	0.54	
Housing Development Finance Corporation Ltd.	0.07	0.07	
UP Government Loan (Others)	23293.55	0.00	1800771.33
(C) BONDS/ LOANS RELATE TO DISCOMS(Secured)			
9.68% Non Convertible Bonds	730299.12	1622353.78	
8.97% Rated Listed Bond	223620.00	178722.15	
10.15% Rated Listed Bonds	366098.83	205910.00	
9.75% Rated Listed Bonds	267201.76	134900.00	
8.68% /8.48% Rated Listed Bonds	131960.00	19210.00	2161095.93
(D) Interest free Loans (UDAY LOAN) (Unsecured)		489172.00	978344.00
(E) Loan from State Government for payment of FRP Bonds		38251.46	0.00
(E) Other than Bank			
REC	0.00	12500.00	
PFC	72306.65	37346.51	49846.51
Total	5610978.92	5522761.78	

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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 31.03.2019	As At 31.03.2018
Security Deposits From Consumers	305534.74	276034.42
Liability/Provision for Leave Encashment	27129.38	23884.04
Liability for Gratuity on CPF Employees	11644.77	9164.2
Provision VII Pay Commission	6178.78	9035.26
Staff related parties	2675.26	4850.62
Total	353162.93	322968.54

Note-18

FINANCIAL LIABILITIES - BORROWINGS (CURRENT)

(₹ in Lakhs)

Particulars	As At 31.03.2019	As At 31.03.2018
Secured Loan		
Overdraft from Banks		
(Paripassu charge on Receivables on Corporation)		
Central Bank of India	53.82	1656.30
Punjab National Bank	1106.89	2846.86
Punjab National Bank (MID)	27933.71	30131.42
Allahabad Bank	28.22	27842.89
ICICI Bank	20,793.52	25828.52
Oriental Bank of Commerce	0.00	0.02
Bank of India	49433.90	99350.06
		49,596.17
Rural Electrification Corporation	29375.00	57500.00
NOIDA Loan	15000.00	15000.00
Total	143725.06	210402.18

Note-19

FINANCIAL LIABILITIES - TRADE PAYABLE (CURRENT)

(₹ in Lakhs)

Particulars	As At 31.03.2019	As At 31.03.2018
Liability for Purchase of Power	2543827.38	1728554.07
Liability for Power Purchase from Others	418.78	-
Liability for Wheeling charges	417628.83	387879.26
UHBVN Ltd.	32.41	2961907.40
		31.14
Total	2961907.40	2116464.47

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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 31.03.2019	As At 31.03.2018
Interest accrued & due on borrowings/Othr Dom. Or Resi.	20940.90	8262.17
Current Maturity of Long Term Borrowings (Other)	31216.21	36617.02
Current Maturity of Long Term Borrowings through UPPCL	224265.92	182868.54
Liability for Capital Supplies/works	929342.79	862738.75
Liability for O&M Supplies/works	97989.82	83656.14
PPE Adjustment of Liability For O&M Supplies/works	0.00	8.94
Deposits & Retentions from Suppliers & others	505559.22	372719.87
Electricity Duty & other levies payable to govt.	704545.49	705674.73
PPE Adjustment	-	(42341.72)
Deposit for Electrification works	111290.60	82647.09
Deposit Works	3803.01	2129.04
Liabilities towards UPPCL CPF Trust	2882.77	1794.11
Liabilities for Gratuity on CPF Employees	227.22	60.84
Liability for Leave Encashment	1999.48	1965.90
Interest Accrued but not Due on Borrowings	78472.47	66892.82
PPE Adjustment	-	1.31
Staff related Liabilities	155531.33	143980.03
PPE Adjustment	-	(667.69)
Sundry Liabilities	81616.25	71176.2
PPE Adjustment	-	6211.56
Liabilities for GST	46.93	0.02
Payable to UPJVNL		
Payable	8839.95	8851.30
Receivable	(13.78)	(13.78)
Liabilities for Expenses	17634.42	13028.71
Liabilities towards UP Power Sector Employees Trust		
Provident Fund	66119.89	86156.79
Provision for Interest on GPF Liability	6590.92	5762.53
Pension & Gratuity Liability	40098.35	34330.66
Provision VII Pay Commission	4456.21	3881.38
Interest on Security Deposits from Consumer	26639.40	43589.25
Total	3120095.77	2781982.51

Note-21

PROVISIONS (CURRENT)

(₹ in Lakhs)

Particulars	As At 31.03.2019	As At 31.03.2018
Legal & Professional Charges	0.60	1.59
Provision for Income Tax	0.13	-
Total	0.73	1.59

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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	For the year ended 31.03.2019		For the year ended 31.03.2018	
Supply in Bulk				
Torrent Power Ltd.		84590.13		90956.03
Unbilled amount of Sale of Power		81766.61		85087.51
Adjustment as per Point no. 36 of Note 1B		(81766.61)		(85087.51)
Large Supply Consumer				
Industrial	1123384.97		1059939.57	
Traction	39113.11		85353.95	
PPE Adjustment Traction	0.00		471.23	
Irrigation	59337.17		58660.90	
Other	0.00		3569.49	
Public Water Works	120420.35	1342255.60	132447.48	1340442.62
Small & Other Consumers				
Domestic	1753923.45		1402202.18	
Commercial	642824.28		547955.64	
Industrial Low & Medium Voltage	237107.24		230968.68	
Public Lighting	74149.12		74728.12	
STW & Pump Canals	214094.24		168503.54	
PTW & Sewage Pumping	181936.66		149570.31	
Institution	5857.27		81158.78	
Railway	0.00		8280.69	
Small Power (LMV VI)	27290.69		34294.12	
Water Work (LMV VII)	11206.86		9675.57	
Temp Connection (LMV IX)	2350.59		0.00	
Large & Heavy (HV I)	21519.99		20450.61	
Large & Heavy (HV II)	43503.95		41342.15	
Assessment against Theft	0.00		6458.76	
Regulatory Surcharge	0.00		40551.43	
Miscellaneous Charges form Consumers	263074.75		102624.64	
Energy Internally Consumed	94586.77	3573425.86	93234.31	3011999.53
Other Operating Revenue				
Extra State Consumer	2270.45	2270.45	3214.07	3214.07
Total		5002542.04		4446612.25

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

Note-23

OTHER INCOME

(₹ in Lakhs)

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018	
From U.P. Govt.			
RE Subsidy from Govt. of U.P.	170000.00		24000.01
Revenue Subsidy from Govt. of U.P.	837021.00		555982.55
Subsidy for Operational Losses	29621.54		31899.67
Interest on UPPCL Loan written Back	0.00		5,083.80
Subsidy Against Loan/Interest	15200.16		49738.19
Subsidy for repayment of interest on loan	3672.39		0.00
Cross Subsidy	273.41		856.13
Subsidy from Govt.	2,961.40		0.00
Additional Subsidy as per UDAY Loss	46,487.46		26,702.84
Subsidy against UDAY/Govt. Guarantee Loan	14,498.92	1119736.28	1108.40
			695371.59
(a) Interest from :			
Loans to Staff	1.78		3.07
Loans to NPCL (licencee)	1479.62		1287.36
Fixed Deposits	11292.43		5426.55
PPE Adjustment of Interest			-1.31
Banks (Other than on Fixed Deposits)	804.09		966.75
Others	3009.70		31651.43
PPE adjustments	0.00	16587.62	500.93
			39834.78
(b) Other non operating income			
Delayed Payment Charges	188374.30		158400.66
PPE Adjustments			(2285.09)
Income from Contractors/Suppliers	3753.60		5666.02
PPE Adjustments			-62.88
Rental from Staff	102.74		75.03
Miscellaneous Income/ Receipts	3697.91		5856.63
Excess found on Verification of Stores	1.18		6.19
Other Recoveries from Consumers			144.27
Sale of Scrap			224.29
Penalty from Contractors			357.51
Sale of Tender Forms	20.71	195950.44	19.67
			168402.30
Total		1332274.34	903608.67

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

Note-24

PURCHASE OF POWER

(₹ in Lakhs)

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
Transmission Charges	223156.41	199409.98
UHBVN Ltd.	30.21	-
PURCHASE FROM OTHERS	<u>618.78</u>	<u>199409.98</u>
Generating Units	4884763.56	4395278.75
Surcharge	115949.05	45436.30
Unsheduled Interchange & Reactive Energy Charges	12385.89	31554.73
<u>Inter-state Transmission & Related Charges to:</u>	408403.77	286663.27
Sub Total	<u>5645307.67</u>	<u>4958343.03</u>
Rebate against Power Purchase	(42858.03)	(31347.84)
Total	<u>5602449.64</u>	<u>4926995.19</u>

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

Note-25

EMPLOYEE BENEFIT EXPENSES

(₹ in Lakhs)

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
Salaries & Allowances	170487.31	118716.71
PPE Adjustments	0.00	877.04
Dearness Allowance	15885.82	50328.34
Other Allowances	8881.79	7045.10
PPE Adjustments	0.00	141.39
Bonus/Ex.Gratia	1268.36	1079.14
Medical Expenses (Reimbursement)	4087.76	4012.88
Leave Travel Assistance	6.08	0.00
Earned Leave Encashment	26831.70	20238.28
Compensation	172.73	191.56
Staff Welfare Expenses	306.87	291.46
Pension & Gratuity	22130.80	20431.89
PPE Adjustments	0.00	1671.82
Other Comprehensive income of Gratuity	(950.49)	(701.70)
Other Terminal Benefits	5790.51	4382.39
Interest on GPF	5615.32	5975.86
Gratuity (CPF)	940.72	2567.55
Other Terminal Benefit (CPF)	1834.45	1485.10
Expenditure on Trust	80.47	80.24
Contributions to provident and other funds	274.71	223.06
PPE Adjustments	0.00	8.25
Others	81.00	125.90
Sub Total	263725.91	239172.26
Expense Capitalised	(122336.58)	(101282.73)
Total	141389.33	137889.53

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

Note-26

FINANCE COST

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
(a) Interest on Loans		
Working Capital	4919.75	4076.47
Interest expenses on Borrowings	17031.73	16226.36
Less- Rebate of Timely Payment of Interest	-	-
	21951.48	20302.83
(b) other borrowing costs		
Finance Charges/Cost of Raising Fund	5463.50	8725.07
PPE Adjustments		162.58
Bank Charges	588.60	504.37
Service fees	0.01	-
Guarantee Charges	0.34	-
	6052.45	9392.02
(c) Interest on Loans		
Interest on Govt Loan	1395.73	0.00
Interest on Bonds	279299.74	197088.20
PFC	77353.49	40808.27
R-APDRP	11579.85	10958.62
REC	78312.19	50876.87
Bank Loan	606.67	1118.41
Interest on CPF	4.05	2.99
Interest to Consumers	15498.42	18682.42
Provision of Int. on ED/Licence Fee/GPF	928.83	13558.13
PPE Adjustments		(12543.59)
Interest on Secured Loan	18304.69	20590.81
Sub Total	511287.59	370835.98
Interest Capitalised	(49658.88)	(40954.18)
PPE Adjustments		(771.19)
Total	461628.71	329110.61

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

Note-27

DEPRECIATION AND AMORTIZATION EXPENSE

(₹ in Lakhs)

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
Depreciation on -		
Buildings	1830.44	1653.67
Hydraulic Work	0.00	1.01
Other Civil Works	102.07	105.64
Plant & Machinery	91316.93	92785.82
Lines Cables Networks etc.	64416.81	55009.25
Vehicles	74.37	107.76
Furnitures & Fixtures	221.05	204.51
Office Equipments	1805.75	1858.97
Intangible Assets	33.37	17.12
PPE Adjustments	-	52.87
Equivalent amount of dep. on assets acquired out of the consumer's contribution & GoUP subsidy	(47385.98)	(41890.28)
Capital Expenditure Assets not pertains to Corporation/Nigam	548.19	432.93
Total	112963.00	110339.27

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

Note-28

ADMINISTRATIVE, GENERAL & OTHER EXPENSES

(₹ in Lakhs)

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
Interest Expense on Electricity duty	6438.20	5629.74
Rent	399.70	297.13
Rates & Taxes	403.36	391.90
Insurance	435.30	267.47
Communication Charges	2332.18	1883.52
Legal Charges	2820.99	2172.70
PPE Adjustments	-	0.35
Auditors Remuneration & Expenses	280.68	257.95
Consultancy Charges	31588.46	9715.03
Licence Fees	4020.10	1019.82
Technical Fees & Professional Charges	3497.59	624.96
Travelling & Conveyance	3235.31	2625.64
Printing & Stationary	1834.86	1702.30
Advertisement Expenses	1532.26	1408.81
PPE Adjustment of Advertisement expenses	-	0.42
Electricity Charges	71271.28	74911.01
Water Charges	12.29	6.58
Entertainment	12.91	24.68
Expenditure on Trust	128.35	69.44
Miscellaneous Expenses	12891.89	9770.21
PPE Adjustment of Miscellaneous Expenses	-	880.47
Expenses incurred for Revenue Realisation	7561.34	2528.90
Compensation	749.89	608.48
Compensation(Other than Staff)	2673.47	1934.59
Vehicle Expenses	219.30	655.92
Fees & Subscription	1352.12	901.28
Online, Spot Billing & Camp Charges	15590.48	5923.25
PPE Adjustments	-	6.70
Security charges	1495.67	1347.63
Rebate to consumer	1619.01	1419.08
Payment to Contractual Persons	12108.40	9168.39
Honrariams	84.37	64.13
Professional Charges	93.93	250.76
Interest on Late payment of TDS/VAT	-	2.30
Revenue Expenses	10356.87	10427.43
Sub Total	197040.56	148898.97
Expense Capitalised	0	0
Total	197040.56	148898.97

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

Note-29

REPAIRS AND MAINTENANCE

(₹ in Lakhs)

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018	
Plant & Machinery	88546.17	117809.65	
Buildings	9158.10	9804.04	
Other Civil Works	286.89	274.90	
Lines, Cables Networks etc.	125363.96	113246.73	
Vehicles - Expenditure	18966.41	2378.38	
Less: Transferred to different Capital & O&M Works/ Administrative Exp.	<u>(18966.41)</u>	<u>(2304.52)</u>	241209.18
Furnitures & Fixtures	20.84	69.16	
Office Equipments	1710.90	807.95	
PPE adjustments		1.46	
Payment to Contractual Persons	9574.65	8632.76	
Transferred to different Capital & O&M Works/ Administrative Exp.	<u>(9574.65)</u>	<u>(8632.76)</u>	878.57
Total	2,25,086.86	2,42,087.75	

Note-30

BAD DEBTS & PROVISIONS

(₹ in Lakhs)

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018	
Bad Debts written off-Others	3203.67	0	
PROVISIONS			
Doubtful Debts (Sale of Power)	106552.82	50543.06	
Doubtful Loans and Advances	536.04		
Other Current Assets	569.79	28.94	
Financial Assets Others (Non Current)	0.00	(16.84)	
Loans (Non Current)	1479.62	(2940.61)	
Short Term	<u>38.47</u>	<u>60.41</u>	(2868.10)
Provision (Other)/Loss in Land acquisition process		(396.42)	1166.54
Doubtful Other Current Assets (Receivables)	301.12	329.08	
Doubtful Financial Assets (Others)	(1860.41)	(228.07)	
Provision For Impairment of Assets	756577.00	0.00	
Loss of Materials	-253.91	-	
Impairment in Investments		8,18,782.30	
Advances to Supplier/Contrator	-1.95	2.22	
Provision for Theft of Fixed Assets/Estimated Losses(Fixed Assets)	1544.88	527.73	819413.26
Total	868290.72	868254.76	

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

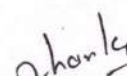
CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED ON 31st MARCH 2019


(₹ in Lakhs)

PARTICULARS	2018-19	2017-18
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Loss Before Taxation & Extraordinary Items	(1275095.39)	(1414024.05)
Adjustment For:		
a Depreciation and Amortization Expenses	124027.16	120362.23
b Finance Cost	475649.60	344484.94
c Bad Debts & Provision	849529.78	848296.34
d Interest Income (Other Income)	(16285.99)	(11135.81)
e Other Comprehensive Income	112.23	(190.43)
Sub Total	1433032.78	1301817.27
Operating Profit Before Working Capital Change	3877.79	(27119.27)
Adjustment for:		
a Inventories	(30931.87)	(68108.81)
b Financial Assets - Trade Receivable (Current)	(2111708.66)	(993871.41)
c Other Current Assets	(50187.65)	(166419.07)
d Financial Assets - Others(Current)	(850327.64)	(133643.11)
e Financial Assets - Bank Balance other than Financial Assets - Cash and Cash Equivalent (Current)	26638.01	(27782.60)
f Other Financial Liabilities (Current)	292151.43	385688.67
g Financial Liabilities - Borrowings(Current)	44101.18	359634.70
h Financial Liabilities - Trade Payable (Current)	1927435.25	(333449.48)
i Provisions (Current)	0.00	0.00
j CFS Adjustment	(154059.60)	85087.51
Sub Total	(752829.96)	(977951.11)
NET CASH FROM OPERATING ACTIVITIES (A)	(748952.17)	(1005070.38)
B CASH FLOW FROM INVESTING ACTIVITIES		
a Decrease (Increase) in Property, Plant And Equipment	(908308.09)	(595535.30)
b Decrease (Increase) in Work in Progress	(596906.82)	(251106.35)
c (Increase)/Decrease in Financial Assets - Investments (Non-Current)	(919023.11)	(923099.47)
d Decrease/(Increase) in Financial Assets - Others(Non-Current)	1007529.87	(1593519.62)
e Decrease/(Increase) in Other Non-Current Assets - Assets Not in Possession	0.00	0.00
f Decrease/(Increase) in Intangible assets	(224.20)	(80.85)
g Decrease/(Increase) in Financial Assets - Loans(Non-Current)	0.00	0.00
h Interest Incomes (Other Income)	16285.99	11135.82
NET CASH GENERATED FROM INVESTING ACTIVITIES (B)	(1400646.36)	(3352205.77)
C CASH FLOW FROM FINANCING ACITIVITIES		
a Proceeds from Financial Liabilities - Borrowings(Non - Current)	5623.49	2925250.91
b Proceeds from Share Capital	3229105.24	1027208.02
c Proceed from Other Equity	(657203.94)	687699.99
d Financial liabilities - Others(Non-Current)	23171.40	30261.21
e Finance Cost	(475649.60)	(344484.94)
NET CASH GENERATED FROM FINANCING ACTIVITIES (C)	2125046.59	4325935.19
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	-24551.94	-31340.96
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	624416.32	655757.28
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR (Refer Note No. 11-A)	599864.38	624416.32


Notes to the Consolidated Statement of Cash Flow

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


(Niharika Gupta)
Company Secretary


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


(Sudhir Arya)
Director (Finance)
DIN- 05137780



(M. Devaraj)
Chairman & Managing Director
DIN-08677754

Place: Lucknow

Date: 06.04.2021

UDIN:- 21401216 AAAA0 4019

Subject to our report of even date


For R.M. Lall & Co.
Chartered Accountants
Firm No. 000932C
Vikas C Srivastava)
Partner
M. No. 401216

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

Form AOC-1

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

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures as at 31st March 2019

Part A:- Subsidiaries

1. Sl. No.	1	2	3	4	5	6
2. Name of the subsidiary	MVVNL, Lucknow	PurVVNL, Varanasi	PVVNL, Meerut	DVVNL, Agra	KESCO, Kanpur	Southern UPPTCL
3. The date since when subsidiary was acquired	12.08.2003	12.08.2003	12.08.2003	12.08.2003	15.01.2000	08.08.2013
4. Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	N/A	N/A	N/A	N/A	N/A	N/A
5. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	N/A	N/A	N/A	N/A	N/A	N/A
6. Share capital	1255330.16	1599079.91	1439778.14	1688100.00	165583.48	221.63
7. Reserves and surplus	(799235.84)	(1204763.81)	(946039.88)	(1635692.76)	(198004.50)	(160.72)
8. Total assets	3675717.04	4576135.68	2805003.00	3317254.08	447545.62	61.64
9. Total Liabilities	3219622.72	4181819.58	2311264.74	3264846.84	479966.64	0.73
10. Investments	-	-	-	-	-	-
11. Turnover	1002968.47	1103693.01	1633426.50	1017459.74	244994.31	-
12. Profit/(Loss) before taxation	(74648.22)	(98761.34)	(129049.55)	(256716.23)	(44964.13)	0.38
13. Provision for taxation	-	-	-	-	-	0.13
14. Profit/(Loss) after taxation	(74648.22)	(98761.34)	(129049.55)	(256716.23)	(44964.13)	0.25
15. Proposed Dividend	-	-	-	-	-	-
16. Extent of shareholding (in percentage)	100%	100%	100%	100%	100%	100%

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

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

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

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures
as at 31st March 2019

Part B:- Associates and Joint Ventures

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

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INDEPENDENT AUDITOR'S REPORT

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

Report on Consolidated Financial Statements**Qualified Opinion:**

We have audited the accompanying consolidated financial statements of Uttar Pradesh Power Corporation Limited (hereinafter referred to as the "Holding Company"), and its six subsidiaries, namely Madhyanchal Vidyut Vitran Nigam Limited, Lucknow, (MVVNL), Purvanchal Vidyut Vitran Nigam Limited, Varanasi, (PuVVNL), Paschimanchal Vidyut Vitran Nigam Limited, Meerut, (PVVNL), Dakshinanchal Vidyut Vitran Nigam Limited, Agra, (DVVNL), Kanpur Electricity Supply Company Limited, Kanpur, (KESCO) and Southern UP Power Transmission Company Limited (SUPPTCL) (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31st March, 2019, the consolidated statement of Profit and Loss (including other Comprehensive Income), the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements")

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the "Basis for Qualified Opinion" paragraph of our report, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India.

- In the case of consolidated balance sheet, of the state of affairs (Financial Position) of the Group as at March 31, 2019.
- In the case of consolidated statement of Profit and Loss, of the consolidated net loss (financial performance including other comprehensive income) of the Group for the year ended on that date;
- In the case of consolidated cash flows and changes in equity of the Group for the year ended on that date.

Basis for Qualified Opinion:

We draw attention to the matters described in "Basis for Qualified Opinion" paragraph of the audit report on standalone financial statements of Holding company, audited by us and the subsidiaries namely MVVNL, PuVVNL, PVVNL, DVVNL, KESCO and SUPPTCL audited by other auditors. These matters in so far, as it relates to the amounts and disclosures included in respect of Holding and its Subsidiaries, are included in 'Annexure-1', which forms an integral part of our report, the effects of which are not ascertainable individually or in aggregate on the consolidated financial statements that constituted the basis for modifying our opinion. Our opinion on the consolidated financial statements, is qualified in respect of the matters referred to in 'Annexure-1' to this report, to the extent applicable.



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

Key Audit Matters:

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

Information other than the consolidated financial statements and Auditor's Report thereon:

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Management's responsibility for the consolidated financial statements:

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



Directors of the Holding Company, as aforesaid. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the consolidated financial statements:

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial



statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matters:

- We did not audit the financial statements / financial information of subsidiaries namely MVVNL, PuVVNL, PVVNL, DVVNL, KESCO and SUPPTCL, whose financial statements / financial information reflect the Group's share of total assets, as detailed below, and the net assets as at 31st March, 2019, total revenues and net cash flows for the year ended on that date, and also include the Group's share of net loss for the year ended 31st March, 2019, as considered in the consolidated financial statements in respect of these subsidiaries, whose financial statements / financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

(Rs. in Lakhs)

Name of the Companies	Total Assets as at 31.03.2019	Net Assets i.e., Total Assets minus Total Liabilities as at 31.03.2019	Total Net Profit/ (Loss) as at 31.03.2019	Net Cash in Flows/ (outflows) as at 31.03.2019
Subsidiaries:				
Madhyanchal Vidyut Vitran Nigam Limited, Lucknow, (MVVNL)	36,75,717.04	2,68,723.30	(74,648.22)	(14,532.26)
Purvanchal Vidyut Vitran Nigam Limited, Varanasi, (PuVVNL)	45,76,135.68	(67,500.19)	(98,761.34)	17,776.01
Paschimanchal Vidyut Vitran Nigam Limited, Meerut, (PVVNL)	28,05,003.00	(1,54,735.00)	(1,29,049.55)	(27,474.57)
Dakshinanchal Vidyut Vitran Nigam Limited, Agra, (DVVNL)	33,17,254.08	(9,53,302.39)	(2,56,716.23)	(30,142.64)



Kanpur Electricity Supply Company Limited, Kanpur, (KESCO)	4,47,545.62	(1,61,581.15)	(44,964.13)	15,143.21
Southern UP Power Transmission Company Limited (SUPPTCL)	61.64	60.91	0.26	43.88
Total	1,48,21,717.06	(10,68,334.52)	(6,04,139.21)	(39,186.37)
CFS Adjustment	-	(8,81,31.18)	1,54,059.60	-
Grand Total	1,48,21,717.06	(11,56,465.70)	(4,50,079.61)	(39,186.37)

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

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements:

1. As required by section 143(3) of the Act, based on our audit on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph to the extent applicable, we report that:
 - a. Except for the matters described in the "Basis for Qualified Opinion" paragraph, we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b. In our opinion and except for the matters described in the "Basis for Qualified Opinion" paragraph of our report, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the company so far as it appears from our examination of those books and the reports of the other auditors.
 - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity, dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d. Except for the matters described in the "Basis for Qualified Opinion" paragraph, in our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued there under.
 - e. Being a Government Company, pursuant to the Notification No. GSR 463(E) dated 5th June, 2015 issued by Ministry of Corporate Affairs, Government of India; provisions of sub-section (2) of section 164 of the Act, regarding disqualification of the directors are not applicable to the Company.
 - f. With respect to the adequacy of the internal financial controls system over financial reporting and the operating effectiveness of such controls, refer to our separate report in "Annexure-II", which is based on the auditors' report of the holding company and its subsidiary companies incorporated in India. Our report expresses a qualified opinion on



the adequacy and operating effectiveness of the internal financial controls over financial reporting of those companies, for reasons stated therein.

- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. Except for the effects of the matters described in the "Basis of Qualified Opinion" paragraph, the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;
 - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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



(CA Vikas C Srivastava)
Partner

M. No.: 401216
UDIN: 21401216AAAAAO4019

Place: Lucknow
Date: 6th April, 2021

Annexure I to Independent Auditors Report

(As referred to in "Basis of Qualified Opinion" paragraph of our audit report of even date to the members of U.P. Power Corporation Limited on the Consolidated Financial Statements of the Company for the year ended 31st March, 2019)

Based on our audit on the consideration of our report of the Holding Company and the report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph to the extent applicable, we report that:

1. The Company has not complied with the following Ind AS notified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended):
 - a. *Trade Receivable (Note-10), Financial Assets-Other (Note-12), Other Current Assets (Note-13), Trade payable (Current) (Note-19) and Other Financial Liabilities (Note-20)* have been classified as current assets/liabilities include balances which are outstanding for realisation/settlement since previous financial years and in the absence of adequate information/explanations regarding the realisability/settlement of such amounts within twelve months after the year end, reasons for not classifying them as non-current assets/liabilities **is inconsistent with Ind AS-1 "Presentation of Financial Statements"**. This has resulted in over statement of respective current assets/liabilities and understatement of the corresponding non-current assets/liabilities.
 - b. Recognition of Insurance and other claims, refunds of Custom duty, Interest on Income Tax & trade tax, license fees, interest on loans to staff and other items of income covered by *Significant Accounting Policy no. 2 (c) of Note-1(A)* has been done on cash basis. **This is not in accordance with the provisions of Ind AS-1 "Presentation of Financial Statements"**.
 - c. Accounting for Employee Benefits: Actuarial Valuation of gratuity liability of the employees covered under GPF scheme has not been obtained. (*Refer Para 14 Note - 1(B) "Notes on Accounts"*). **This is inconsistent with Ind AS-19 "Employee Benefits"**.
 - d. Inventory which includes stores and spares for capital works, operation and maintenance and others is valued at cost (*Refer accounting policy no. 3(VII)(a) of Note-1(A)*). Valuation of stores and spares for O & M and others **is not consistent with Ind AS-2 "Inventories" i.e., valuation at lower of cost and net realizable value**. Further, the stores and spares for capital work should be classified as part of Property, Plant and Equipment and recognised, measured and disclosed in accordance with **Ind AS-16 "Property, Plant and Equipment"**.
 - e. As per the opinion drawn by the auditors of KESCO, according to **Ind AS-16 "Property, Plant and Equipment"**, the carrying amount of an item of property, plant and equipment shall be derecognized on disposal or when no future economic benefits are expected from its use or disposal. There may be property, plant & equipment from which no future economic benefits are expected and the same have not been derecognized. The company has a prevalent practice of derecognizing property plant & equipment as and when it is sold as scrap which is in violation to Ind AS 16. The impact of the above is not ascertainable.
 - f. "Inventories" includes obsolete stock, valued at cost, which is inconsistent **with Ind AS-2 "Inventories" i.e., it should be valued at its Net Realisable Value**.
 - g. Additions during the year in Property, Plant and Equipment include employee cost at a fixed percentage of the cost of each addition to Property, Plant and Equipment in accordance with *Note-1(A) Significant Accounting Policy Para (3)(II)(e)*. Such employee cost to the extent



not directly attributable to the acquisition and/or installation of Property, Plant and Equipment *is inconsistent with Ind AS-16 "Property, Plant and Equipment"*. This has resulted in overstatement of fixed assets and depreciation and understatement of employee cost and loss.

- h. The auditors of the subsidiaries reported that depreciation on fixed assets have not been provided on pro-rata basis which is *inconsistent with Schedule – II of the Companies Act, 2013 and Ind AS-16 "Property, Plant and Equipment"* to the extent applicable.
- i. Assessment of the Impairment of Assets has not been done by the company, *which is inconsistent with Ind AS-36 "Impairment of Assets"*.
- j. Right to use an asset is classified as tangible asset instead of Intangible asset by PVVNL and distribution license taken by DVVNL is not yet recognised at all by the company which *is inconsistent with Ind AS-38 "Intangible assets"*. This has resulted in understatement of Intangible assets and amortisation expenses.
- k. The *Financial Assets- Trade Receivables (Note-10), Advances to Suppliers/Contractors (O&M) (Note- 13), Employees (Receivables) (Note-12) and Loans (Note-7)* have not been measured at fair value as required by *Ind AS-109 "Financial Instruments" (Refer Para 8 of Note-1(B) "Notes on Accounts")* and proper disclosures as required in *Ind AS-107 "Financial Instruments: Disclosures"* have not been done for the same.
- l. The Borrowing Cost allocated to CWIP amounting to Rs. 13,469.00 lacs by PVVNL is not in accordance with *Ind AS-12 "Borrowing Cost"* as there is no system of identification of qualifying assets and interrupted projects.
- m. PVVNL has not made any disclosure with respect to nature of contingent liabilities and estimate of its financial effects which is not in compliance with disclosure requirement of *Ind AS-37 "Provisions, Contingent Liabilities and Contingent Assets"*.
- n. As per the opinion drawn by the auditors of KESCO, according to *Ind AS-10 'Events after the reporting period'*, an entity shall adjust the amounts recognized in its Ind AS financial statements to reflect adjusting events after the reporting period. In this regard the company has not adjusted the liability of pending litigations as at 31st March, 2019 which have been settled till the date of approval of Ind AS financial statements by the Board of Directors. Also, no details were made available for verification. The impact of the above is not ascertainable.
- o. As per the opinion drawn by the auditors of PVVNL, License Fees is not accounted for on accrual basis. License Fees is paid as and when the demand is raised by UPERC and no provision is made for the amount due, which is not in adherence to the provisions of *Ind AS-37 "Provisions, Contingent Liabilities and Contingent Assets"*. Accordingly, the impact of non-compliance of the above IND AS on the financial statements is not ascertainable.
- p. As per the opinion drawn by the auditors of PVVNL, *IND AS-20 Accounting for Government grants* is done on the basis of advice from Uttar Pradesh Power Corporation Ltd., the holding company, which is not in accordance with accrual system of accounting as required by Indian GAAP and also not in consonance with the IND AS 20. Impact of non-compliance of the above IND AS on the financial statements is not ascertainable. (Refer to 2(X) of 'Significant Accounting Policies' to the Financial Statements.

2. Inter unit transactions amounting Rs. 5,38,786.87 lacs, are subject to reconciliation and consequential adjustments. (Refer Note-13)



3. *Loans (Note-7), Financial Assets - Other (Note-8), Trade Receivables Others (Note10), Financial Assets-Others - Employees, Others (Note-12), Other Current Assets - Suppliers & Contractors (Note-13), Financial Liability-Trade Payables (Note-19), Other Financial Liabilities - Liability for Capital/O&M Suppliers/Works, Deposits from Suppliers (Note-20)* are subject to confirmation/reconciliation.
4. Documentary evidence in respect of ownership/title of land and land rights, building was not made available to us and hence ownership as well as accuracy of balances could not be verified. Additionally, the identity and location of Property, Plant and Equipment transferred under the various transfer schemes has also not been identified (*Refer Para 6(a) of Note – 1(B) "Notes on Account"*).
5. It was observed that the maintenance of party-wise subsidiary ledgers and its reconciliation with primary books of accounts i.e., cash books and sectional journal are not proper and effective.
6. Employees benefit expenses aggregating Rs. 1,41,389.33 Lacs (*Refer Note-25 Employees benefit expenses*) is net off by Rs. 2095.60 Lacs have been determined and claimed from U.P. Power Transmission Corporation Limited (UPPTCL). However, no documentary evidence confirming agreement of this arrangement between Company and UPPTCL was available on records. Liability towards Goods and Service tax in respect of this amount claimed from UPPTCL has not been recognised and measured.
7. Sufficient and appropriate documentary audit evidences in respect of Contingent liabilities disclosed in *Para 18(b) of Note – 1(B) "Notes on Accounts"* were not provided to us.
8. Revenue earned from the sale of power through Indian Energy Exchange Limited, India has not been recognised separately in the statement of Profit and Loss, but has been reduced from the cost of purchase of power aggregating Rs. 53,78,644.24 Lacs (*Refer Note-24 Purchase of Power*). Additionally, details of aggregate units sold during the year and revenue earned from such sale was not made available to us.
9. The Company has not classified trade payable outstanding from Micro and Small enterprises as required by Schedule - III of the Companies Act, 2013. Further, in the absence of adequate information, we are unable to confirm compliance with Section 22 of MSMED Act, 2006 regarding disclosures on principle amount and interest paid and/or payable to such enterprises (*Refer Para 15 of Note – 1(B) "Notes on Accounts"*).
10. The company has not maintained proper records showing full particulars including quantitative details and situation of fixed assets. Further, the physical verification of the fixed assets has not been carried out. Hence, we are unable to comment whether any material discrepancy exists or not.
11. Maintenance of records in respect to inventories is not satisfactory. The details of inventories were not provided for verification by the respective zones of Holding Company and its Subsidiaries.
12. Records for inventories lying with the third parties are not being maintained properly at Zonal Offices of the Holding Company and its Subsidiaries.
13. Aggregate amount of market value of quoted investment (*Refer Note-6*) has not been disclosed as required in Division II of Schedule III of Companies Act, 2013.
14. The branch auditor has expressed the audit opinion on the Trial Balances as at 31st March, 2019 of the Zonal Accounts Office (Material Management) and these have been considered for the preparation of the financial statement of the company. As per existing practices, financial statement of the branch has not been prepared.



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

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

In previous audit reports also, major differences were noticed in the balance confirmation received from parties, but no action was taken for reconciliation of the same.

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

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

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



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

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

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

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

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

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

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

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

16. **Audit observations in Audit Report of the Subsidiaries Companies excluding those which have been appropriately dealt elsewhere in the report are reproduced below-**
(Notes referred to in the following sub paras form part of the notes on accounts to the standalone financial statements of the respective subsidiaries)

DVVNL

- a. The DVVNL has received Depreciation on Land & Land rights in earlier years through gazette notification amounting to Rs. 39.81 lacs. No Depreciation is chargeable on Land & Land Rights hence the company is required to reverse the Depreciation on same and treat it as a Prior Period adjustment in Financial Statements.
- b. The Block of assets of the company i.e., Note - 02 Property Plant and Equipment includes an amount of Rs. 4,536.00 lacs as "Assets not pertaining to DVVNL". As per expert advisory opinion issued by ICAI and Published in 2012 Opinion 1 "Treatment of capital expenditure on assets not owned by the company" the company cannot capitalize "The capital expenditure on strengthening of power transmission system not owned by the company" and should be expensed by way of charge to the profit and loss account of the period in which these are incurred. As there is no contradiction in IND AS comparing it with AS and paragraphs 49 and 88 of the 'Framework for the Preparation and Presentation of Financial Statements', issued by the Institute of Chartered Accountants of India on the basis which are considered by Expert Advisory committee while forming



their opinion. Hence Capital expenditure on assets not owned by the company appearing in the schedule of Property Plant and Equipment at its written down value, being an error should be rectified and disclosed as a 'Prior Period Item' as per IND AS - 8. Hence Property Plant and Equipment are overstated by Rs.4,536.00 lacs and accumulated losses are understated by Rs. 4,536.00 lacs.

- c. The CWIP includes an amount of Rs. 881.35 lacs in AO Headquarter account under AG Head 14.8 which is persisting since long for which no capitalization is made. As per management no reconciliation for the same is available. We recommend the management to reconcile the above at earliest, so that necessary adjustment can be made.
- d. While scrutinizing the Zonal Trial balance of Aligarh Zone it was observed that an amount of Rs. 24.79 lacs is persisting since long in AG Head 14.73R (Ram Manohar Lohia) which is a serious anomaly as it is not capitalized yet and needs to be followed up immediately.
- e. AG Head 22.780 "Transformers Sent for repairs" and AG Head 22.791 "LED" is reflecting Credit balances amounting to Rs. 272.81 lacs and Rs. 31.62 lacs respectively. As explained by the management no profit or loss is booked on sale/transfer of such items hence they are reflecting such abnormal balances.
- f. Further we have observed that Zonal Trial of Kanpur zone and Jhansi Zone are reflecting a credit balance in AG 22.770 "Scrap Material" amounting Rs. 55.98 lacs and Rs. 1,790.05 lacs which is impracticable as Stock value cannot be negative. Thus, the Stock value has been understated by Rs.1,846.03 lacs by the company.
- g. During the verification a shortage of Rs. 19.14 lacs was observed. The Company has raised advances against 9 Junior Engineers and 9 Assistant store keepers for the same which would be recovered from the salaries in year 2019-20.
- h. During the audit it was observed that DVVNL Agra is having TDS demand reflecting over TRACES portal amounting to Rs.23.97 lacs for which neither provision has been made, nor the disclosure is proper since the liability of current year is only disclosed under contingent liability instead of entire accumulated liability.
- i. The Private Tube well (PTW) consumers are exempted from Electricity Duty. However, an amount of Rs. 15.49 lacs is accounted for by the company with respect to it. Due to which the company has overstated its Trade Receivables (Current Assets) and Electricity Duty & other levies payable to government (Current Liabilities) by the same amount.
- j. Sundry Liabilities under NOTE 16 includes an amount of Rs. 9,495.09 lacs of AG HEAD 46.922 "SALE OF SCRAP" which is the part of Material cost variance and should be written off in Profit and loss of Company Due to the above liabilities has been understated by Rs. 9,495.09 lacs and Loss has understated by Rs9,495.09 lacs. Details are as under:

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

KESCO



- a. The land of the company is on lease from UPPCL at Re.1/- per month as per transfer scheme. The value of such land is yet to be ascertained by UPPCL (Refer Point No. 9(d) of Notes on Accounts). However, we have not been produced with the Lease Agreement

pertaining to such land. As a result of which we are unable to check whether the lease is in financial nature or operating.

- b. The detail of individual fixed assets which have been created through matching deposits from customers which is subsequently amortized in the proportion of the depreciation amount is unavailable.
- c. Advance to capital Contractors included in the value of Capital work in Progress as per Note No. 3 of Balance Sheet includes Rs. 14.64 lacs on account of Cash Advance given to contractors for execution of capital projects. In our opinion this should have been booked under the head Other Current Financial Assets rather than Capital WIP. Therefore, the Capital WIP as at 31/03/2019 is overstated and Other Current Financial Assets as at 31/03/2019 is understated by Rs. 14.64 lacs.
- d. It has been observed that inoperative debtors have been continuously billed on the basis of IDF/RDF for more than 2 billing cycles which is in contravention of the provisions of Electricity Supply Code 2005. (Impact not ascertainable)
- e. According to information and explanations given to us and as per the prevalent practice of the company, inventory of Stores and Spares is considered as an inventory only when the same is accounted for in the measurement book after due verification and quality check of the said items. Thus, liability in respect of Suppliers is accounted for only when the inventory is accounted for in the measurement book. Thus, in our opinion the liability as well as corresponding current assets to this extent in respect of material supplied is understated. This is also a violation of the provisions of section 128 of the Companies Act, 2013, which advocates the maintenance of books of account on accrual basis of accounting (Impact not ascertainable).
- f. According to information and explanations given to us, inventories lying with third parties are accounted for on the basis of consumption statements received in this regard and are grouped under "Capital Work in Progress" and "Other Current Assets". However, no confirmation and reconciliation of the said inventory with the said third parties has been done at the year end. (Impact if any not ascertainable).
- g. According to information and explanations given to us Obsolete, defective and unused store items have not been identified as Scrap during the financial year ended 31st March, 2019, pending identification by the committee formed in this regard (Impact not ascertainable).
- h. The Company has not disclosed the impact of Rs. 3567.00 lacs pertaining to interest payable to Government of Uttar Pradesh on account of conversion of Najul land to freehold land. Out of this Rs. 2955.00 lacs pertain till F.Y. 2015-16 and Rs. 612.00 lacs pertain to F.Y. 2016-17. The final comments of Comptroller and Auditor General of India for F.Y. 2016-17 have not been received yet. Hence, the deficit as at 31st March, 2019 is understated by Rs. 2955.00 lacs and other current financial liability is understated by Rs. 2955.00 lacs (The impact of Rs. 612.00 lacs has not been considered in our report awaiting final comments of Comptroller and Auditor General of India for FY 2016-17).
- i. Restructuring Reserve: According to information and explanations given to us the Restructuring Reserve amounting to Rs. 14.46 lacs pertain to the transaction affecting the opening balance of KESCO as per the transfer scheme of KESA pending final adjustments/ reconciliation.
- j. During financial year 2016-17 and F.Y. 2015-16, the company was in receipt of a Government financial assistance of Rs.66,030.26 lacs and 1,40,815.96 lacs respectively



under the 'UDAY' Scheme. As per the terms of the scheme the said fund was to be treated as 25% as Equity, 25% as interest free loan and 50% as Subsidy / Grant. On verification of the aforesaid the following was observed:

Particulars	2015-16 (Amount in lacs)	2016-17 Amount in lacs)	Treatment in Ind AS Financial Statements
Amount treated as Equity	35,203.99	16,507.56	Under Share Application Money
Amount treated as Interest Free Loan	35,203.99	16,507.56	Non-Current Borrowings
Amount treated as Subsidy	68,360.59	32,428.38	Capital Reserves (Other Equity)
Amount treated as Subsidy for repayment of interest	2,047.39	586.75	Other Income
Total Amount	1,40,815.96	66,030.26	

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

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

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

- k. During the year, Subsidy for repayment of loan was received for Rs 3,647.48 lacs from Government of U.P. As per the information and explanation given by the management, the above amount includes Rs. 743.50 lacs for repayment of Interest and Rs. 2,903.98 lacs towards repayment of Principal. Although Rs 743.50 lacs has been booked in Profit & Loss under other income, the amount received for Rs 2,903.98 lacs towards repayment of Principal has been credited to Capital Reserve which as per Ind AS 20 should have been recognized as income in F.Y. 2018-19.

Similarly, during F.Y. 2017-18, and FY 2016-17, Subsidy for repayment of loan was received for Rs 3,994.58 lacs and Rs 4,008.67 lacs respectively from Government of U.P. As per the information and explanation given by the management, the above amount includes Rs. 2,903.98 lacs (for FY 2017-18) and Rs 2,040.51 lacs (for FY 2016-17) towards repayment of Principal which has been credited to Capital Reserve but as per Ind AS 20, the same should have been recognized as income.

Thus, the loss for F.Y. 2018-19 is overstated by Rs. 2,903.98 lacs, balance of deficit (Other Equity) as at 31/03/2019 is overstated by Rs. 7,848.48 lacs and Capital Reserve as at 31/03/2019 is overstated by Rs. 7,848.48 lacs.



PVVNL

- a. Due to non-availability of proper and complete records of Work Completion Reports, there have been instances of non-capitalization and/or delayed capitalization of Property, Plant and Equipments, resulting delay in capitalization with corresponding impact on depreciation for the delayed period. (Refer to 2(II) of 'Significant Accounting Policies' to the Financial Statements.)
- b. The company has charged depreciation Rs. 62.28 lacs in earlier years on the value of land and land rights, while no depreciation is to be charged on the land as per Companies Act, 2013. UPERC also has taken useful life of land as infinity. As a result of this, Land & Land rights under fixed assets are under stated by Rs. 62.28 lacs and cumulated depreciation is overstated by Rs. 62.28 lacs.
- c. Capital Work in progress is net off Material cost variance amounting to Rs. 1,114.67 lacs, which is pending reconciliation year together for more than a year.
- d. Assets amounting to Rs. 3,905.36 lacs, being expenses on construction of Bay are shown as "Assets not in possession of Pashchimanchal Vidyut Vitran Nigam Ltd.". The agreement with Transco is not available with the company. It is informed to us that the company has a right to use of the assets. Company has disclosed it as Tangible Assets, which is Intangible Assets, as being rightly disclosed in the earlier financial year 2017-18. This has resulted understatement of intangible assets and overstatement of tangible assets by Rs. 3,905.36 lacs. (Referred to in note 2 of Financial statements)
- e. In case of withdrawal of an asset, its gross value and accumulated depreciation is written off on estimated basis. In the absence of sufficient and appropriate audit evidence thereof, we are not in a position to ascertain impact of the same on financial statements.
- f. The depreciation/amortisation on Bay (Assets not in Possession of Paschimanchal Vidyut Vitran Nigam Ltd.) is calculated on the opening gross value of the assets with the life of 25 years on SLM basis and not on the additions during the financial year. In the absence of complete details, we are unable to quantify the impact of the same on depreciation/amortisation and consequential impact on the financial statements. (Refer to Note no. 2 Property, Plant and Equipment)
- g. It was seen that in case of asset "Overhead line on wooden support" company has charged cumulative deprecation more than the gross value of asset. Gross block of the said asset was 439.83 lacs, whereas cumulative depreciation was shown Rs. 579.18 lacs, which was more than the gross block of the asset by Rs. 139.35 lacs. As a result of this, Lines, Cable networks, etc. under fixed assets are understated and cumulated depreciation is overstated by Rs. 139.35 lacs.
- h. The company has calculated depreciation based on the rate approved by UPERC. As useful life of computer was not given in the depreciation schedule approved by UPERC, company should have considered 3 years useful life of computer taking conservative approach as given in schedule II of Companies act 2013 instead of taking 15 years. Consequential impact of the same on the financial statements is not ascertained.
- i. As per UPERC (MYT) Regulation 2013, In case the payment of any bills of Transmission charges, wheeling charges is delayed beyond the period of 60 days from the date of billing, a late payment surcharge @ 1.25% per month shall be levied by the transmission licensee. However, the company has not made any provision for liability for late payment surcharge on account of non-payment of dues in compliance of above regulation. Consequential impact of the same on the financial statements is not ascertained.



- j. As per Note No. 5 of the Financial Statements, Trade Receivables includes a sum amounting to Rs. 78,701.15 lacs inherited by the Company in Transfer Scheme, which is lying unadjusted since long.
- k. The company has not furnished the details of advance deposit received from consumers against temporary connection and entire security deposits from them has been shown as non-current liabilities. In absence of such details, quantification of current and non-current liabilities therefrom is not possible.
- l. Amount of outstanding under the head sundry debtors (AG- 23) is not reconciled with the billing ledger. Outstanding balance in trial balance as on 31-03-2019 under this head may not be verified with consumer ledger or with other available records available with the divisions/zone.
- m. According to the information and explanations given to us, frauds in shape of misappropriation of cash collected from customers but not deposited amounting to Rs.370.05 lacs were noticed. We are informed by the management that departmental and legal proceedings are in process against the concerned staff, as soon as these frauds surfaced.
- n. No subsidiary ledgers have been maintained for Consumer Security Deposit, Meter Security Deposit and Advance consumption charges. In absence of which the correctness of the figures appearing in the financial statements under these head could not be verified.
- o. Work in Progress Register (WIP Register) is not being maintained at all the units except ECWD-MBD, which has prepared WIP Register for the current financial year only.
- p. The auditor had required to provide for contingent liability on bank guarantee for Rs. 15.00 lacs, which should be disclosed in the financials but the same was not done.

PuVVNL

Stock shortage/ excess pending investigation amounting to Rs. 96.63 Laacs is outstanding as on 31/03/2019. In absence of proper information, we are unable to comment upon its nature and proper accounting. No movement analysis is available to categorize fast moving, slow moving, non-moving and dead stock items.

MVVNL

- a. As per practice and policy of the Company, the Property, Plant and Equipment observed and declared "NOT IN USE" are transferred from Property, Plant and Equipment (Accounting Code No. AG- 10) to Assets "NOT IN USE" (Accounting Code No. AG- 16) and the depreciation already provided and kept in depreciation is reversed by the units. However, LESA Cis zone auditor reported that when the capital assets are decommissioned for major repairs the original cost is derived on estimated basis and the accumulated depreciation is derived on pro-rata basis.
- b. When the store materials are issued for capital jobs the issue rate is on Resso-rate basis. Since the value of capital assets on issue and value of decommissioned assets (including the value of asset under transfer scheme) is on estimated basis (time, rate and value), on many occasions closing balance shows negative closing balance for the current year. Physical verification of asset is not carried out by the management in any of the division/s/units. On receipt of repaired transformers of different sizes, the receiving and sending unit do not match / respond corresponding entries in their



respective books hence the inter unit balances are outstanding in the books, reason as informed by the management is due to delay in submission of advice transfer of debit and advice transfer of credit.

- c. **LESA Trans Gomti Zone Auditors** reported that some heads of Fixed Assets are reflecting credit balances which as explained to us is due to wrong classification. The zone recognizes its completed works as Fixed Assets only at the year end, hence yearly depreciation and WDV is not calculated correctly.
- d. No details of Capital Work in Progress (including RGGVY Scheme, APDRP Scheme, RAPDRP Scheme and Other) amounting Rs.2,70,481.92 lacs (Rs. 2,11,051.28 lacs last year) and Advance to capital suppliers/ Contractors amounting Rs. 4,02,538.34 lacs (Rs. 2,50,410.78 lacs last year) provided to us. We are unable to comment on Capital Work in Progress as the required information for capitalization of various works/project, age wise analysis and item wise analysis was not made available by management. Such capitalization is delayed and consequently depreciation has also not been charged.
- e. **LESA Cis Zone Auditors** also reported that Capital work in progress (AG -14) is transferred/ capitalized to Property, Plant and Equipment (AG-10) without taking into account, any commissioning /completion certificate, the same is accounted on undetermined basis. On the same reason mentioned about the capital work in progress/ Property, Plant and Equipment are not correctly disclosed and hence yearly depreciation is not calculated accurately/correctly.
- f. As per AG observations of previous year(s) EDC – Shahjahanpur 10882.00 lacs and EDC Hardoi Rs 2,604.00 lacs in respect of expenditure incurred under RGGVY already completed but not capitalized /transferred from CWIP to fixed assets. Due to which CWIP is overstated by Rs 13486.00 lacs and understatement of accumulated loss and depreciation. It also results in understatement of assets. The position of these works is not made clear to us during the period under audit.
- g. Capital work in progress is transferred / capitalized without taking into account, any commissioning / completion certificate, hence the same is accounted for on undetermined basis. This practice is not as per accepted accounting practice.
- h. As reported by management, a fraud of Rs. 99.62 lakhs have occurred during the Financial Year 2018-19, on which Departmental Action has been taken by the management on accused staff.
- i. **Auditor of LESA Cis Zone** made the following comments
Most of the divisions where collection of electricity is done by E-SUVIDHA (i.e. outside agency) a separate Cash Book are maintained on the basis of details provided by e-suvidha. Consolidated daily collections and remittance to HO are provided by e-suvidha and consumer wise collection is not available at division level. Entire collection by e-suvidha both in and cheque are deposited by e-suvidha in its own account, after realization of cheque directly remitted to accounts. In respect of amount collected by e-suvidha, outside agencies, on a day today basis, at present there is no check to ensure that all the money collected is deposited by e-suvidha in MVVNL/UPPCL A/c.
- j. **LESA Cis Zone Auditors** reported that revenue from sales of power to various categories of consumers is not cent percent metered for the year in some cases and some ad hoc provisions are made at the end. Necessary records regarding tariff wise breakup, transit loss, self-consumption have not been provided to us, providing our reservation to the recognition and verification of revenue in accordance with



accounting standards. Revenue from sales of power is recognized during the financial year 2018-19 on the basis of report generated (report no CM 315 and CM 309) from online billing system, and authenticity of the same needs to be verified and adverse financial impact if any, could not be determined.

On verification of CM 309, no breakup or bifurcation of receipts made under "others" was furnished to us which were other than receipts recorded from E-Suvidha on account of electricity duty and electricity charge.

In respect of power unit consumed by employees including ex-employees, no bill is raised on the basis of meter reading as it is done in the case of consumers, and is done on tariff rates of UPERC.

- k. **Bareilly Zone Auditors** reported that regarding Sale of energy to consumers, revenue is booked as per actual billing generated by computerized billing system. Necessary record regarding tariff wise breakup, transit loss and self-consumption have been provided to them which is according to Accounting Standards. Due to the above, the adverse financial impact if any, could not be determined
17. For want of complete information, the cumulative impact of our observations in *paras 1 to 16* above to this report on assets, liabilities, income and expenditure is not ascertained.

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



(CA Vikas C Srivastava)
Partner
M.No.401216
UDIN: 21401216AAAAAO4019

Place: Lucknow
Date: 6th April, 2021

Annexure II to Independent Auditors Report

(As referred to in paragraph 1(f) under "Report on Other Legal and Regulatory Requirements" section of our audit report of even date to the members of U.P. Power Corporation Limited on the Consolidated Financial Statements of the Company for the year ended 31st March, 2019)

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for



external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Qualified Opinion

According to the information and explanations provided to us and based on the reports on Internal Financial Controls Over Financial Reporting of Holding company audited by us and its subsidiaries, audited by the other auditors, which have been furnished to us by the Management, the following control deficiencies have been identified in operating effectiveness of the Company's internal financial control over financial reporting as at 31st March 2019 –

1. The auditors of DVVNL have reported that -

The Accounting entries at the unit level are being done manually, thereafter each unit submits its accounts prepared in computerised format to its respective Zone. The Zone subsequently forwards the merged accounts of all its units to the Head office. There is no automated integration of Accounts at different levels.

2. The auditors of PVVNL have reported that -

- a) Internal control in respect of movement of inventories during maintenance and capital works, material issued/ received/ from third parties and material lying with sub-divisions, need to be reviewed and strengthened. Further, implementation of real time integrated ERP software is strongly recommended.
- b) The Company does not have an appropriate internal control system for preparing debtors ageing and making provision for bad debts. Instead, the provision for bad debts is made on fixed percentage basis. This could potentially result in non-booking of bad debts.
- c) Instances of theft of assets (transformers, cables etc.) are noticed in divisions of Meerut zone. The accumulated amount of such theft assets is Rs. 2,278 Lacs as on 31st March 2019. Divisions in the Meerut zone have not made any adequate arrangements to safeguard its assets from these incidents in future. Assets of the zone are uninsured too.
- d) Manual Receipt Books are issued to the employees (cashiers) of divisions of Meerut zone for collecting cash from customers against bills raised for sale of power. These receipt books are



kept with them indefinitely and cash is also not deposited regularly. There is no time limit within which these cashiers should submit the account of receipt books taken and return of unused receipts. Receipt books were kept for more than 5 years in EDD Baghpat. Some of receipt books issued prior to 31st March 2019 were not returned in division in EDD Baghpat till the date of audit i.e., 24th August 2019 and the actual cash actual received in the division was not reconciled with receipts issued to customers. This weakness in the internal control system has resulted in a fraud of Rs.370.04 lacs in the Meerut Zone.

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

A material weakness is a deficiency or a combination of deficiencies in internal financial control over financial reporting such that there is reasonable possibility that a material misstatement of the Companies' annual or interim financial statements will not be prevented or detected on timely basis.

In our opinion, except for the effects/probable effects of the material weaknesses described above and in 'Annexure I' on the achievement of the objectives of the control criteria, the Company has maintained in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019 based on the internal control over financial reporting criteria established by the company considering the essential components of the internal control stated in the guidance note on audit of internal financial control over financial reporting issued by the Institute of Chartered Accountants of India except for the need to strengthen the existing internal audit mechanism considering the nature and scale of operations of the company and the overarching legal and regulatory framework and the audit observations reported above and in 'Annexure I'.

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



(CA Vikas C Srivastava)
Partner

M.No.401216

UDIN: 21401216AAAAAO4019

Place: Lucknow
Date: 6th April, 2021



उत्तर प्रदेश पावर कारपोरेशन लिमिटेड

(उ०प्र० सरकार का उपक्रम)

U.P. Power Corporation Limited

(U.P. Government Undertaking)

कारपोरेट लेखा अनुभाग CORPORATE ACCOUNTS

शक्ति भवन विस्तार 14-अशोक मार्ग, लखनऊ-226001 Shakti Bhawan Ext., 14-Ashok Marg, Lucknow-226001

पत्रांक.....132...../पी०सी०एल०/सी०ए०-बी०एस०/111/2020-21

दिनांक 27.02.2021

कम्पनी सचिव,
उ०प्र० पावर कारपोरेशन लि०,
शक्ति भवन,
लखनऊ।

विषय:- वित्तीय वर्ष 2020-21 के वार्षिक लेखों में दर्शाने के लिए कारपोरेशन एवं कारपोरेशन की सहायक कम्पनियों को दी गई अंश पूंजी के सापेक्ष आवंटित अंशों का अद्यतन विवरण एवं वर्ष 2020-21 में कार्यरत प्रमुख प्रबन्धन कार्मिक (Key Management Personnel) का विवरण।

अवगत कराना है कि उ०प्र० पावर कारपोरेशन लि० के वित्तीय वर्ष 2020-21 के वार्षिक लेखे समसमय पूर्ण कर अंकेशित कराया जाना लक्षित है। अतः उक्त वर्ष के लेखों की टिप्पणियों में दर्शाये जाने के लिये कारपोरेशन एवं कारपोरेशन की सहायक कम्पनियों को दी गई अंश पूंजी के सापेक्ष आवंटित अंशों का अद्यतन विवरण एवं वर्ष 2020-21 में कार्यरत प्रमुख प्रबन्धन कार्मिक (Key Management Personnel) का विवरण उपलब्ध कराया जाना अपेक्षित है।

अतः आपसे अनुरोध है कि वित्तीय वर्ष 2020-21 में समस्त कम्पनियों में आवंटित अंशों का अद्यतन विवरण तथा वित्तीय वर्ष 2020-21 में कार्यरत उ०प्र० पावर कारपोरेशन लि० के प्रमुख प्रबन्धन कार्मिक (Key Management Personnel) के नाम, पदनाम एवं उनकी कार्य अवधि का विवरण प्रत्येक दशा में दिनांक 06.04.2021 तक उपलब्ध कराने का कष्ट करें।

(ए०सी० पाण्डेय)

उप महाप्रबन्धक (लेखा)

का. प्र.
[Signature]

Respected Sir,

Kindly provide

the required information, by

12-05-2021

[Signature]

(Mithanku Surfer)
[Signature]

— Company Secretary, DVVNL.