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

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

No. 42/UPPCL/CS/2024 **Date: 09th February, 2024**

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

Scrip Code: 955766

Sub: Intimation of 23rd Adjourned Annual General Meeting and Submission of Annual Report for the Financial Year ended March 31, 2022.

Dear Sir/Madam,

It is submitted that pursuant to 30 and 53 read with Schedule III of the SEBI (LODR) Regulation, 2015, as amended and any other applicable provision, we hereby enclose the Annual Report for the financial year 2021-22 and informed that the 23rd Adjourned Annual General Meeting of U. P. Power Corporation Limited (the Company) is scheduled to be held on FRIDAY, FEBRUARY 16, 2024 at 12:00 P. M. at its registered office of the Company for the subject matter as mentioned in the notice attached.

Kindly take the same on record.

Encl. As above

Thanking You,

For U. P. Power Corporation Limited

Nitin Nijhawan
(CFO & Compliance Officer)

उत्तर प्रदेश पावर कारपोरेशन लिमिटेड

(उत्तर प्रदेश सरकार का उपक्रम)

ANNUAL REPORT
FY – 2021-22

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

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

NOTICE

In continuation of the **23rd Annual General Meeting** which was held on **29th September, 2022** and the same was Adjourned for non presentation of the Annual Accounts of the Company for the Financial Year 2021-22, notice is hereby given that the **Adjourned 23rd Annual General Meeting** of the Shareholders of U. P. Power Corporation Limited will be held at Shorter Notice on **February 16, 2024 at 12:00 PM** at its registered office of the Company at **Shakti Bhawan, 14-Ashok Marg, Lucknow,** to transact the following left over business of that meeting :-

ORDINARY BUSINESS

1. **ADOPTION OF ANNUAL FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2021-22 i.e. 31ST MARCH, 2022.**

   To consider and adopt :-

   a). The Standalone Financial Statement of the Company for the Financial Year ended 31st March, 2022, the reports of the Board of Directors and Auditors thereon; and

   b). The Consolidated Financial Statement of the Company for the Financial Year ended 31st March, 2022, and the report of the Auditors thereon.

By order of the Board,
For U. P. Power Corporation Limited

Date: 08.02.2024
Place: Lucknow

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

Notes :

1- A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the company. In order to be effective, the proxy form duly completed should be deposited at the registered office of the company not less than forty eight hours before the scheduled time of the Annual General Meeting. Blank Proxy Form is enclosed.

2- Members and Proxies should bring the attendance slip duly filled for attending the meeting. Corporate members are requested to send a duly certified copy of the board resolution, pursuant to Section 113 of the Companies Act, 2013, authorizing their representative to attend and vote at the Annual General Meeting

3- Members are requested to notify change in address, if any, immediately to the Company.

4- All documents referred to in the Notice shall be made available for inspection by the Members of the Company, without payment of fees upto and including the date of AGM.

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

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

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

1. Hon'ble Governor of U.P. through Principal Secretary (Energy), U.P. Govt., Lucknow - **Shareholder.**
2. Dr. Ashish Kumar Goel, Chairman, UPPCL, Lucknow - **Shareholder.**
3. Shri Pankaj Kumar, Managing Director, UPPCL, Lucknow - **Shareholder.**
4. Shri Neel Ratan Kumar, Special Secretary (Finance), U.P. Govt., Lucknow - **Shareholder.**
5. Shri Nidhi Kumar Narang, Director (Finance), UPPCL, Lucknow - **Shareholder.**
6. Shri Kamalesh Bahadur Singh, Director (PM & A) (In Additional Charge), UPPCL, Lucknow - **Shareholder.**
7. Shri Sourajit Ghosh, Director (I.T.), UPPCL, Lucknow - **Shareholder.**
8. Shri Amit Kumar Srivastava, Director (Commercial), UPPCL, Lucknow – **Shareholder.**
9. Shri Nitin Nijhawan, Chief Financial Officer, UPPCL, Lucknow.
10. M/s D. Pathak & Co., Chartered Accountant, UPPCL, Lucknow- **Statutory Auditor.**
11. M/s R.M. Bansal & Co., Cost Accountant, UPPCL, Lucknow- **Cost Auditor.**

By order of the Board,
For U. P. Power Corporation Limited

Place: 08.02.2024
Date: Lucknow

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

	U. P. Power Corporation Ltd. (A Government of UP undertaking) CIN:U32201UP1999SGC024928 Registered address: Shakti Bhawan, 14 Ashok Marg, Lucknow-226001 Phone No. 0522-2286618, Email: csunit.uppcl@gmail.com

Form No. MGT-11

Proxy Form

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

CIN : U32201UP1999SGC024928
U.P. Power Corporation Limited
Shakti Bhawan Extn.
14-Ashok Marg,
Lucknow.

Name of the member (s) :
Registered address :
E-mail Id :
Folio No/Client Id :
DP ID :

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

1. Name : . . . .
   Address :
   E-mail Id :
   Signature: . . . ., or failing him

2. Name : . . . .
   Address :
   E-mail Id :
   Signature: . . . ., or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **23rd Adjourned Annual General Meeting** of the Company, to be held on February 16, 2024 at 12:00 PM at Meeting Room, Shakti Bhawan, 14 Ashok Marg, Lucknow and at any adjournment thereof in respect of such resolution as are indicated below:

Resolution No.

Affix Revenue Stamp

1. ....
2. ....

Signed this . . . . . day of 2024

Signature of shareholder

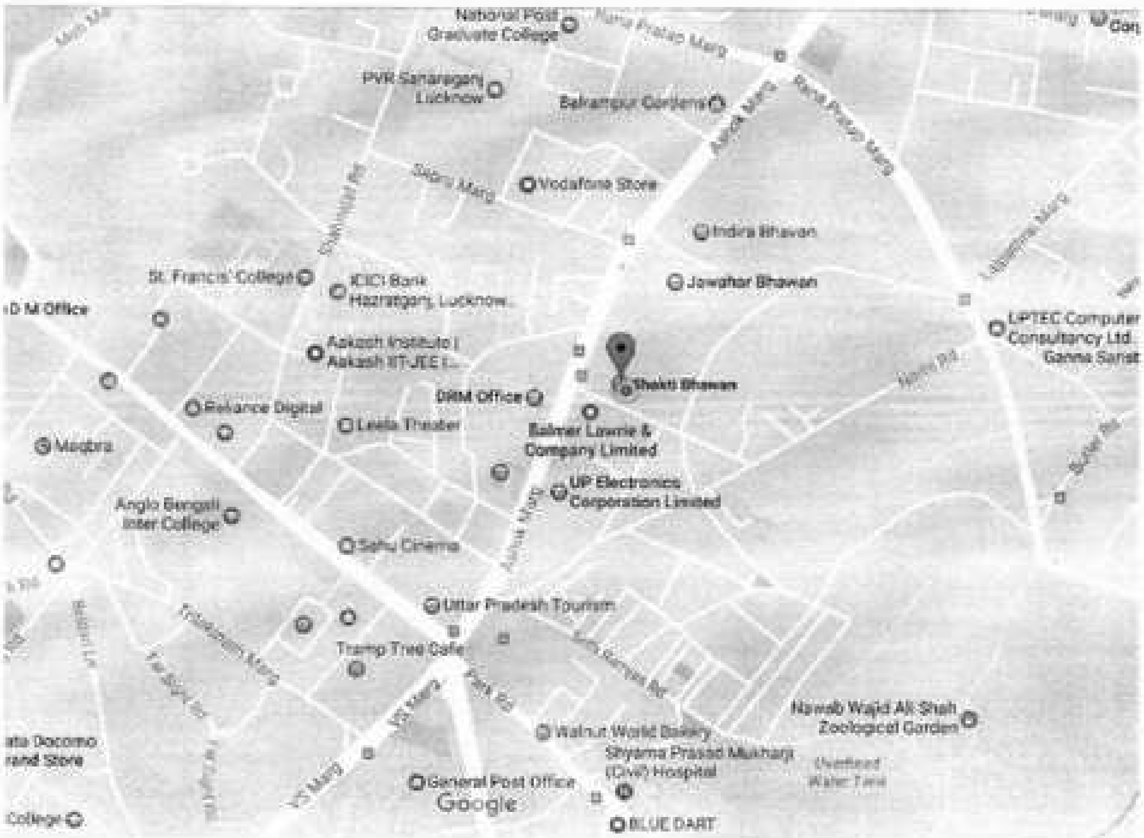
Signature of Proxy holder(s)

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

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

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

Route Map to the AGM Venue



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

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

DIRECTORS' REPORT

To,
The Members,
Uttar Pradesh Power Corporation Limited

Your Directors are pleased to present herewith the 23rd Annual Report on the business and operations of the company along with the audited standalone and consolidated financial statements of your Company for the financial year ended 31st March, 2022.

COMPANY OVERVIEW

U.P. Power Corporation Ltd. ('Company') is primarily involved in bulk purchase of power from various generators and bulk sale of power to the subsidiary distribution companies. The company has five subsidiary distribution companies viz. Purvanchal Vidyut Vitran Nigam Ltd (PuVVNL), Madhyanchal Vidyut Vitran Nigam Ltd (MVVNL), Dakshinanchal Vidyut Vitran Nigam Ltd (DVVNL), Paschimanchal Vidyut Vitran Nigam Ltd (PVVNL) and Kanpur Electricity Supply Co. Ltd. (KESCO). These distribution companies (DISCOMs) are engaged in the distribution of electricity to consumers. DVVNL also supplies electricity to the Torrent Power Company Ltd. (franchisee) for distributing the electricity to the consumers of its specified area. The company has successfully met the peak power demand of the state during the F.Y. 2021-22. The company sold 116885.13 MU as compared to 113858.89 MU in the previous year to the DISCOMs.
The Government of U.P has been making several efforts towards strengthening the power sector of the state whilst providing 24x7 affordable power supply. The company has emphasized on emerging technologies, new reforms and providing cost efficient good quality electricity to all categories of consumers for economic development/social upliftment of the state. The company is sensitive to its ultimate consumers interest and strives for uninterrupted supply of power.

1. Financial Results (Standalone and Consolidated)/Performance

The summarized financial results (Standalone and Consolidated) for year ended 31st March, 2022 are summarized below:

(₹ in Crore)

Particulars	Standalone Results		Consolidation Results	
	F.Y. 2021-22	F.Y. 2020-21	F.Y. 2021-22	F.Y. 2020-21
Revenue from sale of power	55152.13	60838.74	56837.64	55017.78
Other Income	137.89	161.14	23487.21	12598.02
Total (A)	**55290.02**	**60999.88**	**80324.85**	**67615.80**
Expenditure				
Operational Expenditure :-				
Purchase of Power	55152.13	60838.74	58321.49	63977.12

Employee Benefit Expenses	93.48	54.87	2270.12	1899.92
Repairs & Maintenance Expenses	8.96	13.11	2473.02	2313.49
Administrative, General & Other Expenses	47.10	50.25	2497.36	2232.53
Total (B)	**55301.67**	**60956.97**	**65561.99**	**70423.06**
Operational Profit/Loss A – B = C	**(11.65)**	**42.91**	**14762.86**	**(2807.26)**
Interest and Finance Charges	0.06	0.07	8388.22	6314.43
Depreciation	5.51	5.12	2853.46	2427.22
Bad Debts & Provisions	8144.35	(17311.25)	7782.83	303.86
Total (D)	**8149.92**	**(17306.06)**	**19024.51**	**9045.51**
NET PORFIT/LOSS Before Exceptional Items/ Tax	**(8161.57)**	**17348.97**	**(4261.65)**	**(11852.77)**
Exceptional Items	143.70	-	1620.04	-
Net Profit/Loss After Exceptional Items & Before Tax	**(8305.27)**	**17348.97**	**(5881.69)**	**(11852.77)**
Provision for Tax	-	-		
NET PORFIT/LOSS After Tax	**(8305.27)**	**17348.97**	**(5881.69)**	**(11852.77)**

(i) The Company has incurred net loss of ₹ 8305.27 Crore (Standalone) for the financial year 2021-22 as against net profit of ₹ 17348.97 Crore in the previous financial year. The major reason for net profit in previous financial year was due to reversal of impairment of investments in subsidiary DISCOMs due to increase in their net worth due to accountal by them towards receivables and adjustment of subsidies received in earlier years from GoUP.

(ii) The consolidated net loss in the F.Y. 2021-22 was ₹ 5881.69 Crore (Consolidated financial statements) as against net loss of ₹ 11852.77 Crore in the previous financial year. The loss for the year has decreased by ₹ 5971.08 Crore as compared to the previous year mainly due to the following reasons:

(a) The subsidy receivable/received from Government of U.P. has increased by ₹ 10967.99 Crore as compared to the previous year.(Total subsidy for the year 2021-22 and 2020-21 is ₹ 21941.08 Crore and 10973.09 Crore respectively.

(b) Bad Debts and Provision amounting to ₹ 7782.83 Crore and ₹ 303.86 Crore shown for the F.Y. 2021-22 and 2020-21 respectively includes the provision for Bad and Doubtful Receivables from Consumers against Sale of Power amounting to ₹ 7699.73 Crore and ₹ 282.51 Crore respectively for the F.Y. 2021-22 and 2020-21. There is an increase of ₹ 7417.22 Crore during the year towards provision for doubtful receivables and sale of power as compared to previous year due to change in method of making provision for doubtful receivables. The changed method of provisions for bad and doubtful debts (in DISCOMs) has been disclosed in note no. 30(8)(a) of the consolidated financial statements of the company.

(iii) Exceptional items represent the amount of provision made against demand raised by the Contributory Provident Fund and General Provident Fund towards loss incurred by them due to investment of Funds in Diwan Housing Finance Corporation Ltd. which has been declared as insolvent. Necessary disclosure has been given on note no. 30 (37A&B) of Standalone Financial Statements and on note no. 31(42) of Consolidate Financial Statements of the Company.

2. Transfer to Reserve and Dividend

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

3. Operations

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

S.No.	Name of the Company	Status	FY 2021-22 Units Purchased (MU)	FY 2020-21 Units Purchased (MU)
A	U.P. Power Corporation Ltd.	Holding	123406.88	120589.94

The company sold 116885.13 MU in the financial year 2021-22 as compared to 113858.89 MU in the previous year to its own distribution subsidiary companies viz PuVVNL, MVVNL, DVVNL, PVVNL and KESCO.

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

The sale volume of the subsidiary DISCOMs are as under:

S.No.	Name of the DISCOMs	Status	FY 2021-22 Units Purchased (MU)	FY 2020-21 Units Purchased (MU)
A	Purvanchal Vidyut Vitran Nigam Ltd.	Subsidiary	28621.34	27603.45
B	Madhyanchal Vidyut Vitran Nigam Ltd.	Subsidiary	24352.98	23520.97
C	*Dakshinanchal Vidyut Vitran Nigam Ltd.	Subsidiary	25725.44	25888.02
D	Paschimanchal Vidyut Vitran Nigam Ltd.	Subsidiary	34427.51	33463.71
E	Kanpur Electricity Supply Company Ltd.	Subsidiary	3757.86	3382.74
	TOTAL		**116885.13**	**113858.89**

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

4. Share Capital

The Government of U.P. has continued with its equity support to the Company. The Authorized Share Capital of the Company is presently Rs.125000.00 crore. The paid-up share capital of the company has increased by allotment of 55529286 equity shares of Rs.1000 each aggregating to Rs.5552.93 crore to the Hon'ble Governor of U.P during the year 2021-22. The present paid up share capital of the company is Rs.109679.38 crore.

5. Loans and Bonds

The Funds for the subsidiary distribution companies are arranged by the company through loans and bonds. The total Long Terms Borrowings as at 31st March 2022 were Rs.60952.33 crore and short terms Borrowings on that date were Rs. 10724.24 crore.

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

6.1 During the period under review Shri Sudhir Arya (DIN-05135780), who was earlier appointed as Director (Finance) of the Company was ceased to be Director of the Company. Shri Ranjan Kumar Srivastava Director (Finance) (DIN-07338796) was given additional charge as Director (Finance) of the Company. Details of Key Management Personnel (KMP) and Directors are as under:

Key Management Personnel

S. No.	Name	Designation	Period (For FY 2021-22)	
			From (Date of Appointment)	Date of Cessation
1	Shri M. Devaraj (DIN-08677754)	Chairman	02.02.2021	----
2	Shri Pankaj Kumar (DIN-08095154)	Managing Director	10.03.2021	----
3	Shri Ajay Kumar Purwar (DIN-08544396)	Director (PM&A)	10.07.2019	----
4	Shri Ashok Kumar Srivastava (DIN-08189765)	Director (Commercial)	27.06.2018	26.06.2021
5	Shri Sudhir Arya (DIN-05135780)	Director (Finance)	30.07.2019	14.07.2021
6	Shri Ashwani Kumar Srivastava	Director (Distribution)	19.01.2021	----
7	Dr. Senthil Pandian (DIN-08235586)	Nominee Director	10.09.2018	23.07.2021
8	Shri P. Guruprasad (DIN-07979258)	Nominee Director	23.07.2021	----
9	Shri Neel Ratan Kumar (DIN-03616458)	Nominee Director	16.04.2013	----
10	Shri Ranjan Kumar Srivastava (DIN-07338796)	Director (Finance)	17.07.2021	----
11	Shri Jawed Aslam (DIN-08608001)	Nominee Director	17.07.2020	----
12	Shri Anil Kumar (DIN-09380929)	Non-Executive Director	13.01.2022	----
13	Shri Anil Kumar Awasthi	Chief Financial officer	05.03.2020	----
14	Dr. Jyoti Arora	Company Secretary	30.07.2021	----

6.2 Policy on Directors' Appointment

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

6.3 Number of Meeting of the Board

During the financial year 2021-22, there were thirteen meetings of the Board of Directors of the Company on the following dates:

S. No.	Date of Meeting	S. No.	Date of Meeting
1.	166th Board Meeting – 15.04.2021	2.	167th Board Meeting – 15.06.2021
3.	168th Board Meeting – 28.06.2021	4.	169th Board Meeting – 31.08.2021
5.	170th Board Meeting – 21.09.2021	6.	171st Board Meeting – 29.09.2021
7.	172nd Board Meeting – 18.10.2021	8.	173rd Board Meeting – 11.11.2021
9.	174th Board Meeting – 30.12.2021	10.	175th Board Meeting – 24.01.2022
11.	176th Board Meeting – 10.02.2022	12.	177th Board Meeting – 22.02.2022
13.	178th Board Meeting – 23.03.2022		

6.4 Details of attendance of Meeting of the Board

During the financial year 2021-22, there were thirteen meetings of the Board of Directors of the Company. The number of meetings attended by each director during the financial year is as following:-

S. No.	Name of the Director	No. of Meetings which were entitled to attend	No. of Meetings attended	% of Attendance
1.	Shri M. Devaraj	13	13	100
2.	Shri Pankaj Kumar	13	13	100
3.	Shri Senthil Pandian C	3	3	100
4.	Shri Ajay Kumar Purwar	13	12	92
5.	Shri Sudhir Arya	3	3	100
6.	Shri Ashwani Kumar Srivastava	13	13	100
7.	Shri Jawed Aslam	13	11	85
8.	Shri A.K. Srivastava	2	1	50
9.	Shri Ranjan Kumar Srivastava	10	9	90
10.	Shri P Guruprasad	10	8	80
11.	Shri Neel Ratan Kumar	13	7	54
12.	Shri Anil Kumar	4	3	75

Audit Committee

According to section 177 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of the Board and its power), the board of the company has constituted the audit committee consisting of the following Directors as on 31st March, 2022:

S. No.	Name of the Committee Members	Category
1.	Shri P. Guruprasad	Non-Executive Director
2.	Shri Ranjan Kumar Srivastava	Non-Executive Director
3.	Shri Javed Aslam	Non-Executive Director
4.	Shri Pankaj Kumar	Executive Director
5.	Shri Neel Ratan Kumar	Non-Executive Director

Number of Meeting of the Audit Committee

During the financial year 2021-22, there were total 10th Meetings of the Audit Committee on the following dates:

S. No.	Date of Meeting	S. No.	Date of Meeting
1.	15.06.2021	2.	28.06.2021
3.	31.08.2021	4.	21.09.2021
5.	29.09.2021	6.	11.11.2021
7.	30.12.2021	8.	10.02.2022
9.	22.02.2022	10.	23.03.2022

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

7. Other Committees

7.1 Nomination and Remuneration Committee

Pursuant to the provisions of section 178 of the Companies Act, 2013 read with companies (Meetings of Board and its Power) Rules, 2014, the Board of Directors has constituted Nomination and Remuneration Committee of the Company. The Composition of the Committee as on 31.03.2022 was as under :

S. No.	Name of the Committee Members	Category
1	Shri P. Guruprasad	Non-Executive Director
2	Shri Neel Ratan Kumar	Non-Executive Director
3	Shri Javed Aslam	Non-Executive Director

7.2 Corporate Social Responsibility Committee

Pursuant to the provisions section 135 of the Companies Act, 2013 read with companies (Meetings of Board and its Power) Rules, 2014, the Board of Directors has constituted Corporate Social Responsibility Committee of the Company. The Composition of the Committee as on 31.03.2022 was as under:

S. No.	Name of the Committee Members	Category
1	Shri Pankaj Kumar	Executive Director
2	Shri Ashwani Kumar Srivastava	Executive Director
3	Shri Javed Aslam	Non-Executive Director

7.3 Stakeholders Relationship Committee

Pursuant to the provisions of section 178 of the Companies Act, 2013, the Board of Directors as constituted Stakeholders Relationship Committee of the Company. The Composition of the Committee as on 31.03.2022 was as under:

S. No.	Name of the Committee Members	Category
1	Shri Pankaj Kumar	Executive Director
2	Shri Neel Ratan Kumar	Non-Executive Director
3	Shri Ranjan Kumar Srivastava	Non-Executive Director

7.4 Risk Management Committee

The Board of Directors of the Company has constituted Risk Management Committee of the Company. The Composition of the Committee as on 31.03.2022 was as under:

S. No.	Name of the Committee Members	Category
1	Shri Pankaj Kumar	Executive Director
2	Shri Ashwani Kumar Srivastava	Executive Director
3	Shri Ranjan Kumar Srivastava	Non-Executive Director
4	Shri Javed Aslam	Non-Executive Director
5	Shri A. K. Gupta	Senior Executive (Finance)

8. Declaration by Independent Director

Being a Government Company, the power to appoint Independent Director vests with the Government of U.P and the Company vide letter dated 23.03.2023 sends its requirement proposal to administrative department of Government of State of Uttar Pradesh, for appointment of requisite number of Independent Directors.

9. Performance Evaluation of Directors

The Ministry of Corporate Affairs (MCA) vide notification dated 5th June, 2015 has exempted the Government Companies from the provisions of section 178 (2) of the Companies Act, 2013 which provides the manner of evaluation of performance of Board, its committees and Directors by the Nomination And Remuneration Committee. The requirement of mentioning the statement on the manner of formal evaluation of performance of Directors in Boards' Report as per section 134 (3) of the Act has also been done away with the Government Companies where the Directors are evaluated by the Ministry and Department of the State Government which is administratively in charge of the company, as per its own evaluation methodology. Further, MCA vide its notification dated 5th July, 2017 has made an amendment in the Schedule-IV of the Act, whereby it has exempted Government Companies from compliance with the requirement of performance evaluation by the independent directors of non-independent directors and Chairman and performance evaluation of the independent director by the Board, if the concerned department or Ministry has specified these requirement.

10. Auditors And Their Report

10.1 Statutory Auditor

The Comptroller and Auditor General of India as appointed M/s D. Pathak and Co., Chartered Accountants, Lucknow as the Statutory Auditors of the company for the F.Y. 2021-22.

The replies of management to the observations of the Statutory Auditors on the annual financial statements (Standalone as well as Consolidated) for the financial year ended 31st March, 2022 are annexed herewith marked as **Annexure - I** of this Director Report.

10.2 Cost Auditor

In terms of the provisions of section 148 of the Companies Act, 2013 and the Companies (Cost record and Cost Audit) Rules, 2014, the Board of Directors appointed M/s. Sunil Singh & Co., Cost Accountants, Lucknow as Cost Auditor for the financial year 2021-22. The cost audit for the F.Y. 2021-22 is completed.

10.3 Secretarial Auditor

In terms of provision of section 204 of the Companies Act, 2013 company has appointed M/s Mardan Singh & Co., Practicing Company Secretaries, Lucknow for conducting Secretarial Audit for the financial year 2021-22. The Secretarial Audit Report is placed at **Annexure-II** of this Director Report along with replies of management to the observation(s) therein.

10.4 Adoption of Annual Accounts

The Comptroller and Auditor General of India (CAG's) conducts supplementary audit u/s 143 of the Companies Act, 2013. Supplementary Audit by CAG'S for the financial year 2021-22 is completed and, therefore, the reply to the CAG'S Comments will be attached with the Director Report along with CAG'S comments as enclosed as **Annexure III.**

11 Reports on Subsidiaries and Associates Company

11.1 The company has following five subsidiaries as on 31st March, 2022:

₹ in Crore

S. No.	Name of the DISCOMs	Status	% of share held	Authorized Capital (Amount)	Paid-up Share Capital (Amount)
A	Purvanchal Vidyut Vitran Nigam Ltd. (PuVvNL) (CIN-U31200UP2003SGC027461)	Subsidiary	100%	30000.00	21234.84
B	Madhyanchal Vidyut Vitran Nigam Ltd. (MVVNL) (CIN-U31200UP2003SGC027459)	Subsidiary	100%	30000.00	20352.29
C	Dakshinanchal Vidyut Vitran Nigam Ltd. (DVVNL) (CIN-U31200UP2003SGC027460)	Subsidiary	100%	24000.00	21443.57
D	Paschimanchal Vidyut Vitran Nigam Ltd. (PasVVNL) (CIN-U31200UP2003SGC027458)	Subsidiary	100%	25000.00	16176.44
E	Kanpur Electricity Supply Company Ltd. (KESCO) (CIN-U40105UP1999SGC024626)	Subsidiary	100%	2000.00	1984.76

Note: -

(i) The company has no associate companies or joint ventures as at 31.03.2022.

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

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

11.2 Financial Results of the Subsidiaries

a. Financial results for the period ended 31.03.2022 along with previous year figures are summarized below:

₹ in Crore

Particulars	PuVVNL		MVVNL		DVVNL		PasVVNL		KESCO	
	F.Y. 2021-22	**F.Y. 2020-21**	**F.Y. 2021-22**	**F.Y. 2020-21**	**F.Y. 2021-22**	**F.Y. 2020-21**	**F.Y. 2021-22**	**F.Y. 2020-21**	**F.Y. 2021-22**	**F.Y. 2020-21**
Revenue from Sale of Power	12424.70	11680.60	13050.20	12668.47	10417.22	10878.81	18201.00	17274.00	2744.52	2516.64
Other Income	7473.35	3350.50	5382.70	3175.86	4406.66	2340.94	5819.33	3017.16	267.27	552.42
TOTAL (A)	**19898.05**	**15031.10**	**18432.90**	**15844.33**	**14823.88**	**13219.75**	**24020.33**	**20291.16**	**3011.79**	**3069.06**
Expenditure										
Operational Expenditure:-										
Purchase of power	12055.15	14096.66	13780.16	13521.29	10907.12	11988.72	20101.85	20532.62	2541.00	2630.25
Employee Benefit Expenses	592.99	727.06	513.12	316.52	403.12	170.91	539.06	502.05	128.34	128.51
Repairs & Maintenance Expenses	816.59	598.67	374.69	379.09	575.51	520.17	629.20	746.15	68.07	56.30
Administrative, General & Other	556.61	538.68	595.82	573.21	661.08	522.48	451.04	401.95	185.69	145.95

Expenses										
TOTAL (B)	**14021.35**	**15961.07**	**15263.79**	**14790.11**	**12546.83**	**13202.28**	**21721.17**	**22182.77**	**2923.10**	**2961.01**
Operational Profit/Loss A-B=C	**5876.70**	**(929.97)**	**3169.11**	**1054.22**	**2277.05**	**17.47**	**2299.16**	**(1891.61)**	**88.69**	**108.05**
Interest and Finance Charges	2675.11	1765.18	1725.57	1309.26	2149.88	1725.25	1581.32	1291.90	256.28	222.78
Depreciation	847.75	815.12	672.42	519.37	630.24	480.68	643.23	555.12	54.31	51.82
Bad Debts & Provisions	2504.30	93.34	2436.36	121.61	2210.80	64.02	439.79	(2.66)	(100.55)	5.67
TOTAL (D)	**6027.16**	**2673.64**	**4834.35**	**1950.24**	**4990.92**	**2269.95**	**2664.34**	**1844.36**	**210.04**	**280.27**
Net Profit/Loss Before Exceptional Items/Tax	**(150.46)**	**(3603.61)**	**(1665.24)**	**(896.02)**	**(2713.87)**	**(2252.48)**	**(365.18)**	**(3735.97)**	**(121.35)**	**(172.22)**
Exceptional Items	427.52	-	(376.96)	-	243.65	-	334.11	-	(94.10)	-
Net Profit/Loss After Exceptional Items & Before Tax	**(577.98)**	**(3603.61)**	**(2042.20)**	**(896.02)**	**(2957.52)**	**(2252.48)**	**(699.29)**	**(3735.97)**	**(215.45)**	**(172.22)**
Provision for Tax	-	-	-	-	-	-	-	-	-	-
Net Profit/Loss After Tax	**(577.98)**	**(3603.61)**	**(2042.20)**	**(896.02)**	**(2957.52)**	**(2252.48)**	**(699.29)**	**(3735.97)**	**(215.45)**	**(172.22)**

11.3 Adoption of Annual Accounts

The audited accounts of the DISCOMs for the F.Y. 2021-22 have been sent to the AG's office, Lucknow for conducting the supplementary audit. The annual accounts of the DISCOMs were already presented in its respective annual general meeting for adoption after receipt of the CAG's final comments.

12 Compliances

12.1 Directors Responsibility Statements

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

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

(ii) Such accounting policies have been selected and applied them consistently and made judgments and estimates are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of financial year and of the profit and loss of the company for that period;

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

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

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

12.2 Adequacy of Internal Control System

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

12.3 Annual Return of the Company

Pursuant to the proviso inserted by the Ministry of Corporate Affairs vide the Companies (Management and Administration) Amendment Rules, 2020 dated August 28, 2020, the company shall not be required to attach the extract of the annual return with the Board's report in Form No. MGT 9, in case the web link of such annual return has been disclosed in the Board's report in accordance with sub-section (3) of Section 92 of the Companies Act, 2013. Therefore, the extract of the Annual Return is made available on the website of the company at www.upenergy.in.

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

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

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

₹ in Crore

S.No.	Name of the DISCOMs	Amount
A	Purvanchal Vidyut Vitran Nigam Ltd.	3353.25
B	Madhyanchal Vidyut Vitran Nigam Ltd.	2275.42
C	Dakshinanchal Vidyut Vitran Nigam Ltd.	2231.37
D	Paschimanchal Vidyut Vitran Nigam Ltd.	1649.38
E	Kanpur Electricity Supply Company Ltd.	264.54
	TOTAL	**9773.96**

The Status of investment of funds in subsidiaries and other companies as at 31.03.2022 has been given in note no.5 of the standalone financial statement of the company.

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

12.5 Risk Management Policy

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

12.6 Corporate Social Responsibility

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

12.7 Particulars of Contract or Arrangement with Related Parties

The company's major related party transaction is generally with subsidiaries distribution companies. The details of transaction with related parties are annexed herewith marked as **Annexure V** of this audit report. Necessary disclosure of related party transactions has also been given on note no. 30(19) of the financial statements of the company.

12.8 Dividend Distribution Policy

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

12.9 Sexual Harassment of Women at Workplace

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

12.10 Reporting of Fraud

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

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

12.11 Managerial Remuneration

Particulars of remuneration paid to executive key managerial personnel (as mentioned in above point no. 6.1) during the F.Y. 2021-22 are furnished hereunder:

₹ in Lacs

S.No.	Name	Designation	Remuneration Paid	
			2021-22	2020-21
1	Shri M. Devaraj	Chairman	35.74	2.38
2	Shri Pankaj Kumar	Managing Director	35.41	-
3	Shri Ajay Kumar Purwar	Director (Personnel & Admin)	23.78	50.99
4	Shri Sudhir Arya	Director (Finance)	15.43	33.71
5	Shri Ashwini Kumar Srivastava	Director (Distribution)	19.15	2.11
6	Shri Ashok Kumar Srivastava	Director (Commercial)	13.33	35.65
7	Shri Anil Kumar Awasthi	Chief General Manager (Audit and Accounts)	42.48	35.62
8	Shrimati Jyoti Arora	Company Secretary	14.39	-
	Total		**191.71**	**160.46**

12.12 Significant Material Order

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

12.13 Deposits

The Company has not accepted nor renewed any amount falling within the purview of provisions of section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules 2014 during the year under review. Hence, the details relating to deposits as also requirement for furnishing of details of deposits which are not in compliance which chapter-V of the Act may be treated as NIL.

12.14 Vigil Mechanism

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

12.15 Conservation of Energy, Technology Absorption and Foreign Exchange Earnings

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

Conservation of Energy

Uttar Pradesh is one of the largest states in the country. During the year 2021-22, the company was able to meet energy and demand throughout the state with minimum possible restrictions and control measures. Necessary steps are taken by the DISCOMs from time to time. The major steps that have been taken by the DISCOMs for conservation of energy are as follows:

(i) Distribution of LED Bulbs, Tube Lights and energy efficient fans under the UJALA Scheme.

(ii) Installation of grid connected solar power plant at individual agriculture consumer/Private Tube well Consumer/ Krishi Upbhogta at 33KV/11KV Substations and feeder level solarization under the PM-KUSUM YOJANA.

(iii) Installation of energy efficient equipment.

(iv) In, house renewal and modernization.

(v) Improving operation efficiency.

(vi) Monitoring of supply of electricity process and analysis of regular data important for energy conservation.

(vi) Under RSPV Regulation 2019 issued by the UPERC, Solar Power Consumers are allowed the facility of net meter and Under RSPV Regulation 2019 (First Amendment) dated 01.06.2022 facilitates Net Billing.

(vii) 1000 Numbers of Grid Connected & Individual PTW Consumer Pumps are Solarized.

Technology Absorption

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

(i) Installation of electronic meters/smart meters of updated technology as per the need of the system.

(ii) Installation of capacitor banks at 33 KV substations.

(iii) LT less distribution system in rural areas.

(iv) Feeder separation works.

(v) Technology up gradation in the areas of process improvement.

(vi) Effective energy management for technology absorption and energy conservations measures.

(b) Benefits derived as a result of the above efforts:

(i) Accurate metering

(ii) Sustained Accuracy

(iii) Reduction in aggregate transmission and commercial losses.

(iv) Reduction in theft.

(v) Improved quality in supply of power.

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

Foreign Exchange Earnings and Out Go

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

13 Human Resources and Training

The Company has a separate Industrial Relations Department and Personnel and Administration Department. The Company takes pride in its well-trained, efficient, experienced and committed man power of Engineers, Officers, Staff and other workers. In the year 2021-22, exercise for promotions in all cadres was done. During the period under review, Our Personnel and Administration Department has been entrusted the recruitment work for the company and on behalf of the subsidiary distribution companies. The Company has also a separate Service Commission Wing for recruitment of the employees.

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

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

14. Particulars of Employees

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

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

15. Acknowledgement

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

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

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

The Directors also appreciate and values the contributions made by every member of the UPPCL and subsidiaries family across the State.

For and on behalf of the Board of Directors

Date: 8/2/2024	**(Nidhi Kumar Narang)**	**(Pankaj Kumar)**
Place: Lucknow	**Director Finance**	**Managing Director**
	DIN-03473420	**DIN-08095154**

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2022

Sl. No.	AUDITOR'S REPORT	MANAGEMENT REPLY
1.	**(A) Qualified Opinion:** Kindly refer our Audit Report dated 12.09.2022 on Standalone Financial Statements of Uttar Pradesh Power Corporation Limited which did not disclose additional disclosures required under amendment to the Companies (Audit and Auditors) Rules, 2014 dated 24.03.2021. Accordingly revised report is submitted after incorporating aforesaid disclosures. We have audited the accompanying Standalone Financial Statements of Uttar Pradesh Power Corporation Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2022, the Statement of Profit and Loss (including other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information ("the Standalone Financial Statements") in which are incorporated accounts of Material Management Zone (Location code – 300, 330, 640 and 970 and its units) ("Zone") thereof which have been audited by other auditor. In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the "Basis for Qualified Opinion" section of our report, the aforesaid Standalone Financial Statements give the	No comments

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2022

	information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and the **Net Loss,** including other comprehensive income, its cash flows and changes in equity for the year ended on that date.	
	(B) Basis for Qualified Opinion: We draw attention to the matters described in '**Annexure I**', the effect of which, individually or in aggregate, are material but not pervasive to the financial statement and matters where we are unable to obtain sufficient and appropriate audit evidence. Our opinion is qualified in respect of these matters. We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate	No comments

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2022

	to provide a basis for our audit opinion on the Standalone Financial Statements.	
	(C) Key Audit Matters: Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole. Except for the matters described in the basis of qualified opinion including Annexure 1 to the audit report, we have determined that there are no other Key Audit Matters to communicate in our report.	No comments
	(D) Emphasis of Matter Paragraph: 1. Tax deducted at source Rs.56.44 Crore (Note 12- Other Current Assets) includes Rs. 7.09 Crore refunds pending with Income Tax Department relating to financial year 2007-08 to 2019-20 **which needs to be reconciled and adjusted at earliest.**	With reference to the said refund of Rs 7.09 crore, it is to be informed that regarding the refund relating to the assessment year 2011-12, 2015-16 and 2016-17, the Income Tax Department has issued letter no. ITBA/COM/F/ 17 /2023 -24 /1052528983 (1) dated 02.05.2023, orders were issued under Section 154 / 254 of the Income Tax Act 1961, according to which a refund of Rs 5,48,67,481,00 was issued to the Corporation for the above three years and refund instructions have been issued, which till date has not been received in the bank account of the Corporation. In this context, the Income Tax Department is being continuously contacted to get the above mentioned refund in the bank account of the Corporation. The officers of the corporation are also requesting to personally appear before the concerned Income Tax Officer to get the said refund. Every time the Income Tax Department informs that the said refund is pending at the level of Centralized Processing Center (CPC).

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2022

		In this sequence, grievances were also submitted on the Income Tax Department's portal through the Income Tax Portal on 16.10.2023 and 01.11.2023. Email was sent to Deputy Income Tax Commissioner Range-III to get the above refund on 16.10.2023. But the said refund update has not been received. Further, Grievance has been submitted on Public Grievance portal CPGRAMS on updated date 30.11.2023. On 12.12.2023, the Income Tax Consultant of the Corporation had a conversation with the Centralized Processing Center (CPC), in which the CPC informed that the request for the said refund has received by them, and the said refund will be made available in the bank account of the Corporation soon. Will be given. As soon as refund of Rs 5,48,67,481.00 is received in the bank account of the Corporation, action will be taken to get the remaining refund of TDS of Rs. 7.09 crore.
	2. As per information provided to us Trade payable includes Rs.135.36 Crore debit balance pertaining to M/s Rosa Power Company Ltd towards debit notes raised by the Company against which, as explained to us, stay order have been issued by Appropriate Authorities, but which have not been reversed like other cases as mentioned in Para no. 29 of Notes to Accounts relating to M/s Lalitpur Power Generation Company.	Debit balance of Rs 135.36 crores against Rosa Power is due to debit notes amounting to Rs. 707 crores issued in the month of April, 2018 recovery of which had been stayed by the APTEL till further order.

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2022

	3. As per Para No. 41 (xvi) (c) to the Notes to Accounts, the Trade Payable does not reflect any disputed amount while aging classification incudes outstanding of Rs. 544.71 Crore for more than three years which need review by the Management.	The reconciliation of old Trade Payables with concerned parties is under process.
	4. As per Note no. 13 to the Notes to Accounts the average bulk sale tariff is computed on the basis of cost of energy purchased by the Company after prior period adjustments, divided by total quantum of energy supplied to Subsidiaries. While impact of prior period adjustment are either restated in the purchase of power for previous year or debited to retained earnings. Consequential impacts of aforesaid adjustments on purchase/sales of the Company are not disclosed in the Notes to Accounts.	Consequential impact of prior period adjustments on purchase and sale of power have already been given in Notes to Accounts at point no.10.
	5. Accounting Policy No. VIII of the Company regarding power purchases was not incorporated, where final approval of the tariff by the Regulatory Commission has not been granted.	It is already mentioned in the accounting policy of the company that power purchase from Central Generating Units and State Generating Unit is accounted for at the rate approved by Central Electricity Regulatory Commission (CERC) and UP Electricity Regulatory Commission (UPERC) respectively. Hence, it is implied that the power purchase is accounted for at the rates approved by the regulatory commission whether provisional or final.
	6. As per Note no. 11 (Financial Assets-Other (Current), Company has made provision for doubtful receivables @10% on Rs.2083.94 Crore which includes 1154.14 Crore relating to wholly owned subsidiaries. Incremental provision for doubtful debts relating to wholly owned subsidiaries made during the year needs review by the Management.	Matter is under review. The fact has already been disclosed in the Notes to Accounts at point no.06.

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2022

	7. **The Annual Accounts of F.Y 2018-19, 2019-20 & 2020-21 are yet to be adopted in Annual General Meeting (Refer Para 31 of Note - 29 "Notes on Accounts").**	The Annual accounts for the F.Y. 2018-19, 2019-20 & 2020-21 has been adopted in Annual General Meeting on 31.03.2023.
2.	**Information other than the Standalone Financial Statements and Auditor's Report thereon:** The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report but does not include the Standalone Financial Statements and our auditor's report thereon. The above report is expected to be made available to us after the date of this Auditor's Report. Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the above-identified reports, if we conclude that there is a material misstatement therein, we are required to	No comments

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2022

	communicate the matter to those charged with governance and take appropriate actions necessitated by the circumstances and the applicable laws and regulations.	
3.	**Management's Responsibility for the Standalone Financial Statements:** The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the Standalone Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going	No comments

	concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with Governance are also responsible for overseeing the Company's financial reporting process.	
4.	**Auditor's Responsibility for the Audit of the Standalone Financial Statements:**	
	Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also: • Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is	No comments

	higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. • Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls. • Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management. • Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern. • Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures,	

and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstance, we determine that a matter should not

	be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.	
5.	**Other Matters:** We did not audit the books of accounts / information of Zone included in the Standalone Financial Statements of the Company. The books of accounts / information of the Zone has been audited by the Zone auditor whose report have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of Zone, is based solely on the report of such auditor.	No comments
6.	**Report on Other Legal and Regulatory Requirements:**	
	1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "**Annexure-II**", a statement on the matters specified in the paragraphs 3 and 4 of the said Order, to the extent applicable.	No comments
	2. As required by directions issued by the Comptroller & Auditor General of India under section 143(5) of the Act, we give in "**Annexure - III (a) and III (b)**", a statement on the matters specified in the directions and sub-directions.	No comments
	3. As per Notification No. GSR 463(E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India, and Section 197 of the Act is not applicable to the Government Companies. Accordingly, reporting in accordance with requirement of provisions of section 197(16) of the Act is not applicable on the Company.	No comments.

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2022

	4. As required by section 143(3) of the Act, based on our audit, we report that: (a) Except for the matters described in the "Basis for Qualified Opinion" section, we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. (b) In our opinion and except for the matters described in "Basis for Qualified Opinion" section, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the Zone of the Company not visited and not audited by us. (c) The reports on the accounts of the Zone of the Company, audited under Section 143(8) of the Act by Zone auditor have been sent to us and have been properly dealt with by us in preparing this report. (d) The Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flow and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and with the returns received from the Zone not visited and not audited by us. (e) Except for the matters described in the "Basis for Qualified Opinion" section, in our opinion, the aforesaid	No comments

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2022

	Standalone Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued there under. (f) Being a Government Company, pursuant to the Notification No. GSR 463(E) dated 5th June, 2015 issued by Ministry of Corporate Affairs, Government of India; provisions of sub-section (2) of section 164 of the Act, regarding disqualification of the directors are not applicable to the Company. (g) With respect to the adequacy of the internal financial controls system in place and the operating effectiveness of such controls, refer to our report in "**Annexure–IV**". (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us: i. Except for the effects of the matters described in the "Basis for Qualified Opinion" section, the Company has disclosed the impact of pending litigations on its financial position in its financial statement; ii. As per information and explanation furnished to us, Company has not envisaged any foreseeable losses on any long term contracts except mentioned by us in the 'Basis of qualified opinion'.	

250

	iii. There were no amounts, which were required to be transferred to the Investor Education and Protection Fund by the Company. iv. (a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether, directly or indirectly lend or invest in other persons or entities, identified in any manner whatsoever by or on behalf of the company("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. (b) The Management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that company shall, whether, directly, lend or invest in other persons or entities identified in any manner whatsoever by or behalf of the Funding Part("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. (c) Based on audit procedures performed that were considered reasonable and appropriate in the circumstances,	

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2022

	nothing has come to our notice that caused us to believe that the representation referred under clause iv(a) and (b) contain any material mis-statement.	
Annexure-01	**As referred to in and forming part of, our audit report of even date to the members of U.P. Power Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31st March, 2022.**	
	On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:	No comments
1.	There are certain very old debit balances in Trade Payable Account amounting to Rs.1029.12 Crore which remains unadjusted and unreconciled during the year by the company. We have also observed that these debit balances are deducted from Trade Payables Account instead of clubbing it with Advances to Suppliers/Sundry Receivables. This has resulted in to understatement of Trade Payables and Advance to Suppliers/Sundry Receivables. Further, based on the explanation and information furnished by Management, **we are of the opinion that a provision for Rs.889.70 crore should be made in accounts since these outstanding balances are more than 10 years old.**	The reconciliation of Trade Payables with concerned parties is under process. Necessary accounting/Adjustment, if required, will be made after the reconciliation.
2.	We have observed that Other Advances for Rs.173.06 Crore outstanding since many years, have not been reviewed and reconciled during the year. It includes Rs.126.97 Crore as a commitment advance for share in generation in Ultra Mega Power Project. As per information and explanation given to us, Company has decided to opt out of these projects due to closure of the projects and requested Nodal Agency (PFC) for status of return of money. **Hence, pending such reconciliation and review by the**	Regular corresponding is being done with PFC (Nodal of UMPP) and SPAT unit of UPPCL for balance confirmation and refund of unutilised amount (Letter No.:-503 dated 27/04/23, 795, 794 dated 22/06/2023) in response to these letter details/documents of some UMPP have been received according to which necessary adjustment have been made in Accounting.

252

Management, impact on the Accounts is not determinable at this stage.

There are no differences in the amount of the advances as per the books of UPPCL and the advances shown by the PFC as is clear from the table below: -

UMPP	Advance as per EIE&PC (Rs.)	Advance Received from UPPCL as per PFCCL (Nodal Agency) (Rs.)	Excess Un-reconciled Advance Paid (Rs.)	Remarks
ORISSA	69.69	69.68 + 3.32 (Interest)	-0.01	The amount paid to Orissa is Rs. 69.69 Crores including Rs. 3.00 Crores which were wrongly shown as paid to Sasan UMPP. Further, it has been confirmed by M/s PFC that the amount of Rs.73.00 Crores earlier mentioned by them is including Interest accrued and the amount paid by UPPCL is Rs. 69.68 Crores Only (Rs. 3.00 Crores Commitment advance and Rs.66.68 Crores Others)
BANKAR-BIHAR	6.00	6.00	0.00	No difference
CHEYYUR-TAMILNADU	9.27	9.27	0.00	A board note has been put up for the provision to be made in the

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2022

						accounts in respect of Cheyyur UMPP and provision for the same has been created in books in anticipation of management approval.
		SAKHIGOPAL	4.80	4.80	0.00	No difference
		TATIYA ADHRA	5.95	5.95	0.00	No difference
		TILAIYA	11.55	11.54	-0.01	Difference due to rounding off.
		SASAN	-	-	-	Total amount paid to Sasan UMPP was Rs. 5 Crore which has been returned back to UPPCL after successful completion of the project. No amount is due from Sasan UMPP against Commitment Advance as on date.
		JHARKHAND	18.59	18.59	0.00	As per information provided by SPAT unit, new developer is being selected for the project and once the new developer is selected, The entire amount will be collected from the new developer. Confirmation of the amount paid by UPPCL is also attached herewith.
		KARANPURA	1.12	1.12	0.00	Karanpura UMPP has acknowledged

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2022

<table>
<tr><td></td><td></td><td>
<table>
<tr><td></td><td></td><td></td><td></td><td>the amount received from UPPCL of Rs. 1.12 Crores. Copy of statement provided by Karanpura is attached herewith.</td></tr>
<tr><td>TOTAL</td><td>126.97</td><td>126.95</td><td>-0.02</td><td></td></tr>
</table>
A Board Note has also been put-up for the provision to be made in the accounts in respect of Cheyyur UMPP and provision for the same has been made in anticipation of such approval.</td></tr>
<tr><td>3.</td><td>(a) As per Para 16 of Note – 30 "Notes on Accounts" Contingent Liability incudes power purchase of Rs.10083.93 Cr. against which sufficient and appropriate documentary audit evidence in respect of Contingent Liabilities and its current status was not provided to us. It has also been explained to us that Contingent Liability for power purchases also includes various disputed liabilities which have not been accurately quantified/disclosed in Notes on Accounts. In absence of systematic reporting, proper records/quantification of pending disputes, suits and claims against the Company, including its present status, we are not in a position to comment on accuracy of Contingent/Disputed Liabilities as reflected in the "Notes on Account".

(b) On test check, it was observed that in petition no. 1565/2020, UPREC has vide its order dated 16.06.2021 approved an amount of Rs.7244.65 Crore to be deposited in RPO Account/Fund against which Contingent Liability of Rs.737.11 Crore have been disclosed only. As per information/explanation given to us, the issue has not yet</td><td>The unit concerned has been directed to take proper care in reporting the contingent liabilities accurately and ensure proper maintenance of records.

The matter is not related to the liability, hence the question of showing 7244.65 crore as contingent liability does not arise. The direction of the UPERC is only for creation of RPO fund separately and that had already been created by the company in the year 2020 and all payments relating to renewable purchases are</td></tr>
</table>

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2022

	been settled by the appropriate authorities. **In view of above and in terms of directives issued by Uttar Pradesh Electricity Regulatory Commission corresponding liability has not been disclosed.**	being made through the above created fund account. However, contingent liability of 737.11 crore had been created as per direction of UPERC. As regard, creation of a separate fund of such a big amount i.e. ₹ 7244.65 crore, it would be pair to state clearly that due to financial crunch it is very difficult to create the above amount as a reserve fund. Hence, in view of the circumstances necessitated the company has filed the petition before Hon'ble UPERC for relaxation of creating the fund for ₹ 7244.65 crore and, therefore the matter is pending for final settlement..
4.	(a) Company has made a provision for impairment of investment in Subsidiaries, associate and others [Note-5 except Para II (b) Bonds] on the basis of Net worth of Investee Subsidiaries as on 31st March, 2022 (Refer Para 28 of Note – 30 "Notes on Accounts"), **which is not in accordance with Ind AS 36 Impairment of Assets. Further Provision for impairment relating in Investment in Uttar Pradesh Power Transmission Corporation Ltd has been made based on Unaudited Financial Statements, which has not even been adopted by its Board of Directors.**	As per para 9 of Ind AS 36, which states that "An entity shall assess at the end of each reporting period, whether there is any indication that an asset may be impaired. If such indication exists, the entity shall estimate the recoverable amount. Hence, the company has estimated the recoverable amount on the basis of net worth of the subsidiaries.

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2022

	(b) We have observed that Investment made by U P Power Corporation in Subsidiaries not reconciled with the Equity Share Capital reflected in the Annual Accounts of Subsidiaries to the extent of Rs.20.00 Lakhs. However same has been nullified through ICT in the consolidated financial statements.	Necessary accountal has now been done in the financial year 2022-23.
5.	Loans and Other Financial Assets (Note-6), Trade Receivables-Others (Note-8), Financial Assets-Others - Employees, Others (Note-11), Other Current Assets - Suppliers & Contractors and UP Power Sector Employee Trust (Note-12), Financial Liability-Trade Payables (Note-18), Other Financial Liabilities (Current) -except Current maturities of long-term borrowings and Interest accrued but not due on borrowings (Note-19) includes certain old balances under various heads of assets and liabilities **which are carrying over since last so many years and have not been reviewed/reconciled during the financial year.** As informed to us, above heads include balances transferred from transfer schemes, reconciliation and confirmation for the same has not been done by Company which needs to be reviewed/reconciled and suitably adjusted in the books of accounts. Major Balances includes Other Unclassified Revenue Rs. 330.25 Crore. (Current Liabilities, AG Code No. 46 9(Dr), Unit No 991), Securities from Suppliers, Rs. 5.19 Crore (Sundry Receivables- Other Current Assets, Unit No. 396), UI Charges Pool A/c, Rs. 305.74 Crore outstanding for more than 3 years (Financial Assets – Other (Current), Note No-11, Unit no. 330) and Reactive Energy Charges Rs. 92.18 Crore outstanding for more than 3 years (Financial Assets – Other (Current), Note No-11. Unit No. 330) respectively. In absence of details, **we are not in a position to comment on its impact on losses, if any of the Company.**	Zone/units concerned have been instructed to take an immediate action to start the process scrutiny/reconciliation of the balances lying pending since long and to obtain confirmation from the parties concerned, wherever required.

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2022

6.	Purchases as per Note No-22 for Rs. 55152.12 Crore, includes Sales to Indian Energy Exchange for Rs. 2075.19 Cr, **which has resulted into reduction/understatement of Purchases and consequent understatement of Sales of Energy** (Note No-20, Revenue for Operation). On test checks basis and as per information and explanation provided to us, it was observed that bills relating to procurement of Energy received from various generating companies amounting Rs 201.89 Crore which also includes bills pertaining to previous years have not been accounted for. **In absence of details and complete information given by management, we are not in a position to comment on its financial impact.**	Separate accounting for Power purchase and sale from energy exchange now been done in the financial year 2023-24.
7.	**The Company has not complied with the following Ind AS notified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended):** a. Financial Assets- Financial Assets-Other (current) (Note-11), Other Current Assets (Note-12), Financial Liabilities-Trade payable (Note-18) and Other Financial Liabilities (Note-19) have been classified as current assets/liabilities include balances which are outstanding for realisation/settlement since previous financial years and in the absence of **adequate information/explanations regarding the realisability/settlement of such amounts within twelve months after the year end, classification of same as current assets/liabilitiesis 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.	As per **Ind AS-1 Presentation of Financial Statements**, '*an entity shall classify an asset/ liability as current when, inter alia, it expects to realise/ settle the asset/ liability (respectively) within twelve months after the reporting period.*' The Company expects the Financial Assets- Trade Receivables (Note-8), Financial Assets-Other (Note-11), Other Current Assets (Note-12); and Financial Liabilities-Trade Payable (Note-18) and Other Financial Liabilities (Note-19) to be realized and settled (respectively) within twelve months after the reporting period. Hence, the aforementioned items are being classified current and not as non-current.

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2022

	b. Recognition of Insurance and other claims, refunds of Income Tax, Interest on Income Tax & Trade Tax/GST, interest on loans to staff and other items of income covered by Significant Accounting Policy No. B (c) of Note–1 has been done on cash basis. **This is not in accordance with the provisions of Ind AS 1 Presentation of Financial Statements.**	Considering the uncertainty of realisation, these incomes are accounted for on receipt basis. However, in view of the uncertainty of realisation the policy of the company is in line with Ind AS -18.
	c. Additions during the year in Property, Plant and Equipment include Employee cost at a fixed percentage of the cost of each addition to Property, Plant and Equipment in accordance with Note-1 Significant Accounting Policy Para C (I) (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.	Due to multiplicity of functional units as well as multiplicity of functions at particular unit, the company has formulated a policy of accounting and capitalizing the employee related costs at fixed percentages (15% on deposit works and 9.5% on other works).
	d. Inventory which includes stores and spares for capital works, operation and maintenance and others is valued at cost (Refer accounting policy no. 3(VI) (a) of (Note-1). Valuation of stores and spares for O & M and others **is not consistent with Ind AS 2 Inventories** i.e., valuation at lower of cost and net realizable value. Further, the stores and spares for capital work should be classified as part of Property, Plant and Equipment and recognised, measured and disclosed in accordance with **Ind AS 16 Property, Plant and Equipment**. Further, the company has not formulated any accounting policy in respect of provision for unserviceable stores & spares and slow-moving stores	As per the accounting policy of the company, stores and spares are being valued at cost.

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2022

	e. Accounting for Employee Benefits: Actuarial Valuation of gratuity liability of the employees covered under GPF scheme has not been obtained. (Refer Para 4 (a) Note – 29 "Notes on Accounts"). **This is inconsistent with Ind AS 19 Employee Benefits.**	Actuarial valuation of gratuity liability in respect of CPF employees and leave encashment liability in respect of both GPF and CPF employees has been done in accordance with the provision of IND AS-19. As regard actuarial valuation of pension and gratuity for GPF employees, it is stated that the provision has been made on the basis of actuarial valuation report dated 09.11.2000.
	f. The Financial Assets (Note-5, 6, 8 and 11) have not been measured at fair value as required by **Ind AS 109 Financial Instruments** and proper disclosures as required in **Ind AS 107 Financial Instruments: Disclosures,** have not been done for the same.	As per **Ind AS- 113 Fair Value Measurement**, fair value means '*the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.*' And the Company expects to realise the only respective amounts which are being accounted for in the Financial Assets and hence, has considered the same as its Fair Value.
	g. As per Note no.28 **Bad Debts & Provisions**, the reversal for provision on financial assets(other receivable) amounting Rs 46.16 lac has been set-off against the total Bad Debts/Provisions which is not in accordance with provisions of **Ind As 1 Presentation of Financial Statements.**	The offsetting does not reflect any suppression of the substance of the transactions and does not detract from the ability of the users both to understand the transaction and to assess entity's future cash flows
8.	Inter unit transactions amounting Rs.15188.17 Lakhs, are **subject to reconciliation and consequential adjustments.** (Refer Para 7 Note – 30"Notes on Accounts")	The Inter unit transactions are under reconciliation. The reconciliation of inter unit transactions is a continuous process and the effect of the entries is given in the accounts of reconciliation.

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2022

9.	(a) Note no. 12 (Other Current Assets) includes Rs. 25.04 Lacs receivable against Fringe Benefit Tax, which **is being carried over since last so many years for which necessary provision needs to be made in the accounts.**	The matter is under reconciliation and accordingly, necessary corrections/accounting will be done in the ensuing accounts in hand.
	(b) Para no. 41(xvi)(a) Capital work in progress includes Rs. 17.00 Lac **outstanding for more than 3 years for which no details are available needs to be provided for in the Accounts.**	The unit concerned has been instructed to ensure the availability of the details of work-in-progress amounting to 17.00 lacs accordingly necessary action will be taken.
	(c) **Company has not filed form MSME-1 and CSR-2 with Registrar of Companies.**	**MSME I:** Specified companies should file Form MSME-1 when payments are due to MSME for more than 45 days from the date of acceptance of the services or goods, along with the reason for its delay. As there is no outstanding dues of MSME for more than 45 days and therefore the Company is not required to file Form MSME-I for nil return. **CSR Returns:** The Company do not have Net profits in preceding three years, therefore it is not required to take any CSR activities pursuant to section 135. So it not required to file CSR Returns.
	(d) **Disclosure of nature of charges created with ROC against working capital borrowings has not been disclosed in the Note No. 17 of the Financial Statements.**	As per the guidance note on schedule-III of companies act 2013 detail of charges not registered with the ROC is to be disclosed along with the reason thereof. In view of above it is clear that there is no mandatory requirement to disclose the nature of charges created /registered with ROC. Accordingly, the same has not been disclosed.

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2022

	(e) **Group has not made necessary disclosures as required by notification dated 23rd March 2022, issued by the Govt. of India, Ministry of Corporate affairs relating to Amendment in the companies (Indian Accounting Standards) Rules 2015.**	The necessary disclosure has been made in FY 2022-23.
10.	**Maintenance of proper books of accounts** The company has systems of maintaining various sectional journals wherein vouchers relating to day-to-day transactions are recorded in these Sectional Journals. The existing systems of balancing cash book on the monthly basis and posting in different sectional journals to summaries and from summaries to monthly trial balances. In our opinion, System is not adequate enough to give financial position of different account at any given time in an organized manner. It was observed that the maintenance of party-wise subsidiary ledgers and its reconciliation with primary books of accounts i.e., cash book and sectional journals are not proper and effective.	Proper and effective procedure for maintenance of monthly accounts and subsidiary ledger is already prescribed in the Company. Further, in order to strengthen the existing system through information technology, the company is in process of implementation of ERP system.
11.	Employee benefit expenses (Note- 23), Administrative, General & Other Expenses (Note- 26), and Repair & Maintenance Expenses (Note- 27) have been allocated among Subsidiaries and other power sector companies owned by the Go UP (i.e., UPPTCL, UPRVUNL & UPJVNL) on the basis of data / information (i.e., units of power sold to Subsidiaries DISCOMs, no. of employees, area occupied) related to the financial year 2020-21, instead of financial year 2021-22. (Para 28 of Note- 29 "Notes on Accounts").	In view of many difficulties in obtaining/collecting all the base information for allocation of expenditure at the end of the year, the basis of information for allocation has been taken for the previous year..
12.	Trade Receivable (Current), Note No- 8, Rs. 27856.16 Crore, includes negative amount of Unbilled Revenue 21.48 Cr, which have not been allocated to respective subsidiaries.	After issuing final bills to DISCOMs for the current year, the wrong accountal of 21.48 crore towards cost of power purchase came to the notice of the unit during the course of audit and the same has been corrected in the accounts for the year 2021-22. However, necessary adjustment to this effect has been provided to the DISCOMs in the next financial year i.e. 2022-23.

262

13.	Audit observations in **Material Management Zone Audit** report excluding those which have been appropriately dealt with elsewhere in the report. **a. Purchase of power**	
	• There is no effective system in place to verify power purchase for completeness, only those bills are accounted in the books of accounts which are received, no system in place for quantitative reconciliation of the power actually purchased vis-à-vis power purchase accounted in the books of accounts, reconciliation of power purchased with suppliers are not done neither provided to us. Balance confirmation and reconciliation with the suppliers was not carried out therefore impact on power purchase and power sales and eventually on position of sundry payables and receivable in not quantifiable, this may consequently impact the profitability of the DISCOMs.	The unit has an effective procedure to verify total energy purchased during the year and have a mechanism to verify each and every bill on the basis of related energy account of concerned generator. For this purpose, all the energy bills related to F.Y. 2021-22 not received at the unit till the preparation of Trial Balance have been identified and provisioning for the same has been done on best estimate basis. Hence, Power Purchase Cost and Energy both have been accounted for the whole current year. Bills for reimbursement of Statutory charges/Income tax and invoices as per UPERC/CERC true-up/tariff revision orders are accounted for on the basis of events occurred. The unit strive to ensure booking of all power purchase cost during the related financial year itself. In order to transfer the total power purchase cost to DISCOMs reimbursement bills and other bills of nature that cannot be known to us in advance are considered till the date of preparation of trial balance as an internal control measure in practice to ensure all such costs such as reimbursement bills, bills pertaining to any latest UPERC/CERC orders etc. raised after financial year end and received up-to date get recorded in books and total cost gets accurately allocated to DISCOMs for consideration in their books.

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2022

		Regarding quantitative reconciliation of power, this is to submit that the energy booked in accounts is already verified from energy billed by generator vis-à-vis energy account generated by Central/State Load Dispatch Centres (NRLDC, SLDC etc.). Further, a reconciliation of energy quantity booked in accounts with energy shown as per Energy Schedule is being carried out regularly. This is worth considering that an independent third party firm has been appointed for reconciliation of accounts with all suppliers and reconciliation work is being carried out on top priority. Account statements of almost all suppliers have been received for FY 2018-19, 2019-20 and 2020-21, which have been reconciled/under reconciliation for differences identified. Account Statements for FY 2021-22 have been already requested from suppliers and are under process of reconciliation. The unit is continuously following up with suppliers/creditors for the purpose of balance confirmation and reconciliation.
	• Generation based Incentives (GBI) receivable from IREDA amounting to Rs 977.33 lakhs (Previous Year Rs. 1230.00 lakhs) is subject to confirmation and reconciliation/Consequential adjustment if any. (Unit#330 EIE&PC)	Generation Based Incentive for difference in 'Average Tariff' of solar power projects and 'PPA rate' is accounted for as receivable from UPNEDA and IREDA and received on regular basis. The unit concerned has been directed to take effective steps for obtaining necessary confirmation from UPNEDA and IREDA. The interest amounting to 76.68 crore was received from the generators on account adjustment/revision

	• The zone has received interest amounting to Rs.76,68,44,549/-and TDS of Rs.76,68,452/- have been deducted there from. But the amount of interest has been netted off from the purchase cost in the books. Purchase cost and interest income has, therefore understated to the extent of Rs 76,68,44,549. (Unit#330 EIE&PC)	towards cost of power purchase, hence the same has been accounted for in the cost of power purchase. As such there is no understatement of power purchase cost and interest income.
	b. Other Liabilities and Provisions The balance confirmation of the Security deposit in Lieu of BG (46 102A) was not provided to us and we were informed that the balance confirmation is under Process. **#Units330 – EIE&PC.**	Necessary Accounting entry has been made in FY 2023-24 after due reconciliation with the party.
	c. Provision for Late Payment Surcharge. As reported by Branch Auditor, there is no proper system to compute the late payment surcharge payable to various power suppliers. We are, therefore unable to comment on the amount of overstated profit/understated loss of the zone for the financial year 2021-22 on account of provision of late payment surcharge.	The unit has verified LPS bills of generators as per the provisions of PPA. Proper checking and computation is carried out before verification of all LPS bills. In cases where LPS bills were pending for verification, appropriate provisions have been made in the books and there is no understatement/overstatement of loss on account of LPS.
	d. The Electricity Import Export & Payment Circle Unit of the Zone has accrued interest to the tune of RS. 2246.45 lakhs during the Financial Year 2021-2022 (Previous Year- RS. 1954.55 lakhs) against advance provided to Noida Power Company Limited. However as explained to us the interest is being accrued for an amount of advance paid for supply of power, further no other details including the actual amount of advance paid and status of the transaction including its recoverability was	The interest is being accrued on outstanding Loan amount recoverable from NPCL in terms of 'Agreement for supply of energy to NPCL' (dated November 1993). But, in view of the doubtful recovery, hundred per cent provision has been made in the books of accounts. However, the unit concerned has been directed to take an immediate action in the matter to ensure necessary

	provided to us. Recognizing it as an income when the recovery is uncertain is in contravention to Ind AS 115. In the absence of proper details and information, we are unable to quantify the amount of same and its consequential impact on financial statement. **(Unit#330 EIE&PC)**	settlement of outstanding loan and interest due thereon.
	e. The company has entered in to arrangement with MPPMCL for 18.15 MW share in the project of Rajghat HPP at an equity contribution of Rs.66.74 Crore which works out to 40.32% share in the total cost of capital of Rs.165.50 crore, however the unit is unaware of the existence of the equity contribution paid Rs 10.00 crores in July 1997, Rs.26.50 crore in October 1998 and Rs 29.00 Crores in October 1999 and Rs. 1.24 crores adjusted against receivable from MPPMCL, therefore in absence of information and adequate explanation we cannot comment upon it.	The payment of Rs. 65.50 Crores considered as equity contribution against share of UP in Rajghat HEP was done at the time of erstwhile UPSEB (during 1997-1998). The matter is under scrutiny/reconciliation and accordingly appropriate action will be taken. As regard, the additional amount of 1.24 Crores as UP's share towards Difference in actual capital cost of the Rajghat HEP spread over the years FY 2002-03, 2003-04 and FY 2004-05 has been set off against the interest payable to UPPCL by MPPCL in compliance of MoM dated 25.07.2018. No separate accounting has been identified as equity contribution in the books of accounts.
	f. Late payment surcharge Receivables The Zone has unadjusted late payment surcharge / Penal Interest amounting to Rs 7045.94 lakhs (Previous Year Rs 7045.79 lakhs) till the 31st March, 2022, as explained the unit has not identified the late payment surcharge upon receipt of fund and the process is under reconciliation, hence we cannot comment upon it. (Unit#330 EIE&PC)	The payment from National Regional Power Committee is received against reactive energy pool account. The payment includes both the amount of principal and penal interest and no bifurcation of the same is mentioned on the related documents, hence adjustment of penal interest against the payment received in totality could not be made by the unit. However, the unit concerned has been instructed to reconcile the matter with the NRPC and ensure necessary accountal of penal interest in the books of accounts

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2022

		Further, necessary adjustment entry has been made in the FY 2022-23.
14.	For want of complete information, the cumulative impact of our observations in Paras 1 to 13 above on assets, liabilities, income and expenditure is not ascertained.	Generally all the records an related information are provided during the course of audit.
Annexure-ii	**As referred to in and forming part of, our audit report of even date to the members of U.P. Power Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31stMarch, 2022.**	
1.	A. (a) The company has not maintained proper records showing full particulars including Quantitative details and situation of Property, Plant and Equipment.	The Property, Plant and Equipment register are maintained in Excel format. Units are instructed to maintain the mentioned details.
	(b) The company has not maintained proper records of Intangible Assets (Software) for Rs.5.38crore (gross).	Units are instructed to maintain the mentioned details.
	B. The company has not carried out physical verification of the Fixed Assets hence we are unable to Comment whether any material discrepancy was noticed as such or not.	Physical verification of the assets is being carried out by the respective units head.
	C. As reported by branch Auditors, title deed of Immovable Property (land) for Rs.47.24 lakhs was not available on record. Further as reported by branch Auditors, no details were provided to them with regard to the title deed of the immoveable property leased to KESCO nor were it explained in which unit the said asset is capitalized. Details of which are furnished below:	The Unit Code 646 holding Land of Rs. 4.65 crores in its books has the title deed for the same. detail for the same are as follows: Cost of Land 1,13,52,800.00 Development Charges 3,09,67,162.00 Total 4,23,19,962.00 Other misc. Development Exp. 42,28,439.00

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2022

ZONE WISE LAND DETAILS

Zone Code	Cost of Land as per Trial Balance (RS. in lakhs)	**Tittle Deed Available (RS. in lakhs)	Tittle Deed Not Available (RS. in lakhs)
970	4.96	0	4.96
640	465.48	423.19	42.28
Total land	**470.44**	**423.19**	**47.24**

**including property held in the name of erstwhile UPSEB. Segregated amount was not provided to us.

Management's reply: Total Value of Land held by unit 4,65,48,401.00

Further, the Unit Code 982 holding Land of Rs. 4,96,250/-, has been instructed to provide the title deed for above mentioned Land.

D. As per information provided to us, company has not revalued its Property, Plant and equipment during the year.

Management's reply: No Comments

E. As per the information provided, no proceeding have been initiated or are pending against the company for holding any Benami property under Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

Management's reply: No Comments

2.

(a) No physical verification report of Stores and Spares for Rs.15.00 Lakhs as on 31.03.2022 has been provided to us. Hence, we are unable to comment about the coverage, procedure and its discrepancies.

Management's reply: Units are instructed to get the physical verification done of Stores and Spares.

(b) The company has been sanctioned during the year working capital limits in excess of Rs.5 Crores from various banks. As per terms of Sanction, Company has to submit book debts statements on quarterly basis outstanding up to 1 year only on which Drawing power is to be calculated by Bankers. However, company has submitted quarter wise details for Q1 Rs 87263.73 Crore (June 2021 ended), Q2 Rs 94382.14 Cr

Management's reply: The company has obtained fund based / non-fund based credit limits from multiple banks aggregating to Rs. 1930.00 crores against security of Receivables. Accordingly, as per the terms of sanction, Quarterly/Half yearly statements in respect of

<table>
<tr>
<td></td>
<td>(September 2021 ended), Q3 Rs 94794.96 Crore (December 2021 ended), and Q4 Rs 81657.46 Cr (March 2022 ended) respectively. Trade Receivable (considered good) as per books of account as on 31st March 2022 is Rs 27987.99 Crore at the end of first Quarter (ended on June 2021), Rs 29956.97 Crore at the end of second Quarter (ended on September 2021), Rs 27277.65 Crore at the end of third Quarter (ended on December 2021) and Rs 27855.55 Crore at the end of fourth Quarter (ended on March 2022 upto one year). Trade Receivable upto one year was not provided to us for remaining three quarters. Kindly refer Note No. 41(viii) of Notes to Accounts given by management which shows that there are substantial differences between the statement submitted to bank and amount of trade Receivable as per book of accounts which, as explained to us, due to inclusion of Non-Current Receivables which is not part of working capital and separately financed by long term borrowings.</td>
<td>receivables including both current and non-current receivables have been submitted to respective banks. In this regard adequate disclosure including total limits utilized (Fund based and non-fund based) at quarter end has been made in the financial statement of F.Y. 2021-22.</td>
</tr>
<tr>
<td>3.</td>
<td>Company has made investment during the year 2021-22 and the amount given as well as outstanding as on 31.03.2022 are furnished below:

a) i. Subsidiaries
<table>
<tr><th>Name of Subsidiaries</th><th>Investment during the year(including Share application money pending allotment)-(in crore)</th><th>Amount outstanding as on date(before provision for impairment)-(in crore)</th></tr>
<tr><td>KESCO</td><td>264.54</td><td>2249.31</td></tr>
</table>
</td>
<td>No comments</td>
</tr>
</table>

Dakshinanchal VVNL	2231.37	22436.56
Madhyanchal VVNL	2275.41	21509.67
Paschimanchal VVNL	1649.37	17638.55
Purvanchal VVNL	3353.24	24105.09
Southern U.P. Power Transmission Co. Ltd.	Nil	2.21
Total	9773.93	87941.39

ii. Other than subsidiaries

Name of Company	**Investment during the year(including Share application money pending allotment) (in crore)**	**Amount outstanding as on date(before provision for impairment) (in crore)**
UP Power Transmission Co. Ltd.	Nil	2394.05
7.75% PFC Bonds	Nil	123.00
Total	Nil	2517.05

<table>
<tr>
<td></td>
<td>
b) During the year company has debited loan to its subsidiaries against transfer of its bond/Loan liabilities details of which are furnished as under:
<table>
<tr><th>Name of Subsidiaries</th><th>Amount transferred to loan account during the year(in crore)</th><th>Balance outstanding as on 31.03.2022 (in crore)</th></tr>
<tr><td>Madhyanchal VVNL</td><td>1409.20</td><td>13390.86</td></tr>
<tr><td>Paschimanchal VVNL</td><td>Nil</td><td>6626.93</td></tr>
<tr><td>Dakshinanchal VVNL</td><td>898.80</td><td>16062.67</td></tr>
<tr><td>Purvanchal VVNL</td><td>1277.90</td><td>22519.29</td></tr>
<tr><td>KESCO</td><td>365.30</td><td>2352.55</td></tr>
<tr><td>Total</td><td>3951.20</td><td>60952.33</td></tr>
</table>
</td>
<td>During the year UPPCL has raised funds to the tune of 3951.20 crores which has been transferred to subsidiary DISCOMs as UPPCL is obtaining working capital loans and raising bonds for meeting working capital requirements on centralised basis on behalf of subsidiary DISCOMs.</td>
</tr>
<tr>
<td></td>
<td>c) No terms and conditions for repayment of loan debited to Subsidiaries have been specified nor have any agreements for above loans been executed between UP Power Corporation and respective subsidiaries. It is learnt that interest on Bonds Issued /Loan raised from UP Govt. has been accounted for in the books of subsidiaries. In view of above, Para no.3 (b), (c), (d), (e) and (f) are not applicable.</td>
<td>UPPCL is obtaining working capital loans and raising bonds for meeting working capital requirements on centralised basis on behalf of subsidiary DISCOMs.</td>
</tr>
<tr>
<td>4.</td>
<td>As per Section 186 of the Companies Act 2013, threshold limit for grant of Loan is not applicable in respect of Loan transferred to Subsidiaries as mentioned in previous para 3 (b). However, company has not obtained Board approval for Investment made/Loan transferred to its Subsidiaries during the year as envisaged under Section 186 of Companies Act</td>
<td>The Company has obtained BoD approval for investments made in its subsidiary DISCOMs during the year in board meeting dated 10.08.2022.</td>
</tr>
</table>

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2022

		2013 nor Register for Investment/Loan granted as per requirement of Companies Act have been produced before us. But company has not granted any Loan, security and guarantee in favour of any Director or any other person in whom Directors are interested; hence compliance of Section 185 of Companies Act, 2013 is not applicable	
5.		Company has not accepted any deposit/deemed deposit during the year, hence compliance of section 73 and 76 of Companies Act, 2013 and relevant rules made there under are not applicable.	No Comments
6.		As per information and explanation given to us Company is covered under the provisions of Rule 3 of the Companies (Cost Records & Audit) Rules, 2014, but Company has not maintained proper Cost Accounting Records as envisaged in Companies (Cost Records & Audit) Rules, 2014.	The company is duly complying the requirement given in section 148 of companies act 2013 regarding cost audit which is being done by cost auditors on the basis of cost records maintained.
7.	(a)	According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Goods and Service Tax, Duty of Customs, Duty of Excise, and, Cess and any other material statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2022 for a period of more than six months from the date on when they become payable except for the following as reported by branch Auditors:	The here mentioned balances are very old and units are instructed to reconcile the same. Further Liability showing against CGST and SGST are related to March month which are paid in the month of April, 22.

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2022

<table>
<tr>
<td></td>
<td>
<table>
<tr><th>S.No</th><th>Head Of Account</th><th>Amount (in Rs)</th></tr>
<tr><td>1</td><td>Liability Towards Employer REC EPF</td><td>12878.00</td></tr>
<tr><td>2</td><td>I.T./ DEDUCT AT SOURCE</td><td>314275.00</td></tr>
<tr><td>3</td><td>Liability For Recoverable Against HRD</td><td>1796088.00</td></tr>
<tr><td>4</td><td>PROVISION FOR FRING BENEFIT TAX</td><td>2760732.00</td></tr>
<tr><td>5</td><td>PAYMENT OF SALES TAX</td><td>581.00</td></tr>
<tr><td>6</td><td>SERVICE TAX</td><td>36612.00</td></tr>
<tr><td>7</td><td>CGST</td><td>93481.00</td></tr>
<tr><td>8</td><td>SGST</td><td>93481.00</td></tr>
<tr><td>9</td><td>Gratuity</td><td>203,058,962.08</td></tr>
<tr><td>10</td><td>CPF trust</td><td>3086763.90</td></tr>
<tr><td>11</td><td>GPF</td><td>207,958,760.66</td></tr>
<tr><td>12</td><td>Pension</td><td>29,240,139.02</td></tr>
</table>

(b) As per information and explanation given to us, there is no amount disputed as on 31.03.2022 against the statutory liabilities mentioned in Para no.7a above.
</td>
<td>No comments</td>
</tr>
<tr>
<td>8.</td>
<td>According to explanation and information given to us, Company has not surrendered or disclosed any transaction as income during the year in the tax assessment under Income Tax Act, 1961.</td>
<td>No comments</td>
</tr>
<tr>
<td>9.</td>
<td>(a) Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.</td>
<td>No comments</td>
</tr>
</table>

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2022

	(b) As per information and explanation given to us, Company is not declared as wilful defaulter by any bank or financial institution or other lender. (c) As per information and explanation given to us, bond and unsecured loans have been utilized for the purpose for which it is granted. (d) As per information and explanation given to us and on application of appropriate test checks, we observed that funds raised on short term basis have not been utilised for long term purposes. (e) Company has raised funds in form of bonds for Rs.3951.20 Crore during the year on behalf of its subsidiaries (DISCOMS) and debited the same to various DISCOMS as mentioned in our para no. 3b above. (f) As per information and explanation given to us, Company has not raised loans during the year on the pledge of securities held in its subsidiaries.	
10.	(a) As per information and explanation given to us, Company has not raised any fund through initial public offer or further public offer (including debt instruments) during the year. (b) As per information and explanation given to us, Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially, or optionally convertible) during the year.	No comments No comments

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2022

11.	(a) To the best of our knowledge and according to the information and explanations given to us by the Management, no fraud by the company or no material fraud on the company by its officers or employees have been noticed or reported for the year ended 31st March, 2022. (b) No report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government; (c) The company has not established whistle blower mechanism which is mandatory in SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (SEBI LODR regulation) in this regard as well as under section 177(9) of the Companies Act require the listed company to establish a vigil mechanism for their directors and employees to report their genuine concern or grievances.	No comments
12.	(a) The Company is not a Nidhi Company hence clause 3 (xii) (a) of the order is not applicable. (b) The Company is not a Nidhi Company hence clause 3 (xii) (b) of the order is not applicable. (c) The Company is not a Nidhi Company hence clause 3 (xii) (c) of the order is not applicable.	No comments
13.	In our opinion and according to information and explanation given to us, Company has not placed related party transactions entered into during the year for determination of	No comments

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2022

	its Arm's length status by Audit Committee as required under Section 177 of Companies Act, 2013. We have been informed that Company is going to place the position of Related Party Transaction during the F.Y. 2021-22 for information of Board of Directors along with adoption of Accounts.	
14.	(a) In our opinion company has an internal audit system, which needs more strengthening considering its coverage and compliance of observations of Audit report, so that it may be commensurate in size and nature of business of the Company. (b) Yes, we have considered reports of the Internal Auditors for the period under audit.	No comments
15.	According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them as referred to under section 192 of the Companies Act, 2013.	No comments
16.	(a) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, provision of clause 3(xvi) (a) of the Order is not applicable to the Company. (b) According to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities therefore no Certificate of Registration (COR) from Reserve Bank of India as per Reserve bank of India Act, 1934 is required. Accordingly, provision of clause 3(xvi) (b) of the Order is not applicable to the Company.	No comments

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2022

	(c) According to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in regulation made by the Reserve Bank of India. Accordingly, provision of clause 3(xvi) (c) of the Order is not applicable to the Company. (d) There is no CIC as part of Group. Accordingly, provision of clause 3(xvi) (d) of the Order is not applicable to the Company.	
17.	Company has incurred cash losses in the financial year 2021-22 of Rs.3939.56 lakhs.	No comments
18.	During the year previous Statutory Auditors have resigned sighting medical issues of the concerned partner who had conducted audit in the previous year and pre-occupation of other partner. Except above reason no other issues, objection or concerns raised by the outgoing Auditors was brought to our notice.	No comments
19.	According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on	No comments

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2022

<table>
<tr><td></td><td>the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.</td><td></td></tr>
<tr><td>20.</td><td>No CSR activity has been undertaken by the company; and no expenditure has been incurred on same during the year 2021-22. Management has explained the reasons in Para-17 of Notes to Accounts.</td><td>No comments</td></tr>
<tr><td>21.</td><td>Para 3 (xxi) of Companies (Auditor's Report) Order (CARO) is not applicable to standalone financial statements.</td><td>No comments</td></tr>
<tr><td>Annexure III(a)</td><td>As referred to in, and forming part of, our audit report of even date to the members of U.P. Power Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31st March, 2022.</td><td></td></tr>
<tr><td></td><td>Directions of Comptroller and Auditor General of India under Section 143 (5) of the Companies Act, 2013.
<table>
<tr><th>S. No.</th><th>Directions</th><th>Reply</th></tr>
<tr><td>1.</td><td>Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts for with the financial implications, if any, may be stated</td><td>No, the Company has no system in place to process the accounting transactions through IT system. The accounting is done manually and Cash book and Sectional Journals are maintained but ledgers/sub ledgers are not maintained. Presently compilation of accounts are being made under old D-Base (Foxpro) system, it is suggested that compilation of accounts should be made in</td></tr>
</table></td><td>No comments</td></tr>
</table>

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2022

			upgraded software system to facilitate proper control of accounts as well as smooth compilation.	
	2.	Whether there is any restructuring of an existing loans or cases of waiver/write off of debts/loans/interest etc. made by lender to the Company due to the company's inability to repay the loan? If yes, the financial implant may state.	As informed by the Management there are no other cases of restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by lender to the Company due to the company's inability to repay the loan.	
	3.	Whether fund received/receivable for specific schemes from Central/State Agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	Funds received from State Government for scheme according to budget provisions of related financial year has been released by the Company to Subsidiaries for their utilization and accounted for.	
Annexure III(b)	**As referred to in, and forming part of, our audit report of even date to the members of U.P. Power Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31st March, 2022.**			
	Sub-Directions of Comptroller and Auditor General of India under Section 143 (5) of the Companies Act, 2013.			No comments
	S. No.	**Sub – Directions**	**Remarks**	

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2022

1.	Adequacy of steps to prevent encroachment of idle land owned by Company may be examined. In case land of the company is encroached, under litigation, not put to use or declared surplus, details may be provided.	As informed by the management, there is no encroachment of idle land owned by Company, subject to para 1(c) of Annexure II of our report.
2.	Has the company entered into agreements with franchise for distribution of electricity in selected areas and revenue sharing agreements adequately protect the financial interest of the company?	Not Applicable
3.	Whether the Company recovers and accounts, the State Electricity Regulatory Commission (SERC) approved Fuel and Power Purchase Adjustment Cost (FPPCA)?	As explained to us the U.P. State's Generators U.P. Rajya Vidyut Utpadan Nigam Ltd. and U.P Jal Vidyut Nigam Ltd. raise the bills on the U.P. Power Corporation Ltd. towards Fuel and Power Purchase Adjustment Cost (FPPCA) in accordance with the procedures laid down in the

				related order issued by the U.P. Electricity Regulatory Commission from time to time. The UPPCL accounts FPPCA and includes in its purchase cost. The UPPCL raises the bills on the subsidiary DISCOMs on the basis of Arm Length Principal and as such the purchase cost and the sale price is the same. The DISCOMs include the purchase cost (which is transferred to the DISCOMs through sale bills) in its Aggregated Revenue Requirement and submit the same before U.P Electricity Regulatory Commission for approval of tariff for sale of power to electricity consumers. As such, the DISCOMs ultimately recover FPPCA from electricity consumers and account in its books of accounts.		
		4.	Whether the reconciliation of receivables and payables between the generation, distribution and transmission	No proper reconciliation among of receivables and payables between the generation, distribution and transmission companies has been done. Refer point no. 8		

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2022

<table>
<tr><td></td><td><table>
<tr><td></td><td>companies has been completed. The reasons for difference may be examined.</td><td>of Annexure I, regarding non-reconciliation of Inter-unit transactions. Further no balance confirmation has been obtained from the DISCOMs, Transmission and Generation Companies.</td></tr>
<tr><td>5.</td><td>Whether the Company is supplying power to franchisees, if so, whether the Company is not supplying power to franchisees at below its average cost of purchase.</td><td>Not Applicable</td></tr>
</table></td><td></td></tr>
<tr><td></td><td>As referred to in and forming part of, our audit report of even date to the members of U.P. Power Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31stMarch, 2022.</td><td></td></tr>
<tr><td></td><td>Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013.

We have audited the internal financial controls over financial reporting of U.P. Power Corporation Limited ("the Company") as of 31stMarch, 2022 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.</td><td>No comments</td></tr>
<tr><td></td><td>Management's Responsibility for Internal Financial Controls</td><td></td></tr>
</table>

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2022

	The management of the company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.	No comments
	Auditors' Responsibility Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.	No comments

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2022

	Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.	
	Meaning of Internal Financial Controls over Financial Reporting A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the presentation of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and	No comments

	expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) Provide reasonable assurance regarding prevention or timely detection of un-authorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.	
	Inherent Limitations of Internal Financial Controls over Financial Reporting Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance	No comments
	Opinion: In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control over Financial Reporting issued by the Institute of Chartered Accountants of India except for the deficiencies reported by us in '*Annexure I' and 'Annexure II*' to our audit report of even date on the Standalone Financial Statements of the Company for the year ended 31st March, 2022, and as mentioned below -	No comments

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2022

	a) Internal control system with regard to Cash transactions, Procurement /Works transactions, maintenance of inventory, maintenance of Books of accounts, Fixed Assets register, delegation of powers to various employees etc. requires to be further strengthened.	The company has a Proper and effective control system in all the areas. However, for implementing the system more smoothly and effectively, the system is reviewed from time to time and accordingly directions are issued. Moreover, in order to strengthen the existing system through information technology, the company is in process of implementation of ERP system.
	b) There is no effective system in place to verify power purchase for completeness, only those bills are accounted in the books of accounts which are received, no system is in place for quantitative reconciliation of the power actually purchased vis-à-vis power purchase accounted in the books of accounts, reconciliation of power purchased with suppliers are not done neither it was provided to us. Balance confirmation and reconciliation with the suppliers was not carried out therefore, the impact on power purchase, power sales and eventually on the position of sundry payables and receivable cannot be commented upon.	It does not seem to be proper to mention by the Audit that there is no effective system of verification of purchase of power. The prevailing system in the unit has been described against audit point no.13(a) of annexure 01 of this audit report. However, there is always scope for improvement in the system, for which the procedure will be reviewed and necessary directions, if required, will be issued.
	c) There is no system for review of old balances relating to various assets and liabilities heads which needs to be reviewed, reconciled and require necessary adjustment in the books of account.	Necessary instructions are issued in this regard time to time. However, the matter is under review and necessary directions will be issued.
	d) Reconciliation of inter Unit section: the present system of identification and reconciliation of Inter Unit transaction between unit to unit, unit to head office is not adequate. The reconciliation need to be done on a regular basis with	The company has a complete system of clearance of Inter unit transactions. However, in ERP system we have in process to check proper IUT clearance through IUT dashboard.

	complete details of the nature and particulars of the unmatched items. e) There is no system of confirmation and reconciliation of balances in accounts of parties, contractors, Government Department etc. including those balances appearing under receivables, payables, loan and advances.	The company has a system of confirmation and reconciliation of balances. However, units have been instructed to take effective action in this regard and ensure necessary confirmation from third party.
	During the course of our Audit, it was observed that payments are being released by Single signatory without fixing any threshold limit. It is suggested that all payments should be released after fixing threshold limit only by joint signatory	The company has a control system/procedure with regard to purchases, execution of works, sanction of estimates, financial approval etc for which threshold limit is fixed. All the payments are made in accordance with the financial approval given by the concerned competent authority. However, the existing system of payments by a single authority will be reviewed and necessary action will be taken, if required.

(Nitin Nijhawan)
Chief Financial Officer

(Nidhi Kumar Narang)
Director Finance
DIN-03473420

INDEPENDENT AUDITOR'S REPORT	Management Reply
To, **The Members,** **Uttar Pradesh Power Corporation Limited,** **Shakti Bhawan,** **Lucknow.** **<u>Report on Consolidated Financial Statements</u>** **Qualified Opinion:** We have audited the accompanying consolidated financial statements of Uttar Pradesh Power Corporation Limited (UPPCL) (hereinafter referred to as the "Holding Company"), and its five 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) and Kanpur Electricity Supply Company Limited, Kanpur (KESCO (the Holding Company and its Subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31st March, 2022, 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 ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements") In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the "Basis for Qualified Opinion" paragraph of our report, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India. a) In the case of consolidated balance sheet, of the state of affairs (Financial Position) of the Group as at March 31, 2022. b) In the case of consolidated statement of Profit and Loss, of the consolidated **Net loss** (financial performance including other comprehensive income) of the Group for the year ended on that date; c) In the case of consolidated cash flows and changes in equity of the Group for the year ended on that date.	No comments

288

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 and KESCO 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.	No comments
Emphasis of Matter Considering the requirement of Standard on Auditing (SA 600) on 'Using the work of Another Auditor' including materiality, we draw attention to the following matters in the notes to the Consolidated Financial Statements: U.P Power Corporation Ltd. holding company	
1. ***Tax deducted at source Rs.56.44 Crore (Note 12- Other current Assets) includes Rs. 7.09 Crore refunds pending with Income Tax Department relating to financial year 2007-08 to 2019-20 which needs to be reconciled and adjusted at earliest.***	With reference to the said refund of Rs 7.09 crore, it is to be informed that regarding the refund relating to the assessment year 2011-12, 2015-16 and 2016-17, the Income Tax Department has issued letter no. ITBA/COM/F/ 17 /2023 -24 /1052528983 (1) dated 02.05.2023, orders were issued under Section 154 / 254 of the Income Tax Act 1961, according to which a refund of Rs 5,48,67,481,00 was issued to the Corporation for the above three years and refund instructions have been issued, which till date has not been received in the bank account of the Corporation. In this context, the Income Tax Department is being continuously contacted to get the above mentioned refund in the bank account of the Corporation. The officers of the corporation are also requesting to

	personally appear before the concerned Income Tax Officer to get the said refund. Every time the Income Tax Department informs that the said refund is pending at the level of Centralized Processing Center (CPC). In this sequence, grievances were also submitted on the Income Tax Department's portal through the Income Tax Portal on 16.10.2023 and 01.11.2023. Email was sent to Deputy Income Tax Commissioner Range-III to get the above refund on 16.10.2023. But the said refund update has not been received. Further, Grievance has been submitted on Public Grievance portal CPGRAMS on updated date 30.11.2023. On 12.12.2023, the Income Tax Consultant of the Corporation had a conversation with the Centralized Processing Center (CPC), in which the CPC informed that the request for the said refund has received by them, and the said refund will be made available in the bank account of the Corporation soon. Will be given. As soon as refund of Rs 5,48,67,481.00 is received in the bank account of the Corporation, action will be taken to get the remaining refund of TDS of Rs. 7.09 crore.
2. ***As per information provided to us Trade payable includes Rs.135.36 Crore debit balance pertaining to Rosa Power Company Ltd towards debit notes raised by the Company against which, as explained to us, stay order have been issued by Appropriate Authorities, but which have not been reversed like other cases as mentioned in Para no. 29 of Notes to Accounts relating to M/s Lalitpur Power Generation Company.***	Debit balance of Rs 135.36 crores against Rosa Power is due to debit notes amounting to Rs. 707 crores issued in the month of April, 2018 recovery of which had been stayed by the APTEL till further order.
3. ***As per Para No. 41 (xvi) (c) to the Notes to Accounts, the Trade Payable does not reflect any disputed amount while aging classification incudes outstanding of Rs. 544.71 Crore for more than three years which need review by the Management.***	The reconciliation of old Trade Payables with concerned parties is under process.
4. ***As per Note no. 13 to the Notes to Accounts the average bulk sale tariff is computed on the basis of cost of energy purchased by the Company after prior period adjustments, divided by total quantum of energy supplied to Subsidiaries. While impact of prior period adjustment are either restated in the purchase of power for previous year or debited to retained earnings. Consequential impacts of aforesaid adjustments on purchase/sales of the Company are not disclosed in the Notes to Accounts.***	Consequential impact of prior period adjustments on purchase and sale of power have already been given in Notes to Accounts at point no.10.

290

5. ***Accounting Policy No. VIII of the Company regarding power purchases was not incorporated, where final approval of the tariff by the Regulatory Commission has not been granted.***	It is already mentioned in the accounting policy of the company that power purchase from Central Generating Units and State Generating Unit is accounted for at the rate approved by Central Electricity Regulatory Commission (CERC) and UP Electricity Regulatory Commission (UPERC) respectively. Hence, it is implied that the power purchase is accounted for at the rates approved by the regulatory commission whether provisional or final.
6. ***As per Note no. 11 (Financial Assets-Other (Current), Company has made provision for doubtful receivables @10% on Rs.2083.94 Crore which includes 1154.14 Crore relating to wholly owned subsidiaries. Incremental provision for doubtful debts relating to wholly owned subsidiaries made during the year needs review by the Management.***	Matter is under review. The fact has already been disclosed in the Notes to Accounts at point no.06.
7. ***The Annual Accounts of F.Y 2018-19, 2019-20 & 2020-21 are yet to be adopted in Annual General Meeting (Refer Para31 of Note - 29 "Notes on Accounts").***	The Annual accounts for the F.Y. 2018-19, 2019-20 & 2020-21 has been adopted in Annual General Meeting on 31.03.2023.
Our opinion is not modified in respect of these matters **Key Audit Matters:** Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters except for the matters described in "Basis for Qualified Opinion" section. We have determined that there are no other key audit matters to communicate in our report.	No comments
Information other than the consolidated financial statements and Auditor's Report thereon: The Board of Directors of Holding Company along with its subsidiaries 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	No comments

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	No comments

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	No comments

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.

No comments

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

No comments

294

requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Other Matters:

a. We did not audit the financial statements / financial information of Subsidiaries namely MVVNL, PuVVNL, PVVNL, DVVNL and KESCO, whose financial statements / financial information reflect the Group's share of total assets, as detailed below, and the net assets as at 31st March, 2022, 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, 2022, 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 reproduced to us by the Management . Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these Subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid Subsidiaries, is based solely on the reports of the other auditors.

(Rs. in Lacs)

Name of the Companies	Total Assets as at 31.03.2022	Net Assets i.e., Total Assets minus Total Liabilities as at 31.03.2022	Total Net Profit/ (Loss) as at 31.03.2022	Net Cash in Flows/ (outflows) as at 31.03.2022
Subsidiaries:				
U.P. Power corporation Ltd	13277530.58	419958.83	-45304.50	-46356.69
Madhyanchal Vidyut Vitran Nigam Limited, Lucknow, (MVVNL)	4575699.82	602036.32	-204219.94	-10819.06
Purvanchal Vidyut Vitran Nigam Limited, Varanasi, (PuVVNL)	6117241.92	1241736.39	-57798.59	12985.46
Paschimanchal Vidyut Vitran	3921967.95	881437.68	-69928.52	-11492.25

No comments

Nigam Limited, Meerut, (PVVNL)				
Dakshinanchal Vidyut Vitran Nigam Limited, Agra, (DVVNL)	3885282.66	-15426.61	-295752.28	-5926.80
Kanpur Electricity Supply Company Limited, Kanpur, (KESCO)	550620.87	-193014.63	-21545.31	-18073.60
Total CFS Adjustment **Grand Total**	**0.00**	0.00	**106380.01**	**0.00**

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

No Comments

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.

No comments

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.	No Comments
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 except for MVVNL and PVVNL (kindly refer relevant Para mentioned under "***Report on other legal and regulatory Requirements***") 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.	No Comments

<table>
<tr>
<td>Annexure I to Independent Auditors Report
(As referred to in "Basis of Qualified Opinion" paragraph of our audit report of even date to the members of U.P. Power Corporation Limited on the Consolidated Financial Statements of the Group for the year ended 31st March, 2022)

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:</td>
<td>Point wise reply is given below:</td>
</tr>
<tr>
<td>A. <u>Uttar Pradesh Power Corporation Limited (UPPCL)</u>

1. There are certain very old debit balances in Trade Payable Account amounting to Rs.1029.12 crore which remains unadjusted and un-reconciled during the year by the company. We have also observed that these debit balances are deducted from Trade Payables Account instead of clubbing it with Advances to Suppliers/Sundry Receivables. This has resulted in to understatement of Trade Payables and Advance to Suppliers/Sundry Receivables. Further, based on the explanation and information reproduced by Management, we are of the opinion that a provision for Rs. 889.70 crore should be made in accounts since these outstanding balances are more than 10 years old.</td>
<td>

The reconciliation of Trade Payables with concerned parties is under process. Necessary accounting/Adjustment, if required, will be made after the reconciliation.</td>
</tr>
<tr>
<td>2. We have observed that Other Advances for Rs.173.06 Crore outstanding since many years, have not been reviewed and reconciled during the year. It includes Rs.126.97 Crore as a commitment advance for share in generation in Ultra Mega Power Project. As per information and explanation given to us, Company has decided to opt out of these projects due to closure of the projects and requested Nodal Agency (PFC) for status of return of money. Hence, pending such reconciliation and review by the Management, impact on the Accounts is cannot be determined at this stage.</td>
<td>Regular corresponding is being done with PFC (Nodal of UMPP) and SPAT unit of UPPCL for balance confirmation and refund of unutilised amount (Letter No.:-503 dated 27/04/23, 795, 794 dated 22/06/2023) in response to these letter details/documents of some UMPP have been received according to which necessary adjustment have been made in Accounting.
There are no differences in the amount of the advances as per the books of UPPCL and the advances shown by the PFC as is clear from the table below: -
<table>
<tr><th>UMPP</th><th>Advance as per EIE&PC (Rs.)</th><th>Advance Received from UPPCL as per PFCCL (Nodal Agency) (Rs.)</th><th>Excess Un-reconciled Advance Paid (Rs.)</th><th>Remarks</th></tr>
<tr><td>ORISSA</td><td>69.69</td><td>69.68 + 3.32</td><td>- 0.01</td><td>The amount paid to Orissa is Rs. 69.69 Crores including Rs.</td></tr>
</table>
</td>
</tr>
</table>

299

			(Interest)		3.00 Crores which were wrongly shown as paid to Sasan UMPP. Further, it has been confirmed by M/s PFC that the amount of Rs.73.00 Crores earlier mentioned by them is including Interest accrued and the amount paid by UPPCL is Rs. 69.68 Crores Only (Rs. 3.00 Crores Commitment advance and Rs.66.68 Crores Others)
	BANKAR-BIHAR	6.00	6.00	0.00	No difference
	CHEYYUR-TAMILNADU	9.27	9.27	0.00	A board note has been put up for the provision to be made in the accounts in respect of Cheyyur UMPP and provision for the same has been created in books in anticipation of management approval.
	SAKHIGOPAL	4.80	4.80	0.00	No difference
	TATIYA ADHRA	5.95	5.95	0.00	No difference
	TILAIYA	11.55	11.54	-0.01	Difference due to rounding off.
	SASAN	-	-	-	Total amount paid to Sasan UMPP was Rs. 5 Crore which has been returned back to UPPCL after successful completion of the project. No amount is due from Sasan UMPP against Commitment Advance as on date.
	JHARKHA	18.59	18.59	0.00	As per information

<table>
<tr>
<td></td>
<td>
<table>
<tr><td>ND</td><td></td><td></td><td></td><td>provided by SPAT unit, new developer is being selected for the project and once the new developer is selected, The entire amount will be collected from the new developer.
Confirmation of the amount paid by UPPCL is also attached herewith.</td></tr>
<tr><td>KARANPURA</td><td>1.12.</td><td>1.12</td><td>0.00</td><td>Karanpura UMPP has acknowledged the amount received from UPPCL of Rs. 1.12 Crores. Copy of statement provided by Karanpura is attached herewith.</td></tr>
<tr><td>TOTAL</td><td>126.97</td><td>126.95</td><td>-0.02</td><td></td></tr>
</table>
A Board Note has also been put-up for the provision to be made in the accounts in respect of Cheyyur UMPP and provision for the same has been made in anticipation of such approval.
</td>
</tr>
<tr>
<td>3. (a) As per Para 17 of Note – 29 "Notes on Accounts" Contingent Liability incudes power purchase of Rs.10083.93 Cr. against which sufficient and appropriate documentary audit evidence in respect of Contingent Liabilities and its current status was not provided to us. It has also been explained to us that Contingent Liability for power purchases also includes various disputed liabilities which have not been accurately quantified/disclosed in Notes on Accounts. In absence of systematic reporting, proper records/quantification of pending disputes, suits and claims against the Company, including its present status, we are not in a position to comment on accuracy of Contingent/Disputed Liabilities as reflected in the "Notes on Account".

(b) On test check, it was observed that in petition no. 1565/2020, UPREC has vide its order dated 16.06.2021 approved an amount of Rs. 7244.65 Crore to be deposited in RPO Account/Fund against which Contingent Liability of Rs. 737.11 Crore have been disclosed only. As per information/explanation given to us, the issue has not yet been settled by the appropriate authorities. In view of above and in terms of directives issued by Uttar Pradesh Electricity Regulatory Commission corresponding liability has</td>
<td>The unit concerned has been directed to take proper care in reporting the contingent liabilities accurately and ensure proper maintenance of records.

The matter is not related to the liability, hence the question of showing 7244.65 crore as contingent liability does not arise. The direction of the UPERC is only for creation of RPO fund separately and that had already been created by the company in the year 2020 and all payments relating to renewable purchases are being made through the above created fund account. However, contingent liability of 737.11 crore, has been created as per direction of UPERC.
As regard, creation of a separate fund of such a big</td>
</tr>
</table>

301

not been disclosed.	amount i.e. ₹ 7244.65 crore, it would be pair to state clearly that due to financial crunch it is very difficult to create the above amount as a reserve fund. Hence, in view of the circumstances necessitated the company has filed the petition before Hon'ble UPERC for relaxation of creating the fund for ₹ 7244.65 crore and, therefore the matter is pending for final settlement.
4. Company has made a provision for impairment of investment in Subsidiaries, associate and others [Note-5 except Para II (b) Bonds] on the basis of Net worth of Investee Subsidiaries as on 31st March, 2022 (Refer Para 28 of Note – 30 "Notes on Accounts"), **which is not in accordance with Ind AS 36 Impairment of Assets. Further Provision for impairment relating in Investment in Uttar Pradesh Power Transmission Corporation Ltd has been made based on Unaudited Financial Statements, which has not even been adopted by its Board of Directors.**	As per para 9 of Ind AS 36, which states that "An entity shall assess at the end of each reporting period, whether there is any indication that an asset may be impaired. If such indication exists, the entity shall estimate the recoverable amount. Hence, the company has estimated the recoverable amount on the basis of net worth of the subsidiaries.
5. Loans and Other Financial Assets (Note-6), Trade Receivables-Others (Note-8), Financial Assets-Others - Employees, Others (Note-11), Other Current Assets - Suppliers & Contractors and UP Power Sector Employee Trust (Note-12), Financial Liability-Trade Payables (Note-18), Other Financial Liabilities (Current) –except Current maturities of long-term borrowings and Interest accrued but not due on borrowings (Note-19) includes certain old balances under various heads of assets and liabilities which are carrying over since last so many years and have not been reviewed/reconciled during the financial year. As informed to us, above heads include balances transferred from transfer schemes, reconciliation and confirmation for the same has not been done by Company which needs to be reviewed/reconciled and suitably adjusted in the books of accounts. Major Balances includes Other Unclassified Revenue Rs. 330.25 Cr. (Current Liabilities, AG Code No. 46 9(Dr), Unit No 991), Securities from Suppliers, Rs. 5.19 Cr (Sundry Receivables- Other Current Assets, Unit No. 396), UI Charges Pool A/c, Rs. 305.74 Cr outstanding for more than 3 years (Financial Assets – Other (Current), Note No-11, Unit no. 330) and Reactive Energy Charges Rs. 92.18 Cr outstanding for more than 3 years (Financial Assets – Other (Current), Note No-11, Unit No. 330) respectively. In absence of details, we are not in a position to comment on its impact on losses, if any of the Company.	Zone/units concerned have been instructed to take an immediate action to start the process scrutiny/reconciliation of the balances lying pending since long and to obtain confirmation from the parties concerned, wherever required.
6. Purchases as per Note No-22 for Rs. 55152.12 Crore, includes Sales to Indian Energy Exchange for Rs. 2075.19 Cr, **which has resulted into reduction/understatement of Purchases and**	Separate accounting for Power purchase and sale from energy exchange now been done in the financial year 2023-24.

consequent understatement of Sales of Energy (Note No-20, Revenue for Operation). On test checks basis and as per information and explanation provided to us, it was observed that bills relating to procurement of Energy received from various generating companies amounting Rs 201.89 Crore which also includes bills pertaining to previous years have not been accounted for. **In absence of details and complete information given by management, we are not in a position to comment on its financial impact.**	
7. (a) Note no. 12 (Other Current Assets) includes Rs. 25.04 Lacs receivable against Fringe Benefit Tax which is being carried over since last so many years for which necessary provision needs to be made in the accounts.	The matter is under reconciliation and accordingly, necessary corrections/accounting will be done in the ensuing accounts in hand.
(b) Para no. 41(xvi)(a) Capital work in progress includes Rs. 17.00 Lac outstanding for more than 3 years for which no details are available needs to be provided for in the Accounts.	The unit concerned has been instructed to ensure the availability of the details of work-in-progress amounting to 17.00 lacs accordingly necessary action will be taken.
(c) Company has not filed form MSME-1 and CSR-2 with Registrar of Companies for the F.Y. 2021-22.	MSME 1: Specified companies should file Form MSME-1 when payments are due to MSME for more than 45 days from the date of acceptance of the services or goods, along with the reason for its delay. As there is no outstanding dues of MSME for more than 45 days and therefore the Company is not required to file Form MSME-1 for nil return. CSR Returns: The Company do not have Net profits in preceding three years, therefore it is not required to take any CSR activities pursuant to section 135. So it not required to file CSR Returns.
d) Disclosure of nature of charges created with ROC against working capital borrowings has not been disclosed in the Note No. 17 of the Financial Statements.	As per the guidance note on schedule-III of companies act 2013 detail of charges not registered with the ROC is to be disclosed along with the reason thereof. In view of above it is clear that there is no mandatory requirement to disclose the nature of charges created /registered with ROC. Accordingly, the same has not been disclosed.
8. Maintenance of Proper Books of Accounts: The company has systems of maintaining various sectional journals wherein vouchers relating to day-to-day transactions are recorded in these Sectional Journals. The existing systems of balancing cash book on the monthly basis and posting in different sectional journals to summaries and from summaries to monthly trial balances. In our opinion, System is not adequate enough	Proper and effective procedure for maintenance of monthly accounts and subsidiary ledger is already prescribed in the Company. Further, in order to strengthen the existing system through information technology, the company is in process of implementation of ERP system.

to give financial position of different account at any given time in an organized manner. It was observed that the maintenance of party-wise subsidiary ledgers and its reconciliation with primary books of accounts i.e., cash book and sectional journals are not proper and effective.	
9. Employee benefit expenses (Note- 23), Administrative, General & Other Expenses (Note- 26), and Repair & Maintenance Expenses (Note- 27) have been allocated among Subsidiaries and other power sector companies owned by the Go UP (i.e., UPPTCL, UPRVUNL & UPJVNL) on the basis of data / information (i.e., units of power sold to Subsidiaries, no. of employees, area occupied) related to the financial year 2020-21, instead of financial year 2021-22. (Para 28 of Note- 29 "Notes on Accounts"). However, same has not been set-off line-wise in the consolidation.	In view of many difficulties in obtaining/collecting all the base information for allocation of expenditure at the end of the year, the basis of information for allocation has been taken for the previous year.
10. Audit observations in Zone Audit report excluding those which have been appropriately dealt with elsewhere in the report.	
a. Purchase of power • There is no effective system in place to verify power purchase for completeness, only those bills are accounted in the books of accounts which are received, no system in place for quantitative reconciliation of the power actually purchased vis-à-vis power purchase accounted in the books of accounts, reconciliation of power purchased with suppliers are not done neither provided to us. Balance confirmation and reconciliation with the suppliers was not carried out therefore impact on power purchase and power sales and eventually on position of sundry payables and receivable in not quantifiable, this may consequently impact the profitability of the Subsidiaries.	The unit has an effective procedure to verify total energy purchased during the year and have a mechanism to verify each and every bill on the basis of related energy account of concerned generator. For this purpose, all the energy bills related to F.Y. 2021-22 not received at the unit till the preparation of Trial Balance have been identified and provisioning for the same has been done on best estimate basis. Hence, Power Purchase Cost and Energy both have been accounted for the whole current year. Bills for reimbursement of Statutory charges/Income tax and invoices as per UPERC/CERC true-up/tariff revision orders are accounted for on the basis of events occurred. The unit strive to ensure booking of all power purchase cost during the related financial year itself. In order to transfer the total power purchase cost to DISCOMs reimbursement bills and other bills of nature that cannot be known to us in advance are considered till the date of preparation of trial balance as an internal control measure in practice to ensure all such costs such as reimbursement bills, bills pertaining to any latest UPERC/CERC orders etc. raised after financial year end and received up-to date get recorded in books and total cost gets accurately allocated to DISCOMs for consideration in their books. Regarding quantitative reconciliation of power, this is to submit that the energy booked in accounts is already verified from energy billed by generator vis-à-vis energy account generated by Central/State Load Dispatch Centres (NRLDC, SLDC etc.). Further, a reconciliation of energy quantity booked in accounts

	with energy shown as per Energy Schedule is being carried out regularly. This is worth considering that an independent third party firm has been appointed for reconciliation of accounts with all suppliers and reconciliation work is being carried out on top priority. Account statements of almost all suppliers have been received for FY 2018-19, 2019-20 and 2020-21, which have been reconciled/under reconciliation for differences identified. Account Statements for FY 2021-22 have been already requested from suppliers and are under process of reconciliation. The unit is continuously following up with suppliers/creditors for the purpose of balance confirmation and reconciliation.
• Generation based Incentives (GBI) receivable from IREDA amounting to Rs 977.33 lakhs (Previous Year - INR 1230.00 lakhs) is subject to confirmation and reconciliation/Consequential adjustment if any. (Unit#330 EIE&PC)	Generation Based Incentive for difference in 'Average Tariff' of solar power projects and 'PPA rate' is accounted for as receivable from UPNEDA and IREDA and received on regular basis. The unit concerned has been directed to take effective steps for obtaining necessary confirmation from UPNEDA and IREDA.
• The zone has received interest amounting to Rs.76,68,44,549/-and TDS of Rs.76,68,452/- have been deducted there from. But the amount of interest has been netted off from the purchase cost in the books. Purchase cost and interest income has, therefore understated to the extent of Rs 76, 68, 44,549. (Unit#330 EIE&PC)	The interest amounting to 76.68 crore was received from the generators on account adjustment/revision towards cost of power purchase, hence the same has been accounted for in the cost of power purchase. As such there is no understatement of power purchase cost and interest income.
b. Other Liabilities and Provisions The balance confirmation of the Security deposit in Lieu of BG (46 102A) was not provided to us and we were informed that the balance confirmation is under Process. **#Units330 – EIE&PC.**	Necessary Accounting entry has been made in FY 2023-24 after due reconciliation with the party.
c. Provision for Late Payment Surcharge. As reported by Branch Auditor, there is no proper system to compute the late payment surcharge payable to various power suppliers. We are, therefore unable to comment on the amount of overstated profit/understated loss of the zone for the financial year 2021-22 on account of provision of late payment surcharge.	The unit has verified LPS bills of generators as per the provisions of PPA. Proper checking and computation is carried out before verification of all LPS bills. In cases where LPS bills were pending for verification, appropriate provisions have been made in the books and there is no understatement/overstatement of loss on account of LPS.
d. The Electricity Import Export & Payment Circle Unit of the Zone has accrued interest to the tune of INR 2246.45 lakhs during the Financial Year 2021-2022 (Previous Year- INR 1954.55 lakhs) against advance provided to Noida Power Company Limited. However as explained	The interest is being accrued on outstanding Loan amount recoverable from NPCL in terms of 'Agreement for supply of energy to NPCL' (dated November 1993). But, in view of the doubtful recovery, hundred per cent provision has been made

305

to us the interest is being accrued for an amount of advance paid for supply of power, further no other details including the actual amount of advance paid and status of the transaction including its recoverability was provided to us. Recognizing it as an income when the recovery is uncertain is in contravention to Ind AS 115. In the absence of proper details and information, we are unable to quantify the amount of same and its consequential impact on financial statement. **(Unit#330 EIE&PC)**	in the books of accounts. However, the unit concerned has been directed to take an immediate action in the matter to ensure necessary settlement of outstanding loan and interest due thereon.
e. The company has entered in to arrangement with MPPMCL for 18.15 MW share in the project of Rajghat HPP at an equity contribution of Rs.66.74 Crore which works out to 40.32% share in the total cost of capital of Rs.165.50 crore, however the unit is unaware of the existence of the equity contribution paid Rs 10.00 crores in July 1997, Rs.26.50 crore in October 1998 and Rs 29.00 Crores in October 1999 and Rs. 1.24 crores adjusted against receivable from MPPMCL, therefore in absence of information and adequate explanation we cannot comment upon it.	The payment of Rs. 65.50 Crores considered as equity contribution against share of UP in Rajghat HEP was done at the time of erstwhile UPSEB (during 1997-1998). The matter is under scrutiny/reconciliation and accordingly appropriate action will be taken. As regard, the additional amount of 1.24 Crores as UP's share towards Difference in actual capital cost of the Rajghat HEP spread over the years FY 2002-03, 2003-04 and FY 2004-05 has been set off against the interest payable to UPPCL by MPPCL in compliance of MoM dated 25.07.2018. No separate accounting has been identified as equity contribution in the books of accounts.
f. Late payment surcharge Receivables The Zone has unadjusted late payment surcharge / Penal Interest amounting to Rs 7045.94 lakhs (Previous Year Rs 7045.79 lakhs) till the 31st March, 2022, as explained the unit has not identified the late payment surcharge upon receipt of fund and the process is under reconciliation, hence we cannot comment upon it. (Unit#330 EIE&PC)	The payment from National Regional Power Committee is received against reactive energy pool account. The payment includes both the amount of principal and penal interest and no bifurcation of the same is mentioned on the related documents, hence adjustment of penal interest against the payment received in totality could not be made by the unit. However, the unit concerned has been instructed to reconcile the matter with the NRPC and ensure necessary accountal of penal interest in the books of accounts Further, necessary adjustment entry has been made in the FY 2022-23.
B. <u>Common observations in Audit Report of Subsidiaries</u>	
1. Trade Receivable on account of supply of Power: It has been reported by Statutory Auditors of Subsidiaries that there are substantial differences in the amount shown as recoverable in the books of concerned zones as well as data available on the online billing system and realisability of the Debtors are not satisfactory. It was suggested that the provisions of IND AS 109 requires the provision for doubtful debts to be made by measuring 'expected credit losses" which are to be ascertained based on expected recovery and probability of defaults. The resultant impact of the non-compliance of IND AS 109 on the total provision for doubtful debts is not ascertainable at this stage in absence of complete details. Brief observation on above issue Subsidiaries wise are	Point wise Reply is given below.

<table>
<tr><td>reproduced below:</td><td></td></tr>
<tr><td>

(i) **<u>Dakshinanchal Vidyut Vitran Nigam Ltd.</u>**

a) Total debtors as at 31.03.2022 as per Financial Statements is substantially un-reconciled with the debts outstanding as per billing software by Rs. 4,36,9.05 Crore. As the matter is outstanding since long period of time, appropriate provisioning should be made.

</td><td>

Efforts are being done to reconcile billing and accounting data which is a time taking exercise as its includes very old balances too. Till completion of final reconciliation the management has adopted a reasonable provision policy to correct the accounting data with respect to realizability of Trade Receivables. Regarding difference in debtors in account and billing data, it is to submit that this difference do not pertain to current year and it is under reconciliation, which need to be adjusted after proper reconciliation and verification. No extra provision as suggested by Central Auditor can be made without proper reconciliation and beyond the provisioning policy of the company. As the new provisioning policy has been implemented in F.Y. 2021-22 the suggestion of Central Auditor is under consideration and proper action will be taken as per discussion of this matter With UPPCL in the ensuing Financial Years.

</td></tr>
<tr><td>

b) It has been suggested by Subsidiaries's Auditors that 100% provision should be made on permanent disconnected non-government consumer outstanding for more than 3 year old and Live Non-government consumer outstanding for more than 5 year old against present policy of making provision @25% on outstanding's for more than 3 years old. Even there is a difference of Rs.428.43 Crore between the sale figure reported during 2021-22 between books of Accounts as well as billing software in case of Dakshinanchal Vidyut Vitran Nigam Ltd. It is therefore suggested that Management should get the differences reconciled at earliest by through an Integrated Software

</td><td>

(b) Regarding provision for the Bad & Doubtful Debts at Debtors shown in the Balance Sheet it is to submit that up to the F.Y. 2020-21, Company provide provisioning on Bad & Doubtful Debts of 5% incremental Debtors of the year as per the provision policy declared, due to this is sum of Rs 1889.44 crore has been provided for bad & doubtful debts up to the F.Y. 2020-21, for the F.Y. 2021-22 Company change its provisioning policy on debtors from 5% incremental basis to as given below:-

<table>
<tr><td>Particulars</td><td>Provisioning percentage for (% of outstanding balance)</td></tr>
<tr><td>Upto6 months</td><td>0%</td></tr>
<tr><td>Greater than 6 months and up to 1 year</td><td>0%</td></tr>
<tr><td>Greater than 1 year and up to 2 years</td><td>7.5%</td></tr>
<tr><td>Greater than 2 year and up to 3 years</td><td>15%</td></tr>
<tr><td>Greater than 3 years</td><td>25%</td></tr>
</table>

Due to the new provision policy for Bad Debts of amounting to Rs 4098.94 crore has been provided in the Financial Statement of the Company up to the F.Y. 2021-22. Thus it results extra provisioning of Rs 2209.50 crore in the F.Y. 2021-22. The company has right to recover its arrear from consumers as land revenue recovery as per 'U P land revenue act, 1901'

</td></tr>
</table>

	and law of limitation is also not applicable for electricity arrears from consumers. Status of consumer as permanently disconnected or timing of delay of payment will not be justified to claim an arrear as not recoverable. Therefore no extra provision required other than specified in our provisioning policy.
(ii) **Madhyanchal Vidyut Vitran Nigam Ltd.**	
a) Party Consumer wise (Debtor from sale of Power) details were not available at the zones in support of balances of 'Trade Receivable (Current)' as appearing in Note 5. Further, reconciliation of outstanding balances of consumers as per consumer ledgers maintained by the billing agencies and the balances appearing in the books of account of concerned zones has also not been done.	The Company is in process to reconcile the balance of debtors as per books & as per online billing system with the help by Commercial wing of the Company. If any difference is found, necessary correction entries will be done after approval from competent authority.
b) There are differences in sundry debtors as per billing ledger and amount shown in trial balance as the sales is booked on assessment basis and amount credited to sundry debtors on the basis of actual receipts. Further, credit balances of Rs. 60,054 lakh were reflected in 22 units of Ayodhya zone due to wrong classification of accounting entries in MTB.	The matter is under scrutiny, necessary correction entries in the books of concerned units will be made accordingly, if required.
c) The segregating and ageing of 'Trade Receivable (Current)' as per para 29(B)of note 1B have been made on the basis of online billing data provided in excel form. However, in many cases, the same did not match with the amounts shown as recoverable in the books of concerned zones and was subject to reconciliation. Further in 'LESA Trans Gomti' zone, the differences between figures of books of account and 'online billing data' have been classified as 'more than 3 years'. Thus making provisions on fixed percentages basis of total debtors as per ageing without taking into account their actual recoverability, is not in conformity with the applicable provisions of IND AS 109. The resultant impact of the non-compliances of IND AS 109 on the total provision for doubtful debts is not ascertainable at this stage in absence of complete details. In addition, the provision on doubtful debts has been short provided to the extent of Rs. 272.55 Crore 'LESA CISS' zone resulting in overstatement of debtors and understatement of losses to that extent.	As per Lesa Ciss Auditor's Comment, Trade Receivables as per books of account and online billing system is different. Considering debtors as per online billing system provision is required for Rs. 1042.08 Crore but Provision made in the books of account is Rs. 769.53 Crore on the trade receivables appearing in the books of concerned zone. Hence, the provision is adequately made as per the policy of the company.

(iii) Purvanchal Vidyut Vitran Nigam Ltd.	
a) Trade Receivables ○ Customer-wise and age-wise break-up of trade receivables is not available. The age-wise breakup of trade receivables given in Notes to Accounts does not match with trade receivables outstanding in Balance Sheet.	Customer wise and age wise details are available in Revenue ledger of each distribution division. The amount showing in online database and balance sheet is under reconciliation.
○ There is a staggering increase in the level of trade receivables from year to year. As per age-wise breakup of trade receivables provided by the Company, against total revenue from Sale of Power of Rs. 12424.70 Crore, total outstanding trade receivable for 1 year and less is Rs. 9242.59 crores, which shows that the realization of trade receivables is very poor. Further, total Trade Receivable outstanding at the year-end is Rs. 36205.01 Crore which is higher than cumulative figure of last 2 years revenue from sale of power. It is not feasible to identify and quantify the amount which is unrecoverable but it needs a serious perusal and provision.	The supply of electricity is a wide ranging public utility service which have to be scheduled as per the prevailing Government policies enforced in urban and rural areas irrespective of the recovery constraint, further in many of the schemes, revenue subsidy is offered and given by State Government at later stage. However efforts are being made to recover the electricity dues time to time and hopefully these trade receivables will reduce in future. However in view of the audit observation the trade receivable (Dues from consumer) will be reviewed and sufficient provision will made in the accounts in hand. As time to time in accordance with the Government direction, special drives to recover the outstanding dues are being organized.
It has also been observed that while going through the Consolidated Financial Statements, there is difference of Rs. 653.33 Crore approx between total Trade Receivables as mentioned in Note no. 5 and total amount reflected in age wise breakup of total Receivables as per Notes to Accounts. *On perusal of the Age wise analysis of Trade Receivable, it was observed that a sum of Rs. 63733.51 Crore is outstanding for more than 3 years, which constitute 60% approx of Total Debtors of Group. Group has not analyzed the doubtful position of Debtors based on the ground realities of its recoverability including Permanent/Temporary disconnections, Disputed bills and outstanding for more than 5 years etc. Company has not disclosed any disputed outstanding in the Notes to Accounts which does not seem to be real position.* *In view of above we are of the view that the Company should make appropriate provisions considering the requirement of expected losses as envisaged in IND AS 109 after reviewing the Policy. However Financial Impact of the short provision cannot be determined at this stage.*	The Provision for Bad & Doubtful Debts against revenue from sale of power has been made as per following Method as adopted in BOD: Particulars — Provisioning percentage for (% of outstanding balance) Upto6 months — 0% Greater than 6 months and up to 1 year — 0% Greater than 1 year and up to 2 years — 7.5% Greater than 2 year and up to 3 years — 15% Greater than 3 years — 25% As reported by the Auditor for difference of Rs. 653.33 Crore approx between total Trade Receivables as mentioned in Note no. 5 and total amount reflected in age wise breakup of total Receivables as per Notes to Accounts is the difference between Billing data and amount reflecting in Accounts. The reconciliation is being done at PuVVNL.
2. Non-Provision of Old Balances	
As per report of Subsidiaries' Auditor's there are certain Old balances which have not been reviewed since long. Summarized position of major balances	Point wise reply is given below:

Subsidiary-wise is reproduced below:

(i) **Dakshinanchal Vidyut Vitran Nigam Ltd.**

AG code-28 (Transfer scheme balances)	Rs. 12.22 crore (Debit Balance)
AG code-28.809 Other Receivable (Consultancy Charges) under DDUGJY scheme	Rs. 9.69 crore (Debit Balance)
AG code-46.930, Labour Cess	Rs. 13.66 crore (Debit Balance)
UPRVUNL	Rs. 0.95 crore (Debit Balance)
UPPTCL	Rs. 7.35 crore (Debit Balance)

The Balances have been received in final Transfer Scheme of the Company. However, efforts are being made to identify/reconcile these old balances.

Old Balances transfer from transfer schemes:

Zone	AG code	Name	Amount (Dr. Balances)(Rs. In Crore)
Aligarh	28.744	Theft of Cash	0.16
Kanpur	23.IIOC	Kesco	603.93*
	23.114	Bulk Supply to Kesco	209.96*
	23.707K	Other Recovery From Consumer	122.06

****Above balances are not reflected in the books of subsidiaries (KESCO). Consequently, it is not reflected in the Related Party outstanding and inter-company transactions are not reconciled to that extent.***

As reported by the Auditor, these are old balances transfer from transfer schemes. Efforts are being made to identify/reconcile these old balances.

(ii) **Madhyanchal Vidyut Vitran Nigam Ltd .**

(a) In many cases at Ayodhya zone and head office, party wise breakup, ageing of outstanding amounts, actual nature of transactions and reconciliation/balance confirmation from the parties under following major heads were not available for verification:

Account Head	Amount (Rs. In Crore)
Liability for capital suppliers-works	550.52
Deposit & Retention from suppliers	119.36
Advance to Suppliers	105.53
Liability for O & M supplies/works	13.94
Deposit payable	79.22
Sundry Liabilities	74.81

As we are following manual System of Accounting although party-wise ledgers are not available but details of the above items are being maintained by the units, in various type of registers through which individual balances can be derived.
However, we are in process of migrating our accounting in the ERP system which may provide the desired information.

(b) It was noted that the following balances pertaining to various zones are outstanding in the books of Head Quarter which have not been identified, reconciled and transferred to the respective zones.

Account Head	Amount (Rs. In Crore)
Other Liabilities and Provisions	107.59

The entries have been done on behalf of Zones since the inception of the company.
The Company is in process to identify the balances of concerned zone so that same can be transferred to them for proper accounting. Most of the balances have been

Provision for depreciation	669.32
Stock Related Accounts (net)	11.28
Deposit for Electrification	35.04
Other Loans and Advances	26.72
Capital Work in Progress	(4.61)
Other Recoveries	(52.59)

In absence of proper explanation, complete details and reconciliation thereof, the resultant impact on the accounts of the company, if any, could not be ascertained.

identified & transferred to zones.

(iii) Purvanchal Vidvut Vitran Nigam Ltd

There are huge debit balances in Liability side for Rs. 572.12 Crore which have not been reviewed and adjusted. Major Breakup of which is reproduced below:

AG Code	Account Head	Amount (Dr. Bal.) (Rs. in crore)
42.1	Liability for capital Suppliers	62.94
42.01		35.03
46.101	Other Liabilities	104.88
46.2		105.46
46.922		140.33 (Advance Sale of Scrap)
46.94101		20.16
46.94102		19.88
54.8905	Loan form State Govt. for other projects	46.61

Some of the balances appearing under Liability head are arising since incorporation of the company. Balance appearing in AG 46.922 is under review and Rs. 10 crore has been adjusted in FY 2022-23. The remaining amount will be reconciled/adjusted in the ensuing accounts in hand.

Transaction under the head 46.94101 and 46.94102 (GST) are made throughout the year and is being reviewed by the respective units.

iv) Pashcimanchal Vidvut Vitran Nigam Ltd.

AG Code	Account Head	Amount (in Crore)
28.240 & 28.250	Other Current Assets	7.23 Crores

The amount has been received under finalisation of Transfer Scheme 2003 vide Govt. of U.P. Notification No. 1528/24-P-2-2015-Sa(218)/2014 Lucknow Dated 03-11-2015 for Ghaziabad Zone.

In Moradabad Zone

AG Code	Account Head	Amount (in Crore)
25.5	Advance to Suppliers	19.79
28.401A	Misc. Advance	2.83
28.401B	(Cash) and (Stock)	1.76
28.899	Misc. & Other Receivable	3.01(Credit Balance)

Moradabad Zone:

1. **AG 25.5:** Balance in AG Code 25.5 is advance cash given to respective contractor working under scheme DDUGJY, Saubhagya and IPDS etc. for capital work. The same will be adjusted at time of closure of the scheme which is under process. However, division wise details of AG code 25.5 are available. The continuous efforts are being made to reduce the Advance to Suppliers.
2. **AG 28.401A and 28.401B:** All the cases of Miscellaneous Advance against staff are identified and regular recovery is being made as per rules. Further, for irrecoverable portion of Misc. advance, the matter is under process to write off the same.
3. **AG 28.899:** Receivable on Account of Loan, the

311

In Bulandshahar Zone <table><tr><th>AG Code</th><th>Account Head</th><th>Amount (in Crore)</th></tr><tr><td>28.411</td><td>Amount Recoverable from Non-Board Employee</td><td>1.73</td></tr></table>	loan and interest paid by UPPCL on behalf of discom were booked in AG 46.959 (Payable on Account of Loan). In Annual Accounts of the company, the net balance of Receivable/Payable has been shown in Note No. 8 **Bulandshahar Zone** Regular efforts are being made by the company to recover the amount of Misc. Advance against Non-Board Employees.
3. Cash & Bank Balances Subsidiaries's Auditors have reported various deficiencies in Internal Control System in preparation of bank reconciliation statement which are reproduced below:	Point wise reply is given below:
(i) Dakshinanchal Vidyut Vitran Nigam Ltd. The Company internal control system over reconciliation of bank accounts was not operating effectively. These could result in misstatement in the Company's bank balances. We have observed substantial differences in balance as per bank vs. balance as per cash book.	Most of the Bank reconciliations at division are updated and the company is ensuring zero outstanding in BRS.
(ii) Madhyanchal Vidyut Vitran Nigam Ltd. (a) Bank reconciliation statements at some of the divisions/units have not been prepared and various old un-reconciled entries amounting to Rs. 120.38 Crore are appearing in the bank reconciliation statements in various units since long periods which require adjustments and appropriate accounting in the books of account. (b) In Ayodhya zone (EDD-1 Gauriganj), bank balance of Rs 631.93 Lacs is reflected in MTB but the concerning bank account had already been closed.	Differences as reflected in BRS are being scrutinized and necessary action will be taken accordingly. Necessary corrections have been done during financial year 2022-23.
(iii) Purvanchal Vidyut Vitran Nigam Ltd (a) As reported by the Zonal Auditors, though BRS has been prepared, a long list of outstanding entries are being carried forward from last many years and even the uncashed/ stale cheques and other entries pertaining to revenue accounts have been shown outstanding and not accounted for in the cash book. Also, the cumulative amount of such entries is in several crores. There are many entries which has been wrongly debited by the bank twice which has not been rectified by the bank. (b) The Zonal Auditors have observed that in few Divisions the Bank has not been properly reconciled and revenue bank balance in the cash book is negative.	All the concerned units have been instructed to update the Bank Reconciliation Statement and necessary accounting of the un-cashed cheques/stale cheques will be made in the ensuing accounts in hand. All the concerned units have been instructed to update the cash book by passing the necessary correction entry.
(iv) Pashimanchal Vidyut Vitran Nigam Ltd.	

Bank Reconciliation Statement (BRS) in respect to bank accounts in some divisions contains outstanding of earlier years entries, which includes stale cheques, uncashed cheques, other debits and credit, which requires special attention of the management for necessary adjustments. In case of Ghaziabad Zone out of total uncashed cheques of Rs.120.36 Crores, most of the cheques have become stale. Further, out of total other credits of Rs.77.50 Crores, most of the entries are old entries, which also consist entries of more than 10 years old, in support of which, no record/details are provided for verification and further comments. Bulandshahar Zone EDD – III, Bulandshahr is having two bank accounts with State Bank of India. One Account having balance Rs. 630965.38 as per revenue cash book and other bank account having balance Rs. 304362.50 as per Expenditure Cash Book but no bank statement was obtained from the bank therefore these accounts were not reconciled. Opening balance and closing balance in these accounts are same. The proper reconciliation may significantly impact the trial balance.	The Bank Reconciliation Statement (BRS) is being done regularly in all the divisions of the company. The outstanding balances of Stale cheques, Un-cashed cheques, Other Debits and Other Credit in BRS are being monitored regularly and being adjusted after due reconciliation. It is enumerated that out of total un-cashed cheques of Rs.120.36 Crores, Rs. 61.17 Crore has been outstanding for which recovery is under process. In respect of total other credits of Rs.77.50 Crores, Rs. 21.56 Crore is outstanding as per Bank reconciliation Statement. The required bank statement is not available in the banking system as these balances are prior to date of conversion of bank into CBS System. Although, the efforts are still being made by the division with the higher authority of bank.
(v) <u>Kanpur Electricity Supply Company Ltd.</u> Incidental and other charges debited by various banks upto 31.03.2022 amounting to ₹ 31,89,978/- have neither been accounted for in books of accounts nor shown as a Contingent Liability.	As per agreement with bank, Bank cannot levy charges but they have wrongly debited the charges. As per past experience, the company raises the reversal on wrong charges levied by the Bank and the same has been reversed. We have already flagged the issues to concerned banks and they have assured us of returning the inadmissible charges. It is not possible to book the inadmissible charges deducted by the banks as they are refundable in nature. All possible efforts are being made by the company to get the refund of inadmissible bank charges and thus the same has not been booked as an expense.
4. <u>Capital Work in Progress</u> Subsidiaries Auditors have reported absence of proper details of capital WIP including correct age wise classification.	Point wise reply is given below:

313

(i) Madhyanchal Vidvut Vitran Nigam Ltd.	
(a) Capital work in progress includes Advance to Supplier/Contractor (including material issued as advance) of Rs. 319.57 Crore (PY Rs.1559.81 Crore) instead of showing them separately under the head other current assets. This presentation of capital advances is not in accordance with the schedule III of the Companies Act and hence, Capital work in progress is overstated and Other Current Assets are under stated to the said extent.	Advance to supplier/Contractor (including material issued as advance) are given to Contractors for executing Capital Works and therefore are classified under Capital Work inProgress.
(b) At Ayodhya Zone a sum Rs. 832.78 Crore has been capitalized during the year and revenue expenses of Rs. 88.55 Crore has been capitalized for which completion certificates of capital work completed were not available.	Completion certificates are available but same could not be shown to Zonal Auditor. The concerned Zone has been instructed to produce the same at the time of next audit.
(ii) Dakshinanchal Vidvut Vitran Nigam Ltd.	
(a) Capital work in progress not recognized of Rs. 3.27 Crore, under the head AG code 46.2 ADB project scheme, other deposit payable having debit balance.	The same have been corrected in F.Y. 2022-23.
(b) The Company did not have an appropriate internal control system for making assessment of completion of Capital Work in Progress (CWIP), which could potentially result in material misstatement in Company's CWIP and Fixed assets balances due to capitalization of completed projects.	Asset is capitalised after proper investigation and receipt of completion certificate from respective technical staff in the same month.
(c) Opening debit balance of Rs. 265.05 Lakh in "capital expenditure (works) in progress" under EXECUTIVE ENGINEER (ADMN.) which is grossly unidentified/un-reconciled item of financial statement, capitalised in computer & printers during the current year, without recording nature, reasons of outstanding till now and capitalising in current year.	The Unit has been instructed to maintain proper detail of CWIP and amount capitalised at the end of each year.
(iii) Purvanchal Vidyut Vitran Nigam Ltd.	
(a) Age-wise breakup of Capital work in progress and its status, situation and condition not available for verification.	Work register in construction and secondary works divisions have been maintained. For remaining units, necessary instructions by PuVVNL head office have been issued to maintain the same. However, we are in process of migrating our accounting in the ERP system which may provide the desired information
(b) Capital work in progress includes advance to Suppliers/ Contractors (Capital) amounting to Rs. 550.81 Crores. As reported by the zonal auditors, name and age-wise of the same is not available, hence we are not able to comment upon the same.	Name and age wise break up of advances to contractors is available in store divisions. For other units, balances appearing in the advances head is being reviewed and necessary directions by PuVVNL

	head office have been issued to units to reconcile the same and maintain the partywise list of advance to Suppliers/ Contractor. However, we are in process of migrating our accounting in the ERP system which may provide the desired information
(vi) Pashimanchal Vidyut Vitran Nigam Ltd. (a) The company has disclosed age wise details of CWIP, which is incomplete in absence of details of Advance to Capital Supplier/ Contractors. Moreover, details of CWIP, whose completion is overdue or has exceeded its cost compared to its original plan is not disclosed as per the requirement of amended schedule iii of the Companies Act 2013. No documents / calculations and methodology opted for this purpose is provided to us for our audit. In the absence of its complete details and audit trail thereof with appropriate audit evidences with the company, we are not in a position to comment up on the correctness of the same and its consequential impact on the financial statements. (Refer to note 3 of financial statements and point no 43 of notes on accounts) (b) On our scrutiny of AG no. 11 of Trial Balance, in respect of "Other Capital Expenditure/Fixed Assets" of Rs. 9.26 crores, no detail/information/explanation is provided by divisions for our verification and further comments. *Group should devise proper monitoring system to have complete details including age-wise analysis and progress of Capital WIP. Capital work in progress include advances to suppliers/contractors for capital work Rs.1292.69 Crore which should be classified in Non-Current-Other assets as per guidelines contained in schedule-III to the companies Act, 2013, hence capital work in progress is overstated and Non-Current-Other assets is understated to that extent.*	(a) The balance appearing under CWIP pertains to all the running capital works, for which age wise and project wise details is available with the company. (b) Power flows from 132 KV substations of TRANSCO to 33 KV sub-station of Discoms through Bay. Bay is constructed by TRANSCO under Deposit Works. The expenditure incurred on construction of Bay is borne by Discoms. it has been shown as assets not in possession of discom in the annual accounts. The same is amortized according to life. All the necessary detail/information available at divisional level for Audit.
5. Inventories Inventory which includes stores and spares for capital works, operation and maintenance and others is valued at cost. 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 Rs.1576.30 Crore should be classified as part of Property, Plant and	The Inventory in UPPCL and Discoms are not held for the purpose of resale but to use the same in maintenance of Supply of Power. It is not a tradable item; Hence, it has been shown at Cost.

315

Equipment and recognised, measured and disclosed in accordance with Ind AS 16 Property, Plant and Equipment. Further, the company has not formulated any accounting policy in respect of provision for unserviceable stores & spares and slow-moving stores. Major comments observe by Subsidiaries Auditors are reproduced below:	
(i) Dakshinanchal Vidyut Vitran Nigam Ltd. The Company did not have an appropriate internal control system for valuation of inventories, which could potentially result in material misstatement in the Company's inventories balances.	As per company practice every Junior Engineer or Store Keeper maintain stock receipt and stock issue register in which all movement of inventory is recorded. As per company policy, inventory is valued at cost.
(ii) Madhyanchal Vidyut Vitran Nigam Ltd. (a) Ageing of inventory was not done and obsolete items were not identified and adjusted in the books of account in some cases. Further, in respect of inventories of Rs. 398.87 Crore in Ayodhya zone, inventory records, item wise details of inventory and its valuation (except inventory worth Rs. 132.31 Crore valued by a professional firm) were not available.	Inventory records are properly maintained at divisional level. Each J.E Prepares this stock account on a daily basis and submit to the concerned SDO office. The SDO reviews & consolidates the JE Stock account and further submits to the concerned division wherein it is accounted for in the booksof accounts. Inventories held by store/workshop division has been valued by outsourced CA firms at theend of the year and impact if any, arising due to valuation has been duly accounted for.
(b) We draw attention to note 3(V) (a) of the accounting policy stating that store and spare are valued at cost which is not in accordance with IND AS 2 which provides for valuation at lower of cost and net realizable value.	The Inventory in the Company are not held for the purpose of resale but to use the same in maintenance of Supply of Power. It is not a tradable item; Hence, it has been shown at Cost.
(c) Provision for Unserviceable store of Rs. 41.22 Crore as appearing in Note 4- Inventories continues since 2012-13 despite substantial increase in level of inventory to Rs. 1027.08 Crore in 2021-22 as against Rs. 229.99 Crore in 2012-13. In absence of complete details, we are unable to comment on the adequacy of provision on this account and its impact on financial statements.	Provision for unserviceable store of Rs.41.22 crores work out to be 3.86% of total inventory of Rs.1068.30 crores as on 31.03.2022. As per the MVVNL management's view, provision is already sufficient with regard to quantum of stock. Therefore, no further provision is made.
(iii) Purvanchal Vidyut Vitran Nigam Ltd. (a) The Company has carried out valuation of stores lying at store divisions as on 31/03/2022 by an	Physical verification and valuation of inventories have been conducted in all the units of PuVVNL

independent Firm. As per Zonal Auditors' Report, the physical verification of stock and its valuation has not been done in any other division of the zones other than store divisions. This practice is in deviation of Ind AS -2 "Inventories" issued by the Institute of Chartered Accountants of India (ICAI).	except for Varanasi zone (except store division) and some units of Gorakhpur zone. The necessary instructions have been issued to the pending units to conduct the physical verification of stores/inventory and its valuation at the earliest.
(b) Stock shortage/ excess pending investigation amounting to 95.71 Lacs are outstanding as on 31/03/2022. In absence of proper information, we are unable to comment upon its nature and proper accountal.	The units have been instructed to update the stock shortages/excess pending investigation and investigate the same for necessary accounting.
(c) No movement analysis is available to categorize fast moving, slow moving, non-moving and dead stock items.	The detail of fast moving, slow moving, non-moving and dead stock items of store divisions is available at the unit.
(d) No provision for obsolete, unserviceable stores and spares has been made. An old provision amounting Rs. 62.97 Crores is lying against obsolete stores since 2003 under Final Transfer Scheme.	The provision existing for obsolete, unserviceable stores and spares, provided in final transfer scheme, amounting to Rs. 62.97 crore are sufficient to cover the unserviceable stores.
(e) There is no system for identification of scrap and its valuation at fair value.	The company has policy for identification of scrap via scrap committee.
(iv) <u>Pashimanchal Vidyut Vitran Nigam Ltd.</u>	
(a) Inventory includes scrap material valuing of Rs. 834.78 lacs, against which only 10 percent provision i.e. Rs.8.35 lacs for unserviceable store has been made in the accounts, while as per IND AS 2, it should be valued at its Net Realizable Value. Accordingly, the impact of non-compliance of the above IND AS on the financial statements is not ascertainable.	Provision for unserviceable store is made on closing balance of total inventory which includes Fresh Stock, Used Stock, Obsolete Material, etc. In the view of management, the total provision as on 31.03.2022 is amounting to Rs. 4985.54 lacs is sufficient taking in view of total value of stock.
(b) Liability for Material received on loan by the Company amounting to Rs. 72.73 lacs from Purvanchal Vidyut Vitran Nigam Limited (AG 22.730) is finally adjusted with Material Stock Account (AG 22.60), resulting no Liability and stock for Rs. 72.73 Lacs is shown in the Balance Sheet of the Company as on 31st March, 2020, as on 31st March, 2021 and as on 31st March, 2022' in respect of above transaction. This has resulted in understatement of both Other Current Liability and Inventory by Rs. 72.73 lacs. Also, no confirmation has been received from Purvanchal Vidyut Vitran Nigam Ltd. regarding the same. (Refer to in Note No. 4 of Financial Statements).	The necessary correction will be done in the account ensuing in hand.
(v) <u>Kanpur Electricity Supply Company Ltd.</u>	
(a) The closing value of Inventory taken in Financial Statements is after adjusting the	(a) We are in process of enhancing the ERP

effect of price variation and others, the amount shown in the SAP (ERP) system is yet to be updated.

(b) According to the information and explanations given to us, stores and spares (inventory) lying with the third parties i.e. 'Advance to Capital Contractors' of ₹ 6056.41 lacs grouped under the head 'Capital Work in Progress'(Refer Note No. 3 of "IND AS FS") and 'Advances Recoverable in Cash or in Kind for value to be received' of ₹50.80 lakhs grouped under the head 'Other Current Assets'(Refer Note No. 10 of "IND AS - FS") are accounted for on the basis of consumption statements received in this regard. However, no confirmation and reconciliation of the said inventory lying with the said third parties has been done at the year end. Due to non-furnishing of complete information in this regard, the financial impact on the 'Inventories' under 'Current Assets' as well as on the 'Loss' of the Company is not ascertainable

system and The ERP system has first been implemented in KESCo only as a pilot project and we are in process of enhancing the ERP system to ensure full controls over accounting of inventory.

(b) The company is having proper control over the material issued to contractors for execution of work and the same is properly been accounted for.
Efforts are being made to provide balance confirmation from contractors with respect to material issued to them.

6. Property Plant & Equipment

As mention in the Audit Report of Paschimanchal Vidyut Vitran Nigam Ltd., Company has not treated the cost of Transmission Bay as Intangible Assets, instead clubbed it with Property Plant & Equipment. Which has resulted into understatement of Intangible Assets and Overstatement of Property Plant & Equipment. Consequently depreciation has been charged and no amortization cost has been debited to Profit & Loss Account, Financial Impact of the same cannot be ascertained at this stage. Similar Accounting treatment has been done by following Subsidiaries as per details given below:

Name of Subsidiaries	Net Block as on 31.03.2022(Rs. In crore)
PVVNL	35.57
PUVVNL	40.46
MVVNL	MVVNL has not separately disclosed the cost of transmission bay nor reproduced the details where it is clubbed.
DVVNL	48.17
TOTAL	124.20

Power flows from 132 KV substations of TRANSCO to 33 KV sub-station of Discoms through Bay. Bay is constructed by TRANSCO under Deposit Works. The assets shown under AG 11 are cost of transmission bay borne by Discoms. The physical assets erected by this expenditure do not fall under definition of Intangible assets.

Still, The matter will be examined and necessary action shall be taken, if required.

7. Non Provision of Expenditure/Losses

Group has not provided for Expenditure/Losses as reproduced below:

Point wise reply is given below:

(i) Madhyanchal Vidyut Vitran Nigam Ltd.

(a) The provision on doubtful debts has been short provided to the extent of Rs 272.55 Crore 'LESA CISS' zone resulting in overstatement of debtors and understatement of losses to that extent.	As per Lesa Ciss Auditor's Comment, Trade Receivables as per books of account and online billing system is different. Considering debtors as per online billing system provision is required for Rs. 1042.08 Crore but Provision made in the books of account is Rs. 769.53 Crore on the trade receivables appearing in the books of concerned zone. As provision for bad & doubtful debts is calculated on the book balances of debtors, hence, the provision is adequately made as per the policy of the company.
(b) Advances to suppliers amounting to Rs 184.28 Crore at the HO level are outstanding since more than 7 years. It also included Rs 40.61 Crore for which even party wise/ date wise details were not available with the concerned unit. No documentary evidence or explanations were made available to us regarding the recoverability of these amounts. Accordingly, in our opinion, these amounts are doubtful of recovery and provision should have been made against these advances. Non provision of these amounts has resulted in overstatement of advances and understatement of losses for the year by Rs 184.28 Crore.	Concerned unit has been instructed to scrutinized the matter & take necessary action. Efforts are being continuously made by the division to minimise the balances consequently the balances have been reduced to Rs.113.10 crores during financial year 2022-23.
(ii) <u>Pashcimanchal Vidyut Vitran Nigam Ltd.</u>	
(a) The Municipal Corporation has issued a demand notice of Rs.12.64 Crore towards house tax and annual tax of substation, no provision has been made pending determination & assessment/neither it has been disclosed in the Contingent Liability.	(a) EUDD -I MZN vide their letter no 6620 dated 06-09-2021 informed that an amount of Rs 12,64,24,124 was wrongly calculated by municipal authority and office of SDM MZN has instructed them to recalculate this. The reminder is regularly being issued for this reconciliation and this will be resolved soon.
(b) Revenue booked under theft cases under the head AG 61.601 Rs.9.75 crore (Previous year Rs. 15.14 crore) is based on the provisional assessment. No provision has been made against unsettled cases.	(b) The overall provision of Doubtful Receivable except Receivable from Govt. department is made by the company which also includes the assessment against theft cases. The necessary disclosure has already been made in Notes on Accounts at point no. 8(a).
(c) There is a very old case of cash theft in EDD Chandpur of Rs. 3.10 lacs for which the insurance company has denied to acknowledge any kind of claim, due to which Branch Auditor of Moradabad Zone has suggested to make a provision of the same in the financial statement of the company. But the company has not made any provision for the same amount. Therefore, the loss of the year is understated by Rs. 3.10 lacs.	(c) In the given case, the Insurance company has denied to acknowledge any kind of claim "against the theft of cash" as no documents has been provided by the concerned division. This is under enquiry of the management and the necessary accounting will be done accordingly.

319

(d) 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 statement is not ascertained.	(d) Being the Government undertaking company, no such surcharge has been imposed in past years too. Thus, following the past practice of company, no provision has been made during the year.
(8) <u>Subsidies Received under Atmnirbhar Bharat Scheme.</u> ***Group has shown Rs. 16940.00 Crore Subsidy Recievable from U.P Government Non Current Assests Note No. in favour of Subsidiaries towards Atmnirbhar Bharat Scheme which is receivable in 10 years as per G.O. no 445-1-21-731 (Budget)/2020 dated 05.03.2021 of Govt. of U.P. The corresponding amount is treated in "Other Equity" (Retained Earnings). Considering the principle of Revenue Recognition and IND-AS-20, Subsidy should be accounted for on annual basis based on the Budget provision/release subsidy by the Govt. of Uttar Pradesh. In view of above, subsidy receivable as mentioned in (Non-Current/Current Assets) as well as Other Equity are (negative) understated to that extent. However, DVVNL and MVVNL had account for full subsidies receivables for ten years in profit & loss account in year 2020-21.***	Even though the Subsidies towards Atmnirbhar Bharat Scheme which is receivable in 10 years as per G.O. no 445-1-21-731 (Budget)/2020 dated 05.03.2021 of Govt. of U.P has been shown as Recievable from U.P Government Non-Current Assests and corresponding amount is treated in "Other Equity" (Retained Earnings/General Reserve), the yearly amount of Subsidy receivable as per Budget provision/release subsidy by the Govt. of Uttar Pradesh has been accounted for in the Profit & Loss account of the Company by transfer from General Reserve/Reserve & Surplus to Profit & Loss account of the Company. Considering the difference of opinion in the instance case, the matter has been referred to the expert advisory committee of The Institute of Chartered Accountants of India and required correction shall be done as per the opinion given by the Experts.
(9) Non Reconciliation of Inter Unit transactions. ***Inter unit transactions amounting Rs.2113.26 crore (Note No. 13- Other Current Assets), are subject to reconciliation and consequential adjustments.***	This is under reconciliation at Discoms and UPPCL.
(10) <u>Non-Compliances of Ind AS.</u> ***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) as reported by the Auditors of respective Holding and Subsidiaries:*** ***(a) Financial Assets- Financial Assets-Other (current) (Note-12), Other Current Assets (Note-13), Financial Liabilities-Trade payable (Note-19) and Other Financial Liabilities (Note-20) have been classified as current assets/liabilities include balances which are outstanding for***	Point wise reply is given below: As per Para 66 of Ind AS-1 An entity shall classify an asset as current when: (a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle; (b) it holds the asset primarily for the purpose of trading; (c) it expects to realise the asset within twelve months after the reporting period; or

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, classifying them as 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.	(d) the asset is cash or a cash equivalent (as defined in Ind AS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. As per the Nature of the Transactions the items are expected to be settled within normal operating cycle of the Company i.e. in normal course 12 months. Hence the same has been correctly treated as Current/Non Current.
(b) Recognition of Insurance and other claims, refunds of Income Tax, Interest on Income Tax & trade tax/GST, interest on loans to staff and other items of income covered by Significant Accounting Policy no. B (c) of Note–1 has been done on cash basis. This is not in accordance with the provisions of Ind-AS-1 Presentation of Financial Statements.	As per Ind AS-18 The Revenue shall be recognised when it is probable that the economic benefits associated with the transaction will flow to the entity. Considering the above Revenue Recognition criteria Insurance and other claims, refunds of Income Tax, Interest on Income Tax & trade tax/GST, interest on loans to staff and other items of income has been recognised on Cash Basis due to uncertainty of ultimate collection of amount.
(c) Additions during the year in Property, Plant and Equipment include Employee cost at a fixed percentage of the cost of each addition to Property, Plant and Equipment in accordance with Note-1 Significant Accounting Policy Para C (I) (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.	Due to multiplicity of functional units as well as multiplicity of function at particular unit, Employees cost to capital works are capitalized at a fixed percentage of the cost of each addition.
(d) Accounting for Employee Benefits: Actuarial Valuation of gratuity liability of the employees covered under GPF scheme has not been obtained. (Refer Para 4 (a) Note – 29 "Notes on Accounts"). This is inconsistent with Ind AS 19 Employee Benefits. Relevant disclosure regarding actuarial valuation of gratuity has not been made for in any subsidiaries which are contravention of Ind-AS-19.	In absence of the latest actuarial valuation report, the provision for Gratuity Liability of the employees covered under GPF scheme has been made on the basis of actuarial valuation report dated 09.11.2000.
(e) The Financial Assets (Note No.6,7,8,,10, and 12) have not been measured at fair value as required by Ind AS 109 Financial Instruments and proper disclosures as required in Ind AS 107 Financial Instruments: have not been done for the same.	As per **Ind AS- 113 Fair Value Measurement**, fair value means '*the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.*' And the Company expects to realise the only respective amounts which are being accounted for in

(f) As per Note no.30 Bad Debts & Provisions, the reversal of provision for doubtful Advances (other current Assets –Receivable)amounting Rs 188.03 lac have been net-off which is not in accordance with provisions of Ind-AS-1 "Presentation of Financial Statements".	the Financial Assets and hence, has considered the same as its Fair Value. The negative figures represent the withdrawal of provisions. These figures are captured from the Audited Financial Statements of Discoms and UPPCL. Although, this has no impact on the Profitability of the Company.
(g) Group being a regulated entity has not accounted for "Deferral Accounting Balances" as envisaged by Ind AS 114 and not made any disclosure for its non-compliance.	As per Ind AS 114 the applicability is optional for a company. This fact has been disclosed in the Notes on Accounts of Consolidated Financial Statements for FY 2021-22.
(h) As per the opinion of the Company, there is no specific indication of impairment of any assets as on the balance sheet date. However, we have not been reproduced with the evidence of carrying out any exercise by the Company to determine the impairment, if any, of any asset.	Physical verification of Fixed Assets is being carried out at Discoms. As per the Practice of the Company inventory lying with JEs are regularly verified by them physically and they note it down in their MB.
(11) <u>Other Non-Compliances of Statue</u> *(a) Subsidiaries have not identified the Accounts relating to Micro Small and Medium Scale Enterprises (MSME) and not disclosed the amount payable to them along with interest, if any and other requisite details in the Notes to Accounts as required by Schedule III to the Companies Act, 2013 as well as MSMED Act, 2006.* *(b) Unbilled revenue Receivable has not been disclosed in the Notes to Accounts except DVVNL. Similarly unbilled Trade Payable has not been disclosed except UPPCL (Holding Company) as required by Schedule-III of Companies Act, 2013.* (c) *Group has not made necessary disclosures as required by notification dated 23rd march 2022, issued by the Govt. of India, Ministry of Corporate affairs relating to Amendment in the companies (Indian Accounting Standards) Rules 2015.* *(d) As per report of Subsidiaries Auditors following non-compliances under Companies Act, 2013 have been reported by respective Auditors of Subsidiaries.*	 As per Guidance Note on Division II - Ind AS Schedule III to the Companies Act 2013 issued by CL&CGC ICAI on 24-01-2022, the Disclosure under MSMED Act, 2006 is not relevant for CFS level. Necessary instruction has been issued to Discoms for proper disclosure of unbilled revenue receivable in Financial Statements. The unbilled trade payable is nil in the financial statements of Discoms as the whole energy is purchased from UPPCL (Holding company). Therefore, no such disclosure required in notes to accounts of discoms. Necessary instructions to Discoms shall be issued to disclose the same in ensuing account in hand. Point wise Reply given below:
(i) <u>Dakshinanchal Vidyut Vitran Nigam Ltd.</u> According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has made private	 Final comments of supplementary audit of financial year 2022-23 is pending therefor company is unable to file annual returns on ROC. Therefor the Company

placement of 1,92,15,267 shares amounting to Rs. 1,92,152.67 Lakh during the year and the requirement of section 42 relating to filing of return of allotment of companies act 2013 have not been complied with and the fund raised have been used for the purposes for which the funds were raised.	is marked as Active Non-Complaint by the ROC. The company will comply with defaults as soon as the final comment of CAG is received and necessary returns will be filled with ROC.
(ii) <u>Pashcimanchal Vidyut Vitran Nigam Ltd.</u> Shares application money pending allotment as at the opening of the year amounting to Rs. 34171.27 lacs and shares application money received during the year amounting to Rs. 1,64,937.69 lacs out of which Rs. 29,772.85 lacs and Rs. 11,321.41 lacs respectively were allotted after the expiry of 60 days from date of receipt of share application money. Besides, Rs. 1,46,217.17 lacs were appearing as share application money pending allotment as at the end of the year under audit. Out of the same, shares for Rs. 50,581.93 lacs were also allotted after the expiry of 60 days and balance amount Rs. 95,635.24 lacs are lying outstanding for allotment till date of our audit.	Equity is being received by the company through cash directly from UPPCL and from the Central Govt. via Ministry of Power in various Central govt. schemes of electrification directly to the Discom. In case of the said schemes, on receiving the fund to the Discom, the intimation of the same is sent to UPPCL for the allotment of share of UPPCL to U.P. Govt. Subsequently, the discom shall make allotment of its equity shares to the UPPCL. Due to the above mentioned process, in some cases, there might be delay in allotment of shares. It is worth mentioning here that As per Para 8 of General Instruction of Preparation of Balance Sheet of GN on Division II- Ind AS Schedule III to the Companies Act 2013 ***"Share application money pending allotment shall be classified into equity or liability in accordance with relevant Indian Accounting Standards. Share application money to the extent not refundable shall be shown under the head Equity and share application money to the extent refundable shall be separately shown under 'Other financial liabilities'."*** Hence, the classification of the balance shall be considered in Equity even though the allotment is made after expiry of 60 days.
(iii) <u>Kanpur Electricity Supply Company Ltd.</u> As per MCA data the Company is an active non-compliant company. Further, the master data of the company revealed following: (a) Charges column disclosed in the Company Master Data includes old satisfied charges. (b) There is no full-time company secretary and Chief Financial Officer in accordance with the requirements of Section 203 of the Companies Act, 2013.	(a) The company has now appointed a whole time company secretary and the status has now been updated to active compliant and thus all requirements of MCA compliances have now been initiated. (b) The company has now appointed a whole time company secretary wef Feb-23.

323

(c) The Company has not complied with the Order date 22.01.2019 issued under section 405 of the Act, in respect to filling of MSME Form I.	(c) *The Central Government vide* **notification number S.O.5622 (E), dated the 2nd November, 2018** *has directed that all companies, who get supplies of goods or services from micro and small enterprises and whose payments to micro and small enterprise suppliers exceed* forty five *days from the date of acceptance or the date of deemed acceptance of the goods or services as per the provisions of section 9 of the* **Micro, Small and Medium Enterprises Development Act, 2006** *(27 of 2006) will comply the provisions.* In KESCo, No Vendor has separately claimed them as MSME during invoice processing so MSME FORM I must be filed only when company has taken supplies from registered MSME's and has outstanding dues to MSME's for than 45 days. Accordingly the same has not been complied due to no such claim received from MSME vendors.
C. **Specific observations in Audit Report of Subsidiaries**	Point wise reply is given below:
1) **Pashchimanchal Vidyut Vitran Nigam Ltd.** Balance outstanding to/from outside parties (a) As referred in Note 8 to the financial statements, receivables from Uttar Pradesh Jal Vidyut Nigam amounting Rs. 83.20 and Rs. 3500.54 lacs from Uttar Pradesh Power Transmission Corporation Limited are shown under Current Assets, which are outstanding for more than 12 months. As a result of this, other current assets are overstated and other Non-Current assets are understated by Rs. 3,583.74 lacs.	As per Para 66 of Ind AS-1 An entity shall classify an asset as current when: (a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle; (b) it holds the asset primarily for the purpose of trading; (c) it expects to realise the asset within twelve months after the reporting period; or (d) the asset is cash or a cash equivalent (as defined in Ind AS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. As per the Nature of the Transactions the items are expected to be settled within normal operating cycle of the Company i.e. in normal course 12 months. Hence the same has been treated as Current/Non Current.
(b) **Fraud Cases** Subsidiaries Auditors of Pashchimanchal Vidyut Vitran Ltd have reported various fraud cases outstanding as on 31.03.2022 for Rs. 15.50 Crore, as per para no 34 of Notes to Account for which matters are under investigation. But accounting	(b) Reply enclosed as Annexure-I

treatment for the same including provision for losses is any not been disclosed by the management. (c) There is short security deposit amounting to Rs.1.59 Crore as on 31.03.2022 in 13 cases of large and heavy consumers. (d) Tax Collected at Source (Asset) amounting to Rs. 1201.49 lacs and Tax Deducted at Source (Asset) amounting to Rs. 800.39 lacs are not reconciled with amount Rs. 867.32 lacs as shown in 26AS of the company. Management has informed that the balances shown in the books of accounts reflect pending refund amount of TCS. We have relied upon the same. (Refer to Note No. 9 "Other Current Assets" of the financial statements).	 (c) Necessary action will be taken after due verification. (d) During the FY 2021-22, Tax collected at source (assets) AG 27.426 is amounted to Rs. 424.64 lacs and Tax deducted at source (AG 27.421) amounted to Rs. 442.68 lacs, total amount Rs. 867.34 is in conformity with the amount as shown in 26AS of the company. Further, the amount of Rs. 1201.49 lacs and Rs. 800.39 lacs as mentioned by the Audit is closing balance as on 31.03.2022 which includes the previous year refundable amount also.
<u>Conversion of Loan into grant of RAPDRP Part A and Part B</u>	
(a) GOI Loan of RAPDRP Part A of Rs 1,97,54,00,000.00 (along with accrued interest thereon of Rs.78,70,88,365.00) has been converted in to grant in the FY 2021-22. The management informs us that the conversion is done as per scheme guidelines and the approved procedures by the competent authority (MOP). But no calculations and methodology of conversion is provided to us in the absence of its complete details, calculations and methodology thereof with appropriate audit evidences by the company, we are not in a position to comment upon the correctness of the same. (Refer to note 12 of financial statements and point no18(b)(i) of Notes on Accounts)	**<u>Point no. (a) & (b)</u>** The GOI Loan for RAPDRP Part-A has been fully converted into Grant along with Interest in March 2022 by the Ministry of Power and the balance of which are in conformity with the M/s PFC Ltd. as on 31.03.2022. While the GoI Loan for RAPDRP Part-B has been converted into Grant along with Interest partially in the month of June 2022 by the Ministry of Power and the provision of the Interest (not converted into Grant) has been made in the books of accounts ended on 31.03.2022. The closing balance of GoI loan RAPDRP Part-B of Rs. 3676592370 (before conversion into Grant) are in conformity with the balance of M/s PFC Ltd. as on 31.03.2022. (Refer point no. 18(b)(i and ii) of Notes of Accounts) of PVVNL.
(b) GOI Loan of RAPDRP Part B of Rs 1,38,00,13,118 (along with accrued interest thereon of Rs 31,93,26,428) has been converted in to grant in the FY 2022-23 (As per letter no 77744 dated 08.07.2022 of PFC Ltd,).The company has made provision of the interest which is not converted in to grant of Rs 2,23,49,61,302.00 in the books of FY 2021-22. However, in the absence of its complete details, calculations and methodology thereof with appropriate audit evidences with the company, we are not in a position to comment upon the correctness of the same. (Refer to note 12 & 14 of financial statements and point no18(b)(ii) of Notes on Accounts)	
(c) Under the AG head (75A.860) Rs. 3475.46 lacs & (75B.860) Rs. 565.37 lacs CPF Employer	The provision of salary, along with Other Terminal Benefits for the month of March paid in

325

	Contribution and AG head (44.621) Rs. 17146.08 lacs CPF Employer (Including Liability on account of loss distributed by UPPCL) Share should be matched with each other but having difference of Rs.13,105.25 lacs, accordingly the impact on the financial statements is not ascertainable.	April has been made in AG 44.130 (Provision of Salary) in March (Final), which is reversed in April which resulted difference in Expenses and Provision for CPF Employer Share in Trial Balance. Further, during FY 2021-22, U.P. Power Corporation Contributory Provident Fund Trust, Lucknow vide letter no. 1021/102/CPF Trust/DHFL/ FDR/Notional loss/2022 dated 11.07.2022 has allocated liability of CPF amounted to Rs. 161.17 crore regarding losses incurred on account of Invested amount, Unrealized Interest and Notional Interest in DHFL company.
	(d) **Moradabad Zone** As per Accounting policy, the Company is following the Accrual basis of Accounting subject to expenses pertaining to earlier years of Rs. 1,33,33,336.95 (List A) debited to current year expenses. In respect of work expenses, payments made during the year booked to current year books of account irrespective of the period when the said work was done.	Due to late receipt of bills from contractor side, provision of these expenses could not be done in concerned year, when the work was done. Therefore, the same has been booked and paid in current year.
2)	**<u>Dakshinanchal Vidyut Vitran Nigam Ltd.</u>**	
	(a) In the preceding financial year 2020-21, company has added Rs. 8083.37 Crore on account of UDAY Scheme directly to surplus in statement of profit and loss under the head 'Other Equity' instead of dealing as prior period item in Profit & Loss of Preceding financial year of FY 2020-21 making the comparative figures of preceding year non-comparable.	As per UDAY scheme grant of capital nature has been received in preceding financial years prior to F.Y. 2020-21 and treated as capital reserve when the grant received. In financial year 2020- 21 Govt. of UP adjusted this UDAY grant from tariff subsidies payable by GoUP to Discoms through its GO 445 Dt. 05 March, 2021. Therefore, in the previous year i.e 2020-21 amount of UDAY grant stand in capital reserve has been transferred to Reserve & Surplus. If the same was considered as prior period item during the F.Y. 2020-21 the effect of the same would be credited directly to Reserve & Surplus only. Hence there is no impact on profitability of current year as well as previous year.
	(b) Fixed Asset should be recognised of Rs. 9.66 Crore under the head AG code 46.2M under SAUBHAGYA Scheme, other deposit payable having debit balance.	The same has been corrected in F.Y. 2022-23.
3)	**<u>Purvanchal Vidyut Vitran Nigam Ltd.</u>**	
	a) Note No. 11 Other Equity include adjustment of Rs 775.12 crs in statements of profit & loss accounts for which no details have been provided to us, hence we are unable to comment on correctness of aforesaid adjustment. b) Note-26 Finance Cost includes Rs.67.86 crore towards capitalization of interest for which no accounting policy, details of source of funding and	Amount received from Government under Aatmnirbhar Bharat scheme has been accounted for as income by debiting Reserves and Surplus because the same was booked directly in Reserves and Surplus in FY 2020-21 and the amount is received during the current financial year. Finance cost capitalized of Rs. 67.86 crore pertains to IPDS (Rs. 37.22 crore) and DDUGJY New (Rs. 30.64 crore) since these projects are closed during FY 21-

	relevant disclosure as per Ind-AS 16 "Borrowing Cost" has been disclosed in the financial statements. **c) Mirzapur Zone** Stock of Transformers sent to Repairers as appearing in MTB is in negative, (-) 1,20,75,831.16. However, it has been explained to us that suitable action is being taken to reconcile the difference of stock of Transformers sent to Repairers and it will be rectified by next year.	22. The necessary correction entry has been made in FY 2022-23.
4)	**<u>Kanpur Electricity Supply Company Ltd.</u>**	
	(a) II 1. PROPERTY, PLANT AND EQUIPMENT Dr. ₹1,05,269.55 lacs The land of the Company is on lease from UPPCL at ₹1.00 per month as per the transfer scheme (Refer point no. 10(c) of Notes no. 1-B to "IND AS-FS" Accounts). As informed the value of such land is yet to be ascertained by UPPCL. However, we have not been reproduced with the lease agreement and other related records pertaining to such land; As a result, we are unable to check whether the lease is of financial or operating nature; Hence, the financial impact on accounts and "Ind AS F.S." of the aforesaid is not ascertainable.	The Company has received leasehold land from UPPCL as per the transfer scheme at a lease of ₹ 1.00 per month and holds the same at a nominal value of ₹1.00 in the books of account. The land belongs to UPPCL and the company is paying nominal rent @ ₹1 p.m to UPPCL
	(b) II 4. Sundry Receivable (Land) (AG CODE - 28.809)-₹ 7,43,86,785/- The company has deposited the above amount with Government of Uttar Pradesh ("GoUP") in earlier years for transfer of Company's Leasehold Land to Freehold Land but till date the procedure for the said conversion has not been completed. Further, "GoUP" due to delayed payment of conversion charges for conversion of nazul land to freehold land demanded interest and penalty in December, 2009. Since then, no change in status is there upto 31.03.2022. The company is showing ₹ 89.29 crores in the accounts being interest and penalty on delayed payment as contingent liability. Thereafter the waiver petition of interest & penalty was rejected finally by "GoUP". In absence of any action by the management we are unable to form an opinion in this matter.	The company has not received any demand from Govt. of UP to pay interest on conversion charges. The liability shall only arise when the company expresses its willingness to convert the land to free hold and then the second party GoUP makes a demand for delayed conversion charges. In the present case none of the parties have taken any such action as GoUP has not demanded any amount. A liability is booked when there is a reasonable certainty of outflow of economic resources of the enterprise. It is not possible to book a liability without any demand or a reasonable certainty and booking of liability only on the basis of future assumptions will lead to overstatement of loss and liability and will not reflect the correct position of the financial statements. In the present case there is no such liability and thus it has correctly been disclosed as a contingent liability in compliance with the comments of C&AG
	(c) (Para 20 (b) of Notes no. 1B of "IND AS-FS")	The company has already filed a petition with

327

Uttar Pradesh Electricity Regulatory Commission (UPERC) in August 2013 demanded ₹ 36.52 lakh towards interest accrued on delayed payment of annual license fee for the period from 2007-08 to 2013-14 and directed to make payment amount immediately otherwise the interest for late payment would get revised upwardly. A petition had been filed on 02 April 2019 by UPPCL (holding company) on behalf of the Company under Regulation 8 - Power to remove difficulties of UPERC (Fees and Fines Regulations), 2010 for waiver of interest accrued on license fees which is still pending. As the matter is pending for the decision, the Company should have added the interest amount for the period from September,2013 to March,2022 amounting to ₹ 36.52 lacs under Contingent Liabilities.	UPERC for waiver of interest and thereafter no further demand has been received from UPERC. Thus there is no need for upward revision of interest.
(d) V.5. (Refer Para No. 27 of Note No. 1B of "IND AS - FS") The company had adopted "Cost" as basis of Valuation of Inventory using FIFO method up to "F.Y." 2020-21 but after implementation of ERP System for Inventory accounting the method has changed to Weighted Average Method. This change in policy needs disclosure in "IND AS FS" for the "F.Y." 2021-22 along with its impact on the Valuation of Inventory as on 31.03.2022 and the loss of the year.	This fact has been Disclosed in Final Account by the Kesco.
(e) II 5. Deposit for Electrification (AG Code 47) Cr. ₹ 52,78,45,312/- Party-wise break-up of the above sum on account of: - Amount lying on account of incomplete project & ii) Amount unspent which is refundable to parties against completed projects was not made available to us for our verification. Hence, we are unable to verify the above liability.	The ERP implementation is under progress. This type of information such as breakup of party, vendor etc. shall be available in the ERP system.
(f) Other Equity (Cr.) ₹ (-)350605.99 lakhs The above sum includes 'Restructuring Reserve' (AG Code 56.680) of ₹1445.68 lakhs, in respect of which proper reconciliation and consequential adjustments are lying pending; hence the financial impact on accounts and "IND AS-FS" are not ascertainable.	Restructuring reserve pertains to restructuring done in the year 2000 and received through Transfer Scheme.
D. Adverse Remarks in CARO Report	

As required by para XXI of CARO (2020) Order under Companies Act, 2013, adverse remarks as reported by respective Auditors are furnished below:	
Holding Company -Uttar Pradesh Power Corporation Ltd. a. **Para No. 1 Relating to property, Plant & Equipment**	a. The Property, Plant and Equipment register are maintained in Excel format. Units are instructed to maintain the mentioned details. Units are instructed to maintain the mentioned details. Physical verification of the assets is being carried out by the respective units head.
b. **Para No. 2 a & b relating to physical verification of Inventory and submission of quarterly statements to Bank regarding working capital limits.**	b. Units are instructed to get the physical verification done of Stores and Spares. The company has obtained fund based / non-fund based credit limits from multiple banks aggregating to Rs. 1930.00 crores against security of Receivables. Accordingly, as per the terms of sanction, Quarterly/Half yearly statements in respect of receivables including both current and non-current receivables have been submitted to respective banks. In this regard adequate disclosure including total limits utilized (Fund based and non fund based) at quarter end has been made in the financial statement of F.Y. 2021-22.
c. **Para No. 3c regarding terms & conditions for repayment of loans debited to subsidiaries.**	c. UPPCL is obtaining working capital loans and raising bonds for meeting working capital requirements on centralised basis on behalf of subsidiary DISCOMs.
d. **Para No. 4 Regarding Board approval for investment made / loan granted to subsidiaries.**	d. The Company (UPPCL) has obtained BoD approval for investments made in its subsidiary DISCOMs during the year in board meeting dated 10.08.2022.
e. **Para No. 6 Related to Cost Records.**	e. The Company is duly complaining the requirement given in section 148 of Companies Act 2013 regarding Cost Audit which is being done by the Cost Auditor on the basis of Cost record maintained.
f. **Para No. 7 Related to Non Payment of Statutory dues.**	f. Units are instructed to reconcile the same. Further Liability showing against CGST and SGST are related to March month which are paid in the month of April, 22.
g. **Para No. 11c Relating to not establishing whistle blower mechanism.**	g. No Comments.

329

h. **Para No. 13 Relating to approval of related parties' transaction.** i. **Para No. 14 Relating to internal audit system.**	h. No Comments. i. No Comments.
Subsidiaries	
(i) Dakshinanchal Vidyut Vitran Nigam Ltd. a. **Para No. (i) b Relating to property, Plant & Equipment.** b. **Para No. (ii) Relating to physical verification of Inventory .** c. **Para No. (vii) Regarding Statutory dues** d. **Para No. (xx) b) Regarding private placement of equity shares.** e. **Para No. (xiii) Related to Related parties transaction.**	(a) Units have been instructed to get all property plant and equipment physically verified as earliest as possible. (b) Physical Verification of inventory is done as per para 230 and 231 of financial hand book volume 6 as applicable to the company. (c) Under reconciliation at division level. In relation to Electricity Duty it is to clarify that electricity duty payment is adjusted by the State Govt. from subsidies payable towards the company and the same is disclosed in annexures of Balance Sheet. (d) Final comments of supplementary audit of financial year 2022-23 is pending therefor company is unable to file annual returns on ROC. Therefor the Company is marked as Active Non-Complaint by the ROC. The company will comply with defaults as soon as the final comment of CAG is received and necessary returns will be filled with ROC. (e) No adverse remark has been reported under this clause by DVVNL auditors.
(ii) Madhyanchal Vidyut Vitran Nigam Ltd. a. **Para No. (i) a & c Relating to property, Plant & Equipment.** b. **Para No. (ii) a Relating to physical verification of Inventory.** c. **Para No. (vii) a Regarding statutory dues.**	(a) Noted for compliance. (b) Report of physical verification of inventory indicating quantities of various inventories is available with Ayodhya zone. (c) There are no disputed statutory dues pending for more than six months.
(iii) Purvanchal Vidyut Vitran Nigam Ltd. a. **Para No. (i) a b & c Relating to property, Plant & Equipment.**	(i) (a) All the required detail is updated and available with respective units. (i) (b) Physical verification of all units have been

	done for FY 2021-22. Detail of the same is available with units. (i) (c) All the immovable properties held by the Company are mainly inherited from erstwhile UPSEB through GoUP Transfer Scheme. Title deed of immovable properties of the company are held by the respective units of the company.
b. Para No. (ii) a) Relating to physical verification of Inventory.	(ii) (a) The work order and necessary instructions have been issued to the units other than completed divisions to conduct the physical verification of stores/inventory and its valuation as per Ind AS-2 at the earliest.
c. Para No. (vii) a) Regarding Statutory Dues.	(vii) (a) No Comment.
d. Para No. (xiv) a) Regarding internal audit system. **e. Para No. (xv) Regarding Cost Records.**	(xiv) (a) No Comment. (xv) No Comment.
(iv) Kanpur Electricity Supply Company Ltd. **a. Para No. (i) a b & c Relating to property, Plant & Equipment.**	In point no I(a)(A), Auditor has not specified any adverse case. They have made a general remark that the they cannot verify the situation and details of the properties. In point no I(a)(B), Again Auditor has not specified any discrepancy. All relevant details and documents were duly checked by the auditor. WRT Point no.I(a)(C), Its to submit That Relevant available documents were shown.
b. Para No. (ii) a) Relating to physical verification of Inventory.	Physical verification made by the departmental officers was made available to the auditors but they have requested for the third party verification report. We will get the verification done from the third party in future years.
c. Para No. (vi) Regarding Cost Records.	Cost audit records and report till 2020-21 have been shown to auditor. 2021-22 Cost Report could not be shown as the last date of completing cost audit is 30th September 2022. Accordingly, cost records is under preparation in order to conclude the cost audit within the prescribed time schedule.
d. Para No. (vii) a) Regarding Statutory Dues.	Auditor has commented on unpaid ED of Rs. 54491.36 lakh. Unpaid ED belongs to unrealized ED from the consumers accordingly it cannot be paid to the government. Ledger Debit and credit history was duly shown to audit.

e. Para No. (x) b regarding preferential allotment of equity shares.	Kesco has made allotment to UPPCL. Corresponding minutes of board meeting had been shown to audit.
f. Para No. (xix) Regarding Meeting the liabilities of one year.	Auditor has not found any single case during audit in which company has failed in meeting its financial liabilities. Company is regularly paying its statutory dues, loan installments. Company is also getting rebate for timely repayment of capex loan installments.
(v) Pashchimanchal Vidyut Vitran Nigam Ltd. **a. Para No. (i) a b & c Relating to property, Plant & Equipment.** **b. Para No. (vii) a) Regarding Statutory Dues.** **c. Para No. (x) a Relating to fraud.** **d. Para No. (x) c Regarding whistle blower complaints.**	**Property, Plant and Equipment** **(i)(a)** The Fixed Assets Register as on 31.03.2021 of all divisions is completed which contains quantitative details, location, etc. and the same has been sent to UPERC. Further, it is to state that for FY 2021-22, the preparation of Fixed Assets Register is under process. **(i)(b)** The physical verification of assets as on 31.03.2022 in all divisions has been completed and preparation of Fixed Assets Register is in process at division level which contains quantitative details, location, etc. **(i)(c)** The title/lease deeds of immovable properties inherited in transfer scheme is not available with the company. But the title/lease deeds of land acquired post transfer scheme is available with concerned division. **Statutory Dues** **(vii)(a)** The company is regular in depositing statutory dues. However, due to large no. of Drawing & Disbursing units, there might be some instance of late deposit. Further, as pointed out by Branch auditor of Bulandshahar zone, the amount of Rs. 6402 on account of Service Tax, will be reconcile and adjusted/settled in FY 2022-23 after due reconciliation. **Fraud** **(x)(a)** The disclosure regarding said frauds has been made in Notes on Accounts at point no. 34. **Whistle Blower complaints** **(x)(c)** No Comments
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	No Comments

Corporation Limited on the Consolidated Financial Statements of the Group for the year ended 31st March, 2022)	
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, 2022, in conjunction with our audit of the consolidated financial statements of the Group for the year ended on that date.	No Comments
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.	No Comments
Auditors' Responsibility Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.	No Comments

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls system over financial reporting.	
Meaning of Internal Financial Controls Over Financial Reporting A Group's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Group's internal financial control over financial reporting includes those policies and procedures that 1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Group; 2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Group are being made only in accordance with authorisations of management and directors of the Group; and 3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Group's assets that could have a material effect on the financial statements.	No Comments
Inherent Limitations of Internal Financial Controls Over Financial Reporting	No Comments

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 reproduced to us by the Management, the following control deficiencies have been identified in operating effectiveness of the Group's internal financial control over financial reporting as at 31st March 2022 –	Point wise reply given below:
A. Holding Company (UPPCL)	
a) Internal control system with regard to Cash transactions, Procurement /Works transactions, maintenance of inventory, maintenance of Books of accounts, Fixed Assets register, delegation of powers to various employees etc. requires to be further strengthened. b) There is no effective system in place to verify power purchase for completeness, only those bills are accounted in the books of accounts which are received, no system is in place for quantitative reconciliation of the power actually purchased vis-à-vis power purchase accounted in the books of accounts, reconciliation of power purchased with suppliers are not done neither it was provided to us. Balance confirmation and reconciliation with the suppliers was not carried out therefore, the impact on power purchase, power sales and eventually on the position of sundry payables and receivable cannot be commented upon. c) There is no system for review of old balances relating to various assets and liabilities heads which needs to be reviewed, reconciled and require necessary adjustment in the books of account.	No Comments.

d) Reconciliation of inter Unit section: the present system of identification and reconciliation of Inter Unit transaction between unit to unit, unit to head office is not adequate. The reconciliation need to be done on a regular basis with complete details of the nature and particulars of the unmatched items.	
e) There is no system of confirmation and reconciliation of balances in accounts of parties, contractors, Government Department etc. including those balances appearing under receivables, payables, loan and advances.	
f) During the course of our Audit, it was observed that payments are being released by Single signatory without fixing any threshold limit. It is suggested that all payments should be released after fixing threshold limit only by joint signatory.	
B. Subsidiaries	
The auditors of DVVNL have reported that - a. Temporary Imprest provided to staff needs to be closed at the end of financial year, while we observed in many of the cases Temporary Imprest were not closed.	The company is ensuring that the TI's are closed closed within time. Now due to implementation of ERP, this is being done in timely manner.
b. During the course of audit, we observed that the system of recording of entries is not proper. We observed several instances where the entries which should have been posted in another accounting head, for example, entries parked in AG Code -46 are pertaining to some other accounting heads.	Parking of Accounting entries in correct accounting head is monitored rigorously by the management now. ERP implementation in under process and the same will also facilitated the said monitoring.
c. Cashbook is not updated on regular basis. Furthermore, as stated in audit report of Jhansi & Banda zone totalling of cashbook is done by pencil in various divisions.	The concerned unit is now ensuring correct and timely closure of cash book now. With the implementation of ERP, this problem will get resolved.
d. There are unreconciled entries under AG Code 22.780 (Transformers sent for repairs), AG Code 22.77(Scrap Materials), AG code 31 to 37(Inter Unit Transfer) and AG Code 46.94 (Goods and Service Tax) as on 31st March, 2022. The unreconciled entries should be reconciled.	The Reconciliation under these heads is an on-going process, the management is ensuring the same in a targeted manner. With the implementation of ERP, this problem will get resolved.
e. Under AG Code 46.910 (Stale Cheques) indicates cheques which have become time barred. Proper adjustments are recommended in this regard.	Proper adjustment of the same is being ensured now.
f. Measurement Book provided to Junior Engineer by	All units are ensuring that JE return Measurement

the Company are not returned back on timely basis by the Junior Engineer and Measurement Book are not closed on timely basis.	books within time. With the implementation of ERP, this problem will get resolved.
g. The Company did not have an appropriate internal control system for reviewing computation and booking of Capital Work in Progress (CWIP) in accounts. This could potentially result in inaccurate CWIP disclosed in the books of accounts, due to non-capitalization and/or delayed capitalization of Property, plant and Equipment.	Asset is capitalised after proper investigation and receipt of completion certificate from respective technical staff in the same month. However, With the implementation of ERP, this problem will get resolved.
h. The company updates financials by belated entries in zonal trial balances audited by Zonal Auditors even after finalisation of Financial Statements which results in difference in opening balance in next year.	Proper care has been taken now to match the Trial Balance .
i. On verification of vouchers of GM adjustment, we observed that all the vouchers were not signed by all the authorized signatories.	Proper authentication of Vouchers is being ensured now. With the implementation of ERP, this problem will get resolved.
j. As mentioned in audit report of Jhansi & Banda zone, log books were not provided in many divisions.	It is being ensured now to provide all necessary documents required for audit to the auditors.
k. As mentioned in audit report of Jhansi & Banda zone," Signature and Seal of executive engineer on Expenditure Cash Book not done on whole financial year" in EDD-MAHOBA.	The unit is now instructed to comply the same. However, With the implementation of ERP, this problem will get resolved.
l. It has been reported at various places in Audit report by the Auditors that there was material misstatement with regard to Revenue from operations, Trade Receivables, Inventory, Capital WIP, Cash and Bank balances etc. but it was not quantified except at few places like Trade Receviables etc which have been dealt properly in our report . However, on seeking further clarifications ,it was clarified that nothing more needs quantification except than mentioned in their Audit report.	No Comment.
The auditors of PVVNL have reported that -	
a. The Company did not have an appropriate internal control system for reviewing computation and booking of Capital Work in Progress (CWIP) in accounts. This could potentially result in inaccurate CWIP disclosed in the books of accounts, due to non-capitalization and/or delayed capitalization of Property, Plant and Equipment.	(a) The balance under CWIP shows ongoing capital works for which age wise details is available with the company.
b. Internal control in respect of movement of inventories during maintenance and capital works, material issued/ received to/ from third parties and material lying with sub-divisions, need to be reviewed and strengthened. ERP is under	(b) Noted.

337

implementation phase. The Branch Auditor of Bulandshahar Zone has also reported that the Biometric System should be installed for keeping the records of attendance of employees and CCTV camera should be placed to protect the assets and records.	
c. Company do not have an effective system for realizing revenue from customers as the amount of receivables as on 31st March, 2022 is Rs. 10,74,249.09 lacs, which is equivalent to around 227 days sale of power by company and reasons of pendency are not examined. It is noticed that the company is not effectively exercising its powers of TD/PD and filing court cases against defaulted customers.	(c) Due to strengthening of revenue realisation mechanism and addition of various modes of revenue collection viz. online bill deposit, KIOSK machines, ATMs, Mobile vans etc., management expects that Revenue Realization from customers in coming year will be better in comparison to previous year.
d. The Company did not have an appropriate internal control system to minimize electricity theft and line losses.	(d) Efforts are being made to reduce the electricity theft by strengthening the distribution network and patrolling the existing distribution lines.
e. Reconciliation of power received and power sold during year has not been done. Billing is not raised timely and correctly.	(e) Efforts are being made to reduce the electricity theft by strengthening the distribution network and patrolling the existing distribution lines.
f. The Company has shown Rs. 20,463.80 lacs as Inter Unit Transfer under the head of Other Current Assets and no further details or reconciliation of these amounts are provided to us. Special attention of the management is called for periodical reconciliation of this account and necessary adjustments thereto. Management has informed that the reconciliation of these entries is under process.	(f) The reconciliation of Inter unit transactions is a continuous process and the units are instructed to reconcile/adjust Inter Unit Transfer on monthly basis. A dedicated IUT cell has been formed for monitoring the reconciliation and settlement of Inter Unit Transfer balances.
The auditors of MVVNL have reported that – a. Company has system of maintaining various Sectional Journals wherein vouchers relating to day to-day transactions are recorded in these Sectional Journals. The Existing system of balancing cash book on the monthly basis and posting transactions in different sectional journals, from journals to summaries and from summaries to monthly trial balance, in our opinion is not adequate to give the financial position of different account/s at any given time in an organized manner. The Zones/ units do not have an appropriate internal control system for maintenance of books of account and other subsidiary records to ascertain composition of financial transactions on time basis and party wise balances outstanding at any point of time. The monthly trial balances are compiled from vouchers through an outsourced software, which is not under control of the accounts department and only printouts of MTBs are available. Risk of security of data in accounting through this software has not been	The Method of Preparation of Accounts is prescribed by erstwhile UPSEB and The Company is following the same. The Prescribed SJs are prepared on the basis of vouchers duly authorized by the competent authority & at the time of payment, Entry is made in cash book by duly linking the SJ series No. of the concerned voucher. All the transactions are properly interlinked and organized.

assessed. There is also no mechanism to check data entry in this software and to ensure correctness and completeness of the report (MTB) generated. b. The internal audit system was not found to be adequate and commensurate with the size and nature of organization and coverage/ scope needs to be enlarged particularly in area of reconciliation of revenue with the online billing system, status of work in progress under various schemes under implementation along with reasons for pendency, reconciliation of pending ATD/ ATC, Inventory records etc. System of timely receipts of internal Audit report and compliance thereof at zonal and HO Level also needs to be streamlines and strengthened. c. It was noted that billing of power is generated through IT system but the billing system is independent of account department and reports generated from billing system were not reconciled with the accounts. Further, Consumer wise outstanding and ageing analysis of outstanding amount is not available with account department to reconcile trade receivable as per books of account with the data of commercial department. Further, quantitative reconciliation of power procured, billed and transmission loss is not prepared for reconciliation of actual sale of power with the books of account.	 Efforts are being made to follow the advice of the audit. The efforts are being made to reconcile the IT system with accounting department. Further, the best efforts has been made for ageing analysis of outstanding amount of trade receivable as per books of account with the data of commercial department.
A material weakness is a deficiency or a combination of deficiencies in internal financial control over financial reporting such that there is reasonable possibility that a material misstatement of the Companies' annual or interim financial statements will not be prevented or detected on timely basis. In our opinion, except for the effects/probable effects of the material weaknesses described in the 'Qualified Opinion' paragraph of this report and in *'Annexure I'* on the achievement of the objectives of the control criteria, the Group has maintained in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2022 based on the internal control over financial reporting criteria established by the Group considering the essential components of the internal control stated in the guidance note on audit of internal financial control over financial reporting issued by the Institute of Chartered Accountants of India and except for the need to strengthen the existing internal audit mechanism considering the nature and scale of operations of the Group and the overarching legal and regulatory	No comments

framework and the audit observations reported above and in *'Annexure I'*.	

Annexure-I

Details of Fraud cases

S. No.	Name of Zone	Particulars	₹ in lacs	Reply
1	Meerut Zone	Mr. Suresh Babu TG 2 for not depositing cash collected through system generated receipts during December 2013 to March 2019 and 36 manual receipt books not returned in divisions is under enquiry & disciplinary action is initiated in EDD 1 Baghpat.	368.00	Miscellaneous advance of Rs. 5.09 crore (Rs. 3.68 crore of cash not deposited + Rs. 1.41 crore of Interest Loss) has been booked against Mr. Suresh Babu TG-II vide O.M. No. 2799 dated 15.09.2019 for not depositing cash collected through system generated receipts during December 2013 to March 2019 is under enquiry & disciplinary action in EDD I Baghpat. The recovery of Miscellaneous advance is going on as per departmental rules.
		In EDD I Meerut, out of pending 9 receipt books issued for collection of amounts on behalf of PVVNL on 23.02.2012 to Postmaster Meerut Cantt, 3 have been returned on 30th May, 2022. No information is available about the remaining receipt books where these receipt books are at present, how much receipt books were used, how much amount collected etc.		In the matter, 3 receipt books have been returned on 30.05.2022 by the Indian Post Department to EDD-I, Meerut and for the rest 6 receipt books the Indian Post Department, Meerut Cantt, Meerut vide their letter no. D/General/ Electricity Bill/2021/22 dated 06.07.2022 has informed that the said 6 receipt books is neither physically available in their record nor used by them ever. The same is deemed to be disposed.
		In EDD II Baghpat, a fraud case of collecting cash from customers and not depositing the amount in division is under enquiry against Mr. Sanjay Kumar, cashier	31.30	The case is under enquiry.
2	Ghaziabad Zone	During the year cash embezzlement under the division EUDD-7, Ghaziabad by the accused Mr. Sumit Gupta, Head Cash Revenue in the period of July 2020 to November 2020.	564.17	As per the reply of EUDD-VII, Ghaziabad, the said case pertains to the FY 2020-21 and Audit has informed itself in the point that the case is under court observation.
		A fraud reported as per Branch statutory audit report for the year ended 31.03.2020 conducted by VSD & Associates, Chartered Accountants, zone has noticed a case of fraud in its EUDD-II, EUDD-V, EUDD-VII Noida division by few bank officials. Some of ICICI bank officials wrongly credited the cheques amounting ₹1,72,36,919/- related to these division in some other account.	172.37	As per the reply of EUDD-II, Noida, the said case is pending in State Consumer Forum, Lucknow Case No. 21/2021. As per the reply of EUDD-VII, Noida, State Consumer Disputes Redressal Commission, Lucknow litigation no.-21/2021 PVVNL Vs. ICICI Bank etc. is under consideration of respected State Consumer Disputes Redressal Commission, Lucknow.
		Cashier of EDD, Greater Noida Satender Pratap Singh TGII S/o Shri Ramesh Singh, R/o Mohalla Lodhan 2, Jahangirabad Rural, Bulandshahr, Uttar Pradesh posted at 33/11 KV Sub Division Rabupura embezzled cash of ₹82,21,974/- during the month of March, 2021, April 2021 and June 2021.	82.22	As per the reply of EDD, Greater Noida :- 1. As per the OM No. 933 Dt. 23.04.2022 of Managing Director, PVVNL, Shri Govind Pathak, the then Office Assistant (Cashier Mains), EDD, Greater Noida currently Office Assistant (Suspended) CE (D) Bulandshahr Zone, Bulandshahr has been dismissed from Service and the said case has been closed after imposing penalty of recovery of 40% of the total loss to the department from him. 2. As per the OM No. 2099 Dt. 25.06.2022 of Managing Director, PVVNL, Shri Satendra Pratap Singh (Suspended), Cashier (Revenue), EDD, Greater Noida has been dismissed from Service and the said case has been closed after imposing penalty of recovery of 60% of the total loss to the department from him.
		Observed that an amount of ₹20,09,095/- embezzled by cashier of EUDD-IV, Ghaziabad Harinath TG-II during the year 2018-19 (since then, the amount have been kept as Sundry Advance against the accused Harinath TG-II)	20.09	Miscellaneous advance was booked vide OM No. 4970 dated 15.12.2018 of Rs. 20,09,095 against Sh. Harinath in the F.Y. 2018-19. Since the employee died on 12.01.2019 the recovery was not made possible but all the dues and claims of leave encashment, gratuity, medical reimbursement and CPF Final payment are on hold and will be adjusted against the miscellaneous advance amount. The letter regarding the same has been sent to the higher officials for the directions.
3	Bulandshahar	As informed no fraud was detected during	312.36	The recovery of Miscellaneous advances is being made regularly

S. No.	Name of Zone	Particulars	₹ in lacs	Reply
	Zone	FY 2021-22. But the frauds of embezzlement detected up to FY 2020-21 has involved total amount of ₹312.60 lacs out of which ₹0.24 lacs has been recovered. And balance sum of ₹312.36 lacs are still to be recovered.		from concerned employee

(Nitin Nijhawan)
Chief Financial Officer

(Nidhi Kumar Narang)
Director Finance
DIN-03473420

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

Office:- 7/581/10,SECTOR-7,
VIKAS NAGAR,
LUCKNOW-226016
Mob:- 7355060301
Pan No.:- AJUPS3081N

Form No. MR-3

SECRETARIAL AUDIT REPORT

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

FOR THE FINANCIAL YEAR ENDED: 31.03.2022

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

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

I have examined the registers, records, books and papers of the Company as required to be maintained under the Companies Act, 2013,(the Act) and the Rules made there under and the provisions contained in the Memorandum and Articles of Association of the Company for the year **ended March 31, 2022**

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

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

MARDAN SINGH
PCS No.
10708
COMPANY SECRETARY

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

Office:- 7/581/10,SECTOR-7,
VIKAS NAGAR,
LUCKNOW-226016
Mob:- 7355060301
Pan No.:- AJUPS3081N

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

I further report that:

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

OBSERVATION:-

1. *As per the provisions of section 129 read with section 96 of the Companies Act, 2013, the Audited financial statement of the company for the financial year 2020-21 was required to be adopted in the Annual General Meeting of the company within six months of the closing of the financial year i.e. latest by 30/09/2021. Though, by holding the Annual General Meeting on 29/09/2021, the company has complied with the provisions of section 196 of the Companies Act, 2013.The Audited financial statement of the company for the financial year 2020-21 were not ready for their adoption and the this General meeting was adjourned, Thus by the non- adoption of Audited financial statement of the company for the financial year 2020-21 in this Annual General Meeting, the company has failed to comply with the provisions of section 129 of the Companies Act, 2013.*

2. *As per the provisions of section 149 of the Companies Act, 2013 read with the Rule-(4) of the Companies (Appointment and Qualification of Directors) Rules, 2014, the company being a listed company on the Bombay Stock Exchange for the trading of its Bonds issued from time to time, at least1/3rd number of Independent Directors were required to be appointed on the board of directors of the company. Further while*

MARDAN SINGH
FCS NO. 10705
COMPANY SECRETARY

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

Office:- 7/581/10,SECTOR-7,
VIKAS NAGAR,
LUCKNOW-226016
Mob:- 7355060301
Pan No.:- AJUPS3081N

constituting the Audit Committee under section 177 of the Companies Act, 2013, at least three directors with the independent directors forming the majority were required to be appointed. Similarly while constituting the Corporate Social Responsibility Committee under section 135 of the Act, at least one independent director was required to be appointed as the member of the CSR committee. During the audit it has been found that the company has not appointed any Independent director on the board of directors of the company, the Audit Committee and Corporate Social Responsibility committee. Thus during the financial year ending on 31/03/2022, the company has failed to comply with the provisions of section 149, 177 and 135 of the Companies Act, 2013 and the relevant rules framed there under.

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

   During the audit it has been found from the available record that the unaudited financial results for the half year ending on 31/03/2021 was placed for the approval of the board in its168th meeting held on 28/06//2021 and LRR report submitted by the practicing chartered accountant M/S Prakhar &Associates Chartered Accountants, Lucknow. The half yearly results of period ending 31/03/2021 were discussed by the board in its 168th meeting held on 28/06//2021 and these were taken on record.

   Thus the unaudited financial results for the period ending 31/03/2021 could not be submitted within 45 days of the end of the half year ending 31/03/2021.

4. *As per the provisions of Regulation-17(1) (a) of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of directors shall have an optimum combination of executive and non-executive directors with at least one woman director.*

   The board of directors does not consist of any woman director.

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

I further report that subject to the above observations, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act. -

MARDAN SINGH
FCS No. 10705
COMPANY SECRETARY

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

Office:- 7/581/10,SECTOR-7,
VIKAS NAGAR,
LUCKNOW-226016
Mob:- 7355060301
Pan No.:- AJUPS3081N

Adequate notice was given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. - Decisions at the Board Meetings, as represented by the management and recorded in minutes, were taken unanimously.

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

MARDAN SINGH
PCS No.
10705
COMPANY SECRETARY

28.5.2022

Place;-Lucknow
Date:- 28/05/2022

(Mardan Singh)
Practicing Company Secretary
FCS.1933 , CPNo.10705
UDIN :- F001933D000420912

U. P. Power Corporation Ltd.
(A Government of UP undertaking)
CIN:U32201UP1999SGC024928
Registered address: Shakti Bhawan, 14 Ashok Marg, Lucknow-226001
Phone No. 0522-2286618, Email: csunit.uppcl@gmail.com

Management replies on observations of Secretarial Audit Report for the F.Y. 2021-22

Sr. No.	Observations	Management Replies
1.	As per the provisions of section 129 read with section 96 of the Companies Act, 2013, the Audited financial statement of the company for the financial year 2020-21 was required to be adopted in the Annual General Meeting of the company within six months of the closing of the financial year i.e. latest by 30/09/2021. Though, by holding the Annual General Meeting on 29/09/2021, the company has complied with the provisions of section 196 of the Companies Act, 2013. The Audited financial statement of the company for the financial year 2020-21 were not ready for their adoption and the this General meeting was adjourned, Thus by the non- adoption of Audited financial statement of the company for the financial year 2020-21 in this Annual General Meeting, the company has failed to comply with the provisions of section 129 of the Companies Act, 2013.	CAG Audit for the financial year 2020-21 was not completed till the date of holding AGM i.e. up to 30/09/2021. The CAG Audit was completed and provided its Report on 29/03/2023. Thereafter adjourned AGM for the financial year 2020-21 was held on 31/03/2023 and after obtaining shareholder's approval, the Financial Statements for the FY 2020-21 has been filed with ROC.
2.	As per the provisions of section 149 of the Companies Act, 2013 read with the Rule-(4) of the Companies (Appointment and Qualification of Directors) Rules, 2014, the company being a listed company on the Bombay Stock Exchange for the trading of its Bonds issued from time to time, at least1/3rd number of Independent Directors were required to be appointed on the board of directors of the company. Further while constituting the Audit Committee under section 177 of the Companies Act, 2013, at least three directors with the Independent Directors forming the majority were required to be appointed Similarly while constituting the Corporate Social Responsibility Committee under section 135 of the Act, at least one Independent Director was required to be appointed as the member of the CSR committee. During the audit it has been found that the company has not appointed any Independent Director on the Board of Directors of the Company, the Audit Committee and Corporate Social Responsibility Committee. Thus during the financial year ending on 31/03/2022, the company has failed to comply with the provisions of section 149, 177 and 135 of the Companies Act, 2013 and the relevant rules framed there under.	The Company has duly constituted all applicable committees with executive and non-executive directors (Nominee Directors appointed by the Government of Uttar Pradesh) except Independent Directors. As the company is an Uttar Pradesh State Government Company (State PSU) therefore all the Directors including Independent Directors are appointed by the Government of Uttar Pradesh. The regulations have been recently made applicable on the Company and it has already submitted representations to the Government of Uttar Pradesh to nominate/appoint Independent Directors on the Board of the Company. The same is under process at the level of Government of Uttar Pradesh.
3.	As per the provisions of Regulation-52(1) of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, The listed entity shall prepare and submit un-audited or audited	Took note of the same and the company is duly complying with the said provisions thereafter.

	financial results on a half yearly basis in the format as specified by the Board within forty five days from the end of the half year to the recognized stock exchange(s). During the audit it has been found from the available record that the unaudited financial results for the half year ending on 31/03/2021 was placed for the approval of the board in its 168th meeting held on 28/06//2021 and LRR report submitted by the practicing chartered accountant M/S Prakhar & Associates, Chartered Accountants, Lucknow. The half yearly results of period ending 31/03/2021 were discussed by the board in its 168th meeting held on 28/06//2021 and these were taken on record. Thus the unaudited financial results for the period ending 31/03/2021 could not be submitted within 45 days of the end of the half year ending 31/03/2021.	
4.	As per the provisions of Regulation-17(1) (a) of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors shall have an optimum combination of executive and non-executive directors with at least one woman director. The board of directors does not consist of any woman director.	The Government of Uttar Pradesh has appointed woman director IAS Ms. Neha Sharma w.e.f. 02/09/2022.

For and on behalf of the Board of Directors

Date: 8/2/2024
Place: Lucknow

(Nidhi Kumar Narang)
Director Finance
DIN-03473420

(Pankaj Kumar)
Managing Director
DIN-08095154

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE STANDALONE FINANCIAL STATEMENTS OF UTTAR PRADESH POWER CORPORATION LIMITED (UPPCL), LUCKNOW FOR THE YEAR ENEDED 31 MARCH 2022

AUDITOR'S COMMENTS	MANAGEMENT'S COMMENT/ACTION TAKEN
1. As per clause 1.2 (i) of the tripartite MOU executed under Ujjwal DISCOM Assurance Yojana (UDAY) between Ministry of Power, GOI, Government of Uttar Pradesh (GoUP) and the Company, 'the GoUP shall take over the future losses of the DISCOMs in a graded manner i.e. 5 per cent of loss for the year 2016-17, 10 per cent of loss for the year 2017-18, 25 per cent of loss for the year 2018-19 and 50 per cent of loss for the year 2019-20 was to be taken over by the GoUP in the years 2017-18, 2018-19, 2019-20 and 2020-21 respectively. Accordingly, DISCOMs were eligible to be funded by GoUP in UDAY scheme for the period from 2017-18 to 2020-21 to the extent of ₹4,920.99 crore[1] as per the MoU. However, the DISCOMs accounted other income of ₹7,289.33 crore[2] in their accounts and thus excess income of ₹2,368.34 crore was booked as other income on account of government grant for operational losses during the period from 2017-18 to 2020-21. The excess grant booked by DISCOMs should have been shown as recoverable from DISCOMs as well as payable to GoUP in the Company accounts, as all money related to UDAY routed to DISCOMs through the Company. This resulted in understatement of 'Other Financial Liabilities' and 'Financial Assets-Other (Current)' by ₹2,368.34 crore. Despite similar comment of the CAG on the accounts for the year 2018-19, no corrective action was taken by the Management[1].	As replied earlier that the company has correctly calculated the Loss on the basis of Operational Funding Requirement (OFR) of DISCOMs as per the above MoU. Further, amount received under this scheme is being transferred/allocated to DISCOMS and accounting is being done at DISCOM level. Since the entire amount has been allocated to DISCOMs, there is no understatement of 'Other Financial Liabilities' and 'Financial Assets-Other (Current) in Standalone Financial Statement.
2. The above does not include ₹28.65 crore being interest payable on account of delayed deposit/non-deposit of General Provident Fund (GPF) and Pension contribution (₹28.08 crore) and Gratuity contribution	As per audited accounts of the company for the financial year 2012-13 to 2021-22, liability towards GPF contribution is showing debit balance. Since there has always been a debit balance during the period 2012-13 to 21-22, no

[1] ₹182.00 crore+ ₹506.57 crore+ ₹1596.15 crore+ ₹2636.27 crore
[2] ₹409.93 crore+ ₹761.09 crore+ ₹2399.99 crore+ ₹3718.32 crore

342

(₹0.57 crore) as worked out and accounted in the accounts of Uttar Pradesh Power Sector Employees Trust for the year 2014-15. This resulted in understatement of Current Liabilities and Other Equity (negative balance) by ₹28.65 crore. Despite similar comment of the CAG on the Accounts for the years 2012-13 to 2018-19, no corrective action was taken by the Management.	provision of interest has been made. As regards accounting of interest on liability towards pension and gratuity, it is stated that regular interest is not payable to the employee on pension and gratuity as in case of GPF hence provision of interest on pension & gratuity is not required. The company is also in process of reconciliation with the GPF trust.
3. The Company being the Holding Company, on behalf of the DISCOMs, unwarrantedly claimed an amount of ₹5,372.50 crore from the GoUP during the year 2021-22 for funding of operational losses under UDAY, which was incorrectly sanctioned and released by GoUP under UDAY. As the admissibility period for funding of operational losses under UDAY had already expired on 31 March 2021, the unwarranted claim and release of subsidy under UDAY is refundable to GoUP. The GoUP clarified (July 2023) that ₹5,372.50 crore was released for funding of losses of DISCOMs under Action Plan/Revamped Distribution Sector (RDS) Scheme even though same was treated as UDAY loss subsidy in the earlier G.O. The reply is not tenable as the loss subsidy was not approved under action plan by GoUP and RDS scheme of GoI was not applicable for loss subsidy.	It is submitted that amount of Rs.5372.50 crores does not pertain to the UDAY scheme, which was issued by the MoP, GoI vide notification dated 20/11/2015. The said amount was actually received towards subsidy by GoUP against operational losses of the DISCOMs for the FY 2020-21. The GoUP has clarified the factual position in respect of the above release of fund vide letter no.1772/24-01-2023-03/2023.
4. The Company during the year 2021-22 made a provision of ₹8,041.47 crore against impairment in investments in its subsidiary companies i.e. the DISCOMs. This provision has been worked out by the Company based on net worth of the DISCOMs as per annual accounts for the year 2021-22. Considering the impact of the CAG comments on the treatment of additional revenue subsidy of ₹39,743 crore, acceded to by the GoUP (March 2021) and allocated to DISCOMs by UPPCL in October 2021, the provision for impairment in investments worked out to ₹83,806.78 crore against ₹62,434.41 crore already provided in the Accounts as on 31 March 2022. However, this important fact has not been quantifiably disclosed in the Notes to Accounts.	It is worthwhile to mention here that we have referred this matter to Expert Advisory Committee of Institute of Chartered Accountants of India. Since opinion of EAC on this matter is yet to be received, , hence required accountal/ correction entry/ disclosures will be done accordingly after the receipt of opinion. However, disclosures related to additional revenue subsidy of ₹39,743 crores have been made in the FY 2022-23.

5. The Company has decided *vide* Board of Directors Meeting dated 14 August 2020, to allocate the common expenditure to subsidiaries and facility costs to power sector companies owned by GoUP with effect from the year 2019-20. The Company has made the allocation of ₹154.94 crore out of total ₹304.47 crore in the heads Employee Cost, Administrative, General & Other Expense & Repair & Maintenance during 2021-22. The aforesaid allocation of common expenditure and facility cost to the subsidiaries is a change in Accounting Policy, hence, as per Para 19 (b) of Ind AS 8 it requires application of the changed policy retrospectively along with disclosures to be made as per Para 29 of Ind AS 8.	The necessary disclosures regarding amount of allocation of expenditure has been disclosed in note no.23, 26, and 27 of balance sheet for the F.Y. 2019-20, 2020-21 and 2021-22. The disclosure related to allocation of expenditure has been further elaborated in the Notes to accounts of the Financial statement of 2022-23.
6. At para No. 20(iii) of Note No. 30 where it has been disclosed that "the subsidies of ₹20,940 crore is receivable from GoUP in favour of DISCOMs through the Company and same are to be paid by the GoUP in forthcoming 10 years". The disclosure is insufficient as it does not indicate the following facts: • ₹20,940 crore includes ₹14,661.54 crore being balance amount of additional revenue subsidy and ₹6,278.46 crore being UDAY loss subsidy. The UDAY loss subsidy was claimed from the GoUP in addition to the admissible amount as per actual loss incurred by the DISCOMs during the period ending up to 2020-21. • As per GO dated 05 March 2021, GoUP had accepted to provide additional revenue subsidy of ₹39,743 crore to the DISCOMs for the period 2007-08 to 2019-20 as approved by UPERC through its Tariff/True-up orders issued from time to time. The above GO also provided that, out of total additional revenue subsidy of ₹39,743 crore, ₹25,081.46 crore shall be deemed to be paid from the grants provided to the DISCOMs by the GoUP under UDAY in earlier years. The balance amount of ₹14,661.54 crore shall be paid to the DISCOMs by GoUP in the next 10 years, commencing from	We have referred this matter to Expert Advisory Committee of Institute of Chartered Accountants of India. Since opinion of EAC on this matter is yet to be received, hence required accountal/ correction entry/ disclosures will be done accordingly after the receipt of opinion. However, necessary disclosure has been made in Notes to accounts of Financial statement for the FY 2022-23.

2021-22.	
7. Contingent Liability at Para No 16 of Note No 30 does not include the claim of ₹247.91 crore of M/s Rosa Power Supply Company for Energy bills for the period April 2015 to March 2019. As the claim of M/s Rosa Power Supply Company was under consideration of the Appellate Tribunal of Electricity (APTEL) same should have been disclosed as Contingent Liability.	Necessary disclosure has been made in the notes to accounts of financial statement of FY 2022-23. In Annexure 03 of contingent liability list at point no.08 contingent liability against Rosa power supply co. Rs 349.99 crore which includes 247.91 crore.

(Nitin Nijhawan)
Chief Financial Officer

(Nidhi Kumar Narang)
Director Finance
DIN-03473420

FINAL COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(B) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF UTTAR PRADESH POWER CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2022

AUDITOR'S COMMENTS	MANAGEMENT'S REPLY
1. COMMENTS ON CONSOLIDATED PROFITABILITY	
Consolidated Statement of Profit and Loss **Income** **Revenue from Operation (Note-22): ₹ 56,837.64 crore**	
1. The above includes ₹ 49.41 crore being excess amount adjusted in accounts relating to consumer of MVVNL. The MVVNL made adjustment of ₹ 150.80 crore in accounts instead of actual amount of ₹101 .39 crore to be adjusted. This resulted in understatement of Revenue from operations and Trade Receivables by ₹ 49.41 crore. Consequently, Loss for the year was also overstated to the same extent.	Necessary correction entry of Rs.49.41 crore has been made by the MVVNL in its accounts for the FY 2022-23.
2. The above includes ₹284.49 crore on account of energy internally consumed by PVVNL against ₹ 300.91 crore as intimated by the UPPCL. This resulted in understatement of Revenue from operations as well as Electricity charges under Administrative, General & Other Expenses by ₹ 16.42 crore.	Necessary correction entry of Rs. 16.42 Crore has been made by PVVNL in its accounts of FY 2023-24.
Other Income (Note-23) **Subsidy for Operational Loss: ₹ 5372.50 crore**	
3. The UPPCL being the Holding company, on behalf of the DISCOMs, unwarrantedly claimed an amount of ₹ 5,372.50 crore from the GoUp during the year 2021-22 for funding of operational losses under UDAY, which was	The amount of Rs. 5372.50 Crore does not pertain to the UDAY scheme but it is related to the operational loss subsidy sanctioned by the GoUP under action plan for the DISCOMs for the FY 2020-21. Moreover, The GoUP has also

incorrectly sanctioned and released by GoUP under UDAY. As the admissibility period for funding of operational losses under UDAY had already expired on 3 1 March 2021, the unwarranted claim and release of subsidy under UDAY is refundable to GoUp. The GoUp clarified (July 2023) that ₹5,372.50 crore was released for funding of losses of DISCOMs under Action Plan/Revamped Distribution Sector (RDS) Scheme even though same was treated as UDAY loss subsidy in the earlier G.o. The reply is not tenable as the loss subsidy was not approved under action plan by GoUp and RDS scheme of GoI was not applicable for loss subsidy.	clarified the factual position in respect of the above vide letter no. 1772/24-01-2023-03/2023. Further, it is specifically mentioned here that since the above claimed subsidy is not related to the UDAY scheme at all, the aforementioned operational loss subsidy of Rs. 5372.50 crore has no relation with the expiry period of UDAY scheme, hence this is not refundable to GoUP.
Expenses **Purchase of Stock-in-Trade (Power Purchased) (Note-24): ₹ 58321.49 crore**	
4. A reference in invited to Paragraph No. IX (d) of the significant accounting policy which provides that *"transmission charges are accounted for on accrual basis on bills raised by the UP Power Transmission Corporation Limited (UPPTCL) at the rates approved by UPERC"*. In contravention to the accounting policy, the PuVVNL, MVVNL and DVVNL accounted the transmission charges of ₹ 340.28 crore (PuVVNL: ₹83.94 crore, MVVNL: ₹ 71.17 crore and DVVNL: ₹ 185.17 crore) in 2021-22 for which the bills were issued by the UPPTCL in July, 2022. As the bills were issued in July, 2022 consequent upon true-up issued by UPERC on 20.07.2022 related to the year 2020-21, the amount should have been accounted for inthe annual accounts of 2022-23. This resulted in overstatement of Cost of Power Purchased as well as 'Current	Since the bills related to the trued up transmission charges were received from the UPPTCL during the course of finalization of accounts of the Company, the necessary accounting has been done by the company in the said accounts in compliance to the provisions of Ind AS 10 (Events After the Reporting Period). Moreover the above facts have also been disclosed in Point No.10(b) of Note No. 31 "Notes to Accounts" of the Financial Statements.

Liabilities' by ₹340.28 crore, each. Consequently, Loss for the year was also overstated to the same extent.	
Employee Benefits Expense (Note-25): ₹ 2,270.13 crore	
5. The above includes actuarial loss of ₹ 18.03 crore (loss of ₹ 28.51 crore less gain of ₹ 10.48 crore pertaining to leave encashment liability and gratuity liability respectively) of PVVNL. The PVVNL has not depicted the above actuarial gain/loss under 'Other Comprehensive Income' forming part of the Statement of Profit and Loss, in violation of Para 57 (d) (i) of Ind AS-19. This resulted in overstatement of Employee Benefits Expense as well as 'Other Comprehensive Income', each by ₹ 18.03 crore. Further, Loss for the year was also overstated to the same extent.	The PVVNL has now depicted the actuarial loss/gain appropriately in the Financial Statements for the FY 2022-23.
6. The above includes ₹31.26 crore as re-measurement of defined benefit plan comprising actuarial gains and losses on benefit obligations in respect of Gratuity by DVVNL. As per Para 57 (d) of Ind AS 19, an entity shall recognize re-measurements of the net defined benefit liability (asset) in 'Other Comprehensive Income'. As the above amount represents actuarial loss on benefit obligation, it should have been shown under "Other Comprehensive Income" (as a negative balance). This resulted in overstatement of 'Employee Benefits Expense and understatement of 'Other Comprehensive Income' by ₹31.26 crore, each. Consequently, Loss for the year was also overstated to the same extent.	Appropriate disclosure has now been made by the DVVNL in its accounts for the FY 2022-23.
Finance Costs (Note-26): ₹ 8,388.2 crore	

7. The above does not include ₹ 47.54 crore being provision for interest on outstanding GPF/CPF Liability towards U.P Power Sector Employee's Trust and U.P Power Corporation Anshdayi Bhavishya Nidhi Trust not made in accounts. The GoUP vide GOs dated 11 June 2021, 17.08.2021, 15.11.2021 and 14.03.2022 decided interest at the rate of 7.1% on subscription of the subscribers of above mentioned funds during the financial year 2021-22 in accordance with rule 11(1) of General Provident Fund (UP) Rules, 1985, Rule 11(1) of Contributory Provident Fund (UP) Rules, and Rule 9 of UP Contributory Provident Fund Pension Insurance Rules, 1948. Accordingly, UPPCL and its subsidiary DISCOMs should have provided for interest liability on the outstanding balance of General Provident Fund and Employee/Employer's share of CPF payable to aforesaid Trusts. However, none of theDISCOMs (except DVVNL and PVVNL) had provided for interest on GPF Liability towards trust and only UPPCL (standalone) and DVVNL has provided for interest on CPF Liability towards Trust while other DISCOMs have not provided for the same. This resulted in understatement of Finance Cost as well as Other Financial Liabilities (Current) by ₹47.54 crore. It also resulted in understatement of Loss for the year to the same extent.	The Company wise status is given as under: 1) The UPPCL and MVVNL had provided the liability of interest on outstanding GPF and CPF in its accounts for the FY 2021-22. 2) The PVVNL and PuVVNL had not provided the interest liability on outstanding balance of CPF, but the same has now been provided in the accounts for the FY 2022-23. 3) In case of Kesco, there was only liability for the month of March 2022, which was paid in the next month.
8. Paragraph 3 (II)(f) of Significant Accounting Policy of Note no. 1 provides that *"Borrowing cost during construction stage of Capital assets are capitalized as per* provisions *of Ind- AS 23."*	Appropriate accounting has now been done by the MVVNL in its accounts for the FY 2022-23.

(a) The MVVNL had taken loan amounting to ₹ 351.78 crore from Power Finance Corporation (PFC) for implementation of Part-B projects of R-APDRP out of which ₹351.78 crore was finally disbursed. As per GoI commitment communicated by PFC, interest accrued on GoI as well as counterpart loan up to 31 March 2017 shall be considered for capitalization/ conversion of loan into grant after achievement of the desired milestones necessary for conversion of Part-B loan into grant. Further out of total interest cost amounting to ₹192.12 crore on total loan under Part B of R-APDRP, ₹42.61 crore was also converted into grant during the year 2021-22. The MVVNL transferred the Principal amount of Loan of ₹ 183.24 crore to grant head, but interest portion of ₹ 42.61 crore was reduced from Interest and other Finance Charges instead of transferring to the Grant head. This resulted in understatement of Finance Cost and Grant by ₹ 42.61 crore. Consequently, Loss for the year was also understated to the same extent.	
8(b). In violation of the above accounting policy the interest of ₹ 279.06 crore (as on 31 March 2018) on Loan of ₹ 197.54 crore and ₹ 373.41 crore taken from PFC for implementation of Part-A and Part-B Projects of R-APDRP, respectively has been shown as Contingent Liability instead of capitalization of the same by PVVNL. All the projects under R- APDRP were completed by March 2018. The PVVNL converted Loan under Part A of R-APDRP of ₹ 197.54 crore	Appropriate accounting has now been done by the PVVNL in its accounts for the FY 2022-23.

along with interest thereon ₹ 78.71 crore into Grant during the year 2021-22. Similarly, out of total interest amount of ₹223.49 crore on loan under Part-B of R-APDRP, ₹ 31.93 crore was also converted into Grant during the year 2021-22. PVVNL, instead of transferring theinterest amount of ₹110.64 crore (₹ 78.71 crore+ ₹31.93 crore) to Grant, the same has been transferred to Statement of Profit and Loss as 'Other Income'. Further, PVVNL booked total interest of ₹302.20 crore (₹78.71 crore+ ₹223.49 crore) as 'Finance Cost' in the Statement of Profit and Loss by correspondingly creating a provision of ₹ 191.56 crore (₹ 302.20 crore-₹ 110.64 crore) for interest liability. This resulted in overstatement of Other Income and understatement of Capital Grant (Capital Reserves) by ₹ 110.64 crore, each. Further, it has also resulted in overstatement of Finance Costs and understatement of Fixed Assets by ₹ 279.06 crore. Consequently, Loss for the year was also overstated by ₹168.42 crore. (₹ 279.06 crore -₹ 110.64 crore).	
B. COMMENTS ON CONSOLIDATED FINANICAL POSITION **Assets** **Non-Current Assets** **Property, Plant and Equipment (Note-2): ₹ 65,074.06 crore.**	
9. The above includes interest on projects under R-APDRP amounting to ₹ 112.42 crore. Paragraph 3-11 (f) of Significant Accounting Policy under Note No. 1 provides that *Borrowing Cost during construction stage of capital assets are capitalized as per* ***provision*** *of Ind-AS 23.* Para 22 of the Ind-AS 23 provided that" an *entity shall cease capitalising* ***borrowing*** *costs when substantially all the* ***activities necessary to*** *prepare the qualifying*	Necessary correction has now been made by the PVVNL in the accounts for the FY 2022-23.

asset for its intended use or sale are complete.' As all the projects under R-APDRP of PVVNL were already completed and closure of the projects had already been sent to PFC till March 2018, no interest amount on R-APDRP should be capitalized during the year 2019-20. This resulted in understatement of Other Equity (Negative balance) and overstatement of 'Capital-Work-in-Progress' by ₹ 112.42 crore, each.	
Accumulated Depreciation (Note-2): ₹ 17,363.58 crore	
10. The above includes negative depreciation ₹ 12.09 crore for the year 2021-22 on Building (₹11.84 crore) and Vehicles (₹ 0.25 crore) relating to MVVNL. As the depreciation for the current year cannot be negative, this resulted in understatement of Depreciation forthe year and overstatement of Property, Plant and Equipment (Net Block) by ₹12.09 crore, each. Consequently, Loss for the year was also understated to the same extent.	Necessary correction towards negative depreciation on Building and Vehicles has now been made by the MVVNL in the Year 2022-23 and 2023-24.
11. Deductions/ Adjustments of ₹ 736.12 crore has been made from the Gross Block of Property, Plant and Equipment during the year 2021-22 by MVVNL. The corresponding accumulated depreciation of ₹65.68 crore against the said Fixed Assets, however was not reversed, instead it was added to the accumulated depreciation. Consequently, the accumulated depreciation increased by ₹131.36 crore. This resulted in overstatement of the Accumulated Depreciation and understatement of Property, Plant and Equipment (Net Block) by ₹131.36 crore.	In previous years, excess depreciation was reversed on decommissioned assets for which correction was done in FY 2021-22 which resulted into negative adjustment in accumulated depreciation. Therefore there had been no overstatement of accumulated depreciation or understatement of Net Block.
Capital Work in Progress (Note 3): ₹ 3,776.57 crore	

<table>
<tr>
<td>12. The Capital Work-in-Progress includes ₹254.02 crore (RGGVY ₹ 82.48 crore of PuVVNL, DDUGJY: ₹ 77.53 crore of PVVNL and RGGVY: ₹ 61.20 crore+ DDUGJY: ₹ 32.81 crore of DVVNL) as on 31 March 2022 related to DDUGJY and RGGVY scheme. These centrally sponsored schemes were closed as on 31 March 2021 and completion certificates of the schemes were issued up to 31 March 2021 and closure certificates were already approved by the REC/PFC before the 31 March 2022. Therefore, amount of Capital WIP pertaining to RGGVY and DDUGJY should havebeen capitalised.
This resulted in overstatement of 'Capital Work-in-Progress' and understatement of 'Property, Plant and Equipment' by ₹254.02 crore, each.</td>
<td>The Company wise status is given as under:

1) The PuVVNL has capitalized the amount booked as WIP under Saubhagya RGGVY scheme during the FY 2021-22 and 2022-23.

2) The PVVNL and DVVNL have capitalized the said amount in the FY 2022-23.</td>
</tr>
<tr>
<td colspan="2">Financial Assets- Others (Note-8): ₹ 16,947.69 crore</td>
</tr>
<tr>
<td>13. The UPERC while approving the ARR and Tariff for State DISCOMs for FY 2022-23, ARR of FY 2021-22 and True-up of FY 2020-21 had computed the DISCOM wise subsidy (RE and Revenue subsidy) against the subsidy claimed by the respective DISCOMs on the basis of their audited accounts for the year 2020-21. While computing the same, the UPERC found that the PuVVNL had claimed and received excess subsidy (RE and Revenue subsidy) of ₹ 404.58 crore during the year 2020-21. Accordingly, the UPPCL directed PuVVNL for making necessary entries in the books of accounts for the year 2021-22. As the PuVVNL has received excess subsidy, the same should have been shown as Current liabilities as per directives of UPPCL. However, PuVVNL had not made any adjustment entry and disclosed the fact in the "Notes to the Accounts". This resulted in</td>
<td>As per approved ARR and Tariff for the DISCOMs for FY-2022-23 ARR for FY-2021-22 and true up for 2020-21, the UPERC had observed that there was shortfall in subsidy of Rs.1170.75 Crore that was required by DVVNL, MVVNL and PVVNL whereas in PuVVNL , there was surplus as detailed below:-

<table>
<tr><th>Name of DISCOMs</th><th>Deficit/Surplus Subsidy</th></tr>
<tr><td>DVVNL</td><td>423.00</td></tr>
<tr><td>MVVNL</td><td>531.62</td></tr>
<tr><td>PVVNL</td><td>620.72</td></tr>
<tr><td>PuVVNL</td><td>-404.58</td></tr>
</table>
</td>
</tr>
</table>

understatement of 'Other Equity' (minus balance) and 'Other Financial Liabilities' by ₹ 404.58 crore, each.

KESCO	0.00
Total	**1170.76**

In respect of the above, UPERC had further directed to approach the GoUP for the aforesaid subsidy.

Accordingly, as per direction of the UPERC, the UPPCL had approached the GoUP and the GoUP had approved Rs. 1000 Crore for the above DISCOMs in its budget for the year 2022-23 against the shortfall in subsidy of Rs. 1170.75 Crore. The UPPCL has proportionally allocated Rs. 1000 Crore amongst the DISCOMs as under: -

Name of DISCOMs	Amount
DVVNL	361.30
MVVNL	458.08
PVVNL	530.19
PuVVNL	-345.57
Total	**1000.00**

The above allocations/transfers have been accounted for by PuVVNL, DVVNL, MVVNL and PVVNL.

Necessary disclosure in respect of above has been made in Point no. 22 (f) of Notes on Accounts of FY 2022-23 which may be verified from the Consolidated Financial Statements for that year.

Further, it is clarified that the UPPCL has not directed the PuVVNL to make

	accounting entry. In fact the PuVVNL was only communicated by UPPCL the above information.
Current Assets **Inventories (Note-9): ₹ 3,794.58 crore**	
14. DVVNL made a provision of ₹ 78.09 crore for obsolete stores in the year 2016-17 which remained unchanged despite increase in value of inventories from ₹ 1,019.67 crore (2016-17) to ₹ 1,242.40 crore (2021-22) in the absence of any accounting policy in this regard. Despite Comment of the CAG on the accounts for the years 2018-19, 2019-20 and2020-21, no corrective action was taken by the DVVNL.	The Jhansi Zone of DVVNL has made the provision in the year 2022-23. However, the DVVNL is in the process to ensure to make provision by all units in this regard.
Equity and Liabilities **Other Equity (Note-15):** ₹ (-) **63,694.44 crore** **General Reserve: ₹ 13,005.43 crore**	
15. As per clause 1.2 (i) of the tripartite MOU executed under Ujjwal DISCOM Assurance Yojana (UDAY) between Ministry of Power, GOI, GoUP and UPPCL, 'the GoUP would take over the future losses of the DISCOMs in a graded manner. Accordingly, 5 *per* cent loss of 2016-17, 10 *per cent* loss of 2017-18, 25 *per cent* loss of 2018-19 and 50 *per cent* loss of 2019-20 was to be taken over by the GoUP in the years 2017- 18, 2018-19, 2019-20 and 2020-21 respectively. Accordingly ₹ 4,920.99 crore' was eligible to be funded by GoUP in UDAY scheme	As per Tripartite MOU signed among Ministry of Power (GoI), Government of Uttar Pradesh (GoUP) and U. P Power Corporation Limited (on behalf of all Discoms), the losses of Discoms would be acquired by the State Government and Subsidy would be provided on the basis of Gross Operational Funding Requirement (G.O.F.R). In view of the above, additional subsidy claimed by Discoms from State Government was on the basis of operational funding requirement instead of book

<table>
<tr>
<td>for the period from 2017-18 to 2020-21. However, the DISCOMs accounted other income of ₹ 7,289.33 crore and thus, excess income of ₹ 2,368.34 crore was booked as Government grant for operational losses during the period from 2017-18 to 2020-21.
This resulted in understatement of 'Other Financial Liabilities' and Other Equity (negative balance) by ₹ 2,368.34 crore.
Despite similar comment of CAG on the accounts for the years 2018-19 and onwards,no corrective action was taken by the Management.</td>
<td>loss. As such no excess amount was received from GoUP under UDAY Scheme.</td>
</tr>
<tr>
<td>16. The above includes ₹ 6,278.46 crore being claim of UDAY Loss subsidy made by the UPPCL in addition to the admissible amount as per the actual loss incurred by DISCOMs in previous years and allocated to subsidiary DISCOMs by UPPCL vide letter dated 26.10.2021. Since the admissible period for claim of UDAY loss subsidy had expired in 2020-21, accountal of UDAY loss subsidy receivable from GoUP in its accounts for the year ending up to 2020-21 was in violation to the guidelines issued in this behalf. Thus, incorrect accounting of additional UDAY loss subsidy resulted in understatement of Other Equity (Negative Balance) and overstatement of Receivables from GoUP by ₹ 6,278.46 crore.</td>
<td>There is a provision in the Tripartite Memorandum of Understanding dated 30.01.2016 executed amongst Ministry of Power, Govt. of India, Govt. of Uttar Pradesh and UPPCL on behalf of the UP DISCOMs that GoUP shall take over the future losses of the DISCOMs in a graded manner and shall fund the losses as follows:
<table>
<tr><th>Year</th><th>Percentage</th></tr>
<tr><td>2015-16</td><td>0% of 2014-15</td></tr>
<tr><td>2016-17</td><td>0% of 2015-16</td></tr>
<tr><td>2017-18</td><td>5% of 2016-17</td></tr>
<tr><td>2018-19</td><td>10% of 2017-18</td></tr>
<tr><td>2019-20</td><td>25% of 2018-19</td></tr>
<tr><td>2020-21</td><td>50% of 2019-20</td></tr>
</table>
In respect of above, it is submitted that the amount of Rs. 6278.47 crore relates to the balance/arrear amount of loss subsidy claimed under UDAY scheme for the period 2017-18 to 2019-20 at UPPCL's (Holding Company) level for all the DISOMs as whole, the same has already been accepted by the GoUP and also committed to release the fund in the next 10 years, vide order no. 445/24-1-21-</td>
</tr>
</table>

	731(ctV)/2020 dated 05-03-2021 of GoUP . Thus, it is perfectly and transparently clear that the above UDAY loss subsidy is admissible as per the aforesaid GO.
17. The above includes ₹ 97.79 crore (₹ 62.67 *crore:* MVVNL and ₹ 35.12 *crore:* DVVNL) charged from the consumers for connection charges under the SAUBHAGYA scheme at the rate of ₹ 500 per other than poor consumer and booked in revenue from operations in the year 2020-21. As the amount was recovered on account of providing connections to the consumers, the same should have been shown under Liabilities (Consumer Contribution towards service connection). This resulted in understatement of Liabilities (Consumer Contribution towards service connection) and 'Other Equity' (Negative Balance) by ₹ 97.79 crore, each.	Necessary correction entry has been made in F.Y. 2022-23.
18. The above includes ₹ 14,661.54 crore (PuVVNL: ₹ 6,401.50 crore and PVVNL: ₹ 8,260.04 crore) during the year 2020-21 being additional revenue subsidy receivable from GoUP in the next ten years, commencing from 2021-22 in terms of GO dated 05 March 2021 issued by GoUP. As per provision contained in Ind AS-1, the grant should have been shown as 'Deferred Income' and the same should have been amortized over the period of ten years by transferring an equal amount to the Statement of Profit and Loss commencing from financial year 2021-22 instead of booking the grant on accrual basis.	It is stated that deferred income/revenue or income received in advance is commonly known as 'unearned revenue'. According to Generally Accepted Accounting Principles, Deferred Income/Revenue or income received in advance refers to the payments received in advance for product/goods or services that are to be delivered or performed in the future and the same is treated as 'liability' in the financial statements since revenue recognition are incomplete. Whereas in this case i.e. receivables from GoUP towards subsidy against which the payment is to be received in next 10 years, is completely different and a quite reverse from deferred income on the following grounds: (i) The above subsidy of Rs. 14661.54 crore relates to the period from 2OO7-

Further, an amount of ₹ 1,466.15 crore (being 10 *per cent* of ₹ 14,661.54 crore) {PuVVNL: ₹ 640.15 crore (6,401.50/10) + PVVNL: ₹ 826.00 crore (8,260.04/10)} should have been transferred to 'Other Income' during the year 2021-22. However, both DISCOMs transferred the actual received amount of ₹ 1,648.71 crore {PuVVNL: ₹ 775.12 crore + PVVNL: ₹ 873.59 crore} to 'other income' by adjusting the same from 'General Reserve'/Retained Earnings during the year 2021-22 on receipt basis, which is against the Fundamental Accounting Principal of Accrual. This resulted in overstatement of 'Other Income' and understatement of General Reserve/Retained Earnings by ₹ 182.56 crore (₹ 1,648.71 crore less ₹ 1,466.15 crore). Consequently, Loss for the year was also understated to the same extent. Incorrect depiction of remaining grant has resulted in understatement of 'Deferred income' by ₹ 13,012.83 crore (₹ 14,661.54 less ₹ 1,648.71) and overstatement of General Reserve by ₹ 7,386.45 crore (₹ 8,260.04 crore less ₹ 873.59 crore) and understatement of Retained Earnings (being negative balance) by ₹ 5,626.38 crore (₹ 6,401.50 crore less ₹ 775.12 crore).	O8 to 2019-20, which has been settled by the GoUP in the F.Y. 2O2O-21 and the GoUP has committed to pay the said subsidy in next 10 years (vide letter no. 445/24-1-21-731(बजट)/2020 dated 05-03-2021 from GoUP) and that's why it has been treated as earned. Thus, the same has become receivable from GoUP which is in order to the Generally Accepted Accounting Principles. (ii) No advance payment against the above accrued income/revenue has been received. Instead, the aforesaid subsidy will be received in 10 years. (iii) It is worth mentioning here that the amount has been amortized and transferred to the Profit & Loss account on the basis of subsequent relevant orders rather than amortizing in equal instalments as the same is not mentioned in the letter no. 445/24-1-21-731(बजट)/2020 dated 05-03-2021 from GoUP). However, the matter has been referred to the advisory committee of The Institute of Chartered Accountants of India for expert opinion.
19. The above includes interest on projects under R-APDRP amounting to ₹ 201.61 crore (DVVNL-₹ 89.19 crore and PVVNL- ₹112.42 crore). Paragraph 3-II (f) Significant Accounting Policy of Note No. 1 provides that *borrowing Cost during construction stage of capital assets are capitalized as per provisions ofInd-AS 23.* As all the projects under R-	The Necessary correction has been done by the PVVNL and DVVNL in the books of FY 2022-23.

362

APDRP were already completed and closure of the projects had already been sent to PFC till March 2018, no interest amount on R-APDRP should be capitalized during the year 2019-20. However, both DISCOMs capitalized the interest amounting to ₹ 201.61crore in 2019-20. This resulted in understatement of Other Equity (Negative balance) and overstatement of 'Capital-Work-in-Progress' by ₹ 201.61 crore, each.	
Liabilities **Non-Current Liabilities** **Other Financial Liabilities (Note-17)** **Security deposit from Consumer: ₹ 3,840.46 crore**	
20. The above is overstated by ₹ 16.00 crore on account of incorrect classification of the revenue received as security deposits by KESCO, in contravention to the provisions under Clause 4.20 of the UP Electricity Supply Code 2005. This resulted in understatement of 'Other revenue Liabilities' and overstatement of 'Other Financial Liabilities' (security deposits) by ₹ 16.00 crore, each.	The amount was deposited by the consumer as security deposit along with the amount paid for electricity charges which was subsequently accounted for in the head of security deposit in compliance with the OM no. 821/DN/20-21 dt 24.09.20 of concerned distribution division which has clearly stated that Rs 16 crore deposited by consumer shall be booked in security deposit only in compliance with the provision of electricity supply code.
Current Liabilities **Other Financial Liabilities (Note- 20)** **Staff Related Liabilities: ₹ 1,381.70 crore**	
21. The above does not include ₹ 28.65 crore being interest payable by UPPCL on account of delayed deposit/non-deposit of General Provident Fund (GPF) and Pension contribution (₹ 28.08 crore) and Gratuity contribution (₹ 0.57 crore) as worked out andaccounted in the accounts of	As per audited accounts of the company for the F.Y 2012-13 to 2021-22, the statement showing the debit balance under the head of liability towards GPF contribution. Since there has been always debit balance during the period 2012-13 to 2021-22, no provision of interest has been made. As regards accounting of

Uttar Pradesh Power Sector Employees Trust for the year 2014-15. This resulted in understatement of Current Liabilities and Other Equity (negative balance) by ₹ 28.65 crore, each. Despite similar comment of the CAG on the Accounts for the years 2012-13 to 2020-21, no corrective action was taken by the Management.	interest on liability towards pension and gratuity, it is stated that regular interest is not payable to the employees on pension and gratuity as in the case of GPF. Hence, provision of interest on Pension and gratuity not required. The company is also in process of reconciliation with the trust.
C. COMMENTS ON DISCLOSURE	
22. Contingent Liability does not include the claim of ₹ 247.91 crore of M/s Rosa Power Supply Company for Energy bills for the period April 2015 to March 2019, which was under consideration of the Appellate Tribunal of Electricity (APTEL).	The contingent liability of Rs. 349.99 related to M/s Rosa Power Supply Company (which includes Rs. 247.91 crore also) has been disclosed in the year 2022-23.
23. During the year 2021-22, UPPCL, changed its long drawn accounting practice relating to depiction in the Statement of Profit and Loss of provision for impairment in investments in its subsidiaries (DISCOMs). Accordingly, UPPCL eliminated the whole amount of provision for impairment in investments in its subsidiaries during the year 2021-22 by restating the similar provision of ₹16,979.43 crore as 'Nil' in the year 2020-21. Thus, the profit of ₹ 5,918.71 crore for the year depicted in the CFS for the year 2020-21 has been restated to Loss of ₹ 11,852.77 crore for the year. Change in long drawn accounting practice eliminated the impact of provision for impairment in investments in DISCOMs as depicted in the Standalone Accounts of the UPPCL for the year 2020-21 and 2021-22. However, disclosure regarding justification for change in long drawn	Necessary disclosure has been given in point no 37A (d) of Note No. 31 "Notes to Accounts" for the FY 2022-23.

364

accounting practice along with its impact on the CFS has notbeen made in compliance with the provisions of Ind AS 8.	

(Nitin Nijhawan)
Chief Financial Officer

(Nidhi Kumar Narang)
Director Finance
DIN-03473420

U.P.POWER CORPORATION LIMITED **14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.CIN: U32201UP1999SGC024928CONSOLIDATED 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 2022

Part A:- Subsidiaries

Sl. No.	Particulars	1	2	3	4	5
1	Name of the subsidiary	MVVNL, Lucknow	PurVVNL, Varanasi	PVVNL, Meerut	DVVNL, Agra	KESCo, Kanpur
2	The date since when subsidiary was acquired	12.08.2003	12.08.2003	12.08.2003	12.08.2003	15.01.2000
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	N/A	N/A	N/A	N/A	N/A
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	N/A	N/A	N/A	N/A	N/A
5	Share capital (Including Share Application Money pending Allotment)	2150972.23	2410514.76	1763860.84	2243661.03	224931.02
6	Reserves and surplus	(1246159.59)	(923605.41)	(438611.08)	(1919565.18)	(378506.17)
7	Total assets	4575699.82	6117241.92	3921967.95	3885282.66	552406.83
8	Total Liabilities	3670887.18	4630332.57	2596718.19	3561186.81	705981.98
9	Investments	-	-	-	-	-
10	Turnover	1305020.27	1242469.87	1820100.17	1041722.19	274451.60
11	Profit/(Loss) before taxation	(204219.94)	(57850.10)	(69928.82)	(295752.28)	(21817.57)
12	Provision for taxation	-	-	-	-	-
13	Profit/(Loss) after taxation	(204219.94)	(57850.10)	(69928.82)	(295752.28)	(21817.57)
14	Proposed Dividend	-	-	-	-	-
15	Extent of shareholding (in percentage)	100%	100%	100%	100%	100%

For and on behalf of Board of Directors

Date: 8|2|24
Place: Lucknow

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

Pankaj Kumar
Managing Director
(DIN: 08095154)

U.P.POWER CORPORATION LIMITED 14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.CIN: U32201UP1999SGC024928CONSOLIDATED 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 2022

Part B:- Associates and Joint Ventures

(` in Lakhs)

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

For and on behalf of Board of Directors

Date: 8/2/24
Place:Lucknow

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

Pankaj Kumar
Managing Director
(DIN: 08095154)

RELATED PARTY TRANSACTIONS

(i) In terms of provisions contained in Ind AS 24, certain information are disclosed in the financial statements.

(a) List of Subsidiaries:-

i.	Madhyanchal Vidyut Vitran Nigam Limited
ii.	Pashchimanchal Vidyut Vitran Nigam Limited
iii.	Purvanchal Vidyut Vitran Nigam Limited
iv.	Dakshinanchal Vidyut Vitran Nigam Limited
v.	Kanpur Electricity Supply Company Limited

(b) Key management personnel:-

S. No.	Name	Designation	Period (For FY 2021-22)	
			From (Date of Appointment)	To
1	Shri M. Devaraj, IAS (DIN-08677754)	Chairman & Managing Director	02.02.2021	09.03.2021
		Chairman	10.03.2021	31.03.2022
2	Shri Pankaj Kumar (DIN-08095154)	Managing Director	10.03.2021	31.03.2022
3	Shri Ajay Kumar Purwar (DIN-08544396)	Director (PM&A)	10.07.2019	31.03.2022
4	Shri Ashok Kumar Srivastava (DIN-08189765)	Director (Commercial)	27.06.2018	26.06.2021
5	Shri Sudhir Arya (DIN-05135780)	Director (Finance)	30.07.2019	15.07.2021
6	Shri Ashwani Kumar Srivastava (DIN-07677222)	Director (Distribution)	19.01.2021	31.03.2022
7	Shri Anil Kumar Awasthi	Chief Financial Officer	05.03.2020	31.03.2022
8	Dr. Jyoti Arora	Company Secretary	30.07.2021	31.03.2022

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

I. UP Power Transmission Corporation Limited,
II. Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited
III. Uttar Pradesh Jal Vidyut Nigam Limited.

(d) Trusts for Benefit Plan:-

i. Uttar Pradesh Power Sector Employees Trust
ii. U.P. Power Corporation Bhavishya Nidhi Anshdayee Trust

e) TRANSACTIONS ENTERED WITH THE RELATED PARTIES DURING THE FINANCIAL YEAR 2021-22

(Amount ₹ in Lakhs)

S. No.	Particulars	Subsidiary	Key	Others					Total
		DISCOMs	Management Personnel	UPRVUNL	UPJVNL	UPPTCL	GPF TRUST	CPF TRUST	
1	2	3	4	5	6	7	8	9	10
a.	Purchase of Power	-	-	888098.23	12219.59	-	-	-	900317.82
b.	Sale of Power	5515212.83	-	-	-	-	-	-	5515212.8
c.	Allocation of Common Expenditure	13376.87	-	190.17	42.34	1884.3	-	-	15493.68
d.	Investment in equity	977395.76	-	-	-	-	-	-	977395.76
e.	Receivable on account of Loan (Note 6)*	(231820.27)	-	-	-	-	-	-	(231820.27)
f.	Receivable on account of Loan (Note 11)*	344461.03	-	-	-	-	-	-	344461.03
g.	Receivable other than Loan (Note 11)	23966.10	-	-	-	-	-	-	23966.10
h.	Receivable other than Loan (Note 8)	(357907.68)	-	-	-	-	-	-	(357907.68)

i.	Payable against Loan (Note 16)	10479.69	-	-	-	-	-	-	**10479.69**
j.	Payable against Loan (Note 19)	(11016.65)	-	-	-	-	-	-	**(11016.65)**
k.	Salary, T.A etc. to KMPs	-	199.71	-	-	-	-	-	**199.71**
l.	Transaction related to payable & paid contribution (GPF Trust)	-	-	-	-	-	(52.60)	-	**(52.60)**
m.	Transaction related to payable & paid contribution (CPF Trust)	-	-	-	-	-	-	(3.74)	**(3.74)**
n.	Other Transactions	86224.56	-	111.71	-	3099.67	-	-	**89435.94**
	GRAND TOTAL	**6370372.20**	**199.71**	**888400.11**	**12261.93**	**4983.97**	**(52.60)**	**(3.74)**	**7276161.60**

**Loans have been arranged by UPPCL on behalf of Discoms and the same has been routed through the accounts of the company. However, Interest on such loans and other charges related thereto are being accounted for in the books of Discoms.*

f) CLOSING BALANCEs as at 31.03.2022

(Amount ₹ in Lakhs)

Sl No.	Name of Related Party	As at 31st March, 2022	As at 31st March, 2021
(1)	Madhyanchal Vidyut Vitran Nigam Limited.	2340029.07	2310158.83
(2)	Paschimanchal Vidyut Vitran Nigam Limited.	1074813.16	1170471.29
(3)	Purvanchal Vidyut Vitran Nigam Limited.	3274722.07	3401292.32
(4)	Dakshinanchal Vidyut Vitran Nigam Limited.	2425220.94	2516116.49
(5)	Kanpur Electricity Supply Company Limited.	470090.95	493825.57
(6)	U.P Power Transmission Corporation Limited	19871.33	16771.68

(7)	U.P Rajya Vidyut Utpadan Nigam Limited	(691538.45)	(833917.27)
(8)	U.P Jal Vidyut Nigam Limited	(78474.80)	(29397.01)
(9)	U.P Power Sector Employees Trust	17115.73	17168.33
(10)	U.P Power Corporation Bhavishya Nidhi Anshdayi Trust	(49.29)	(45.55)

For and on behalf of Board of Directors

Date: 8|2|2024
Place: Lucknow

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

Pankaj Kumar
Managing Director
(DIN: 08095154)

Manish Mishra & Associates

Company Secretaries in Practice

Office Address: Flat No. G-2, B 1/65, Classic Mansion Apartment, Sector-K, Aliganj, Lucknow, U.P. - 226024
Contact: +91-7084645555 | E-mail: mmacslucknow@gmail.com | Website: www.csmaca.com

CERTIFICATE ON CORPORATE GOVERNANCE

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

We have examined the compliance of the conditions of Corporate Governance by U. P. Power Corporation Limited ('the Company') for the year ended on March 31, 2022, as stipulated under Regulations 17 to 27, clauses (a) to (i) of sub-regulation (1A) of Regulation 62 and para C, D & E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2022. However as informed to us Compliance of Regulation 62(1A) is under process and will be updated within due course of time. Further, due to non appointment of Independent Director the Composition of various committee falling under Regulations 17 to 27 are not in consonance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is in search for appointment of Independent Directors and once appointed the aforesaid committees will be reconstituted in alignment with the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Sukhmendra Kumar
Partner
Practicing Company Secretary
CP. No.: 21707
M. No: - 37552
UDIN: A037552E002843377
Peer Review Cert. No. 3163/2003
Date-05.12.2023
Place-Lucknow

Manish Mishra & Associates

Company Secretaries in Practice

Office Address: Flat No. G-2, B 1/65, Classic Mansion Apartment, Sector-K, Aliganj, Lucknow, U.P. - 226024
Contact: +91-7084645555 | E-mail: mmacslucknow@gmail.com | Website: www.csmara.com

CERTIFICATE

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

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

In our opinion and according to the verification of the status of Directors Identification Number (DIN) of each director done by us at the portal www.mca.gov.in and on the basis of information available with us as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment
1	Shri M. Devaraj	08677754	02.02.2021
2	Shri Pankaj Kumar	08095154	10.03.2021
3	Shri Ajay Kumar Purwar	08544396	10.07.2019
4	Shri Ranjan Kumar Srivastava	07338796	17.07.2021
5	Shri Ashwani Kumar Srivastava	07677222	19.01.2021
6	Shri Anil Kumar	09380929	13.01.2022
7	Shri P. Guruprasad	07979258	23.07.2021
8	Shri Neel Ratan Kumar	03616458	16.04.2013
9	Shri Jawed Aslam	08608001	17.07.2020

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

S kumar

MANISH MISHRA & ASSOCIATES CS COMPANY SECRETARIES

Manish Mishra & Associates

Company Secretaries in Practice

Office Address: Flat No. G-2, B 1/65, Classic Mansion Apartment, Sector-K, Aliganj, Lucknow, U.P. - 226024
Contact: +91-7084645555 | E-mail: mmaslucknow@gmail.com | Website: www.csmas.com

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

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

SKumar

Sukhmendra Kumar
Partner
Practicing Company Secretary
CP. No.: 21707
M. No: - 37552
UDIN: A037552E002843401
Peer Review Cert. No. 3163/2003
Date-05.12.2023
Place-Lucknow

U. P. Power Corporation Ltd.
(A Government of UP undertaking)
CIN:U32201UP1999SGC024928
Registered address: Shakti Bhawan, 14 Ashok Marg, Lucknow-226001
Phone No. 0522-2286618, Email: csunit.uppcl@gmail.com

CEO & CFO Certification

To
The Board of Directors
U. P. POWER CORPORATION LIMITED

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

a) We have reviewed the financial statements and the cash flow statement for the financial year ended 31st March 2021 and to the best of our knowledge and belief, we state that:
   i. These statements do not contain any materially untrue statement or omit any material factor contain statements that might be misleading;
   ii. These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.

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

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

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

For and on behalf of Board of Directors

Date: 8/2/24	**Nitin Nijhawan**	**Pankaj Kumar**
Place: Lucknow	**Chief Financial Officer**	**Managing Director**
		DIN : 08095154

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

BALANCE SHEET AS AT 31st MARCH 2022

(Amount in lakh ₹)

PARTICULAR	Note No.	As at 31st March, 2022	As at 31st March, 2021
I. ASSETS			
1 Non-Current Assets			
a) Property, Plant and Equipment	2	6438.62	6312.40
b) Capital Work-In-Progress	3	29.86	264.32
c) Intangible Assets	4	279.81	223.97
d) Financial Assets			
(i) Investments	5	2784519.34	2616863.30
(ii) Loans & Other Financial Assets	6	6095258.38	6327053.65
2 Current Assets			
a) Inventories	7	1.65	1.68
b) Financial Assets			
(i)Trade receivables	8	2646278.08	3073414.47
(ii) Cash and Cash Equivalents	9	173872.89	240229.58
(iii) Bank balance other than (ii) above	10	249520.34	228847.96
(iv)Other	11	1259976.11	899840.59
c) Other Current Assets	12	61355.50	45565.89
Total		13277530.58	13438617.81
II. EQUITY AND LIABILITIES			
Equity			
a) Equity Share Capital	13	10967938.38	10412645.52
b) Other Equity	14	(7860850.64)	(7251721.25)
Liabilities			
1 Non-Current Liabilities			
a) Financial Liabilities			
i)Borrowings	15	6095233.38	6327053.65
ii)Other Financial Liabilities	16	379216.84	365789.85
2 Current Liabilities			
a) Financial Liabilities			
i)Borrowings	17	1072423.73	790638.45
ii)Trade Payables	18	2371785.81	2638240.60
iii)Other Financial Liabilities	19	251783.08	155970.99
Total		13277530.58	13438617.81

Company information & Significant accounting policies 1

Notes on Accounts 30

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

(Jitesh Grover)
Company Secretary
(Additional Charge)

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

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

(Pankaj Kumar)
Managing Director
DIN - 08095154

Place : Lucknow
Date : 12-09-2022

Subject to our report of even date
For D.Pathak & Co.
Chartered Accountants
FRN No. 001439C

(A.K.Dwivedi)
Partner
M.No.071584
UDIN 22071584ARUJYK2380

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31st MARCH 2022

(Amount in lakh ₹)

	PARTICULAR	NOTE	For the Year ended on 31.03.2022	For the Year ended on 31.03.2021
I	Revenue from Operations	20	5515212.83	6083874.31
II	Other Income	21	13789.38	16113.99
III	TOTAL INCOME (I+II)		**5529002.21**	**6099988.30**
IV	EXPENSES			
	Purchase of Stock in trade(Power Purchased)	22	5515212.83	6083874.31
	Employee benefits expense	23	9347.77	5487.20
	Finance cost	24	6.36	6.92
	Depreciation and Amortization expense	25	551.19	511.63
	Other Expenses			
	a) Administration, General & Other Expense	26	4709.70	5024.64
	b) Repair & Maintenance	27	895.38	1311.52
	c) Bad Debts & Provisions	28	814435.37	(1731125.45)
	TOTAL EXPENSES (IV)		**6345158.60**	**4365090.77**
V	Profit /(loss) before exceptional items and tax (III-IV)		(816156.39)	1734897.53
VI	Exceptional Items	29	(14370.38)	
VII	Profit/ (loss) before tax (V+VI)		(830526.77)	1734897.53
VIII	Tax Expense:			
	(1) Current Tax		0.00	0.00
	(2) Deferred tax		0.00	0.00
IX	Profit/(Loss) for the period From continuing operations (VII+VIII)		(830526.77)	1734897.53
X	Profit/(loss) from discontinuing operations			
XI	Tax Expense of discontinuing operations			
XII	Profit/(loss) from discontinuing operations (after tax) (X-XI)			
XIII	Profit/(Loss) for the year (IX+XII)		(830526.77)	1734897.53
	Other Comprehensive Income			
XIV	A- (i) Items that will not be reclassified to profit or loss:			
	Acturial Gain or (Loss)		(523.28)	(3.98)
	(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)		(831050.05)	1734893.55
XVI	Earning per equity share (for continuing operation):			
	(1) Basic (₹)		(78.36)	176.01
	(2) Diluted (₹)		(78.36)	174.93
XVII	Earning per equity share (for discontinuing operation):			
	(1) Basic (₹)			
	(2) Diluted (₹)			
XVIII	Earning per equity share (for continuing and discontinuing operation):			
	(1) Basic (₹)		(78.36)	176.01
	(2) Diluted (₹)		(78.36)	174.93

Company information & Significant accounting policies 1

Notes on Accounts 30

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

(Jitesh Grover)
Company Secretary
(Additional Charge)

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

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

(Pankaj Kumar)
Managing Director
DIN - 08095154

Place : Lucknow
Date : 12-08-2022

Subject to our report of even date
For D.Pathak & Co.
Chartered Accountants
FRN No. 001433C

LUCKNOW

(A.K.Dwivedi)
Partner
M.No.071584
UDIN-22071584ARUJYK2380

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

STATEMENT OF CHANGES IN EQUITY

Equity Share Capital

Particulars	(Amount in lakh ₹)
Balance as on 1ST April 2020	9676208.64
Changes during the year	736436.88
Balance as on 1ST April 2021	10412645.52
Changes during the year	555292.86
Balance as on 31ST March 2022	10967938.38

OTHER EQUITY (Amount in lakh ₹)

Particulars	As at31st March, 2022				
	Share application money pending allotment	Capital Reserve	Restructuring Reserve	Retained Earning	Total
Balance at the beginning of the reporting period	31379.93	19595.12	54030.56	(7356726.86)	(7251721.25)
Changes in accounting policy or prior period items	0.00	0.00	0.00	0.00	0.00
Restated balance at the beginning of the reporting period	31379.93	19595.12	54030.56	(7356726.86)	(7251721.25)
Changes in Restructuring Reserve	0.00	0.00	0.00	0.00	0.00
Total comprehensive income for the year	0.00	0.00	0.00	(831050.05)	(831050.05)
Share application money received	777213.52	0.00	0.00	0.00	777213.52
Share alloted against application money	555292.86	0.00	0.00	0.00	555292.86
Balance at the end of the reporting period	253300.59	19595.12	54030.56	(8187776.91)	(7860850.64)

Particulars	As at31st March, 2021				
	Share application money pending allotment	Capital Reserve	Restructuring Reserve	Retained Earning	Total
Balance at the beginning of the reporting period	40192.23	19595.12	54030.56	(9090617.33)	(8976799.42)
Changes in accounting policy or prior period items	0.00	0.00	0.00	(1003.08)	(1003.08)
Restated balance at the beginning of the reporting period	40192.23	19595.12	54030.56	(9091620.41)	(8977802.50)
Changes in Restructuring Reserve	0.00	0.00	0.00	0.00	0.00
Total comprehensive income for the year	0.00	0.00	0.00	1734893.55	1734893.55
Share application money received	727624.58	0.00	0.00	0.00	727624.58
Share alloted against application money	736436.88	0.00	0.00	0.00	736436.88
Balance at the end of the reporting period	31379.93	19595.12	54030.56	(7356726.86)	(7251721.25)

(Hitesh Grover)
Company Secretary
(Additional charge)

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

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

(Pankaj Kumar)
Chairman & Managing Director
DIN - 00095154

Subject to our report of even date
For D.Pathak & Co.
Chartered Accountants
FRN No. 001439C

D. PATHAK & CO. LUCKNOW CHARTERED ACCOUNTANTS

(A.K.Dwivedi)
Partner
M.No.071584

UDIN
22071584ARUJYK2380

Place : Lucknow
Date : 12-08-2022

U.P. POWER CORPORATION LIMITED

CIN - U32201UP1999SGC024928

NOTE NO. 1

COMPANY INFORMATION & SIGNIFICANT ACCOUNTING POLICIES OF STANDALONE FINANCIAL STATEMENT

a) REPORTING ENTITY

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

b) STATEMENT OF COMPLIANCE/BASIS OF PREPARATION AND PRESENTATION

(a) The Financial Statements comply with the Indian Accounting Standard (IND AS) notified under the Companies (Indian Accounting Standard) Rules, 2015 and subsequent amendments thereto, the Companies Act, 2013 (to the extent notified and applicable) and provisions of the Companies Act, 1956. Further 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 Financial Statements have been prepared in accordance with the Generally Accepted Accounting Policies (GAAP), on going cocern basis and historical cost convention on accrual basis except as otherwise stated.

(c) Insurance and Other Claims, Refund of Custom Duty, Interest on Statutory taxes and Interest on loans to staff is accounted for on receipt basis.

These financial statements were authorized for issue by Board of Directors on 12.09.2022.

(d) Functional and presentation currency

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

(e) Use of estimates and management judgments

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

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

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

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

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

C) **SIGNIFICANT ACCOUNTING POLICIES**

I. **PROPERTY, PLANT AND EQUIPMENT**

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

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

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

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

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

II. **CAPITAL WORK-IN-PROGRESS**

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

7

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

III. INTANGIBLE ASSETS

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

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

IV. DEPRECIATION

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

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

V. INVESTMENTS

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

VI. STORES & SPARES

a) Stores and Spares are valued at cost.

b) As per practice consistently following by the 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.

VII. REVENUE/ EXPENDITURE RECOGNITION

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

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

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

VIII. POWER PURCHASE

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

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

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

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

IX. EMPLOYEE BENEFITS

a) Liability for Pension, Gratuity and Leave Encashment has been accounted for on the basis of acturial valuation and has been accounted for on accrual basis.

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

c) Leave encashment has been accounted for on accrual basis

X. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

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

XI. GOVERNMENT GRANT, SUBSIDIES AND CONSUMER CONTRIBUTIONS

a) 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.

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

XII. FOREIGN CURRENCY TRANSACTIONS

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

XIII. DEFERRED TAX LIABILITY

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

XIV. STATEMENT OF CASH FLOW

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

XV. FINANCIAL ASSETS

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

Subsequent Measurement:
Debt Instrument:- A debt instrument is measured at the amortized cost in accordance with Ind AS 109(Finanicial Instruments).
Equity Instrument:- All equity investments in entities are measured at fair value through P & L (FVTPL) as the same is not held for trading.

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

XVI. FINANCIAL LIABILITIES

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

Subsequent Measurement:
Borrowings have been measured at fair value using effective interest rate (EIR) method. Effective interest rate method is a method of calculating the amortised cost of a

financial instrument and of allocating interest and other expenses over the relevant period. Since each borrowings has its own separate rate of interest and risk, therefore the rate of interest at which they have been acquired is treated as EIR. Trade and other payables are shown at contractual value/amortized cost.

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

XVII. MATERIAL PRIOR PERIOD ERRORS

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

(Jitesh Grover)	(A. K. Awasthi)	(Nidhi Kumar Narang)	(Pankaj Kumar)
Company Secretary (Additional charge)	Chief Financial Officer	Director(Finance) DIN - 03473420	Managing Director DIN - 08095154

Place: Lucknow
Date: 12-09-2022

Subject to our report of even date
For D Pathak & Co.
Chartered Accountants
FRN No. 001439C

D. PATHAK & CO. LUCKNOW CHARTERED ACCOUNTANTS

(A.K. Dwivedi)
Partner
M.No. 071584
UDIN: 22071584ARUJYK2386

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

NOTE - 2

PROPERTY, PLANT AND EQUIPMENT
2021-22

(Amount in lakh ₹)

Particulars	Gross Block				Depreciation				Net Block
	As at 01.04.2021	Additions	Deductions / Adjustments*	As at 31.03.2022	As at 01.04.2021	Additions	Deductions / Adjustments*	As at 31.03.2022	As at 31.03.2022
Land & Land Rights	470.45	0.00	0.00	470.45	0.00	0.00	0.00	0.00	470.45
Buildings	4903.11	298.67	0.00	5201.78	1744.13	155.99	3.43	1896.69	3305.07
Other Civil Works	674.42	0.00	0.00	674.42	434.15	20.17	0.00	454.32	220.10
Plant & Machinery	1081.22	-3.97	0.00	1077.25	514.15	35.71	0.00	549.86	527.39
Lines, Cable Network etc.	5.51	0.00	0.00	5.51	0.36	0.26	0.00	0.62	4.89
Vehicles	214.85	9.92	1.14	223.63	133.82	19.36	4.46	148.72	74.91
Furniture & Fixtures	687.89	47.86	0.00	735.75	204.84	39.92	0.96	243.60	492.15
Office Equipments	2744.77	250.75	0.00	2995.52	1438.57	216.13	2.84	1651.86	1343.66
TOTAL	10782.22	603.21	1.14	11384.29	4469.82	487.56	11.71	4945.67	6438.62

2020-21

Particulars	Gross Block				Depreciation				Net Block
	As at 01.04.2020	Additions	Deductions / Adjustments*	As at 31.03.2021	As at 01.04.2020	Additions	Deductions / Adjustments*	As at 31.03.2021	As at 31.03.2021
Land & Land Rights	470.45	0.00	0.00	470.45	0.00	0.00	0.00	0.00	470.45
Buildings	4871.67	31.44	0.00	4903.11	1594.04	150.09	0.00	1744.13	3158.98
Other Civil Works	674.42	0.00	0.00	674.42	413.95	20.20	0.00	434.15	240.27
Plant & Machinery	983.51	97.71	0.00	1081.22	470.94	43.21	0.00	514.15	567.07
Lines, Cable Network etc.	5.51	0.00	0.00	5.51	0.10	0.26	0.00	0.36	5.15
Vehicles	214.85	0.00	0.00	214.85	113.37	20.45	0.00	133.82	81.03
Furniture & Fixtures	647.13	40.76	0.00	687.89	167.56	37.28	0.00	204.84	483.05
Office Equipments	2354.71	390.06	0.00	2744.77	1265.05	173.52	0.00	1438.57	1306.20
TOTAL	10222.25	559.97	0.00	10782.22	4024.81	445.01	0.00	4469.82	6312.40

NOTE - 3

CAPITAL WORKS IN PROGRESS

(Amount in lakh ₹)

PARTICULARS	As at 01.04.2021		Additions	(Deduction)/ Adjustments	Capitalised	As at 31.03.2022	
Capital Work in Progress *		250.05	498.84	0.00	733.30		15.59
Advances to Capital Suppliers / Contractors (net)	15.86					15.86	
Less - Provision for Doubtful Advances	1.59	14.27	0	0	0	1.59	14.27
GRAND TOTAL		264.32	498.84	0.00	733.30		29.86

* It includes Employee cost related to works.

(Amount in lakh ₹)

PARTICULARS	As at 01.04.2020		Additions	Deduction/ Adjustments	Capitalised	As at 31.03.2021	
Capital Work in Progress *		32.97	821.10	(44.05)	559.97		250.05
Advances to Capital Suppliers / Contractors (net)	15.86		0.00	0.00	0.00	15.86	
Less - Provision for Doubtful Advances	1.59	14.27				1.59	14.27
GRAND TOTAL		47.24	821.10	(44.05)	559.97		264.32

* It includes Employee cost related to works

NOTE - 4

INTANGIBLE ASSETS

2021-22

(Amount in lakh ₹)

Particulars	Gross Block				Amortization				Net Block
	As at 01.04.2021	Additions	Deductions / Adjustments	As at 31.03.2022	As at 01.04.2021	Additions	Deductions / Adjustments	As at 31.03.2022	As at 31.03.2022
Software	408.46	130.09	0.00	538.55	184.49	74.25	0.00	258.74	279.81
TOTAL	408.46	130.09	0.00	538.55	184.49	74.25	0.00	258.74	279.81
Previous Year	364.42	44.04	0.00	408.46	115.32	69.17	0.00	184.49	223.97

2020-21

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

13

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

NOTE - 5

FINANCIAL ASSETS - INVESTMENTS (NON-CURRENT)

(Amount in lakh ₹)

Particulars	As at 31.03.2022		As at 31.03.2021	
LONG TERM INVESTMENT IN EQUITY INSTRUMENT AT COST (Unquoted)				
TRADE INVESTMENTS				
I Subsidiaries				
(a) KESCO				
1984765000 Equity Shares of ₹10/- each Fully paid up	198476.50		197421.23	
(1974212300) Equity Shares of ₹10/- each Fully paid up.)				
From this 60000000 shares are alloted for consideration other than cash pertaining to KESA Zone EDU scheme 2000				
Share Application Money pending for allotment	26454.52		1055.27	
	224931.02		198476.50	
Less - Provision for impairment in investment	224931.01	0.01	198476.49	0.01
(b) Dakshinanchal VVNL				
214435224 Equity shares of ₹ 1000/- each fully paid up	2144352.24		1962199.57	
(196219957)Equity Shares of ₹1000/- each Fully paid up.)				
Share Application Money pending for allotment	99303.79		58319.40	
	2243656.03		2020518.97	
Less - Provision for impairment in investment	2243656.02	0.01	1975184.45	45334.52
(c) Madhyanchal VVNL				
203522599 Equity shares of ₹ 1000/- each fully paid up	2035225.99		1744041.21	
(174404121) Equity Shares of ₹1000/- each Fully paid up.)				
Share Application Money pending for allotment	115743.24		179384.05	
	2150967.23		1923425.26	
Less - Provision for impairment in investment	1548932.28	602034.95	1338636.22	584789.04
(d) Paschimanchal VVNL				
161763867 Equity shares of ₹ 1000/- each fully paid up	1617638.67		1564745.88	
(156474588) Equity Shares of ₹1000/- each Fully paid up.)				
Share Application Money pending for allotment	146217.18		34171.28	
	1763855.85		1598918.16	
Less - Provision for impairment in investment	1057146.32	706709.53	899299.69	699618.47
(e) Purvanchal VVNL				
212347945 Equity shares of ₹ 1000/- each fully paid up	2123479.45		1998143.27	
(199814327)Equity Shares of ₹1000/- each Fully paid up.)				
Share Application Money pending for allotment	287030.31		77041.97	
	2410509.76		2075185.24	
Less - Provision for impairment in investment	1168775.94	1241733.82	1027698.01	1047487.23
(f) Southern U.P.Power Transmission Co. Ltd.	221.63		221.63	
2216300 Equity Shares of ₹10/- each Fully paid up.)				
(2216300) Equity Shares of ₹10/- each Fully paid up.)				
Less - Provision for impairment in investment	221.63	0.00	159.83	61.80
II Others				
(a) UPPTCL				
22133352 Equity shares of ₹ 1000/- each fully paid up	221333.52		221333.52	
(22133352) Equity Shares of ₹1000/- each Fully paid up.)				
from this 10429700 shares are alloted for consideration other than cash				
Share Application Money pending for allotment	18072.31		18072.31	
	239405.83		239405.83	
Less - Provision for impairment in investment	17664.81	221741.02	12133.60	227272.23
(b) BONDS (quoted)				
i) 7.75% PFC Bonds		12300.00		12300.00
TOTAL		2784519.34		2619863.30

1 Aggregate amount of unquoted investment in equity shares & Share Application Money in subsidiaries & UPPTCL as on 31.03.2022 is 9033547.35 lakhs)
(Previous Period ₹ 8056151.58 lakhs)

2 Aggregate amount of provision for impairment of investment made upto 31.03.2022 is ₹ 6261328.01 Lakh (Previous Period ₹ 5451588.29 lakhs)

3 Considering the net worth of subsidiaries and UPPTCL Provision for impairment has been made during the year are ₹ 809739.72 Lakh
(Previous Period ₹ -1711105.00 lakhs)

4 Provision for impairment of investment for the F.Y. 2021-22 is based on net worth calculated on the basis of audited Financial Statement of Subsidiaries and Unaudited Financial Statement of UPPTCL for the period F.Y.2021-22

LUCKNOW

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

NOTE - 6

FINANCIAL ASSETS - LOANS (NON - CURRENT)

(Amount in lakh ₹)

Particulars	As at 31.03.2022		As at 31.03.2021	
A LOANS (Unsecured/Considered Doubtful)				
NPCL (Licencee)	568.43		568.43	
Interest Accrued & Due	16720.42		14473.97	
	17288.85		15042.40	
Less - Provision for Bad & Doubtful Debts Loan & interest	17288.85	0.00	15042.40	0.00
B Deposits :-				
Deposit with BSE for REF *		25.00		0.00
C Receivables on account of Loan/Bonds**				
(Unsecured and Considered good)				
Madhyanchal VVNL	1339086.96		1332036.86	
Paschimanchal VVNL	662693.13		808595.69	
Dakshinanchal VVNL	1606267.53		1695998.51	
Purvanchal VVNL	2251929.94		2270217.03	
KESCO	235255.82	6095233.38	220205.56	6327053.65
TOTAL		**6095258.38**		**6327053.65**

* In compliance to SEBI Circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 date 22 October, 2021, the company has deposited the fund with Bombay Stock Exchange towards contribution to Recovery Expense Fund.

** Loan taken and Bond issued on behalf of subsidiaries DISCOMs

NOTE - 7

INVENTORIES

(Amount in ₹)

Particulars	As at 31.03.2022		As at 31.03.2021	
1 Stores and Spares				
Stock of Materials - Capital Works	14.63		14.66	
Stock of materials - O & M	0.00	14.63	0.00	14.66
2 Others		0.37		0.37
SUB TOTAL		15.00		15.03
Less - Provision for Unserviceable Stores		13.35		13.35
TOTAL		1.65		1.68

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

NOTE - 8

FINANCIAL ASSETS - TRADE RECEIVABLES (CURRENT)

(Amount in lakh ₹)

Particulars	As at 31.03.2022		As at 31.03.2021	
A Subsidiary				
Kanpur Electricity Supply Company	225951.40		253608.03	
Dakshinanchal Vidyut Vitran Nigam Ltd.	598765.35		680669.48	
Madhyanchal Vidyut Vitran Nigam Ltd.	862244.06		891737.70	
Pashchimanchal Vidyut Vitran Nigam Ltd.	338292.38		321143.69	
Purvanchal Vidyut Vitran Nigam Ltd.	762450.66		998452.63	
* Adjustments	(2147.98)		66326.99	
Sub Total	2785555.87		3211938.52	
Less - Provision for Bad & Doubtful Debts	139277.79	2646278.08	160596.93	3051341.59
B Others	52297.94		52297.94	
Less - Provision for Bad & Doubtful Debts	52297.94	0.00	30225.06	22072.88
TOTAL		2646278.08		3073414.47

* Refer note no. 30(13)(b)

Secured/Unsecured & considered Good & Doubtful Bebts

	As at 31.03.2022	As at 31.03.2021
A Secured	-	
B Unsecured & Considered Good	2646278.08	3073414.47
C Unsecured & Considered Doubtfull	191575.73	190821.99
TOTAL	2837853.81	3264236.46

Trade Receivables

	As at 31.03.2022	As at 31.03.2021
A Receivable Outstanding for a period Exceeding Six Months	846074.22	1127333.41
B Receivable Outstanding for a period Less than Six Months	1991779.59	2136903.05
TOTAL	2837853.81	3264236.46

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

NOTE - 9

Financial Assets - CASH AND CASH EQUIVALENTS (CURRENT)

(Amount in lakh ₹)

Particulars	As at 31.03.2022		As at 31.03.2021	
A Balances with Banks				
In Current & Other account	138816.65		146336.58	
* RPO Fund Account	622.57		7657.07	
In Fixed Deposit accounts	34431.62	173870.84	86233.36	240227.01
B Cash on Hand				
Cash in Hand (Including Stamps in hand)	1.28		1.29	
Cash Imprest with Staff	0.77	2.05	1.28	2.57
TOTAL		173872.89		240229.58

* In compliance to UPERC's order, separate bank account has been created for renewable purchase obligations.

NOTE - 10

Financial Assets - Bank Balances other than above (Current)

(Amount in lakh ₹)

Particulars	As at 31.03.2022	As at 31.03.2021
Deposits having maturity more than 3 months but not more than 12 months(including RPO fund amounting Rs.54,78Lakh)	249520.34	228847.96
TOTAL	249520.34	228847.96

Refer Note No. 22 to the Notes to Account for other earmarked bank accounts.

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

NOTE - 11

Financial Assets - OTHER (CURRENT)

(Amount in lakh ₹)

Particulars	As at 31.03.2022		As at 31.03.2021	
Receivables (Unsecured) -				
UPRVUNL	866.02		754.31	
UPJVUNL	379.01		336.67	
UPPTCL	26272.72		23335.40	
* Receivable from IREDA	977.33		1230.00	
Sub Total A	28495.08		25656.38	
Subsidiaries (Unsecured) -				
KESCO	5289.97		4097.08	
Dakshinanchal VVNL	24072.21		18615.56	
Madhyanchal VVNL	28464.28		22556.25	
Paschimanchal VVNL	31462.29		25918.00	
Purvanchal VVNL	26125.32		20261.08	
Sub Total B	115414.07		91447.97	
Employees	15.80		16.31	
Others	64469.67		73857.86	
Sub Total C	64485.47		73874.17	
Total (A+B+C)	208394.62		190978.52	
Less - Provision for Doubtful Receivables	20839.46	187555.16	19097.85	171880.67
Receivables on account of Loan (Unsecured)				
Madhyanchal VVNL	225801.80		154028.78	
Paschimanchal VVNL	163731.90		121948.33	
Dakshinanchal VVNL	301265.00		213964.21	
Purvanchal VVNL	354837.05		221781.10	
KESCO	26785.20	1072420.95	16237.50	727959.92
Total		1259976.11		899840.59

* Receivable from Indian Renewable Energy Development Agency Ltd.(IREDA) (Govt. of India Enterprise) related to subsidy against power purchase from renewable energy developers.

NOTE - 12

OTHER CURRENT ASSETS

(Amount in lakh ₹)

Particulars	As at 31.03.2022		As at 31.03.2021	
Receivable from UP State Power Sector Employee GPF Trust(Provident Fund)*		17853.87		17853.87
Advances to Suppliers / Contractors	3.95		465.54	
Less - Provision for Doubtful Advances	0.40	3.55	46.56	418.98
** Advances to UMPP/Energy Exchange		17306.12		17306.12
Tax deducted at source		5644.12		1201.15
Tax Collected at source		4137.18		579.37
Fringe Benefit Tax - Advance Tax	66.07		66.07	
Less - Provision	41.03	25.04	41.03	25.04
Income Accured & Due		504.53		514.69
Income Accured but not Due		677.49		569.51
Prepaid Expenses		15.43		15.83
Inter Unit Trasactions		15188.17		7081.33
Total		61355.50		45565.89

* It includes Rs.160.58 Crore receivable fromU.P.Power Sector employees Trust on account of settlement of amount payable by UPPSET to Uttarakhand Power Corporation Ltd.(Refer note no-38)

** 1. Commitment advance of Rs. 12697.91 lakh was given to Ultra Mega Power Projects for the development of power projects
2. Advances to Energy Exchange for bidding process is Rs.4608.21 Lakh

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

NOTE - 13

EQUITY SHARE CAPITAL

Amount in lakh ₹)

Particulars	As at 31.03.2022	As at 31.03.2021
(A) AUTHORISED :		
1250000000 Equity shares of par value of ₹1000/- each (previous year 1250000000 Equity shares of par value ₹1000/- each)	12500000.00	12500000.00
(B) ISSUED SUBSCRIBED AND FULLY PAID UP		
1096793838 Equity shares of par value ₹1000/- each (previous year 1041264552 Equity shares of par value ₹1000/- each) (of the above shares 36113400 were alloted as fully paid up pursuant to UP Power Sector Reform Scheme for consideration other than cash)	10967938.38	10412645.52
TOTAL	10967938.38	10412645.52

a) During the period, the Company has issued 55529286 Equity shares of ₹1000 each only and has not bought back any shares.

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

c) During the period ended 31st March 2022,no dividend has been declared by board due to heavy accumulated losses.

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

Shareholder's Name	As at 31.03.2022		As at 31.03.2021	
Government of UP along with nominees	No. of shares	%age holding	No. of shares	%age holding
	1096793838	100%	1041264552	100%

e) Reconciliation of No. of Shares

No. of Shares as on 31.03.2021	Issued during the year	Buyback during the year	No. of Shares as on 31.03.2022
1041264552	55529286	-	1096793838

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

NOTE - 14

OTHER EQUITY

(A) Reserves and Surplus

(Amount in lakh ₹)

Particulars	As at 31.03.2022			As at 31.03.2021		
A Capital Reserves*						
Others			19595.12			19595.12
B Other Reserves						
Restructuring Reserve						
As per last financial statement		54030.56			54030.56	
Change during the year		0.00	54030.56		0.00	54030.56
C Surplus						
As per last financial statement		(7356726.86)			(9091620.41)	
ADD:-						
a Profit/(Loss) for the year as per statement of Profit & Loss	(830526.77)			1734897.53		
b Other Comprehensive Income	(523.28)			(3.98)		
c Total Comprehensive Income for the year	(831050.05)	(831050.05)	(8187776.91)	1734893.55	1734893.55	(7356726.86)
SUB TOTAL			(8114151.23)			(7283101.18)

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

B) Share Application Money

(Amount in lakh ₹)

Particulars	As at 31.03.2022	As at 31.03.2021
Share Application Money Pending for allotment to the Govt. of	253300.59	31379.93
SUB TOTAL	253300.59	31379.93
GRAND TOTAL	(7860850.64)	(7251721.25)

Reconciliation of Share Application Money

(Amount in lakh ₹)

Share Application Money as on 31.03.2021	Received during the year	Allotted during the year	Share Application Money as on 31.03.2022
31379.93	777213.52	555292.86	253300.59

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

NOTE - 15

FINANCIAL LIABILITIES - BORROWINGS (NON CURRENT)

(Amount in lakh ₹)

PARTICULARS	As at 31.03.2022		As at 31.03.2021	
BONDS/LOANS on behalf of Subsidiaries/DISCOMS				
(a) Dakshinanchal VVNL				
SECURED				
Non Convertible Bonds	468000.25		463618.40	
UNSECURED				
Non Convertible Bonds	341032.31		381108.85	
REC (Loan)	363695.26		390260.22	
PFC (Loan)	422221.96		447806.99	
UP GOVERNMENT				
OTHER	11317.76	1606267.54	13204.05	1695998.51
(b) Madhyanchal VVNL				
SECURED				
Non Convertible Bonds	386994.16		301542.48	
UNSECURED				
Non Convertible Bonds	163764.11		183002.40	
REC (Loan)	366192.12		400566.74	
PFC (Loan)	415061.71		438671.26	
UP GOVERNMENT				
OTHER	7074.84	1339086.94	8253.98	1332036.86
(c) Paschimanchal VVNL				
SECURED				
Non Convertible Bonds	122315.25		150776.93	
UNSECURED				
Non Convertible Bonds	123079.38		137531.92	
REC (Loan)	211331.71		274783.05	
PFC (Loan)	199065.51		237452.29	
UP GOVERNMENT				
OTHER	6901.29	662693.14	8051.50	808595.69
(d) Purvanchal VVNL				
SECURED				
Non Convertible Bonds	493490.34		448252.18	
UNSECURED				
Non Convertible Bonds	202903.13		226737.09	
REC (Loan)	729756.56		757537.73	
PFC (Loan)	816456.95		826813.24	
UP GOVERNMENT				
OTHER	9322.96	2251929.94	10876.79	2270217.03
(e) Kesco				
SECURED				
Non Convertible Bonds	70090.00		41950.00	
UNSECURED				
Non Convertible Bonds	48210.22		53872.84	
REC (Loan)	41152.01		41454.46	
PFC (Loan)	73493.44		80233.08	
UP GOVERNMENT				
OTHER	2310.15	235255.82	2695.18	220205.56
GRAND TOTAL		6095233.38		6327053.65

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

Name of Bank	Drawl Date	Installment (Months)	Repayment Due From	ROI (%)	Guaranteed By	Principal	Interest	Total	Principal	Interest	Principal Default w.e.f.	Interest Default w.e.f.	Amount of Guaranteed Loans	Security
Long Term Borrowing														
SECURED														
BONDS														
MVVNL	17.02.17/ 27.03.17/ 05.12.17/ 27.03.18/ 30.03.22	28/31/34 Quaterly	Jul-19	8.97%/8.48%/9.70%/9.75%/10.15%		442462.42		442462.42	-	-	-	-	442462.42	Hypothecation on current Assets including Receivables of UPPCL and Govt Guarantee
PoorVVNL						376042.18		376042.18	-	-	-	-	376042.18	
PasVVNL						150774.93		150774.93	-	-	-	-	150774.93	
DVVNL						553498.40		553498.40	-	-	-	-	553498.40	
KESCO						73480.00		73480.00	-	-	-	-	73480.00	
Total - Secured						1801235.93	0.00	1801259.99	0.00	0.00	0.00	0.00	1801259.99	
Less-CM						260370.00		260370.00						
Total						1540889.93	0.00	1540889.99						
UNSECURED														
BONDS-														
MVVNL	04.07.16/ 28.09.16/ 30.03.17	20/24 Half yearly	Sep-20	9.70%		183002.40		183002.40	-	-	-	-	183002.40	Government Guarantee
PoorVVNL						226737.09		226737.09	-	-	-	-	226737.09	
PasVVNL						137531.92		137531.92	-	-	-	-	137531.92	
DVVNL						381108.85		381108.85	-	-	-	-	381108.85	
KESCO						53872.84		53872.84	-	-	-	-	53872.84	
Sub Total						982253.10	0.00	982253.10	0.00	0.00	0.00	0.00	982253.10	
Less-CM						103263.95		103263.95						
Total						878989.15	0.00	878989.15						
REC (Loan)														
MVVNL	Since March-17	18/36 MI, 84/108EMI & 28/32 QTY	Apr-20	9.50% to 11.00%		441621.64	0.00	441621.64	-	-	-	-	441621.64	Government Guarantee
PoorVVNL						850326.77	0.00	850326.77	-	-	-	-	850326.77	
PasVVNL						282891.96	0.00	282891.96	-	-	-	-	282891.96	
DVVNL						431562.17	0.00	431562.17	-	-	-	-	431562.17	
Kesco						46758.47	0.00	46758.47	-	-	-	-	46758.47	
	Sub Total				Sub Total	2053161.01	0.00	2053161.01	0.00	0.00	0.00	0.00	2053161.01	
	Less-CM				Less-CM	341033.37	0.00	341033.37						
	Total				Total	1712127.64	0.00	1712127.64						
PFC (Loan)														
MVVNL	Since June-17	60,72,84/108 EMI & 12/20/28 QTY	Oct-19	9.50% to 11.55%		480381.04		480381.04	-	-	-	-	480381.04	Government Guarantee
PoorVVNL						920901.68		920901.68	-	-	-	-	920901.68	
PasVVNL						248299.98		248299.98	-	-	-	-	248299.98	
DVVNL						489712.63		489712.63	-	-	-	-	489712.63	
Kesco						85540.90		85540.90	-	-	-	-	85540.90	
Sub Total						2224836.23		2224836.23	0.00	0.00	0.00	0.00	2224836.23	
Less-CM						298536.67		298536.67						
Total						1926299.56		1926299.56						
Unsecured GoUP Interest bearing Loan														
MVVNL	11.10.18	20 HY	Apr-19	11.50%		8253.99		8253.99	-	-	-	-	-	
PoorVVNL						10876.80		10876.80	-	-	-	-	-	
PasVVNL						8051.51		8051.51	-	-	-	-	-	
DVVNL						13204.06		13204.06	-	-	-	-	-	
Kesco						2695.18		2695.18	-	-	-	-	-	
Sub Total						43081.54	0.00	43081.54					0.00	
Less-CM						6154.50		6154.50						
Total						36927.04		36927.04						
Total - Unsecured						4554343.39	0.00	4554343.39						
Grand Total - Secured & Unsecured related to DISCOMs						6095233.38	0.00	6095233.38						

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

*Loan from GOUP

21

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

NOTE- 16

FINANCIAL LIABILITIES - OTHERS (NON CURRENT)

(Amount in lakh ₹)

Particulars	As at 31.03.2022		As at 31.03.2021	
Leave Encashment		8025.64		5957.94
Gratuity		1709.70		992.80
Corpus Fund from UPNEDA*		4404.68		4241.98
Liabilities against Loan :-				
MADHYANCHAL	78709.06		77230.34	
PASHIMANCHAL	99602.50		97097.08	
DAKSHINACHAL	85891.65		82346.31	
POORVANCHAL	100551.01		97600.80	
KESCO	322.60	365076.82	322.60	354597.13
TOTAL		**379216.84**		**365789.85**

* It relates to the Corpus Fund received from U.P. New & Renewable Energy Development Agency for providing the facility of letter of credit to solar energy developers.

NOTE- 17

FINANCIAL LIABILITIES - BORROWINGS (CURRENT)

(Amount in lakh ₹)

Particulars	As at 31.03.2022	As at 31.03.2021
Overdraft from Punjab National Bank	2.79	0.00
Current Maturity of Long Term Borrowings	1009358.48	727959.92
Interest Accrued but not Due on Borrowings	63062.46	62678.53
TOTAL	**1072423.73**	**790638.45**

Note:- Details of Current Maturity of Long Term Borrowings is annexed with this Note. (Refer Annexure to Note - 17)

Annexure to Note -17

Statement of Current Maturity of Long-Term Borrowings (Principal)

(Amount In lakh ₹)

As at 31.03.2022

I	Loan taken and Bond Issued on behalf of subsidiaries DISCOMs					
Sl. No.	Name of the Discom	Bonds	REC	PFC	UP Gov. -Other	Total
1	MVVN	74706.61	75429.53	65319.33	1179.14	216634.61
2	PoorVVN	106385.81	120670.20	104444.73	1553.83	332054.57
3	PaVVN	42914.22	71560.25	49224.47	1150.21	164850.15
4	DVVN	125574.69	67866.32	67490.68	1886.29	262818.58
5	KESCO	14062.62	5606.46	12047.46	385.03	32091.57
	Total	363643.95	341033.36	298536.67	6154.50	1009358.48
	Total Current Maturity of Long-Term Borrowings					1009358.48

As at 31.03.2021

I	Loan taken and Bond Issued on behalf of subsidiaries DISCOMs					
Sl. No.	Name of the Discom	Bonds	REC	PFC	UP Gov. -Other	Total
1.00	Madhyanchal VVNL	65326.56	40000.18	50758.17	1178.14	158162.05
2.00	Purvanchal VVNL	94783.91	54123.29	71284.01	1553.83	221745.04
3.00	Paschimanchal VVNL	35921.18	48394.13	44290.02	1150.21	129755.54
4.00	Dakshinanchal VVNL	105918.91	34119.98	52768.75	1686.29	194493.94
5.00	KESCO	11299.38	2293.32	9625.62	385.03	23603.35
	Total	313249.94	179830.91	228724.57	6154.50	727959.92
	Total Current Maturity of Long-Term Borrowings					727959.92

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

NOTE-18

FINANCIAL LIABILITIES -TRADE PAYABLE (CURRENT)

(Amount in lakh ₹)

Particulars	As at 31.03.2022	As at 31.03.2021
Liability for Purchase of Power	2371785.81	2638240.60
TOTAL	2371785.81	2638240.60

NOTE- 19

Other Financial Liabilities (CURRENT)

(Amount in lakh ₹)

Particulars		As at 31.03.2022		As at 31.03.2021
Liability for Capital Supplies/ Works		38.89		40.57
Liability for O & M Supplies / Works		159.15		18.20
Deposits & Retentions from Suppliers & Others		41513.82		41348.86
UP STate Power Sector Employee CPF Trust				
* Liabilities towards UPPCL CPF Trust		49.29		45.55
CPF Gratuity		31.06		28.80
UP STate Power Sector Employee GPF Trust-Pension and Gratuity Liability		738.14		685.54
Staff Related Liabilities		3287.63		3028.11
Leave Encashment Liabilities		957.12		973.59
Sundry Liabilities		40826.59		41841.47
Payable to UPNEDA**		6562.66		4997.55
A Payable against Loan -				
MADHYANCHAL V.V.N.L.		7658.13		9673.83
PASHIMANCHAL V.V.N.L.		7516.25		10021.67
DAKSHINACHAL V.V.N.L.		7225.00		10770.33
POORVANCHAL V.V.N.L.		6650.63		11800.63
B Othe Payable to Subsidiaries -***				
MADHYANCHAL V.V.N.L.	29200.84		3296.58	
PASHIMANCHAL V.V.N.L.	14247.79		15.67	
DAKSHINACHAL V.V.N.L.	12032.50		14.63	
POORVANCHAL V.V.N.L.	11219.26		17.89	
KESCO	22868.84	89569.23	0.00	3344.67
C Payable to Other Companies				
Payable to UPPTCL		6401.39		6563.72
Payable to UPJVNL		9081.66		9081.66
Liabilities for Expenses		4945.07		1704.94
Provision for Loss incurred by the GPF and CPF Tust		14370.38		0.00
TOTAL		251783.08		155970.99

* Includes interest on CPF

** Amount received in advance from U.P. New & Renewable Energy Development Agency towards subsidy against purchase of power from new & renewable energy generators.

*** It relates to grant received from GOUP and misc. receipt from department of GOUP on behalf of the subsidiaries.

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

NOTE - 20

REVENUE FROM OPERATIONS

(Amount in lakh ₹)

Particulars	For the Year ended on 31.03.2022		For the Year ended on 31.03.2021	
SALE OF POWER				
Subsidiaries				
Dakshinanchal VVNL	1001906.56		1137968.82	
Madhyanchal VVNL	1287911.40		1300250.46	
Paschimanchal VVNL	1881569.48		1978712.84	
Purvanchal VVNL	1106469.48		1344673.16	
KESCO	239503.89		255942.04	
* Adjustments	(2147.98)	5515212.83	66326.99	6083874.31
TOTAL		5515212.83		6083874.31

* Refer note no. 30(13)(b)

NOTE - 21

OTHER INCOME

(Amount in lakh ₹)

Particulars	For the Year ended on 31.03.2022		For the Year ended on 31.03.2021	
a Interest from :				
Loans to Staff	0.14		0.49	
Loans to NPCL (Licencee)	2246.45		1954.56	
Fixed Deposits	8838.16		10627.51	
Bonds	953.25		1123.10	
Others	318.08	12356.08	103.62	13809.28
b Others				
Income from Contractors/Suppliers	33.24		38.83	
Rental from Staff	41.74		59.28	
School Fee/Recruitment Examination Fee	1021.02		2168.05	
Miscellaneous Receipts	337.30	1433.30	38.55	2304.71
TOTAL		13789.38		16113.99

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

NOTE - 22

PURCHASE OF POWER

(Amount in lakh ₹)

Particulars	For the Year ended on 31.03.2022		For the Year ended on 31.03.2021	
Power Purchased from Generators & Traders		5148792.98		5254853.17
Surcharge		(6007.98)		377398.46
Unscheduled Interchange & Reactive Energy Charges		(51394.09)		(4466.12)
Inter-state Transmission & Related Charges		455901.07		483204.54
TOTAL - Purchase of Power		**5547291.98**		**6110990.05**
Less - Rebate against Power Purchase	14718.91		7405.54	
Subsidy against Purchase of Solar Power	17360.24	32079.15	19710.20	27115.74
TOTAL		5515212.83		6083874.31

NOTE - 23

Employee benefits expense

(Amount in lakh ₹)

Particulars	For the Year ended on 31.03.2022		For the Year ended on 31.03.2021	
Salaries & Allowances		15994.55		18695.16
Staff Welfare Expenses		49.46		153.13
Pension & Gratuity		5172.68		2172.95
Other Terminal Benefits		739.16		657.22
SUB TOTAL		**21955.85**		**21678.46**
LESS - Expenses Capitalised		43.16		74.45
TOTAL		**21912.69**		**21604.01**
LESS - Employees Cost Allocated to DISCOMs and Others				
KESCO	521.32		705.31	
Madhyanchal VVNL	2438.20		3160.12	
Purvanchal VVNL	2626.66		3627.04	
Pashchimanchal VVNL	2753.58		3577.53	
Dakshinanchal VVNL	2411.69		3201.10	
UPRVUNL	54.20		66.56	
UPJVNL	21.71		22.39	
UPPTCL	1737.56	12564.92	1756.76	16116.81
		9347.77		5487.20

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

NOTE - 24

FINANCE COSTS

(Amount in lakh ₹)

Particulars	For the Year ended on 31.03.2022	For the Year ended on 31.03.2021
Other borrowing costs		
Bank Charges	2.62	0.19
Guarantee Charges	0.00	2.14
Interest to CPF Trust	3.74	4.59
GRAND TOTAL	6.36	6.92

NOTE - 25

DEPRECIATION AND AMORTIZATION EXPENSE

(Amount in lakh ₹)

Particulars	For the Year ended on 31.03.2022		For the Year ended on 31.03.2021	
Depreciation on -				
Buildings	152.56		150.09	
Other Civil Works	20.17		20.20	
Plant & Machinery	35.71		43.21	
Lines, Cable Network etc.	0.26		0.26	
Vehicles	15.98		17.91	
Furniture & Fixtures	39.04		37.28	
Office Equipments	213.22		173.51	
Intangible Assets	74.25	551.19	69.17	511.63
GRAND TOTAL		551.19		511.63

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

NOTE - 26

ADMINISTRATIVE,GENERAL & OTHER EXPENSES

(Amount in lakh ₹)

Particulars	For the Year ended on 31.03.2022		For the Year ended on 31.03.2021	
Rent		1.45		1.45
Insurance		2.73		5.85
Communication Charges		111.12		106.61
Legal Charges		1243.72		1380.10
Auditors Remuneration & Expenses				
Audit Fee	5.00		5.00	
GST/Service Tax	0.90	5.90	0.90	5.90
Consultancy Charges		718.09		1461.80
Technical Fees & Professional Charges		1200.99		1549.83
Travelling and Conveyance		887.71		486.94
Printing and Stationery		63.32		161.87
Advertisement Expenses		172.46		70.50
Electricity Charges		974.00		429.00
Entertainment		3.40		7.81
Expenditure on Trust		6.66		3.04
Miscellaneous Expenses		2049.75		2385.83
TOTAL		7441.29		8056.53
LESS - Administrative,General & Other Expenses Allocated to DISCOMs and Others				
KESCO	77.47		97.38	
Madhyanchal VVNL	548.78		598.08	
Purvanchal VVNL	634.55		716.76	
Pashchimanchal VVNL	750.15		870.59	
Dakshinanchal VVNL	582.20		643.77	
UPRVUNL	63.73		49.14	
UPJVNL	8.80		7.35	
UPPTCL	65.91	2731.59	48.82	3031.89
		4709.70		5024.64

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

NOTE - 27

REPAIRS AND MAINTENANCE

(Amount in lakh ₹)

Particulars	For the Year ended on 31.03.2022		For the Year ended on 31.03.2021	
Plant & Machinery		265.15		290.45
Buildings		551.03		1125.80
Other Civil Works		0.09		7.48
Vehicles - Expenditure	57.85		436.98	
Less - Transferred to different Capital & O&M Works/Administrative Exp.	57.85	0.00	436.98	0.00
Furniture & Fixtures		3.79		5.98
Office Equipments		272.49		365.27
TOTAL		1092.55		1794.98
LESS - Repairs and Maintenance Cost Allocated to DISCOMs and Others				
KESCO	0.96		7.36	
Madhyanchal VVNL	6.67		46.99	
Purvanchal VVNL	7.82		54.81	
Pashchimanchal VVNL	9.48		70.81	
Dakshinanchal VVNL	7.34		50.82	
UPRVUNL	72.24		128.90	
UPJVNL	11.83		16.11	
UPPTCL	80.83	197.17	107.66	483.46
		895.38		1311.52

NOTE - 28

BAD DEBTS & PROVISIONS

(Amount in lakh ₹)

Particulars	For the Year ended on 31.03.2022	For the Year ended on 31.03.2021
PROVISIONS		
Doubtful Debts (Sale of Power)	753.75	(25092.68)
Financial Assets Others (Other Receivable)	(46.16)	(1708.12)
Financial Assets Others (Non Current)	1741.61	4888.79
Doubtful Debts (Loans to NPCL)	2246.45	1954.56
Impairment in investment	809739.72	(1711168.00)
TOTAL	814435.37	(1731125.45)

Note- Negative figures indicate the reversal of provisions which were made in earlier years.

NOTE - 29

EXCEPTIONAL ITEMS

(Amount in ₹)

Particulars	For the Year ended on 31.03.2022	For the Year ended on 31.03.2021
Provision for Loss incurred by the GPF and CPF Tust	14370.38	0.00
TOTAL	14370.38	0.00

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

STATEMENT OF CASH FLOW FOR THE YEAR ENDED ON 31st MARCH 2022

(₹ in Lakhs)

		2021-22	2020-21
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit/ (Loss) Before Taxation & Exceptional items	(816,156.39)	1,734,897.53
	Adjustment For:		
	a Depreciation	551.19	511.63
	b Interest & Financial Charges	6.36	6.92
	c Bad Debts & Provision	814,435.37	(1,731,125.45)
	d Interest Income	(12,356.08)	(13,809.28)
	Sub Total	**802,636.84**	**(1,744,416.18)**
	Operating Profit Before Working Capital Change	**(13,519.55)**	**(9,518.65)**
	Adjustment for		
	a Inventories	0.03	227.17
	b Trade Receivable	426,382.64	501,853.61
	c Other Current Assets	(15,743.45)	7,374.00
	d Financial assets-others	(361,877.13)	2,050,066.96
	e Other financial Liab.	80,918.43	(512,870.28)
	f Financial Liabilities-Borrowings	281,785.28	715,221.34
	g Trade Payable	(266,454.79)	(560,653.39)
	h Bank balance other than cash	(20,672.38)	(51,986.08)
	Sub Total	**124,338.63**	**2,149,233.33**
	NET CASH FROM OPERATING ACTIVITIES (A)	**110,819.08**	**2,139,714.68**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	a Decrease (Increase) in Property Plant & Equipment	(368.70)	(788.77)
	b (Increase)/Decrease in Investments	(977,395.76)	(378,521.68)
	c Decrease/(Increase) in Loans & Other financial assets Non-current Assets	229,548.82	(4,796,313.93)
	d Interest Incomes	12,356.08	13,809.28
	e Decrease (Increase) in Intangible assets	(130.09)	(44.04)
	NET CASH GENERATED FROM INVESTING ACTIVITIES (B)	**(735,989.65)**	**(5,161,859.14)**
C	**CASH FLOW FROM FINANCING ACITIVITIES**		
	a Proceeds from Borrowing	(231,820.27)	2,098,122.07
	b Proceeds from Share Capital	777,213.52	727,624.58
	c Proceed from other equity		(1,003.08)
	d Other long term liabilities	13,426.99	358,197.66
	e Interest & Financial Charges	(6.36)	(6.92)
	NET CASH GENERATED FROM FINANCING ACTIVITIES (C)	**558,813.88**	**3,182,934.31**
	NET INCREASE/ (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	**(66,356.69)**	**160,789.85**
	CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**240,229.58**	**79,439.73**
	CASH & CASH EQUIVALENTS AT THE END OF THE YEAR (Refer Note no.09)	**173,872.89**	**240,229.58**

Notes to the Cash Flow Statement

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

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

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

(Jitesh Grover)
Company Secretary
(Additional Charge)

[A.K.Awasthi]
Chief Finanacial Officer

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

(Pankaj Kumar)
Managing Director
DIN - 08095154

Place : Lucknow
Date : 12-09-2022

Subject to our report of even date
For D Pathak & Co
Chartered Accountants
FRN No. 001439C

(A.K. Dwivedi)
Partner
M.No. 071584

UDIN
22071584ARUJYK238C

U.P. POWER CORPORATION LIMITED

CIN - U32201UP1999SGC024928

NOTE NO.30

NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2022 AND STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON THAT DATE

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

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

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

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

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

2. (a) As per Final Transfer Schemes of Discoms and Transco issued vide notification no. 1528/24-P-2-2015-SA(218)-2014 dated November 03, 2015, and notification no. 1529/24-P-2-2015-SA(218)-2014 dated November 03, 2015 respectively, the final balances of assets and liabilities were given to 'DISCOMs' as on 11.08.2003,'TRANSCO' as on 01.04.2007 and to the company as on 01.04.2007 as against the balances earlier notified by Provisional Transfer Schemes of Discoms and Transco which were referred to in point 1(d) and 1(e) above.

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

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

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

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

(b) As required by IND AS 19 (Employee Benefits), the company has measured its liabilities arising from Gratuity for the employees recruited after creation of the UPPCL i.e for CPF employees on the basis of Actuarial Valuation Report dated 18.04.2022 for the F.Y. 2021-22.

(c) The provision for Earned Leave Encashment (Terminal Benefits) for all employees (i.e. GPF & CPF employees) has been made as per Actuarial Valuation Report dated 18.04.2022for the F.Y. 2021-22.

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

S NO.	Defined benefit plans:- (Amount ₹ in Lakhs)	Gratuity		Leave Encashment	
		As on 31/03/2022	As on 31/03/2021	As on 31/03/2022	As on 31/03/2021
1	**Assumptions**				
	Discount Rate	7.36%	6.81%	6.96%	6.41%
	Rate of increase in Compensation levels	7.00%	4.00%	7.00%	4.00%
	Rate of return on Plan assets	Not Applicable	Not Applicable	Not Applicable	Not Applicable
	Average future service (in Years)	24.70 Years	25.67 Years	16.22 Years	16.40 Years
2	**Service Cost**				
	Current Service Cost	148.44	114.17	172.75	128.87
	Past Service Cost (including curtailment Gains/ Losses)	0.00	0.00	0.00	0.00
	Gains or losses on Non Routine settlements	0.00	0.00	0.00	0.00
3	**Net Interest Cost**				
	Interest Cost on Defined Benefit Obligation	69.65	59.75	442.17	496.84
	Interest Income on Plan Assets	0.00	0.00	0.00	0.00
	Net Interest Cost (Income)	**69.65**	**59.75**	**442.17**	**496.84**

4	**Change in present value of obligations**				
	Opening of defined benefit obligations	1022.70	868.53	6898.09	7527.88
	Interest cost	148.44	114.17	442.17	496.84
	Service Cost	69.65	59.75	172.75	128.87
	Benefits Paid	(22.41)	(23.74)	(1285.66)	(969.91)
	Actuarial (gain)/Loss on total liabilities	**523.28**	**3.98**	**2752.58**	**(285.58)**
	due to change in financial assumptions	480.10	11.70	1368.22	80.82
	due to change in demographic assumptions	0.00	0.00	0.00	0.00
	due to experience Changes	43.18	(7.72)	1384.36	(366.40)
	Closing of defined benefit obligation	**1741.65**	**1022.70**	**8979.93**	**6898.09**
5	**Change in the fair value of plan assets**				
	Opening Fair value of plan assets	0.00	0.00	0.00	0.00
	Actual return on plan assets	0.00	0.00	0.00	0.00
	Employer Contribution	22.41	23.74	1285.66	969.91
	Benefits paid	(22.41)	(23.74)	(1285.66)	(969.91)
	Closing Fair value of plan assets	0.00	0.00	0.00	0.00
6	**Actuarial (Gain)/Loss on Plan Asset**				
	Expected Interest income	0.00	0.00	0.00	0.00
	Actual Income on Plan Assets	0.00	0.00	0.00	0.00
	Actuarial gain/(loss) on Assets	0.00	0.00	0.00	0.00
7	**Other Comprehensive Income**				
	Opening amount recognized in OCI outside P&L account	0.00	0.00	N/A	N/A
	Actuarial gain/(loss) on liabilities	(523.28)	(3.98)	N/A	N/A
	Actuarial gain/(loss) on assets	0.00	0.00	N/A	N/A
	Closing amount recognized in OCI outside P&L account	**(523.28)**	**(3.98)**	N/A	N/A
8	**The amounts to be recognized in the Balance Sheet Statement**				
	Present value of obligations	1741.65	1022.70	8979.93	6898.09
	Fair value of plan assets	0.00	0.00	0.00	0.00
	Net Obligations	1741.65	1022.70	8979.93	6898.09
	Amount not recognized due to assets limit	0.00	0.00	0.00	0.00
	Net defined benefit liability/(assets) recognized in balance sheet	**1741.65**	**1022.70**	**8979.93**	**6898.09**
9	**Expenses recognized in Statement of Profit & loss**				
	Service cost	148.44	114.17	172.75	128.87
	Net Interest cost	69.65	59.75	442.17	496.84
	Net actuarial (gain)/loss	0.00	0.00	2752.58	(285.58)
	Expenses recognized in statement of Profit & Loss	**218.08**	**173.93**	**3367.49**	**340.13**
10	**Change in Net Defined Obligations**				
	Opening of Net defined benefit liability	1022.70	868.53	6898.09	7527.88
	Service Cost	148.44	114.17	172.75	128.87
	Net Interest Cost	69.65	59.75	442.17	496.84
	Re-measurements	523.28	3.98	2752.58	(285.58)
	Contributions paid to fund	(22.41)	(23.73)	(1285.66)	(969.91)
	Closing of Net defined benefit liability	**1741.65**	**1022.70**	**8979.93**	**6898.09**

11	Sensitivity analysis				
	Item	As on 31/03/2022	Impact	As on 31/03/2022	Impact
	Base liability	174164921		897992885	
	Increase in Discount rate by 0.50%	159981299	(14183622)	864165183	(33827702)
	Decrease in Discount rate by 0.50%	189995272	15830351	934891278	36898393
	Increase in salary inflation by 1%	192127160	17962239	970706460	72713575
	Decrease in salary inflation by 1%	154656955	(19507966)	835706523	(62286362)
	Increase withdrawal rate by 0.5%	176467723	2302802	898940349	947464
	Decrease withdrawal rate by 0.5%	171623720	(2541201)	896960190	(1032695)

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

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

   (c) In terms of powers conferred by the Notification no. GSR 627(E) dated 29 August 2014 of Ministry of Corporate Affairs, Govt. of India, the depreciation/amortization on Property; Plant & Equipment/Intangible Assets have been calculated taking into consideration the rate/useful life of assets as approved by the regulator in the regulation of UPERC (Multi Year tariff for Distribution and Transmission) Regulation, 2019.

6. (a) The provision for Bad and Doubtful Dues against sale of power has been made @ 5% on incremental debtors during the year.

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

   (i) Provision to the extent of 10% on the balances of suppliers/ contractors has been made under Note no. 12 (Other Current Assets).

   (ii) Provision @ 100% on interest accrued and due during the year on loan of NPCL has been made under the Note No. 06 (Loans & Other financial assets-Non Current).

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

7. Reconciliation of balances of IUT amounting to Rs. 15188.17 Lacs is in under progress (refer note no. 12).

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

9. (a) Some balances appearing under the heads 'Financial Assets-Other (Current)', 'Loans & Other Financial Assets (Non-Current)', 'Other Current Assets (including Jr/ UP Power Sector Employees Trust)', 'Other Financial Liabilities (Current)',

and Financial Liabilities- Trade Payables (Current)' are subject to confirmation/ reconciliation and subsequent adjustments as may be required.

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

10. In accordance with the provision of INDAS 08(Accounting Policies, changes in Accounting Estimates and Errors), prior period(s) errors/omission have been corrected retrospectively by restating the comparative amounts of profit & loss for the prior period i.e. F.Y.2020-21 to the extent practicable along with changes in basic and diluted earnings per share. If the error/omission relates to a period prior to the comparative figure i.e. before F.Y. 2020-21, the other equity, assets and liabilities of the comparative period has been restated. The opening balance of Balance sheet items has also been restated due to re-grouping/ re-arrangement/ re-classification, wherever required.

Balance Sheet

₹ In Lakhs

S No.	Particulars	Note	Audited figures as on 31.03.2021	Adjustment	Restated figures as on 31.03.2021	Remarks
	ASSETS					
1	Non-current assets					
	(a) Property, Plant and Equipment	2	6323.02	(10.62)	6312.40	PPE Adjustment
	(b) Capital work-in-progress	3	250.05	14.27	264.32	Regrouping
	(c) Intangible assets	4	223.97	0.00	223.97	
	(d) Financial Assets					
	(i) Investments	5	2616863.30	0.00	2616863.30	
	(ii) Loans & Other Financial Assets	6	936063.46	5390990.19	6327053.65	Regrouping
	(iii) Others	7				
2	Current assets					
	(a) Inventories	7	1.68	0.00	1.68	
	(b) Financial Assets					
	(i) Trade receivables	8	3037404.73	36009.74	3073414.47	PPE Adjustment
	(ii) Cash and cash equivalents	9	240199.70	29.88	240229.58	PPE Adjustment
	(iii) Bank balances other than (ii) above	10	228847.96	0.00	228847.96	
	(iv) Others	11	5870298.75	(4970458.16)	899840.59	PPE Adjustment/ Regrouping
	(c) Other Current Assets	12	51123.23	(5557.34)	45565.89	PPE Adjustment/ Regrouping
	Total Assets		12987599.85	451017.96	13438617.81	
	EQUITY AND LIABILITIES					
	Equity					
	(a) Equity Share Capital	13	10412645.52	0.00	10412645.52	

	(b) Other Equity		14	(7247744.01)	(3977.24)	(7251721.25)	PPE Adjustment
	LIABILITIES						
1	Non-current liabilities						
	(a) Financial liabilities						
	(i) Borrowings		15	6333208.15	(6154.50)	6327053.65	Regrouping
	(b) Other financial liabilities		16	6950.74	358839.11	365789.85	PPE Adjustment/ Regrouping
2	Current liabilities						
	(a) Financial liabilities						
	(i) Borrowings		17	0	790638.45	790638.45	Regrouping
	(ii) Trade payables		18	2600335.59	37905.01	2638240.60	PPE Adjustment
	(iii) Other financial liabilities		19	882203.86	(726232.87)	155970.99	PPE Adjustment/ Regrouping
	Total Equity and Liabilities			12987599.85	451017.96	13438617.81	

Profit & Loss Account

S No.	Particulars	Note	Audited figures for the year ended 31.03.2021	Adjustment of Prior Period Errors/Regrouping			Restated figures for the Year ended 31.03.2021	Equity (Reserve & Surplus) restated for the period ended 31.03.2020 and before
				Related to the Year ended 31.03.2021	Related to the Year ended 31.03.2020 and before	Total		
I	Revenue From Operations	20	6044916.32	38957.99	(1052.95)	37905.04	6083874.31	(1052.95)
II	Other Income	21	16163.75	(49.76)	(1000.54)	(1050.30)	16113.99	(1000.54)
III	Total Income (I+II)		6061080.07	38908.23	(2053.49)	36854.74	6099988.30	(2053.49)
IV	EXPENSES							
	Purchases of Stock-in-Trade (Power Purchased)	22	6044916.32	38957.99	(1052.95)	37905.04	6083874.31	(1052.95)
	Employee benefits expense	23	5487.20	0.00	0.00	0.00	5487.20	0.00
	Finance costs	24	6.92	0.00	0.00	0.00	6.92	0.00
	Depreciation and amortization expenses	25	503.56	8.07	2.55	10.62	511.63	2.55
	Other expenses					0		0
	Administration, General & Other Expense	26	4918.60	106.04	0.00	106.04	5024.64	0.00
	Repair and Maintenance	27	1295.99	15.53	0.00	15.53	1311.52	0.00
	Bad Debts & Provisions"	28	(1733920.21)	2794.76	0	2794.76	(1731125.45)	0.00
	Total expenses (IV)		4323208.38	41882.39	(1050.40)	40831.99	4365090.77	(1050.40)

V	Profit/(Loss) before exceptional items and tax (III-IV)		1737871.69	(2974.16)	(1003.08)	(3977.24)	1734897.53	(1003.08)
VI	Exceptional Items							
VII	Profit/(Loss) before tax (VI+/-)V)		1737871.69	(2974.16)	(1003.08)	(3977.24)	1734897.53	(1003.08)
VIII	Tax expense:							
	(1) Current tax		0.00	0.00	0.00	0.00	0.00	0.00
	(2) Deferred tax		0.00	0.00	0.00	0.00	0.00	0.00
IX	Profit (Loss) for the period from continuing operations (VII-VIII)		1,737,871.69	(2974.16)	(1003.08)	(3977.24)	1734897.53	(1003.08)
X	Profit/(Loss) from discontinuing operations							
XI	Tax expense of discontinuing operations							
XII	Profit/(Loss) from discontinuing operations (after tax) (X-XI)							
XIII	Profit/(Loss) for the period (IX+XII)		1,737,871.69	(2974.16)	(1003.08)	(3977.24)	1734897.53	(1003.08)
XIV	Other Comprehensive Income							
	A (i) Items that will not be reclassified to profit or loss Re-measurement of Defined Benefit Plans (Actuarial Gain or Loss)		(3.98)	0.00	0.00	0.00	(3.98)	0.00
	(ii) Income tax relating to items that will not be reclassified to profit or loss							
	B (i) Items that will be reclassified to profit or loss							
	(ii) Income tax relating to items that will be reclassified to profit or loss							

XV	Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit/(Loss) and Other Comprehensive Income for the period)		1,737,867.71	(2974.16)	(1003.08)	(3977.24)	1734893.55	(1003.08)
	Basic EPS		176.31				176.01	
	Diluted EPS		175.23				174.93	

**

a) The restated figure of Bad debts & Provisions includes the following:

₹ In Lakhs

i.	Sale of Power	1895.25
ii.	Advances to suppliers	(1731.88)
iii.	Financial Assets (others)	2631.39
	Total	**2794.76**

b) The reversal of bad debts & provisions has been done due to consequential impact of prior period omission and re-grouping/ re-classification.

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

	Earnings per share:	31.03.2022	31.03.2021
(a)	Net Profit/(loss) after tax (numerator used for calculation) ₹ in Lakhs	(831050.05)	1734893.55
(b)	Weighted average number of Equity Shares* (denominator for calculating Basic EPS)	1060503625	985682252
(c)	Weighted average number of Equity Shares* (denominator for calculating Diluted EPS)	1066980407	991745794
(d)	Basic earnings per share of ₹ 1000/- each in ₹	(78.36)	176.01
(e)	Diluted earnings per share of ₹1000/- each in ₹	(78.36)	174.93

* Calculated on monthly basis.

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

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

(b) Amount shown as 'Adjustments' in Note No. 8 and 20 relate to the cost of Power Purchase included (Short/ Excess) in computation of billing rate for sale of power to Discoms.

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

15. Quantitative Details of Energy purchased and sold:-

S. No.	Details	2021-22	2020-21
(I)	Total number of Units purchased	123406.88 MU	120589.94 MU
(II)	Total number of units sold	116885.13MU	113858.89 MU
(III)	% of Loss	5.28	5.58

16. Contingent Liabilities/Assets:- Contingent Liabilities have been disclosed to the extent ascertainable as under:

S. No.	Details	2021-22 Amount (₹. in Lakhs)	2020-21Amount (₹. in Lakhs)
(i)	Capital commitments	-	-
(ii)	Income Tax	-	-
(iii)	Power Purchase	1008393.18	1400278.56
(iv)	Other Contingencies	163023.04	128296.82
(V)	Contingent Assets	481.55	481.55

17. **Corporate Social Responsibility (CSR) Expenditure:**

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

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

19. RELATED PARTY TRANSACTIONS

(i) In terms of provisions contained in Ind AS 24, certain informations are disclosed in the financial statements.

(a) List of Subsidiaries:-

i.	Madhyanchal Vidyut Vitran Nigam Limited
ii.	Pashchimanchal Vidyut Vitran Nigam Limited
iii.	Purvanchal Vidyut Vitran Nigam Limited
iv.	Dakshinanchal Vidyut Vitran Nigam Limited
v.	Kanpur Electricity Supply Company Limited

(b) Key management personnel:-

S. No.	Name	Designation	Period (For FY 2021-22)	
			From (Date of Appointment)	To
1	Shri M. Devaraj, IAS (DIN-08677754)	Chairman & Managing Director	02.02.2021	09.03.2021
		Chairman	10.03.2021	31.03.2022
2	Shri Pankaj Kumar (DIN-08075454)	Managing Director	10.03.2021	31.03.2022
3	Shri Ajay Kumar Purwar (DIN-08544396)	Director (PM&A)	10.07.2019	31.03.2022
4	Shri Ashok Kumar Srivastava (DIN-08189765)	Director (Commercial)	27.06.2018	26.06.2021
5	Shri Sudhir Arya (DIN-05435780)	Director (Finance)	30.07.2019	15.07.2021
6	Shri Ashwani Kumar Srivastava (DIN-07677222)	Director (Distribution)	19.01.2021	31.03.2022
7	Shri Anil Kumar Awasthi	Chief Financial Officer	05.03.2020	31.03.2022
8	Dr. Jyoti Arora	Company Secretary	30.07.2021	31.03.2022

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

I. UP Power Transmission Corporation Limited,
II. Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited
III. Uttar Pradesh Jal Vidyut Nigam Limited.

(d) Trusts for Benefit Plan:-

i. Uttar Pradesh Power Sector Employees Trust
ii. U.P. Power Corporation Bhavishya Nidhi Anshdayee Trust

e) TRANSACTIONS ENTERED WITH THE RELATED PARTIES DURING THE FINANCIAL YEAR 2021-22

(Amount ₹ in Lakhs)

S. No.	Particulars	Subsidiary	Key	Others					Total
		DISCOMs	Management Personnel	UPRVUNL	UPJVNL	UPPTCL	GPF TRUST	CPF TRUST	
1	2	3	4	5	6	7	8	9	10
a.	Purchase of Power	-	-	888098.23	12219.59	-	-	-	900317.82
b.	Sale of Power	5515212.83	-	-	-	-	-	-	5515212.8
c.	Allocation of Common Expenditure	13376.87	-	190.17	42.34	1884.3	-	-	15493.68
d.	Investment in equity	977395.76	-	-	-	-	-	-	977395.76
e.	Receivable on account of Loan (Note 6)*	(231820.27)	-	-	-	-	-	-	(231820.27)
f.	Receivable on account of Loan (Note 11)*	344461.03	-	-	-	-	-	-	344461.03
g.	Receivable other than Loan (Note 13)	23966.10	-	-	-	-	-	-	23966.10
h.	Receivable other than Loan (Note 8)	(357907.68)	-	-	-	-	-	-	(357907.68)
i.	Payable against Loan (Note 16)	10479.69	-	-	-	-	-	-	10479.69
j.	Payable against Loan (Note 19)	(11016.65)	-	-	-	-	-	-	(11016.65)
k.	Salary, T.A etc. to KMPs	-	199.71	-	-	-	-	-	199.71
l.	Transaction related to payable & paid contribution (GPF Trust)	-	-	-	-	-	(52.60)	-	(52.60)

iii.	Transaction related to payable & paid contribution (CPF Trust)	-	-	-	-	-	-	(3.74)	(3.74)
iv.	Other Transactions	86224.56	-	111.71	-	3099.67	-	-	89435.94
	GRAND TOTAL	6370372.20	199.71	888400.11	12261.93	4983.97	(52.60)	(3.74)	7276161.60

Loans have been arranged by UPPCL on behalf of Discoms and the same has been routed through the accounts of the company. However, Interest on such loans and other charges related thereto are being accounted for in the books of Discoms.

f) CLOSING BALANCEs as at 31.03.2022

(Amount ₹ in Lakhs)

Sl No.	Name of Related Party	As at 31st March, 2022	As at 31st March, 2021
(1)	Madhyanchal Vidyut Vitran Nigam Limited	2340029.07	2319158.83
(2)	Paschimanchal Vidyut Vitran Nigam Limited	1074813.16	1170471.39
(3)	Purvanchal Vidyut Vitran Nigam Limited	3274722.07	3401292.32
(4)	Dakshinanchal Vidyut Vitran Nigam Limited	2425220.94	2516116.49
(5)	Kanpur Electricity Supply Company Limited	470090.95	493825.57
(6)	U.P Power Transmission Corporation Limited	19871.33	16771.68
(7)	U.P Rajya Vidyut Utpadan Nigam Limited	(691538.45)	(833917.27)
(8)	U.P Jal Vidyut Nigam Limited	(78474.80)	(29397.01)
(9)	U.P Power Sector Employees Trust	17115.73	17168.33
(10)	U.P Power Corporation Bhavishya Nidhi Anshdayi Trust	(49.29)	(45.55)

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

(ii) During the year 2021-22, the Capital Grant of Rs.600.00 Lakhs, Revenue Grant of Rs. 25129.00 Lakhs and Revenue Subsidy of Rs. 2213816.34 Lakhs have been received from Govt. of U.P. on behalf of the DISCOMs and have also been distributed to the DISCOMs. The DISCOMS wise details are furnished below:

Amount(₹ in Lakhs)

Sr. No.	Name of DISCOM	Capital Grant	Revenue Grant	Total Subsidy (Tariff+Loss funding+ Atmnirbhar+Bunkar)
1	MVVNL	-	8526.83	522818.81
2	PuVVNL	-	7919.07	700001.23
3	PVVNL	-	3386.48	544532.46
4	DVVNL	600	5296.62	419184.75
5	KESCO	-	-	27279.08
	Total	600	25129.00	2213816.33

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

(Amount ₹ in Lakhs)

Sr. No.	Name of DISCOM	Balance as on 31.03.2021	Received during 2021-22	Balance as on 31.03.2022
1	MVVNL	97808.00	9341.74	88466.26
2	PuVVNL	811554.26	77512.32	734041.94
3	PVVNL	914644.74	87358.64	827286.10
4	DVVNL	215969.00	20627.41	195341.59
5	KESCO	54024.00	5159.89	48864.11
	Total	2094000.00	200000.00	1894000.00

(iv) Financial arrangement through Loans/Bonds etc are made on behalf subsidiary companies and subsequently are transferred/adjusted against respective Discoms.

21. Equity share capital includes Rs 37348.67 Lakhs received from GoUP under the Uttar Pradesh power Distribution Network Project against which company has already invested Rs 45576.35 Lakhs with Discoms and balance is/will be claimed as and when incurred by respective Discoms as per the terms of sanction of ADB Loan. Discom wise break up of investment is given below:

(Amount ₹ in Lakhs)

Sr. No.	Name of DISCOM	Fund released as investment in equity of Discoms (F.Y. 2021-22)	Fund released as investment in equity of Discoms(F.Y. 2020-21)	Total
1	MVVNL	7929.08	4964.62	12893.70
2	PUVVNL	11456.75	4867.68	16324.43
3	PVVNL	2245.18	3766.31	6011.49
4	DVVNL	6883.03	3441.52	10324.55
5	Unallocated Amount	22.18	0.00	22.18
	Total	28536.22	17040.13	45576.35

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

(Amount ₹ in Lakhs)

Name of Bank	A/C Title	Bank Balance	FDR Balance
HDFC	DSRA SERIES 1 A/C	0.00	23476.99
	BOND SER ESCROW A/S	0.00	20887.45
	BOND SER ESCROW A/S 2	0.00	3788.28
	DSRA SERIES 2 A/C	0.00	15373.23
	TOTAL	0.00	63525.95
ICICI	UPPCL RPO REGULATORY FUND	622.57	54.78
	DISTRIBUTION NETWORK REHABLITATION A/C	14839.44	0.00
	UPPCL BOND SERVICING SERIES- I A/C	0.00	19818.35
	UPPCL DEBT SERVICE RESERVE- I A/C	0.00	42410.33
	UPPCL BOND SERVICING SERIES- II A/C	0.00	24977.69
	UPPCL DEBT SERVICE RESERVE- II A/C	0.00	51416.98
	UPPCL BOND SERVICE A/C (SERIES- I)2022	0.00	194.00
	UPPCL DEBT SERVICE RESERVE A/C Bond (SERIES - I) 2022	0.00	19327.28
	ICICI (NEDA SOLAR) (Against corpus fund)		4404.68
SBI	ADB Fund	22.18	0.00
	TOTAL	15484.19	162597.45
	GRAND TOTAL	15484.19	226123.40

23. The guarantee issued by GoUP in favor of various Banks, FI's and trustees of bonds issued by company as a security stood at ₹93036.65 Crore as on 31.03.2022 against ₹ 79053.65 Crore as on 31.03.2021.

Disclosure pursuant to Regulation 54(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulation,2015.

24. The status of Bonds issued by the Company for the Discoms as on 31.03.2022 is as under:-

(Amount ₹ in Lakhs)

S. No.	Details of Bonds	Amount of Bonds	No. of Bonds	Maturity date	Date of Issue	Face Value	Rate of interest	Previous due date of interest payment	Paid/not paid	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 31.03.2022	Outstanding as at 31.03.2021
Listed																
[illegible]	UPPCL Bond series III/2016-17	[illegible]	[illegible]	[illegible]-Feb-2027	[illegible]-Feb-2017	10	[illegible]	25-Feb-2022	Paid	15-May-2022	[illegible]	15-May-2022	[illegible]	Guaranteed and Hypothecated by way of ... including receivables	[illegible]	[illegible]
[illegible]	UPPCL Bond series IV/2016-17	[illegible]	[illegible]	[illegible]-Mar-2027	[illegible]-Mar-2017	10	[illegible]	15-Mar-2022	Paid	15-Jun-2022	[illegible]	15-Jun-2022	[illegible]		[illegible]	[illegible]
[illegible]	UPPCL Bond series I/2017-18	[illegible]	[illegible]	[illegible]-2027	[illegible]-2017	10	[illegible]	20-Jan-2022	Paid	20-Apr-2022	7325.47	20-Apr-2022	[illegible]		[illegible]	[illegible]

[illegible]	[illegible] Bond [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Paid	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]
[illegible]	[illegible] Bond [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	N/A		[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	N/A
Unlisted																
[illegible]	U.P. Power Corporation Ltd. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Paid	[illegible]	[illegible]	[illegible]	[illegible]	Govt. Guaranteed	[illegible]	[illegible]
[illegible]	U.P. Power Corporation Ltd. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Paid	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]
[illegible]	U.P. Power Corporation Ltd. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Paid	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]
		[illegible]	[illegible]								[illegible]		[illegible]		[illegible]	[illegible]

Payment of Principal amount is started from 19.07.2019.

Credit Rating:

Current Rating (As on 31.03.2022)-

Bond Amount	4498.20 Cr. & 5491.00 Cr	6510.00 Cr & 3489.50 Cr
Crisil Ratings	A+(CE)/Stable	-
India Ratings	A+(CE)/Stable	AA(CE)/Stable
Brickwork Rating	AA-(CE)Stable	AA(CE)/Stable

- Previous Rating (As on 31.12.2021)-

Bond Amount	4498.20 Cr. & 5491.00 Cr	6510.00 Cr & 3489.50 Cr
Crisil Ratings	A+(CE)/Stable	-
India Ratings	A+(CE)/Stable	AA(CE)/Stable
Brickwork Rating	AA-(CE)/Stable	AA(CE)/Stable

In view of the above there is no change in the Credit Rating.

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

ISIN	Scrip Code	Maturity	Secured by way of	Amount (₹In Lakhs.)	Present Outstanding (₹ In Lakhs.)	Date of Creation of Security
INE540P07061, INE540P07079, INE540P07087, INE540P07095, INE540P07103	955768, 955769, 955770, 955771, 955772	15-02-2027	Hypothecation on Current Assets including Receivable of UPPCL and Govt guarantee	651000.00	465000.00	16-02-2017
INE540P07137, INE540P07145, INE540P07152, INE540P07160, INE540P07178	956146, 956147, 956148, 956149, 956150	13-03-2027	Hypothecation on Current Assets including Receivable of UPPCL and Govt guarantee	348950.00	249250.00	30-03-2017
INE540P07210, INE540P07228, INE540P07236, INE540P07244, INE540P07251, INE540P07269	957204, 957205, 957206, 957207, 957208, 957209	20-10-2027	Hypothecation on Current Assets including Receivable of UPPCL and Govt guarantee	449820.00	304290.00	06-12-2017
INE540P07301, INE540P07319, INE540P07327, INE540P07335, INE540P07343, INE540P07350	957804, 957806, 957807, 957808, 957809, 957810	20-01-2028	Hypothecation on Current Assets including Receivable of UPPCL and Govt guarantee	549100.00	387600.00	24-03-2018
INE540P07368, INE540P07376, INE540P07384, INE540P07392, INE540P07400, INE540P07418, INE540P07426, INE540P07434	973877, 973879, 973880, 973882, 973876, 973878, 973881, 973883	22-03-2032	Hypothecation on Current Assets including Receivable of UPPCL and Govt guarantee	395120.00	395120.00	29-03-2022

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

The assets of the company provide coverage of **1.45 times** of the interest and principal amount, which is in accordance with the terms of issue/ debenture trust deed (calculation as per statement of asset cover ratio for the Secured debt securities.

The total assets of the company provide coverage of **1.43 times** of the principal, which is in accordance with the terms of issue (calculation as per statement of asset coverage ratio available for the unsecured debt securities).

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

(Amount ₹ in Lakhs)

Settlement Date	Security	Valuation date	Original Maturity date	Residual maturity year	FIMMDA Yield as on 31.03.2022	Price	No. of bonds	Total amount/ clean price
27.03.2017	7.75% PFC Bonds Series-164(22.03.2027)	31.03.2022	22.03.2027	5	6.31	106.47	250	2661.67
27.03.2017	7.75% PFC Bonds Series-164(22.03.2027)	31.03.2022	22.03.2027	5	6.31	106.47	250	2661.67
27.03.2017	7.75% PFC Bonds Series-164(22.03.2027)	31.03.2022	22.03.2027	5	6.31	106.47	250	2661.67
27.03.2017	7.75% PFC Bonds Series-164(22.03.2027)	31.03.2022	22.03.2027	5	6.31	106.47	250	2661.67
17.05.2017	7.75% PFC Bonds Series-164(22.03.2027)	31.03.2022	22.03.2027	5	6.31	106.47	230	2448.73
Total							1230	13095.41

25(c) In compliance of SEBI Circular number SEBI/HO/MIRSD/CRADT/ CIR/P/2020/ 207 Dated 22.10.2020 UPPCL has created "Recovery Expense Fund" by depositing the amount of Rs. 25.00 Lacs to the designated bank account of BSE.

26 Due to heavy unabsorbed losses i.e. ₹ (8187776.91) Lakhs as on 31.03.2022 and uncertainties to recover such losses in near future, the deferred tax assets have not been recognized in accordance with Para 34 of Ind AS-12 (Income Taxes) issued by ICAI.

27. The Company has allocated common expenses and facility cost related to related parties as shown at point no.19 above in the Employee Cost, Administrative, General & Other Expense & Repair & Maintenance as at 31.03.2022 based on ratio of financial year 2020-21. (Note no.23, 26 &27 of financial statements)

28. In the opinion of management, there is no specific indication of impairment of assets except Investment in Subsidiaries &Associates as on balance sheet date as envisaged by Ind AS-36 (Impairment of Assets). The impairment in investment in Subsidiaries and Associates is calculated on the basis of Net worth of Subsidiaries & associates since consistent basis.

29 In view of UPERC order dated 10.03.2022 in petition no. 1431/2019, through which capital cost of M/s Lalitpur Power Generation Company Ltd. had been revised, two debit notes amounting to ₹ (222575.55) Lakhs & Rs. (35344.53) Lakhs have been verified and issued to M/s Lalitpur Power Generation Company Ltd. However, as per APTEL order dated 01.04.2022 (A. No. 451 of 2022 in DFR No. 114 of 2022 & IA No. 450 of 2022) the debit notes related to purchase of power issued earlier amounting to Rs. (222575.55) Lakhs & Rs. (35344.53) Lakhs has to

be kept in abeyance till final decision. Therefore, in view of APTEL order, the subjected debit notes amount has been reversed in accounts till final decision by the Hon'ble APTEL/Court/UPERC.

30. Disclosure in respect of provision for Bad & Doubtful debts, unserviceable stores and impairment in investment as per Ind AS-37 (Provisions, Contingent Liabilities and Contingent Assets) is as under:-

(Amount ₹ in Lakhs)

S. NO.	PARTICULARS	MOVEMENT OF PROVISIONS			
		OPENING BALANCE AS ON 01.04.2021	PROVISION MADE DURING THE YEAR	WITHDRAWL / ADJUSTMENT OF PROVISION DURING THE YEAR	CLOSING BALANCE AS ON 31.03.2022
1	Provision for impairment in Investment	5,451,588.29	809,739.72		6,261,328.01
2	Provision for Doubtful debts on Sundry Debtors (Sale of power)	190,821.99	753.75		191,575.74
3	Provision for Bad & doubtful debts- Other current assets.	46.56		46.16	0.40
4	Provision for Bad & doubtful debts-Financial Assets -Loans (Non-Current)	15,042.41	2,246.45		17,288.86
5	Provision for Bad & doubtful debts-Financial Assets-other (Current)	19,097.85	1,741.61		20,839.46
6	Provision for Bad & doubtful debts-Advance to capital supplier	1.59	0.00		1.59
7	Provision for unserviceable stores	13.35	0.00		13.35
	Total	5,676,612.04	814,481.53	46.16	6,491,047.41

31. Annual Accounts of F.Y. 2018-19, 2019-20 & 2020-21 are yet to be adopted in Annual General Meeting.

32. **Financial Risk Management**

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

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

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

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

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

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

(Amount ₹ in Lakhs)

Particulars	31.03.2022	31.03.2021
Financial Assets		
Fixed Interest Rate Instruments- Deposits with Bank	283765.88	176865.30
Variable Interest Rate Instruments- Deposits with Bank	0.00	0.00
Total	283765.88	176865.30
Financial Liabilities		
Fixed Interest Rate Instruments- Financial Instrument Loans	43081.50	49236.00
Variable Interest Rate Instruments- Cash Credit from Banks	0.00	0.00
Total	43081.5	49236.00

Fair value sensitivity analysis for fixed-rate instruments

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

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

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

33. Capital Management

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

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

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

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

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

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

Subsequently, this matter has been sent to the Energy Task Force (ETF) on 26th June, 2019 for its acceptance/approval. Resulting to this Southern U.P. Power Transmission Company Limited has issued its Equity Shares in the name of the Company for the amount of Rs. 221.63 Lacs in consideration of converting borrowings. The Board of the company, in its meeting dated 13.09.2018, has accorded to apply under section 248 of the Companies Act 2013, read with rule 4(1) of the companies (Removal of Name of Companies from Register of Companies) Rule, 2016 to strike off its name from Register maintained by the Registrar of Companies, Uttar Pradesh. Correspondingly the Company has shown this equity shares under the head of Investments and full impairment has been provided. Further, the Southern U.P. Power Transmission Company Limited has been struck off in the records of the register of the companies in the month of May 2022.

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

36 UP Power Corporation Limited has opted for the option of lower rate of corporate income tax referred to in sub-section (5) of section 115BAA of the Income Tax-Act, 1961 for the Previous Year 2019-20 and subsequent years. It is also mentioned that there was

no carried forward MAT credit in the books of the corporation; hence exercise of the option has resulted into zero loss of MAT credit for the Company.

37. Exceptional Items of ₹ (14370.38) Lakhs

A. CONTRIBUTORY PROVIDENT FUND

The Company makes provident fund contributions to defined benefit plan for eligible CPF employees. Under the CPF scheme, the company is required to contribute a specified percentage of the pay to the fund. The Employer (i.e. Company) and Employee's contributions are paid to the Trust (U.P Power Corporation Anshdayi Bhavishya Nidhi Trust, Lucknow) set up by the Company. The company is generally liable for depositing contributions to the Trust. The Trust has informed vide its letter no. 1021/102/CPF Trust/DHFL/FDR/Notional loss/2022 dated 11.07.2022, that the trust had incurred a loss of ₹ 81582.70 Lakhs (i.e. principal and interest) up to 31.03.2022 on investment of funds in Diwan Housing Finance Corporation Ltd., which has been declared as insolvent. Hence, the Trust has apportioned the above loss to the Companies, which are members of the Trust. Accordingly, the demand of ₹ 81582.70 Lakhs has been raised by the Trust to compensate the loss subject to legal opinion. Out of ₹ 81582.70 Lakhs, the Trust has apportioned ₹ 2513.45 Lakhs on the company (UPPCL). The financial statements of the Trust upto the F.Y. 2021-22 are yet to be finalized. In view of pending finalization of the accounts of Trusts up to 31.03.2022, the company has made the provision against the aforesaid demand and has recognized an expense and disclosed as an Exceptional Item in the Statement of Profit & Loss for the current year ended subject to determination of actual position as per financial statements of the Trust.

B. GENERAL PROVIDENT FUND

This scheme under the GPF scheme (applicable only for GPF employee's), the company is required to pay Employee's contributions to the Trust (U.P Power Sector Employee's Trust, Lucknow) set up the Company. The company is generally liable for depositing only employee's contributions to the Trust. The Trust has informed vide its letter no. 787/12/UPSPSET/DHFL/2019 dated 11.07.2022, that the trust had incurred a loss of ₹ 143253.11 Lakhs (i.e. principal and interest) up to 31.03.2022 on investment of fund in Diwan Housing Finance Corporation Ltd., which has been declared as insolvent. Hence, the Trust has apportioned the above loss to the Companies, which are members of the Trust. Accordingly, the demand of ₹ 143253.11 Lakhs has been raised by the Trust to compensate the loss subject to legal opinion. Out of ₹ 143253.11 Lakhs, the Trust has apportioned ₹ 11856.93 Lakhs on the company (UPPCL). The financial statements of the Trust upto the F.Y. 2021-22 are yet to be finalized. In view of pending finalization of the accounts of Trusts up to 31.03.2022, the company has made the provision against the aforesaid demand and has recognized an expense and disclosed as an Exceptional Item in the Statement of Profit & Loss for the current year ended subject to determination of actual position as per financial statements of the Trust.

38. The receivable from Uttrakhand Power Corporation Ltd. amounting to Rs. 192.61 Crore as on 31.03.2019 has been mutually settled and the same has been approved by the Board of Directors of the company in their meeting held on 18th December, 2019. Accordingly, the amount of Rs. 160.58 Crore payable to Uttrakhand Power Corporation Ltd. by U.P. Power Sector Employees Trust on account of GPF contribution has been adjusted against the above receivable amounting to Rs. 192.61 Crore and the same has been accounted for by the company in the ensuing accounts in hand i.e. F.Y. 2018-19 as receivable from U.P. Power Sector Employees Trust (Ref Note-12) and the balance amount of Rs. 32.03 Crore i.e (Rs. 192.61 Crore - Rs.160.58 Crore) has finally been written off and accounted for as Bad Debts in the F.Y.2018-19.

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

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

41. **OTHER STATUTORY INFORMATION IN TERMS OF NOTIFICATION DATED 24.03.2021 ISSUED BY MCA IN TERMS OF SECTION 467 OF THE COMPANIES ACT 2013**

(i) The company does not have any Benami property.

(ii) The company has not traded or invested in crypto currency or virtual currency during the financial year.

(iii) The company has not advanced or loaned or invested funds to any other person(s) or entity (ies), including foreign entities (Intermediaries) with the understanding that the intermediary shall:

(a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or

(b) Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

(iv) The company has not received any fund from any person(s) or entity (ies), including foreign entities (funding parties) with the understanding (whether recorded in writing or otherwise) that the company shall:

(a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) except to the following equity received from GoUP invested in the subsidiary(Discoms) as per its requirement and loans are taken and bonds are issued on behalf of the Subsidiaries(Discoms)or

(b) Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

(v) The company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessment under the Income Tax Act, 1961 (such as, search or survey or any other relevant provision of the Income Tax Act, 1961).

(vi) The company has invested in equity of its wholly owned subsidiaries and other companies as mentioned in Note no.05 of Financial Statements.

(vii) The company is not being declared willful defaulter by the bank or financial institution or lender during the year.

(viii) The company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(ix) The company has obtained fund/based/non-fund based credit limits from multiple banks aggregating to Rs 1930 Crores against security of receivables. Accordingly, as per the terms of sanction, Quarterly /Half Yearly statements in respect of gross receivables (including both current and non-current receivables) have been submitted to respective banks which stood at ₹87,263.73 crores, ₹94,381.14 crores, ₹94,794.96 crores and ₹81,657.46 crores respectively for Q1, Q2, Q3 and Q4 respectively. The Limited Review Financial results /balance sheet for Quarter-1 was not available, hence, the value of receivables for Quarter-1 was prepared on the basis of available information, for Quarter 2 & 3 gross receivable figures were reported on the basis of Limited Review Financial results and for Quarter 4 gross receivables figures from Un-Audited Balance sheet.

Value of current receivables and non-current receivables for the following Quarters (Rs in crores) as per Balance Sheet:-

1. Q2- Total receivables Rs. 94853.69 (Current receivables Rs. 33076.68 and Non-Current receivables Rs. 61777.01)

2. Q3- Total receivables Rs. 94794.96 (Current receivables Rs. 35329.44 and Non-Current receivables Rs. 59465.52)

3. Q4- Total receivables Rs. 81657.46 (Current receivables Rs. 27901.86 and Non-Current receivables Rs. 53755.60)

LUCKNOW

The status of limits utilized as on last day of each quarter is as below:-

Sl No	Name of Lender	Total Limit Sanction	O/s as on 30.06.2021	O/s as on 30.09.2021	O/s as on 31.12.2021	O/s as on 31-03-2022
1	Central Bank of India	105.00	95.38	91.54	92.41	86.17
2	Punjab National Bank	465.00	128.40	324.86	374.93	152.49
3	Indian Bank	430.00	150.00	325.04	359.95	150.00
4	ICICI Bank	400.00	84.92	176.99	237.51	141.93
5	Bank of India	500.00	40.76	76.14	140.36	76.14
6	HDFC Bank	30.00	25.00	25.00	25.00	25.00
	Total	1930.00	524.46	1019.57	1230.16	631.73

The above includes both Fund based and Non-Fund based utilization of working capital limits.

(x) The company has not made any transactions during the year with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

(xi) The company does not have any investment property.

(xii) The company has not revalued any Property, Plant and Equipment (including Right-of-Use Assets)

(xiii) The company has not revalued its Intangible Assets.

(xiv) The company does not have any immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) whose title deeds are not held in the name of the company/erstwhile UPSEB.

(xv) The company has not been entered into any Scheme of Arrangements (sections 230 to 237 of the Companies Act, 2013) during the financial year.

(xvi) <u>Ageing Schedules</u>:-
As per Ind As Schedule III of the companies Act, 2013, the ageing schedule of Trade Receivables, Trade Payable and work- in progress (capital expenditure) is given below:

(A) Work-in-progress (Capital expenditure)

₹ in Lakhs

CWIP	Amount in CWIP for a period of F.Y. 2021-22				Total *
	Less than 1 year	1-2 year	2-3 year	More than 3 years	
Project in progress	12.86			0.00	12.86
Project temporarily suspended					0.00
other (14.51)				2.52	2.52
Other (14.96)				0.21	0.21
Advance to capital supplier				14.27	14.27
GRAND TOTAL					29.86

(B) Trade Receivables;

₹ in Lakhs

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 Months - 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
1. Undisputed Trade receivables - considered good	1,991,779.59	793,776.29	-	-	-	2,785,555.88
2. Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
3. Undisputed Trade Receivables - credit impaired	-	-	-	-	52,297.94	52,297.94
4. Disputed Trade Receivables considered good	-		-	-	-	-
5. Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
6. Disputed Trade Receivables - credit impaired	-	-	-	-	-	-
TOTAL	1,991,779.59	793,776.29	-	-	52,297.94	2,837,853.82

Unbilled Debtors amounting to Rs 1138489.74 Lakhs.

LUCKNOW

(C) Trade Payables:

Trade payable ageing schedule for the year ended on 31.03.2022

₹ in Lakhs

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME*	739.61	0.00	0.00	0.00	739.61
(ii) Others	2344309.03	46916.81	28261.99	54471.01	2473958.84
(iii) Disputed dues- MSME	0.00	0.00	0.00	0.00	0.00
(iv) Disputed dues- Others	0.00	0.00	0.00	0.00	0.00
(v) Outstanding with Debit Balances	(37338.10)	(49185.17)	(2768.69)	(13620.69)	(102912.65)
TOTAL	2307710.54	(2268.36)	25493.30	40850.32	2371785.81

Unbilled Trade Payable amounting to Rs 863791.66 Lakhs.

*It does not include interest amount as no amount has been claimed as interest by any MSME supplier in this regard. Interest provision will be provided when interest claimed by any supplier.

Ratios:

S.No.	Particulars of Disclosures	Numerator	Denominator	March 22	March 21	Variation in Ratio (%)	Reason of variation for more than 25%
1	Current ratio	Current Assets	Current Liability	1.19	1.25	(5.10)	
2	Debt-Equity Ratio	Total Debt (Non Current borrowings+ Current Borrowings)	Shareholder's equity (Equity Share Capital+Other Equity)	2.31	2.25	2.45	
3	Debt Service Coverage Ratio	Net Profit/(Loss) for the year+Finance Cost+Depreciation & amortization+Exceptional Items)	Scheduled principal repayment of Non Current borrowings	(0.002)	0.008	(119.13)	The Company has incurred net loss of Rs. 831050.05 Lakhs for the F.Y. 2021-22 as against net profit of Rs. 1724893.55 Lakhs in the previous financial year. The major reasons for net profit in previous financial year was due to reversal of impairment of investments in subsidiary Discoms due to increase in their net worth. The net worth of the Discoms was increased due to accountal of receivable and received subsidy from GoUP. Hence, there was a substantial impact on the profit/loss as per standalone statement of P&L of the company for the FY-2020-21.

57

4	Return on Equity	Net Profit/(Loss) for the year	Average Shareholder's equity (Equity Share Capital+Other Equity)	(0.27)	0.90	(129.48)	The Company has incurred net loss of Rs. 831050.05 Lakhs for the F.Y. 2021-22 as against net profit of Rs. 1734893.55 Lakhs in the previous financial year. The major reasons for net profit in previous financial year was due to reversal of impairment of investments in subsidiary Discoms due to increase in their net worth. The net worth of the Discoms was increased due to accountal of receivable and received subsidy from GoUP. Hence, there was a substantial impact on the profit/loss as per standalone statement of P&L of the company for the FY-2020-21
5	Inventory Turnover Ratio*	N/A	N/A	N/A	N/A	-	
6	Trade Receivable Turnover ratio	Revenue from Operations	Average Trade Receivables	1.93	1.84	4.98	
7	Trade Payables turnover Ratio	Total Purchase	Average Trade Payables	2.20	2.08	5.62	
8	Net Capital Turnover Ratio	Revenue from Operations	Working Capital	7.94	6.74	17.79	

58

9	Net Profit Margin (%)	Net Profit/(Loss) for the year	Revenue from Operations	(15.06)	25.52	(152.81)	The Company has incurred net loss of Rs. 831050.05 Lakhs for the F.Y. 2021-22 as against net profit of Rs. 1734893.55 Lakhs in the previous financial year. The major reasons for net profit in previous financial year was due to reversal of impairment of investments in subsidiary Discoms due to increase in their net worth. The net worth of the Discoms was increased due to accountal of receivable and received subsidy from GoUP. Hence, there was a substantial impact on the profit/loss as per standalone statement of P&L of the company for the FY-2020-21
10	Return on Capital Employed (%)	Net Profit/(Loss) for the year	Capital Employed=Net worth(excluding Capital Reserve)+Long term Borrowing + Current Borrowings	(8.10)	16.91	(147.89)	The Company has incurred net loss of Rs. 831050.05 Lakhs for the F.Y. 2021-22 as against net profit of Rs. 1734893.55 Lakhs in the previous financial year. The major reasons for net profit in previous financial year was

59

							due to reversal of Impairment of Investments in subsidiary Discoms due to increase in their net worth. The net worth of the Discoms was increased due to accountal of receivable and received subsidy from GoUP. Hence, there was a substantial impact on the profit/loss as per standalone statement of P&L of the company for the FY-2020-21
11(a)	Return on Investment (on Bond Interest) (%)	Interest on Bonds	Average Bond Value	7.75	6.49	19.38	
11(b)	Return on Investment (for investment with Subsidiaries & other companies) (%)	Return/Impairment on Investments	Average Investment value excluding bond value	(30.12)	110.06	(127.37)	
12	Long term debt to Working Capital Ratio	Long term borrowing including current maturity of long term borrowing	Working Capital	10.31	7.88	30.85	The Current Assets have reduced by Rs.96895.60 from previous FY while the Current Liabilities have increased by Rs.111142.59 resulting in decrement of Working Capital thus the increase in ratio by 30.85%
13	Bad Debts to Accounts Receivables Ratio	Bad debts	Gross Average Trade Receivables	0.06	0.05	15.67	

60

14	Current Liability Ratio	Current Liabilities	Total Liability excluding Equity	0.36	0.35	4.19	
15	Total Debts to Total Asset	Long term borrowing & current maturity of long term borrowing	Total Assets	0.54	0.53	1.92	
16	Operating Margin(%)	Operating Profit/(Loss)	Revenue from Operations	(0.28)	(0.20)	38.63	The Company has incurred net loss of Rs. 831050.05 Lakhs for the F.Y. 2021-22 as against net profit of Rs. 1734893.55 Lakhs in the previous financial year. The major reasons for net profit in previous financial year was due to reversal of impairment of investments in subsidiary Discoms due to increase in their net worth. The net worth of the Discoms was increased due to accountal of receivable and received subsidy from GoUP. Hence, there was a substantial impact on the profit/loss as per standalone statement of P&L of the company for the FY-2020-21
17	Net Worth (Share Capital + Other Equity excluding Capital Reserve)			3087492.62	3141329.15	(1.69)	

61

* The business of the Corporation is to purchase electricity from generation source and sell the same to distribution companies. Hence, the company does not have any trade inventory. The company maintains inventory only for internal use i.e. for construction and maintenance of fixed assets. Hence, disclosure in respect of inventory turnover ratio is not required.

(Jitesh Grover)
Company Secretary
(Additional Charge)

(A. K. Awasthi)
Chief Financial Officer

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

(Pankaj Kumar)
Managing Director
DIN -08095154

Place : Lucknow
Date: 12-09-2022

Subject to our report of even date
For D Pathak & Co.
Chartered Accountants
FRN No. 001439C

D. PATHAK & CO. LUCKNOW CHARTERED ACCOUNTANTS

(A.K. Dwivedi)
Partner
M.No. 071584

UDIN: 22071584ARUJYK2380

62

D.PATHAK & CO.
CHARTERED ACCOUNTANTS

Office : 23/4 Ka Gokhale Marg, Lucknow - 226001
(Near Madhyanchal Vidyut Vitran Nigam)
Phone O : 0522-4009249
R : 3233017, 4048783
Cell. 9415008181, 9335920193, 9005230260
E-mail d_pathakco@yahoo.co.in
Website : www.dpathak.co.in

REVISED INDEPENDENT AUDITOR'S REPORT

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

1. Revised Report on Standalone Financial Statements

(A) Qualified Opinion:

Kindly refer our Audit Report dated 12.09.2022 on Standalone Financial Statements of Uttar Pradesh Power Corporation Limited which did not disclose additional disclosures required under amendment to the Companies (Audit and Auditors) Rules, 2014 dated 24.03.2021. Accordingly revised report is submitted after incorporating aforesaid disclosures.

We have audited the accompanying Standalone Financial Statements of Uttar Pradesh Power Corporation Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2022, the Statement of Profit and Loss (including other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information ("the Standalone Financial Statements") in which are incorporated accounts of Material Management Zone (Location code – 300, 330, 640 and 970 and its units) ("Zone") thereof which have been audited by other auditor.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the "Basis for Qualified Opinion" section of our report, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and the **Net Loss,** including other comprehensive income, its cash flows and changes in equity for the year ended on that date.

(B) Basis for Qualified Opinion:

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

D. PATHAK & CO. CHARTERED ACCOUNTANTS LUCKNOW

135

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

(C) Key Audit Matters:

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole. Except for the matters described in the basis of qualified opinion including Annexure 1 to the audit report, we have determined that there are no other Key Audit Matters to communicate in our report.

(D) Emphasis of Matter Paragraph:

1. Tax deducted at source Rs.56.44 Crore (Note 12- Other current Assets) includes Rs. 7.09 Crore refunds pending with Income Tax Department relating to financial year 2007-08 to 2019-20 **which needs to be reconciled and adjusted at earliest**.

2. As per information provided to us Trade payable includes Rs.135.36 Crore debit balance pertaining to M/s Rosa Power Company Ltd towards debit notes raised by the Company against which, as explained to us, stay order have been issued by Appropriate Authorities, but **which have not been reversed like other cases** as mentioned in Para no. 29 of Notes to Accounts relating to M/s Lalitpur Power Generation Company.

3. As per Para No. 41 (xvi) (c) to the Notes to Accounts, the Trade Payable does not reflect any disputed amount while aging classification incudes outstanding of Rs. 544.71 Crore **for more than three years which need review by the Management.**

4. As per Note no. 13 to the Notes to Accounts the average bulk sale tariff is computed on the basis of cost of energy purchased by the Company after prior period adjustments, divided by total quantum of energy supplied to Subsidiaries. While impact of prior period adjustment are either restated in the purchase of power for previous year or debited to retained earnings. **Consequential impacts of aforesaid adjustments on purchase/sales of the Company are not disclosed in the Notes to Accounts.**

PATHAK & CO. LUCKNOW CHARTERED ACCOUNTANTS

5. Accounting Policy No. VIII of the Company regarding power purchases was not incorporated, where final approval of the tariff by the Regulatory Commission has not been granted.

6. As per Note no. 11 (Financial Assets-Other (Current), Company has made provision for doubtful receivables @10% on Rs.2083.94 Crore which includes 1154.14 Crore relating to wholly owned subsidiaries. **Incremental provision for doubtful debts relating to wholly owned subsidiaries made during the year needs review by the Management.**

7. **The Annual Accounts of F.Y 2018-19, 2019-20 & 2020-21 are yet to be adopted in Annual General Meeting (Refer Para 31 of Note - 29 "Notes on Accounts").**

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

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

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the above-identified reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions necessitated by the circumstances and the applicable laws and regulations.

3. Management's Responsibility for the Standalone Financial Statements:

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

D. PATHAK & CO. LUCKNOW CHARTERED ACCOUNTANTS

that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

4. **<u>Auditor's Responsibility for the Audit of the Standalone Financial Statements:</u>**

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

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

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

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

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

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

D. PATHAK & CO.
LUCKNOW
CHARTERED ACCOUNTANTS

the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the 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.

5. <u>Other Matters:</u>

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

6. <u>Report on Other Legal and Regulatory Requirements:</u>

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "**Annexure-II**", a statement on the matters specified in the paragraphs 3 and 4 of the said Order, to the extent applicable.

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

PATHAK & CO. LUCKNOW CHARTERED ACCOUNTANTS

139

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

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

   (a) Except for the matters described in the "Basis for Qualified Opinion" section, we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion and except for the matters described in "Basis for Qualified Opinion" section, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the Zone of the Company not visited and not audited by us.

   (c) The reports on the accounts of the Zone of the Company, audited under Section 143(8) of the Act by Zone auditor have been sent to us and have been properly dealt with by us in preparing this report.

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

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

   (f) Being a Government Company, pursuant to the Notification No. GSR 463(E) dated 5th June, 2015 issued by Ministry of Corporate Affairs, Government of India; provisions of sub-section (2) of section 164 of the Act, regarding disqualification of the directors are not applicable to the Company.

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

   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

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

D. PATHAK & CO. LUCKNOW CHARTERED ACCOUNTANTS

Annexure I

As referred to in and forming part of, our audit report of even date to the members of U.P. Power Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31stMarch, 2022.

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

1. There are certain very old debit balances in Trade Payable Account amounting to Rs.1029.12 Crore which remains unadjusted and unreconciled during the year by the company. We have also observed that these debit balances are deducted from Trade Payables Account instead of clubbing it with Advances to Suppliers/Sundry Receivables. This has resulted in to understatement of Trade Payables and Advance to Suppliers/Sundry Receivables. Further, based on the explanation and information furnished by Management, **we are of the opinion that a provision for Rs.889.70 crore should be made in accounts since these outstanding balances are more than 10 years old.**

2. We have observed that Other Advances for Rs.173.06 Crore outstanding since many years, have not been reviewed and reconciled during the year. It includes Rs.126.97 Crore as a commitment advance for share in generation in Ultra Mega Power Project. As per information and explanation given to us, Company has decided to opt out of these projects due to closure of the projects and requested Nodal Agency (PFC) for status of return of money. **Hence, pending such reconciliation and review by the Management, impact on the Accounts is not determinable at this stage.**

3. (a) As per Para 16 of Note – 30 "Notes on Accounts" Contingent Liability incudes power purchase of Rs.10083.93 Cr. against which sufficient and appropriate documentary audit evidence in respect of Contingent Liabilities and its current status was not provided to us. It has also been explained to us that Contingent Liability for power purchases also includes various disputed liabilities which have not been accurately quantified/disclosed in Notes on Accounts. In absence of systematic reporting, proper records/quantification of pending disputes, suits and claims against the Company, including its present status, **we are not in a position to comment on accuracy of Contingent/Disputed Liabilities as reflected in the "Notes on Account".**

   (b) On test check, it was observed that in petition no. 1565/2020, UPREC has vide its order dated 16.06.2021 approved an amount of Rs.7244.65 Crore to be deposited in RPO Account/Fund against which Contingent Liability of Rs.737.11 Crore have been disclosed only. As per information/explanation given to us, the issue has not yet been settled by the appropriate authorities. **In view of above and in terms of directives issued by Uttar Pradesh Electricity Regulatory Commission corresponding liability has not been disclosed.**

PATHAK & CO. LUCKNOW CHARTERED ACCOUNTANTS

141

ii. As per information and explanation furnished to us, Company has not envisaged any foreseeable losses on any long term contracts except mentioned by us in the 'Basis of qualified opinion'.

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

iv. (a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether, directly or indirectly lend or invest in other persons or entities, identified in any manner whatsoever by or on behalf of the company("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that company shall, whether, directly, lend or invest in other persons or entities identified in any manner whatsoever by or behalf of the Funding Part("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on audit procedures performed that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that caused us to believe that the representation referred under clause iv(a) and (b) contain any material mis-statement.

(i) The Company has not declared or paid any dividend during the year therefore compliance with section 123 of the Companies Act, 2013 was not applicable.

For D Pathak & Co
Chartered Accountants
FRN: 001439C

D PATHAK & CO. LUCKNOW CHARTERED ACCOUNTANTS

(A K Dwivedi)
Partner
M No.: 071584
UDIN: 23071584BGWZKV5890
Place: Lucknow
Date: 09/01/2023

4. (a) Company has made a provision for impairment of investment in Subsidiaries, associate

and others [Note-5 except Para II (b) Bonds] on the basis of Net worth of Investee Subsidiaries as on 31st March, 2022 (Refer Para 28 of Note – 30 "Notes on Accounts"), **which is not in accordance with Ind AS 36 Impairment of Assets. Further Provision for impairment relating in Investment in Uttar Pradesh Power Transmission Corporation Ltd has been made based on Unaudited Financial Statements, which has not even been adopted by its Board of Directors.**

(b) We have observed that Investment made by U P Power Corporation in Subsidiaries not reconciled with the Equity Share Capital reflected in the Annual Accounts of Subsidiaries to the extent of Rs.20.00 Lakhs. However same has been nullified through ICT in the consolidated financial statements.

5. Loans and Other Financial Assets (Note-6), Trade Receivables-Others (Note-8), Financial Assets-Others - Employees, Others (Note-11), Other Current Assets - Suppliers & Contractors and UP Power Sector Employee Trust (Note-12), Financial Liability-Trade Payables (Note-18), Other Financial Liabilities (Current) –except Current maturities of long-term borrowings and Interest accrued but not due on borrowings (Note-19) includes certain old balances under various heads of assets and liabilities **which are carrying over since last so many years and have not been reviewed/reconciled during the financial year.**

As informed to us, above heads include balances transferred from transfer schemes, reconciliation and confirmation for the same has not been done by Company which needs to be reviewed/reconciled and suitably adjusted in the books of accounts. Major Balances includes Other Unclassified Revenue Rs. 330.25 Crore. (Current Liabilities, AG Code No. 46 9(Dr), Unit No 991), Securities from Suppliers, Rs. 5.19 Crore (Sundry Receivables- Other Current Assets, Unit No. 396), UI Charges Pool A/c, Rs. 305.74 Crore outstanding for more than 3 years (Financial Assets – Other (Current), Note No-11, Unit no. 330) and Reactive Energy Charges Rs. 92.18 Crore outstanding for more than 3 years (Financial Assets – Other (Current), Note No-11, Unit No. 330) respectively. In absence of details, **we are not in a position to comment on its impact on losses, if any of the Company.**

6. Purchases as per Note No-22 for Rs. 55152.12 Crore, includes Sales to Indian Energy Exchange for Rs. 2075.19 Cr, **which has resulted into reduction/understatement of Purchases and consequent understatement of Sales of Energy** (Note No-20, Revenue for Operation).
On test checks basis and as per information and explanation provided to us, it was observed that bills relating to procurement of Energy received from various generating companies amounting Rs 201.89 Crore which also includes bills pertaining to previous years have not been accounted for. **In absence of details and complete information given by management, we are not in a position to comment on its financial impact.**

7. **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):**

PATHAK & CO. LUCKNOW CHARTERED ACCOUNTANTS

143

a. Financial Assets- Financial Assets-Other (current) (Note-11), Other Current Assets (Note-12), Financial Liabilities-Trade payable (Note-18) and Other Financial Liabilities (Note-19) have been classified as current assets/liabilities include balances which are outstanding for realisation/settlement since previous financial years and in the absence of **adequate information/explanations regarding the realisability/settlement of such amounts within twelve months after the year end, classification of same as 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 Income Tax, Interest on Income Tax & Trade Tax/GST, interest on loans to staff and other items of income covered by Significant Accounting Policy no. B (c) of Note–1 has been done on cash basis. **This is not in accordance with the provisions of Ind AS 1 Presentation of Financial Statements.**

c. Additions during the year in Property, Plant and Equipment include Employee cost at a fixed percentage of the cost of each addition to Property, Plant and Equipment in accordance with Note-1 Significant Accounting Policy Para C (I) (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.

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

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

f. The Financial Assets (Note-5, 6, 8 and 11) have not been measured at fair value as required by **Ind AS 109 Financial Instruments** and proper disclosures as required in **Ind AS 107 Financial Instruments: Disclosures,** have not been done for the same.

g. As per Note no.28 **Bad Debts & Provisions**, the reversal for provision on financial assets(other receivable) amounting Rs 46.16 lac has been set-off against the total Bad Debts/Provisions which is not in accordance with provisions of **Ind As 1 Presentation of Financial Statements.**

D. PATHAK & CO. LUCKNOW CHARTERED ACCOUNTANTS

8. Inter unit transactions amounting Rs.15188.17 Lakhs, are **subject to reconciliation and consequential adjustments.** (Refer Para 7 Note – 30"Notes on Accounts")

9. (a) Note no. 12 (Other Current Assets) includes Rs. 25.04 Lacs receivable against Fringe Benefit Tax, **which is being carried over since last so many years for which necessary provision needs to be made in the accounts.**

   (c) Para no. 41(xvi)(a) Capital work in progress includes Rs. 17.00 Lac **outstanding for more than 3 years for which no details are available needs to be provided for in the Accounts.**

   (d) Company has not filed form MSME-1 and CSR-2 with Registrar of Companies.

   (e) Disclosure of nature of charges created with ROC against working capital borrowings has not been disclosed in the Note No. 17 of the Financial Statements.

   (f) Group has not made necessary disclosures as required by notification dated 23rd march 2022, issued by the Govt. of India, Ministry of Corporate affairs relating to Amendment in the companies (Indian Accounting Standards) Rules 2015.

10. **Maintenance of Proper Books of Accounts:**

    The company has systems of maintaining various sectional journals wherein vouchers relating to day-to-day transactions are recorded in these Sectional Journals. The existing systems of balancing cash book on the monthly basis and posting in different sectional journals to summaries and from summaries to monthly trial balances. In our opinion, System is not adequate enough to give financial position of different account at any given time in an organized manner. It was observed that the maintenance of party-wise subsidiary ledgers and its reconciliation with primary books of accounts i.e., cash book and sectional journals are not proper and effective.

11. Employee benefit expenses (Note- 23), Administrative, General & Other Expenses (Note- 26), and Repair & Maintenance Expenses (Note- 27) have been allocated among Subsidiaries and other power sector companies owned by the Go UP (i.e., UPPTCL, UPRVUNL & UPJVNL) on the basis of data / information (i.e., units of power sold to Subsidiaries DISCOMs, no. of employees, area occupied) related to the financial year 2020-21, instead of financial year 2021-22. (Para 28 of Note- 30 "Notes on Accounts").

12. Trade Receivable (Current), Note No- 8, Rs. 27856.16 Crore, includes negative amount of Unbilled Revenue 21.48 Cr, which have not been allocated to respective subsidiaries..

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

D. PATHAK & CO. LUCKNOW CHARTERED ACCOUNTANTS

a. Purchase of power

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

- Generation based Incentives (GBI) receivable from IREDA amounting to Rs 977.33 lakhs (Previous Year Rs. 1230.00 lakhs) is subject to confirmation and reconciliation/Consequential adjustment if any. (Unit#330 EIE&PC)

- The zone has received interest amounting to Rs.76,68,44,549/-and TDS of Rs.76,68,452/- have been deducted there from. But the amount of interest has been netted off from the purchase cost in the books. Purchase cost and interest income has, therefore understated to the extent of Rs 76,68,44,549. (Unit#330 EIE&PC)

b. Other Liabilities and Provisions

The balance confirmation of the Security deposit in Lieu of BG (46 102A) was not provided to us and we were informed that the balance confirmation is under Process. **#Units330 – EIE&PC.**

c. Provision for Late Payment Surcharge.

As reported by Branch Auditor, there is no proper system to compute the late payment surcharge payable to various power suppliers. We are, therefore unable to comment on the amount of overstated profit/understated loss of the zone for the financial year 2021-22 on account of provision of late payment surcharge.

d. The Electricity Import Export & Payment Circle Unit of the Zone has accrued interest to the tune of RS. 2246.45 lakhs during the Financial Year 2021-2022 (Previous Year- RS. 1954.55 lakhs) against advance provided to Noida Power Company Limited. However as explained to us the interest is being accrued for an amount of advance paid for supply of power, further no other details including the actual amount of advance paid and status of the transaction including its recoverability was provided to us. Recognizing it as an income when the recovery is uncertain is in contravention to Ind AS 115. In the absence of proper details and information, we are unable to quantify the amount of same and its consequential impact on financial statement. **(Unit#330 EIE&PC)**

e. The company has entered in to arrangement with MPPMCL for 18.15 MW share in the project of Rajghat HPP at an equity contribution of Rs.66.74 Crore which works out to 40.32% share in the total cost of capital of Rs.165.50 crore, however the unit is unaware of the existence of the equity contribution paid Rs 10.00 crores in July 1997, Rs.26.50 crore in October 1998 and Rs 29.00 Crores in October 1999 and Rs. 1.24 crores adjusted

U. PATHAK & CO. LUCKNOW CHARTERED ACCOUNTANTS against receivable from MPPMCL, therefore in absence of information and adequate explanation we cannot comment upon it.

f. Late payment surcharge Receivables

The Zone has unadjusted late payment surcharge / Penal Interest amounting to Rs 7045.94 lakhs (Previous Year Rs 7045.79 lakhs) till the 31st March, 2022, as explained the unit has not identified the late payment surcharge upon receipt of fund and the process is under reconciliation, hence we cannot comment upon it. (Unit#330 EIE&PC)

14. For want of complete information, the cumulative impact of our observations in Paras 1 to 13 above on assets, liabilities, income and expenditure is not ascertained.

For D Pathak & Co
Chartered Accountants
FRN: 001439C

D PATHAK & CO. LUCKNOW CHARTERED ACCOUNTANTS

(A K Dwivedi)
Partner
M No.: 071584
UDIN: 23071584BGWZKV5890
Place: Lucknow
Date: 09/01/2023

147

Annexure II

As referred to in and forming part of, our audit report of even date to the members of U.P. Power Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31stMarch, 2022.

1. a. (A) The company has not maintained proper records showing full particulars including Quantitative details and situation of Property, Plant and Equipment.

   (B) The company has not maintained proper records of Intangible Assets (Software) for Rs.5.38crore (gross).

   b. The company has not carried out physical verification of the Fixed Assets hence we are unable to Comment whether any material discrepancy was noticed as such or not.

   c. As reported by branch Auditors, title deed of Immovable Property (land) for Rs.47.24 lakhs was not available on record. Further as reported by branch Auditors, no details were provided to them with regard to the title deed of the immoveable property leased to KESCO nor were it explained in which unit the said asset is capitalized.

Details of which are furnished below:

ZONE WISE LAND DETAILS			
Zone Code	**Cost of Land as per Trial Balance (RS. in lakhs)**	****Tittle Deed Available (RS. in lakhs)**	**Tittle Deed Not Available (RS. in lakhs)**
970	4.96	0	4.96
640	465.48	423.19	42.28
Total land	**470.44**	**423.19**	47.24

**including property held in the name of erstwhile UPSEB. Segregated amount was not provided to us.

   d. As per information provided to us, company has not revalued its Property, Plant and equipment during the year.

   e. As per the information provided, no proceeding have been initiated or are pending against the company for holding any Benami property under Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

2. (a)No physical verification report of Stores and Spares for Rs.15.00 Lakhs as on 31.03.2022 has been provided to us. Hence, we are unable to comment about the coverage, procedure and its discrepancies.

   (b) The company has been sanctioned during the year working capital limits in excess of Rs.5 Crores from various banks. As per terms of Sanction, Company

D. PATHAK & CO. LUCKNOW CHARTERED ACCOUNTANTS

has to submit book debts statements on quarterly basis outstanding up to 1 year only on which Drawing power is to be calculated by Bankers. However, company has submitted quarter wise details for Q1 Rs 87263.73 Crore (June 2021 ended), Q2 Rs 94382.14 Cr (September 2021 ended), Q3 Rs 94794.96 Crore (December 2021 ended), and Q4 Rs 81657.46 Cr (March 2022 ended) respectively. Trade Receivable (considered good) as per books of account as on 31[st] March 2022 is Rs 27987.99 Crore at the end of first Quarter (ended on June 2021), Rs 29956.97 Crore at the end of second Quarter (ended on September 2021), Rs 27277.65 Crore at the end of third Quarter (ended on December 2021) and Rs 27855.55 Crore at the end of fourth Quarter (ended on March 2022 upto one year). Trade Receivable upto one year was not provided to us for remaining three quarters. Kindly refer Note No. 41(viii) of Notes to Accounts given by management which shows that there are substantial differences between the statement submitted to bank and amount of trade Receivable as per book of accounts which, as explained to us, due to inclusion of Non-Current Receivables which is not part of working capital and separately financed by long term borrowings.

3. Company has made investment during the year 2021-22 and the amount given as well as outstanding as on 31.03.2022 are furnished below:

a) i. Subsidiaries

Name of Subsidiaries	Investment during the year(including Share application money pending allotment)-(in crore)	Amount outstanding as on date(before provision for impairment)-(in crore)
KESCO	264.54	2249.31
Dakshinanchal VVNL	2231.37	22436.56
Madhyanchal VVNL	2275.41	21509.67
Paschimanchal VVNL	1649.37	17638.55
Purvanchal VVNL	3353.24	24105.09
Southern U.P. Power Transmission Co. Ltd.	Nil	2.21
Total	9773.93	87941.39

ii. Other than subsidiaries

Name of Company	Investment during the year(including Share application money pending allotment) (in crore)	Amount outstanding as on date(before provision for impairment) (in crore)
UP Power Transmission Co. Ltd.	Nil	2394.05
7.75% PFC Bonds	Nil	123.00
Total	Nil	2517.05

D. PATHAK & CO.
LUCKNOW
CHARTERED ACCOUNTANTS

149

b) During the year company has debited loan to its subsidiaries against transfer of its bond/Loan liabilities details of which are furnished as under:

Name of Subsidiaries	Amount transferred to loan account during the year(in crore)	Balance outstanding as on31.03.2022(in crore)
Madhyanchal VVNL	1409.20	13390.86
Paschimanchal VVNL	Nil	6626.93
Dakshinanchal VVNL	898.80	16062.67
Purvanchal VVNL	1277.90	22519.29
KESCO	365.30	2352.55
Total	3951.20	60952.33

c) No terms and conditions for repayment of loan debited to Subsidiaries have been specified nor have any agreements for above loans been executed between UP Power Corporation and respective subsidiaries. It is learnt that interest on Bonds Issued /Loan raised from UP Govt. has been accounted for in the books of subsidiaries. In view of above, Para no.3 (b), (c), (d), (e) and (f) are not applicable.

4. As per Section 186 of the Companies Act 2013, threshold limit for grant of Loan is not applicable in respect of Loan transferred to Subsidiaries as mentioned in previous para 3 (b). However, company has not obtained Board approval for Investment made/Loan transferred to its Subsidiaries during the year as envisaged under Section 186 of Companies Act 2013 nor Register for Investment/Loan granted as per requirement of Companies Act have been produced before us. But company has not granted any Loan, security and guarantee in favour of any Director or any other person in whom Directors are interested; hence compliance of Section 185 of Companies Act, 2013 is not applicable

5. Company has not accepted any deposit/deemed deposit during the year, hence compliance of section 73 and 76 of Companies Act, 2013 and relevant rules made there under are not applicable.

6. As per information and explanation given to us Company is covered under the provisions of Rule 3 of the Companies (Cost Records & Audit) Rules, 2014, but Company has not maintained proper Cost Accounting Records as envisaged in Companies (Cost Records & Audit) Rules, 2014.

7. (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Goods and Service Tax, Duty of Customs, Duty of Excise, and, Cess and any other material statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2022 for a period of more than six months from the date on when they become payable except for the following as reported by branch Auditors:

S.No	Head Of Account	Amount (in Rs)
1	Liability Towards Employer REC EPF	12878.00
2	I.T./ DEDUCT AT SOURCE	314275.00
3	Liability For Recoverable Against HRD	1796088.00
4	PROVISION FOR FRING BENEFIT TAX	2760732.00
5	PAYMENT OF SALES TAX	581.00
6	SERVICE TAX	36612.00
7	CGST	93481.00
8	SGST	93481.00
9	Gratuity	203,058,962.08
10	CPF trust	3086763.90
11	GPF	207,958,760.66
12	Pension	29,240,139.02

(b) As per information and explanation given to us, there is no amount disputed as on 31.03.2022 against the statutory liabilities mentioned in Para no.7a above.

8. According to explanation and information given to us, Company has not surrendered or disclosed any transaction as income during the year in the tax assessment under Income Tax Act, 1961.

9. (a) Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) As per information and explanation given to us, Company is not declared as wilful defaulter by any bank or financial institution or other lender.

(c) As per information and explanation given to us, bond and unsecured loans have been utilized for the purpose for which it is granted.

(d) As per information and explanation given to us and on application of appropriate test checks, we observed that funds raised on short term basis have not been utilised for long term purposes.

(e) Company has raised funds in form of bonds for Rs.3951.20 Crore during the year on behalf of its subsidiaries (DISCOMS) and debited the same to various DISCOMS as mentioned in our para no. 3b above.

(f) As per information and explanation given to us, Company has not raised loans during the year on the pledge of securities held in its subsidiaries.

10.(a) As per information and explanation given to us, Company has not raised any fund through initial public offer or further public offer(including debt instruments) during the year.

(b) As per information and explanation given to us, Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially, or optionally convertible) during the year.

D. PATHAK & CO. LUCKNOW CHARTERED ACCOUNTANTS

11.(a) To the best of our knowledge and according to the information and explanations given to us by the Management, no fraud by the company or no material fraud on the company by its officers or employees have been noticed or reported for the year ended 31st March, 2022.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government;

(c) The company has not established whistle blower mechanism which is mandatory in SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (SEBI LODR regulation) in this regard as well as under section 177(9) of the Companies Act require the listed company to establish a vigil mechanism for their directors and employees to report their genuine concern or grievances.

12. (a) The Company is not a Nidhi Company hence clause 3 (xii) (a) of the order is not applicable.

(b) The Company is not a Nidhi Company hence clause 3 (xii) (b) of the order is not applicable.

(c) The Company is not a Nidhi Company hence clause 3 (xii) (c) of the order is not applicable.

13. In our opinion and according to information and explanation given to us, Company has not placed related party transactions entered into during the year for determination of its Arm's length status by Audit Committee as required under Section 177 of Companies Act, 2013. We have been informed that Company is going to place the position of Related Party Transaction during the F.Y. 2021-22 for information of Board of Directors along with adoption of Accounts.

14.(a) In our opinion company has an internal audit system, which needs more strengthening considering its coverage and compliance of observations of Audit report, so that it may be commensurate in size and nature of business of the Company.

(b) Yes, we have considered reports of the Internal Auditors for the period under audit.

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

16. (a) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, provision of clause 3(xvi) (a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities therefore no Certificate of Registration (COR) from Reserve Bank of India as per Reserve bank of

D. PATHAK & CO. LUCKNOW CHARTERED ACCOUNTANTS

India Act, 1934 is required. Accordingly, provision of clause 3(xvi) (b) of the Order is not applicable to the Company.

(c) According to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in regulation made by the Reserve Bank of India. Accordingly, provision of clause 3(xvi) (c) of the Order is not applicable to the Company.

(d) There is no CIC as part of Group. Accordingly, provision of clause 3(xvi) (d) of the Order is not applicable to the Company.

17. Company has incurred cash losses in the financial year 2021-22 of Rs.3939.56 lakhs.

18. During the year previous Statutory Auditors have resigned sighting medical issues of the concerned partner who had conducted audit in the previous year and pre-occupation of other partner. Except above reason no other issues, objection or concerns raised by the outgoing Auditors was brought to our notice.

19. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

20. No CSR activity has been undertaken by the company; and no expenditure has been incurred on same during the year 2021-22. Management has explained the reasons in Para-17 of Notes to Accounts.

21. Para 3 (xxi) of Companies (Auditor's Report) Order (CARO) is not applicable to standalone financial statements.

For D Pathak & Co
Chartered Accountants
FRN: 001439C

D. PATHAK & CO. LUCKNOW CHARTERED ACCOUNTANTS

(A K Dwivedi)
Partner
M No.: 071584
UDIN: 23071584BGWZKV5890
Place: Lucknow
Date: 09/01/2023

153

Annexure III (a)

As referred to in, and forming part of, our audit report of even date to the members of U.P. Power Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31st March, 2022.

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

S. No.	Directions	Reply
1.	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts for with the financial implications, if any, may be stated	No, the Company has no system in place to process the accounting transactions through IT system. The accounting is done manually and Cash book and Sectional Journals are maintained but ledgers/sub ledgers are not maintained. Presently compilation of accounts are being made under old D-Base (Foxpro) system, it is suggested that compilation of accounts should be made in upgraded software system to facilitate proper control of accounts as well as smooth compilation.
2.	Whether there is any restructuring of an existing loans or cases of waiver/write off of debts/loans/interest etc. made by lender to the Company due to the company's inability to repay the loan? If yes, the financial implant may stated.	As informed by the Management there are no other cases of restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by lender to the Company due to the company's inability to repay the loan.
3.	Whether fund received/receivable for specific schemes from Central/State Agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	Funds received from State Government for scheme according to budget provisions of related financial year has been released by the Company to Subsidiaries for their utilization and accounted for.

D Pathak & Co
Chartered Accountants
FRN: 001439C

D. PATHAK & CO. LUCKNOW CHARTERED ACCOUNTANTS

(A K Dwivedi)
Partner
M No.: 071584
UDIN: 23071584BGWZKV5890
Place: Lucknow
Date: 01/01/2023

Annexure III (b)

As referred to in, and forming part of, our audit report of even date to the members of U.P. Power Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31st March, 2022.

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

S. No.	Sub – Directions	Remarks
1.	Adequacy of steps to prevent encroachment of idle land owned by Company may be examined. In case land of the company is encroached, under litigation, not put to use or declared surplus, details may be provided.	As informed by the management, there is no encroachment of idle land owned by Company, subject to para 1(c) of Annexure II of our report.
2.	Has the company entered into agreements with franchise for distribution of electricity in selected areas and revenue sharing agreements adequately protect the financial interest of the company?	Not Applicable
3.	Whether the Company recovers and accounts, the State Electricity Regulatory Commission (SERC) approved Fuel and Power Purchase Adjustment Cost (FPPCA)?	As explained to us the U.P. State's Generators U.P. Rajya Vidyut Utpadan Nigam Ltd. and U.P Jal Vidyut Nigam Ltd. raise the bills on the U.P. Power Corporation Ltd. towards Fuel and Power Purchase Adjustment Cost (FPPCA) in accordance with the procedures laid down in the related order issued by the U.P. Electricity Regulatory Commission from time to time. The UPPCL accounts FPPCA and includes in its purchase cost. The UPPCL raises the bills on the subsidiary DISCOMs on the basis of Arm Length Principal and as such the purchase cost and the sale price is the same. The DISCOMs include the purchase cost (which is transferred to the DISCOMs through sale bills) in its Aggregated Revenue Requirement and submit the same before U.P Electricity Regulatory Commission for approval of tariff for sale of power to electricity consumers. As such, the DISCOMs ultimately recover FPPCA from electricity consumers and account in its books of accounts.

O. PATHAK & CO. LUCKNOW CHARTERED ACCOUNTANTS

155

4.	Whether the reconciliation of receivables and payables between the generation, distribution and transmission companies has been completed. The reasons for difference may be examined.	No proper reconciliation among of receivables and payables between the generation, distribution and transmission companies has been done. Refer point no. 8 of Annexure I, regarding non-reconciliation of Inter-unit transactions. Further no balance confirmation has been obtained from the DISCOMs, Transmission and Generation Companies.
5.	Whether the Company is supplying power to franchisees, if so, whether the Company is not supplying power to franchisees at below its average cost of purchase.	Not Applicable

For D Pathak & Co.
Chartered Accountants
FRN: 001439C

D PATHAK & CO. LUCKNOW CHARTERED ACCOUNTANTS

(A K Dwivedi)
Partner
M No.: 071584
UDIN: 23071584BGWZKV5890
Place: Lucknow
Date: 09/01/2023

Annexure IV

As referred to in and forming part of, our audit report of even date to the members of U.P. Power Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31stMarch, 2022.

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

We have audited the internal financial controls over financial reporting of U.P. Power Corporation Limited ("the Company") as of 31stMarch, 2022 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

D. PATHAK & CO. LUCKNOW CHARTERED ACCOUNTANTS

157

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the presentation of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of un-authorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion:

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control over Financial Reporting issued by the Institute of Chartered Accountants of India except for the deficiencies reported by us in *'Annexure I' and 'Annexure II'* to our audit report of even date on the Standalone Financial Statements of the Company for the year ended 31st March, 2022, and as mentioned below -

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

b) There is no effective system in place to verify power purchase for completeness, only those bills are accounted in the books of accounts which are received, no system is in

D. PATHAK & CO. LUCKNOW CHARTERED ACCOUNTANTS

place for quantitative reconciliation of the power actually purchased vis-à-vis power purchase accounted in the books of accounts, reconciliation of power purchased with suppliers are not done neither it was provided to us. Balance confirmation and reconciliation with the suppliers was not carried out therefore, the impact on power purchase, power sales and eventually on the position of sundry payables and receivable cannot be commented upon.

c) There is no system for review of old balances relating to various assets and liabilities heads which needs to be reviewed, reconciled and require necessary adjustment in the books of account.

d) Reconciliation of inter Unit section: the present system of identification and reconciliation of Inter Unit transaction between unit to unit, unit to head office is not adequate. The reconciliation need to be done on a regular basis with complete details of the nature and particulars of the unmatched items.

e) There is no system of confirmation and reconciliation of balances in accounts of parties, contractors, Government Department etc. including those balances appearing under receivables, payables, loan and advances.

f) During the course of our Audit, it was observed that payments are being released by Single signatory without fixing any threshold limit. It is suggested that all payments should be released after fixing threshold limit only by joint signatory.

For D Pathak & Co
Chartered Accountants
FRN: 001439C

D. PATHAK & CO. LUCKNOW CHARTERED ACCOUNTANTS

(A K Dwivedi)
Partner
M No.: 071584
UDIN: 23071584BGWZKV5890
Place: Lucknow
Date: 09/01/2023

CA D.PATHAK & CO.
CHARTERED ACCOUNTANTS

Office 23/4 Ka Gokhale Marg, Lucknow 226001
(Near Madhyanchal Vidyut Vitran Nigam)
Phone O : 0522-4009249
R : 3233017, 4048783
Cell. 9415008181, 9335920193, 9005230260
E-mail d_pathakco@yahoo.co.in
Website : www.dpathak.co.in

INDEPENDENT AUDITOR'S REPORT

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

1. Report on Standalone Financial Statements

(A) Qualified Opinion:

We have audited the accompanying Standalone Financial Statements of Uttar Pradesh Power Corporation Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2022, the Statement of Profit and Loss (including other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information ("the Standalone Financial Statements") in which are incorporated accounts of Material Management Zone (Location code – 300, 330, 640 and 970 and its units) ("Zone") thereof which have been audited by other auditor.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the "Basis for Qualified Opinion" section of our report, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and the **Net Loss,** including other comprehensive income, its cash flows and changes in equity for the year ended on that date.

(B) Basis for Qualified Opinion:

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

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities

Branches : NEW DELHI - 201, Chaudhary Complex, Madhuban Road,9, Veer Savarkar, Shaerpur, New Delhi-110092
DEHRADUN - 238, Vasant Vihar Phase - II, Dehradun- 248006
RAEBARELI - Prakash Nagar Road, In Front of Canal Office, Gate No- 01, Raebareli- 229001

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

(C) Key Audit Matters:

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole. Except for the matters described in the basis of qualified opinion including Annexure 1 to the audit report, we have determined that there are no other Key Audit Matters to communicate in our report.

(D) Emphasis of Matter Paragraph:

1. Tax deducted at source Rs.56.44 Crore (Note 12- Other current Assets) includes Rs. 7.09 Crore refunds pending with Income Tax Department relating to financial year 2007-08 to 2019-20 **which needs to be reconciled and adjusted at earliest.**

2. As per information provided to us Trade payable includes Rs.135.36 Crore debit balance pertaining to M/s Rosa Power Company Ltd towards debit notes raised by the Company against which, as explained to us, stay order have been issued by Appropriate Authorities, but **which have not been reversed like other cases** as mentioned in Para no. 29 of Notes to Accounts relating to M/s Lalitpur Power Generation Company.

3. As per Para No. 41 (xvi) (c) to the Notes to Accounts, the Trade Payable does not reflect any disputed amount while aging classification incudes outstanding of Rs. 544.71 Crore **for more than three years which need review by the Management.**

4. As per Note no. 13 to the Notes to Accounts the average bulk sale tariff is computed on the basis of cost of energy purchased by the Company after prior period adjustments, divided by total quantum of energy supplied to Subsidiaries. While impact of prior period adjustment are either restated in the purchase of power for previous year or debited to retained earnings. **Consequential impacts of aforesaid adjustments on purchase/sales of the Company are not disclosed in the Notes to Accounts.**

LUCKNOW

5. Accounting Policy No. VIII of the Company regarding power purchases was not incorporated, where final approval of the tariff by the Regulatory Commission has not been granted.

6. As per Note no. 11 (Financial Assets-Other (Current), Company has made provision for doubtful receivables @10% on Rs.2083.94 Crore which includes 1154.14 Crore relating to wholly owned subsidiaries. **Incremental provision for doubtful debts relating to wholly owned subsidiaries made during the year needs review by the Management.**

7. **The Annual Accounts of F.Y 2018-19, 2019-20 & 2020-21 are yet to be adopted in Annual General Meeting (Refer Para 31 of Note - 29 "Notes on Accounts").**

2. <u>Information other than the Standalone Financial Statements and Auditor's Report thereon:</u>

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report but does not include the

Standalone Financial Statements and our auditor's report thereon. The above report is expected to be made available to us after the date of this Auditor's Report.

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

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

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

3. <u>Management's Responsibility for the Standalone Financial Statements:</u>

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making

162

judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

PATHAK & CO. LUCKNOW CHARTERED ACCOUNTANTS

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

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

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

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

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

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

5. Other Matters:

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

164

6. Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "**Annexure-II**", a statement on the matters specified in the paragraphs 3 and 4 of the said Order, to the extent applicable.

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

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

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

   (a) Except for the matters described in the "Basis for Qualified Opinion" section, we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion and except for the matters described in "Basis for Qualified Opinion" section, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the Zone of the Company not visited and not audited by us.

   (c) The reports on the accounts of the Zone of the Company, audited under Section 143(8) of the Act by Zone auditor have been sent to us and have been properly dealt with by us in preparing this report.

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

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

   (f) Being a Government Company, pursuant to the Notification No. GSR 463(E) dated 5th June, 2015 issued by Ministry of Corporate Affairs, Government of India;

LUCKNOW

provisions of sub-section (2) of section 164 of the Act, regarding disqualification of the directors are not applicable to the Company.

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

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

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

ii. As per information and explanation furnished to us, Company has not envisaged any foreseeable losses on any long term contracts except mentioned by us in the 'Basis of qualified opinion'.

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

For D Pathak & Co
Chartered Accountants
FRN: 001439C

(A K Dwivedi)
Partner
M No.: 071584
UDIN: 22071584ARUJYK2380
Place: Lucknow
Date: 12/09/2022

D PATHAK & CO. LUCKNOW CHARTERED ACCOUNTANTS

166

Annexure I

As referred to in and forming part of, our audit report of even date to the members of U.P. Power Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31st March, 2022.

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

1. There are certain very old debit balances in Trade Payable Account amounting to Rs.1029.12 Crore which remains unadjusted and unreconciled during the year by the company. We have also observed that these debit balances are deducted from Trade Payables Account instead of clubbing it with Advances to Suppliers/Sundry Receivables. This has resulted in to understatement of Trade Payables and Advance to Suppliers/Sundry Receivables. Further, based on the explanation and information furnished by Management, **we are of the opinion that a provision for Rs.889.70 crore should be made in accounts since these outstanding balances are more than 10 years old.**

2. We have observed that Other Advances for Rs.173.06 Crore outstanding since many years, have not been reviewed and reconciled during the year. It includes Rs.126.97 Crore as a commitment advance for share in generation in Ultra Mega Power Project. As per information and explanation given to us, Company has decided to opt out of these projects due to closure of the projects and requested Nodal Agency (PFC) for status of return of money. **Hence, pending such reconciliation and review by the Management, impact on the Accounts is not determinable at this stage.**

3. (a) As per Para 16 of Note – 30 "Notes on Accounts" Contingent Liability incudes power purchase of Rs.10083.93 Cr. against which sufficient and appropriate documentary audit evidence in respect of Contingent Liabilities and its current status was not provided to us. It has also been explained to us that Contingent Liability for power purchases also includes various disputed liabilities which have not been accurately quantified/disclosed in Notes on Accounts. In absence of systematic reporting, proper records/quantification of pending disputes, suits and claims against the Company, including its present status, **we are not in a position to comment on accuracy of Contingent/Disputed Liabilities as reflected in the "Notes on Account".**

   (b) On test check, it was observed that in petition no. 1565/2020, UPREC has vide its order dated 16.06.2021 approved an amount of Rs.7244.65 Crore to be deposited in RPO Account/Fund against which Contingent Liability of Rs.737.11 Crore have been disclosed only. As per information/explanation given to us, the issue has not yet been settled by the appropriate authorities. **In view of above and in terms of directives issued by Uttar**

LUCKNOW

Pradesh Electricity Regulatory Commission corresponding liability has not been disclosed.

4. (a) Company has made a provision for impairment of investment in Subsidiaries, associate and others [Note-5 except Para II (b) Bonds] on the basis of Net worth of Investee Subsidiaries as on 31st March, 2022 (Refer Para 28 of Note - 30 "Notes on Accounts"), **which is not in accordance with Ind AS 36 Impairment of Assets. Further Provision for impairment relating in Investment in Uttar Pradesh Power Transmission Corporation Ltd has been made based on Unaudited Financial Statements, which has not even been adopted by its Board of Directors.**

   (b) We have observed that Investment made by U P Power Corporation in Subsidiaries not reconciled with the Equity Share Capital reflected in the Annual Accounts of Subsidiaries to the extent of Rs.20.00 Lakhs. However same has been nullified through ICT in the consolidated financial statements.

5. Loans and Other Financial Assets (Note-6), Trade Receivables-Others (Note-8), Financial Assets-Others - Employees, Others (Note-11), Other Current Assets - Suppliers & Contractors and UP Power Sector Employee Trust (Note-12), Financial Liability-Trade Payables (Note-18), Other Financial Liabilities (Current) –except Current maturities of long-term borrowings and Interest accrued but not due on borrowings (Note-19) includes certain old balances under various heads of assets and liabilities **which are carrying over since last so many years and have not been reviewed/reconciled during the financial year.**

   As informed to us, above heads include balances transferred from transfer schemes, reconciliation and confirmation for the same has not been done by Company which needs to be reviewed/reconciled and suitably adjusted in the books of accounts. Major Balances includes Other Unclassified Revenue Rs. 330.25 Crore. (Current Liabilities, AG Code No. 46 9(Dr), Unit No 991), Securities from Suppliers, Rs. 5.19 Crore (Sundry Receivables- Other Current Assets, Unit No. 396), UI Charges Pool A/c, Rs. 305.74 Crore outstanding for more than 3 years (Financial Assets – Other (Current), Note No-11, Unit no. 330) and Reactive Energy Charges Rs. 92.18 Crore outstanding for more than 3 years (Financial Assets – Other (Current), Note No-11. Unit No. 330) respectively. In absence of details, **we are not in a position to comment on its impact on losses, if any of the Company.**

6. Purchases as per Note No-22 for Rs. 55152.12 Crore, includes Sales to Indian Energy Exchange for Rs. 2075.19 Cr, **which has resulted into reduction/understatement of Purchases and consequent understatement of Sales of Energy** (Note No-20, Revenue for Operation).
   On test checks basis and as per information and explanation provided to us, it was observed that bills relating to procurement of Energy received from various generating companies amounting Rs 201.89 Crore which also includes bills pertaining to previous years have not

166

been accounted for. **In absence of details and complete information given by management, we are not in a position to comment on its financial impact.**

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

   a. Financial Assets- Financial Assets-Other (current) (Note-11), Other Current Assets (Note-12), Financial Liabilities-Trade payable (Note-18) and Other Financial Liabilities (Note-19) have been classified as current assets/liabilities include balances which are outstanding for realisation/settlement since previous financial years and in the absence of **adequate information/explanations regarding the realisability/settlement of such amounts within twelve months after the year end, classification of same as 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 Income Tax, Interest on Income Tax & Trade Tax/GST, interest on loans to staff and other items of income covered by Significant Accounting Policy no. B (c) of Note–1 has been done on cash basis. **This is not in accordance with the provisions of Ind AS 1 Presentation of Financial Statements.**

   c. Additions during the year in Property, Plant and Equipment include Employee cost at a fixed percentage of the cost of each addition to Property, Plant and Equipment in accordance with Note-1 Significant Accounting Policy Para C (I) (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.

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

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

LUCKNOW

f. The Financial Assets (Note-5, 6, 8 and 11) have not been measured at fair value as required by **Ind AS 109 Financial Instruments** and proper disclosures as required in **Ind AS 107 Financial Instruments: Disclosures,** have not been done for the same.

g. As per Note no.28 **Bad Debts & Provisions**, the reversal for provision on financial assets(other receivable) amounting Rs 46.16 lac has been set-off against the total Bad Debts/Provisions which is not in accordance with provisions of **Ind As 1 Presentation of Financial Statements**.

8. Inter unit transactions amounting Rs.15188.17 Lakhs, are **subject to reconciliation and consequential adjustments.** (Refer Para 7 Note – 30"Notes on Accounts")

9. (a) Note no. 12 (Other Current Assets) includes Rs. 25.04 Lacs receivable against Fringe Benefit Tax, **which is being carried over since last so many years for which necessary provision needs to be made in the accounts.**
   (b) Para no. 41(xvi)(a) Capital work in progress includes Rs. 17.00 Lac **outstanding for more than 3 years for which no details are available needs to be provided for in the Accounts.**
   (c) Company has not filed form MSME-1 and CSR-2 with Registrar of Companies
   (d) Disclosure of nature of charges created with ROC against working capital borrowings has not been disclosed in the Note No. 17 of the Financial Statements.
   (e) Group has not made necessary disclosures as required by notification dated 23rd march 2022, issued by the Govt. of India, Ministry of Corporate affairs relating to Amendment in the companies (Indian Accounting Standards) Rules 2015.

10. **Maintenance of Proper Books of Accounts:**

The company has systems of maintaining various sectional journals wherein vouchers relating to day-to-day transactions are recorded in these Sectional Journals. The existing systems of balancing cash book on the monthly basis and posting in different sectional journals to summaries and from summaries to monthly trial balances. In our opinion, System is not adequate enough to give financial position of different account at any given time in an organized manner. It was observed that the maintenance of party-wise subsidiary ledgers and its reconciliation with primary books of accounts i.e., cash book and sectional journals are not proper and effective.

11. Employee benefit expenses (Note- 23), Administrative, General & Other Expenses (Note-26), and Repair & Maintenance Expenses (Note- 27) have been allocated among Subsidiaries and other power sector companies owned by the Go UP (i.e., UPPTCL, UPRVUNL & UPJVNL) on the basis of data / information (i.e., units of power sold to Subsidiaries DISCOMs, no. of employees, area occupied) related to the financial year 2020-21, instead of financial year 2021-22. (Para 28 of Note- 30 "Notes on Accounts").

170

12. Trade Receivable (Current), Note No- 8, Rs. 27856.16 Crore, includes negative amount of Unbilled Revenue 21.48 Cr, which have not been allocated to respective subsidiaries..

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

a. Purchase of power

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

- Generation based Incentives (GBI) receivable from IREDA amounting to Rs 977.33 lakhs (Previous Year Rs. 1230.00 lakhs) is subject to confirmation and reconciliation/Consequential adjustment if any. (Unit#330 EIE&PC)

- The zone has received interest amounting to Rs.76,68,44,549/-and TDS of Rs.76,68,452/- have been deducted there from. But the amount of interest has been netted off from the purchase cost in the books. Purchase cost and interest income has, therefore understated to the extent of Rs 76,68,44,549. (Unit#330 EIE&PC)

b. Other Liabilities and Provisions

The balance confirmation of the Security deposit in Lieu of BG (46 102A) was not provided to us and we were informed that the balance confirmation is under Process. **#Units330 – EIE&PC.**

c. Provision for Late Payment Surcharge.

As reported by Branch Auditor, there is no proper system to compute the late payment surcharge payable to various power suppliers. We are, therefore unable to comment on the amount of overstated profit/understated loss of the zone for the financial year 2021-22 on account of provision of late payment surcharge.

d. The Electricity Import Export & Payment Circle Unit of the Zone has accrued interest to the tune of RS. 2246.45 lakhs during the Financial Year 2021-2022 (Previous Year- RS. 1954.55 lakhs) against advance provided to Noida Power Company Limited. However as explained to us the interest is being accrued for an amount of advance paid for supply of power, further no other details including the actual amount of advance paid and status of the transaction including its recoverability was provided to us. Recognizing it as an income when the recovery is uncertain is in contravention to Ind AS 115. In the absence of proper details and information, we are unable to quantify the amount of same and its consequential impact on financial statement. **(Unit#330 EIE&PC)**

e. The company has entered in to arrangement with MPPMCL for 18.15 MW share in the project of Rajghat HPP at an equity contribution of Rs.66.74 Crore which works out to 40.32% share in the total cost of capital of Rs.165.50 crore, however the unit is unaware of the existence of the equity contribution paid Rs 10.00 crores in July 1997, Rs.26.50 crore in October 1998 and Rs 29.00 Crores in October 1999 and Rs. 1.24 crores adjusted against receivable from MPPMCL, therefore in absence of information and adequate explanation we cannot comment upon it.

f. **Late payment surcharge Receivables**

The Zone has unadjusted late payment surcharge / Penal Interest amounting to Rs 7045.94 lakhs (Previous Year Rs 7045.79 lakhs) till the 31st March, 2022, as explained the unit has not identified the late payment surcharge upon receipt of fund and the process is under reconciliation, hence we cannot comment upon it. (Unit#330 EIE&PC)

14. For want of complete information, the cumulative impact of our observations in Paras 1 to 13 above on assets, liabilities, income and expenditure is not ascertained.

For D Pathak & Co
Chartered Accountants
FRN: 001439C

(A K Dwivedi)
Partner
M No.: 071584
UDIN: 22071584ARUJYK2380

D. PATHAK & CO. LUCKNOW CHARTERED ACCOUNTANTS

Place: Lucknow
Date: 12/09/2022

Annexure II

As referred to in and forming part of, our audit report of even date to the members of U.P. Power Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31st March, 2022.

1. a. (A) The company has not maintained proper records showing full particulars including Quantitative details and situation of Property, Plant and Equipment.

   (B) The company has not maintained proper records of Intangible Assets (Software) for Rs.5.38crore (gross).

   b. The company has not carried out physical verification of the Fixed Assets hence we are unable to Comment whether any material discrepancy was noticed as such or not.

   c. As reported by branch Auditors, title deed of Immovable Property (land) for Rs.47.24 lakhs was not available on record. Further as reported by branch Auditors, no details were provided to them with regard to the title deed of the immoveable property leased to KESCO nor were it explained in which unit the said asset is capitalized.

   Details of which are furnished below:

ZONE WISE LAND DETAILS			
Zone Code	**Cost of Land as per Trial Balance (RS. in lakhs)**	****Tittle Deed Available (RS. in lakhs)**	**Tittle Deed Not Available (RS. in lakhs)**
970	4.96	0	4.96
640	465.48	423.19	42.28
Total land	**470.44**	**423.19**	**47.24**

   **including property held in the name of erstwhile UPSEB. Segregated amount was not provided to us.

   d. As per information provided to us, company has not revalued its Property, Plant and equipment during the year.

   e. As per the information provided, no proceeding have been initiated or are pending against the company for holding any Benami property under Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

2. (a)No physical verification report of Stores and Spares for Rs.15.00 Lakhs as on 31.03.2022 has been provided to us. Hence, we are unable to comment about the coverage, procedure and its discrepancies.

(b) The company has been sanctioned during the year working capital limits in excess of Rs.5 Crores from various banks. As per terms of Sanction, Company has to submit book debts statements on quarterly basis outstanding up to 1 year only on which Drawing power is to be calculated by Bankers. However, company has submitted quarter wise details for Q1 Rs 87263.73 Crore (June 2021 ended), Q2 Rs 94382.14 Cr (September 2021 ended), Q3 Rs 94794.96 Crore (December 2021 ended), and Q4 Rs 81657.46 Cr (March 2022 ended) respectively. Trade Receivable (considered good) as per books of account as on 31st March 2022 is Rs 27987.99 Crore at the end of first Quarter (ended on June 2021), Rs 29956.97 Crore at the end of second Quarter (ended on September 2021), Rs 27277.65 Crore at the end of third Quarter (ended on December 2021) and Rs 27855.55 Crore at the end of fourth Quarter (ended on March 2022 upto one year). Trade Receivable upto one year was not provided to us for remaining three quarters. Kindly refer Note No. 41(viii) of Notes to Accounts given by management which shows that there are substantial differences between the statement submitted to bank and amount of trade Receivable as per book of accounts which, as explained to us, due to inclusion of Non-Current Receivables which is not part of working capital and separately financed by long term borrowings.

3. Company has made investment during the year 2021-22 and the amount given as well as outstanding as on 31.03.2022 are furnished below:

a) **i. Subsidiaries**

Name of Subsidiaries	**Investment during the year(including Share application money pending allotment)-(in crore)**	Amount outstanding as on date(before provision **for** impairment)-(in crore)
KESCO	264.54	2249.31
Dakshinanchal VVNL	2231.37	22436.56
Madhyanchal VVNL	2275.41	21509.67
Paschimanchal VVNL	1649.37	17638.55
Purvanchal VVNL	3353.24	24105.09
Southern U.P. Power Transmission Co. Ltd.	Nil	2.21
Total	9773.93	87941.39

174

ii. Other than subsidiaries

Name of Company	Investment during the year(including Share application money pending allotment) (in crore)	Amount outstanding as on date(before provision for impairment) (in crore)
UP Power Transmission Co. Ltd.	Nil	2394.05
7.75% PFC Bonds	Nil	123.00
Total	Nil	2517.05

b) During the year company has debited loan to its subsidiaries against transfer of its bond/Loan liabilities details of which are furnished as under:

Name of Subsidiaries	Amount transferred to loan account during the year(in crore)	Balance outstanding as on31.03.2022(in crore)
Madhyanchal VVNL	1409.20	13390.86
Paschimanchal VVNL	Nil	6626.93
Dakshinanchal VVNL	898.80	16062.67
Purvanchal VVNL	1277.90	22519.29
KESCO	365.30	2352.55
Total	3951.20	60952.33

c) No terms and conditions for repayment of loan debited to Subsidiaries have been specified nor have any agreements for above loans been executed between UP Power Corporation and respective subsidiaries. It is learnt that interest on Bonds Issued /Loan raised from UP Govt. has been accounted for in the books of subsidiaries. In view of above, Para no.3 (b), (c), (d), (e) and (f) are not applicable.

4. As per Section 186 of the Companies Act 2013, threshold limit for grant of Loan is not applicable in respect of Loan transferred to Subsidiaries as mentioned in previous para 3 (b). However, company has not obtained Board approval for Investment made/Loan transferred to its Subsidiaries during the year as envisaged under Section 186 of Companies Act 2013 nor Register for Investment/Loan granted as per requirement of Companies Act have been produced before us. But company has not granted any Loan, security and guarantee in favour of any Director or any other person in whom Directors are interested; hence compliance of Section 185 of Companies Act, 2013 is not applicable

5. Company has not accepted any deposit/deemed deposit during the year, hence compliance of section 73 and 76 of Companies Act, 2013 and relevant rules made there under are not applicable.

PATHAK & ... LUCKNOW

6. As per information and explanation given to us Company is covered under the provisions of Rule 3 of the Companies (Cost Records & Audit) Rules, 2014, but Company has not maintained proper Cost Accounting Records as envisaged in Companies (Cost Records & Audit) Rules, 2014.

7. (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Goods and Service Tax, Duty of Customs, Duty of Excise, and, Cess and any other material statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2022 for a period of more than six months from the date on when they become payable except for the following as reported by branch Auditors:

S.No	Head Of Account	Amount (in Rs)
1	Liability Towards Employer REC EPF	12878.00
2	I.T./ DEDUCT AT SOURCE	314275.00
3	Liability For Recoverable Against HRD	1796088.00
4	PROVISION FOR FRING BENEFIT TAX	2760732.00
5	PAYMENT OF SALES TAX	581.00
6	SERVICE TAX	36612.00
7	CGST	93481.00
8	SGST	93481.00
9	Gratuity	203,058,962.08
10	CPF trust	3086763.90
11	GPF	207,958,760.66
12	Pension	29,240,139.02

(b) As per information and explanation given to us, there is no amount disputed as on 31.03.2022 against the statutory liabilities mentioned in Para no.7a above.

8. According to explanation and information given to us, Company has not surrendered or disclosed any transaction as income during the year in the tax assessment under Income Tax Act, 1961.

9. (a) Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) As per information and explanation given to us, Company is not declared as wilful defaulter by any bank or financial institution or other lender.

(c) As per information and explanation given to us, bond and unsecured loans have been utilized for the purpose for which it is granted.

D. PATHAK & CO. LUCKNOW

176

(d) As per information and explanation given to us and on application of appropriate test checks, we observed that funds raised on short term basis have not been utilised for long term purposes.

(e) Company has raised funds in form of bonds for Rs.3951.20 Crore during the year on behalf of its subsidiaries (DISCOMS) and debited the same to various DISCOMS as mentioned in our para no. 3b above.

(f) As per information and explanation given to us, Company has not raised loans during the year on the pledge of securities held in its subsidiaries.

10.(a) As per information and explanation given to us, Company has not raised any fund through initial public offer or further public offer(including debt instruments) during the year.

(b) As per information and explanation given to us, Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially, or optionally convertible) during the year.

11.(a) To the best of our knowledge and according to the information and explanations given to us by the Management, no fraud by the company or no material fraud on the company by its officers or employees have been noticed or reported for the year ended 31st March, 2022.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government;

(c) The company has not established whistle blower mechanism which is mandatory in SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (SEBI LODR regulation) in this regard as well as under section 177(9) of the Companies Act require the listed company to establish a vigil mechanism for their directors and employees to report their genuine concern or grievances.

12. (a) The Company is not a Nidhi Company hence clause 3 (xii) (a) of the order is not applicable.

(b)The Company is not a Nidhi Company hence clause 3 (xii) (b) of the order is not applicable.

(c) The Company is not a Nidhi Company hence clause 3 (xii) (c) of the order is not applicable.

13. In our opinion and according to information and explanation given to us, Company has not placed related party transactions entered into during the year for determination of its Arm's

LUCKNOW

length status by Audit Committee as required under Section 177 of Companies Act, 2013. We have been informed that Company is going to place the position of Related Party Transaction during the F.Y. 2021-22 for information of Board of Directors along with adoption of Accounts.

14.(a) In our opinion company has an internal audit system, which needs more strengthening considering its coverage and compliance of observations of Audit report, so that it may be commensurate in size and nature of business of the Company.

(b) Yes, we have considered reports of the Internal Auditors for the period under audit.

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

16. (a) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, provision of clause 3(xvi) (a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities therefore no Certificate of Registration (COR) from Reserve Bank of India as per Reserve bank of India Act, 1934 is required. Accordingly, provision of clause 3(xvi) (b) of the Order is not applicable to the Company.

(c) According to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in regulation made by the Reserve Bank of India. Accordingly, provision of clause 3(xvi) (c) of the Order is not applicable to the Company.

(d) There is no CIC as part of Group. Accordingly, provision of clause 3(xvi) (d) of the Order is not applicable to the Company.

17. Company has incurred cash losses in the financial year 2021-22 of Rs.3939.56 lakhs.

18. During the year previous Statutory Auditors have resigned sighting medical issues of the concerned partner who had conducted audit in the previous year and pre-occupation of other partner. Except above reason no other issues, objection or concerns raised by the outgoing Auditors was brought to our notice.

19. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not

LUCKNOW

178

capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

20. No CSR activity has been undertaken by the company; and no expenditure has been incurred on same during the year 2021-22. Management has explained the reasons in Para-17 of Notes to Accounts.

21. Para 3 (xxi) of Companies (Auditor's Report) Order (CARO) is not applicable to standalone financial statements.

For D Pathak & Co
Chartered Accountants
FRN: 001439C

(A K Dwivedi)
Partner
M No.: 071584
UDIN: 22071584ARUJYK2380

D. PATHAK & CO. LUCKNOW

Place: Lucknow
Date: 12/09/2022

Annexure III (a)

As referred to in, and forming part of, our audit report of even date to the members of U.P. Power Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31st March, 2022.

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

S. No.	Directions	Reply
1.	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts for with the financial implications, if any, may be stated	No, the Company has no system in place to process the accounting transactions through IT system. The accounting is done manually and Cash book and Sectional Journals are maintained but ledgers/sub ledgers are not maintained. Presently compilation of accounts are being made under old D-Base (Foxpro) system, it is suggested that compilation of accounts should be made in upgraded software system to facilitate proper control of accounts as well as smooth compilation.
2.	Whether there is any restructuring of an existing loans or cases of waiver/write off of debts/loans/interest etc. made by lender to the Company due to the company's inability to repay the loan? If yes, the financial implant may stated.	As informed by the Management there are no other cases of restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by lender to the Company due to the company's inability to repay the loan.
3.	Whether fund received/receivable for specific schemes from Central/State Agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	Funds received from State Government for scheme according to budget provisions of related financial year has been released by the Company to Subsidiaries for their utilization and accounted for.

D Pathak & Co
Chartered Accountants
FRN: 001439C

D PATHAK & CO. LUCKNOW CHARTERED ACCOUNTANTS

(A K Dwivedi)
Partner
M No.: 071584
UDIN: 22071584ARUJYK2380
Place: Lucknow
Date: 12/09/2022

180

Annexure III (b)

As referred to in, and forming part of, our audit report of even date to the members of U.P. Power Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31st March, 2022.

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

S. No.	Sub – Directions	Remarks
1.	Adequacy of steps to prevent encroachment of idle land owned by Company may be examined. In case land of the company is encroached, under litigation, not put to use or declared surplus, details may be provided.	As informed by the management, there is no encroachment of idle land owned by Company, subject to para 1(c) of Annexure II of our report.
2.	Has the company entered into agreements with franchise for distribution of electricity in selected areas and revenue sharing agreements adequately protect the financial interest of the company?	Not Applicable
3.	Whether the Company recovers and accounts, the State Electricity Regulatory Commission (SERC) approved Fuel and Power Purchase Adjustment Cost (FPPCA)?	As explained to us the U.P. State's Generators U.P. Rajya Vidyut Utpadan Nigam Ltd. and U.P Jal Vidyut Nigam Ltd. raise the bills on the U.P. Power Corporation Ltd. towards Fuel and Power Purchase Adjustment Cost (FPPCA) in accordance with the procedures laid down in the related order issued by the U.P. Electricity Regulatory Commission from time to time. The UPPCL accounts FPPCA and includes in its purchase cost. The UPPCL raises the bills on the subsidiary DISCOMs on the basis of Arm Length Principal and as such the purchase cost and the sale price is the same. The DISCOMs include the purchase cost (which is transferred to the DISCOMs through sale bills) in its Aggregated Revenue Requirement and submit the same before U.P Electricity Regulatory Commission for approval of tariff for sale of power to electricity consumers. As such, the DISCOMs ultimately recover FPPCA from

		electricity consumers and account in its books of accounts.
4.	Whether the reconciliation of receivables and payables between the generation, distribution and transmission companies has been completed. The reasons for difference may be examined.	No proper reconciliation among of receivables and payables between the generation, distribution and transmission companies has been done. Refer point no. 8 of Annexure I, regarding non-reconciliation of Inter-unit transactions. Further no balance confirmation has been obtained from the DISCOMs, Transmission and Generation Companies.
5.	Whether the Company is supplying power to franchisees, if so, whether the Company is not supplying power to franchisees at below its average cost of purchase.	Not Applicable

For D Pathak & Co.
Chartered Accountants
FRN: 001439C

(A K Dwivedi)
Partner
M No.: 071584
UDIN: 22071584ARUJYK2380

Place: Lucknow
Date: 12 /09/2022

182

Annexure IV

As referred to in and forming part of, our audit report of even date to the members of U.P. Power Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31stMarch, 2022.

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

We have audited the internal financial controls over financial reporting of U.P. Power Corporation Limited ("the Company") as of 31stMarch, 2022 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

LUCKNOW

assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion:

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control over Financial Reporting issued by the Institute of Chartered Accountants of India except for the deficiencies reported by us in *'Annexure I' and 'Annexure II'* ' to our audit report of even date on the Standalone Financial Statements of the Company for the year ended 31st March, 2022, and as mentioned below -

D. PATHAK & CO. LUCKNOW CHARTERED ACCOUNTANTS

184

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

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

c) There is no system for review of old balances relating to various assets and liabilities heads which needs to be reviewed, reconciled and require necessary adjustment in the books of account.

d) Reconciliation of inter Unit section: the present system of identification and reconciliation of Inter Unit transaction between unit to unit, unit to head office is not adequate. The reconciliation need to be done on a regular basis with complete details of the nature and particulars of the unmatched items.

e) There is no system of confirmation and reconciliation of balances in accounts of parties, contractors, Government Department etc. including those balances appearing under receivables, payables, loan and advances.

f) During the course of our Audit, it was observed that payments are being released by Single signatory without fixing any threshold limit. It is suggested that all payments should be released after fixing threshold limit only by joint signatory.

For D Pathak & Co
Chartered Accountants
FRN: 001439C

D PATHAK & CO. LUCKNOW CHARTERED ACCOUNTANTS

(A K Dwivedi)
Partner
M No.: 071584
UDIN: 22071584ARUJYK2380

Place: Lucknow
Date: 12/09/2022

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN:U32201UP1999SGC024928

CONSOLIDATED FINANCIAL STATEMENT

CONSOLIDATED BALANCE SHEET AS AT 31.03.2022

(₹ in Lakhs)

Particulars	Note No.	AS AT 31.03.2022	AS AT 31.03.2021
(I) **ASSETS**			
(1) **Non-current assets**			
(a) Property, Plant and Equipment	2	6507405.90	5962774.88
(b) Capital work-in-progress	3	377656.64	812844.63
(c) Assets not in Possession	4	12421.09	13313.56
(d) Intangible assets	5	10492.39	3628.97
(e) Financial Assets			
(i) Investments	6	234041.02	239634.03
(ii) Loans	7	-	-
(iii) Others	8	1894768.87	1894743.87
(2) **Current assets**			
(a) Inventories	9	379457.68	328656.96
(b) Financial Assets			
(i) Trade receivables	10	8719519.12	8346170.74
(ii) Cash and cash equivalents	11-A	524028.21	623811.15
(iii) Bank balances other than (ii) above	11-B	254156.07	237801.14
(iv) Others	12	499506.44	507930.01
(c) Other Current Assets	13	250324.40	440757.79
Total Assets		**19463777.83**	**19412067.73**
(II) **EQUITY AND LIABILITIES**			
Equity			
(a) Equity Share Capital	14	10987938.38	10412645.52
(b) Other Equity	15	(6369443.64)	(5891218.81)
LIABILITIES			
(1) **Non-current liabilities**			
(a) Financial liabilities			
(i) Borrowings	16	7110277.31	7405697.43
(ii) Trade payables			
(b) Other financial liabilities	17	508333.45	475362.45
(2) **Current liabilities**			
(a) Financial liabilities			
(i) Borrowings	18	1233312.09	907211.88
(ii) Trade payables	19	3034501.62	3261621.41
(iii) Other financial liabilities	20	2978858.82	2840747.85
(b) Provisions	21	0.00	0.00
Company information & Significant Accounting Policies	1		
Notes on Accounts	31		
Total Equity and Liabilities		**19463777.83**	**19412067.73**

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

(Jitesh Grover)	(A. K. Awasthi)	(Nidhi Kumar Narang)	(Pankaj Kumar)
Company Secretary	Chief Financial Officer	Director (Finance)	Managing Director
Additional Charge		DIN- 03473420	DIN- 08095154

Place: Lucknow
Date: 12/09/2022

Subject to our report of even date
For D. Pathak & Co.
Chartered Accountants
FRN: 001439C

LUCKNOW

(A. K. Dwivedi)
Partner
M No. 071504

UDIN: 22071504ARLW907012

64

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN:U32201UP1999SGC024928

CONSOLIDATED FINANCIAL STATEMENT

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31.03.2022

(₹ in Lakhs)

	Particulars	Note No.	For the year ended 31.03.2022	For the year ended 31.03.2021
I	Revenue From Operations	22	5683764.10	5501777.47
II	Other Income	23	2348720.55	1259802.15
III	**Total Income (I+II)**		8032484.65	6761579.62
IV	EXPENSES			
	1 Purchases of Stock-in-Trade (Power Purchased)	24	5832148.09	6397711.80
	2 Employee benefits expense	25	227012.57	189992.58
	3 Finance costs	26	838822.10	631442.96
	4 Depreciation and amortization expenses	27	285345.61	242721.89
	5 Other Expenses			
	a Administration, Generral & Other Expense	28	249735.68	223252.74
	b Repair and Maintenance	29	247301.76	231348.92
	c Bad Debts & Provisions	30	778282.97	30386.15
IV	**Total expenses (IV)**		8458649.58	7946857.04
V	Profit/(Loss) before exceptional items and tax (III-IV)		(426164.93)	(1185277.42)
VI	Exceptional Items		(162004.20)	0.00
VII	Profit/(Loss) before tax (VI+/-)VI)		(588169.13)	(1185277.42)
VIII	Tax expense:			
	(1) Current tax		0.00	0.00
	(2) Deferred tax			
IX	Profit (Loss) for the period from continuing operations (VII-VIII)		(588169.13)	(1185277.42)
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)		(588169.13)	(1185277.42)
XIV	Other Comprehensive Income			
	A (i) Items that will not be reclassified to profit or loss- Remeasurement of Defined Benefit Plans (Acturial Gain or Loss)		(847.05)	(8026.71)
	(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)		(589016.18)	(1193304.13)
XVI	Earnings per equity share (continuing operation) :			
	(1) Basic		(55.54)	(121.06)
	(2) Diluted		(55.54)	(121.06)
XVII	Earnings per equity share (for discontinued operation) :			
	(1) Basic			
	(2) Diluted			
XVIII	Earnings per equity share (for discontinued & continuing operations)			
	(1) Basic		(55.54)	(121.06)
	(2) Diluted		(55.54)	(121.06)
	Company Information & Significant Accounting Policies	1		
	Notes on Accounts	31		

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

(Jitesh Grover)
Company Secretary
Additional Charge

(A. K. Awasthi)
Chief Financial Officer

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

(Pankaj Kumar)
Managing Director
DIN- 08095154

Place: Lucknow
Date: 12/05/2022

Subject to our report of even date
For D. Pathak & Co.
Chartered Accountants
FRN: 001435C

(A. K. Dwivedi)
Partner
M No. 071584

UDIN: 22071584AKUWGO7012

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 31.03.2022

Balance at the beginning of the reporting period	Changes in Equity Share Capital during the year	Balance at the end of the reporting period
10412645.52	555292.86	10967938.38

B. OTHER EQUITY AS AT 31.03.2022

Particulars	Share application money pending allotment	Capital / Other Reserve*	Retained Earnings	Total
Balance at the beginning of the reporting period	31379.93	2995366.96	(8917965.70)	(5891218.81)
Changes in accounting policy or prior period errors	0.00	0.00	(559.35)	(559.35)
Restated balance at the beginning of the reporting period	31379.93	2995366.96	(8918525.05)	(5891778.16)
Total Comprehensive Income for the year	0.00	0.00	(589016.18)	(589016.18)
Addition during the Year	0.00	138259.18	0.00	138259.18
Reduction during the Year	0.00	(171316.82)	(77512.32)	(248829.14)
Share Application Money Received	777213.52	0.00	0.00	777213.52
Share Allotted against Appliation Money	(555292.86)	0.00	0.00	(555292.86)
Balance at the end of the reporting period	253300.59	2962309.32	(9585053.55)	(6369443.64)
Net Balance at the end of the reporting period				**(6369443.64)**

* It includes Capital Reserve of Rs. 1606290.52 Lakhs, Restructuring Reserve of Rs. 55476.24 Lakhs and General Reserve of Rs. 1300542.56 Lakhs.

(₹ in Lakhs)

A. EQUITY SHARE CAPITAL AS AT 31.03.2021

Balance at the beginning of the reporting period	Changes in Equity Share Capital during the year	Balance at the end of the reporting period
9676208.64	736436.88	10412645.52

B. OTHER EQUITY AS AT 31.03.2021

Particulars	Share application money pending allotment	Capital / Other Reserve*	Retained Earnings**	Total
Balance at the beginning of the reporting period***	40192.23	3854741.27	(17581987.34)	(13687053.84)
Changes in accounting policy or prior period errors	0.00	0.00	7333756.37	7333756.37
Restated balance at the beginning of the reporting period	40192.23	3854741.27	(10248230.97)	(6353297.47)
Total Comprehensive Income for the year	0.00	0.00	(1193304.13)	(1193304.13)
Addition during the Year	0.00	809268.99	2523569.40	3332838.39
Reduction during the Year	0.00	(1668643.30)	0.00	(1668643.30)
Share Application Money Received	727624.58	0.00	0.00	727624.58
Share Allotted against Appliation Money	(736436.88)	0.00	0.00	(736436.88)
Balance at the end of the reporting period	31379.93	2995366.96	(8917965.70)	(5891218.81)
Net Balance at the end of the reporting period				**(5891218.81)**

* It includes Capital Reserve of Rs. 1531362.11 Lakhs, Restructuring Reserve of Rs. 55476.24 Lakhs and General Reserve of Rs. 1408528.61 Lakhs.

** Change in accounting policy or Prior Period errors of 2020-21 includes Rs. 7342360.91 Lakhs related to reversal of Provisions pertains to Discoms's balances under elimination and Rs. 11193.10 Lakhs captured as per Audited Accounted of FY 2020-21 of PVVNL.

*** It includes Rs. 159.89 Lakhs related to Southern Power Transmission Corporation Ltd in FY 2020-21. But the same has not been considered while this year consolidation as the name of the company has been strike off from the register of Registrar of Company.

(Ritesh Grover) Company Secretary Additional Charge	(A. K. Awasthi) Chief Financial Officer	(Nidhi Kumar Narang) Director (Finance) DIN-03473420	(Pankaj Kumar) Managing Director DIN- 08095154

Place: Lucknow
Date: [illegible]/09/2022

Subject to our report of even date
For D. Pathak & Co.
Chartered Accountants
FRN: 001439C

(A. K. Dwivedi)
Partner
M.No. 071584

UDIN: 22071584ARQWGO7012

U.P. POWER CORPORATION LIMITED
CIN - U32201UP1999SGC024928

NOTE NO. 1

COMPANY INFORMATION & SIGNIFICANT ACCOUNTING POLICIES OF CONSOLIDATED FINANCIAL STATEMENT

1. Reporting Entity

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

2. GENERAL/BASIS OF PREPARATION

(a) The consolidated financial statements are prepared in accordance with the applicable provisions of the Companies Act, 2013. However where there is a deviation from the provisions of the Companies Act, 2013 in preparation of these accounts, the corresponding provisions of Electricity (Supply) 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 12.09.2022

(e) **Functional and presentation currency**

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

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

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

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

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

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

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

3. SIGNIFICANT ACCOUNTING POLICIES

I- BASIS OF CONSOLIDATION

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

(a) Basis of Accounting:

i) The financial statements of the Subsidiary Companies and Associates in the consolidation are drawn up to the same reporting period as of the Company for the purpose of consolidation.

ii) The consolidated financial statements have been prepared in accordance with the Indian Accounting Standard, Ind AS-110- 'Consolidated Financial Statements' and Ind AS-28- 'Investments in Associates and Joint Ventures' as specfied in Companies Act, 2013 and Companies (Indian Accounting Standards) Rules, 2015.

(b) Principles of consolidation:

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

i) The financial statements of the company and its Subsidiaries are combined on a line basis by adding together the like items of the assets, liabilities, income and expenses after eliminating intra-group balances, intra-group transactions, unrealized profits or losses.

ii) The consolidated financial statements include the investment in Associates, which has been accounted for using the method of accounting by diminution/impairment in investment in associates.

iii) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumatances and are presented to the extent possible, in the same manner as the Company's separate financial statements except as otherwise stated in the significant accounting policies/Notes on accounts.

II- Property, Plant and Equipment

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

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

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

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

(e) Due to multiplicity of functional units as well as multiplicity of function at particular unit, Employees cost to capital works are capitalized @ 15% on deposit works, 13.50% on Distribution works and @ 9.5% on other works on the amount of total expenditure.

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

III- Capital Work-In-Progress

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

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

IV- INTANGIBLE ASSETS

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

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

V- DEPRECIATION

(a) In terms of Part-B of Schedule-II of the Companies Act, 2013 the company has followed depreciation rate/useful life using the straight line method and residual value of Property, Plant and Equipment as notified by the UPERC Tariff Regulations.
In case of change in rates/useful life and residual value, the effect of change is recognized prospectively.

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

VI- INVESTMENTS

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

VII- STORES & SPARES

(a) Stores and Spares are valued at cost.

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

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

VIII- REVENUE/ EXPENDITURE RECOGNITION

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

(b) Late payment surcharge recoverable from consumers on energy bills is accounted for on cash basis due to uncertainty of realisation.

(c) The sale of Electricity does not include Electricity Duty payable to the State Government.

(d) Sale of energy is accounted for based on tariff rates approved by U.P. Electricity Regulatory Commission.

(e) In case of detection of theft of energy, the consumer is billed on laid down norms as specified in Electricity Supply Code.

(f) Penal interest, over due interest, commitment charges, restructuring charges and incentive/rebates on loans are accounted for on cash basis after final ascertainment.

IX- POWER PURCHASE

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

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

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

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

(d) Transmission charges are accounted for on accrual basis on bills raised by the U.P Power Transmission Corpration Limited at the rates approved by UPERC.

X- EMPLOYEE BENEFITS

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

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

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

XI- PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

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

XII- GOVERNMENT GRANT, SUBSIDIES AND CONSUMER CONTRIBUTIONS

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

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

XIII- FOREIGN CURRENCY TRANSACTIONS

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

XIV- DEFERRED TAX LIABILITY

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

XV- STATEMENT OF CASH FLOW

Statement of Cash Flow is prepared in accordance with the indirect method prescribed in Ind AS – 7 'Statement 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 recognistion. The impairment losses and reversals are recognised in Statement of Profit & Loss.

XVII- FINANCIAL LIABILITIES

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

Subsequent Measurement:
Borrowings have been measured at fair value using effective interest rate (EIR) method. Effective interest rate method is a method of calculating the amortised

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

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

XVIII- MATERIAL PRIOR PERIOD ERRORS

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

(Jitesh Grover) **Company Secretary** **(Additional Charge)**	**(A. K. Awasthi)** **Chief Financial Officer**	**(Nidhi Kumar Narang)** **Director (Finance)** **DIN - 03473420**	**(Pankaj Kumar)** **Managing Director** **DIN - 08095154**

Place : Lucknow
Date : 12-02-2022

Subject to our report of even date

For D. Pathak & Co.
Chartered Accountants
FRN: 001439C

(A. K. Dwivedi)
Partner
M No. 0715840
UDIN: 22071584ARUWG07012

J.P.I /ER\ .POF .ON\ .ITED
14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.
CIN:U32201UP1999SGC024928
CONSOLIDATED FINANCIAL STATEMENT

NOTE-2

PROPERTY, PLANT & EQUIPMENT

(₹ in Lakhs)

Particulars	Gross Block				Depreciation				Net Block	
	AS AT 01.04.2021	Addition	Adjustment/ Deletion	AS AT 31.03.2022	AS AT 01.04.2021	Addition	Adjustment/ Deletion	AS AT 31.03.2022	AS AT 31.03.2022	AS AT 31.03.2021
Land & Land Rights	1,072.76	-	-	1,072.76	147.77	-	-	147.77	924.99	924.99
Buildings	1,26,730.43	12,832.34	0.35	1,41,562.42	33,556.98	2,258.25	4.62	35,812.21	1,05,750.21	93,173.45
Plant & Pipe Lines	94.98	-	-	94.98	85.49	-	-	85.49	9.49	9.49
Other Civil Works	4,075.47	-	-	4,075.47	2,870.37	96.24	-	2,966.61	1,108.86	1,205.10
Plant & Machinery	26,32,867.34	4,04,506.42	2,91,399.81	28,01,973.95	2,54,333.20	1,70,945.66	26,352.54	3,98,926.32	24,07,047.63	23,78,534.13
Lines, Cable Networks etc.	45,75,439.86	7,03,082.74	27,573.39	52,52,949.48	11,04,085.84	1,73,994.01	1,047.71	12,76,032.14	39,76,917.35	34,71,354.04
Vehicles	1,723.80	27.04	11.59	1,740.25	1,463.31	6.00	7.33	1,461.99	278.26	260.49
Furniture & Fixtures	5,604.80	379.84	0.24	5,984.60	2,308.44	309.21	0.96	2,616.70	3,367.90	3,296.47
Office Equipments	28,281.64	1,930.28	1.65	30,210.26	16,264.93	1,948.58	4.42	18,209.09	12,001.17	12,016.70
Total	73,77,891.20	11,84,839.66	3,18,966.64	82,43,764.22	14,15,116.34	3,48,558.96	27,413.98	17,36,356.32	65,07,405.90	59,62,774.88

NOTE-2

PROPERTY, PLANT & EQUIPMENT

(₹ in Lakhs)

Particulars	Gross Block				Depreciation				Net Block	
	AS AT 01.04.2020	Addition	Adjustment/ Deletion	AS AT 31.03.2021	AS AT 01.04.2020	Addition	Adjustment/ Deletion	AS AT 31.03.2021	AS AT 31.03.2021	AS AT 31.03.2020
Land & Land Rights	1,072.76	-	-	1,072.76	147.77	-	-	147.77	924.99	924.99
Buildings	1,20,094.94	6,636.37	0.88	1,26,730.43	29,836.46	3,750.41	9.93	33,556.98	93,173.45	90,258.48
Plant & Pipe Lines	94.98	-	-	94.98	90.24	-	4.75	85.49	9.49	4.74
Other Civil Works	4,075.47	-	-	4,075.47	2,749.05	121.46	0.14	2,870.37	1,205.10	1,326.42
Plant & Machinery	24,07,437.25	4,82,247.75	2,56,817.65	26,32,867.35	1,84,279.84	1,17,827.28	47,773.93	2,54,333.33	23,78,534.15	22,23,157.41
Lines, Cable Networks etc.	40,68,293.22	5,16,912.03	9,765.17	45,75,439.88	9,23,138.24	1,85,672.28	4,724.59	11,04,085.84	34,71,354.04	31,45,154.98
Vehicles	1,726.79	-	3.96	1,723.80	1,436.28	23.47	2.44	1,463.31	260.49	290.45
Furniture & Fixtures	5,334.92	270.51	0.61	5,604.51	2,014.30	294.50	0.59	2,308.44	3,296.47	3,320.47
Office Equipments	25,006.47	3,272.89	-2.27	28,281.63	14,919.27	2,062.47	90.81	16,264.93	12,016.70	10,087.20
Total	66,33,136.52	10,11,339.58	2,66,585.30	73,77,891.21	13,58,011.55	3,09,717.93	52,613.15	14,15,116.33	59,62,774.88	54,75,125.07

73

U.P.POWER CORPORATION LIMITED

4-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN:U32201UP1999SGC024928

CONSOLIDATED FINANCIAL STATEMENT

Note-3

CAPITAL WORKS IN PROGRESS

(₹ in Lakhs)

Particulars	AS AT 01.04.2021	Additions	Deductions/ Adjustments	Capitalised During the Year	AS AT 31.03.2022
Capital Work in Progress*	4,40,167.20	9,70,488.90	-	-11,62,268.25	2,48,387.85
Advance to Supplier/Contractor	3,72,677.43	1,15,236.18	-3,58,644.82	-	1,29,268.79
	8,12,844.63	**10,85,725.08**	**-3,58,644.82**	**-11,62,268.25**	**3,77,656.64**

*It includes Employee cost related to works.

Particulars	AS AT 01.04.2020	Additions	Deductions/ Adjustments	Capitalised During the Year	AS AT 31.03.2021
Capital Work in Progress*	5,68,847.24	9,24,351.03	-27,542.58	-10,25,488.49	4,40,167.20
Advance to Supplier/Contractor	5,29,105.48	88,690.76	-2,45,118.81	-	3,72,677.43
	10,97,952.72	**10,13,041.79**	**-2,72,661.39**	**-10,25,488.49**	**8,12,844.63**

*It includes Employee cost related to works.

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 31.03.2022	AS AT 31.03.2021
Lines, Cable Networks etc.	12,421.09	13,313.56
Total	**12,421.09**	**13,313.56**

Note-5

INTANGIBLE ASSETS

(₹ in Lakhs)

Particulars	AS AT 31.03.2022	AS AT 31.03.2021
Intangible Assets	10,492.39	3,628.97
Total	**10,492.39**	**3,628.97**

Note-6

FINANCIAL ASSETS - INVESTMENTS (NON-CURRENT)

(₹ in Lakhs)

Particulars	AS AT 31.03.2022		AS AT 31.03.2021	
UPPTCL-Investment in Share Capital	2,21,333.52		2,21,333.52	
Share Application Money	18,072.31		18,072.31	
Provision for Impairment on UPPTCL	-17,664.81	2,21,741.02	-12,133.60	2,27,272.23
Southern U.P.Power Transmission Co. Ltd.				
Equity Share Capital (Southern)	221.63		221.63	
Provision for Impairment-Southern UPPTCL	-221.63	-	-159.83	61.80
Other Investments-				
7.70% PFC Bonds (Quoted)		12,300.00		12,300.00
Total		**2,34,041.02**		**2,39,634.03**

1) Aggregate amount of unquoted investment in equity shares & Share Application Money in UPPTCL & Southern U.P Power as on 31.03.2022 is ₹ 239627.46 Lakhs (Previous Year ₹ 239627.46 Lakhs)

2) Aggregate amount of provision for impairment of investment made upto 31.03.2022 is ₹ 17886.44 Lakhs (Previous Year ₹ 12293.43 Lakhs)

3) Considering the net worth of UPPTCL Provision for impairment has been made during the year are ₹ 5531.21 Lakhs.

4) Provision for impairment of investment for the F.Y. 2021-22 is based on net worth calculated on the basis of Unaudited Financial Statement of UPPTCL for the period F.Y.2021-22.

Note-7

FINANCIAL ASSETS - LOANS (NON-CURRENT)

(₹ in Lakhs)

Particulars	AS AT 31.03.2022		AS AT 31.03.2021	
Capital Advances				
NPCL LOAN	568.43		568.43	
Interest Accrued and Due	16,730.42		14,473.97	
Provision for Bad & Doubtful Debts Loan & Interest	-17,298.85	-	-15,042.40	-
Total		-		-

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 31.03.2022	AS AT 31.03.2021
Advance paid to State Govt. for freehold title of Land	743.87	743.87
Deposits		
Deposit with BSE for REF	25.00	-
Receivable from Govt. of U.P (Aatmnirbhar Scheme) Non Current	16,94,000.00	18,94,000.00
Total	**16,94,768.87**	**18,94,743.87**

* In compliance to SEBI Circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated 22.10.2021, the Company has deposited the funds with Bombay Stock Exchange towards contribution to Recovery Expenses Fund.

Note-9

INVENTORIES

(₹ in Lakhs)

Particulars	AS AT 31.03.2022		AS AT 31.03.2021	
(a) Stores and Spares				
Stock of Materials - Capital Works	1,57,630.81		1,63,002.93	
Stock of Materials - O&M	1,93,677.84	3,51,308.65	1,50,135.51	3,13,138.44
(b) Others		51,375.53		38,732.77
B		**4,02,684.18**		**3,51,871.21**
Provision for Unserviceable Stores		-23,226.50		-23,214.25
Total		**3,79,457.68**		**3,28,656.96**

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 31.03.2022		AS AT 31.03.2021	
A-Trade Debtors				
Trade Receivables outstanding from Customers on account of Sale of Power				
Secured & Considered goods	3,52,238.35		3,30,012.99	
Unsecured & considered good	75,68,234.40		72,36,183.54	
Unsecured & Considered doubtful	14,47,392.61	93,62,865.36	7,83,450.24	83,49,646.77
A		93,62,865.36		83,49,646.77
Trade Receivables outstanding from Customers on account of Eletricity Duty				
Secured & Considered goods	31,612.37		33,584.15	
Unsecured & considered good	7,67,434.01		7,24,270.99	
Unsecured & Considered doubtful	1,40,755.20	9,39,801.58	51,843.79	8,09,698.93
B		9,39,801.58		8,09,698.93
Total (A+B)		1,03,02,666.94		91,59,345.70
Debtors-Sale of Power (subsidiary)				
Debtors Unbilled revenue	-		66,326.99	
Reversal of Purchased Cost	-2,147.98		-	
Adjustment as per Point no. 37 of Note 31	2,147.98	-	-66,326.99	-
C		-		-
Total Debtors (A+B+C)		1,03,02,666.94		91,59,345.70
Allowance for Bad & Doubtful Debts-1	-15,83,147.82		-8,35,247.84	
Allowance for Bad & Doubtful Debts-2	-		-	
Allowance for Bad & Doubtful Debts-3	-	-15,83,147.82	-	-8,35,247.84
D		-15,83,147.82		-8,35,247.84
Net Trade Receivable (A+B+C+D)		87,19,519.12		83,24,097.86
B-Sundry Debtors	52,297.94		52,297.94	
Less: Provision on Sundry Debtors	-52,297.94	-	-30,225.06	22,072.88
Total (Total Debtors-E)		87,19,519.12		83,46,170.74

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 31.03.2022		AS AT 31.03.2021	
(a) Balance with Banks				
In Current & Other Account	4,79,171.12		4,87,257.26	
In Earmarked Bank A/c (IPDS)	1.51		22.69	
RPO Fund A/c*	622.57		7,657.07	
Dep. with original maturity upto 3 months	38,531.10	5,18,326.30	88,694.46	5,83,631.48
(b) Cash in Hand				
Cash in Hand (Including Stamps in Hands)	4,947.73		39,500.73	
Cheque/Drafts in Hand	628.44		375.11	
Cash imprest with Staff	125.74	5,701.91	303.83	40,179.67
Total		5,24,028.21		6,23,811.15

* In compliance to UPERC'S order, separate bank account has been created for renewable purchase obligation.

Note-11-B

FINANCIAL ASSETS - BANK BALANCES OTHER THAN ABOVE (CURRENT)

(₹ in Lakhs)

Particulars	AS AT 31.03.2022	AS AT 31.03.2021
Deposit with original maturity of more than 3 months but less than 12 months (including RPO fund amounting Rs. 54.78 Lakh)	2,54,156.07	2,37,801.14
Total	2,54,156.07	2,37,801.14

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 31.03.2022		AS AT 31.03.2021	
Receivables (unsecured)				
Uttar Pradesh Government		1,40,749.00		1,41,604.11
Receivable from Govt. of U.P (Aatmnirbhar Scheme) Current		2,00,000.00		2,00,000.00
Receivable from IREDA*		977.33		1,230.00
Uttar Pradesh jal Vidyut Nigam Ltd.		462.21		419.07
UPRVUNL				
Receivable -UPRVUNL	1,034.07		922.96	
Payable -UPRVUNL	-64.33	969.74	-64.93	858.03
UPPTCL				
Receivable -UPPTCL	61,832.00		58,073.95	
Payable -UPPTCL	-6,671.12	55,160.88	-6,033.45	52,040.50
Receivable from GoUP		-		-
Employees (Receivables)	14,502.41		22,592.70	
Provision for Doubtful receivables from Employees	-358.41	14,144.00	-651.86	21,940.84
Others	1,02,871.64		1,05,931.04	
Prov. For Doubtful Receivables	-15,828.36	87,043.28	-16,113.38	89,817.66
Balance Under reconciliation of Kesco				19.00
Theft of Fixed Assets Pending Investigation	17,762.35		16,094.14	
Prov. For estimated Losses	-17,762.35	-	-16,094.14	-
Total		**4,99,508.44**		**5,07,930.01**

* Receivable from Indian Renewable Energy Development Agency Ltd. (IREDA) (Govt. of India Enterprise) related to subsidy against power purchase from renewable energy developers.

Note-13

OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	AS AT 31.03.2022		AS AT 31.03.2021	
Advances (Unsecured/Considered Good)				
Suppliers/Contractors	828.90		4,481.21	
Less: Provision for Doubtful Advances	-598.43	230.47	-701.70	3,779.51
Tax Deducted at source		10,328.02		4,175.01
Tax Collected at Source		8,512.78		2,308.38
Advance Income Tax				-
Fringe Benefit Tax Advance Tax	66.07		66.07	
Provision	-41.03	25.04	-41.03	25.04
Advance to UMPP/ Energy Exchange**		17,306.12		17,306.12
Advances recoverable in Cash or in kind of value to be received				
Unsecured Considered Good	50.80		45.44	
Unsecured Considered Doubtful	221.08		315.84	
Provision for Doubtful Loans & Advances	-221.08	50.80	-315.84	45.44
Misc. Recovery				
Unsecured Considered Good	74.86		493.53	
Unsecured Considered Doubtful	308.32		389.30	
Provision for Doubtful Loans & Advances	-308.32	74.86	-389.30	493.53
Income Accrued & Due		1,121.57		1,355.45
Income Accrued & but not Due		1,822.31		1,365.86
Prepaid Expenses		125.79		90.56
Inter Unit Transfers		2,11,326.54		4,10,103.49
Total		**2,50,324.40**		**4,40,757.79**

** 1. Commitment advance of Rs. 12697.91 lakh was given to Ultra Mega Power Projects for the development of power projects

2. Advances to Energy Exchange for bidding process is Rs.4608.21 Lakh

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.
CIN: U32201UP1999SGC024928
CONSOLIDATED FINANCIAL STATEMENT

Note 14

EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	AS AT 31.03.2022	AS AT 31.03.2021
(A) AUTHORISED :		
1250000000 (Previous Year 1250000000 respectively) Equity shares of par value of Rs. 1000/- each	12500000.00	12500000.00
(B) ISSUED SUBSCRIBED AND FULLY PAID UP		
1096793838 (Previous Year 1041264552) Equity shares of par value Rs. 1000/- each	10967938.38	10412645.52
(of the above shares 36113400 were allotted as fully paid up pursuant to UP Power Sector Reform Scheme for consideration other than cash)		
Total	10967938.38	10412645.52

a) During the year, The Company has issued 55529286 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 2022, 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 31.03.2022		AS AT 31.03.2021	
	No. of Shares	% of Holdings	No. of Shares	% of Holdings
Government of UP	1096793838	100	1041264552	100

e) Reconciliation of No. of Shares

No. of Shares as on 01.04.2021	Issued During the Year	Buy Back during the Year	No. of Shares as on 31.03.2022
1041264552	55529286	0	1096793838

Note 15

OTHER EQUITY

(₹ in Lakhs)

Particulars	AS AT 31.03.2022			AS AT 31.03.2021		
A. Share Application Money (Pending For Allotment)			2,53,300.50			31,379.30
B. Capital Reserve						
(i) Consumers Contributions towards Service Line and other charges		9,31,703.57			8,82,408.60	
(ii) Subsidies towards Cost of Capital Assets		6,54,108.49			6,28,408.58	
(iv) APDRP Grant/Other Grants		654.34			690.81	
(v) Amount Received Under IPDS		138.00			138.00	
(vi) Others		19,696.12	16,06,250.52		19,696.12	15,31,382.11
C. Restructuring Reserve			55,476.24			55,476.24
D. Surplus in Statement of P&L						
Opening Balance	-89,17,965.70			-1,75,81,987.34		
PPE Adjustment for the year	-559.35			73,33,756.37		
Restated Opening Balance	-89,18,525.05			-1,02,48,230.97		
Add: Subsidy under Atmanirbhar Scheme	-			3,10,730.08		
Add: Adjustment against Reserves & Surplus	-77,512.32			14,04,461.58		
Net Total Comprehensive Income/(Loss) for the Year	-5,89,016.18			-11,93,904.13		
Transferred from Capital Reserve	-			8,08,337.76		
Closing Balance	-95,85,053.55		-95,85,053.55	-89,17,965.70		-89,17,965.70
E. General Reserve						
Opening Balance of General Reserve		14,08,528.61				
Add: Received during the year		-			14,08,528.61	
Less: Transfer to statement of P&L		-1,07,986.05	13,00,542.56		-	14,08,528.61
Total			-63,69,443.64			-58,91,218.81

Capital Reserve and Restructuring Reserve relate to the balances transferred under Final Transfer Scheme issued by the GOUP vide notification no. 1525(4)-P-2-2015-SA(218)-2014 dated November 3,2015.

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 31.03.2022		AS AT 31.03.2021	
(A)SECURED LOANS				
TERM LOANS				
Rural Electrification Corporation Ltd	1,30,246.95		1,45,926.86	
R-APDRP(PFC)	1,30,980.64		1,68,000.77	
R-APDRP Part-B (PFC)	35,315.18		35,315.18	
R-APDRP(REC)	1,26,131.97		1,49,220.29	
Sub Station Loan (REC)	1,471.31		1,824.01	
RAPDRP SCADA Part B	23,021.50		27,483.12	
Saubhagya (REC)	1,29,410.99		1,31,190.92	
DDUGGY (PFC)	52,219.10		49,771.54	
DDUGGY (REC)	86,010.16		89,157.81	
IPDS (PFC)	77,557.51		70,455.72	
IPDS(ERP)	542.96		214.49	
AB CABLE	1,05,136.79		92,683.85	
Rural Electrification Corporation Ltd.(SAUBHAGYA)	-		-	
Rural Electrification Corporation Ltd.(NON-SAUBHAGYA)	11,804.35		7,008.87	
Power Finanace Corporation Ltd. (IPDS)	9,375.30	9,19,233.82	10,190.55	9,78,542.08
(B) UNSECURED LOANS				
9.70% Uday Bonds/Bonds	8,78,989.15		9,82,253.10	
REC	17,12,127.66		18,64,602.21	
PFC	19,26,299.57		20,30,976.86	
U.P. State Industrial Development Corporation Ltd.	0.54		0.54	
Housing Development Finance Corporation Ltd.	0.07		0.07	
UP Government Loan (Others)	36,927.00	45,54,343.99	43,081.49	49,20,914.27
(C) BONDS/ LOANS RELATE TO DISCOMS(Secured)				
9.70% Non Convertible Bonds	3,96,120.00		-	
8.97% Rated Listed Bond	3,72,000.00		4,65,000.01	
10.15% Rated Listed Bonds	3,23,000.00		3,87,600.01	
9.75% Rated Listed Bonds	2,51,370.00		3,04,290.00	
8.48% Rated Listed Bonds	1,98,399.99	15,40,889.99	2,49,249.98	14,06,140.00
(D) Other than Bank				
PFC	95,809.51	95,809.51	1,00,100.18	1,00,100.18
Total		**71,10,277.31**		**74,05,697.43**

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 31.03.2022	AS AT 31.03.2021
Security Deposits From Consumers	3,84,046.22	3,63,792.46
Liability/Provision for Leave Encashment	77,449.84	68,930.16
Liability for Gratuity on CPF Employees	42,432.71	38,397.85
Corpus Fund from UPEDA*	4,404.68	4,241.98
Total	5,08,333.45	4,75,362.45

* It relates to the Corpus Fund received from U.P. New & Renewable Energy Development Agency for providing the facility of letter of credit to solar energy developers.

Note-18

FINANCIAL LIABILITIES - BORROWINGS (CURRENT)

(₹ in Lakhs)

Particulars	AS AT 31.03.2022		AS AT 31.03.2021	
Overdraft from Banks				
Punjab National Bank		2.79		-
Current Maturity of Long Term Borrowings (Other)	73,097.47		47,603.93	
Current Maturity of Long Term Borrowings through UPPCL	10,09,358.50	10,82,455.97	7,27,959.91	7,75,563.84
Interest accured & due on borrowings*	19,156.35		-	
Interest Accrued but not Due on Borrowings	1,31,696.98	1,50,853.33	1,31,648.04	1,31,648.04
Total		12,33,312.09		9,07,211.88

* It relates to Interest on RAPDRP Loan which was showing erarlier as Contingent Liability by PVVNL upto FY 2020-21 but after clarification from PFC in FY 2021-22 the interest has to be paid. Accordingly the interest is being paid from FY 2022-23.

Note-19

FINANCIAL LIABILITIES - TRADE PAYABLE (CURRENT)

(₹ in Lakhs)

Particulars	AS AT 31.03.2022		AS AT 31.03.2021	
Liability for Purchase of Power	23,71,785.81		26,38,240.60	
Liability for Power Purchase from Others	2,800.37		1,980.06	
Liability for Wheeling charges	6,59,915.44		6,21,400.75	
UHBVN Ltd.	-	30,34,501.62	-	32,61,621.41
Total		30,34,501.62		32,61,621.41

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.
CIN: U32201UP1999SGC024928
CONSOLIDATED FINANCIAL STATEMENT

Note-20

OTHER FINANACIAL LIABILITIES(CURRENT)

(₹ in Lakhs)

Particulars	AS AT 31.03.2022		AS AT 31.03.2021	
Liability for Capital Supplies/works		5,60,536.34		6,92,197.10
Liability for O&M Supplies/works		57,717.66	95,466.37	
PPE Adjustment of Liability for O&M Supplies/works	-	-	49.22	95,515.59
Deposits & Retentions from Suppliers & others		4,05,611.05		5,19,950.29
Electricity Duty & other levies payable to govt.		11,23,234.39		8,96,616.39
Deposit for Electrification works	1,47,193.02		1,31,453.28	
Deposit Works	5,254.09	1,52,447.11	5,112.37	1,36,565.65
Liabities towards UPPCL CPF Trust		6,210.89		6,468.65
Liabilities for Gratuity on CPF Employees	369.86		342.38	
Liability for Leave Encashment	3,272.47	3,642.33	2,988.83	3,331.21
Staff related Liabilities	1,38,169.95		1,36,128.30	
PPE Adjustment	-	1,38,169.95	37.42	1,36,165.72
Sundry Liabilities	1,39,254.44		1,57,645.20	
Liabilities for GST	151.05	1,39,405.49	41.74	1,57,686.94
Payable to UPNEDA**		8,562.66		4,997.55
Payable to UPJVNL				
Payable	9,081.66		9,081.66	
Receivable	-1.53	9,080.13	-1.53	9,080.13
Uttaranchal PCL				
Receivable - Uttrakhand PCL	15.29		15.29	
Payable - Uttrakhand PCL	-	15.29	-	15.29
Liabilities for Expenses		29,744.21		17,882.26
Liabilities towards UP Power Sector Employees Trust*				
Provident Fund	81,499.37		75,489.62	
Provision for Interest on GPF Liability	8,331.28		7,821.69	
Pension & Gratuity Liability	47,041.58	1,36,872.23	41,237.66	1,24,548.97
Provision for Loss incurred by GPF Trust	96,322.10		-	
Provision for Loss incurred by CPF Trust	65,682.10	1,62,004.20	-	-
Provision for Interest on CPF Liability		230.34		184.78
Interest on Security Deposits from Consumer		36,354.33		37,844.22
Inter Company Balances under Reconciliation*		20.02		1,697.11
Total		29,78,858.62		28,40,747.85

* It includes Rs. 100.58 crore receivable from U.P. Power Sector employee Trust on account of settlement of amount payable by UPPSET to Uttrakhand Power Corporation Ltd. (Refer Clause (X) of Point No. 44 of Notes to Accounts Accounts.)

** Amount received in advance from U.P. New & Renewable Energy Development Agency towards subsidy against purchase of power from new & renewable energy generators.

* It includes adjustment of Nominees shares of UPPCL in Subsidiary Distribution Companies for Rs. 20.00 Lakhs in compilation of CFS.

Note-21

PROVISIONS (CURRENT)

(₹ in Lakhs)

Particulars	AS AT 31.03.2022	AS AT 31.03.2021
	NIL	NIL
Total	-	-

84

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

Note-22

REVENUE FROM OPERATIONS (GROSS)

(₹ in Lakhs)

Particulars	AS AT 31.03.2022		AS AT 31.03.2021	
Supply in Bulk				
Torrent Power Ltd.	93,536.07		91,054.74	
Reversal of purchased cost	-2,147.98		-	
Adjustment as per Point no. 37 of Note 31	2,147.98	93,536.07	-75.33	90979.41
Large Supply Consumer				
Industrial	12,63,752.32		11,12,035.08	
Traction	7,482.04		12,592.07	
Irrigation	60,487.50		62,241.36	
Public Water Works	1,45,335.93	14,77,057.79	1,42,228.01	13,79,096.52
Small & Other Consumers				
Domestic	22,21,652.93		22,43,913.55	
Commercial	7,51,741.75		6,51,906.07	
Industrial Low & Medium Voltage	2,37,888.47		2,26,445.94	
Public Lighting	71,347.89		69,215.31	
STW & Pump Canals	2,07,550.85		3,12,300.71	
PTW & Sewage Pumping	2,30,048.75		2,15,695.04	
Institution	49,427.89		45,357.08	
Small Power (LMV VI)	32,737.18		27,765.58	
Water Work (LMV VII)	11,336.98		12,909.39	
Temp Connection (LMV IX)	837.24		1,865.74	
LMV-XI	85.29		-	
Prepaid	3,671.52		269.23	
Large & Heavy (HV I)	19,799.05		17,293.09	
Large & Heavy (HV II)	60,538.30		42,177.21	
Railways	4,839.07		6,815.91	
Miscellaneous Charges form Consumers	1,05,666.35		97,930.86	
Energy Internally Consumed	1,03,627.93		1,10,078.09	
Electricity Duty	3,27,106.91	44,39,904.33	3,45,622.18	44,26,562.18
Other Operating Revenue			-	
Extra State Consumer		372.82		761.54
		60,10,871.01	-	58,47,399.65
Less: Electricity Duty		-3,27,106.91		-3,45,622.18
Total		56,83,764.10		55,01,777.47

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.
CIN: U32201UP1999SGC024928
CONSOLIDATED FINANCIAL STATEMENT

Note-23

OTHER INCOME

(₹ in Lakhs)

Particulars	AS AT 31.03.2022		AS AT 31.03.2021	
From U.P. Govt.				
RE Subsidy from Govt. of U.P	1,50,000.00		1,19,999.99	
Revenue Subsidy from Govt. of U.P.	12,79,129.87		5,83,832.52	
Subsidy for Operational Losses	5,37,250.01		2,04,550.04	
Subsidies for Government Guarantee Loan	1,390.66		3,123.52	
Subsidy for repayment of interest on loan	2,338.52		5,717.24	
Cross Subsidy	3,818.86		2,315.16	
Subsidy from Govt	12,245.14		2,221.23	
Subsidy against Electricity Duty	22,436.47		21,902.62	
Subsidy against UDAY	-		1,13,257.96	
Subsidy Under Atmnirbhar Bharat Scheme	1,85,498.37	21,94,107.90	40,388.44	10,97,308.72
(a) Interest from :				
Loans to Staff	0.21		0.57	
Loans to NPCL (licencee)	2,246.45		1,954.56	
Fixed Deposits	11,625.00		14,070.23	
Banks (Other than on Fixed Deposits)	746.78		935.56	
Bonds	953.25		1,123.10	
Others	1,678.49	17,250.18	1,637.19	19,721.21
(b) Other non operating income				
Delayed Payment Charges	1,01,477.46		77,343.74	
Income from Contractors/Suppliers	5,628.87		4,269.75	
Rental from Staff	397.37		497.81	
Miscellenous Income/ Receipts	29,099.22		8,885.34	
Excess found on Verification of Stores	4.85		0.39	
Other Recoveries from Consumers	280.88		304.19	
Sale of Scrap	44.65		65.79	
Penalty from Contractors	414.43		182.76	
Sale of Tender Forms	14.74		12.14	
Interest on Income Tax Refund	-		20.44	
UDAY Loss subsidy receivable from GoUP	-		54,024.00	
Reversal of UDAY subsidy for repayment of int on loan	-	1,37,362.47	-2,634.13	1,42,772.22
Total		23,48,720.55		12,59,802.15

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

Note-24

PURCHASE OF POWER

(₹ in Lakhs)

Particulars	AS AT 31.03.2022		AS AT 31.03.2021	
Transmission Charges	3,16,096.75		3,13,150.77	
PURCHASE FROM OTHERS	839.31	3,16,936.06	686.72	3,13,837.49
Power Purchase from:				
Generating Units		51,48,792.90		52,54,853.17
Surcharge		-6,007.98		3,77,398.46
Unshedulord Interchange & Reactive Energy Charges		-51,394.00		-4,466.12
PPE adjustment of Purchase of Power		-		-
Inter-state Transmission & Related Charges to		4,55,901.08		4,83,204.54
Sub Total		58,64,228.04		64,24,827.54
Rebate/Subsidy against Power Purchase		-32,079.15		-27,115.74
Total		58,32,148.89		63,97,711.80

87

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN: U32201UP1999SGC024928

CONSOLIDATED FINANCIAL STATEMENT

Note-25

EMPLOYEE BENEFIT EXPENSES

(₹ in Lakhs)

Particulars	AS AT 31.03.2022	AS AT 31.03.2021
Salaries & Allowances	2,02,420.60	2,03,029.35
Dearness Allowance	42,249.52	26,581.58
Other Allowances	10,263.01	10,739.62
Bonus/Ex Gratia	289.89	298.08
Medical Expenses (Reimbursement)	3,702.48	3,020.83
Leave Travel Assistance	0.17	0.22
Earned Leave Encashment	22,296.08	15,445.22
Compensation	61.15	145.48
Staff Welfare Expenses	116.35	336.81
Pension & Gratuity	29,298.27	30,373.15
Other Comprehensive Income of Gratuity	-51.51	-8,192.35
Other Terminal Benefits	11,157.90	9,366.30
Interest on GPF (General Provident Fund)	6,311.85	5,896.17
Gratuity (CPF)	1,670.28	2,648.87
Other Terminal Benefit (CPF)	4,184.11	3,118.66
Contributions to provident and other funds	385.42	369.46
Others/Compensation	26.83	22.06
Sub Total	**3,34,383.30**	**3,04,002.60**
Expense Capitalised	-94,805.81	-97,893.21
Employee Cost Allocated to DISCOMs and Others	-12,564.92	-16,116.81
Total	**2,27,012.57**	**1,89,992.58**

Note-26

FINANCE COST

(₹ in Lakhs)

Particulars	AS AT 31.03.2022		AS AT 31.03.2021	
(a) Interest on Loans				
Working Capital		24.44		611.79
(b) other borrowing costs				
Finance Charges/Cost of Raising Fund	10,264.63		11,240.76	
Bank Charges	4,251.26		10,581.65	
Service fees	29.02		521.31	
Guarantee Charges	0.08	14,544.97	2.24	22,345.96
(c)Interest on Loans				
Interest on Govt Loan	32,301.84		35,879.84	
Interest on Bonds	2,04,234.17		2,26,164.39	
NOIDA	-		9,663.53	
PFC	2,36,106.63		1,52,371.72	
R-APDRP	40,684.61		11,432.82	
REC	2,45,594.95		1,56,632.51	
Interest on CPF	3.24		4.59	
Interest to Consumers	14,973.13		16,196.99	
Provision of Int. on ED/Liecence Fee/GPF	591.38		567.26	
Interest on Secured Loan	53,231.52		49,870.45	
Interest/Stamp Duty on Bill Discounted for PP	3,317.13	8,31,039.10	4,868.14	6,63,632.24
Sub Total		8,45,608.51		6,86,589.99
Interest Capitalised		-6,786.41		-55,147.03
Total		8,38,822.10		6,31,442.96

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.
CIN: U32201UP1999SGC024928
CONSOLIDATED FINANCIAL STATEMENT

Note-27

DEPRECIATION AND AMORTIZATION EXPENSES

(₹ in Lakhs)

Particulars	AS AT 31.03.2022		AS AT 31.03.2021	
Depreciation on -				
Buildings	4,233.00		3,676.60	
Other Civil Works	160.82		175.30	
Plant & Machinary	1,84,766.10		1,70,953.42	
Lines Cables Networks etc.	1,57,171.03		1,32,383.93	
Vehicles	39.80		43.60	
Furnitures & Fixtures	316.76		297.20	
Office Equipments	2,251.77		1,433.32	
Intangible Assets	339.56		69.17	
PPE Adjustment for Depreciation	-		11.34	
Equivalent amount of dep. on assets aquired out of the consumer's contribution & GoUP subsidy	-64,751.29	2,84,527.55	-67,078.96	2,41,964.92
Capital Expenditure on Assets not in Possession		818.06		756.97
Total		2,85,345.61		2,42,721.89

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

Note-28

ADMINISTRATIVE, GENERAL & OTHER EXPENSES

(₹ in Lakhs)

Particulars	AS AT 31.03.2022	AS AT 31.03.2021
Interest Expense on Electricity duty	9,408.31	8,335.92
Rent	388.70	299.13
Rates & Taxes	291.16	147.13
Insurance	463.97	480.73
Communication Charges	2,439.43	2,357.44
Legal Charges	2,068.89	2,992.84
Auditors Remuneration & Expenses	172.81	185.05
Consultancy Charges	4,497.09	5,624.97
Licence Fees	1,271.05	1,650.04
Technical Fees & Professional Charges	2,633.14	2,360.34
Travelling & Conveyance	4,943.26	4,365.77
Printing & Stationary	1,669.25	2,111.15
Advertisement Expenses	1,373.45	1,427.16
Electricity Charges	78,257.68	81,646.27
Water Charges	7.60	73.15
Entertainment	3.80	7.89
Expenditure on Trust	26.63	20.92
Incentive Amount (Incentive Scheme to prevent the theft of Electricity)	0.08	-
Miscellaenous Expenses	29,478.71	18,388.60
Expenses incurred for Revenue Realisation	12,497.77	13,082.40
Compensation	515.95	903.07
Compensation(Other than Staff)	4,051.44	4,018.26
Vehicle Expenses	5,941.50	4,375.04
Fees & Subscription	1,062.92	936.91
Online, Spot Billing & Camp Charges	26,288.59	23,324.33
Loss on sale of Assets Scrapped	176.34	-
Security charges	1,787.86	1,719.89
Rebate to consumer	1,544.92	172.57
Payment to Contractual Persons	22,461.00	16,739.44
Honorariams	0.76	7.34
Professional Charges	425.47	346.52
Revenue Expenses	36,317.75	28,184.36
Sub Total	**2,52,467.27**	**2,26,284.63**
Expenses Allocated to DISCOMs and Others	-2,731.59	-3,031.89
Total	**2,49,735.68**	**2,23,252.74**

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.
CIN:U32201UP1999SGC024928
CONSOLIDATED FINANCIAL STATEMENT

Note-29

REPAIRS AND MAINTENANCE

(₹ in Lakhs)

Particulars	AS AT 31.03.2022		AS AT 31.03.2021	
Plant & Machinary	68,087.76		72,178.39	
Buildings	3,285.06		3,448.24	
Other Civil Works	1,063.25		860.83	
Lines, Cables Networks etc	1,54,939.56		1,27,884.65	
PPE Adjustment	-		0.60	
Energy Internally Consumed	18,937.73		26,490.92	
Vehicles - Expenditure	3,288.31		28,188.07	
Less: Transferred to different Capital & O&M Works/ Administrative Exp.	-3,288.31	2,46,313.36	-28,188.07	2,30,863.63
Furnitures & Fixtures	20.23		17.42	
Office Equipments	1,165.34	1,185.57	951.33	968.75
Sub Total		2,47,498.93		2,31,832.38
Expenses Allocated to DISCOMS and Others		-197.17		-483.46
Total		2,47,301.76		2,31,348.92

Note-30

BAD DEBTS & PROVISIONS

(₹ in Lakhs)

Particulars	AS AT 31.03.2022		AS AT 31.03.2021	
PROVISIONS				
Doubtful Debts (Sale of Power)	7,69,972.88		28,250.78	
Doubtful Loans and Advances				
Financial Assets Others (Current)	489.75		2,642.46	
Loans (Non Current)	2,246.45		1,954.56	
Bad and Doubtful Debts	126.36	7,72,835.44	-	32,847.80
Provision for Inventory		12.25		-934.16
Doubtful Advances(Suppliers/ Contractor)				
Doubtful Other Current Assets (Receivables)	-188.03		-1,276.32	-
Provision For Impairment of Assets	5,593.01		-251.17	
Loss of Materials	30.30	5,435.28	-	-1,527.49
		7,78,282.97		30,386.15

Negative figures indicate the reversal of provisions which were made in earlier years

U.P.POWER CORPORATION LIMITED 14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.CIN: U32201UP1999SGC024928CONSOLIDATED 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 2022

Part A:- Subsidiaries

Sl. No.	Particulars	1	2	3	4	5
1	Name of the subsidiary	MVVNL, Lucknow	PurVVNL, Varanasi	PVVNL, Meerut	DVVNL, Agra	KESCo, Kanpur
2	The date since when subsidiary was acquired	12.08.2003	12.08.2003	12.08.2003	12.08.2003	15.01.2000
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N/A	N/A	N/A	N/A	N/A
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	N/A	N/A	N/A	N/A	N/A
5	Share capital (including Share Application Money pending Allotment)	2150972.23	2410514.76	1703860.84	2243661.03	224931.02
6	Reserves and surplus	(1246159.59)	(923605.41)	(438611.08)	(1019565.18)	(378506.17)
7	Total assets	4575690.82	6117241.92	3921967.95	3885282.66	552406.83
8	Total Liabilities	3670887.18	4630332.57	2596718.19	3561186.81	705981.98
9	Investments	-	-	-	-	-
10	Turnover	1305020.27	1242469.87	1820100.17	1041722.19	274451.60
11	Profit/(Loss) before taxation	(204219.94)	(57850.10)	(69928.82)	(295752.28)	(21817.57)
12	Provision for taxation	-	-	-	-	-
13	Profit/(Loss) after taxation	(204219.94)	(57850.10)	(69928.82)	(295752.28)	(21817.57)
14	Proposed Dividend	-	-	-	-	-
15	Extent of shareholding (in percentage)	100%	100%	100%	100%	100%

U.P.POWER CORPORATION LIMITED 14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.CIN: U32201UP1999SGC024928CONSOLIDATED 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 2022

Part B:- Associates and Joint Ventures

(₹ in Lakhs)

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

LUCKNOW

U.P. Power Corporation Limited

CIN:U32201UP1999SGC024928

Note No.31

Notes to Accounts forming part of Consolidated Financial Statements for the F.Y 2021-22

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

S No.	Name of Company	Status	Proportion (in %) of Shareholding as on*	
			31-03-2022	31-03-2021
1	U.P Power Corporation Limited	Holding	NA	NA
2	Purvanchal Vidyut Vitran Nigam Limited**	Subsidiary	100	100
3	Pashchimanchal Vidyut Vitran Nigam Limited**	Subsidiary	100	100
4	Madhyanchal Vidyut Vitran Nigam Limited**	Subsidiary	100	100
5	Dakshinanchal Vidyut Vitran Nigam Limited**	Subsidiary	100	100
6	Kanpur Electricity Supply Company Limited**	Subsidiary	100	100

* Includes the shares of promoters subsequently held by their Nominees.
** It represents the Distribution Companies (DISCOMs).

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

3. The loan taken by the Subsidiary Companies through REC & PFC during the financial year 2021-22 amounting to ₹ 550653.36 Lacs, out of which ₹ 490000.00 Lacs received through the Holding Company i.e. UPPCL (The UPPCL takes loan from financial institution for and on behalf of Discoms) as per details given below:-

(₹ In Lacs)

Sl. No.	Particulars	DVVNL	PuVVNL	PVVNL	MVNNL	Kesco	Loan through UPPCL	Total
	Loan directly taken by the Discoms							
1	REC		8418.00	12546.07			245000.00	265964.07
2	PFC	13284.00	7056.18	10785.66	8563.45		245000.00	284689.29
	Total	13284.00	15474.18	23331.73	8563.45		490000.00	550653.36

4. The Board of Directors of Discoms have escrowed all the Revenue receipt accounts in favour of U.P. Power Corporation Limited, Lucknow. The Holding Company has been further authorized to these escrowed revenue accounts for raising or borrowing the

funds for & on behalf of distribution companies for all necessary present and future financial needs including Power Purchase obligation.

5. Accounting entries after reconciliation (IUT) have been incorporated in the current year. Reconciliation of outstanding balances of IUT is under progress and will be accounted for in coming years.

6. (a) The Property, Plant & Equipment including Land remained with the company after notification of final transfer scheme are inherited from erstwhile UPSEB which had been the title holder of such Non-Current Assets. The title deeds of new Property, Plant & Equipment created/purchased after incorporation of the company, are held in the respective units where such assets were created/ purchased.

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

   (c) In terms of powers conferred by the Notification no. GSR 627(E) dated 29 August 2014 of Ministry of Corporate Affairs, Govt. of India, the depreciation/amortization on Property, Plant & Equipment/Intangible Assets have been calculated taking into consideration the useful life of assets as approved in the orders of UPERC (Multi Year Distribution tariff) Regulations, 2019.

   (d) Depreciation on Computers and peripherals and Software has been provided on the basis of the useful life/Rate as notified in the UPERC (Multi Year Distribution tariff) Regulations, 2019.

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

   (b) Borrowing cost capitalized during the year is 6786.41 Lacs (31st March 2021 ₹ 55147.03 Lacs).

8. (a) The Provision for Bad & Doubtful Debts has been made during the year based on revised accounting estimates. Dues receivables from government consumers have not been considered for provisioning on receivables outstanding. The Provisioning percentage for non-government consumers are as follows:

Particulars	**Provisioning percentage for (% of outstanding balance)**
Up to 6 months	0%
Greater than 6 months and up to 1 year	0%
Greater than 1 year and up to 2 years	7.5%
Greater than 2 years and up to 3 years	15%
Greater than 3 years	25%

- The effect of change in above accounting estimate in current reporting period is shown as under:-

Particulars	Amount as per New	Amount as per Previous

	Estimate (Rs. In Lakh)	Estimate (Rs. In Lakh)
Provision for Bad & Doubtful Debts against revenue from sale of power	906185.95	224482.25

The impact of change in estimate is Rs. 681703.70 Lakhs (906185.95-224482.25).

- The effect of change in above accounting estimate in future reporting periods could not be ascertained as it is impracticable to the company to determine the future outstanding balances of trade receivables.

(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 as shown and clubbed in the Note no. 13 (in Rs. 598.43 Lacs) and an amount of ₹ 94.76 Lacs reduced by Kanpur Electricity Supply Company Limited against the unadjusted advances for more than two year (Net off shown in Note no. 3).

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

(c) A provision for doubtful receivables to the extent of 10% on the balances appearing under the different heads of "Financial Assets-Other- Current" Note no. 12 by UP Power Corporation Limited and Pashchimanchal Vidyut Vitran Nigam Limited. 10% Provision on Receivable from Employees by Purvanchal Vidyut Vitran Nigam Limited and an amount of ₹ 33.87 Lacs by Kanpur Electricity Supply Company Limited against the doubtful receivables from Employees shown in"Financial Assets-Other- Current" Note no. 12 .

(d) The provision for unserviceable store (Note no. 09) has been made @10% of closing balance by Pashchimanchal Vidyut Vitran Nigam Limited and the 100% Provision for loss on account of theft of fixed assets pending investigation (Note no. 12 have been made for balance at the close of financial year by Discoms.

9. Transmission charges are accounted for by the Discoms as per the bills raised by the Uttar Pradesh Power Transmission Corporation Limited.

10. Government dues payable in respect of Electricity Duty and other Levies amounting to Rs. 1123234.39 Lacs shown in Note-20 include Rs.9871.09 Lacs on account of Other Levies realized from consumers.

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

12. (a) Some balances appearing under the heads 'Financial Assets-Other (Current)', Financial Assets- Loans (Non-Current)', 'Other Current Assets', 'Other Financial

Liabilities (Current)' and Financial Liabilities- Trade Payables (Current)' 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)

		31.03.2022	31.03.2021*
	Earning per share:		
(a)	Net Profit/(Loss) after tax (numerator used for calculation)	(589016.18)	(1193304.13)
(b)	Weighted average number of Equity Shares* (denominator for calculating Basic EPS)	1060503625	985682252
(c)	Weighted average number of Equity Shares* (denominator for calculating Diluted EPS)	1066980407	991745794
(d)	Basic earnings per share of Rs. 1000/- each (EPS Amount in Rupees)	(55.54)	(121.06)
(e)	Diluted earnings per share of Rs. 1000/- each (EPS Amount in Rupees)	(55.54)	(121.06)

*Figure of loss has been restated due to reversal of current year provision on Impairment & Others through P & L

(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. (a) 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 recruited prior to creation of the UPPCL i.e. for GPF employees has been made @16.70% and 2.38% respectively on the amount of Basic pay and DA paid to employees.

(b) As required by IND AS 19 (Employee Benefits), the Companies covered under this Consolidated Financial Statements (UPPCL and Discoms) have measured its liabilities arising from Gratuity for the employees covered under CPF Scheme & Leave encashment of all employees and stated the same in Balance Sheet and Statement of P&L in the financial year 2021-22 on the basis of Actuarial Reports.

15. Amount due to Micro, Small and medium enterprises related to Subsidiaries (under the MSMED Act 2006) could not be ascertained and therefore, interest thereon, has not

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

16. 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 2021-22 (Units in MU)	F.Y 2020-21 (Units in MU)
(i)	Total number of units purchased	123406.88	120589.94
(ii)	Total number of units sold	93744.87	90371.75
(iii)	Distribution Losses	29662.01	30218.19

(b) Contingent Liabilities and Commitments:-

Sl. No.	Details	Amount (₹ In Lacs)	
		F.Y 2021-22	F.Y 2020-21
1	Estimated amount of contracts remaining to be executed on capital	538.72	8122.60
2	Power Purchase	1008393.2	1400278.56
3	Interest on RAPDRP Loan	0.00	47461.37
4	Statutory Dues	363.33	1867.69
5	Others Contingencies	232090.11	196785.79
	Total	**1241385.34**	**1654516.01**
	Contingent Assets	481.55	481.55

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

Disclosure as per Schedule III to the Companies Act, 2013

Sl. No.	Name of the Entity	Net Assets i.e. Total Assets minus Total Liabilities as at 31.03.2022 (Excluding Capital Reserve & Restructuring Reserve)		Share in Profit or Loss for the Year 2021-22		Share in other comprehensive income for the Year 2021-22		Share in Total Comprehensive income for the Year 2021-22	
		As % of Consolidated Net Assets	Amount (₹ in Lakhs)	As % of Consolidated Profit or Loss	Amount (₹ in Lakhs)	As % of Consolidated other comprehensive income	Amount (₹ in Lakhs)	As % of Consolidated Total Comprehensive income	Amount (₹ in Lakhs)
A	Parent								
	U.P. Power Corporation Ltd., Lucknow	14.30	419958.83	7.70	(45304.50)	61.78	(523.28)	7.78	(45827.78)
B	Subsidiaries								
	Madhyanchal Vidyut Vitran Nigam Ltd., Lucknow	20.50	602036.32	34.72	(204219.94)	0.00	-	34.67	(204219.94)
	Purvanchal Vidyut Vitran Nigam Ltd., Varanasi	42.28	1241736.39	9.83	(57798.59)	6.08	(51.51)	9.82	(57850.10)
	Pashchimanchal Vidyut Vitran Nigam Ltd., Meerut	30.01	881437.68	11.89	(69928.52)	0.00	-	11.87	(69928.52)
	Dakshinanchal Vidyut Vitran Nigam Ltd., Agra	(0.53)	(15426.61)	50.28	(295752.28)	0.00	-	50.21	(295752.28)
	Kanpur Electricity Supply Company Ltd., Kanpur	(6.57)	(193014.63)	3.66	(21545.31)	32.14	(272.26)	3.70	(21817.57)
C	CFS Adj								
	Adjustment as per Point no. 37 of Note 31			(18.09)	106380.01	-	-	(18.06)	106380.01
	Total	100.00	2936727.98	100.00	(588169.13)	100.00	(847.05)	100.00	(589016.18)

19. Since the Company is principally engaged in the business of Electricity and there is no other reportable segment in the Company as per Ind AS-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
Madhyanchal Vidyut Vitran Nigam Limited
Pashchimanchal Vidyut Vitran Nigam Limited
Purvanchal Vidyut Vitran Nigam Limited
Dakshinanchal Vidyut Vitran Nigam Limited
Kanpur Electricity Supply Company Limited

(b) Key management personnel:-

S. No.	Name	Designation	Period (For FY 2021-22)	
			From (Date of Appointment)	To
A- UPPCL (Holding Company)				
1	Shri M. Devaraj, IAS (DIN-08677754)	Chairman & Managing Director	02.02.2021	09.03.2021
		Chairman	10.03.2021	31.03.2022
2	Shri Pankaj Kumar (DIN-08095154)	Managing Director	10.03.2021	31.03.2022
3	Shri Ajay Kumar Purwar (DIN-08544396)	Director (PM&A)	10.07.2019	31.03.2022
4	Shri Ashok Kumar Srivastava (DIN-08189765)	Director (Commercial)	27.06.2018	26.06.2021
5	Shri Sudhir Arya (DIN-05135780)	Director (Finance)	30.07.2019	15.07.2021
6	Shri Ashwani Kumar Srivastava (DIN-07677222)	Director (Distribution)	19.01.2021	31.03.2022
7	Shri Anil Kumar Awasthi	Chief Financial officer	05.03.2020	31.03.2022
8	Dr. Jyoti Arora	Company Secretary	30.07.2021	31.03.2022
B- Subsidiaries (Having Related Party Transactions)				
	I- Madhyanchal Vidyut Vitran Nigam Limited			
1	Shri M. Devaraj, IAS (DIN-08677754)	Chairman	02.02.2021	31.03.2022
2	Shri. Surya Pal Gangwar (DIN- 07082538)	Managing Director	03.01.2020	27.01.2022
	Sri Chandra Vijay Singh		27-01-2022	31.03.2022
3	Sri Pradeep Kakkar (09096257)	Director (PM & A)	19.01.2021	31.03.2022
4	Sri Pradeep Kakkar (09096257)	Director (Comm)	05.02.2021	31.03.2022
5	Shri. Sudhir Kumar Singh (DIN- 08387334)	Director (Tech.)	03.09.2018	02.09.2021
	Shri Pradeep Kakkar (09096257)		21.09.2021	31.03.2022

6	Sri. Mahesh Chandra Pal (08766010)	Director (Finance)	29.02.2020	31.03.2022
7	Smt. Saumya Agarwal (08049292)	Women Director	28.07.2020	31.03.2022
8	Sri Pankaj Kumar (08095154)	Nominee Director	10.03.2021	31.03.2022
9	Dr. Senthil Pandian C. (08235586)	Nominee Director	10.09.2018	23.07.2021
10	Sri P.Guruprasad (07979258)	Nominee Director	23.07.2021	31.03.2022
11	Sri. Sudhir Arya (05135780)	Nominee Director	30.07.2019	14.07.2021
12	Sri. Ranjan Kumar Shrivastava (07338796)	Nominee Director	17.07.2021	31.03.2022
	II- Pashchimanchal Vidyut Vitran Nigam Limited			
1	Shri. M. Devaraj	Chairman	02.02.2021	31.03.2022
2	Shri. M. Devaraj	Nominee Director	05.11.2019	02.02.2021
3	Shri. Chelliah Senthil Pandian	Nominee Director	22.09.2018	23.07.2021
4	Shri. P. Guruprashad	Nominee Director	23.07.2021	31.03.2022
5	Shri. Pankaj Kumar	Nominee Director	10.03.2021	31.03.2022
6	Shri. Arvind Mallappa Bangari	Managing Director	14.10.2019	31.03.2022
7	Smt. Saumya Agarwal	Nominee Director	28.07.2020	31.03.2022
8	Shri. Sudhir Arya	Nominee Director	10.07.2019	14.07.2021
9	Shri. Ranjan Kumar Srivastava	Nominee Director	16.07.2021	31.03.2022
10	Shri. Lalit Kumar Gupta	Director	29.02.2020	31.03.2022
11	Shri. Rakesh Kumar	Director	19.01.2021	31.03.2022
12	Shri. Ishwar Pal Singh	Director	10.08.2019	31.03.2022
13	Shri. H.K. Agarwal	Chief Financial Officer	16.02.2018	31.03.2022
14	Shri. S.C. Tiwari	Company Secretary (Additional Charge)	01.04.2019	18.05.2021
15	Shri.j Jitesh Grover	Company Secretary	19.05.2021	31.03.2022
	III- Purvanchal Vidyut Vitran Nigam Limited			
1	Shri M Devaraj	Chairman	02.02.2021	31.03.2022
2	Shri Pankaj Kumar	Managing Director	10.03.2021	31.03.2022
2	Dr. Saroj Kumar	Managing Director	01.10.2020	19.06.2021

3	Shri Vidya Bhushan	Managing Director	28.06.2021	31.03.2022
4	Shri Prithvi Pal Singh	Director (Technical)	01.03.2020	31.03.2022
5	Shri Sudhir Arya	Director (Finance) (Additional Charge)	03.01.2020	14.07.2021
6	Shri Mahesh Chandra Pal	Director (Finance) (Additional Charge)	20.07.2021	31.03.2022
7	Shri Shesh Kumar Baghel	Director (P. & A.)	20.01.2021	31.03.2022
8	Shri Om Prakash Dixit	Director (Commercial)	07.08.2018	01.07.2021
9	Shri Surendra Kumar	Chief Finance Officer	01.10.2020	30.06.2021
10	Shri Mahesh Chandra Pal	Chief Finance Officer	13.10.2021	31.03.2022
11	Shri S.C. Tiwari	Company Secretary	01.09.2015	31.03.2022
	IV-Dakshinanchal Vidyut Vitran Nigam Limited			
1	Shri M. Devaraj	Chairman	02.02.2021	31.03.2022
2	Shri Amit Kishore	Managing Director	05.03.2021	31.03.2022
3	Shri Rakesh Kumar	Director (P & A)	27.06.2018	26.06.2021
4	Shri Ashok Kumar Gupta	Director (Finance)	30.05.2020	14.06.2021
5	Shri S.K. Gupta	Director (Commercial)	09.08.2019	31.03.2022
6	Shri Brij Mohan Sharma	Director (Technical)	20.01.2021	31.03.2022
	V- Kanpur Electricity Supply Company Limited			
1	Shri. M Devaraj ,IAS)	Chairman	02.02.2021	31.03.2022
2	Shri. Pankaj Kumar, IAS	Managing Director, UPPCL (Nominee Director)	10.03.2021	31.03.2022
3	Shri. Anil Dhingra, IAS	Managing Director, KESCo	12.02.2021	31.03.2022
4	Shri. Sanjay Srivastava	Director (Technical)	20.01.2021	31.03.2022
5	Shri. Sudhir Arya	Director (Finance), UPPCL (Nominee Director)	25.09.2019	14.07.2021
6	Shri. Ranjan Kumar Srivastav	Director (Finance), UPPCL (Nominee Director)	17.07.2021	31.03.2022
7	Shri. Alok Tiwari, IAS	DM Kanpur,(Nominee Director)	25.08.2020	22.09.2021
8	Shri. Vishakh G, IAS	DM Kanpur,(Nominee	23.09.2021	22.01.2022

9	Smt Neha Sharma,IAS	DM Kanpur,(Nominee Director)	23.01.2022	31.03.2022
10	Smt Saumya Agarwal, IAS	Women Director	28.07.2020	31.03.2022
11	Shri. Pankaj Saxena	Chief Finance Officer	03.03.2020	31.12.2021
12	Smt Abha Sethi Tandon	Company Secretary	14.03.2013	31.12.2022

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

(i) UP Power Transmission Corporation Limited
(ii) Uttar Pradesh RajyaUtpadan Nigam Limited
(iii) Uttar Pradesh JalVidyut Nigam Limited.

(d) Post-Employment Benefit Plan:-

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

B- Transactions with Related Parties are as follows:

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

(₹ In Lacs)

	2021-22	2020-21
Salary & Allowances	681.12	692.75
Leave Encashment	57.76	77.91
Contribution to Gratuity/ Pension/ PF	61.28	60.70

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

(₹ In Lacs)

S No.	Name of The Company	Nature of Transaction	2021-22	2020-21
1	UP Power Transmission Corporation Limited	Power Transmission & Misc. Transaction	319196.36	314624.42
2	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	Power Purchase	888098.23	865105.42
3	Uttar Pradesh Rajya Vidyut	Receivable	111.71	229.40

	Utpadan Nigam Limited	(Unsecured)		
4	Uttar Pradesh Jal Vidyut Nigam Limited	Power Purchase	12219.59	17160.90
5	UP Power Transmission Corporation Limited	Employee, Administration and Repair & Maintenance Cost Allocation	1884.30	1913.23
6	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	Employee, Administration and Repair & Maintenance Cost Allocation	190.17	244.61
7	Uttar Pradesh Jal Vidyut Nigam Limited	Employee, Administration and Repair & Maintenance Cost Allocation	42.34	45.85

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

(₹ In Lacs)

Particulars	31st March 2022	31st March 2021
Amount Recoverable		
From Others		
➢ UPPTCL	55160.88	52040.49
Amount Payable		
To Others		
➢ UPJVNL	78474.80	29397.01
➢ UPPSET	177806.47	124548.97
➢ UPRVUNL	691434.73	833813.55
➢ UPPCL CPF	6210.89	6468.65

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.

(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.

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

24. In the opinion of management, there is no specific indication of impairment of assets except Investment in UPPTCL and Southern U.P Power Transmission Company Limited as on balance sheet date as envisaged by Ind AS-36 (Impairment of Assets). 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. The Impairment on UPPTCL has been calculated on the basis of Net Worth of the Company as on 31-03-2022.

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

Subsidiaries

The Group's subsidiaries at 31st March 2022 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
		31-03-22	31-03-21	31-03-22	31-03-21	
MVVNL	India	100	100	-	-	Distribution of energy
DVVNL	India	100	100	-	-	Distribution of energy
PVVNL	India	100	100	-	-	Distribution of energy
PUVNNL	India	100	100	-	-	Distribution of energy
Kesco	India	100	100	-	-	Distribution of energy

27. The sale of Electricity does not include Electricity Duty payable to the State Government.

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

29. The Consolidated Annual Accounts of 2018-19, 2019-20 and 2020-21 are yet to be adopted in Annual General meeting.

30. Consequent to the applicability of Ind-AS the financial statements for the year ended 2021-22 has been prepared as per Ind-AS. Accordingly previous year's figures have been regrouped/ rearranged wherever necessary to confirm to this year classification.

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

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

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

32. The Company (UPPCL) has decided, vide Board's Meeting dated 14-08-2020, to allocate common expenditure to subsidiaries & others and facility costs to power sector companies owned by GoUP with effect from the year 2019-20. The Company has done the allocation in the following heads Employee Cost, Administrative, General & Other Expense & Repair & Maintenance as at 31.03.2022 and accordingly the same has been taken by the Subsidiaries and other power sector companies owned by GoUP.

33. The Expenses allocated by the U.P Power Corporation Limited for the year 2021-22 has been accounted for by all the Discoms in its Financial Statements. All the Discoms have incorporated the same in the respective heads of expenses.

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

35. The subsidiary companies (DISCOMs) have accounted for subsidies in the financial year 2020-21 (which are receivable in the next 10 years from GoUP by Discoms) and for this reason the provision for impairment of investment in DISCOMs has been reversed by ₹1711854.24 Lakhs in the audited accounts of the UPPCL for the F.Y. 2020-21 against the accumulated provision on this account. Hence, there is the substantial impact on the profit/loss as per standalone statement of profit and loss of UPPCL for the F.Y. 2020-21.

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

consists evacuation/ transmission of Power from Lalitpur TPS to Agra and adjoining districts through 765/400 KV AIS/GIS substation and 765 & 400 KV transmission lines.

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

The decision Board of Directors of the Company regarding closure of the Company/striking off of the name of the Company as per the provisions of Companies Act, 2013 has been approved by the Share Holders of the Company in its Extra Ordinary General Meeting held on 14th June, 2018.
Subsequently, this matter has been sent to the Energy Task Force (ETF) on 26th June, 2019 for its acceptance/approval. Resulting to this Southern U.P. Power Transmission Company Limited has issued its Equity Shares in the name of the Company for the amount of Rs. 221.63 Lacs in consideration of converting borrowings. The Board of the company, in its meeting dated 13.09.2018, has accorded to apply under section 248 of the Companies Act 2013, read with rule 4(1) of the companies (Removal of Name of Companies from Register of Companies) Rule, 2016 to strike off its name from Register maintained by the Registrar of Companies, Uttar Pradesh. Correspondingly the Company has shown this equity shares under the head of Investments and full impairment has been provided. Further, the Southern U.P. Power Transmission Company Limited has been struck off in the records of the register of the companies in the month of May 2022.

37. Reconciliation of Inter Company Transactions is as under:

a. The amount of Rs. 15547.05 Lacs related to sale of Power to Discoms was earlier shown by the UPPCL in year 2019-20 as Unbilled Revenue. The billing has been done by the UPPCL in the year 2020-21 and, accordingly, the Discoms have also accounted for the same in the year 2020-21 in its books of accounts. Hence, the above amount has now been shown as removed item in the note no. 15 (Other Equity) of Consolidated Financial Statements for the FY 2020-21.

b. The amount of Rs. 66326.99 Lacs related to sale of Power to Discoms was earlier shown by the UPPCL in year 2020-21 as Unbilled Revenue. The billing has been done by the UPPCL in the year 2021-22 and, accordingly, the Discoms have also accounted for the same in the year 2021-22 in its books of accounts. Hence, the above amount has now been shown as removed item in the note no. 15 (Other Equity) of Consolidated Financial Statements for the FY 2021-22.

c. The Sale of power to Subsidiary Companies (Discoms) amounting to Rs. 37905.04 (38957.99-1052.95) Lacs could not be billed by UPPCL against power purchased by the company in the F.Y 2021-22, 2020-21 & before respectively and an amount of Rs. (2147.98) shown as reversal in Sale by UPPCL as the Purchase against the same was also reversed in 2021-22 but Bills of the same has been issued and accounted for by the Discoms in Purchase. Hence, the provision for purchase cost against the aforesaid unbilled amount by the company has been adjusted in power purchase cost as well as power purchase liability of the Subsidiary companies (Discoms) and Reversal of Sale and Trade Receivables in UPPCL in the compilation of the Consolidated Financial Statements of the Company as at the end of F.Y 2021-22.

d. The amount of ₹ 75.33 Lacs related to sale of power by the UPPCL to the subsidiary companies (DISCOMS) was shown as an un-removed item of intercompany transactions in the note no. 10 (Trade Receivables) and note no. 22 (Revenue from operation) of the Financial Statements for the F.Y 2019-20. The above amount has been reconciled and necessary accounting has also been done by the respective Discoms in its books of accounts for the F.Y 2020-21.

e. The amount of Rs. 19/- Lacs was under reconciliation with Kesco during FY 2020-21. Hence, it has been shown separately in Note no. 12 (Financial Assets- Others (Current)).

38. In accordance with the provisions of Ind AS 08 (Accounting Policies, Changes in Accounting Estimates and Errors), prior period errors/omissions have been corrected retrospectively by restating the comparative amounts for the prior periods to the extent practicable along with changes in basic and diluted Earnings per Shares. If the error/omission relates to a period prior to the comparative figures, opening balance of the Assets, Liabilities and Equity of the comparative period presented have been restated. Statement showing the details of correction and restatement are given below:-

RECONCILIATION OF CONSOLIDATED BALANCE SHEET AS AT 31.03.2021

(Rs. in Lakhs)

	Particulars	Note No.	Audited 2020-21	Corresponding of 2020-21 given in Audited 2021-22	Adjustments	Reasons
(I)	**ASSETS**					
(1)	**Non-current assets**					
	(a) Property, Plant and Equipment	2	5962575.54	5962774.88	199.34	PPE
	(b) Capital work-in-progress	3	815819.28	812844.63	(2974.65)	PPE & Regrouping
	(c) Assets not in Possession	4	13313.55	13313.56	0.01	Round off
	(d) Intangible assets	5	1623.50	3628.97	2,005.47	Regrouping
	(e) Financial Assets					
	(i) Investments	6	239572.23	239634.03	61.80	Southern Closure
	(ii) Loans	7	14.27	-	-14.27	Regrouping
	(iii) Others	8	49365.47	1894743.87	1845378.40	Regrouping
(2)	**Current assets**					
	(a) Inventories	9	333641.12	328656.96	(4984.16)	PPE
	(b) Financial Assets					
	(i) Trade receivables	10	8351936.39	8346170.74	(5765.65)	PPE
	(ii) Cash and cash equivalents	11-A	623781.26	623811.15	29.89	PPE
	(iii) Bank balances other than (ii) above	11-B	237801.14	237801.14	-	
	(iv) Others	12	2335141.40	507930.01	(1827211.39)	PPE & Regrouping

	(c) Other Current Assets	13	446686.55	440757.79	(5928.76)	PPE, Regrouping & Southern Closure
	Total Assets		**19411271.70**	**19412067.73**	**796.03**	
(II)	**EQUITY AND LIABILITIES**					
	Equity					
	(a) Equity Share Capital	14	10412665.52	10412645.52	-20.00	
	(b) Other Equity	15	(5829877.51)	(5891218.81)	(61341.30)	PPE & Southern Closure
	LIABILITIES					
(1)	**Non-current liabilities**					
	(a) Financial liabilities					
	(i) Borrowings	16	7411946.08	7405697.43	(6248.65)	PPE & Regrouping
	(ii) Trade payables					
	(b) Other financial liabilities	17	476025.11	475362.45	-662.66	PPE & Regrouping
(2)	**Current liabilities**					
	(a) Financial liabilities					
	(i) Borrowings	18	0.00	907211.88	9,07,211.88	Regrouping
	(ii) Trade payables	19	3223716.40	3261621.41	37905.01	PPE
	(iii) Other financial liabilities	20	3716796.10	2840747.85	(876048.25)	PPE & Regrouping
	(b) Provisions	21	0.00	0.00	-	
	Total Equity and Liabilities		**19411271.70**	**19412067.73**	**796.03**	

Reconciliation of Statement of Profit & Loss for the Year ended 2020-21

(Rs. in Lakhs)

	Particulars	Note No.	Audited 2020-21	Corresponding of 2020-21 given in Audited 2021-22	Adjustments	Reasons
I	Revenue From Operations	22	5502802.66	5501777.47	(1025.19)	PPE
II	Other Income	23	1260588.13	1259802.15	(785.98)	PPE & Southern Closure
III	**Total Income (I+II)**		**6763390.79**	**6761579.62**	**(1811.17)**	
IV	**EXPENSES**					
1	Cost of materials consumed					
2	Purchases of Stock-in-Trade (Power Purchased)	24	6358753.81	6397711.80	38957.99	PPE
3	Changes in inventories of finished goods, Stock-in-Trade and work-in-progress					
4	Employee benefits expense	25	182110.44	189992.58	7882.14	PPE
5	Finance costs	26	632552.72	631442.96	(1109.76)	PPE
6	Depreciation and amortization expenses	27	242671.93	242721.89	49.96	PPE
7	Administration, Gerenral & Other Expense	28	221548.56	223252.74	1704.18	PPE & Southern Closure

8	Repair and Maintenance	29	231824.45	231348.92	(475.53)	PPE
9	Bad Debts & Provisions		(1697942.60)	30386.15		
10	Other expenses	30			1728328.75	PPE & Regrouping
IV	**Total expenses (IV)**		**6171519.31**	**7946857.04**	**1775337.73**	
V	Profit/(Loss) before exceptional items and tax (III-IV)		**591871.48**	**(1185277.42)**	**(1777148.90)**	
VI	Exceptional Items					
VII	Profit/(Loss) before tax (V(+/-)VI)		**591871.48**	**(1185277.42)**	**(1777148.90)**	
VIII	Tax expense:					
	(1) Current tax				-	
	(2) Deferred tax		-	-	-	
IX	Profit (Loss) for the period from continuing operations (VII-VIII)		**591871.48**	**(1185277.42)**	**(1777148.90)**	
X	Profit/(Loss) from discontinued operations		-	-	-	
XI	Tax expense of discontinued operations		-	-	-	
XII	Profit/(Loss) from discontinued operations (after tax) (X-XI)		-	-	-	
XIII	Profit/(Loss) for the period (IX+XII)		**591871.48**	**(1185277.42)**	**(1777148.90)**	
XIV	Other Comprehensive Income					
	A (i) Items that will not be reclassified to profit or loss- Remeasurement of Defined Benefit Plans (Acturial Gain aor Loss)		(8026.71)	(8026.71)	-	
	(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-	-	
	B (i) Items that will be reclassified to profit or loss		-	-	-	
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-	-	
XV	Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit/(Loss) and Other Comprehensive Income for the period)		**583844.77**	**(1193304.13)**	**(1777148.90)**	

39. Government Department/ State PSUs/ Subordinate offices and Local Bodies have not made 100% payment against electricity dues. The age wise analysis of electricity dues recoverable from Government Department/ State PSUs/ Subordinate offices and Local Bodies by the Discoms as under:

Government Dues Aging

Particulars	MVNNL	PuVVNL	PVVNL	DVVNL	Kesco
upto 6 months	91016.39	96051.00	48783.28	175874.59	47331.12
Greater than 6 months and upto 1 year	10857.79	68337.00	2603.69	103968.16	98.26
Greater than 1 year and upto 2 years	55810.25	193322.00	11022.15	12038.72	
Greater than 2 year and upto 3 years	10029.04	185842.00	5517.96	12340.14	124800.62
Greater than 3 years	150169.68	141012.00	33102.43	98527.13	
Total	**317883.15**	**684564.00**	**101029.51**	**402748.74**	**172230.00**

Source: Data as disclosed by the Discoms in its Notes of Accounts for FY 2021-22.

(Rs in Lac)

DISCOMS	Opening Balance as at 01.04.2021	Addition during the year	Payment during the year	Closing Balance as at 31.03.2022
PUVVNL	5,23,274.00	2,53,825.00	92,535.00	6,84,564.00
MVVNL	2,64,014.39	1,69,892.67	1,16,023.91	3,17,883.15
DVVNL	4,25,683.00	1,29,995.00	1,52,929.00	4,02,749.00
PVVNL	49,642.53	1,81,941.27	1,30,554.30	1,01,029.50
KESCO	1,45,828.00	27,471.00	1,069.00	1,72,230.00
Total	**14,08,441.92**	**7,63,124.94**	**4,93,111.21**	**16,78,455.65**

40. Disclosure as per Ind AS-37 is as under:-

Particulars	Opening balance as on 01.04.2021	Provision made during the year	Withdrawal/ adjustment of provision during the year at UPPCL & Discoms	Closing Balance at UPPCL & Discoms as on 31.03.2022
Provision for Trade Receivable Note- 10	865472.9	779899.48	9926.6	1635445.78
Provision of Obsolete stores Note-9	23214.25	12.25	0	23226.5
Provision for impiarment in investments (Note-6)	12293.43	5593.01		17886.44
Provision for bad & doubtful debts-Financial Assets-Loans (non Current) Note-7	15042.41	2246.45		17288.86
Provision for bad & doubtful debts-Financial Assets-others (current) Note-12	33459.38	1436.28	946.55	33949.11
Provision for Other Current Assets Note-13	1447.87	10.02	198.03	1259.86
Total	**950930.24**	**789197.49**	**11071.18**	**1729056.55**

41. Disclosures required under Schedule III of the Companies Act, 2013 are given below:

(a) The ageing schedule of trade receivables of the company is under:

(Rs. In Crore)

Particulars	UPPCL	MVNNL	PuVVNL	PVVNL	DVVNL	Kesco	Total
Less than 6 months		5807.51	7683.99	3326.72	2281.62	707.62	19807.4653
6 months and 1 year		799.92	1558.60	760.65	1368.47	18.86	4506.50
1 to 2 years		1640.70	4176.72	1007.94	917.38	172.10	7914.84
2 to 3 years		1629.24	3650.01	931.04	939.30	29.25	7178.84
more than 3 years	522.98	16724.71	19789.01	7569.47	16652.39	2997.93	64256.49
Unbilled Dues					538.83		538.83
Total	**522.98**	**26,602.09**	**36,858.33**	**13,595.81**	**22,697.99**	**3,925.76**	**1,04,202.97**

*Trade Receivable ageing of PuVVNL is under reconciliation with Balance shown in Accounts.

(b) The ageing schedule of trade payable of the company is under:

Particulars	UPPCL	MVNNL	PuVVNL	PVVNL	DVVNL	Kesco	Total
Less than 1 year	2307710.54	132005.35	78143.84	93069.26	69877.88	9274.47	2690081.34
1 to 2 years	-2268.36		77119.51	92917.26	70902.32		238670.73
2 to 3 years	25493.31		13198.86	14724.05	11483.01		64899.23
more than 3 years	40850.32						40850.32
Total	**2371785.81**	**132005.35**	**168462.21**	**200710.57**	**152263.21**	**9274.47**	**3034501.62**

Particulars	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
(i) MSME	739.61	0	0	0	739.61
(ii) Others	2726679.83	287855.9	67667.92	54471.01	3136674.66
(iii) Disputed dues-MSME					0
(iv) Disputed dues- Others					0
(v) Outstanding with Debit Balance	-37338.1	-49185.17	-2768.69	13620.69	-102912.65
Total	**2690081.34**	**238670.73**	**64899.23**	**40850.32**	**3034501.62**

Unbilled Trade Payable amounting to Rs 863791.66 Lakhs in UPPCL.

(c) Age-wise break-up of capital work in progress could not be ascertained due to unavailability of age wise detail of on-going capital works of Discoms.

42. Exceptional Items of ₹ 162004.20 Lakhs

A. CONTRIBUTORY PROVIDENT FUND

The Company makes provident fund contributions to defined benefit plan for eligible CPF employees. Under the CPF scheme, the company is required to contribute a specified percentage of the pay to the fund. The Employer (i.e. Company) and Employee's contributions are paid to the Trust (U.P Power Corporation Anshdayi Bhavishya Nidhi Trust, Lucknow) set up by the Company. The company is generally liable for depositing contributions to the Trust. The Trust has informed vide its letter no. 1021/102/CPF Trust/DHFL/FDR/Notional loss/2022 dated 11.07.2022, that the trust had incurred a loss of ₹ 81582.70 Lakhs (i.e. principal and interest) up to 31.03.2022 on investment of funds in Diwan Housing Finance Corporation Ltd., which has been declared as insolvent. Hence, the Trust has apportioned the above loss to the Companies, which are members of the Trust. Accordingly, the demand of ₹ 81582.70 Lakhs has been raised by the Trust to compensate the loss subject to legal opinion. Out of ₹ 81582.70 Lakhs, the Trust has apportioned ₹ 65682.10 Lakhs on the company (UPPCL & Discoms). The financial statements of the Trust upto the F.Y. 2021-22 are yet to be finalized. In view of pending finalization of the accounts of Trusts up to 31.03.2022, the company has made the provision against the aforesaid demand and has recognized an expense and disclosed as an Exceptional Item in the Statement of Profit & Loss for the current year ended subject to determination of actual position as per financial statements of the Trust.

B. GENERAL PROVIDENT FUND

This scheme under the GPF scheme (applicable only for GPF employee's), the company is required to pay Employee's contributions to the Trust (U.P Power Sector Employee's Trust, Lucknow) set up the Company. The company is generally liable for depositing only employee's contributions to the Trust. The Trust has informed vide its letter no. 787/12/UPSPSET/DHFL/2019 dated 11.07.2022, that the trust had incurred a loss of ₹ 143253.11 Lakhs (i.e. principal and interest) up to 31.03.2022 on investment of fund in Diwan Housing Finance Corporation Ltd., which has been declared as insolvent. Hence, the Trust has apportioned the above loss to the Companies, which are members of the Trust. Accordingly, the demand of ₹ 143253.11 Lakhs has been raised by the Trust to compensate the loss subject to legal opinion. Out of ₹ 143253.11 Lakhs, the Trust has apportioned ₹ 96322.10 Lakhs on the company (UPPCL & Discoms). The financial statements of the Trust upto the F.Y. 2021-22 are yet to be finalized. In view of pending finalization of the accounts of Trusts up to 31.03.2022, the company has made the provision against the aforesaid demand and has recognized an expense and disclosed as an Exceptional Item in the Statement of Profit & Loss for the current year ended subject to determination of actual position as per financial statements of the Trust.

43. Disclosure of AT & C Losses is given below:

S.No.	Particulars	MVNNL	PuVVNL	PVVNL	DVVNL	Kesco
A	Input Energy (MkWh)	24352.98	28621.34	34427.51	25725.44	3757.86
B	Transmission Losses (MkWh)	0	-	129.19	-	-
C	Net Input Energy (MkWh)	24352.98	28621.34	34298.32	25725.44	3757.86
D	Energy Sold (MkWh)	20125.98	22854.31	28238.70	19129.25	3396.64
E	Revenue from sale of Power(Including subsidy booked)(₹ Cr.)	13050.20	16202.41	21505.15	14187.49	2744.52
F	Adjusted revenue from sale of energy on subsidy received basis (₹ Cr.)	16332.03	16202.41	21505.15	14187.49	2744.52
G	Opening debtors for sale of energy (₹ Cr.)	22579.63	28425.69	9631.56	19314.76	3564.40
H	Closing debtors for sale of energy (₹ Cr.)	26602.09	32578.62	10414.44	20342.94	3744.43
I	Adjusted Closing debtors for sale of energy (₹ Cr.)	26602.09	32578.62	10414.44	20342.94	3744.43
J	Collection Efficiency (%) (J=(F+G-I)/E)	75.37%	74.37%	96.36%	92.75%	93.44%
K	Units Realised (MkWh)=[Energy sold*Collection efficiency]	15169.09	16996.39	27210.69	17742.93	3173.82
L	Units Unrealised (MkWh)=[Net Input Energy - Units realised]	9183.72	11624.95	7087.63	7982.51	584.04
M	AT & C Losses (%)=[(Units Unrealised/Net Input Energy)*100]	37.71%	40.62%	20.66%	31.03%	15.54%

44. OTHER STATUTORY INFORMATION IN TERMS OF NOTIFICATION DATED 24.03.2021 ISSUED BY MCA IN TERMS OF SECTION 467 OF THE COMPANIES ACT 2013

(i) The company does not have any Benami property.

(ii) The company has not traded or invested in crypto currency or virtual currency during the financial year.

(iii) The company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or

(b) Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

(iv) The company has not received any fund from any person(s) or entity(ies), including foreign entities (funding parties) with the understanding (whether recorded in writing or otherwise) that the company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or

(b) Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

(v) The company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessment under the Income Tax Act, 1961 (such as, search or survey or any other relevant provision of the Income Tax Act, 1961).

(vi) The company has invested in equity of its wholly owned subsidiaries and other companies.

(vii) The company is not being declared wilful defaulter by the bank or financial institution or lender during the year.

(viii) The company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(ix) The company has obtained fund/based/non-fund based credit limits from multiple banks aggregating to Rs 1930 Crores against security of receivables. Accordingly, as per the terms of sanction, Quarterly /Half Yearly statements in respect of gross receivables (including both current and non-current receivables) have been submitted to respective banks which stood at ₹87,263.73 crores, ₹94,381.14 crores, ₹94,794.96 crores and ₹81,657.46 crores respectively for Q1, Q2, Q3 and Q4 respectively. The Limited Review Financial results /balance sheet for Quarter-1 was not available, hence, the value of receivables for Quarter-1 was prepared on the basis of available information, for Quarter 2 & 3 gross receivable figures were reported on the basis of Limited Review Financial results and for Quarter 4 gross receivables figures from Un-Audited Balance sheet.

Value of current receivables and non-current receivables for the following Quarters (Rs in crores) as per Balance Sheet:-

1. Q2- Total receivables Rs. 94853.69 (Current receivables Rs. 33076.68 and Non-Current receivables Rs. 61777.01)

115

2. Q3- Total receivables Rs. 94794.96 (Current receivables Rs. 35329.44 and Non-Current receivables Rs. 59465.52)

3. Q4- Total receivables Rs. 81657.46 (Current receivables Rs. 27901.86 and Non-Current receivables Rs. 53755.60)

The status of limits utilized as on last day of each quarter is as below:-

Sl No	Name of Lender	Total Limit Sanction	O/s as on 30.06.2021	O/s as on 30.09.2021	O/s as on 31.12.2021	O/s as on 31-03-2022
1	Central Bank of India	105.00	95.38	91.54	92.41	86.17
2	Punjab National Bank	465.00	128.40	324.86	374.93	152.49
3	Indian Bank	430.00	150.00	325.04	359.95	150.00
4	ICICI Bank	400.00	84.92	176.99	237.51	141.93
5	Bank of India	500.00	40.76	76.14	140.36	76.14
6	HDFC Bank	30.00	25.00	25.00	25.00	25.00
	Total	1930.00	524.46	1019.57	1230.16	631.73

The above includes both Fund based and Non-Fund based utilization of working capital limits.

(x) The company has used the borrowings from bank and financial institution for the specific purpose for which it was obtained.

(xi) The company has been sanctioned credit facility from banks and financial institutions on the basis of security of current assets. Quarterly statements as required have been provided to banks and financial institutions.

(xii) The company does not have any investment property.

(xiii) The company has not revalued any Property, Plant and Equipment (including Right-of-Use Assets)

(xiv) The company has not revalued its Intangible Assets.

(xv) The company has not been entered into any Scheme of Arrangements (sections 230 to 237 of the Companies Act, 2013) during the financial year.

(xvi) Financial Ratios

S.NO	Particulars of Disclosures	Numerator	Denominator	March' 22	March' 21	Variation in Ratio (%)	Reason of variation for more than 25%
1	Current ratio	Current Assets	Current Liability	1.47	1.50	-1.96	
2	Debt-Equity Ratio	Total Debt (Non current borrowings+Curren	Shareholder's equity (Equity Share	2.79	2.79	0.07	

		t Borrowings)	Capital+Other Equity)					
3	Debt Service Coverage Ratio	Net Profit/(Loss) for the year+Finance Cost+Depreciation & amortization+Provision for bad debts+Exceptional Items)	Scheduled principal repayment of non current borrowings	0.934	-0.241	-487.89	The Company has incurred net loss of Rs. 588169.13 Lakhs for the F.Y. 2021-22 as against net loss of Rs. 1185277.42 Lakhs in the previous financial year. The major reasons for net profit in previous financial year was due to Subsidy of Subsidiary Company (Current Year Rs. 2194107.90 against Previous Year Rs. 1097308.72). Hence, there was a substantial impact on the profit/loss as pe consolidated statement of P&L of the company for the FY-2020-21	

117

4	Return on Equity	Net Profit/(Loss) for the year	Average Shareholder's equity (Equity Share Capital+Other Equity)	-0.20	-0.98	-79.62	The subsidiary companies (DISCOMs) have accounted for subsidies in the FY-2020-21 (which are receivable in the next 10 years from the GoUP by DISCOMs) and for this reason the average net worth has been incrased in the current financial year. Hence, there is the substantial impact in the given ratios.
5	Inventory Turnover Ratio (Revenue from Operation / Average Inventory)	N/A	N/A	N/A	N/A	-	The business of the Corporation is to purchase electricity from generation source and sell the same to the Public. Hence, the company does not have any trade inventory. The company maintains inventory only for

							internal use i.e. for construction and maintenance of fixed assets. Hence, disclosure in respect of inventory turnover ratio is not required.
6	Trade Receivable Turnover ratio	Revenue from operations	Average Trade Receivables	0.67	0.68	-2.17	
7	Trade Payables turnover Ratio	Total Purchase	Average Trade Payables	1.85	1.82	1.61	
8	Net Capital Turnover Ratio	Revenue from operations	Working Capital	1.68	1.58	6.21	
9	Net Profit Margin(%)	Net Profit(Loss) for the year	Revenue from Operations	-10.35%	-21.54%	-51.97	The Company has incurred net loss of Rs. 588169.13 Lakhs for the F.Y. 2021-22 as against net loss of Rs. 1185277.42 Lakhs in the previous financial year. The major reasons for net profit in previous financial year was due to Subsidy of Subsidiary Company (Current

119

							Year Rs. 2194107.90 against Previous Year Rs. 1097308.72). Hence, there was a substantial impact on the profit/loss as pe consolidated statement of P&L of the company for the FY-2020-21
10	**Return on Capital Employed(%)**	**Net Profit(Loss) for the year**	**Capital Employed=Net worth (excluding Capital Reserve)+Long term Borrowing+Current Borrowings**	-5.21%	-10.54%	-50.52	The Company has incurred net loss of Rs. 588169.13 Lakhs for the F.Y. 2021-22 as against net loss of Rs. 1185277.42 Lakhs in the previous financial year. The major reasons for net profit in previous financial year was due to Subsidy of Subsidiary Company (Current Year Rs. 2194107.90 against Previous Year Rs.

							1097308.72). Hence, there was a substantial impact on the profit/loss as pe consolidated statement of P&L of the company for the FY-2020-21
11 (a)	**Return on Investment** (on Bond Interest) **(%)**	**Interest on Bonds**	**Average Bond Value**	7.75%	6.49%	19.38	
11 (b)	**Return on Investment** (for investment with Subsidiaries & Joint Ventures) **(%)**	**Return/Impairment on Investments**	**Average Investment value excluding bond value**	2.49%	-0.11%	-2352.96	The Company has created Provision on the Investment in Equity Share Capital of UPPTCL based on the Net Worth. The Provision of that Company has been increased by Rs. 5531.21 Lakhs during the current Financial Year. There is only one substancial investment in UPPTCL in Consolidated

							Financial Statements

S.NO	Particulars of Disclosures	Numerator	Denominator	March'22	March'21	Variation in Ratio (%)	Reason of variation for more than 25%
12	Long term debt to working capital ratio	Long term borrowing including current maturity of long term borrowing	Working Capital	2.42	2.35	2.95	
13	Bad Debts to Accounts Receiviables Ratio	Bad debts	Gross AverageTrade Receivables	0.19	0.11	78.94	The policy of provision on Trade Receivable at Discoms has been changed (Provision of Current Year Rs. 1635445.75 against the Previous Year Rs. 865519.09). Hence, there is substancial difference in ratios.
14	Current Liability ratio	Current Liabilities	Total Liability excluding Equity	0.49	0.47	3.56	
15	Total Debts to Total Asset	Long term borrowing & current maturity of long term borrowing	Total Assets	0.43	0.43	0.10	

16	Operating Margin(%)	Operating Profit/(Loss)	Revenue from Operations	-35.13%	-43.89%	-19.96	
17	Net Worth (Share Capital + Other Equity excluding Capital Reserve)			2936727.98	2934588.36	0.07	

45. The Company has not created Regulatory Assets as Ind AS 114 Regulatory Deferral Accounts has not been applied by the Company by availing the exemption given and availed during the year in which Ind AS first adopted by the Group.

46. The Subsidiary Discoms have not created Regulatory Assets in the latest Tariff determination cycle.

47. Other separate relevant notes given by the Holding and Subsidiary are given below:

U.P Power Corporation Limited (Holding Company)

(I) The Disclosure of Employee Benefits is as below:

S.No	Defined benefit plans:- (Amount ₹ in Lacs)	Gratuity		Leave Encashment	
		As on 31/03/2022	As on 31/03/2021	As on 31/03/2022	As on 31/03/2021
1	Assumptions				
	Discount Rate	7.36%	6.81%	6.96%	6.41%
	Rate of increase in Compensation levels	7.00%	4.00%	7.00%	4.00%
	Rate of return on Plan assets	Not Applicable	Not Applicable	Not Applicable	Not Applicable

	Average future service (in Years)	24.70 Years	25.67 Years	16.22 Years	16.40 Years
2	**Service Cost**				
	Current Service Cost	148.44	114.17	172.75	128.87
	Past Service Cost (including curtailment Gains/ Losses)	0.00	0.00	0.00	0.00
	Gains or losses on Non Routine settlements	0.00	0.00	0.00	0.00
3	**Net Interest Cost**				
	Interest Cost on Defined Benefit Obligation	69.65	59.75	442.17	496.84
	Interest Income on Plan Assets	0.00	0.00	0.00	0.00
	Net Interest Cost (Income)	69.65	59.75	442.17	496.84
4	**Change in present value of obligations**				
	Opening of defined benefit obligations	1022.70	868.53	6898.09	7527.88
	Interest cost	148.44	114.17	442.17	496.84
	Service Cost	69.65	59.75	172.75	128.87
	Benefits Paid	(22.41)	(23.74)	(1285.66)	(969.91)
	Actuarial (gain)/Loss on total liabilities	523.28	3.98	2752.58	(285.58)
	due to change in financial assumptions	480.10	11.70	1368.22	80.82
	due to change in demographic assumptions	0.00	0.00	0.00	0.00
	due to experience Changes	43.18	(7.72)	1384.36	(366.40)
	Closing of defined benefit obligation	1741.65	1022.70	8979.93	6898.09
5	**Change in the fair value of plan assets**				
	Opening Fair value of plan assets	0.00	0.00	0.00	0.00
	Actual return on plan assets	0.00	0.00	0.00	0.00
	Employer Contribution	22.41	23.74	1285.66	969.91
	Benefits paid	(22.41)	(23.74)	(1285.66)	(969.91)
	Closing Fair value of plan assets	0.00	0.00	0.00	0.00
6	**Actuarial (Gain)/Loss on Plan Asset**				
	Expected Interest Income	0.00	0.00	0.00	0.00
	Actual Income on Plan Assets	0.00	0.00	0.00	0.00

	Actuarial gain/(loss) on Assets	0.00	0.00	0.00	0.00
7	**Other Comprehensive Income**				
	Opening amount recognized in OCI outside P&L account	0.00	0.00	N/A	N/A
	Actuarial gain/(loss) on liabilities	(523.28)	(3.98)	N/A	N/A
	Actuarial gain/(loss) on assets	0.00	0.00	N/A	N/A
	Closing amount recognized in OCI outside P&L account	(523.28)	(3.98)	N/A	N/A
8	**The amounts to be recognized in the Balance Sheet Statement**				
	Present value of obligations	1741.65	1022.70	8979.93	6898.09
	Fair value of plan assets	0.00	0.00	0.00	0.00
	Net Obligations	1741.65	1022.70	8979.93	6898.09
	Amount not recognized due to assets limit	0.00	0.00	0.00	0.00
	Net defined benefit liability/(assets) recognized in balance sheet	**1741.65**	**1022.70**	8979.93	6898.09
9	**Expenses recognized in Statement of Profit & loss**				
	Service cost	148.44	114.17	172.75	128.87
	Net Interest cost	69.65	59.75	442.17	496.84
	Net actuarial (gain)/loss	0.00	0.00	2752.58	(285.58)
	Expenses recognized in statement of Profit & Loss	**218.08**	**173.93**	**3367.49**	**340.13**
10	**Change in Net Defined Obligations**				
	Opening of Net defined benefit liability	1022.70	868.53	6898.09	7527.88
	Service Cost	148.44	114.17	172.75	128.87
	Net Interest Cost	69.65	59.75	442.17	496.84
	Re-measurements	523.28	3.98	2752.58	(285.58)
	Contributions paid to fund	(22.41)	(23.73)	(1285.66)	(969.91)
	Closing of Net defined benefit liability	1741.65	1022.70	8979.93	6898.09
11	Sensitivity analysis				
	Item	As on 31/03/2022	Impact	As on 31/03/2022	Impact

	Base liability	174164921		897992885	
	Increase in Discount rate by 0.50%	159981299	(14183622)	864165183	(33827702)
	Decrease in Discount rate by 0.50%	189995272	15830351	934891278	36898393
	Increase in salary inflation by 1%	192127160	17962239	970706460	72713575
	Decrease in salary inflation by 1%	154656955	(19507966)	835706523	(62286362)
	Increase withdrawal rate by 0.5%	176467723	2302802	898940349	947464
	Decrease withdrawal rate by 0.5%	171623720	(2541201)	896960190	(1032695)

No Discoms have given this table in its Notes.

(II) Corporate Social Responsibility (CSR) Expenditure:

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

(III) Grants/Subsidies and Others:

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

(ii) During the year 2021-22, the Capital Grant of Rs.600.00 Lacs, Revenue Grant of Rs. 25129.00 Lakhs and Revenue Subsidy of Rs. 2213816.34 Lakhs have been received from Govt. of U.P. on behalf of the DISCOMs and have also been distributed to the DISCOMs. The DISCOMS wise details are furnished below:

Amount (₹ in Lakhs)

Sr. No.	Name of DISCOM	Capital Grant	Revenue Grant	Total Subsidy (Tariff+Loss funding+ Atmnirbhar+Bunkar)
1	MVVNL	-	8526.83	522818.81
2	PuVVNL	-	7919.07	700001.23
3	PVVNL	-	3386.48	544532.46
4	DVVNL	600	5296.62	419184.75
5	KESCO	-	-	27279.08
	Total	600	25129.00	2213816.33

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

(Amount (₹ in Lakhs)

Sr. No.	Name of DISCOM	Balance as on 31.03.2021	Received during 2021-22	Balance as on 31.03.2022
1	MVVNL	97808.00	9341.74	88466.26
2	PuVVNL	811554.26	77512.32	734041.94
3	PVVNL	914644.74	87358.64	827286.10
4	DVVNL	215969.00	20627.41	195341.59
5	KESCO	54024.00	5159.89	48864.11
	Total	2094000.00	200000.00	1894000.00

(iv) Financial arrangement through Loans/Bonds etc are made on behalf subsidiary companies and subsequently are transferred/adjusted against respective Discoms.

(IV) Equity share capital includes Rs 37348.67 Lakhs received from GoUP under the Uttar Pradesh power Distribution Network Project against which company has already invested Rs 45576.35 Lakhs with Discoms and submitted a claim of Rs 8227.70 Lakhs for reimbursement. Discom wise break up of investment is given below:

(Amount (₹ in Lakhs)

Sr. No.	Name of DISCOM	Fund released as investment in equity of Discoms (F.Y. 2021-22)	Fund released as investment in equity of Discoms(F.Y. 2020-21)	Total
1	MVVNL	7929.08	4964.62	12893.70
2	PUVVNL	11456.75	4867.68	16324.43
3	PVVNL	2245.18	3766.31	6011.49
4	DVVNL	6883.03	3441.52	10324.55
5	Unallocated Amount	22.18	0.00	22.18
	Total	28536.22	17040.13	45576.35

(V) The details of Earmarked Balances with banks are as under:

(Amount ₹ in Lakhs)

Name of Bank	A/C Title	Bank Balance	FDR Balance
HDFC	DSRA SERIES 1 A/C	0.00	23476.99
	BOND SER ESCROW A/S	0.00	20887.45
	BOND SER ESCROW A/S 2	0.00	3788.28
	DSRA SERIES 2 A/C	0.00	15373.23

127

	TOTAL	0.00	63525.95
ICICI	UPPCL RPO REGULATORY FUND	622.57	54.78
	DISTRIBUTION NETWORK REHABLITATION A/C	14839.44	0.00
	UPPCL BOND SERVICING SERIES- I A/C	0.00	19818.35
	UPPCL DEBT SERVICE RESERVE- I A/C	0.00	42410.33
	UPPCL BOND SERVICING SERIES- II A/C	0.00	24977.69
	UPPCL DEBT SERVICE RESERVE- II A/C	0.00	51416.98
	UPPCL BOND SERVICE A/C (SERIES- I)2022	0.00	194.00
	UPPCL DEBT SERVICE RESERVE A/C Bond (SERIES - I) 2022	0.00	19327.28
	ICICI (NEDA SOLAR) (Against corpus fund)		4404.68
SBI	ADB Fund	22.18	0.00
	TOTAL	15484.19	162597.45
	GRAND TOTAL	15484.19	226123.40

(VI) The guarantee issued by GoUP in favor of various Banks, FI's and trustees of bonds issued by company as a security stood at ₹93036.65 Crore as on 31.03.2022 against ₹ 79053.65 Crore as on 31.03.2021. The details are given below for FY 2021-22:

Guarantee taken by UPPCL on behalf of Discoms & UPPTCL

Particulars	Amount (₹) Crore
UPPCL (For UPPTCL)	2223.66
PuVVNL	32558.78
MVNNL	20454.20
DVVNL	23694.75
PVVNL	10644.91
Kesco	3460.35
Total	**93036.65**

(VII) Disclosure pursuant to Regulation 54(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulation,2015.

The status of Bonds issued by the Company for the Discoms as on 31.03.2022 is as under:-

(Amount ₹ in Lakhs)

S. No	Details of Bonds	Amount of Bonds	No. of Bonds	Maturity date	Date of Issue	Face Value	Rate of Interest	Previous due date of interest payment	Paid / unpaid	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 31.03.2022	Outstanding as at 31.03.2021
	Listed															
1	UPPCL Bond series III/2016-17	[illegible]	[illegible]	15-Feb-2027	15-Feb-2017	10	8.97%	15-Feb-2022	Paid	12-May 2022	[illegible]	15-May 2022	[illegible]	Govt. Guaranteed and Hypothecated...	[illegible]	[illegible]
2	UPPCL Bond series IV/2016-17	[illegible]	[illegible]	15-Mar-2027	27-Mar-2017	10	8.48%	15-Mar-2022	Paid	15-Jun-2022	[illegible]	15-Jun-2022	[illegible]		[illegible]	[illegible]
3	UPPCL Bond series I/2017-18	[illegible]	[illegible]	[illegible] 2027	[illegible]-Dec-2017	10	9.75%	20-Jan-2022	Paid	20-Apr-2022	[illegible]	20-Apr-2022	[illegible]		[illegible]	[illegible]
4	UPPCL Bond series II/2017-18	[illegible]	[illegible]	20-Jan-2028	27-Mar-2018	10	10.15%	20-Jan-2022	Paid	20-Apr-22	[illegible]	20-Apr-2022	[illegible]		[illegible]	[illegible]
5	UPPCL State Government Serviced Bond Series I/2022	[illegible]	[illegible]	25-Mar-2032	30-Mar-2022	10	[illegible]	NA		30-June-2022	[illegible]	[illegible]	[illegible]		[illegible]	NA
	Unlisted															
1	U.P. Power Corporation Ltd.-2016	[illegible]	[illegible]	[illegible]	04-Jul-2016	1	[illegible]	[illegible]-2022	Paid	[illegible]	[illegible]	[illegible]	[illegible]	Govt. Guaranteed	[illegible]	[illegible]
2	U.P. Power Corporation Ltd.-2016	[illegible]	[illegible]	26-Sep-2026	26-Sep-2016	1	[illegible]	26-Mar-2022	Paid	26-Sep-2022	[illegible]	26-Sep-2022	[illegible]		[illegible]	[illegible]
3	U.P. Power	[illegible]	[illegible]	[illegible]	30-Mar	1	[illegible]	[illegible]	Paid	26-Sep-2022	[illegible]	30-Sep-2022	[illegible]		[illegible]	[illegible]

	Corporation Ltd-2022			2022	2022											
		[illegible]	[illegible]								[illegible]		[illegible]		[illegible]	[illegible]

Payment of Principal amount is started from 19.07.2019.

Credit Rating:

- Current Rating (As on 31.03.2022)-

Bond Amount	4498.20 Cr. & 5491.00 Cr	6510.00 Cr & 3489.50 Cr
Crisil Ratings	A+(CE)/Stable	-
India Ratings	A+(CE)/Stable	AA(CE)/Stable
Brickwork Rating	AA-(CE)Stable	AA(CE)/Stable

- Previous Rating (As on 31.12.2021)-

Bond Amount	4498.20 Cr. & 5491.00 Cr	6510.00 Cr & 3489.50 Cr
Crisil Ratings	A+(CE)/Stable	-
India Ratings	A+(CE)/Stable	AA(CE)/Stable
Brickwork Rating	AA-(CE)/Stable	AA(CE)/Stable

In view of the above there is no change in the Credit Rating.

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

ISIN	Scrip Code	Maturity	Secured by way of	Amount (₹In Lacs.)	Present Outstanding (₹ In Lakhs.)	Date of Creation of Security
INE540P07061, INE540P07079, INE540P07087, INE540P07095, , INE540P07103	955768, 955769, 955770, 955771, 955772	15-02-2027	Hypothecation on Receivable and Current Assets of UPPCL and Govt guarantee	651000.00	465000.00	16-02-2017
INE540P07137, INE540P07145, INE540P07152, INE540P07160, INE540P07178	956146, 956147, 956148, 956149, 956150	13-03-2027	Hypothecation on Receivable and Current Assets of UPPCL and Govt guarantee	348950.00	249250.00	30-03-2017

INE540P07210, INE540P07228, INE540P07236, INE540P07244, INE540P07251, INE540P07269	957204, 957205, 957206, 957207, 957208, 957209	20-10-2027	Hypothecation on Receivable and Current Assets of UPPCL and Govt guarantee	449820.00	304290.00	06-12-2017
INE540P07301, INE540P07319, INE540P07327, INE540P07335, INE540P07343, INE540P07350	957804, 957806, 957807, 957808, 957809, 957810	20-01-2028	Hypothecation on Receivable and Current Assets of UPPCL and Govt guarantee	549100.00	387600.00	24-03-2018
INE540P07368, INE540P07376, INE540P07384, INE540P07392, INE540P07400, INE540P07418, INE540P07426, INE540P07434	973877, 973879, 973880, 973882, 973876, 973878, 973881, 973883	22-03-2032	Hypothecation on Receivable and Current Assets of UPPCL and Govt guarantee	395120.00	395120.00	29-03-2022

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

The assets of the company provide coverage of 1.45 times of the interest and principal amount, which is in accordance with the terms of issue/ debenture trust deed (calculation as per statement of asset cover ratio for the Secured debt securities.

The total assets of the company provide coverage of 1.43 times of the principal, which is in accordance with the terms of issue (calculation as per statement of asset coverage ratio available for the unsecured debt securities

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

(Amount ₹ in Lakhs)

Settlement Date	Security	Valuation date	Original Maturity date	Residual maturity year	FIMMDA Yield as on 31.03.2022	Price	No. of bonds	Total amount/clean price
27.03.2017	7.75% PFC Bonds Series-164(22.03.2027)	31.03.2022	22.03.2027	5	6.31	106.47	250	2661.67
27.03.2017	7.75% PFC Bonds Series-164(22.03.2027)	31.03.2022	22.03.2027	5	6.31	106.47	250	2661.67
27.03.2017	7.75% PFC Bonds Series-164(22.03.2027)	31.03.2022	22.03.2027	5	6.31	106.47	250	2661.67
27.03.2017	7.75% PFC Bonds Series-164(22.03.2027)	31.03.2022	22.03.2027	5	6.31	106.47	250	2661.67
11.05.2017	7.75% PFC Bonds	31.03.2022	22.03.2027	5	6.31	106.47	230	2448.73

	Series-164(22.03.2027)							
Total							1230	13095.41

(c) In compliance of SEBI Circular number SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 Dated 22.10.2020 UPPCL has created " Recovery Expense Fund" by depositing the amount of Rs. 25.00 Lacs to the designated bank account of BSE.

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

(X) The receivable from Uttrakhand Power Corporation Ltd. amounting to Rs. 192.61 Crore as on 31.03.2019 has been mutually settled and the same has been approved by the Board of Directors of the company in their meeting held on 18th December, 2019. Accordingly, the amount of Rs. 160.58 Crore payable to Uttrakhand Power Corporation Ltd. by U.P. Power Sector Employees Trust on account of GPF contribution has been adjusted against the above receivable amounting to Rs. 192.61 Crore and the same has been accounted for by the company in the ensuing accounts in hand i.e. F.Y. 2018-19 as receivable from U.P. Power Sector Employees Trust (Ref Note-12) and the balance amount of Rs. 32.03 Crore i.e (Rs. 192.61 Crore - Rs.160.58 Crore) has finally been written off and accounted for as Bad Debts in the F.Y.2018-19.

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

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.

(II) The Security deposit collected from the consumers on the basis of 45 days average billing. On overdue of the payment of bills raised, a notice is to be served to the consumers. The company has most of the consumers with capacity to meet their obligations and therefore the risk of default is negligible. Further, management believes that the unimpaired amounts that are passed due are still collectable. Hence, no impairment loss has been recognised during the reporting period in respect of Trade Receivables.

(III) The following frauds/embezzlement as reported by concerned Branch Auditors in their Audit Report are as follows:

S. No.	Name of Zone	Particulars	₹ in lacs

132

1	Meerut Zone	Mr. Suresh Baba TG 2 for not depositing cash collected through system generated receipts during December 2013 to March 2019 and 36 manual receipt books not returned in divisions is under enquiry & disciplinary action is initiated in EDD I Baghpat.	368.00
		In EDD I Meerut, out of pending 9 receipt books issued for collection of amounts on behalf of PVVNL on 23.02.2012 to Postmaster Meerut Cantt, 3 have been returned on 30th May, 2022. No information is available about the remaining receipt books where these receipt books are at present, how much receipt books were used, how much amount collected etc.	
		In EDD II Baghpat, a fraud case of collecting cash from customers and not depositing the amount in division is under enquiry against Mr. Sanjay Kumar, cashier	31.30
2	Ghaziabad Zone	During the year cash embezzlement under the division EUDD-7, Ghaziabad by the accused Mr. Sumit Gupta, Head Cash Revenue in the period of July 2020 to November 2020.	564.17
		A fraud reported as per Branch statutory audit report for the year ended 31.03.2020 conducted by VSD & Associates, Chartered Accountants, zone has noticed a case of fraud in its EUDD-II, EUDD-V, EUDD-VII Noida division by few bank officials. Some of ICICI bank officials wrongly credited the cheques amounting ₹1,72,36,919/- related to these division in some other account.	172.37
		Cashier of EDD, Greater Noida Satender Pratap Singh TGII S/o Shri Ramesh Singh, R/o Mohalla Lodhan 2, Jahangirabad Rural, Bulandshahar, Uttar Pradesh posted at 33/11 KV Sub Division Rabupura embezzled cash of ₹82,21,974/- during the month of March, 2021, April 2021 and June 2021.	82.22
		Observed that an amount of ₹20,09,095/- embezzled by cashier of EUDD-IV, Ghaziabad Harinath TG-II during the year 2018-19 (since then, the amount have been kept as Sundry Advance against the accused Harinath TG-II)	20.09
3	Bulandshahar Zone	As informed no fraud was detected during FY 2021-22. But the frauds of embezzlement detected up to FY 2020-21 has involved total amount of ₹312.60 lacs out of which ₹0.24 lacs has been recovered. And balance sum of ₹312.36 lacs are still to be recovered.	312.36

(Jitesh Grover)
Company Secretary
Additional Charge

(A. K. Awasthi)
Chief Financial Officer

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

(Pankaj Kumar)
Managing Director
DIN - 08095154

Place : Lucknow
Date : 12-09-2022

Subject to our report of even date

For D. Pathak & Co.
Chartered Accountants
FRN No. 001139C

(A. K. Dwivedi)
Partner
M No. 071584
UDIN:
22071584AKARUO6072

133

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED ON 31st MARCH 2022

(₹ in Lakhs)

			2021-22	2020-21
A	CASH FLOW FROM OPERATING ACTIVITIES			
	Net Profit/ (Loss) Before Taxation & Exceptional items		(4,26,164.93)	(11,85,277.42)
	Adjustment For:			
	a	Depreciation	2,85,345.61	2,42,721.89
	b	Interest & Financial Charges	8,38,822.10	6,31,442.96
	c	Bad Debts & Provision	7,78,282.97	30,386.15
	d	Interest Income	(17,250.18)	(19,721.21)
	Sub Total		18,85,200.50	8,84,829.79
	Operating Profit Before Working Capital Change		14,59,035.57	(3,00,447.63)
	Adjustment for:			
	a	Inventories	(50,843.27)	1,491.34
	b	Trade Receivable	(11,43,447.62)	(5,59,873.48)
	c	Other Current Assets	1,90,254.25	(82,342.28)
	d	Financial assets-others	7,933.82	(2,23,885.16)
	e	Other financial Liab	(24,740.48)	(5,49,181.07)
	f	Financial Liabilities-Borrowings	3,26,100.21	8,25,338.44
	g	Trade Payable	(2,27,119.79)	(4,94,600.44)
	h	Bank balance other than cash	(16,354.93)	(53,120.94)
	i	Provisions		(0.92)
	Sub Total		(9,38,217.81)	(11,36,176.51)
	NET CASH FROM OPERATING ACTIVITIES (A)		5,20,817.76	(14,36,624.14)
B	CASH FLOW FROM INVESTING ACTIVITIES			
	a	Decrease (Increase) in Property,Plant & Equipment	(3,93,263.85)	(4,41,822.02)
	b	(Increase)/Decrease in Investments	-	9,938.17
	c	Decrease/(Increase) in Loans & Other financial assets Non-current Assets	1,97,728.55	(18,95,940.29)
	d	Interest Incomes	17,250.18	19,721.21
	e	Decrease (Increase) in Intangible assets	(7,202.98)	(3,449.04)
	f	Decrease (Increase) in Asset not in possesion	74.41	(706.75)
	NET CASH GENERATED FROM INVESTING ACTIVITIES (B)		(1,85,413.69)	(23,12,258.72)
C	CASH FLOW FROM FINANCING ACITIVITIES			
	a	Proceeds from Borrowing	(2,95,420.12)	21,61,019.35
	b	Proceeds from Share Capital	5,55,292.86	7,36,416.88
	c	Proceed from other equity	1,10,791.35	16,46,780.17
	d	Other long term liabilities	32,971.00	54,278.65
	e	Interest & Financial Charges	(8,38,822.10)	(6,31,442.96)
	NET CASH GENERATED FROM FINANCING ACTIVITIES (C)		(4,35,187.01)	39,67,052.09
NET INCREASE/ (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)			(99,782.94)	2,18,169.23
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR			6,23,811.15	4,05,641.92
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR (Refer Note no.09)			5,24,028.21	6,23,811.15

Notes to the Cash-Flow Statement

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

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

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

(Jitesh Grover)
Company Secretary
(Additional charge)

(A.K.Awasthi)
Chief Financial Officer

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

(Pankaj Kumar)
Managing Director
DIN - 08095154

Place : Lucknow
Date : 12-08-2022

Subject to our report of even date
For D Pathak & Co.
Chartered Accountants
FRN No. 001439C

(A. K. Dwivedi)
Partner
M.No. 071584

UDIN:
22071584ARUWGO7012

D.PATHAK & CO.
CHARTERED ACCOUNTANTS

Office : 23/4 Ka Gokhale Marg, Lucknow - 226001
(Near Madhyanchal Vidyut Vitran Nigam)
Phone : O : 0522-4009249
R : 3233017, 4048783
Cell. : 9415008181, 9335920193, 9005230260
E-mail : d_pathakco@yahoo.co.in
Website : www.dpathak.co.in

INDEPENDENT AUDITOR'S REPORT

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

Report on Consolidated Financial Statements

Qualified Opinion:

We have audited the accompanying consolidated financial statements of Uttar Pradesh Power Corporation Limited (UPPCL) (hereinafter referred to as the "Holding Company"), and its five 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) and Kanpur Electricity Supply Company Limited, Kanpur (KESCO (the Holding Company and its Subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31st March, 2022, 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 ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements")

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

a) In the case of consolidated balance sheet, of the state of affairs (Financial Position) of the Group as at March 31, 2022.
b) In the case of consolidated statement of Profit and Loss, of the consolidated **Net loss** (financial performance including other comprehensive income) of the Group for the year ended on that date;
c) In the case of consolidated cash flows and changes in equity of the Group for the year ended on that date.

Branches : NEW DELHI - 201, Chaudhary Complex, Madhuban Road,9, Veer Savarkar, Shaerpur, New Delhi-110092
DEHRADUN - 238, Vasant Vihar Phase - II, Dehradun- 248006
RAEBARELI - Prakash Nagar Road, In Front of Canal Office, Gate No- 01, Raebareli- 229001

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 and KESCO 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.

Emphasis of Matter

Considering the requirement of Standard on Auditing (SA 600) on 'Using the work of Another Auditor' including materiality, we draw attention to the following matters in the notes to the Consolidated Financial Statements:

U.P Power Corporation Ltd. Holding Company

1. Tax deducted at source Rs.56.44 Crore (Note 12- Other current Assets) includes Rs. 7.09 Crore refunds pending with Income Tax Department relating to financial year 2007-08 to 2019-20 **which needs to be reconciled and adjusted at earliest.**

2. As per information provided to us Trade payable includes Rs.135.36 Crore debit balance pertaining to M/s Rosa Power Company Ltd towards debit notes raised by the Company against which, as explained to us, stay order have been issued by Appropriate Authorities, but **which have not been reversed like other cases** as mentioned in Para no. 29 of Notes to Accounts relating to M/s Lalitpur Power Generation Company.

3. As per Para No. 41 (xvi) (c) to the Notes to Accounts, the Trade Payable does not reflect any disputed amount while aging classification incudes outstanding of Rs. 544.71 Crore **for more than three years which need review by the Management.**

4. As per Note no. 13 to the Notes to Accounts the average bulk sale tariff is computed on the basis of cost of energy purchased by the Company after prior period adjustments, divided by total quantum of energy supplied to Subsidiaries. While impact of prior period

adjustment are either restated in the purchase of power for previous year or debited to retained earnings. **Consequential impacts of aforesaid adjustments on purchase/sales of the Company are not disclosed in the Notes to Accounts.**

5. Accounting Policy No. VIII of the Company regarding power purchases was not incorporated, where final approval of the tariff by the Regulatory Commission has not been granted.

6. As per Note no. 11 (Financial Assets-Other (Current), Company has made provision for doubtful receivables @10% on Rs.2083.94 Crore which includes 1154.14 Crore relating to wholly owned subsidiaries. **Incremental provision for doubtful debts relating to wholly owned subsidiaries made during the year needs review by the Management.**

7. **The Annual Accounts of F.Y 2018-19, 2019-20 & 2020-21 are yet to be adopted in Annual General Meeting (Refer Para31 of Note - 29 "Notes on Accounts").**

Our opinion is not modified in respect of these matters

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 Board of Directors of Holding Company along with its subsidiaries 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:

a. We did not audit the financial statements / financial information of Subsidiaries namely MVVNL, PuVVNL, PVVNL, DVVNL and KESCO, whose financial statements / financial information reflect the Group's share of total assets, as detailed below, and the net assets as at 31st March, 2022, 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, 2022, 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 reproduced 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.

Name of the Companies	Total Assets as at 31.03.2022	Net Assets i.e., Total Assets minus Total Liabilities as at 31.03.2022	(Rs. in Lacs) Total Net Profit/ (Loss) as at 31.03.2022	Net Cash in Flows/ (outflows) as at 31.03.2022
Subsidiaries:				
Madhyanchal Vidyut Vitran Nigam Limited, Lucknow, (MVVNL)	4575699.82	602036.32	-204219.94	-10819.06
Purvanchal Vidyut Vitran Nigam Limited, Varanasi, (PuVVNL)	6117241.92	1241736.39	-57798.59	12885.46
Paschimanchal Vidyut Vitran Nigam Limited, Meerut, (PVVNL)	3921967.95	881437.68	-69928.52	-11492.25
Dakshinanchal Vidyut Vitran Nigam Limited, Agra, (DVVNL)	3885282.66	-15426.61	-295752.28	-5926.80
Kanpur Electricity Supply Company Limited, Kanpur, (KESCO)	550620.87	-193014.63	-21545.31	-18073.60
Total				
CFS Adjustment		0.00	106380.01	0.00

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 except for MVVNL and PVVNL (kindly refer relevant Para mentioned under "***Report on other legal and regulatory Requirements***") 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 D Pathak & Co.
Chartered Accountants
FRN: 001439C

(A K Dwivedi)
Partner
M No.: 071584
UDIN: 22071584ARUWGO7012
Place: Lucknow
Date: 12/09/2022

Annexure I to Independent Auditors Report

(As referred to in "Basis of Qualified Opinion" paragraph of our audit report of even date to the members of U.P. Power Corporation Limited on the Consolidated Financial Statements of the Group for the year ended 31st March, 2022)

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:

A. Uttar Pradesh Power Corporation Limited (UPPCL)

1. There are certain very old debit balances in Trade Payable Account amounting to Rs.1029.12 Crore which remains unadjusted and unreconciled during the year by the company. We have also observed that these debit balances are deducted from Trade Payables Account instead of clubbing it with Advances to Suppliers/Sundry Receivables. This has resulted in to understatement of Trade Payables and Advance to Suppliers/Sundry Receivables. Further, based on the explanation and information furnished by Management, **we are of the opinion that a provision for Rs. 889.70 crore should be made in accounts since these outstanding balances are more than 10 years old.**

2. We have observed that Other Advances for Rs.173.06 Crore outstanding since many years, have not been reviewed and reconciled during the year. It includes Rs.126.97 Crore as a commitment advance for share in generation in Ultra Mega Power Project. As per information and explanation given to us, Company has decided to opt out of these projects due to closure of the projects and requested Nodal Agency (PFC) for status of return of money. **Hence, pending such reconciliation and review by the Management, impact on the Accounts is not determinable at this stage.**

3. (a) As per Para 16 of Note – 30 "Notes on Accounts" Contingent Liability incudes power purchase of Rs.10083.93 Cr. against which sufficient and appropriate documentary audit evidence in respect of Contingent Liabilities and its current status was not provided to us. It has also been explained to us that Contingent Liability for power purchases also includes various disputed liabilities which have not been accurately quantified/disclosed in Notes on Accounts. In absence of systematic reporting, proper records/quantification of pending disputes, suits and claims against the Company, including its present status, **we are not in a position to comment on accuracy of Contingent/Disputed Liabilities as reflected in the "Notes on Account".**

   (b) On test check, it was observed that in petition no. 1565/2020, UPREC has vide its order dated 16.06.2021 approved an amount of Rs. 7244.65 Crore to be deposited in RPO Account/Fund against which Contingent Liability of Rs. 737.11 Crore have been disclosed only. As per information/explanation given to us, the issue has not yet been settled by the appropriate authorities. **In view of above and in terms of directives issued by Uttar Pradesh Electricity Regulatory Commission corresponding liability has not been disclosed.**

4. Company has made a provision for impairment of investment in Subsidiaries, associate and others [Note-5 except Para II (b) Bonds] on the basis of Net worth of Investee Subsidiaries as on 31st March, 2022 (Refer Para 28 of Note – 30 "Notes on Accounts"), **which is not in accordance with Ind AS 36 Impairment of Assets. Further Provision for impairment relating in Investment in Uttar Pradesh Power Transmission Corporation Ltd has been made based on Unaudited Financial Statements, which has not even been adopted by its Board of Directors.**

5. Loans and Other Financial Assets (Note-6), Trade Receivables-Others (Note-8), Financial Assets-Others - Employees, Others (Note-11), Other Current Assets - Suppliers & Contractors and UP Power Sector Employee Trust (Note-12), Financial Liability-Trade Payables (Note-18), Other Financial Liabilities (Current) –except Current maturities of long-term borrowings and Interest accrued but not due on borrowings (Note-19) includes certain old balances under various heads of assets and liabilities **which are carrying over since last so many years and have not been reviewed/reconciled during the financial year.**

   As informed to us, above heads include balances transferred from transfer schemes, reconciliation and confirmation for the same has not been done by Company which needs to be reviewed/reconciled and suitably adjusted in the books of accounts. Major Balances includes Other Unclassified Revenue Rs. 330.25 Crore. (Current Liabilities, AG Code No. 46 9(Dr), Unit No 991), Securities from Suppliers, Rs. 5.19 Crore (Sundry Receivables-Other Current Assets, Unit No. 396), UI Charges Pool A/c, Rs. 305.74 Crore outstanding for more than 3 years (Financial Assets – Other (Current), Note No-11, Unit no. 330) and Reactive Energy Charges Rs. 92.18 Crore outstanding for more than 3 years (Financial Assets – Other (Current), Note No-11. Unit No. 330) respectively. In absence of details, we **are not in a position to comment on its impact on losses, if any of the Company.**

6. Purchases as per Note No-22 for Rs. 55152.12 Crore, includes Sales to Indian Energy Exchange for Rs. 2075.19 Cr, **which has resulted into reduction/understatement of Purchases and consequent understatement of Sales of Energy** (Note No-20, Revenue for Operation).
   On test checks basis and as per information and explanation provided to us, it was observed that bills relating to procurement of Energy received from various generating companies amounting Rs 201.89 Crore which also includes bills pertaining to previous years have not been accounted for. **In absence of details and complete information given by management, we are not in a position to comment on its financial impact.**

7. (a) Note no. 12 (Other Current Assets) includes Rs. 25.04 Lacs receivable against Fringe Benefit Tax, **which is being carried over since last so many years for which necessary provision needs to be made in the accounts.**

   (b) Para no. 41(xvi)(a) to (Notes to Accounts) Capital work in progress includes Rs. 17.00 Lac **outstanding for more than 3 years for which no details are available needs to be provided for in the Accounts.**

   (c) Company has not filed form MSME-1 and CSR-2 with Registrar of Companies .

(d) Disclosure of nature of charges created with ROC against working capital borrowings has not been disclosed in the Note No. 17 of the Financial Statements.

8. Maintenance of Proper Books of Accounts:

The company has system of maintaining various sectional journals wherein vouchers relating to day-to-day transactions are recorded in these Sectional Journals. The existing systems of balancing cash book on the monthly basis and posting in different sectional journals to summaries and from summaries to monthly trial balances. In our opinion, System is not adequate enough to give financial position of different account at any given time in an organized manner. It was observed that the maintenance of party-wise subsidiary ledgers and its reconciliation with primary books of accounts i.e., cash book and sectional journals are not proper and effective.

9. Employee benefit expenses (Note- 23), Administrative, General & Other Expenses (Note-26), and Repair & Maintenance Expenses (Note- 27) have been allocated among Subsidiaries and other power sector companies owned by the Go UP (i.e., UPPTCL, UPRVUNL & UPJVNL) on the basis of data / information (i.e., units of power sold to Subsidiaries DISCOMs, no. of employees, area occupied) related to the financial year 2020-21, instead of financial year 2021-22. (Para 27 of Note- 30 "Notes on Accounts").

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

a. Purchase of power

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

- Generation based Incentives (GBI) receivable from IREDA amounting to Rs 977.33 lakhs (Previous Year Rs. 1230.00 lakhs) is subject to confirmation and reconciliation/Consequential adjustment if any. (Unit#330 EIE&PC)

- The zone has received interest amounting to Rs.76,68,44,549/-and TDS of Rs.76,68,452/- have been deducted there from. But the amount of interest has been netted off from the purchase cost in the books. Purchase cost and interest income has, therefore understated to the extent of Rs 76,68,44,549. (Unit#330 EIE&PC)

b. Other Liabilities and Provisions

The balance confirmation of the Security deposit in Lieu of BG (46 102A) was not provided to us and we were informed that the balance confirmation is under Process. **#Units330 – EIE&PC.**

c. **Provision for Late Payment Surcharge.**

As reported by Branch Auditor, there is no proper system to compute the late payment surcharge payable to various power suppliers. We are, therefore unable to comment on the amount of overstated profit/understated loss of the zone for the financial year 2021-22 on account of provision of late payment surcharge.

d. The Electricity Import Export & Payment Circle Unit of the Zone has accrued interest to the tune of RS. 2246.45 lakhs during the Financial Year 2021-2022 (Previous Year- RS. 1954.55 lakhs) against advance provided to Noida Power Company Limited. However as explained to us the interest is being accrued for an amount of advance paid for supply of power, further no other details including the actual amount of advance paid and status of the transaction including its recoverability was provided to us. Recognizing it as an income when the recovery is uncertain is in contravention to Ind AS 115. In the absence of proper details and information, we are unable to quantify the amount of same and its consequential impact on financial statement. **(Unit#330 EIE&PC)**

e. The company has entered in to arrangement with MPPMCL for 18.15 MW share in the project of Rajghat HPP at an equity contribution of Rs.66.74 Crore which works out to 40.32% share in the total cost of capital of Rs.165.50 crore, however the unit is unaware of the existence of the equity contribution paid Rs 10.00 crores in July 1997, Rs.26.50 crore in October 1998 and Rs 29.00 Crores in October 1999 and Rs. 1.24 crores adjusted against receivable from MPPMCL, therefore in absence of information and adequate explanation we cannot comment upon it.

f. **Late payment surcharge Receivables**

The Zone has unadjusted late payment surcharge / Penal Interest amounting to Rs 7045.94 lakhs (Previous Year Rs 7045.79 lakhs) till the 31st March, 2022, as explained the unit has not identified the late payment surcharge upon receipt of fund and the process is under reconciliation, hence we cannot comment upon it. (Unit#330 EIE&PC)

B. Common observations in Audit Report of Subsidiaries

1. Trade Receivable on account of supply of Power:

It has been reported by Statutory Auditors of Subsidiaries that there are substantial differences in the amount shown as recoverable in the books of concerned zones as well as data available on the online billing system and realisability of the Debtors are not satisfactory. It was suggested that the provisions of IND AS 109 requires the provision for doubtful debts to be made by measuring 'expected credit losses" which are to be ascertained based on expected recovery and probability of defaults. The resultant impact of the non-compliance of IND AS 109 on the total provision for doubtful debts is not ascertainable at this stage in absence of complete details. Brief observation on above issue Subsidiaries wise are reproduced below:

(i) Dakshinanchal Vidyut Vitran Nigam Ltd.

a) Total debtors as at 31.03.2022 as per Financial Statements is substantially un-reconciled with the debts outstanding as per billing software by Rs. 4,36,9.05 Crore. As the matter is outstanding since long period of time, appropriate provisioning should be made.

b) It has been suggested by Subsidiaries's Auditors that 100% provision should be made on permanent disconnected non-government consumer outstanding for more than 3 year old and Live Non-government consumer outstanding for more than 5 year old against present policy of making provision @25% on outstanding's for more than 3 years old. Even there is a difference of Rs.428.43 Crore between the sale figure reported during 2021-22 between books of Accounts as well as billing software in case of Dakshinanchal Vidyut Vitran Nigam Ltd. It is therefore suggested that Management should get the differences reconciled at earliest through an Integrated Software.

(ii) Madhyanchal Vidyut Vitran Nigam Ltd.

a) Party Consumer wise (Debtor from sale of Power) details were not available at the zones in support of balances of 'Trade Receivable (Current)' as appearing in Note 5. Further, reconciliation of outstanding balances of consumers as per consumer ledgers maintained by the billing agencies and the balances appearing in the books of account of concerned zones has also not been done.

b) There are differences in sundry debtors as per billing ledger and amount shown in trial balance as the sales is booked on assessment basis and amount credited to sundry debtors on the basis of actual receipts. Further, credit balances of Rs. 60,054 lakh were reflected in 22 units of Ayodhya zone due to wrong classification of accounting entries in MTB.

c) The segregating and ageing of 'Trade Receivable (Current)' as per para 29(B)of note 1B have been made on the basis of online billing data provided in excel form. However, in many cases, the same did not match with the amounts shown as recoverable in the books of concerned zones and was subject to reconciliation.

Further in 'LESA Trans Gomti' zone, the differences between figures of books of account and 'online billing data' have been classified as 'more than 3 years'.

Thus making provisions on fixed percentages basis of total debtors as per ageing without taking into account their actual recoverability, is not in conformity with the applicable provisions of IND AS 109. The resultant impact of the non-compliances of IND AS 109 on the total provision for doubtful debts is not ascertainable at this stage in absence of complete details.

In addition, the provision on doubtful debts has been short provided to the extent of Rs. 272.55 Crore 'LESA CISS' zone resulting in overstatement of debtors and understatement of losses to that extent.

(iii) **Purvanchal Vidyut Vitran Nigam Ltd.**

a) **Trade Receivables**

- Customer-wise and age-wise break-up of trade receivables is not available. The age-wise breakup of trade receivables given in Notes to Accounts does not match with trade receivables outstanding in Balance Sheet.

- There is a staggering increase in the level of trade receivables from year to year. As per age-wise breakup of trade receivables provided by the Company, against total revenue from Sale of Power of Rs. 12424.70 Crore, total outstanding trade receivable for 1 year and less is Rs. 9242.59 crores, which shows that the realization of trade receivables is very poor. Further, total Trade Receivable outstanding at the year-end is Rs. 36205.01 Crore which is higher than cumulative figure of last 2 years revenue from sale of power. It is not feasible to identify and quantify the amount which is unrecoverable but it needs a serious perusal and provision.

It has also been observed that while going through the Consolidated Financial Statements, there is difference of Rs. 653.34 Crore approx between total Trade Receivables as mentioned in Note No. 10 of CFS and total amount reflected in age wise breakup of total Receivables as per para no 41(a) to Notes to Accounts. On perusal of the Age wise analysis of Trade Receivable, it was observed that a sum of Rs. 64256.49 Crore is outstanding for more than 3 years, which constitute 61% approx of Total Debtors of Group. Group has not analyzed the doubtful position of Debtors based on the ground realities of its recoverability including Permanent/Temporary disconnections, Disputed bills and outstanding for more than 5 years etc. Company has not disclosed any disputed outstanding in the Notes to Accounts which does not seem to be real position.

In view of above we are of the view that the Company should make appropriate provisions considering the requirement of expected losses as envisaged in IND AS 109 after reviewing the Policy. However Financial Impact of the short provision cannot be determined at this stage.

2. Non-Provision of Old Balances

As per report of Subsidiaries' Auditor's there are certain Old balances which have not been reviewed since long. Summarized position of major balances Subsidiary-wise is reproduced below:

(i) **Dakshinanchal Vidyut Vitran Nigam Ltd.**

AG code-28 (Transfer scheme balances)	Rs. 12.22 crore(Debit Balance)
AG code-28.809 Other Receivable (Consultancy Charges) under DDUGJY scheme	Rs. 9.69 crore(Debit Balance)
AG code-46.930, Labour Cess	Rs. 13.66 crore (Debit Balance)
UPRVUNL	Rs. 0.95 crore(Debit Balance)
UPPTCL	Rs. 7.35 crore(Debit Balance)

Old Balances transfer from Transfer Schemes:

Zone	AG code	Name	Amount (Dr. Balances)(Rs. In Crore)
Aligarh	28.744	Theft of Cash	0.16
Kanpur	23.IIOC	KESCO	603.93*
	23.114	Bulk Supply to KESCO	209.96*
	23.707K	Other Recovery From Consumer	122.06

***Above balances are not reflected in the books of Subsidiaries (KESCO). Consequently, it is not reflected in the Related Party outstanding and inter-company transactions are not reconciled to that extent.**

(ii) Madhyanchal Vidyut Vitran Nigam Ltd.

a) In many cases at Ayodhya zone and head office, party wise breakup, ageing of outstanding amounts, actual nature of transactions and reconciliation/balance confirmation from the parties under following major heads were not available for verification:

Account Head	Amount (Rs. In Crore)
Liability for capital suppliers-works	550.52
Deposit & Retention from suppliers	119.36
Advance to Suppliers	105.53
Liability for O & M supplies/works	13.94
Deposit payable	79.22
Sundry Liabilities	74.81

b) It was noted that the following balances pertaining to various zones are outstanding in the books of Head Quarter which have not been identified, reconciled and transferred to the respective zones.

Account Head	Amount (Rs. In Crore)
Other Liabilities and Provisions	107.59
Provision for depreciation	669.32
Stock Related Accounts (net)	11.28
Deposit for Electrification	35.04
Other Loans and Advances	26.72
Capital Work in Progress	(4.61)
Other Recoveries	(52.59)

In absence of proper explanation, complete details and reconciliation thereof, the resultant impact on the accounts of the company, if any, could not be ascertained.

(iii) Purvanchal Vidyut Vitran Nigam Ltd

There are huge debit balances in Liability side for Rs. 572.12 Crore which have not been reviewed and adjusted. Major Breakup of which is reproduced below:

AG Code	Account Head	Amount (Dr. Bal.) (Rs. in crore)
42. 1	Liability for capital Suppliers	62.94
42.01		35.03
46.101	Other Liabilities	104.88
46.2		105.46
46.922		140.33(Advance Sale of Scrap)
46.94101		20.16
46.94102		19.88
54.8905	Loan form State Govt. for other projects	46.61

(iv) Pashcimanchal Vidyut Vitran Nigam Ltd.

AG Code	Account Head	Amount (in Crore)
28.240 & 28.250	Other Current Assets	7.23 Crores

In Moradabad Zone

AG Code	Account Head	Amount (in Crore)
25.5	Advance to Suppliers	19.79
28.401A	Misc. Advance	2.83
28.401B	(Cash) and (Stock)	1.76
28.899	Misc. & Other Receivable	3.01(Credit Balance)

In Bulandshahar Zone

AG Code	Account Head	Amount (in Crore)
28.411	Amount Recoverable from Non-Board Employee	1.73

3. Cash & Bank Balances

Subsidiaries's Auditors have reported various deficiencies in Internal Control System in preparation of bank reconciliation statement which are reproduced below:

(i) Dakshinanchal Vidyut Vitran Nigam Ltd.

The Company internal control system over reconciliation of bank accounts was not operating effectively. These could result in misstatement in the Company's bank balances. We have observed substantial differences in balance as per bank vs. balance as per cash book.

(ii) Madhyanchal Vidyut Vitran Nigam Ltd.

(a) Bank reconciliation statements at some of the divisions/units have not been prepared and various old un-reconciled entries amounting to Rs. 120.38 Crore are appearing in the bank reconciliation statements in various units since long periods which require adjustments and appropriate accounting in the books of account.

(b) In Ayodhya zone (EDD-1 Gauriganj), bank balance of Rs 631.93 Lacs is reflected in MTB but the concerning bank account had already been closed.

(iii) Purvanchal Vidyut Vitran Nigam Ltd

(a)As reported by the Zonal Auditors, though BRS has been prepared, a long list of outstanding entries are being carried forward from last many years and even the uncashed/ stale cheques and other entries pertaining to revenue accounts have been shown outstanding and not accounted for in the cash book. Also, the cumulative amount of such entries is in several crores. There are many entries which has been wrongly debited by the bank twice which has not been rectified by the bank.

(b)The Zonal Auditors have observed that in few Divisions the Bank has not been properly reconciled and revenue bank balance in the cash book is negative.

(iv) Pashimanchal Vidyut Vitran Nigam Ltd.

Bank Reconciliation Statement (BRS) in respect to bank accounts in some divisions contains outstanding of earlier years entries, which includes stale cheques, uncashed cheques, other debits and credit, which requires special attention of the management for necessary adjustments. In case of Ghaziabad Zone out of total uncashed cheques of Rs.120.36 Crores, most of the cheques have become stale. Further, out of total other credits of Rs.77.50 Crores, most of the entries are old entries, which also consist entries of more than 10 years old, in support of which, no record/details are provided for verification and further comments.

Bulandshahar Zone

EDD – III, Bulandshahr is having two bank accounts with State Bank of India. One Account having balance Rs. 630965.38 as per revenue cash book and other bank account having balance Rs. 304362.50 as per Expenditure Cash Book but no bank statement was obtained from the bank therefore these accounts were not reconciled. Opening balance and closing balance in these accounts are same. The proper reconciliation may significantly impact the trial balance.

(v) Kanpur Electricity Supply Company Ltd.

Incidental and other charges debited by various banks upto 31.03.2022 amounting to ₹ 31,89,978/- have neither been accounted for in books of accounts nor shown as a Contingent Liability.

4. Capital Work in Progress

Subsidiaries Auditors have reported absence of proper details of capital WIP including correct age wise classification. Subsidiary wise observations are reproduced below:

(i) Madhyanchal Vidyut Vitran Nigam Ltd.

(a) Capital work in progress includes Advance to Supplier/Contractor (including material issued as advance) of Rs. 319.57 Crore (PY Rs.1559.81 Crore) instead of showing them separately under the head other current assets. This presentation of capital advances Is not in accordance with the schedule III of the Companies Act and hence, Capital work in progress is overstated and Other Current Assets are under stated to the said extent.

(b) At Ayodhya Zone a sum Rs. 832.78 Crore has been capitalized during the year and revenue expenses of Rs. 88.55 Crore has been capitalized for which completion certificates of capital work completed were not available

(ii) Dakshinanchal Vidyut Vitran Nigam Ltd.

(a) Capital work in progress not recognized of Rs. 3.27 Crore, under the head AG code 46.2 ADB project scheme, other deposit payable having debit balance.

(b) The Company did not have an appropriate internal control system for making assessment of completion of Capital Work in Progress (CWIP), which could potentially result in material misstatement in Company's CWIP and Fixed assets balances due to capitalization of completed projects.

(c) Opening debit balance of Rs. 265.05 Lakh in "capital expenditure (works) in progress" under EXECUTIVE ENGINEER (ADMN.) which is grossly unidentified/un-reconciled item of financial statement, capitalised in computer & printers during the current year, without recording nature, reasons of outstanding till now and capitalising in current year.

(iii) Purvanchal Vidyut Vitran Nigam Ltd.

(a) Age-wise breakup of Capital work in progress and its status, situation and condition not available for verification.

(b) Capital work in progress includes advance to Suppliers/ Contractors (Capital) amounting to Rs. 550.81 Crores. As reported by the zonal auditors, name and age-wise of the same is not available, hence we are not able to comment upon the same.

(iv) Pashimanchal Vidyut Vitran Nigam Ltd.

(a) The company has disclosed age wise details of CWIP, which is incomplete in absence of details of Advance to Capital Supplier/ Contractors. Moreover, details of CWIP, whose completion is overdue or has exceeded its cost compared to its original plan is not disclosed as per the requirement of amended schedule iii of the Companies Act 2013. No documents / calculations and methodology opted for this purpose is provided to us for our audit. In the absence of its complete details and audit trail thereof with appropriate audit evidences with the company, we are not in a position to comment up on the correctness of the same and its consequential impact on the financial statements. (Refer to note 3 of financial statements and point no 43 of notes on accounts)

(b) On our scrutiny of AG no. 11 of Trial Balance, in respect of "Other Capital Expenditure/Fixed Assets" of Rs. 9.26 crores, no detail/information/explanation is provided by divisions for our verification and further comments.

Group should devise proper monitoring system to have complete details including age-wise analysis and progress of Capital WIP. Capital work in progress include advances to suppliers/contractors for capital work Rs.1292.69 Crore which should be classified in Non-Current-Other assets as per guidelines contained in schedule-III to the companies Act, 2013, hence capital work in progress is overstated and Non-Current-Other assets is understated to that extent.

5. Inventories

Inventory which includes stores and spares for capital works, operation and maintenance and others is valued at cost. 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 Rs.1576.30 Crore should be classified as part of Property, Plant and Equipment and recognised, measured and disclosed in accordance with Ind AS 16 Property, Plant and Equipment. Further, the company has not formulated any accounting policy in respect of provision for unserviceable stores & spares and slow-moving stores.

Major comments observe by Subsidiaries Auditors are reproduced below:

(i) Dakshinanchal Vidyut Vitran Nigam Ltd.

The Company did not have an appropriate internal control system for valuation of inventories, which could potentially result in material misstatement in the Company's inventories balances.

(ii) Madhyanchal Vidyut Vitran Nigam Ltd.

(a) Ageing of inventory was not done and obsolete items were not identified and adjusted in the books of account in some cases. Further, in respect of inventories of Rs. 398.87 Crore in Ayodhya zone, inventory records, item wise details of inventory and its valuation (except inventory worth Rs. 132.31 Crore valued by a professional firm) were not available.

(b) We draw attention to note 3(V) (a) of the accounting policy stating that store and spare are valued at cost which is not in accordance with IND AS 2 which provides for valuation at lower of cost and net realizable value.

(c) Provision for Unserviceable store of Rs. 41.22 Crore as appearing in Note 4-Inventories continues since 2012-13 despite substantial increase in level of inventory to Rs. 1027.08 Crore in 2021-22 as against Rs. 229.99 Crore in 2012-13. In absence of complete details, we are unable to comment on the adequacy of provision on this account and its impact on financial statements.

(iii) Purvanchal Vidyut Vitran Nigam Ltd.

(a) The Company has carried out valuation of stores lying at store divisions as on 31/03/2022 by an independent Firm. As per Zonal Auditors' Report, the physical verification of stock and its valuation has not been done in any other division of the zones other than store divisions. This practice is in deviation of Ind AS -2 "Inventories" issued by the Institute of Chartered Accountants of India (ICAI).

(b) Stock shortage/ excess pending investigation amounting to 95.71 Lacs are outstanding as on 31/03/2022. In absence of proper information, we are unable to comment upon its nature and proper accountal.

(c) No movement analysis is available to categorize fast moving, slow moving, non-moving and dead stock items.

(d) No provision for obsolete, unserviceable stores and spares has been made. An old provision amounting Rs. 62.97 Crores is lying against obsolete stores since 2003 under Final Transfer Scheme.

(e) There is no system for identification of scrap and its valuation at fair value.

(iv) Pashimanchal Vidyut Vitran Nigam Ltd.

(a) Inventory includes scrap material valuing of Rs. 834.78 lacs, against which only 10 percent provision i.e. Rs.8.35 lacs for unserviceable store has been made in the accounts, while as per IND AS 2, it should be valued at its Net Realizable Value. Accordingly, the impact of non-compliance of the above IND AS on the financial statements is not ascertainable.

(b) Liability for Material received on loan by the Company amounting to Rs. 72.73 lacs from Purvanchal Vidyut Vitran Nigam Limited (AG 22.730) is finally adjusted with Material Stock Account (AG 22.60), resulting no Liability and stock for Rs. 72.73 Lacs is shown in the Balance Sheet of the Company as on 31st March, 2020, as on 31st March, 2021 and as on 31st March, 2022' in respect of above transaction. This has resulted in understatement of both Other Current Liability and Inventory by Rs. 72.73 lacs. Also, no confirmation has been received from Purvanchal Vidyut Vitran Nigam Ltd. regarding the same. (Refer to in Note No. 4 of Financial Statements).

(v) Kanpur Electricity Supply Company Ltd.

(a) The closing value of Inventory taken in Financial Statements is after adjusting the effect of price variation and others, the amount shown in the SAP (ERP) system is yet to be updated.

(b) According to the information and explanations given to us, stores and spares (inventory) lying with the third parties i.e. 'Advance to Capital Contractors' of ₹ 6056.41 lacs grouped under the head 'Capital Work in Progress'(Refer Note No. 3 of "IND AS FS") and 'Advances Recoverable in Cash or in Kind for value to be received' of ₹50.80 lakhs grouped under the head 'Other Current Assets'(Refer Note No. 10 of "IND AS - FS") are accounted for on the basis of consumption statements received in this regard. However, no confirmation and reconciliation of the said inventory lying with the said third parties has been done at the year end. Due to non-furnishing of complete information in this regard, the financial impact on the 'Inventories' under 'Current Assets' as well as on the 'Loss' of the Company is not ascertainable

6. Property Plant & Equipment

As mention in the Audit Report of Paschimanchal Vidyut Vitran Nigam Ltd., Company has not treated the cost of Transmission Bay as Intangible Assets, instead clubbed it with Property Plant & Equipment. Which has resulted into understatement of Intangible Assets and Overstatement of Property Plant & Equipment. Consequently depreciation has been charged and no amortization cost has been debited to Profit & Loss Account, Financial Impact of the same cannot be ascertained at this stage. Similar Accounting treatment has been done by following Subsidiaries as per details given below:

Name of Subsidiaries	Net Block as on 31.03.2022(Rs. In crore)
PVVNL	35.57
PUVVNL	40.46
MVVNL	MVVNL has not separately disclosed the cost of transmission bay nor reproduced the details where it is clubbed.
DVVNL	48.17
TOTAL	124.20

7. Non Provision of Expenditure/Losses

Group has not provided for Expenditure/Losses as reproduced below:

(i) Madhyanchal Vidyut Vitran Nigam Ltd.

(a) The provision on doubtful debts has been short provided to the extent of Rs 272.55 Crore 'LESA CISS' zone resulting in overstatement of debtors and understatement of losses to that extent.

(b) Advances to suppliers amounting to Rs 184.28 Crore at the HO level are outstanding since more than 7 years. It also included Rs 40.61 Crore for which even party wise/ date wise details were not available with the concerned unit. No documentary evidence or explanations were made available to us regarding the recoverability of these amounts. Accordingly, in our opinion, these amounts are doubtful of recovery and provision should have been made against these advances.

Non provision of these amounts has resulted in overstatement of advances and understatement of losses for the year by Rs 184.28 Crore.

(ii) Pashcimanchal Vidyut Vitran Nigam Ltd.

(a) The Municipal Corporation has issued a demand notice of Rs.12.64 Crore towards house tax and annual tax of substation, no provision has been made pending determination & assessment/neither it has been disclosed in the Contingent Liability.

(b) Revenue booked under theft cases under the head AG 61.601 Rs.9.75 crore (Previous year Rs. 15.14 crore) is based on the provisional assessment. No provision has been made against unsettled cases.

(c) There is a very old case of cash theft in EDD Chandpur of Rs. 3.10 lacs for which the insurance company has denied to acknowledge any kind of claim, due to which Branch Auditor of Moradabad Zone has suggested to make a provision of the same in the financial statement of the company. But the company has not made any provision for the same amount. Therefore, the loss of the year is understated by Rs. 3.10 lacs.

(d) 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 statement is not ascertained.

(8) **Subsidies Received under Atmnirbhar Bharat Scheme.**

Group has shown Rs. 16940.00 Crore Subsidy Recievable from U.P Government as Non Current Assests Note No.8 towards Atmnirbhar Bharat Scheme which is receivable in 10 years as per G.O. no 445-1-21-731 (Budget)/2020 dated 05.03.2021 of Govt. of U.P. The corresponding amount is credited in "Other Equity" (Retained Earnings). Considering the principle of Revenue Recognition and IND-AS-20, Subsidy should be accounted for on annual basis based on the Budget provision/release subsidy by the Govt. of Uttar Pradesh. In view of above, subsidy receivable as mentioned in Non-Current assets is overstated and Other Equity (negative) is understated to that extent.

(9) **Non Reconciliation of Inter Unit transactions.**

Inter unit transactions amounting Rs.2113.26 crore (Note No. 13- Other Current Assets), are subject to reconciliation and consequential adjustments.

(10) **Non-Compliances of Ind AS.**

(a) Financial Assets- Financial Assets-Other (current) (Note-12), Other Current Assets (Note-13), Financial Liabilities-Trade payable (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, classifying them as 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 Income Tax, Interest on Income Tax & trade tax/GST, interest on loans to staff and other items of income

covered by Significant Accounting Policy no. 2 (c) of Note–1 has been done on cash basis. This is not in accordance with the provisions of Ind-AS-1 Presentation of Financial Statements.

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

(d) Accounting for Employee Benefits: Actuarial Valuation of gratuity liability of the employees covered under GPF scheme has not been obtained. (Refer Para 14 (a) Note – 31"Notes on Accounts"). This is inconsistent with Ind AS 19 Employee Benefits. Relevant disclosure regarding actuarial valuation of gratuity has not been made for any subsidiaries which are in contravention of Ind-AS-19.

(e) The Financial Assets (Note No.6,7,8,,10, and 12) have not been measured at fair value as required by Ind AS 109 Financial Instruments and proper disclosures as required in Ind AS 107 Financial Instruments: have not been done for the same.

(f) As per Note no.30 Bad Debts & Provisions, the reversal of provision for doubtful Advances (other current Assets –Receivable)amounting Rs 188.03 lac have been net-off which is not in accordance with provisions of Ind-AS-1 "Presentation of Financial Statements".

(g) Group being a regulated entity has not accounted for "Deferral Accounting Balances" as envisaged by Ind AS 114 and not made any disclosure for its non-compliance.

(h) As per the opinion of the Company, there is no specific indication of impairment of any assets as on the balance sheet date. However, we have not been reproduced with the evidence of carrying out any exercise by the Company to determine the impairment, if any, of any asset.

(11) <u>Other Non-Compliances of Statue</u>

(a) Subsidiaries have not identified the Accounts relating to Micro Small and Medium Scale Enterprises (MSME) and not disclosed the amount payable to them along with interest, if any and other requisite details in the Notes to Accounts as required by Schedule III to the Companies Act, 2013 as well as MSMED Act, 2006.

(b) Unbilled revenue Receivable has not been disclosed in the Notes to Accounts except DVVNL. Similarly unbilled Trade Payable has not been disclosed except UPPCL (Holding Company) as required by Schedule-III of Companies Act, 2013.

(c) Group has not made necessary disclosures as required by notification dated 23rd march 2022, issued by the Govt. of India, Ministry of Corporate affairs relating to Amendment in the companies (Indian Accounting Standards) Rules 2015.

(d) As per report of Subsidiaries Auditors, following non-compliances under Companies Act, 2013 have been reported by respective Auditors of Subsidiaries.

(i) Dakshinanchal Vidyut Vitran Nigam Ltd.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has made private placement of 1,92,15,267 shares amounting to Rs. 1,92,152.67 Lakh during the year and the requirement of section 42 relating to filing of return of allotment of companies act 2013 have not been complied with and the fund raised have been used for the purposes for which the funds were raised.

(ii) Pashcimanchal Vidyut Vitran Nigam Ltd.

Shares application money pending allotment as at the opening of the year amounting to Rs. 34171.27 lacs and shares application money received during the year amounting to Rs. 1,64,937.69 lacs out of which Rs. 29,772.85 lacs and Rs. 11,321.41 lacs respectively were allotted after the expiry of 60 days from date of receipt of share application money. Besides, Rs. 1,46,217.17 lacs were appearing as share application money pending allotment as at the end of the year under audit. Out of the same, shares for Rs. 50,581.93 lacs were also allotted after the expiry of 60 days and balance amount Rs. 95,635.24 lacs are lying outstanding for allotment till date of our audit.

(iii) Kanpur Electricity Supply Company Ltd.

As per MCA data the Company is an active non-compliant company. Further, the master data of the company revealed following:

(a) Charges column disclosed in the Company Master Data includes old satisfied charges.

(b) There is no full-time company secretary and Chief Financial Officer in accordance with the requirements of Section 203 of the Companies Act, 2013.

(c) The Company has not complied with the Order date 22.01.2019 issued under section 405 of the Act, in respect to filling of MSME Form I.

C. Specific observations in Audit Report of Subsidiaries

1) Pashchimanchal Vidyut Vitran Nigam Ltd.

Balance outstanding to/from outside parties

(a) As referred in Note 8 to the financial statements, receivables from Uttar Pradesh Jal Vidyut Nigam amounting Rs. 83.20 and Rs. 3500.54 lacs from Uttar Pradesh Power Transmission Corporation Limited are shown under Current Assets, which are outstanding for more than 12 months. As a result of this, other current assets are overstated and other Non-Current assets are understated by Rs. 3,583.74 lacs.

(b) Fraud Cases

Subsidiaries Auditors of Pashchimanchal Vidyut Vitran Ltd have reported various fraud cases outstanding as on 31.03.2022 for Rs. 15.50 Crore, as per para no 34 of Notes to Account for which matters are under investigation. But accounting treatment for the same including provision for losses is any not been disclosed by the management.

(c) There is short security deposit amounting to Rs.1.59 Crore as on 31.03.2022 in 13 cases of large and heavy consumers.

(d) Tax Collected at Source (Asset) amounting to Rs. 1201.49 lacs and Tax Deducted at Source (Asset) amounting to Rs. 800.39 lacs are not reconciled with amount Rs. 867.32 lacs as shown in 26AS of the company. Management has informed that the balances shown in the books of accounts reflect pending refund amount of TCS. We have relied upon the same. (Refer to Note No. 9 "Other Current Assets" of the financial statements).

Conversion of Loan into grant of RAPDRP Part A and Part B

(a) GOI Loan of RAPDRP Part A of Rs 1,97,54,00,000.00 (along with accrued interest thereon of Rs.78,70,88,365.00) has been converted in to grant in the FY 2021-22. The management informs us that the conversion is done as per scheme guidelines and the approved procedures by the competent authority (MOP). But no calculations and methodology of conversion is provided to us in the absence of its complete details, calculations and methodology thereof with appropriate audit evidences by the company, we are not in a position to comment upon the correctness of the same. (Refer to note 12 of financial statements and point no18(b)(i) of Notes on Accounts)

(b) GOI Loan of RAPDRP Part B of Rs 1,38,00,13,118 (along with accrued interest thereon of Rs 31,93,26,428) has been converted in to grant in the FY 2022-23 (As per letter no 77744 dated 08.07.2022 of PFC Ltd,).The company has made provision of the interest which is not converted in to grant of Rs 2,23,49,61,302.00 in the books of FY 2021-22. However, in the absence of its complete details, calculations and methodology thereof with appropriate audit evidences with the company, we are not in a position to comment upon the correctness of the same. (Refer to note 12 & 14 of financial statements and point no18(b)(ii) of Notes on Accounts)

(c) Under the AG head (75A.860) Rs. 3475.46 lacs & (75B.860) Rs. 565.37 lacs CPF Employer Contribution and AG head (44.621) Rs. 17146.08 lacs CPF Employer (Including Liability on account of loss distributed by UPPCL) Share should be matched with each other but having difference of Rs.13,105.25 lacs, accordingly the impact on the financial statements is not ascertainable.

(d) **Moradabad Zone**

As per Accounting policy, the Company is following the Accrual basis of Accounting subject to expenses pertaining to earlier years of Rs. 1,33,33,336.95 (List A) debited to current year expenses. In respect of work expenses, payments made during the year booked to current year books of account irrespective of the period when the said work was done.

2) **Dakshinanchal Vidyut Vitran Nigam Ltd.**

(a) In the preceding financial year 2020-21, company has added Rs. 8083.37 Crore on account of UDAY Scheme directly to surplus in statement of profit and loss under the head 'Other Equity' instead of dealing as prior period item in Profit & Loss of Preceding financial year of FY 2020-21 making the comparative figures of preceding year non-comparable.

(b) Fixed Asset should be recognised of Rs. 9.66 Crore under the head AG code 46.2M under SAUBHAGYA Scheme, other deposit payable having debit balance.

3) **Purvanchal Vidyut Vitran Nigam Ltd.**

a) Note No. 11 Other Equity include adjustment of Rs 775.12 crs in statements of proft & loss accounts for which no details have been provided to us, hence we are unable to comment on correctness of aforesaid adjustment.

b) Note-26 Finance Cost includes Rs.67.86 crore towards capitalization of interest for which no accounting policy, details of source of funding and relevant disclosure as per Ind-AS 16 "Borrowing Cost" has been disclosed in the financial statements.

c) Mirzapur Zone

Stock of Transformers sent to Repairers as appearing in MTB is in negative, (-) 1,20,75,831.16. However, it has been explained to us that suitable action is being taken to reconcile the difference of stock of Transformers sent to Repairers and it will be rectified by next year.

4) **Kanpur Electricity Supply Company Ltd.**

(a) II 1. PROPERTY, PLANT AND EQUIPMENT Dr. ₹1,05,269.55 lacs

The land of the Company is on lease from UPPCL at ₹1.00 per month as per the transfer scheme (Refer point no. 10(c) of Notes no. 1-B to "IND AS-FS" Accounts). As informed the value of such land is yet to be ascertained by UPPCL. However, we have not been reproduced with the lease agreement and other related records pertaining to such land; As a result, we are unable to check whether the lease is of financial or operating nature; Hence, the financial impact on accounts and "Ind AS F.S." of the aforesaid is not ascertainable.

(b) II 4. Sundry Receivable (Land) (AG CODE -28.809)-₹ 7,43,86,785/-

The company has deposited the above amount with Government of Uttar Pradesh ("GoUP") in earlier years for transfer of Company's Leasehold Land to Freehold Land but till date the procedure for the said conversion has not been completed.

Further, "GoUP" due to delayed payment of conversion charges for conversion of nazul land to freehold land demanded interest and penalty in December, 2009. Since then, no change in status is there upto 31.03.2022. The company is showing ₹ 89.29 crores in the accounts being interest and penalty on delayed payment as contingent liability.

Thereafter the waiver petition of interest & penalty was rejected finally by "GoUP".

In absence of any action by the management we are unable to form an opinion in this matter.

(c) (Para 20 (b) of Notes no. 1B of "IND AS-FS")

Uttar Pradesh Electricity Regulatory Commission (UPERC) in August 2013 demanded ₹ 36.52 lakh towards interest accrued on delayed payment of annual license fee for the period from 2007-08 to 2013-14 and directed to make payment amount immediately otherwise the interest for late payment would get revised upwardly.

A petition had been filed on 02 April 2019 by UPPCL (holding company) on behalf of the Company under Regulation 8 - Power to remove difficulties of UPERC (Fees and Fines Regulations), 2010 for waiver of interest accrued on license fees which is still pending. As the matter is pending for the decision, the Company should have added the interest amount for the period from September,2013 to March,2022 amounting to ₹ 36.52 lacs under Contingent Liabilities.

(d) V.5. (Refer Para No. 27 of Note No. 1B of "IND AS - FS")

The company had adopted "Cost" as basis of Valuation of Inventory using FIFO method up to "F.Y." 2020-21 but after implementation of ERP System for Inventory accounting the method has changed to Weighted Average Method. This change in policy needs disclosure in "IND AS FS" for the "F.Y." 2021-22 along with its impact on the Valuation of Inventory as on 31.03.2022 and the loss of the year.

(e) <u>II 5. Deposit for Electrification (AG Code 47) Cr. ₹ 52,78,45,312/-</u>

Party-wise break-up of the above sum on account of: - Amount lying on account of incomplete project & ii) Amount unspent which is refundable to parties against completed projects was not made available to us for our verification. Hence, we are unable to verify the above liability.

(f) Other Equity (Cr.) ₹ (-)350605.99 lakhs

The above sum includes 'Restructuring Reserve' (AG Code 56.680) of ₹1445.68 lakhs, in respect of which proper reconciliation and consequential adjustments are lying pending; hence the financial impact on accounts and "IND AS-FS" are not ascertainable.

LUCKNOW

D. Adverse Remarks in CARO Report

As required by para XXI of CARO (2020) Order under Companies Act, 2013, adverse remarks as reported by respective Auditors are furnished below:

Holding Company -Uttar Pradesh Power Corporation Ltd.

a. Para No. 1 Relating to property, Plant & Equipment
b. Para No. 2 a & b relating to physical verification of Inventory and submission of quarterly statements to Bank regarding working capital limits.
c. Para No. 3c regarding terms & conditions for repayment of loans debited to subsidiaries.
d. Para No. 4 Regarding Board approval for investment made / loan granted to subsidiaries.
e. Para No. 6 Related to Cost Records.
f. Para No. 7 Related to Non Payment of Statutory dues.
g. Para No. 11c Relating to not establishing whistle blower mechanism.
h. Para No. 13 Relating to approval of related parties' transaction.
i. Para No. 14 Relating to internal audit system.

Subsidiaries

(j) Dakshinanchal Vidyut Vitran Nigam Ltd.

a. Para No. (i) b Relating to property, Plant & Equipment.
b. Para No. (ii) Relating to physical verification of Inventory .
c. Para No. (vii) Regarding Statutory dues
d. Para No. (xx) b) Regarding private placement of equity shares.
e. Para No. (xiii) Related to Related parties transaction.

(ii) Madhyanchal Vidyut Vitran Nigam Ltd.

a. Para No. (i) a & c Relating to property, Plant & Equipment.
b. Para No. (ii) a Relating to physical verification of Inventory.
c. Para No. (vii) a Regarding statutory dues.

(iii) Purvanchal Vidyut Vitran Nigam Ltd.

a. Para No. (i) a b & c Relating to property, Plant & Equipment.
b. Para No. (ii) a) Relating to physical verification of Inventory.
c. Para No. (vii) a) Regarding Statutory Dues.
d. Para No. (xiv) a) Regarding internal audit system.
e. Para No. (xv) Regarding Cost Records.

(iv) Kanpur Electricity Supply Company Ltd.

a. Para No. (i) a b & c Relating to property, Plant & Equipment.
b. Para No. (ii) a) Relating to physical verification of Inventory.
c. Para No. (vi) Regarding Cost Records.
d. Para No. (vii) a) Regarding Statutory Dues.
e. Para No. (x) b regarding preferential allotment of equity shares.
f. Para No. (xix) Regarding Meeting the liabilities of one year.

(v) Pashchimanchal Vidyut Vitran Nigam Ltd.

a. Para No. (i) a b & c Relating to property, Plant & Equipment.
b. Para No. (vii) a) Regarding Statutory Dues.
c. Para No. (x) a Relating to fraud.
d. Para No. (x) c Regarding whistle blower complaints.

For D Pathak & Co
Chartered Accountants
FRN: 001439C

(A K Dwivedi)
Partner
M No.: 071584
UDIN: 22071584ARUWGO7012
Place: Lucknow
Date: 12/09/2022

Annexure II to Independent Auditors Report

(As referred to in paragraph 1(f) under "Report on Other Legal and Regulatory Requirements" section of our audit report of even date to the members of U.P. Power Corporation Limited on the Consolidated Financial Statements of the Group for the year ended 31st March, 2022)

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, 2022, in conjunction with our audit of the consolidated financial statements of the Group for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A Group's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Group's internal financial control over financial reporting includes those policies and procedures that

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error 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 reproduced to us by the Management, the following control deficiencies have been identified in operating effectiveness of the Group's internal financial control over financial reporting as at 31st March 2022 –

A. Holding Company (UPPCL)

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

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

c) There is no system for review of old balances relating to various assets and liabilities heads which needs to be reviewed, reconciled and require necessary adjustment in the books of account.

d) Reconciliation of inter Unit section: the present system of identification and reconciliation of Inter Unit transaction between unit to unit, unit to head office is not adequate. The reconciliation need to be done on a regular basis with complete details of the nature and particulars of the unmatched items.

e) There is no system of confirmation and reconciliation of balances in accounts of parties, contractors, Government Department etc. including those balances appearing under receivables, payables, loan and advances.

f) During the course of our Audit, it was observed that payments are being released by Single signatory without fixing any threshold limit. It is suggested that all payments should be released after fixing threshold limit only by joint signatory.

B. Subsidiaries

1. The Auditors of **DVVNL** have reported that -

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

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

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

d. There are unreconciled entries under AG Code 22.780 (Transformers sent for repairs), AG Code 22.77(Scrap Materials), AG code 31 to 37(Inter Unit Transfer) and AG Code 46.94 (Goods and Service Tax) as on 31st March, 2022. The unreconciled entries should be reconciled.

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

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

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

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

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

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

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

l. It has been reported at various places in Audit report by the Auditors that there was material misstatement with regard to Revenue from operations, Trade Receivables,Inventory, Capital WIP,Cash and Bank balances etc.but it was not quantified except at few places like Trade Receviables etc which have been dealt properly in our report . However, on seeking further clarifications ,it was clarified that nothing more needs quantification except than mentioned in their Audit report.

2 The.Auditors of **PVVNL** have reported that :

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

b. Internal control in respect of movement of inventories during maintenance and capital works, material issued/ received to/ from third parties and material lying with sub-divisions, need to be reviewed and strengthened. ERP is under implementation phase. The Branch Auditor of Bulandshahar Zone has also reported that the Biometric System should be installed for keeping the records of attendance of employees and CCTV camera should be placed to protect the assets and records.

c. Company do not have an effective system for realizing revenue from customers as the amount of receivables as on 31st March, 2022 is Rs. 10,74,249.00 lacs, which is equivalent to around 227 days sale of power by company and reasons of pendency are not examined. It is noticed that the company is not effectively exercising its powers of TD/PD and filing court cases against defaulted customers.

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

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

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

3. The auditors of **MVVNL** have reported that –

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

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

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

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

In our opinion, except for the effects/probable effects of the material weaknesses described in the 'Qualified Opinion' paragraph of this report and in *'Annexure I'* on the achievement of the objectives of the control criteria, the Group has maintained in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2022 based on the internal control over financial reporting criteria established by the Group considering the essential components of the internal control stated in the guidance note on audit of internal financial control over financial reporting issued by the Institute of Chartered Accountants of India and except for the need to strengthen the existing internal audit mechanism considering the nature and scale of operations of the Group and the overarching legal and regulatory framework and the audit observations reported above and in *'Annexure I'*.

For D Pathak & Co
Chartered Accountants
FRN: 001439C

(A K Dwivedi)
Partner
M No.: 071584
UDIN: 22071584ARUWGO7012

Place: Lucknow
Date: 12/09/2022

ANNEXURE I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Standalone Annual Audited Financial Results

(Rs. in Lakhs.)

Statement on Impact of Audit Qualifications for the financial Year ended March 31, 2022 [See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualification)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover/Total Income	5529002.21	5741189.65
	2	Total Expenditure	6345138.60	6649358.08
	3	Other Comprehensive Income	(523.28)	(523.28)
	4	Exceptional Items	(14370.38)	(14370.38)
	5	Net Profit/(Loss)	(831050.05)	(920062.99)
	6	Earnings Per Share	(78.36)	(86.75)
	7	Total Assets	13277530.58	13291430.54
	8	Total Liabilities	10190037.96	10292949.96
	9	Net Worth	3087492.62	2998480.58
	10	Any other financial item(s) (as felt appropriate by the management)	-	-
II.	Audit Qualification (each audit qualification separately)			
		a. Details of Audit Qualification: Annexure-A		
		b. Type of qualification: Qualified Opinion		
		c. Frequency of qualification: Annexure-A		
		d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Refer Annexure-A		
		e. For Audit Qualification(s) where the impact is not quantified by the auditor:		
		(i) Management's estimation on the impact of audit qualification: NA		
		(ii) If Management is unable to estimate the impact, reasons for the same: Accounting of the Company is on Manual system and the records are maintained at different units. Hence, it is very difficult to collect the huge number of information to quantify the observations.		
		(iii) Auditor's Comments on (i) or (ii) above: NA		

-Sd-
(Anil Kumar Awasthi)
Chief Financial Officer

-Sd-
(P.Guruprasad)
Chairman of Audit Committee
& Non- Executive Director

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

Place: Lucknow
Date:12.09.2022

For D Pathak & Co
Chartered Accountants
FRN: 001439C

D PATHAK & CO. CHARTERED ACCOUNTANTS LUCKNOW

(S K Dwivedi)
Partner
M No. 071584

Annexure-A

S No.	Basis of Qualified Opinion of Statutory Audit Report for F.Y 2021-22	Frequency
	UPPCL (Stand Alone)	
1	There are certain very old debit balances in Trade Payable Account amounting to Rs.1029.12 Crore which remains unadjusted and unreconciled during the year by the company. We have also observed that these debit balances are deducted from Trade Payables Account instead of clubbing it with Advances to Suppliers/Sundry Receivables. This has resulted in to understatement of Trade Payables and Advance to Suppliers/Sundry Receivables. Further, based on the explanation and information furnished by Management, **we are of the opinion that a provision for Rs. 889.70 crores should be made in accounts since these outstanding balances are more than 10 years old.** ***Management Reply*** Rs 1029.12 crores includes Unscheduled Interchange of Rs 427.71 crores which shall be adjusted against the subsequent bills or payment received. An amount of 1.92 crores accounted for in the month of March, 2022 against negative bill. This amount would also be adjusted against subsequent bills or payment received. Further, above list also includes 135.36 crores against Rosa Power is due to debit notes amounting to Rs. 707 crores issued in the month of April, 2018 recovery of which had been stayed by the APTEL till further order. Rest 464.13 crores (1029.12-427.71-1.92-135.36) is being scrutinizing at the unit level. The reconciliation of the same is under process by the third party. Necessary accountal and adjustment shall be made under said reconciliation process.	First Time
2	We have observed that Other Advances for Rs.173.06 Crore outstanding since many years, have not been reviewed and reconciled during the year. It includes Rs.126.97 Crore as a commitment advance for share in generation in Ultra Mega Power Project. As per information and explanation given to us, Company has decided to opt out of these projects due to closure of the projects and requested Nodal Agency (PFC) for status of return of money. **Hence, pending such reconciliation and review by the Management, impact on the Accounts is cannot be determined at this stage.**	First Time
3	(a) As per Para 16 of Note – 29 "Notes on Accounts" Contingent Liability incudes power purchase of Rs.10083.93 Cr. against which sufficient and appropriate documentary audit evidence in respect of Contingent Liabilities and its current status was not provided to us. It has also been explained to us that Contingent Liability for power purchases also includes various disputed liabilities which have not been accurately quantified/disclosed in Notes on Accounts. In absence of systematic reporting, proper records/quantification of pending disputes, suits and claims against the Company, including its present status, **we are not in a position to comment on accuracy of Contingent/Disputed Liabilities as reflected in the "Notes on Account".** (b) On test check, it was observed that in petition no. 1565/2020, UPREC has vide its order dated 16.06.2021 approved an amount of Rs. 7244.65 Crore to be deposited in RPO Account/Fund against which Contingent Liability of Rs. 737.11 Crore have been disclosed only. As per information/explanation given to us, the issue has not yet been settled by the appropriate authorities. **In view of above and in terms of directives issued by Uttar Pradesh Electricity Regulatory Commission**	First Time First Time

	corresponding liability has not been disclosed.	
4	(a) Company has made a provision for impairment of investment in Subsidiaries, associate and others [Note-5 except Para II (b) Bonds] on the basis of Net worth of Investee Subsidiaries as on 31st March, 2022 (Refer Para 29 of Note – 30 "Notes on Accounts"), **which is not in accordance with Ind AS 36 Impairment of Assets. Further Provision for impairment relating in Investment in Uttar Pradesh Power Transmission Corporation Ltd has been made based on Unaudited Financial Statements, which has not even been adopted by its Board of Directors.** (b)We have observed that Investment made by U P Power Corporation in Subsidiaries not reconciled with the Equity Share Capital reflected in the Annual Accounts of Subsidiaries to the extent of Rs.20.00 Lakhs. However same has been nullified through ICT in the consolidated financial statements.	First Time First Time
5	Loans and Other Financial Assets (Note-6), Trade Receivables-Others (Note-8), Financial Assets-Others - Employees, Others (Note-11), Other Current Assets - Suppliers & Contractors and UP Power Sector Employee Trust (Note-12), Financial Liability-Trade Payables (Note-18), Other Financial Liabilities (Current) –except Current maturities of long-term borrowings and Interest accrued but not due on borrowings (Note-19) includes certain old balances under various heads of assets and liabilities **which are carrying over since last so many years and have not been reviewed/reconciled during the financial year.** As informed to us, above heads include balances transferred from transfer schemes, reconciliation and confirmation for the same has not been done by Company which needs to be reviewed/reconciled and suitably adjusted in the books of accounts. Major Balances includes Other Unclassified Revenue Rs. 330.25 Crore. (Current Liabilities, AG Code No. 46 9(Dr), Unit No 991), Securities from Suppliers, Rs. 5.19 Crore (Sundry Receivables- Other Current Assets, Unit No. 396), UI Charges Pool A/c, Rs. 305.74 Crore outstanding for more than 3 years (Financial Assets – Other (Current), Note No-11, Unit no. 330) and Reactive Energy Charges Rs. 92.18 Crore outstanding for more than 3 years (Financial Assets – Other (Current), Note No-11. Unit No. 330) respectively. In absence of details, **we are not in a position to comment on its impact on losses, if any of the Company**	Repetitive
6	Purchases as per Note No-22 for Rs. 55152.12 Crore, includes Sales to Indian Energy Exchange for Rs. 2075.19 Cr, **which has resulted into reduction/understatement of Purchases and consequent understatement of Sales of Energy** (Note No-20, Revenue for Operation). On test checks basis and as per information and explanation provided to us, it was observed that bills relating to procurement of Energy received from various generating companies amounting Rs 201.89 Crore which also includes bills pertaining to previous years have not been accounted for. **In absence of details and complete information given by management, we are not in a position to comment on its financial impact.**	Repetitive

	Management Reply Since net purchase cost is being transferred is being transferred to Discoms as power sale price, hence, there is no understatement/overstatement of profit or loss and no impact on profitability of the company.	
7	**The Company has not complied with the following Ind AS notified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended):** a. Financial Assets- Financial Assets-Other (current) (Note-11), Other Current Assets (Note-12), Financial Liabilities-Trade payable (Note-18) and Other Financial Liabilities (Note-19) have been classified as current assets/liabilities include balances which are outstanding for realisation/settlement since previous financial years and in the absence of **adequate information/explanations regarding the realisability/settlement of such amounts within twelve months after the year end, classification of same as 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 Income Tax, Interest on Income Tax & Trade Tax/GST, interest on loans to staff and other items of income covered by Significant Accounting Policy no. B (c) of Note–1 has been done on cash basis. **This is not in accordance with the provisions of Ind AS 1 Presentation of Financial Statements.** c. Additions during the year in Property, Plant and Equipment include Employee cost at a fixed percentage of the cost of each addition to Property, Plant and Equipment in accordance with Note-1 Significant Accounting Policy Para C (I) (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. d. Inventory which includes stores and spares for capital works, operation and maintenance and others is valued at cost (Refer accounting policy no. 3(VI) (a) of (Note-1). Valuation of stores and spares for O & M and others **is not consistent with Ind AS 2 Inventories** i.e., valuation at lower of cost and net realizable value. Further, the stores and spares for capital work should be classified as part of Property, Plant and Equipment and recognised, measured and disclosed in accordance with **Ind AS 16 Property, Plant and Equipment**. Further, the company has not formulated any accounting policy in respect of provision for unserviceable stores & spares and slow-moving stores. e. Accounting for Employee Benefits: Actuarial Valuation of gratuity liability of the employees covered under GPF scheme has not been obtained. (Refer Para 4 (a) Note – 29 "Notes on Accounts"). **This is inconsistent with Ind AS 19 Employee Benefits.**	Repetitive Repetitive (b) Repetitive (c) Repetitive (e)

	f. The Financial Assets (Note-5 Para II (c), 6, 8, 11 and 12) have not been measured at fair value as required by **Ind AS 109 Financial Instruments** (Refer Para 6 and 9(b) of Note – 29 "Notes on Accounts") and proper disclosures as required in **Ind AS 107 Financial Instruments: Disclosures** have not been done for the same. g. As per Note no.28 **Bad Debts & Provisions**, the reversal of Doubtful Advances (Employees) amounting Rs.46.16 Lakh and Financial Assets Others (Non-Current) amounting Rs.938.87 Lakh has been off-set against the total Bad Debts/Provisions which is not in accordance with provisions of **Ind As 1 Presentation of Financial Statements**	Repetitive First Time
8	Inter unit transactions amounting Rs.15188.17 Lakhs, are **subject to reconciliation and consequential adjustments.** (Refer Para 7 Note – 30 "Notes on Accounts")	Repetitive
9	a) Note no. 12 (Other Current Assets) includes Rs. 25.04 Lacs receivable against Fringe Benefit Tax, which is being carried over since last so many years for which necessary provision needs to be made in the accounts. ***Management Reply*** Necessary accountal will be made after review of the same. b) Para no. 41(xvi) (a) Capital work in progress includes Rs. 17.00 Lac outstanding for more than 3 years for which no details are available needs to be provided for in the Accounts. ***Management Reply*** Necessary accountal will be made after review of the same. c) Company has not filed form MSME-1 and CSR-2 with Registrar of Companies. d) Disclosure of nature of charges created with ROC against working capital borrowings has not been disclosed in the Note No. 17 of the Financial Statements.	First Time First Time First Time First Time
10	**Maintenance of Proper Books of Accounts:** The company has systems of maintaining various sectional journals wherein vouchers relating to day-to-day transactions are recorded in these Sectional Journals. The existing systems of balancing cash book on the monthly basis and posting in different sectional journals to summaries and from summaries to monthly trial balances. In our opinion, System is not adequate enough to give financial position of different account at any given time in an organized manner. It was observed that the maintenance of party-wise subsidiary ledgers and its reconciliation with primary books of accounts i.e., cash book and sectional journals are not proper and effective.	Repetitive

11	Employee benefit expenses (Note- 23), Administrative, General & Other Expenses (Note- 26), and Repair & Maintenance Expenses (Note- 27) have been allocated among Subsidiaries and other power sector companies owned by the Go UP (i.e., UPPTCL, UPRVUNL & UPJVNL) on the basis of data / information (i.e., units of power sold to Subsidiaries DISCOMs, no. of employees, area occupied) related to the financial year 2020-21, instead of financial year 2021-22. (Para 28 of Note- 30 "Notes on Accounts").	Repetitive
12.	Trade Receivable (Current), Note No- 8, Rs. 27856.16 Crore, includes negative amount of Unbilled Revenue 21.48 Cr, which have not been allocated to respective subsidiaries.	First time
13.	Audit observations in **Material Management Zone Audit** report excluding those which have been appropriately dealt with elsewhere in the report.	
	a. Purchase of power • There is no effective system in place to verify power purchase for completeness, only those bills are accounted in the books of accounts which are received, no system in place for quantitative reconciliation of the power actually purchased vis-à-vis power purchase accounted in the books of accounts, reconciliation of power purchased with suppliers are not done neither provided to us. Balance confirmation and reconciliation with the suppliers was not carried out therefore impact on power purchase and power sales and eventually on position of sundry payables and receivable in not quantifiable, this may consequently impact the profitability of the DISCOMs. • Generation based Incentives (GBI) receivable from IREDA amounting to Rs 977.33 lakhs (Previous Year Rs. 1230.00 lakhs) is subject to confirmation and reconciliation/Consequential adjustment if any. (Unit#330 EIE&PC) • The zone has received interest amounting to Rs.76,68,44,549/-and TDS of Rs.76,68,452/- have been deducted there from. But the amount of interest has been netted off from the purchase cost in the books. Purchase cost and interest income has, therefore understated to the extent of Rs 76,68,44,549. (Unit#330 EIE&PC) ***Management Reply*** Interest cost or interest receivable included in the power purchase bills presented by generators for prior periods on account of adjustments/revision in compliance of UPERC/CERC regulations/orders etc. have been counted under power purchase cost. Since, the total power purchase cost is to be transferred to Discoms as power sale price; hence, there is no understatement/overstatement of profit/loss and no impact on profitability. **b. Other Liabilities and Provisions** The balance confirmation of the Security deposit in Lieu of BG (46 102A) was not provided to us and we were informed that the balance confirmation is	Repetitive Repetitive Repetitive First time

	under Process. **#Units330 – EIE&PC.**	
	c. Provision for Late Payment Surcharge	
	There is no proper system to compute the late payment surcharge payable to various power suppliers. We are therefore unable to comment on the amount of overstated profit/understated loss of the zone for the financial year 2021-22 on account of provision of late payment surcharge.	Repetitive
	d. The Electricity Import Export & Payment Circle Unit of the Zone has accrued interest to the tune of RS. 2246.45 lakhs during the Financial Year 2021-2022 (Previous Year- RS. 1954.55 lakhs) against advance provided to Noida Power Company Limited. However as explained to us the interest is being accrued for an amount of advance paid for supply of power, further no other details including the actual amount of advance paid and status of the transaction including its recoverability was provided to us. Recognizing it as an income when the recovery is uncertain is in contravention to Ind AS 115. In the absence of proper details and information, we are unable to quantify the amount of same and its consequential impact on financial statement. **(Unit#330 EIE&PC)**	Repetitive
	e. The company has entered in to arrangement with MPPMCL for 18.15 MW share in the project of Rajghat HPP at an equity contribution of Rs.66.74 Crore which works out to 40.32% share in the total cost of capital of Rs.165.50 crores, however the unit is unaware of the existence of the equity contribution paid Rs 10.00 crores in July 1997, Rs.26.50 crores in October 1998 and Rs 29.00 Crores in October 1999 and Rs. 1.24 crores adjusted against receivable from MPPMCL, therefore in absence of information and adequate explanation we cannot comment upon it.	First time
	f. Late payment surcharge Receivables The Zone has unadjusted late payment surcharge / Penal Interest amounting to Rs 7045.94 lakhs (Previous Year Rs 7045.79 lakhs) till the 31st March, 2022, as explained the unit has not identified the late payment surcharge upon receipt of fund and the process is under reconciliation, hence we cannot comment upon it. (Unit#330 EIE&PC)	Repetitive

ANNEXURE I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Consolidated Annual Audited Financial Results

(Rs. In Lacs)

Statement on Impact of Audit Qualifications for the financial Year ended March 31, 2022
[See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualification)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover/Total Income	8032484.65	8040153.09
	2	Total Expenditure	8458649.58	8601016.16
	3	Exceptional Items	-162004.20	-162004.20
	4	Other Comprehensive Income	-847.05	-847.05
	5	Net Profit/(Loss)	-589016.18	-723714.32
	6	Earnings Per Share	-55.54	-68.24
	7	Total Assets	19463777.83	19416344.69
	8	Total Liabilities	16527049.85	16631254.85
	9	Net Worth	2936727.98	2785089.84
	10	Any other financial item(s) (as felt appropriate by the management)	-	-

II. Audit Qualification (each audit qualification separately)

a. Details of Audit Qualification: Annexure-A

b. Type of qualification: Qualified Opinion

c. Frequency of qualification: Annexure-A

d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Refer Annexure-A

e. For Audit Qualification(s) where the impact is not quantified by the auditor:

(i) Management's estimation on the impact of audit qualification: NA

(ii) If Management is unable to estimate the impact, reasons for the same: Accounting of the Company is on Manual system and the records are maintained at different units. Hence, it is very difficult to collect the huge number of information to quantify the observations.

(iii) Auditor's Comments on (i) or (ii) above: NIL

(A. K. Awasthi)
Chief Financial Officer

(P. Guruprasad)
Chairman of Audit Committee & Non-Executive Director

(Pankaj Kumar)
Managing Director
DIN - 08095154

Place : Lucknow
Date : 12.09.2022

For D. Pathak & Co.
Chartered Accountants
FRN No. 001439C

D. PATHAK & CO. LUCKNOW CHARTERED ACCOUNTANTS

(A. K. Dwivedi)
Partner
M No. 071584

Annexure-A

S No.	Basis of Qualified Opinion of Statutory Auditor Report	Frequency
	Annexure I to Independent Auditors Report (As referred to in "Basis of Qualified Opinion" paragraph of our audit report of even date to the members of U.P. Power Corporation Limited on the Consolidated Financial Statements of the Group for the year ended 31st March, 2022) 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:	NA
1.	**A. Uttar Pradesh Power Corporation Limited (UPPCL)** There are certain very old debit balances in Trade Payable Account amounting to Rs.1029.12 crore which remains unadjusted and un-reconciled during the year by the company. We have also observed that these debit balances are deducted from Trade Payables Account instead of clubbing it with Advances to Suppliers/Sundry Receivables. This has resulted in to understatement of Trade Payables and Advance to Suppliers/Sundry Receivables. Further, based on the explanation and information reproduced by Management, we are of the opinion that a provision for Rs. 889.70 crore should be made in accounts since these outstanding balances are more than 10 years old. ***Management Reply*** Rs 1029.12 crores includes Unscheduled Interchange of Rs 427.71 crores which shall be adjusted against the subsequent bills or payment received. An amount of 1.92 crores accounted for in the month of March, 2022 against negative bill. This amount would also be adjusted against subsequent bills or payment received. Further, above list also includes 135.36 crores against Rosa Power is due to debit notes amounting to Rs. 707 crores issued in the month of April, 2018 recovery of which had been stayed by the APTEL till further order. Rest 464.13 crores (1029.12-427.71-1.92-135.36) is being scrutinizing at the unit level. The reconciliation of the same is under process by the third party. Necessary accountal and adjustment shall be made under said reconciliation process.	First Time
2.	We have observed that Other Advances for Rs.173.06 Crore outstanding since many years, have not been reviewed and reconciled during the year. It includes Rs.126.97 Crore as a commitment advance for share in generation in Ultra Mega Power Project. As per information and explanation given to us, Company has decided to opt out of these projects due to closure of the projects and requested Nodal Agency (PFC) for status of return of money. Hence, pending such reconciliation and review by the Management, impact on the Accounts is cannot be determined at this stage.	First Time
3.	(a) As per Para 17 of Note – 29 "Notes on Accounts" Contingent Liability incudes power purchase of Rs.10083.93 Cr. against which sufficient and appropriate documentary audit evidence in respect of Contingent Liabilities and its current status was not provided to us. It has also been explained to us that Contingent Liability for power purchases also includes various disputed liabilities which have not been accurately quantified/disclosed in Notes on Accounts. In absence of systematic reporting, proper records/quantification of pending disputes, suits and claims against the Company, including its present status, we are not in a position to comment on accuracy of Contingent/Disputed Liabilities as reflected in the "Notes on Account".	First Time

	(b) On test check, it was observed that in petition no. 1565/2020, UPREC has vide its order dated 16.06.2021 approved an amount of Rs. 7244.65 Crore to be deposited in RPO Account/Fund against which Contingent Liability of Rs. 737.11 Crore have been disclosed only. As per information/explanation given to us, the issue has not yet been settled by the appropriate authorities. In view of above and in terms of directives issued by Uttar Pradesh Electricity Regulatory Commission corresponding liability has not been disclosed.	First Time
4.	(a) The Company has made a provision for impairment of Investment for Rs. 5531.21 Lakhs in Uttar Pradesh Power Transmission Corporation Ltd. [Note-5 except Para II (b) Bonds] on the basis unaudited Net worth of the company as on 31st March, 2022 (Refer Para 29 of Note – 29 "Notes on Accounts"), which **is not in accordance with Ind AS 36 Impairment of Assets.** (b) We have observed that Investment made by U P Power Corporation in Subsidiaries not reconciled with the Equity Share Capital reflected in the Annual Accounts of Subsidiaries to the extent of Rs.20.00 Lakhs.	First Time First Time
5.	Loans and Other Financial Assets (Note-6), Trade Receivables-Others (Note-8), Financial Assets-Others - Employees, Others (Note-11), Other Current Assets - Suppliers & Contractors and UP Power Sector Employee Trust (Note-12), Financial Liability-Trade Payables (Note-18), Other Financial Liabilities (Current) –except Current maturities of long-term borrowings and Interest accrued but not due on borrowings (Note-19) includes certain old balances under various heads of assets and liabilities which are carrying over since last so many years and have not been reviewed/reconciled during the financial year. As informed to us, above heads include balances transferred from transfer schemes, reconciliation and confirmation for the same has not been done by Company which needs to be reviewed/reconciled and suitably adjusted in the books of accounts. Major Balances includes Other Unclassified Revenue Rs. 330.25 Cr. (Current Liabilities, AG Code No. 46 9(Dr), Unit No 991), Securities from Suppliers, Rs. 5.19 Cr (Sundry Receivables- Other Current Assets, Unit No. 396), UI Charges Pool A/c, Rs. 305.74 Cr outstanding for more than 3 years (Financial Assets – Other (Current), Note No-11, Unit no. 330) and Reactive Energy Charges Rs. 92.18 Cr outstanding for more than 3 years (Financial Assets – Other (Current), Note No-11. Unit No. 330) respectively. In absence of details, we are not in a position to comment on its impact on losses, if any of the Company.	Repetitive
6.	Inter unit transactions amounting Rs.15188.17 Lakhs, are subject to reconciliation and consequential adjustments. (Refer Para 7 Note – 29 "Notes on Accounts")	Repetitive
7.	(a) Note no. 12 (Other Current Assets) includes Rs. 25.04 Lacs receivable against Fringe Benefit Tax which is being carried over since last so many years for which necessary provision needs to be made in the accounts. *Management Reply* *Necessary Accounting will be made after review the same.* (b) Para no. 41(xvi)(a) Capital work in progress includes Rs. 17.00 Lac outstanding for more than 3 years for which no details are available needs to be provided for in the Accounts. *Management Reply* *Necessary Accounting will be made after review the same.* (c) Company has not filed form MSME-1 and CSR-2 with Registrar of Companies for the F.Y. 2021-22.	First Time First Time First Time

	(d) Company has disclosed Contingent Assets for Rs. 4.81 Crore, which is not correct since this amount is being carried forward since last F.Y. 2020-21, for which final determination of Tariff has already been finalized by the concerned Regulatory Commission.	First Time
8.	**Maintenance of Proper Books of Accounts:** The company has systems of maintaining various sectional journals wherein vouchers relating to day-to-day transactions are recorded in these Sectional Journals. The existing systems of balancing cash book on the monthly basis and posting in different sectional journals to summaries and from summaries to monthly trial balances. In our opinion, System is not adequate enough to give financial position of different account at any given time in an organized manner. It was observed that the maintenance of party-wise subsidiary ledgers and its reconciliation with primary books of accounts i.e., cash book and sectional journals are not proper and effective.	Repetitive
9.	Employee benefit expenses (Note- 23), Administrative, General & Other Expenses (Note- 26), and Repair & Maintenance Expenses (Note- 27) have been allocated among Subsidiaries and other power sector companies owned by the Go UP (i.e., UPPTCL, UPRVUNL & UPJVNL) on the basis of data / information (i.e., units of power sold to Subsidiaries, no. of employees, area occupied) related to the financial year 2020-21, instead of financial year 2021-22. (Para 28 of Note- 29 "Notes on Accounts"). However, same has not been set-off line-wise in the consolidation.	Repetitive
10.	**Audit observations in Zone Audit report excluding those which have been appropriately dealt with elsewhere in the report.**	
a.	**Purchase of power** • There is no effective system in place to verify power purchase for completeness, only those bills are accounted in the books of accounts which are received, no system in place for quantitative reconciliation of the power actually purchased vis-à-vis power purchase accounted in the books of accounts, reconciliation of power purchased with suppliers are not done neither provided to us. Balance confirmation and reconciliation with the suppliers was not carried out therefore impact on power purchase and power sales and eventually on position of sundry payables and receivable in not quantifiable, this may consequently impact the profitability of the Subsidiaries. • Generation based Incentives (GBI) receivable from IREDA amounting to Rs 977.33 lakhs (Previous Year - INR 1230.00 lakhs) is subject to confirmation and reconciliation/Consequential adjustment if any. (Unit#330 EIE&PC) • The zone has received interest amounting to Rs.76,68,44,549/-and TDS of Rs.76,68,452/- have been deducted there from. But the amount of interest has been netted off from the purchase cost in the books. Purchase cost and interest income has, therefore understated to the extent of Rs 76,68,44,549. (Unit#330 EIE&PC) ***Management Reply*** *Interest cost or interest receivable included in the power purchase bills presented by generators for prior periods on account of adjustments/revision in compliance of UPERC/CERC regulations/orders etc. have been counted under power purchase cost. Since, the total power purchase cost is to be transferred to Discoms as power sale price; hence, there is no understatement/overstatement of profit/loss and no impact on profitability.*	Repetitive Repetitive Repetitive
b.	**Other Liabilities and Provisions** The balance confirmation of the Security deposit in Lieu of BG (46 102A) was not provided to us and we were informed that the balance confirmation is under Process. **#Units330 – EIE&PC.**	Repetitive
c.	**Provision for Late Payment Surcharge.**	Repetitive

	As reported by Branch Auditor, there is no proper system to compute the late payment surcharge payable to various power suppliers. We are, therefore unable to comment on the amount of overstated profit/understated loss of the zone for the financial year 2021-22 on account of provision of late payment surcharge.	
d.	The Electricity Import Export & Payment Circle Unit of the Zone has accrued interest to the tune of INR 2246.45 lakhs during the Financial Year 2021-2022 (Previous Year-INR 1954.55 lakhs) against advance provided to Noida Power Company Limited. However as explained to us the interest is being accrued for an amount of advance paid for supply of power, further no other details including the actual amount of advance paid and status of the transaction including its recoverability was provided to us. Recognizing it as an income when the recovery is uncertain is in contravention to Ind AS 115. In the absence of proper details and information, we are unable to quantify the amount of same and its consequential impact on financial statement. **(Unit#330 EIE&PC)**	First Time
e.	The company has entered in to arrangement with MPPMCL for 18.15 MW share in the project of Rajghat HPP at an equity contribution of Rs.66.74 Crore which works out to 40.32% share in the total cost of capital of Rs.165.50 crore, however the unit is unaware of the existence of the equity contribution paid Rs 10.00 crores in July 1997, Rs.26.50 crore in October 1998 and Rs 29.00 Crores in October 1999 and Rs. 1.24 crores adjusted against receivable from MPPMCL, therefore in absence of information and adequate explanation we cannot comment upon it.	Repetitive
f.	**Late payment surcharge Receivables** The Zone has unadjusted late payment surcharge / Penal Interest amounting to Rs 7045.94 lakhs (Previous Year Rs 7045.79 lakhs) till the 31st March, 2022, as explained the unit has not identified the late payment surcharge upon receipt of fund and the process is under reconciliation, hence we cannot comment upon it. (Unit#330 EIE&PC)	Repetitive
	B. <u>Common observations in Audit Report of Subsidiaries</u>	
I.	**Trade Receivable on account of supply of Power:** It has been reported by Statutory Auditors of Subsidiaries that there are substantial differences in the amount shown as recoverable in the books of concerned zones as well as data available on the online billing system and realisability of the Debtors are not satisfactory. It was suggested that the provisions of IND AS 109 requires the provision for doubtful debts to be made by measuring 'expected credit losses" which are to be ascertained based on expected recovery and probability of defaults. The resultant impact of the non-compliance of IND AS 109 on the total provision for doubtful debts is not ascertainable at this stage in absence of complete details. Brief observation on above issue Subsidiaries wise are reproduced below:	
(i)	**<u>Dakshinanchal Vidyut Vitran Nigam Ltd.</u>** a) Total debtors as at 31.03.2022 as per Financial Statements is substantially un-reconciled with the debts outstanding as per billing software by Rs. 4,36,9.05 Crore. As the matter is outstanding since long period of time, appropriate provisioning should be made. b) It has been suggested by Subsidiaries's Auditors that 100% provision should be made on permanent disconnected non-government consumer outstanding for more than 3 year old and Live Non-government consumer outstanding for more than 5 year old against present policy of making provision @25% on outstanding's for more than 3 years old. Even there is a difference of Rs.428.43 Crore between the sale figure reported during 2021-22 between books of Accounts as well as billing software in case of Dakshinanchal Vidyut Vitran Nigam Ltd. It is therefore suggested that Management should get the differences reconciled at earliest by through an Integrated Software.	First Time First Time

<table>
<tr><td>(ii)</td><td>Madhyanchal Vidyut Vitran Nigam Ltd.

a) Party Consumer wise (Debtor from sale of Power) details were not available at the zones in support of balances of 'Trade Receivable (Current)' as appearing in Note 5. Further, reconciliation of outstanding balances of consumers as per consumer ledgers maintained by the billing agencies and the balances appearing in the books of account of concerned zones has also not been done.
b) There are differences in sundry debtors as per billing ledger and amount shown in trial balance as the sales is booked on assessment basis and amount credited to sundry debtors on the basis of actual receipts. Further, credit balances of Rs. 60,054 lakh were reflected in 22 units of Ayodhya zone due to wrong classification of accounting entries in MTB.
c) The segregating and ageing of 'Trade Receivable (Current)' as per para 29(B)of note 1B have been made on the basis of online billing data provided in excel form. However, in many cases, the same did not match with the amounts shown as recoverable in the books of concerned zones and was subject to reconciliation.
Further in 'LESA Trans Gomti' zone, the differences between figures of books of account and 'online billing data' have been classified as 'more than 3 years'. Thus making provisions on fixed percentages basis of total debtors as per ageing without taking into account their actual recoverability, is not in conformity with the applicable provisions of IND AS 109. The resultant impact of the non-compliances of IND AS 109 on the total provision for doubtful debts is not ascertainable at this stage in absence of complete details.
In addition, the provision on doubtful debts has been short provided to the extent of Rs. 272.55 Crore 'LESA CISS' zone resulting in overstatement of debtors and understatement of losses to that extent.

<u>Management Reply</u>
The Company has created provision in conformity of policy framed. As per Lesa Ciss Auditor's Comment, Trade Receivables as per books of account and online billing system is different. Considering debtors as per online billing system provision is required for Rs. 1042.08 Crore but Provision made in the books of account is Rs. 769.53 Crore on the trade receivables appearing in the books of concerned zone. Hence, the provision is adequately made as per the policy of the company.</td><td>Repetitive

Repetitive

First Time</td></tr>
<tr><td>(iii)</td><td><u>Purvanchal Vidyut Vitran Nigam Ltd.</u>
a) Trade Receivables
○ Customer-wise and age-wise break-up of trade receivables is not available. The age-wise breakup of trade receivables given in Notes to Accounts does not match with trade receivables outstanding in Balance Sheet.
○ There is a staggering increase in the level of trade receivables from year to year. As per age-wise breakup of trade receivables provided by the Company, against total revenue from Sale of Power of Rs. 12424.70 Crore, total outstanding trade receivable for 1 year and less is Rs. 9242.59 crores, which shows that the realization of trade receivables is very poor. Further, total Trade Receivable outstanding at the year-end is Rs. 36205.01 Crore which is higher than cumulative figure of last 2 years revenue from sale of power. It is not feasible to identify and quantify the amount which is unrecoverable but it needs a serious perusal and provision.
It has also been observed that while going through the Consolidated Financial Statements, there is difference of Rs. 653.33 Crore approx between total Trade Receivables as mentioned in Note no. 5 and total amount reflected in age wise breakup of total Receivables as per Notes to Accounts.
On perusal of the Age wise analysis of Trade Receivable, it was observed that a</td><td>Repetitive</td></tr>
</table>

sum of Rs. 63733.51 Crore is outstanding for more than 3 years, which constitute 60% approx of Total Debtors of Group. Group has not analyzed the doubtful position of Debtors based on the ground realities of its recoverability including Permanent/Temporary disconnections, Disputed bills and outstanding for more than 5 years etc. Company has not disclosed any disputed outstanding in the Notes to Accounts which does not seem to be real position.

In view of above we are of the view that the Company should make appropriate provisions considering the requirement of expected losses as envisaged in IND AS 109 after reviewing the Policy. However Financial Impact of the short provision cannot be determined at this stage.

2. Non-Provision of Old Balances

As per report of Subsidiaries' Auditor's there are certain Old balances which have not been reviewed since long. Summarized position of major balances Subsidiary-wise is reproduced below:

(i) Dakshinanchal Vidyut Vitran Nigam Ltd.

AG code-28 (Transfer scheme balances)	Rs. 12.22 crore(Debit Balance)
AG code-28.809 Other Receivable (Consultancy Charges) under DDUGJY scheme	Rs. 9.69 crore(Debit Balance)
AG code-46.930, Labour Cess	Rs. 13.66 crore (Debit Balance)
UPRVUNL	Rs. 0.95 crore(Debit Balance)
UPPTCL	Rs. 7.35 crore(Debit Balance)

Repetitive

Old Balances transfer from transfer schemes:

Zone	AG code	Name	Amount (Dr. Balances)(Rs. In Crore)
Aligarh	28.744	Theft of Cash	0.16
Kanpur	23.IIOC	Kesco	603.93*
	23.114	Bulk Supply to Kesco	209.96*
	23.707K	Other Recovery From Consumer	122.06

Above balances are not reflected in the books of subsidiaries (KESCO). Consequently, it is not reflected in the Related Party outstanding and inter-company transactions are not reconciled to that extent.

(ii) Madhyanchal Vidyut Vitran Nigam Ltd .

In many cases at Ayodhya zone and head office, party wise breakup, ageing of outstanding amounts, actual nature of transactions and reconciliation/balance confirmation from the parties under following major heads were not available for verification:

Repetitive

Account Head	Amount (Rs. In Crore)
Liability for capital suppliers-works	550.52
Deposit & Retention from suppliers	119.36
Advance to Suppliers	105.53
Liability for O & M supplies/works	13.94
Deposit payable	79.22
Sundry Liabilities	74.81

a) It was noted that the following balances pertaining to various zones are outstanding in the books of Head Quarter which have not been identified, reconciled and transferred to the respective zones.

Repetitive

Account Head	Amount (Rs. In Crore)
Other Liabilities and Provisions	107.59
Provision for depreciation	669.32
Stock Related Accounts (net)	11.28
Deposit for Electrification	35.04
Other Loans and Advances	26.72
Capital Work in Progress	(4.61)
Other Recoveries	(52.59)

In absence of proper explanation, complete details and reconciliation thereof, the resultant impact on the accounts of the company, if any, could not be ascertained.

(iii) **Purvanchal Vidyut Vitran Nigam Ltd**

There are huge debit balances in Liability side for Rs. 572.12 Crore which have not been reviewed and adjusted. Major Breakup of which is reproduced below:

AG Code	Account Head	Amount(Dr. Bal.) (Rs. in crore)
42. 1	Liability for capital Suppliers	62.94
42.01		35.03
46.101	Other Liabilities	104.88
46.2		105.46
46.922		140.33(Advance Sale of Scrap)
46.94101		20.16
46.94102		19.88
54.8905	Loan form State Govt. for other projects	46.61

Repetitive

(iv) **Pashcimanchal Vidyut Vitran Nigam Ltd.**

AG Code	Account Head	Amount (in Crore)
28.240 & 28.250	Other Current Assets	7.23 Crores

Repetitive

In Moradabad Zone

AG Code	Account Head	Amount (in Crore)
25.5	Advance to Suppliers	19.79
28.401A	Misc. Advance	2.83
28.401B	(Cash) and (Stock)	1.76
28.899	Misc. & Other Receivable	3.01(Credit Balance)

In Bulandshahar Zone

AG Code	Account Head	Amount (in Crore)
28.411	Amount Recoverable from Non-Board Employee	1.73

3. **Cash & Bank Balances**

Subsidiaries's Auditors have reported various deficiencies in Internal Control System in preparation of bank reconciliation statement which are reproduced below:

(i) **Dakshinanchal Vidyut Vitran Nigam Ltd.**

The Company internal control system over reconciliation of bank accounts was not operating effectively. These could result in misstatement in the Company's bank balances. We have observed substantial differences in balance as per bank vs. balance as per cash book.

Repetitive

(ii)	**Madhyanchal Vidyut Vitran Nigam Ltd.** (a) Bank reconciliation statements at some of the divisions/units have not been prepared and various old un-reconciled entries amounting to Rs. 120.38 Crore are appearing in the bank reconciliation statements in various units since long periods which require adjustments and appropriate accounting in the books of account. (b) In Ayodhya zone (EDD-1 Gauriganj), bank balance of Rs 631.93 Lacs is reflected in MTB but the concerning bank account had already been closed.	Repetitive
(iii)	**Purvanchal Vidyut Vitran Nigam Ltd** (a) As reported by the Zonal Auditors, though BRS has been prepared, a long list of outstanding entries are being carried forward from last many years and even the uncashed/ stale cheques and other entries pertaining to revenue accounts have been shown outstanding and not accounted for in the cash book. Also, the cumulative amount of such entries is in several crores. There are many entries which has been wrongly debited by the bank twice which has not been rectified by the bank. (b) The Zonal Auditors have observed that in few Divisions the Bank has not been properly reconciled and revenue bank balance in the cash book is negative.	Repetitive
(I)	**Pashimanchal Vidyut Vitran Nigam Ltd.** Bank Reconciliation Statement (BRS) in respect to bank accounts in some divisions contains outstanding of earlier years entries, which includes stale cheques, uncashed cheques, other debits and credit, which requires special attention of the management for necessary adjustments. In case of Ghaziabad Zone out of total uncashed cheques of Rs.120.36 Crores, most of the cheques have become stale. Further, out of total other credits of Rs.77.50 Crores, most of the entries are old entries, which also consist entries of more than 10 years old, in support of which, no record/details are provided for verification and further comments. Bulandshahar Zone EDD – III. Bulandshahr is having two bank accounts with State Bank of India. One Account having balance Rs. 630965.38 as per revenue cash book and other bank account having balance Rs. 304362.50 as per Expenditure Cash Book but no bank statement was obtained from the bank therefore these accounts were not reconciled. Opening balance and closing balance in these accounts are same. The proper reconciliation may significantly impact the trial balance.	Repetitive Repetitive
(iv)	**Kanpur Electricity Supply Company Ltd.** Incidental and other charges debited by various banks upto 31.03.2022 amounting to ₹ 31,89,978/- have neither been accounted for in books of accounts nor shown as a Contingent Liability.	First Time
4.	**Capital Work in Progress** Subsidiaries Auditors have reported absence of proper details of capital WIP including correct age wise classification.	
(i)	**Madhyanchal Vidyut Vitran Nigam Ltd.** (a) Capital work in progress includes Advance to Supplier/Contractor (including material issued as advance) of Rs. 319.57 Crore (PY Rs.1559.81 Crore) instead of showing them separately under the head other current assets. This presentation of capital advances Is not in accordance with the schedule III of the Companies Act and hence, Capital work in progress is overstated and Other Current Assets are	Repetitive

	under stated to the said extent. (b) At Ayodhya Zone a sum Rs. 832.78 Crore has been capitalized during the year and revenue expenses of Rs. 88.55 Crore has been capitalized for which completion certificates of capital work completed were not available	First Time
(ii)	**<u>Dakshinanchal Vidyut Vitran Nigam Ltd.</u>** (a) Capital work in progress not recognized of Rs. 3.27 Crore, under the head AG code 46.2 ADB project scheme, other deposit payable having debit balance. ***<u>Management Reply</u>*** The same will be corrected in F.Y. 2022-23. (b) The Company did not have an appropriate internal control system for making assessment of completion of Capital Work in Progress (CWIP), which could potentially result in material misstatement in Company's CWIP and Fixed assets balances due to capitalization of completed projects. (c) Opening debit balance of Rs. 265.05 Lakh in "capital expenditure (works) in progress" under EXECUTIVE ENGINEER (ADMN.) which is grossly unidentified/un-reconciled item of financial statement, capitalised in computer & printers during the current year, without recording nature, reasons of outstanding till now and capitalising in current year.	First Time Repetitive First Time
(iii)	**<u>Purvanchal Vidyut Vitran Nigam Ltd.</u>** (a) Age-wise breakup of Capital work in progress and its status, situation and condition not available for verification. (b) Capital work in progress includes advance to Suppliers/ Contractors (Capital) amounting to Rs. 550.81 Crores. As reported by the zonal auditors, name and age-wise of the same is not available, hence we are not able to comment upon the same.	Repetitive
(v)	**<u>Pashimanchal Vidyut Vitran Nigam Ltd.</u>** (a) The company has disclosed age wise details of CWIP, which is incomplete in absence of details of Advance to Capital Supplier/ Contractors. Moreover, details of CWIP, whose completion is overdue or has exceeded its cost compared to its original plan is not disclosed as per the requirement of amended schedule iii of the Companies Act 2013. No documents / calculations and methodology opted for this purpose is provided to us for our audit. In the absence of its complete details and audit trail thereof with appropriate audit evidences with the company, we are not in a position to comment up on the correctness of the same and its consequential impact on the financial statements. (Refer to note 3 of financial statements and point no 43 of notes on accounts) (b) On our scrutiny of AG no. 11 of Trial Balance, in respect of "Other Capital Expenditure/Fixed Assets" of Rs. 9.26 crores, no detail/information/explanation is provided by divisions for our verification and further comments. *Group should devise proper monitoring system to have complete details including age-wise analysis and progress of Capital WIP. Capital work in progress include advances to suppliers/contractors for capital work Rs.1292.69 Crore which should be classified in Non-Current-Other assets as per guidelines contained in schedule-III to the companies Act, 2013, hence capital work in progress is overstated and Non-Current-Other assets is understated to that extent.* ***<u>Management Reply</u>***	First Time Repetitive

	As per Schedule 21 of Esaar 1985 the Advance to Supplier/Contractor (Capital) should be grouped and clubbed in Capital Work in Progress.	
5.	**Inventories** Inventory which includes stores and spares for capital works, operation and maintenance and others is valued at cost. 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 Rs.1576.30 Crore should be classified as part of Property, Plant and Equipment and recognised, measured and disclosed in accordance with Ind AS 16 Property, Plant and Equipment. Further, the company has not formulated any accounting policy in respect of provision for unserviceable stores & spares and slow-moving stores. Major comments observe by Subsidiaries Auditors are reproduced below:	Repetitive
(i)	**Dakshinanchal Vidyut Vitran Nigam Ltd.** The Company did not have an appropriate internal control system for valuation of inventories, which could potentially result in material misstatement in the Company's inventories balances.	Repetitive
(ii)	**Madhyanchal Vidyut Vitran Nigam Ltd.** (a) Ageing of inventory was not done and obsolete items were not identified and adjusted in the books of account in some cases. Further, in respect of inventories of Rs. 398.87 Crore in Ayodhya zone, inventory records, item wise details of inventory and its valuation (except inventory worth Rs. 132.31 Crore valued by a professional firm) were not available. (b) We draw attention to note 3(V) (a) of the accounting policy stating that store and spare are valued at cost which is not in accordance with IND AS 2 which provides for valuation at lower of cost and net realizable value. (c) Provision for Unserviceable store of Rs. 41.22 Crore as appearing in Note 4-Inventories continues since 2012-13 despite substantial increase in level of inventory to Rs. 1027.08 Crore in 2021-22 as against Rs. 229.99 Crore in 2012-13. In absence of complete details, we are unable to comment on the adequacy of provision on this account and its impact on financial statements.	Repetitive Repetitive Repetitive
(iii)	**Purvanchal Vidyut Vitran Nigam Ltd.** (a) The Company has carried out valuation of stores lying at store divisions as on 31/03/2022 by an independent Firm. As per Zonal Auditors' Report, the physical verification of stock and its valuation has not been done in any other division of the zones other than store divisions. This practice is in deviation of Ind AS -2 "Inventories" issued by the Institute of Chartered Accountants of India (ICAI). (b) Stock shortage/ excess pending investigation amounting to 95.71 Lacs are outstanding as on 31/03/2022. In absence of proper information, we are unable to comment upon its nature and proper accountal. (c) No movement analysis is available to categorize fast moving, slow moving, non-moving and dead stock items. (d) No provision for obsolete, unserviceable stores and spares has been made. An old provision amounting Rs. 62.97 Crores is lying against obsolete stores since 2003 under Final Transfer Scheme. (e) There is no system for identification of scrap and its valuation at fair value.	Repetitive Repetitive Repetitive Repetitive
(iv)	**Pashimanchal Vidyut Vitran Nigam Ltd.** (a) Inventory includes scrap material valuing of Rs. 834.78 lacs, against which only	Repetitive

	10 percent provision i.e. Rs.8.35 lacs for unserviceable store has been made in the accounts, while as per IND AS 2, it should be valued at its Net Realizable Value. Accordingly, the impact of non-compliance of the above IND AS on the financial statements is not ascertainable. (b) Liability for Material received on loan by the Company amounting to Rs. 72.73 lacs from Purvanchal Vidyut Vitran Nigam Limited (AG 22.730) is finally adjusted with Material Stock Account (AG 22.60), resulting no Liability and stock for Rs. 72.73 Lacs is shown in the Balance Sheet of the Company as on 31st March, 2020, as on 31st March, 2021 and as on 31st March, 2022' in respect of above transaction. This has resulted in understatement of both Other Current Liability and Inventory by Rs. 72.73 lacs. Also, no confirmation has been received from Purvanchal Vidyut Vitran Nigam Ltd. regarding the same. (Refer to in Note No. 4 of Financial Statements).	Repetitive
(v)	**Kanpur Electricity Supply Company Ltd.** (a) The closing value of Inventory taken in Financial Statements is after adjusting the effect of price variation and others, the amount shown in the SAP (ERP) system is yet to be updated. (b) According to the information and explanations given to us, stores and spares (inventory) lying with the third parties i.e. 'Advance to Capital Contractors' of ₹ 6056.41 lacs grouped under the head 'Capital Work in Progress'(Refer Note No. 3 of "IND AS FS") and 'Advances Recoverable in Cash or in Kind for value to be received' of ₹50.80 lakhs grouped under the head 'Other Current Assets'(Refer Note No. 10 of "IND AS - FS") are accounted for on the basis of consumption statements received in this regard. However, no confirmation and reconciliation of the said inventory lying with the said third parties has been done at the year end. Due to non-furnishing of complete information in this regard, the financial impact on the 'Inventories' under 'Current Assets' as well as on the 'Loss' of the Company is not ascertainable.	First Time Repetitive
6.	**Property Plant & Equipment** As mention in the Audit Report of Paschimanchal Vidyut Vitran Nigam Ltd., Company has not treated the cost of Transmission Bay as Intangible Assets, instead clubbed it with Property Plant & Equipment. Which has resulted into understatement of Intangible Assets and Overstatement of Property Plant & Equipment. Consequently depreciation has been charged and no amortization cost has been debited to Profit & Loss Account, Financial Impact of the same cannot be ascertained at this stage. Similar Accounting treatment has been done by following Subsidiaries as per details given below: <table><tr><td>Name of Subsidiaries</td><td>Net Block as on 31.03.2022(Rs. In crore)</td></tr><tr><td>PVVNL</td><td>35.57</td></tr><tr><td>PUVVNL</td><td>40.46</td></tr><tr><td>MVVNL</td><td>MVVNL has not separately disclosed the cost of transmission bay nor reproduced the details where it is clubbed.</td></tr><tr><td>DVVNL</td><td>48.17</td></tr><tr><td>TOTAL</td><td>124.20</td></tr></table>	Repetitive
7.	**Non Provision of Expenditure/Losses** Group has not provided for Expenditure/Losses as reproduced below:	
(i)	**Madhyanchal Vidyut Vitran Nigam Ltd.** (a) The provision on doubtful debts has been short provided to the extent of Rs 272.55 Crore 'LESA CISS' zone resulting in overstatement of debtors and	First Time

	understatement of losses to that extent. (b) Advances to suppliers amounting to Rs 184.28 Crore at the HO level are outstanding since more than 7 years. It also included Rs 40.61 Crore for which even party wise/ date wise details were not available with the concerned unit. No documentary evidence or explanations were made available to us regarding the recoverability of these amounts. Accordingly, in our opinion, these amounts are doubtful of recovery and provision should have been made against these advances. Non provision of these amounts has resulted in overstatement of advances and understatement of losses for the year by Rs 184.28 Crore. ***Management Reply*** *The Concerned unit has been instructed by MVVNL to scrutinize the matter & take necessary action.*	First Time
(ii)	**Pashcimanchal Vidyut Vitran Nigam Ltd.** (a) The Municipal Corporation has issued a demand notice of Rs.12.64 Crore towards house tax and annual tax of substation, no provision has been made pending determination & assessment/neither it has been disclosed in the Contingent Liability. (b) Revenue booked under theft cases under the head AG 61.601 Rs.9.75 crore (Previous year Rs. 15.14 crore) is based on the provisional assessment. No provision has been made against unsettled cases. (c) There is a very old case of cash theft in EDD Chandpur of Rs. 3.10 lacs for which the insurance company has denied to acknowledge any kind of claim, due to which Branch Auditor of Moradabad Zone has suggested to make a provision of the same in the financial statement of the company. But the company has not made any provision for the same amount. Therefore, the loss of the year is understated by Rs. 3.10 lacs. ***Management Reply*** *In the given case, the Insurance company has denied to acknowledge any kind of claim "against the theft of cash" as no documents have been provided by the concerned division. This is under enquiry of the management. The necessary accounting will be done accordingly.* (d) 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 statement is not ascertained.	Repetitive Repetitive Repetitive Repetitive
(8)	**Subsidies Received under Atmnirbhar Bharat Scheme.** ***Group has shown Rs. 16940.00 Crore Subsidy Recievable from U.P Government Non Current Assests Note No. in favour of Subsidiaries towards Atmnirbhar Bharat Scheme which is receivable in 10 years as per G.O. no 445-1-21-731 (Budget)/2020 dated 05.03.2021 of Govt. of U.P. The corresponding amount is treated in "Other Equity" (Retained Earnings). Considering the principle of Revenue Recognition and IND-AS-20, Subsidy should be accounted for on annual basis based on the Budget provision/release subsidy by the Govt. of Uttar Pradesh. In view of above, subsidy receivable as mentioned in (Non-Current/Current Assets) as well as Other Equity are (negative) understated to that extent. However, DVVNL and MVVNL had account***	First Time

	for full subsidies receivables for ten years in profit & loss account in year 2020-21. *Management Reply* *The accounting has been done on the basis of Commitment and shown as Receivable from UP Govt.to comply with the Accrual System of Accounting.*	
(9)	**Non-Compliances of Ind AS.** ***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) as reported by the Auditors of respective Holding and Subsidiaries:***	
	(a) Financial Assets- Financial Assets-Other (current) (Note-11), Other Current Assets (Note-12), Financial Liabilities-Trade payable (Note-18) and Other Financial Liabilities (Note-19) have been classified as current assets/liabilities include balances which are outstanding for realisation/settlement since previous financial years and in the absence of adequate information/explanations regarding the realisability/settlement of such amounts within twelve months after the year end, reasons for not classifying them as Current Assets/liabilities is inconsistent with Ind-AS-1 Presentation of Financial Statements. This has resulted in over statement of respective current assets/liabilities and understatement of the corresponding non-current assets/liabilities.	Repetitive
	(b) Recognition of Insurance and other claims, refunds of Income Tax, Interest on Income Tax & trade tax/GST, interest on loans to staff and other items of income covered by Significant Accounting Policy no. B (c) of Note–1 has been done on cash basis. This is not in accordance with the provisions of Ind-AS-1 Presentation of Financial Statements.	Repetitive
	(c) Additions during the year in Property, Plant and Equipment include Employee cost at a fixed percentage of the cost of each addition to Property, Plant and Equipment in accordance with Note-1 Significant Accounting Policy Para C (I) (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.	Repetitive
	(d) Accounting for Employee Benefits: Actuarial Valuation of gratuity liability of the employees covered under GPF scheme has not been obtained. (Refer Para 4 (a) Note – 29 "Notes on Accounts"). This is inconsistent with Ind AS 19 Employee Benefits. Relevant disclosure regarding actuarial valuation of gratuity has not been made for in any subsidiaries which are contravention of Ind-AS-19.	Repetitive
	(e) The Financial Assets (Note-5 Para II (c), 6, 8, 11 and 12) have not been measured at fair value as required by Ind AS 109 Financial Instruments (Refer Para 6 and 9(b) of Note – 29 "Notes on Accounts") and proper disclosures as required in Ind AS 107 Financial Instruments: Disclosures have not been done for the same.	Repetitive
	(f) As per Note no.30 Bad Debts & Provisions, the reversal of provision for doubtful Advances (other current Assets –Receivable)amounting Rs 188.03 lac have been net-off which is not in accordance with provisions of Ind-AS-1 "Presentation of Financial Statements".	First Time
	(g) Group being a regulated entity has not accounted for "Deferral Accounting Balances" as envisaged by Ind AS 114 and not made any disclosure for its non-compliance.	First Time
	(h) As per the opinion of the Company, there is no specific indication of impairment of any assets as on the balance sheet date (Refer Para No.24 of Notes no. 1-B to "IND AS FS"). However, we have not been reproduced with the evidence of	Repetitive

	carrying out any exercise by the Company to determine the impairment, if any, of any asset.	
(10)	***Other Non-Compliances of Statue*** ***(a) Subsidiaries have not identified the Accounts relating to Micro Small and Medium Scale Enterprises (MSME) and not disclosed the amount payable to them along with interest, if any and other requisite details in the Notes to Accounts as required by Schedule III to the Companies Act, 2013 as well as MSMED Act, 2006.*** ***(b) As per report of Subsidiaries Auditors following non-compliances under Companies Act, 2013 have been reported by respective Auditors of Subsidiaries.*** ***(c) Unbilled revenue Receivable has not been disclosed in the Notes to Accounts except DVVNL. Similarly unbilled Trade Payable has not been disclosed except UPPCL (Holding Company) as required by Schedule-III of Companies Act, 2013.*** ***Group has not made necessary disclosures as required by notification dated 23rd march 2022, issued by the Govt. of India, Ministry of Corporate affairs relating to Amendment in the companies (Indian Accounting Standards) Rules 2015.***	Repetitive Repetitive First Time
(i)	**Dakshinanchal Vidyut Vitran Nigam Ltd.** According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has made private placement of 1,92,15,267 shares amounting to Rs. 1,92,152.67 Lakh during the year and the requirement of section 42 relating to filing of return of allotment of companies act 2013 have not been complied with and the fund raised have been used for the purposes for which the funds were raised.	First Time
(ii)	**Pashcimanchal Vidyut Vitran Nigam Ltd.** Shares application money pending allotment as at the opening of the year amounting to Rs. 34171.27 lacs and shares application money received during the year amounting to Rs. 1,64,937.69 lacs out of which Rs. 29,772.85 lacs and Rs. 11,321.41 lacs respectively were allotted after the expiry of 60 days from date of receipt of share application money. Besides, Rs. 1,46,217.17 lacs were appearing as share application money pending allotment as at the end of the year under audit. Out of the same, shares for Rs. 50,581.93 lacs were also allotted after the expiry of 60 days and balance amount Rs. 95,635.24 lacs are lying outstanding for allotment till date of our audit.	Repetitive
(iii)	**Kanpur Electricity Supply Company Ltd.** As per MCA data the Company is an active non-compliant company. Further, the master data of the company revealed following: (a) Charges column disclosed in the Company Master Data includes old satisfied charges. (b) There is no full-time company secretary and Chief Financial Officer in accordance with the requirements of Section 203 of the Companies Act, 2013. (c) The Company has not complied with the Order date 22.01.2019 issued under section 405 of the Act, in respect to filling of MSME Form I.	 First Time Repetitive Repetitive
	C. Specific observations in Audit Report of Subsidiaries	
1)	**Pashchimanchal Vidyut Vitran Nigam Ltd.** Balance outstanding to/from outside parties	

	(a) As referred in Note 8 to the financial statements, receivables from Uttar Pradesh Jal Vidyut Nigam amounting Rs. 83.20 and Rs. 3500.54 lacs from Uttar Pradesh Power Transmission Corporation Limited are shown under Current Assets, which are outstanding for more than 12 months. As a result of this, other current assets are overstated and other Non-Current assets are understated by Rs. 3,583.74 lacs. ***Management Reply*** *As per Para 66 of Ind AS-1* *An entity shall classify an asset as current when:* *(a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;* *(b) it holds the asset primarily for the purpose of trading;* *(c) it expects to realise the asset within twelve months after the reporting period; or* *(d) the asset is cash or a cash equivalent (as defined in Ind AS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.* *As per the Nature of the Transactions the items are expected to be settled within normal operating cycle of the Company i.e. in normal course 12 months. Hence the same has been treated as Current/Non-Current.* *(b)* Fraud Cases Subsidiaries Auditors of Pashchimanchal Vidyut Vitran Ltd have reported various fraud cases outstanding as on 31.03.2022 for Rs. 15.50 Crore, as per para no 34 of Notes to Account for which matters are under investigation. But accounting treatment for the same including provision for losses is any not been disclosed by the management. (c) There is short security deposit amounting to Rs.1.59 Crore as on 31.03.2022 in 13 cases of large and heavy consumers. (d) Tax Collected at Source (Asset) amounting to Rs. 1201.49 lacs and Tax Deducted at Source (Asset) amounting to Rs. 800.39 lacs are not reconciled with amount Rs. 867.32 lacs as shown in 26AS of the company. Management has informed that the balances shown in the books of accounts reflect pending refund amount of TCS. We have relied upon the same. (Refer to Note No. 9 "Other Current Assets" of the financial statements).	Repetitive Repetitive except 1 new case First Time First Time
	Conversion of Loan into grant of RAPDRP Part A and Part B	
(a)	GOI Loan of RAPDRP Part A of Rs 1,97,54,00,000.00 (along with accrued interest thereon of Rs.78,70,88,365.00) has been converted in to grant in the FY 2021-22. The management informs us that the conversion is done as per scheme guidelines and the approved procedures by the competent authority (MOP). But no calculations and methodology of conversion is provided to us in the absence of its complete details, calculations and methodology thereof with appropriate audit evidences by the company, we are not in a position to comment upon the correctness of the same. (Refer to note 12 of financial statements and point no18(b)(i) of Notes on Accounts)	First Time
(b)	GOI Loan of RAPDRP Part B of Rs 1,38,00,13,118 (along with accrued interest thereon of Rs 31,93,26,428) has been converted in to grant in the FY 2022-23 (As per letter no 77744 dated 08.07.2022 of PFC Ltd,).The company has made provision of the interest which is not converted in to grant of Rs 2,23,49,61,302.00 in the books of FY 2021-22. However, in the absence of its complete details, calculations and methodology thereof with appropriate audit evidences with the company, we are not in a position to comment upon the correctness of the same. (Refer to note 12 & 14 of financial statements and point no18(b)(ii) of Notes on	First Time

		Accounts)	
(c)		Under the AG head (75A.860) Rs. 3475.46 lacs & (75B.860) Rs. 565.37 lacs CPF Employer Contribution and AG head (44.621) Rs. 17146.08 lacs CPF Employer (Including Liability on account of loss distributed by UPPCL) Share should be matched with each other but having difference of Rs.13,105.25 lacs, accordingly the impact on the financial statements is not ascertainable.	Repetitive
(d)		**Moradabad Zone** As per Accounting policy, the Company is following the Accrual basis of Accounting subject to expenses pertaining to earlier years of Rs. 1,33,33,336.95 (List A) debited to current year expenses. In respect of work expenses, payments made during the year booked to current year books of account irrespective of the period when the said work was done.	Repetitive
2)		**<u>Dakshinanchal Vidyut Vitran Nigam Ltd.</u>**	
(a)		In the preceding financial year 2020-21, company has added Rs. 8083.37 Crore on account of UDAY Scheme directly to surplus in statement of profit and loss under the head 'Other Equity' instead of dealing as prior period item in Profit & Loss of Preceding financial year of FY 2020-21 making the comparative figures of preceding year non-comparable.	First Time
(b)		Fixed Asset should be recognised of Rs. 9.66 Crore under the head AG code 46.2M under SAUBHAGYA Scheme, other deposit payable having debit balance. ***<u>Management Reply</u>*** The matter will be examined and necessary action shall be taken in FY 2022-23.	First Time
3)	**4)**	**<u>Purvanchal Vidyut Vitran Nigam Ltd.</u>**	
		a) Statement of changes in Equity includes Rs.775.12 crore as reduction during the year for which no details have been furnished to us. Hence authenticity of the reduction from Retained earrings is not verifiable.	First Time
		b) Note-26 Finance Cost includes Rs.67.86 crore towards capitalization of interest for which no accounting policy, details of source of funding and relevant disclosure as per Ind-AS 16 "Borrowing Cost" has been disclosed in the financial statements.	Repetitive
		c) Note No. 11 Other Equity include adjustment of Rs 775.12 crs in statements of proft & loss accounts for which no details have been provided to us, hence we are unable to comment on correctness of aforesaid adjustment.	First Time
		d) Mirzapur Zone Stock of Transformers sent to Repairers as appearing in MTB is in negative, (-) 1,20,75,831.16. However, it has been explained to us that suitable action is being taken to reconcile the difference of stock of Transformers sent to Repairers and it will be rectified by next year.	Repetitive
4)		**<u>Kanpur Electricity Supply Company Ltd.</u>**	
(a)		II 1. PROPERTY, PLANT AND EQUIPMENT Dr. ₹1,05,269.55 lacs The land of the Company is on lease from UPPCL at ₹1.00 per month as per the transfer scheme (Refer point no. 10(c) of Notes no. 1-B to "IND AS-FS" Accounts). As informed the value of such land is yet to be ascertained by UPPCL. However, we have not been reproduced with the lease agreement and other related records pertaining to such land; As a result, we are unable to check whether the lease is of financial or operating nature; Hence, the financial impact on accounts and "Ind AS F.S." of the aforesaid is not ascertainable.	Repetitive

(b)	II 4. Sundry Receivable (Land) (AG CODE -28.809)-₹ 7,43,86,785/- The company has deposited the above amount with Government of Uttar Pradesh ("GoUP") in earlier years for transfer of Company's Leasehold Land to Freehold Land but till date the procedure for the said conversion has not been completed. Further, "GoUP" due to delayed payment of conversion charges for conversion of nazul land to freehold land demanded interest and penalty in December, 2009. Since then, no change in status is there upto 31.03.2022. The company is showing ₹ 89.29 crores in the accounts being interest and penalty on delayed payment as contingent liability. Thereafter the waiver petition of interest & penalty was rejected finally by "GoUP". In absence of any action by the management we are unable to form an opinion in this matter.	Repetitive
(c)	(Para 20 (b) of Notes no. 1B of "IND AS-FS") Uttar Pradesh Electricity Regulatory Commission (UPERC) in August 2013 demanded ₹ 36.52 lakh towards interest accrued on delayed payment of annual license fee for the period from 2007-08 to 2013-14 and directed to make payment amount immediately otherwise the interest for late payment would get revised upwardly. A petition had been filed on 02 April 2019 by UPPCL (holding company) on behalf of the Company under Regulation 8 - Power to remove difficulties of UPERC (Fees and Fines Regulations), 2010 for waiver of interest accrued on license fees which is still pending. As the matter is pending for the decision, the Company should have added the interest amount for the period from September,2013 to March,2022 amounting to ₹ 36.52 lacs under Contingent Liabilities.	First Time
(d)	V.5. (Refer Para No. 27 of Note No. 1B of "IND AS - FS") The company had adopted "Cost" as basis of Valuation of Inventory using FIFO method up to "F.Y." 2020-21 but after implementation of ERP System for Inventory accounting the method has changed to Weighted Average Method. This change in policy needs disclosure in "IND AS FS" for the "F.Y." 2021-22 along with its impact on the Valuation of Inventory as on 31.03.2022 and the loss of the year.	First Time
(e)	II 5. Deposit for Electrification (AG Code 47) Cr. ₹ 52,78,45,312/- Party-wise break-up of the above sum on account of: - Amount lying on account of incomplete project & ii) Amount unspent which is refundable to parties against completed projects was not made available to us for our verification. Hence, we are unable to verify the above liability.	First Time
(f)	Other Equity (Cr.) ₹ (-)350605.99 lakhs The above sum includes 'Restructuring Reserve' (AG Code 56.680) of ₹1445.68 lakhs, in respect of which proper reconciliation and consequential adjustments are lying pending; hence the financial impact on accounts and "IND AS-FS" are not ascertainable.	Repetitive