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. 109 /UPPCL/CS/2024 **Date: 28th March, 2024**

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

Scrip Code: 955766

Sub: Outcome of the Board Meeting of U. P. Power Corporation Limited held on 28th March, 2024

Dear Sir/Madam,

It is submitted that pursuant to Regulation 30, 52 and other applicable regulations (if any) read with Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, this is to inform that the Board of Directors of the Company at its meeting held on Thursday, 28th March, 2024 at 04.15 P.M. at the registered office of the company have, inter alia, approved the following:

- Annual Report consisting of Notice, Directors Report, Management Replies on C&AG Comments on Audited Financial Statements for the Financial Year 2022-23 and requisite annexures thereof for conducting 24th Adjourned Annual General Meeting of the Company.

The Meeting of the Board of Directors commenced at 04:15 P.M. and concluded at 6:00 PM

The above information is being made available on the Company's website at www.upenergy.in.

Kindly take the same on record.

Thanking You,

For U. P. Power Corporation Limited

Nitin Nijhawan
CFO & Compliance Officer

Encl.: as above

U. P. Power Corporation Ltd.
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No. 110/UPPCL/CS/2024 **Date: 28th March, 2024**

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

Scrip Code: 955766

Sub: Intimation of 24th Adjourned Annual General Meeting and Submission of Annual Report for the Financial Year ended March 31, 2023.

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 2022-23 and informed that the 24th Adjourned Annual General Meeting of U. P. Power Corporation Limited (the Company) is scheduled to be held on SATURDAY, MARCH 30, 2024 at 12:30PM 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 – 2022-23

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 **24th Annual General Meeting** which was held on **30th September, 2023** and the same was Adjourned for non-presentation of the Annual Accounts of the Company for the Financial Year 2022-23, notice is hereby given that the **Adjourned 24th Annual General Meeting** of the Shareholders of U. P. Power Corporation Limited will be held at Shorter Notice on **March 30, 2024, at** 12:30PM **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 2022-23 i.e. 31ST MARCH, 2023.**

   To consider and adopt :-

   a). The Standalone Financial Statement of the Company for the Financial Year ended 31st March, 2023, 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, 2023, and the report of the Auditors thereon.

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

Date: 28/03/2024
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: 28/03/2024
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
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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 **24th Adjourned Annual General Meeting** of the Company, to be held on March 30, 2024 at 12:30PM at Meeting Room, Shakti Bhawan, 14 Ashok Marg, Lucknow and at any adjournment thereof in respect of such resolution as are indicated below:

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

Resolution No.

Affix
Revenue
Stamp

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

Signed this ..... day of 2024

Signature of shareholder

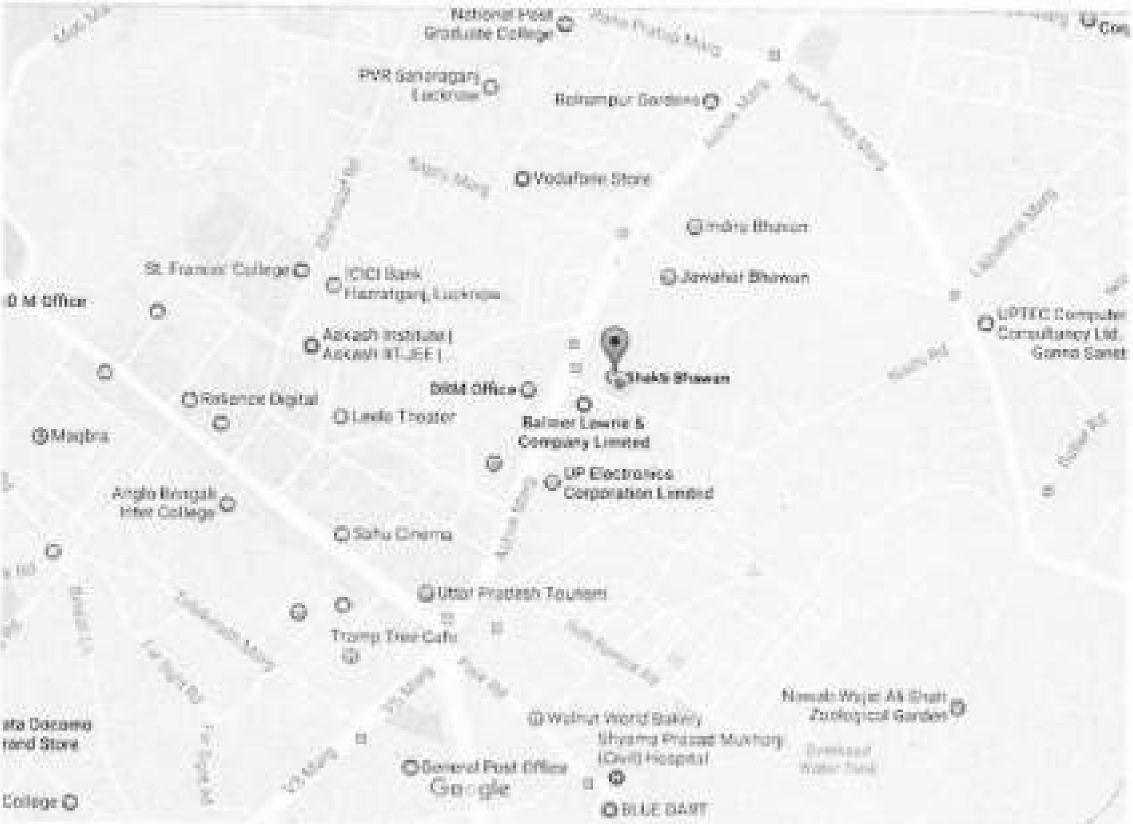
Signature of Proxy holder(s)

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 24th 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, 2023.

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. 2022-23. The company sold 130058.71 MU as compared to 116885.13 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, 2023 are summarized below:

(₹ in Crore)

Particulars	Standalone Results		Consolidation Results	
	F.Y. 2022-23	F.Y. 2021-22	F.Y. 2022-23	F.Y. 2021-22
Revenue from sale of power	68653.93	54879.36	64461.32	56846.02
Other Income	186.81	137.88	25810.31	23486.65
Total (A)	**68840.74**	**55017.24**	**90271.63**	**80332.67**
Expenditure				
Operational Expenditure :-				
Purchase of Power	68653.93	54879.36	71955.76	58048.72

Employee Benefit Expenses	71.64	93.51	2410.00	2241.90
Repairs & Maintenance Expenses	5.07	8.95	2491.13	2457.49
Administrative, General & Other Expenses	27.80	47.08	2973.37	2552.11
Total (B)	**68758.44**	**55028.90**	**79830.26**	**65300.22**
Operational Profit/Loss A – B = C	**82.3**	**(11.66)**	**10441.37**	**15032.46**
Interest and Finance Charges	0.05	0.03	8062.29	8382.57
Depreciation	6.32	5.92	3577.75	2862.13
Bad Debts & Provisions	14639.28	6835.30	14561.18	7744.98
Total (D)	**14645.65**	**6841.25**	**26201.22**	**18989.68**
NET PORFIT/LOSS Before Exceptional Items/ Tax	**(14563.35)**	**(6852.91)**	**(15759.85)**	**(3957.23)**
Exceptional Items	8.89	143.70	(98.68)	(1620.04)
Net Profit/Loss After Exceptional Items & Before Tax	**(14572.24)**	**(6996.61)**	**(15858.53)**	**(5577.27)**
Provision for Tax	-	-	-	-
Other Comprehensive Income	**(1.27)**	**(5.23)**	**(11.20)**	**(39.84)**
NET PORFIT/LOSS After Tax	**(14,573.51)**	**(7,001.84)**	**(15,869.73)**	**(5,617.11)**

(i) The Company has incurred net loss of ₹14,573.51 Crore (Standalone) for the Financial Year 2022-23 as against net loss of ₹7,001.84 Crore (Standalone) in the previous financial year. The major reason for the increase in net loss in the current financial year is due to increase in the value of impairment of investments in subsidiary DISCOMs.

(ii) The consolidated net loss in the F.Y. 2022-23 was ₹15869.73 Crore (Consolidated financial statements) as against net loss of ₹ 5617.11 Crore in the previous financial year. The loss for the year has increased by ₹ 10252.62 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 ₹ 2586.23 Crore as compared to the previous year. (Total subsidy for the Financial Year 2022-23 and 2021-22 is ₹ 24,595.12 Crore and ₹ 22,008.89 Crore (restated) respectively).
(b) Bad Debts and Provision amounting to ₹ 14561.18 Crore and ₹ 7744.98 Crore shown for the F.Y. 2022-23 and 2021-22 respectively includes the provision for Bad and Doubtful Receivables from Consumers against Sale of Power amounting to ₹ 14518.47 Crore and ₹ 7683.22 Crore respectively for the F.Y. 2022-23 and 2021-22. There is an increase of ₹ 6835.25 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. 31(9) 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(36) 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 2022-23 Units Purchased (MU)	FY 2021-22 Units Purchased (MU)
A	U.P. Power Corporation Ltd.	Holding	137289.92	123406.88

The company sold 130058.71MU in the financial year 2022-23 as compared to 116885.13 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 2022-23 Units Purchased (MU)	FY 2021-22 Units Purchased (MU)
A	Purvanchal Vidyut Vitran Nigam Ltd.	Subsidiary	31132.50	28621.34
B	Madhyanchal Vidyut Vitran Nigam Ltd.	Subsidiary	27347.21	24352.98
C	*Dakshinanchal Vidyut Vitran Nigam Ltd.	Subsidiary	28307.19	25725.44
D	Paschimanchal Vidyut Vitran Nigam Ltd.	Subsidiary	39043.24	34427.51
E	Kanpur Electricity Supply Company Ltd.	Subsidiary	4228.57	3757.86
	TOTAL		**130058.71**	**116885.13**

*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 87883866 equity shares of Rs.1000 each aggregating to Rs.8788.39 crore to the Hon'ble Governor of U.P during the year 2022-23. The present paid up share capital of the company is Rs.118467.77 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 2023 were Rs.55430.47 crore and short terms Borrowings on that date were Rs. 14020.63 crore.

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

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

Key Management Personnel

S. No.	Name	Designation	Period (For FY 2022-23)	
			From (Date of Appointment)	Date of Cessation
1	Shri M. Devaraj	Chairman	02.02.2021	----
2	Shri Pankaj Kumar	Managing Director	10.03.2021	----
3	Shri P. Guruprasad	Nominee Director	23.07.2021	----
4	Shri Anupam Shukla	Nominee Director	10.06.2022	----
5	Smt. Neha Sharma	Nominee Director	02.09.2022	----
6	Shri Nidhi Kumar Narang	Director (Finance)	01.06.2022	----
7	Shri Neel Ratan Kumar	Nominee Director	16.04.2013	----
8	Shri Jawed Aslam	Nominee Director	17.07.2020	06.06.2022
9	Shri Amit Kumar Srivastava	Director (Commercial)	24.05.2022	----
10	Shri Kamalesh Bahadur Singh	Director (Corporate Planning)	18.06.2022	----
11	Shri Sourajit Ghosh	Director (I.T.)	18.06.2022	----
12	Shri Kanhaiya Lal Verma	Nominee Director	06.06.2022	14.02.2023
13	Shri Sanjai Kumar Singh	Nominee Director	14.02.2023	----
14	Shri Mrugank Shekhar Dash Bhattamishra	Director (PM&A)	12.07.2022	----
15	Shri Ranjan Kumar Srivastava	Director (Finance)	17.07.2021	01.06.2022
16	Shri Anil Kumar	Non-Executive Director	13.01.2022	30.06.2022
17	Shri Ajay Kumar Purwar	Director (PM&A)	10.07.2019	09.07.2022
18	Shri Ashwani Kumar Srivastava	Director (Distribution)	19.01.2021	23.07.2022
19	Shri Anil Kumar Awasthi	Chief Financial officer	05.03.2020	30.11.2022
20	Shri Nitin Nijhawan	Chief Financial officer	01.12.2022	----
21	Dr. Jyoti Arora	Company Secretary	30.07.2021	16.07.2022

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 & Attendance Thereof

During the financial year 2022-23, thirteen meetings of the Board of Directors of the Company were held. The details of said meeting along with attendance thereof is annexed as **Annexure A.**

6.4 Details of Audit Committee

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, 2023:

S. No.	Name of the Committee Members	Category
1.	Shri P. Guruprasad	Non-Executive Director
2.	Shri Pankaj kumar	Executive Director
3.	Shri Neel Ratan Kumar	Non-Executive Director
4.	Shri Nidhi Kumar Narang	Executive Director
5.	Shri Sanjay Kumar Singh	Non-Executive Director

Number of Meeting of the Audit Committee

During the financial year 2022-23, there were total 11 Meetings of the Audit Committee on the following dates:

S. No.	Date of Meeting	S. No.	Date of Meeting
1.	26.05.2022	2.	08.07.2022
3.	10.08.2022	4.	12.09.2022
5.	27.09.2022	6.	21.10.2022
7.	11.11.2022	8.	17.01.2023
9.	12.02.2023	10.	27.03.2023
11.	30.03.2023		

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 31.03.2023 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 Sanjai Kumar Singh	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 31.03.2023 was as under:

S. No.	Name of the Committee Members	Category
1	Shri Pankaj Kumar	Executive Director
2	Shri Kamalesh Bahadur Singh	Executive Director
3	Shri Sanjai Kumar Singh	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 31.03.2023 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 Nidhi Kumar Narang	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 31.03.2023 was as under:

S. No.	Name of the Committee Members	Category
1	Shri Pankaj Kumar	Executive Director
2	Shri Kamalesh Bahadur Singh	Executive Director
3	Shri Nidhi Kumar Narang	Executive Director
4	Shri Sanjai Kumar Singh	Non-Executive Director

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. 2022-23.

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, 2023 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. R.M. Bansal & Co., Cost Accountants, Lucknow as Cost Auditor for the financial year 2022-23. The cost audit for the F.Y. 2022-23 is completed.

10.3 Secretarial Auditor

In terms of provision of section 204 of the Companies Act, 2013 company has appointed M/s M/s Manish Mishra & Associates , Lucknow, Practicing Company Secretary for conducting Secretarial Audit for the financial year 2022-23. 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 2022-23 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, 2023:

₹ 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	25193.58
B	Madhyanchal Vidyut Vitran Nigam Ltd. (MVVNL) (CIN-U31200UP2003SGC027459)	Subsidiary	100%	30000.00	22784.46
C	Dakshinanchal Vidyut Vitran Nigam Ltd. (DVVNL) (CIN-U31200UP2003SGC027460)	Subsidiary	100%	30000.00	23461.74
D	Paschimanchal Vidyut Vitran Nigam Ltd. (PasVVNL) (CIN-U31200UP2003SGC027458)	Subsidiary	100%	25000.00	17127.92
E	Kanpur Electricity Supply Company Ltd. (KESCO) (CIN-U40105UP1999SGC024626)	Subsidiary	100%	3000.00	2249.31

Note: -

(i) The company has no associate companies or joint ventures as at 31.03.2023.

(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 31.03.2023 along with previous year figures are summarized below:

₹ in Crore

Particulars	PuVVNL		MVVNL		DVVNL		PasVVNL		KESCO	
	F.Y. 2022-23	F.Y. 2021-22	F.Y. 2022-23	F.Y. 2021-22	F.Y. 2022-23	F.Y. 2021-22	F.Y. 2022-23	F.Y. 2021-22	F.Y. 2022-23	F.Y. 2021-22
Revenue from Sale of Power	13660.93	12424.70	13707.75	13069.87	12447.81	10405.93	21483.30	18201.00	3161.48	2744.52
Other Income	6835.39	7473.35	6532.97	5382.61	4948.80	4406.21	6866.15	5819.33	440.19	267.27
TOTAL (A)	**20496.37**	**19898.05**	**20240.72**	**18452.48**	**17396.61**	**14812.14**	**28349.45**	**24020.33**	**3601.67**	**3011.79**
Expenditure										
Operational Expenditure:-										
Purchase of power	16030.96	12055.16	16370.06	13780.16	15210.53	10907.12	21514.20	20101.85	2465.67	2541.00
Employee Benefit Expenses	624.38	592.99	557.81	513.02	400.45	372.63	620.06	539.08	129.96	125.11
Repairs & Maintenance Expenses	715.67	816.59	476.78	374.71	541.96	585.14	707.06	629.20	44.60	42.89
Administrative, General & Other Expenses	705.93	572.15	813.04	603.64	723.77	665.44	477.73	451.04	225.10	212.76
TOTAL (B)	**18076.94**	**14036.89**	**18217.69**	**15271.63**	**16876.71**	**12530.33**	**23319.05**	**21721.17**	**2865.33**	**2921.76**
Operational Profit/Loss A-B=C	**2419.43**	**5861.16**	**2023.03**	**3180.95**	**519.90**	**2281.81**	**5030.40**	**2299.16**	**736.34**	**90.03**
Interest and Finance Charges	2744.56	2675.11	1808.45	1725.57	2075.94	2149.88	1154.06	1581.32	284.73	256.22
Depreciation	1158.16	847.75	839.51	674.07	817.43	636.82	899.81	643.23	56.52	54.34
Bad Debts & Provisions	5106.15	2504.30	4174.86	2436.36	2673.20	2210.80	2166.72	439.79	390.79	(100.56)
TOTAL (D)	**9008.87**	**6027.16**	**6822.82**	**4836.00**	**5566.57**	**4997.50**	**4020.59**	**2664.34**	**732.24**	**210.00**
Net Profit/Loss Before Exceptional Items/Tax	**(6589.44)**	**(166.00)**	**(4799.79)**	**(1665.05)**	**(5046.67)**	**(2715.69)**	**1009.81**	**(365.18)**	**4.10**	**(119.97)**
Exceptional Items	(20.83)	(427.52)	(20.13)	(376.96)	(27.10)	(243.65)	(18.14)	(334.11)	(3.59)	(94.10)
Net Profit/Loss After Exceptional Items &	**(6610.27)**	**(593.52)**	**(4819.92)**	**(2032.01)**	**(5073.77)**	**(2959.34)**	**991.67**	**(699.29)**	**0.51**	**(214.07)**

Before Tax										
Provision for Tax	-	-	-	-	-	-	-	-	-	-
Net Profit/Loss After Tax	7.78	(0.52)	(4.65)	(0.11)	5.01	(31.26)	(8.03)	-	(2.02)	(2.72)

11.3 Adoption of Annual Accounts

The Audited Accounts of the DISCOMs for the F.Y. 2022-23 along with CAG Comments have been approved by the Board of the Discoms and shall be placed before respective Annual General Meeting for adoption.

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.	3958.79
B	Madhyanchal Vidyut Vitran Nigam Ltd.	2432.22
C	Dakshinanchal Vidyut Vitran Nigam Ltd.	2018.22
D	Paschimanchal Vidyut Vitran Nigam Ltd.	951.53
E	Kanpur Electricity Supply Company Ltd.	264.55
	TOTAL	**9625.31**

The Status of investment of funds in subsidiaries and other companies as at 31.03.2023 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 DISCOMs 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 2022-23, Total Three complaints on 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 the Company by its officers or employees.

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. 2022-23 are furnished hereunder:

₹ in Crore

S.No.	Name	Designation	Remuneration Paid	
			2022-23	2021-22
1.	Shri M. Devaraj	Chairman	0.47	0.36
2.	Shri Pankaj Kumar	Managing Director	0.35	0.35
3.	Shri Nidhi Kumar Narang	Director (Finance)	0.33	
4.	Shri Amit Kumar Srivastava	Director (Commercial)	0.52	
5.	Shri Ashok Kumar Srivastava	Director (Commercial)		0.13
6.	Shri Kamalesh Bahadur Singh	Director (Corporate Planning)	0.31	
7.	Shri Sourajit Ghosh	Director (IT)	0.30	
8.	Shri Ashwani Kumar Srivastava	Director (Distribution)	0.08	0.19
9.	Shri Ranjan Kumar Srivastava	Director (Finance)		
10.	Shri Ajay Kumar Purwar	Director (PM & A)	0.07	0.24
11.	Shri Sudhir Arya	Director (Finance)		0.15
12.	Shri Anil Kumar Awasthi	Chief Financial Officer	0.65	0.43
13.	Shri Nitin Nijhawan	Chief Financial Officer	0.07	
14	Dr. Jyoti Arora	Company Secretary	0.09	0.14
Total			**3.48**	**1.99**

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 2022-23, 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 applicat-ions 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 2022-23, 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. Achievement in various fields by the Company.

As a Corporation, Entity have to fulfill various responsibilities towards its stakeholders, and for that kind purpose have to achieve various norms for its stakeholders, A list of various achievements made by Company during the period under review is annexed as **Annexure IX.**

16. Acknowledgement

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

Electricity Regulatory Commission, 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 electricity consumers of the state for their co-operation and confidence reposed by them in our subsidiary distribution companies.

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

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

For and on behalf of the Board of Directors

Date:
Place: Lucknow

(Nidhi Kumar Narang)
Director Finance
DIN-03473420

(Pankaj Kumar)
Managing Director
DIN-08095154

ANNEXURE – A

- **Details of Number of Meeting of Board of Directors for F.Y. 2022-23**

S. No.	Date of Meeting	S. No.	Date of Meeting
1.	179th Board Meeting – 26.05.2022	2.	180th Board Meeting – 24.06.2022
3.	181st Board Meeting – 08.07.2022	4.	182nd Board Meeting – 16.07.2022
5.	183rd Board Meeting – 10.08.2022	6.	184th Board Meeting – 12.09.2022
7.	185th Board Meeting – 27.09.2022	8.	186th Board Meeting – 21.10.2022
9.	187th Board Meeting – 11.11.2022	10.	188th Board Meeting – 17.01.2023
11.	189th Board Meeting – 14.02.2023	12.	190th Board Meeting – 27.03.2023
13.	191st Board Meeting – 30.03.2023		

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

During the financial year 2022-23, 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 P. Guruprasad	13	13	100
4.	Shri Anupam Shukla	9	1	11
5.	Smt. Neha Sharma	8	0	0
6.	Shri Nidhi Kumar Narang	12	12	100
7.	Shri Neel Ratan Kumar	13	2	15
8.	Shri Jawed Aslam	2	0	0
9.	Shri Amit Kumar Srivastava	13	13	100
10.	Shri Kamalesh Bahadur Singh	12	12	100
11.	Shri Sourajit Ghosh	3	1	33
12.	Shri Kanhaiya Lal Verma	9	0	0
13.	Shri Sanjai Kumar Singh	3	1	33
14.	Shri Mrugank Shekhar Dash Bhattamishra	10	8	80
15.	Shri Ranjan Kumar Srivastava	1	0	0
16.	Shri Anil Kumar	2	2	100
17.	Shri Ajay Kumar Purwar	3	2	66.66
18.	Shri Ashwani Kumar Srivastava	4	3	75
19.	Dr. Jyoti Arora	3	2	66.66

Annexure IA

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2023

Sl. No.	AUDITOR'S REPORT	MANAGEMENT REPLY
1.	**(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, 2023, 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, 2023, and the **Net Loss,** including other comprehensive income, its cash flows and statement of change in Equity changes in equity for the year ended on that date.	No comments
	(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	No comments

	statement and matters where we are unable to obtain sufficient and appropriate audit evidence. Our opinion is qualified in respect of these matters. We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.	
	(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 92.64 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 have not been adjusted till the close of the financial year**.	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. 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. a. As per information provided to us Receivable from generators includes Rs.707.68 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. 30 of Notes to Accounts relating to M/s Lalitpur Power Generation Company. b. Note 6- Loans & Others Financial Assets (Non-Current) includes Rs.118.21 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. **Being old advances, Management should take necessary action for recovery/adjustments of this Advance.**	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. 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)
			BANKA R-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 will be created in books after due approval.
			SAKHHI GOPAL	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

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<tr><td></td><td></td><td></td><td></td><td>UPPCL is also attached herewith.</td></tr>
<tr><td>KARAN PURA</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>
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<tr><td></td><td>3. As per Note no.-14 to the Notes to Accounts, average billing rate methodology has been used as per decision of higher management of UPPCL instead of Differential Bulk Supply Tariff (DBST) adopted in the previous years. Reasons of such change have not been disclosed in the Notes to Accounts although it has impact on cost allocation to individual DISCOMS.</td><td>UPPCL has changed the methodology/method of allocation of power purchase cost to Discoms to ABR(Average Billing Rate) and necessary disclosure in this regard has been made at point no.14 in the Notes to Accounts of the Financial statement.</td></tr>
<tr><td></td><td>4. 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.</td><td>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.</td></tr>
<tr><td></td><td>5. As per Note no. 11 (Financial Assets-Other (Current), Company has made provision for doubtful receivables @10% on Rs.2159.00 Crore which includes 1239.21 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.</td><td>The fact related to making provisions has already been disclosed in the Notes to Accounts at point no.07. As far as review of the same is concerned, it is submitted that we are in the process of reviewing & revising the accounting policy and necessary action shall be taken accordingly.</td></tr>
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	6. **Placement of Fixed Deposits:** Total fixed deposit of Rs 2869.84 crore include Rs 2185.96 crore placed with ICICI bank only. Company has disclosed the same as a risk factor Para No. 33(V) in the Notes to Accounts. Proper monitoring of same needs to be done by the management.	For appropriate monitoring and control mechanism, a committee has now been formed.
	7. **The Annual Accounts of F.Y 2021-22 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. 2021-22 has been adopted in Annual General Meeting on 16.02.2024.
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.	No comments
3.	**Responsibilities of Management and those charged with governance for the Standalone Financial Statements:**	

	The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the Standalone Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with Governance are also responsible for overseeing the Company's financial reporting process.	No comments
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.	No comments

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<td>Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.
As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
• Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
• Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.</td>
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	• 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 which include assets of Rs	

	27468.49 crore and Revenue form operation of Rs 68653.93 crore. The books of accounts / information of the Zone (**except disclosure in notes to accounts**) has been audited by the Zone auditor who had audited only Trial balances of the zone only and 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 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.	No comments No comments No comments

	(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 with reference to Standalone Financial Statements of the Company 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. Refer Note 30 to the Financial Statements. 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	No comments

	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 iii (a) and (b) contain any material mis- statement. (d) 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. (e) Proviso to Rule 3(1) of the companies (Accounts) Rules 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.	
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, 2023.**	

	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.	Note- 12 Other (Current Assets) Rs.1567.90 Crore include Rs 431.68 crore Receivable from Generators as mentioned in Para 24 of Notes to Accounts-30 for which no confirmation and reconciliations are available. Same has been reported in last year Audit for making suitable Provision. We are of the opinion that Provision for Rs 431.68 crore "Receivable from Generators" should be made in accounts.	Reconciliation of these balances are still under process by dedicated outside agency. The necessary accounting/ adjustment shall be made after completion of said reconciliation.
2.	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, 2023 (Refer Para 29 of Note – 30 "Notes on Accounts"), **which is not in accordance with Ind AS 36 Impairment of Assets.**	As per para 9 of Ind AS 36, which states that "An entity shall assess at the end of each reporting period, whether there is any indication that an 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.
3.	Loans and Other Financial Assets (Note-6), Trade Receivables-Others (Note-8), Financial Assets-Others (Note-11), Other Current Assets - (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. Similar issues also were brought to the notice of management in previous audit report but no corrective actions seem to have been taken in the financial year 2022-23. Major Balances include a) Rs 15.55 Crore (Note No. 6)- Loans & other financial Assets (Non-Current) including Rs. 5.19 Crore (Security	The old balances which are carrying over since last so many years, are mostly related to Transfer scheme. Presently we are in the process of scrutinizing the same and necessary accounting like writing off/writing back etc shall be done after the thorough review of the same.

	Deposits) and Overlay Charges Rs 10.36 Crore and b) Sundry Receivable (Rs.685.13 Crore)-Financial Assets – Other (Current), Note No-11 including Rs. 408.24 Crore relating to Unscheduled Interchanges Charges Pool a/c, Reactive Energy Charges Rs. 123.79 Crore, and Misc. deposits/balances Rs. 29.26 Crore respectively. **In absence of complete details and balance confirmation, we are of the view that provision should be made in the accounts to the extent of Rs.576.84cr. for old balances as reflected in Note-11 financial Assets-Other (Current Assets) and Note No. 6, Loans & other financial Assets (Non-Current). Loss of the company is understated and other receivable is overstated to that extent.**	
4.	Purchases as per Note No-22 for Rs.68653.93 Crore, includes Sales to Indian Energy Exchange for Rs 2581.77 Cr, **which has resulted into reduction/understatement of Purchases and consequent understatement of Sales of Energy** (Note No-20, Revenue for Operation).	Separate accounting for sale to Indian energy exchange has been started from December 2023 financial statement.
5.	**a.) Restructuring Reserve:** A Credit balance of Rs. 540.31 Crore is included in "Other Equity Note-14 as restructuring reserve. As confirmed to us, the balances are old and has been transferred through transfer scheme. No detail was available for aforesaid Reserves. **b.) Capital Reserve:** No details have been provided to us regarding capital reserve Rs 195.95 Crore.	The unadjusted transfer scheme balances after due scrutiny will get transferred to separate AG code and will be adjusted in future as and when it get reconciled as per decision of Higher management.
6.	Note-19 Other Financial Liabilities- Current includes Deposits and Retentions from Suppliers & Others Rs 264.65 crore for which no detail is available.	Except balances received through transfer scheme details of balances are available with the unit concerned
7.	Details of charges filed with ROC against borrowing from bank and few generators have not been disclosed in the respective Notes to Accounts. On examination of search report furnished to us, it was known that pari-passu charges has been registered on receivables /Current assets of the company against borrowings sanctioned by the bankers, while Debenture Trust deed executed with the trustees of the bonds shows that there is an exclusive charge on Current assets/ receivables of the company including book-debts which is in contravention of the	Action for harmonization of security in the issue of conflict/disconnect in security provided to different lenders etc. is under process.

	terms of the hypothecation deed executed with the bankers. Company has to take up the matter suitably with the Lenders. Appropriate disclosure for the same has not been given in the Notes to accounts.	
8.	**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):** 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 realis ability/settlement/ confirmation of balances for 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. Few specific instances include Unscheduled Interchanges Charges Pool a/c is Rs 514.86 Cr and Reactive Energy Charges Rs 123.79 Cr as on 31st march 2023 included in "Current Assets-Other" Note -11.	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.
	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.
	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) (d). Such employee cost to the extent not directly attributable to the acquisition and/or installation of Property, Plant and Equipment **is inconsistent with Ind**	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

	AS 16 Property, Plant and Equipment. This has resulted in overstatement of fixed assets and depreciation and understatement of employee cost. However, impact is not quantifiable at this stage	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.(VI) 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.
	e. Accounting for Employee Benefits: Actuarial Valuation of gratuity liability of the employees covered under GPF scheme has not been obtained. (Refer Para 5 (a) Note – 30 "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 and the same facts has also been disclosed in Notes to Account.
	f. The Financial Assets (Note-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. Further Company has not disclosed the reasons for non- compliance of various Ind AS as required by IND AS-1 Presentation of Financial Statements.	The necessary Accounting and disclosures has been made as per Ind AS and accounting policy adopted by the company.
9.	Inter unit transactions amounting Rs.148.17 Cr, are **subject to reconciliation and consequential adjustments.** (Refer Para 8 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.
10.	Note-16 "**FINANCIAL LIABILITIES OTHERS (NON-CURRENT)"** includes Rs 804.87 Crore **Liabilities against Loan,** the nature of loan and its terms and conditions are not disclosed.	In the present case, out of Rs.804.87, Rs. 147.05 crores is related to Transfer Scheme and balance amount of Rs.657.82 is old balances which are carrying over since long. Presently we are in the process of scrutinizing the same and necessary accounting like writing off/writing back etc shall be done after the thorough review of the same. The unadjusted transfer scheme balances after due scrutiny will get transferred to separate AG code and will be adjusted in future as and when it get reconciled as per decision of Higher management.
11.	C&AG auditors during audit of financial year 2020-21 have commented up on understatement of provision of impairment on investment in DISCOMS since company had credited recoverable amount from Govt. of U.P under Atmar Nirbhar Bharat Subsidy Scheme to "other equity" instead of "Deferred Income" which was consequently included in the Net worth of the DISCOMs and considered for making provision towards investment in DISCOMs. Company has neither made any adjustment in the books of account nor disclosed properly the reasons for non-rectification of such material error in the notes to Accounts. This is having impact on the provision for impairment/consequential losses and state of affairs of the	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.

	company to the extent of Rs 16940.00 crore as reflected in Receivable from GOI in CFS as on 31.03.2023. It is learnt from management Representation Letter that company is referring the issue for the opinion of Expert Advisory Committee, of ICAI. Pending receipt of such opinion, its impact on accounts cannot be ascertained at this stage.	However, necessary disclosure has been made in Notes to accounts of Financial statement for the FY 2022-23.
12.	**Non- compliance of Accounting Policies:** Company has to review certain accounting policies which are in contradiction with accounting treatment given in the financial statements. Major instances are given below.: -	
	a) INVESTMENTS: Provision for impairment is not being made at its Fair Value as per IND AS-109 as mentioned in the respective accounting policy.	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 as per Ind AS 109 on the basis of net worth of the subsidiaries.
	b) FINANCIAL ASSETS: Financial assets on subsequent measurement are not recorded at amortized cost as per IND AS- 109. as mentioned in respective accounting policy. Impairment on financial assets are not being made based on Expected loss.	Necessary accounting has been made as per accounting policy and related disclosures has been made in Notes to accounts.
	c) FINANCIAL LIABILITIES: Borrowings are not measured at Fair value using effective rate of Interest as mentioned in the accounting policy.	Borrowings are measured at fair value as it represents the actual amount of liability which is to be paid off.
13.	**1. 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	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

	monthly trial balances 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.	technology, the company is in process of implementation of ERP system.
14.	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 2021-22, instead of financial year 2022-23. (Para 28 of Note- 30 "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.
15.	**Non-Disclosures in Notes to Accounts: -** Following disclosures have not been made in accounts: - a. Disclosure regarding amount of subsidy not accounted for in case of disputed solar power cases. b. Allotment date for Share application money placed with DISCOMS. c. Risk Management factor do not include Matrix of Age Wise Borrowings and Liabilities due.	Management has made disclosures which is necessary and related to accounts for the FY 2022-23.
16.	**Major Non-Compliances of Law** i) Company has not appointed any Company Secretary as required u/s 203 of Company Act 2013.	Company has made recruitment of Company secretary and the same is under process.
	ii) As per section 177 of the companies acts 2013, following major compliances/ issues were not placed before Audit committee.as also delegated by the Board of Directors: a. Approval or any subsequent modification of transactions of the company with related parties. b. Scrutiny of inter-corporate loans and investments. c. Evaluation of internal financial controls and risk management systems. d. Monitoring the end use raised through public offers and related matters.	All related party transactions are considered and approved by the Audit Committee and placed before the Board on half yearly basis and all other stipulated matters are placed before the Audit Committee and Board as and when arise.

	iii) Company has not held meeting of Risk Management committee, Stakeholder committee etc. during the year under review.	The Company shall adhere to the requisite compliances.
17.	**Major Audit observations in Material Management Zone Audit Report:-** **A. Property Plant and Equipment: -** a) Branch Auditors trial balance is showing Buildings under the head AG Code 10.208 "Building CONTA DIST INST" amounting to Rs. 48,34,196.68 and under AG Code 10.211 Office building amounting to Rs. 11,65,227.05, but information regarding the Land of corresponding assets not provided to us. **#Units645 – Elec Civil Const Div – 1**	a) The Balances for these assets i.e. Building are transferred under transfer scheme without Land Balances and most of the Land are pertains to UPSEB era. Further Unit is working to identify the accounting of mentioned Land.
	b) Branch Auditors trial balance is showing Buildings under the head AG Code 10.211 "Office Building" amounting to Rs. 42,08,722.10 but information regarding the Land of corresponding assets not provided to us. **#Units641 – Civil**	b) The mentioned Building is pertains to construction of Shakti Bhawan premises and Land acquired for the same at the time of UPSEB era.
	c) An amount of Rs 36506.76 is shown under the head Scrap Materials A/c (A/c Code 22 770), on review of the said account we were explained that these are group of assets which has been fully depreciated and are being carried at its residual value. Further, since fixed assets register is not being maintained these assets cannot be identified. Furthermore, no report of any committee who identified the above assets as scrap was provided to us. Further, as per Ind AS 16 (Property, Plant and Equipment) which requires measurement of such kind of assets at its net realizable value which has not been worked out. Therefore, we cannot comment upon the value at which these assets are carried. **#Units330 – EIE&PC**	c) The said amount of Rs 36506.76 under scrap material has been written off with the approval of Management. The necessary accounting adjustment have been done in the March 2023 accounts.
	d) The zone is not evaluating the Property Plants and Equipment (PPE) for impairment as required under INDAS 36, as explained to us revaluation of PPE is not permitted by the Electricity (Supply) (Annual Accounts) Rules, 1985, the exception may be because the PPE cost is built in the Fixed Cost of the tariff but as explained to us the cost of PPE of the	d) The accounting related to Property Plants and Equipment is done as per the accounting policy of the corporation.

	Company is not approved under the tariff approved by the regulator neither Depreciation is allocated to the Distribution companies. The company has not sought any clarification from relevant regulatory authorities regarding the same.	
	B. Payment of Lease Unit #972 (UP Vigilance Cell) and #unit 327 (Electricity Store Procurement Circle) are being maintained at rental premises. As explained to us the rent of Unit 972 is being deposited to Court as the ownership of the premises is sub-judice. Further latest lease agreement and the rent receipt were not being provided to us for premises with Unit 327, further Compliances of Ind AS 116 is not done at zone level.	In this reference, it is submitted that the present case is not a lease agreement, it's just a normal rent agreement which has been done to use the premises. Hence, IND AS 116 will not be applicable in the instant case and accordingly no compliance of the same is required. Presently, due to ownership dispute the matter is subjuidice in court, hence the renewal rent agreement is pending. However, liability for payment of rent is being created on monthly basis in case of Unit #327. Further, amount of monthly rent is being deposited in court in case of Unit #972.
	C. Investments 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 to MPPMCL as explained to us the amount of Equity contribution is not identified in books of accounts further necessary detail on the same is required from Fund section of the company by the EIE&PC which remained unclarified till date, 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.
	D. The balances in account of party, contractors, Governments Departments, etc., including those balances appearing under loan and advances & other receivables are subject to confirmation and reconciliation. The impact of adjustment if any, which may arise out of the confirmation and reconciliation process cannot be commented upon.	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.
	E. Branch Auditors observed lack of proper system of review for identifying doubtful dues, especially those arising out of disputes pending before respective judicial forums and absence of regular follow ups with the respective parties for recoverability of outstanding balances in the absence of which we are unable to quantify the amount of provision which is required for irrecoverable or doubtful dues and its consequential impact on the financial statements. **#Units330 – EIE&PC**	The provisions for doubtful receivables has been made as per management estimate and the same has been disclosed at point no. 07 in the Notes to Accounts.
	F. TDS Receivables- i. The unit has accounting TDS receivable of Rs 749029895.47 pertaining to Power sale to Distributing companies (DISCOMS)however as per 26 AS Rs. 739563769.47 is TDS receivable being reflected against the sale of power to the DISCOM as explained the necessary adjustment will be done at HQ Level. **(UNIT CODE330)**	It is to submit that TDS accounted for Rs.818491478.47 in F.Y 2022-23 and TDS as per 26AS dated 03/10/23 Rs.809025352.47 is tallied/reconciled, difference amount Rs. 9466125 is adjustment of F.Y 2021-22.
	ii. As observed the zone has following balances as TDS receivable appearing in the books of the zone, in the absence of year wise breakup and status of completion of the assessment, we cannot comment upon the genuineness of the same. Branch Auditors following balances were outstanding on 31.03.2023	The referred balances are due to pendency of refund, as soon as the refund is received and details are provided from corporate tax, unit will account for the same. Further units analyzed their negative balances and necessary

S. no	Unit Code	Unit Name	AG Code	Amount Outstanding (Rs.)
1	982	ETI	27.425	19,47,440.00
2	973	Service Commission	27.425	-12,04,953.00
3	646	Maintenance	27.425	5,730.00
4	645	Civil Const. Aliganj	27.425	11,98,908.00
5	641	Civil	27.421	-3,38,872.00
6	641	Civil	27.425	1,79,519.00
7	330	Import and Export	27.422	76,99,77,097.64
8	330	Import and Export	27.425	9,61,37,377.20
9	327	ESPC	27.425	13,848.00
Total TDS Receivables				86,79,16,094.84

correction are being made in current FY accounts.

G. Trade payables

Trade payable having debit balances for power purchase of following parties, in several cases excess payment of Rs.3917614447.47 has been made to the parties namely NHPC- Rs. (-)3432723674.00, TEESTA URJA LTD. Rs. (-)3722.00, NOAR-Rs. (-)3633710.00, POWERGRID RAMPUR SAMBHAL TRANSMISSION LTD. Rs. (-)16432986.00, M/S SIMBHAULI SUGAR MILLS Rs. (-)76155192.24, M/S DWARIKESH SUGAR MILLS LTD. Rs. (-)2216562.75, TRIVENI ENG.& IND.LTD DEOBAND Rs.(-)74915812.07, TRIVENI ENGINEERING LTD., MILAK NARAIYAN Rs.(-)69228689.50, BAJAJ HINDUSTAN LTD. UTRAULA Rs. (-)10440643.57, BAJAJ HINDUSTAN LTD, (GANGAULI) Rs. (-)34873409.42, BAJAJ HINDUSTAN LIMITED, BARKH Rs. (-)1662752.45, BAJAJ SUGAR LIMITED, BARKHERA, Rs. (-)36495325.42, BAJAJ HIND.L., KUNDARKHI Rs.(-)11714482.31, & BAJAJ HIND.L., PALIAKALAN, LAK Rs. (-)147117485.74 and other includes old balances which are under reconciliation, year of advance if any is not provided to us neither was available with the unit, neither current status

We have worked out that in following cases, the debit balances as mentioned by audit are more than 9-10 years old and are subject to reconciliation. We are working on the reconciliation and will try to resolve these debit balances as soon as possible.

AG Code	Name of the Generator	Debit Balance as per Audit Observation (Rs.)	Remark
41 113	N.H.P.C.	3432723674.00	Debit balances pertains to books prior to 01.04.2007 and various letter and e-mails has been send to party for reconciliation
41 756	BAJAJ HIND.L, PALIAKALAN, LAK	-147117485.74	Debit Balances Since- 2009-10.

was explained to us further it should be emphasized that the advances and excess payments are not interest bearing therefore loss to the corporation if any cannot be determined in the absence of clarification and adequate details. Bearing lack of documentation and adequate information, the recoverability or provision for doubtful amount cannot be commented upon at this stage (Unit#330 EIE&PC).

OLD BALANCES

AG Code	Name of The Generator	Total Balance
41.106	MADHYA PRADESH	-255974601.81
41.110	BHAKRA PROJECT MANAGEMENT BOARD	-16575376.60
41.128	KARNATAKA P.C.L.	-2088110.00
41.134	MSEDCL	-15502004.00
41.405	LANKO EU LIMITED	-9705040.12
41.411	G.M.R. ENERGY PVT. LTD.	-60719.00
41.420	MANIKARAN	-1534738.00
41.422	M/S A.C.C. LTD.	-775440.00
41.427	MITTAL PROC.PVT.LTD.GHAZIABAD	-46511195.00
41.432	TECH. ASSOCIATES	-6931463.93
41.743	WAVE INDUSTRIES PVT. LTD. (ERS	-1660526.78
41.205	HIMACHAL PRADESH	-1688774.00
Total		**-359007989.24**

H. Staff and Other Liabilities

	TOTAL	-3579841160	

Hence, out total amount of Rs 391.76 Crores of debit balance as mentioned in the first table of the para, an amount of Rs. 357.98 crores are very old for which reconciliation with concerned GenCo as well as internally with Fund unit is under progress. Out of the remaining Debit balances, Rs. 1.64 Crores which is related to Powergrid Rampur Sambhal Transmisson Ltd. (PRSTL) is on account of Negative Bills verified in Feb,23 and the same has been adjusted from further payments to PRSTL, now the balance is credit (Rs. 931905) as per books of May 2023.

Remaining accounts with debit balance as mentioned by audit, amounting approximately Rs. 32.14 Crore (391.76-357.98-1.64=32.14 Crore), are being examined and under reconciliation through third party consultant. These balances were inadvertently replied as excess Payment, however the same cannot be considered as excess payment until the reconciliation is complete with concerned parties.

Further, as mentioned by audit in the second table of the para, there are old debit balances for which the unit has sent letters to concerned GenCos and trying to reconcile these balances

<table>
<tr>
<td></td>
<td>The Zone has not provided relevant details of the following outstanding balances, (above more than Rs 1.00 Crore) which are quit old and details of same could not furnished to Branch Auditors.: -
<table>
<tr><th>UNIT CODE</th><th>AG CODE</th><th>HEAD OF ACCOUNT</th><th>Dr.</th><th>Amount (INR)</th></tr>
<tr><td>983</td><td>44.620</td><td>CPF EMP Recovery</td><td>Cr.</td><td>(15618278.00)</td></tr>
<tr><td>971</td><td>44.412</td><td>Liability to Madhyanchal – EC/ED</td><td>Cr.</td><td>(8227668.67)</td></tr>
<tr><td></td><td>44.610</td><td>Liability to Trust For EMP - GPF</td><td>Cr.</td><td>(208115768.53)</td></tr>
<tr><td></td><td>44.620</td><td>CPF Employee Share</td><td>Cr.</td><td>(16982312.00)</td></tr>
<tr><td></td><td>44.621</td><td>CPF Employer Share Contribution</td><td>Cr.</td><td>(11031894.00)</td></tr>
<tr><td>330</td><td>46 936</td><td>AMT PAYBL-OTHER EB/ST GOVT./LB</td><td>Cr.</td><td>(6,01,50,278.05)</td></tr>
<tr><td></td><td>46 936E</td><td>GL PAYABLE UPJVNL</td><td>Cr.</td><td>(90,81,65,774.00)</td></tr>
<tr><td></td><td>46 98</td><td>RECEIVABLE ACCOUNT</td><td>Cr.</td><td>(48,15,483.00)</td></tr>
<tr><td></td><td>46 989</td><td>U.P.P.T.C.L.</td><td>Cr.</td><td>(62,00,56,928.13)</td></tr>
</table>
</td>
<td>The Balances shown in unit code 983 and 971 for AG Code: 44.610, 44.620 and 44.621 are related to liability towards GPF and CPF which are already paid from Zone Level. And Balance appearing in AG head 44.412 is related to Electricity charges deduction from Employee's salary.</td>
</tr>
<tr>
<td></td>
<td>I. Power Purchase
i) There is no effective system in place to verify power purchase for completeness, 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</td>
<td>The unit has effective internal controls to verify total energy purchased during the year and have a mechanism to verify each and every bill on the basis of related energy account of concerned generator. For this purpose, all the energy bills related to FY 2022-23 not received at the unit till the preparation of Trial Balance have been identified and provisioning for the same has been done on estimated basis. Similarly, bills that have been received but not verified till the finalization of</td>
</tr>
</table>

	in not quantifiable, this may consequently impact the profitability of the DISCOMs.	account have also been provided for appropriately. Hence Power Purchase Cost and Energy both have been accounted for whole year. Details of provisioning have been also provided to audit. Supplementary bills for reimbursement of Statutory charges/Income tax and invoices as per UPERC/CERC true-up/tariff revision orders are being accounted for as per the event. We strive to ensure booking of all power purchase cost during the related financial year itself. In order to transfer the total power purchase cost to 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 order 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, 2020-21 and

		2023-24 which have been reconciled/ under reconciliation for differences identified. Account statements for FY 2022-23 have been already requested form suppliers and are under process of reconciliation. We are continuously following up with suppliers/creditors for the purpose of balance confirmation and reconciliation. Reconciliation is a continuous process and we are working in that direction.
	ii) During our audit we were explained that the reconciliation with Power Generator Companies from F.Y 2018-19 till FY 2022-23 is being carried out by M/S Mercados Marketing Energy Private Limited contracted in January 2021, at a fees of Rs 2,39,48,100.00 adjustment if any upon reconciliation will be done upon submission of final report by the contractor, Furthermore, the reconciliation for balances pertaining to financial years before 2018-19 will be handled by additional staff, but no cost comparison between the two reconciliation methods was provided to us, which created a gap in understanding the efficiency and effectiveness of each approach between the contractor-led reconciliation and the additional staff-led reconciliation.	The proposal of employing additional resources is under consideration of management and the cost has not yet been finalized.
	iii) Generation based Incentives (GBI) receivable from IREDA amounting to INR9,66,31,925.88 (Previous Year - INR 9,77,33,211.20) and a sum of INR (265,13,53,853.51) (Previous Year - INR (85,62,65,550.77) from UPNEDA are subject to confirmation and reconciliation and Consequential adjustment. (Unit#330 EIE&PC)	Generation Based incentive for difference in 'Average Tariff' of solar power projects and 'PPA rate' is accounted as receivable from UPNEDA and IREDA and received on regular basis. Confirmation and Reconciliation is under process. Letter (1350 dated 21/10/2023, 1351 dated 21/10/2023) sent to UPNEDA & IREDA for the same.

	iv) The zone has received interest amounting to Rs. 38,17,77,874 and TDS receivable of Rs. 38177789.20 thereon, the amount of interest has been netted off from the purchase cost in the books. Purchase cost and interest income, therefore are understated to the extent of INR 38,17,77,874 (Unit#330 EIE&PC)	Interest cost or interest receivable included in the Power Purchase Bills presented by Generators on account of adjustment/revision in compliance of UPERC/CERC regulations or order etc. have been accounted under power purchase cost. Since, the total power purchase cost is to be transferred to DISCOMs as Power sale price, hence, there is no understatement/overstatement of profit or loss and no impact on profitability.
	J. Provision for Late Payment Surcharge Unit has accounted total late payment surcharge Rs.5695614955.00 out of which an amount of Rs1123754841.00 is for bills remained unverified. Accounting system adopted by the unit is in diversion of accepted accounting policy on accounting on accrual basis where the LPS should be accrued after the specified time period of unpaid bills as specified in their PPA, whereas only bills are accounted which is received by EI&PC unit. No system was observed where bill wise LPS pending overdue for payment is accrued and accounted. It is further observed there is no system in place which could provide information regarding outstanding and overdue bills details over which LPS need to be accrued and whether the accrual has been accounted or not. Therefore, we cannot comment upon on the amount of overstated profit/understated loss of the zone for the financial year 2022-2023 on account of provision of late payment surcharge.	The unit has verified Late Payment Surcharge bills of generators as per the provision of PPA. Proper checking and computation is carried out before verification all LPS bills. In cases where LPS bills were pending for verification, appropriate provisions have been made in the books. Further, the calculation sheet on the basis of which Late Payment Surcharge is being calculated jointly signed by the generator, fund section for payment and rebate and EIE & PC for bills, so there is a proper system for the verification of the Late Payment Surcharge Bills. Hence, there is no understatement/overstatement of loss on account of Late Payment Surcharge at the unit level. Further, ERP system of Bill verification would help to strengthen internal control for computation and accounting of LPS.

	K. Bank Reconciliation Statement: - On review of the bank reconciliation statements we observed that old Un-reconciled balance of INR Rs. 138164.34 for which no adjustment /reversal has been made in the books of accounts. **# Unit983 – DG Vigilance**	The referred difference is now reconciled.
	L. Pending legal cases at different forums On our query during test check audit of liabilities on pending legal cases at different forums, we were explained that the status of court cases received from PPA unit, Planning unit Power Management Cell and SPAT unit has been considered by the Zone and the same has been disclosed as contingent liability. However, no details were provided to us during our audit and as explained to us the zone has no information relating to the cases and the same is dealt at HQ level. Therefore, we cannot comment upon the status of the cases and its financial implication on the books of accounts.	The detail of Contingent Liability has been provided.
	M. Provision for Power Purchase and Unverified LPS and Power Purchase cost: - The Zone has booked an amount of Rs. 807.32 crore, as unbilled and unverified power purchase cost and Rs. 112.37 crore, as LPS Charges (unverified), on our examination and explanation provide to us, we observed that these charges are unverified and booked under expenditure on reasonable estimate, further as explained necessary deviation on their verification will be accounted at the time of verification. Therefore, impact if any on account of verification cannot be commented upon at this stage. However, Management has confirmed total amount of unbilled and unverified Power Purchase cost for Rs 9437 crore as on 31st March 2023.	As per the prudent accounting practice Provision for Late Payment Surcharges has been provided for on available reasonable estimates i.e. on the basis of bills submitted by the generator.
	N. Rental from Contractor The unit has accounted Rental Income from Contractor M/S Prayagraj Power Generation Corporation Limited of Rs 2,29,927.00 further as explained to us the said amount is on account of Lease of Land to the contractor, however unit did not have any information of Land is being recorded in the books of which unit.	The referred Land is transferred from UPPTCL Civil Unit Allahabad through OM No. 5107 dated 25.06.2015 to Unit #645 and informed by the transmission unit that it does not have any land balances in their books regarding to mentioned land.

	O. Sale of Scrap The Zone has sold old/unserviceable asset for Rs. 1734359.00 during the Financial Year, however as explained the assets sold were very old and gross value was ascertained on the basis of committee report, therefore the correctness of the Profit on sale of Asset of Rs. 927298.00 cannot be commented upon due to lack of details	Since the assets balances are transferred under transfer scheme and the assets are very old, therefore the accounting is done as per the best available records.
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, 2023.**	
1.	a. (i) The company has not maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment. (ii) The company has not maintained proper records of Intangible Assets (Software) for Rs.2.44 crore (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.	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. 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

<table>
<tr><td></td><td>Details of which are furnished below: BUILDING and other civil construction be considered for reporting
<table>
<tr><th colspan="4">ZONE WISE LAND DETAILS</th></tr>
<tr><th>Zone Code</th><th>Cost of Land as per Trial Balance (RS. in Crore)</th><th>**Tittle Deed Available (RS. in Crore)</th><th>Tittle Deed Not Available (RS. in Crore)</th></tr>
<tr><td>970</td><td>0.05</td><td>0</td><td>0.05</td></tr>
<tr><td>640</td><td>4.65</td><td>4.23</td><td>0.42</td></tr>
<tr><td>Total land</td><td>4.70</td><td>4.23</td><td>0.47</td></tr>
</table></td><td>Other misc. Development Exp. 42,28,439.00
Total Value of Land held by unit 4,65,48,401.00
Further, the Unit Code 982 holding Land of Rs. 4,96,250/-, has been instructed to provide the title deed for above mentioned Land.</td></tr>
<tr><td></td><td>**including property held in the name of erstwhile UPSEB. Segregated amount was not provided to us.</td><td>No Comments</td></tr>
<tr><td></td><td>d. As per information provided to us, company has not revalued its Property, Plant and equipment during the year.</td><td>No Comments</td></tr>
<tr><td></td><td>e. As per the information provided, no proceeding has 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.</td><td></td></tr>
<tr><td>2.</td><td>(a) No physical verification report of Stores and Spares for Rs.0.01 Crore as on 31.03.2023 has been provided to us. Hence, we are unable to comment about the coverage, procedure and its discrepancies.</td><td>Units are instructed to get the physical verification done of Stores and Spares.</td></tr>
<tr><td></td><td>(b) As per terms of sanction of credit limits for working capital sanctioned by various banks, company has to submit age-wise and party-wise Receivable statements on quarterly basis to the bankers. On perusal of the letters</td><td>The company has obtained fund based / non-fund based credit limits from multiple banks aggregating to Rs. 1930.00 crores against</td></tr>
</table>

<table>
<tr><td></td><td>submitted to Bank, company has not submitted the necessary Returns properly in desired format, only Trade Receivable amount after elapse of sufficient time have been submitted. Submission of information in this manner cannot be treated as submission of Return as per requirement of bankers. As mentioned in the Notes to Accounts Trade Receivable amount is Rs. 28572.46 crore (From October 2022 to December 22) while as per amount submitted to Bank, it is Rs.30599.26 crore which is excess by Rs.2026.80 crore (doubtful debts). Similarly, for March 23 Quarter, it is Rs.27055.19 while amount submitted to Bank is Rs.25073.14 crore.</td><td>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. 2022-23.</td></tr>
<tr><td>3.</td><td>Company has made investment during the year 2022-23 and the amount given as well as outstanding as on 31.03.2023 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>264.55</td><td>2249.31</td></tr>
<tr><td>Dakshinanchal VVNL</td><td>2018.22</td><td>23461.74</td></tr>
<tr><td>Madhyanchal VVNL</td><td>2432.22</td><td>22784.46</td></tr>
<tr><td>Paschimanchal VVNL</td><td>951.53</td><td>17127.92</td></tr>
<tr><td>Purvanchal VVNL</td><td>3958.79</td><td>25193.58</td></tr>
<tr><td>Southern U.P. Power Transmission Co. Ltd.</td><td>-</td><td>2.22</td></tr>
<tr><td>Total</td><td>9625.31</td><td>90819.23</td></tr>
</table></td><td>No comments</td></tr>
</table>

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	2213.34
7.75% PFC Bonds	Nil	123.00
Total	Nil	2336.34

No comments

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 on31.03.2023(in crore)	
	Bond	**Loan**		
Madhyanchal VVNL	1012.20	1468.72	12,505.34	
Paschimanchal VVNL	508.80	699.46	5,823.35	
Dakshinanchal VVNL	633.90	932.24	14,242.02	
Purvanchal VVNL	1117.00	1507.09	20,629.44	
KESCO	216.10	313.10	2,230.33	
Total	3488.00	4920.61	55,430.48	

No comments

	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	No Comments
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	Zone is generally regular in depositing undisputed statutory dues with the appropriate authorities including provident fund. Employees State Insurance Fund, Income Tax, Sales Tax, Service

	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, 2023 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:	Tax, goods & services tax and other statutory dues. Detail of the balances shown are as under:

S.No	Head Of Account	Amount (in Rs)
1	Liability Towards Employer REC EPF	(12,878.00)
2	I.T./ DEDUCT AT SOURCE	(3,37,378.31)
3	PROVISION FOR FRING BENEFIT TAX	(27,64,115.23)
4	TDS(IT)	(6,06,776.00)
5	PAYMENT OF SALES TAX	(581.31)
6	SERVICE TAX	(36,612.00)
7	Gratuity	(2,92,24,337.02)
8	CPF Trust (EMPLOYEE + EMPLOYER)	(32,84,366.90)
9	GPF	(20,79,58,760.66)

S.No	Head	Head of Account	Amount	March-23 Liability Paid in April-23	Old Outstanding Balances
1	44.121	Liability Towards Employer REC EPF	-12878.00	0.00	-12787.00
2	44.401	I.T/DEDUCT AT SOURCE	-337378.31	36233.00	-301145.31
3	46.81	PROVISION FOR FRING BENEFIT TAX	-2764115.23	0.00	-2764115.23
4	46.926	TDS(IT)	-606776.00	574189.00	-32587.00
5	46.927	PAYMENT OF SALES TAX	-581.31	0.00	-581.31
6	46.929	SERVICE TAX	-36612.00	0.00	-36612.00
7	44.110	GRATUITY	-29224337.02	13000.00	-29211337.02
8	44.620 + 44.621	CPF Trust(EMPLOYEE+EMPLOYER)	-3284366.90	0.00	-3284366.90
9	44.610	GPF	-207958760.66	0.00	-207958760.66

The above old outstanding balances are under reconciliation.

	(b) As per information and explanation given to us, there is no amount disputed as on 31.03.2023 against the statutory liabilities mentioned in Para no.7a above.	No comments
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.	No comments

9.	(a) Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.	No comments
	(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.8408.61 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.	No comments
	(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
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, 2023.	No comments

	(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.	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 its Arm's length status by Audit Committee as required under Section 177 of Companies Act, 2013.	No comments
14.	(a) In our opinion company has an internal audit system, which needs more strengthening considering its coverage particularly in the area of internal control system on payment to Generators as well as review of old balances as mentioned in our Annexure-1and Annexure-4 to our audit report and compliance of observations of Audit report, so that it may be commensurate in size and nature of business of the Company (b) Yes, we have considered reports of the Internal Auditors for the period under audit.	No comments

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2023

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. (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.	No comments
17.	There is no cash loss during the year under review. (Previous year Cash Loss Rs 39.39 crore).	No comments
18.	During the year, there is no resignation by Statutory Auditors.	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	No comments

<table>
<tr><td></td><td>statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. No projected cash flow statement for ensuing financial year 2023-24 has been provided to us. 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.</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 2022-23. 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, 2023.</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</td><td>The Company has no system in place to process the accounting transactions through IT system except payment transactions are recorded through ERP system. The accounting is done manually and Cash book and</td></tr></table></td><td>No comments</td></tr>
</table>

		accounts for with the financial implications, if any, may be stated	Sectional Journals are maintained but ledgers/sub ledgers are not maintained. Presently compilation of accounts are being made under Excel 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 state. Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable for statutory auditor of lender company)	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 (grants/subsidy etc.) received/receivable for specific schemes from Central/State Government or its 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 accounting. Capital grants Rs. 498.00 Crores released during the year by U.P. Govt. has not been allocated to the DISCOMS till 31-03-2023.	
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, 2023.**			

<table>
<tr><td></td><td>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. Report on the efficacy of the system of billing and collection of revenue in the company.	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. Report on efficacy of system of billing and its collection are reported by DISCOMS Auditors in their respective Audit Reports.
2.	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

</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 31.03.2023

			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.		
	3.	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 Para no. 13 and 17 D of Annexure I of Audit Report., regarding non-reconciliation of Inter-unit transactions. Further no balance confirmation has been produced from the Transmission and Generation Companies.		
	4.	Whether the Company has received subsidy and grants from the Government in the year 2022-23 (including those accrued up to 31 March 2023) for onward allocation to the DISCOMs. If yes, the basis for allocation of aforesaid subsidy and grants to the DISCOMs may be examined and suitably reported to.	Yes, the Corporation has received Subsidy and Grants from Government in the year 2022-23. Kindly refer para no.20 b of Notes to Accounts. As per information provided by the management the basis of allocation to DISCOMs is enclosed as per Annexure-A		
	5.	Whether the Company taken or withdrawn loan on behalf	During the year Financial Year 2022-23, the Corporation has raised funds		

	DISCOMs in the year 2022-23 for onward allocation to the DISCOMs. If yes. The basis for allocation of the aforesaid loan may be examined and suitably reported to. — from the capital market by way of issuance of bonds Rs 3488.00 Crores and availed loan under RBPF scheme Rs 4920.61 Crores (i.e.- REC-1911.00 Crores and PFC-3009.61 Crores). The total amount Rs 8408.61 Crores drawn during this tenure were allocated among DISCOMs on the basis of latest available trade receivables of DISCOMs against each respective quarters.	
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, 2023.**	
	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, 2023 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.	No comments
	Management's Responsibility for Internal Financial Controls 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	No comments

	the timely preparation of reliable financial information, as required under the Companies Act, 2013.	
	Auditors' Responsibility Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.	No comments

	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.	No comments
	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.	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	No comments

	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, 2023, and as mentioned below –	
	1. Company has no Internal control policies over payment to Generators. Branch Auditors have reported excess payment of Rs. 391.76Cr and old debit balances of Rs. 35.90 cr. It is also observed that no subsidiaries ledger is maintained by the company and payment to generators are made without considering outstanding balances in their accounts. Besides, no bill wise details of payment made to generators are available with the company.	In order to strengthen the existing system through information technology, the company is in process of implementation of ERP system. Further party wise reconciliation is under process.
	2. Company has not devised a system for placement of fixed deposit for approval by the competent authority by placing the comparative rates of interest, periodicity of fixed deposits and renewal proposal with revised interest rates in line with the prevailing market trends to ensure accrual of better revenue to the company.	For appropriate monitoring and control mechanism, a committee has now been formed.
	3. 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.

	4. 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.	There is a proper and effective system of power purchase. 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.
	5. 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.
	6. 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.	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.
	7. 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.
	8. 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.

For and on the behalf of Board of Directors

Nitin Nijhawan
(Dy. General Manager & CFO)

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

Annexure IB

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, 2023, 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, 2023. 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

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>U.P Power Corporation Ltd. Holding Company</u>** 1. Tax deducted at source Rs.92.64 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 have not been adjusted till the close of the financial year**.	 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

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<td>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.</td>
</tr>
<tr>
<td>2. a. As per information provided to us Receivable from generators includes Rs.707.68 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. 30 of Notes to Accounts relating to M/s Lalitpur Power Generation Company.</td>
<td>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.</td>
</tr>
<tr>
<td>b. Note 6- Loans & Others Financial Assets (Non-Current) includes Rs.118.21 Crore 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. Being old advances, Management should take necessary action for recovery/adjustments of this Advances.</td>
<td>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</th><th>Remarks</th></tr>
</table>
</td>
</tr>
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			(Rs.)	
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 accounts in respect of Cheyyur UMPP and provision for the same will be created in books after due approval.
SAKHIIGOPAL	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 the amount received from UPPCL of Rs. 1.12 Crores. Copy of statement

				provided by Karanpura is attached herewith.
TOTAL	126.97	126.95	-0.02	

3. As per Note no.-14 to the Notes to Accounts, average billing rate mythology has been used asper decision of higher management of UPPCL instead of Differential Bulk Supply Tariff (DBST) adopted in the previous years. Reasons of such change has not been disclosed in the Notes to Accounts although it has impact on cost allocation to individual DISCOMS.	UPPCL has changed the methodology/method of allocation of power purchase cost to DIscoms to ABR(Average Billing Rate) and necessary disclosure in this regard has been made at point no.14 in the Notes to Accounts of the Financial statement.
4. Accounting Policy No. VIII of the Company regarding power purchases had not envisaged the method for accounting of power purchases where final approval of the tariff by the Regulatory Commission has not been granted.	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.
5. Placement of Fixed deposit: Total fixed deposit of Rs 2869.84 crore include Rs 2185.96 crore placed with ICICI bank only. Company has disclosed the same as a risk factor Para No. 24(v) in the Notes to Accounts. Proper monitoring of same needs to be done by the management.	For appropriate monitoring and control mechanism, a committee has now been formed.
6. The Annual Accounts of F.Y 2021-22 are yet to be adopted in Annual General Meeting (Refer Para 32 of Note - 30 "Notes on Accounts").	The Annual accounts for the F.Y. 2021-22 has been adopted in Annual General Meeting on 16.02.2024
Specific Observations given by Discoms Statutory Auditors given below: -	
Pashchimanchal Vidut Vitran Nigam Ltd.	
1. There is no accounting policy regarding method of accounting of unbilled revenue of Rs.735.36 Crore, which has been done on estimated basis and relied upon by us. (Refer Note no 8 of financial statement)	1. At the end of the year the provision for unbilled revenue is booked in sale of power according to billing cycle of consumer category by the concerned distribution division on estimated basis.
2. IND AS-8: In the current financial year, management has made several adjustments/corrections relating to prior period errors/omission. Rs. 2668.33 crores have been adjusted with surplus in the statement of Profit and loss as disclosed in Note 13 of Financial Statements in accordance with IND AS-8.	2. The error/omissions pertaining to prior period are adjusted with Retained Earnings under Reserve and Surplus without making any impact on P&L for current financial year.
3. As referred to in Point No. 10 of Notes to accounts a	3. Electricity Duty is collected from Consumers at

sum of Rs. 4510.73 Crores and Rs. 38.20 Crores is payable as electricity duty and compounding charges respectively to UP State Government. No provision has been made for interest and penalty for late payments. It has been explained to us by the company that no interest and penalty is levied for such late payments in past years and we have relied on the same. It is observed that the payment of Electricity Duty is booked on the basis of Debit/Credit Note raised by Uttar Pradesh Power Corporation Ltd and compounding charges is collected at division level and sent directly to the U.P. Treasury. However, the Company has no scientific method of its measurement for accounting and making provision thereof. Hence, we are not in a position to comment on the possible impact thereof on the financial statements of the company.	division level and sent directly to UPPCL (The Holding Co.) along with Electricity charges. At UPPCL level, the payment/adjustment of ED Payable is made with U.P. Govt. and the book adjustment of the same is made on the basis of Debit/Credit Note issued by UPPCL to PVVNL. Whereas Compounding charges collected at divisional level sent directly to the U.P. Treasury on regular basis. As per past record no demand of Penalty/Interest has been raised by U.P. Govt. regarding late payment of Electricity Duty and Compounding charges.
4. Tax Collected at Source (Asset) amounting to Rs. 8.13 crores and Tax Deducted at Source (Asset) amounting to Rs. 6.98 Crores are showing as on 31.03.2023 not reconciled with amount Rs. 4.75 Crore as shown in 26AS of the company for current financial year. Management has informed that the balances shown in the books of accounts reflect pending refund amount of TDS/TCS. We have relied upon the same. (Refer to Note No. 11"Other Current Assets" of the financial statements).	4. During the FY 2022-23, Tax collected at source is amounted to Rs. 4.01 crore and Tax deducted at source amounted to Rs. 0.74 crore, total amount Rs. 4.75 crore is in conformity with the amount as shown in 26AS of the company. Further, the amount of Rs. 8.13 crore and 6.98 crores as mentioned by the audit is closing balance as on 31.03.2023 which includes amount of pending refund of previous years from Income Tax Department.
Kanpur Electricity Supply Company Ltd.	
1. Replies of the management / compliance report of various observations pointed out by the Internal Auditor in their Internal Audit Report dated 16th June,2023 for the "F.Y." 2022-23 has not been made available to us so far, hence, we are unable to comment upon the impact, if any, arising in the "Ind AS-FS" of the company to that extent	The cases, detected by the internal auditors, are being examined by the respective Distribution divisions and the actual revenue based on the facts and rules are being booked in the due course of time. Further the amount being reported is just 0.2% of the total revenue from sales and thus not having any major impact on the sales / financials of the Company for the year.
2. The Government of UP has, vide its order nos. 3188 dated 24.10.2003 and 1077 dated 17.04.2008 decided that the electricity duty and interest payable for the period from 15.01.2000 to 31.03.2003 and from 01.04.2003 to 31.03.2008 respectively would be adjusted against the balance subsidy payable to UPPCL by the State Government. Accordingly, the amount of electricity duty and interest thereon payable due to pending adjustment by the State Government has been shown under the head 'Electricity Duty and Other	Necessary adjustment shall be made in this regard after receiving further instructions in this regard.

Levies Payable to Government' grouped under "Other Current Liabilities" **(Refer note no.17 of Ind AS FS)**. **3.** 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.	The observation is being noted for compliance
b. The Company has not complied with the Order dt 22.01.2019 issued under section 405 of the Act, in respect to filling of MSME Form I. The Company has calculated Interest on Security Deposit (Consumer) @4.25% on the outstanding balance of Total Ledger Balance as per the books. However, the said interest is not reconciled with actual Interest allowed/adjusted by **MPower** (software used for recording sale of energy) in the Customer bills raised during the "F.Y." 2022-23.	The company is following accrual basis of accounting on the basis of which the interest expense on security deposit is booked on the account balance of liability for security deposit. On the other hand, the interest paid during the year is on account of interest paid on security deposit for previous year. Both the amounts are different from each other and thus cannot be matched.
In the case of commissioned assets, where final settlement of bills with the contractor is yet to be affected, capitalization is done, subject to necessary adjustment in the year of final settlement, However, the financial impact of the same on IND AS "F.S." is not ascertainable **(Refer Para No.3 I (d) of Note No. 1A of "IND AS-FS")**. Our opinion is not modified in respect of these matters	It is to kindly inform that adequate provisioning is made for work completed in the financial year but payment made thereafter in subsequent year which is duly accounted for.
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 cover the other information and we do not express any form of	No comments

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	No comments

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,	No comments

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, 2023, 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 31.03.2023	Net Assets i.e., Total Assets minus Total Liabilities as at 31.03.2023	Total Net Profit/ (Loss) as at 31.03.2023	Net Cash in Flows/ (outflows) as at 31.03.2023
Subsidiaries:				
Madhyanchal Vidyut Vitran Nigam Limited, Lucknow, (MVVNL)	43106.23	3045.97	(4824.57)	(361.86)
Purvanchal Vidyut Vitran Nigam Limited, Varanasi,	57091.18	6804.65	(6602.49)	(420.60)

No comments

(PuVVNL)				
Paschimanchal Vidyut Vitran Nigam Limited, Meerut, (PVVNL)	37088.24	8433.92	985.64	(101.50)
Dakshinanchal Vidyut Vitran Nigam Limited, Agra, (DVVNL)	37057.57	(4314.36)	(5078.78)	(505.28)
Kanpur Electricity Supply Company Limited, Kanpur, (KESCO)	5048.01	(1755.65)	(1.50)	(36.28)
Total	179391.23	12214.53	(15521.70)	(1425.52)
CFS Adjustment			**(364.34)**	

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 Paragraph 3(xxi) of the companies Act, (Auditor's report) order 2020 ("the order") issued by the Central Government of India in terms of section 143(11) of the act, we have given the Qualification/ Adverse remarks in **Annexure II** as reported by respective Statutory Auditors of Subsidiaries.

2. 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–III**", 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 Group. iv. (a). Based on the representation made by management of UPPCL and as reported by Discoms Statutory Auditors and 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 Group 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 Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. (b) Based on the representation made by management of UPPCL and as reported by Discoms Statutory Auditors and 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 Group from person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that Group 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. (d) The Group has not declared or paid any	

dividend during the year, therefore compliance with section 123 of the Companies Act, 2013 was not applicable. (e) Provision to Rule 3(1) of the Group (Accounts) Rules 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Group with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.	
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, 2023)** 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:	
Uttar Pradesh Power Corporation Limited (UPPCL) 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.** Note- 12 Other (Current Assets) Rs.1567.90 Crore include Rs 431.68 crore Receivable from Generators as mentioned in Para 24 of Notes to Accounts-30 for which no confirmation and reconciliations are available. Same has been reported in last year Audit for making suitable Provision. We are of the opinion that Provision for Rs 431.68 crore "Receivable from Generators" should be made in accounts.	Reconciliation of these balances is still under process by dedicated outside agency. The necessary accounting/ adjustment shall be made after completion of said reconciliation.
2. 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, 2023 (Refer Para 29 of Note – 30 "Notes on Accounts"), **which is not in accordance with Ind AS 36 Impairment of Assets.**	As per para 9 of Ind AS 36, which states that "An entity shall assess at the end of each reporting period, whether there is any indication that an 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.

3.	Loans and Other Financial Assets (Note-6), Trade Receivables-Others (Note-8), Financial Assets-Others (Note-11), Other Current Assets - (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. Similar issues also were brought to the notice of management in previous audit report but no corrective actions seem to have been taken in the financial year 2022-23. Major Balances include a) Rs 15.55 Crore (Note No. 6)- Loans & other financial Assets (Non-Current) including Rs. 5.19 Crore (Security Deposits) and Overlay Charges Rs 10.36 Crore and b) Sundry Receivable (Rs.685.13 Crore)-Financial Assets – Other (Current), Note No-11 including Rs. 408.24 Crore relating to Unscheduled Interchanges Charges Pool a/c, Reactive Energy Charges Rs. 123.79 Crore, and Misc. deposits/balances Rs. 29.26 Crore respectively. **In absence of complete details and balance confirmation, we are of the view that provision should be made in the accounts to the extent of Rs.576.84cr. for old balances as reflected in Note-11 financial Assets-Other (Current Assets) and Note No. 6, Loans & other financial Assets (Non-Current). Loss of the company is understated and other receivable is overstated to that extent.**	The old balances which are carrying over since last so many years, are mostly related to Transfer scheme. Presently we are in the process of scrutinizing the same and necessary accounting like writing off/writing back etc shall be done after the thorough review of the same.
4.	Purchases as per Note No-22 for Rs.68653.93 Crore, includes Sales to Indian Energy Exchange for Rs 2581.77 Cr, which has resulted into reduction/understatement of Purchases and consequent understatement of Sales of Energy (Note No-20, Revenue for Operation).	Separate accounting for sale to Indian energy exchange has been started from December 2023 financial statement.
5.	a.) **Restructuring Reserve:** A Credit balance of Rs. 540.31 Crore is included in "Other Equity Note-14 as restructuring reserve. As confirmed to us, the balances are old and has been transferred through transfer scheme. No detail was available for aforesaid Reserves. b.) **Capital Reserve:** No details have been provided to us regarding capital reserve Rs 195.95 Crore.	The unadjusted transfer scheme balances after due scrutiny will get transferred to separate AG code will be adjusted in future as and when it get reconciled as per decision of Higher management.

6. Note-19 Other Financial Liabilities- Current includes Deposits and Retentions from Suppliers & Others Rs 264.65 crore for which no detail is available.	Except balances received through transfer scheme details of balances are available with the unit concerned.
7. Details of charges filed with ROC against borrowing from bank and few generators have not been disclosed in the respective Notes to Accounts. On examination of search report furnished to us, it was known that pari-passu charges has been registered on receivables /Current assets of the company against borrowings sanctioned by the bankers, while Debenture Trust deed executed with the trustees of the bonds shows that there is an exclusive charge on Current assets/ receivables of the company including book-debts which is in contravention of the terms of the hypothecation deed executed with the bankers. Company has to take up the matter suitably with the Lenders. Appropriate disclosure for the same has not been given in the Notes to accounts.	Action for harmonization of security in the issue of conflict/disconnect in security provided to different lenders etc. is under process.
Non-Compliances of Ind-AS	
8. 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 realis ability/settlement/ confirmation of balances for 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. Few specific instances include Unscheduled Interchanges Charges Pool a/c is Rs 514.86 Cr and Reactive Energy Charges Rs 123.79 Cr as on 31[st] march 2023 included in "Current Assets-Other" Note -11	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.
(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 realization, these incomes are accounted for on receipt basis.
(c) Additions during the year in Property, Plant and Equipment include Employee cost at a fixed	Due to multiplicity of functional units as well as multiplicity of functions at particular unit, the

percentage of the cost of each addition to Property, Plant and Equipment in accordance with Note-1 Significant Accounting Policy Para C (I) (d). Such employee cost to the extent not directly attributable to the acquisition and/or installation of Property, Plant and Equipment **is inconsistent with Ind AS 16 Property, Plant and Equipment**. This has resulted in overstatement of fixed assets and depreciation and understatement of employee cost. However, impact is not quantifiable at this stage.	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.(VI) 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.
(e) Accounting for Employee Benefits: Actuarial Valuation of gratuity liability of the employees covered under GPF scheme has not been obtained. (Refer Para 5 (a) Note – 30 "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 and the same facts has also been disclosed in Notes to Account.
(f) The Financial Assets (Note-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) Further Company has not disclosed the reasons for non- compliance of various Ind AS as required by IND AS-1 Presentation of Financial Statements.	The necessary Accounting and disclosures has been made as per Ind AS and accounting policy adopted by the company.
9. Inter unit transactions amounting Rs.148.17 Cr, are **subject to reconciliation and consequential adjustments.** (Refer Para 8 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.
10. Note-16 **"FINANCIAL LIABILITIES OTHERS (NON-CURRENT)"** includes Rs 804.87 Crore **Liabilities**	In the present case, out of Rs.804.87, Rs. 147.05 crores is related to Transfer Scheme and balance

against Loan, the nature of loan and its terms and conditions are not disclosed.	amount of Rs.657.82 is old balances which are carrying over since long. Presently we are in the process of scrutinizing the same and necessary accounting like writing off/writing back etc shall be done after the thorough review of the same. The unadjusted transfer scheme balances after due scrutiny will get transferred to separate AG code and will be adjusted in future as and when it get reconciled as per decision of Higher management.
11. **Non- compliance of Accounting Policies:** Company has to review certain accounting policies which are in contradiction with accounting treatment given in the financial statements. Major instances are given below.:- a) INVESTMENTS: Provision for impairment is not being made at its Fair Value as per IND AS-109 as mentioned in the respective accounting policy.	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 as per Ind AS 109 on the basis of net worth of the subsidiaries.
b) FINANCIAL ASSETS: Financial assets on subsequent measurement are not recorded at amortized cost as per IND AS- 109. as mentioned in respective accounting policy. Impairment on financial assets are not being made based on Expected loss.	Necessary accounting has been made as per accounting policy and related disclosures have been made in Notes to accounts.
c) FINANCIAL LIABILITIES: Borrowings are not measured at Fair value using effective r ate of Interest as mentioned in the accounting policy.	Borrowings are measured at fair value as it represents the actual amount of liability which is to be paid off.
12. 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 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.
13. Non-Disclosures in Notes to Accounts: - Following disclosures have not been made in accounts: - a. Disclosure regarding amount of subsidy not accounted for in case of disputed solar power cases. b. Allotment date for Share application money placed with DISCOMS. c. Risk Management factor do not include Matrix of Age Wise Borrowings and Liabilities due.	Management has made disclosures which is necessary and related to accounts for the FY 2022-23.
14. Major Non-Compliances of Law	

i) Company has not appointed any Company Secretary as required u/s 203 of Company Act 2013.	Company has made recruitment of Company secretary and the same is under process.
ii) As per section 177 of the companies acts 2013, following major compliances/ issues were not placed before Audit committee.as also delegated by the Board of Directors: a. Approval or any subsequent modification of transactions of the company with related parties. b. Scrutiny of inter-corporate loans and investments. c. Evaluation of internal financial controls and risk management systems. d. Monitoring the end use raised through public offers and related matters.	All related party transactions are considered and approved by the Audit Committee and placed before the Board on half yearly basis and all other stipulated matters are placed before the Audit Committee and Board as and when arise.
iii) Company has not held meeting of Risk Management committee, Stakeholder committee etc. during the year under review.	The Company shall adhere to the requisite compliances.
15. Major Audit observations in Material Management Zone Audit Report: -	
A. Property Plant and Equipment: - a) Branch Auditors trial balance is showing Buildings under the head AG Code 10.208 "Building CONTA DIST INST" amounting to Rs. 48,34,196.68 and under AG Code 10.211 Office building amounting to Rs. 11,65,227.05, but information regarding the Land of corresponding assets not provided to us. **#Units645 – Elec Civil ConstDiv - 1**	a) The Balances for these assets i.e. Building are transferred under transfer scheme without Land Balances and most of the Land are pertains to UPSEB era. Further Unit is working to identify the accounting of mentioned Land.
b) Branch Auditors trial balance is showing Buildings under the head AG Code 10.211 "Office Building" amounting to Rs. 42,08,722.10 but information regarding the Land of corresponding assets not provided to us. **#Units641 – Civil**	b) The mentioned Building is pertains to construction of Shakti Bhawan premises and Land acquired for the same at the time of UPSEB era.
c) An amount of Rs 36506.76 is shown under the head Scrap Materials A/c (A/c Code 22 770), on review of the said account we were explained that these are group of assets which has been fully depreciated and are being carried at its residual value. Further, since fixed assets register is not being maintained these assets cannot be identified. Furthermore, no report of any committee who identified the above assets as scrap was provided to us. Further, as per Ind AS 16 (Property, Plant and Equipment) which requires measurement of such kind of assets at its net realizable value which has not been worked out. Therefore, we cannot comment upon the value at which these assets are carried. **#Units330 – EIE&PC**	c) The said amount of Rs 36506.76 under scrap material has been written off with the approval of Management. The necessary accounting adjustment have been done in the March 2023 accounts.
d) The zone is not evaluating the Property Plants and	d) The accounting related to Property Plants and

Equipment (PPE) for impairment as required under INDAS 36, as explained to us revaluation of PPE is not permitted by the Electricity (Supply) (Annual Accounts) Rules, 1985, the exception may be because the PPE cost is built in the Fixed Cost of the tariff but as explained to us the cost of PPE of the Company is not approved under the tariff approved by the regulator neither Depreciation is allocated to the Distribution companies. The company has not sought any clarification from relevant regulatory authorities regarding the same.	Equipment is done as per the accounting policy of the corporation.
B. Payment of Lease i) Unit #972 (UP Vigilance Cell) and #unit 327 (Electricity Store Procurement Circle) are being maintained at rental premises. As explained to us the rent of Unit 972 is being deposited to Court as the ownership of the premises is sub-judice. Further latest lease agreement and the rent receipt were not being provided to us for premises with Unit 327, further Compliances of Ind AS 116 is not done at zone level.	In this reference, it is submitted that the present case is not a lease agreement, it's just a normal rent agreement which has been done to use the premises. Hence, IND AS 116 will not be applicable in the instant case and accordingly no compliance of the same is required. Presently, due to ownership dispute the matter is subjuidice in court, hence the renewal rent agreement is pending. However, liability for payment of rent is being created on monthly basis in case of Unit #327. Further, amount of monthly rent is being deposited in court in case of Unit #972..
C. Investments 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 to MPPMCL as explained to us the amount of Equity contribution is not identified in books of accounts further necessary detail on the same is required from Fund section of the company by the EIE&PC which remained unclarified till date, 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.
D. The balances in account of party, contractors, Governments Departments, etc., including those balances appearing under loan and advances & other receivables are subject to confirmation and reconciliation. The impact of adjustment if any, which may arise out of the confirmation and reconciliation process cannot be commented upon.	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.
E. Branch Auditors observed lack of proper system of review for identifying doubtful dues, especially those arising out of disputes pending before respective judicial forums and absence of regular follow ups with the respective parties for recoverability of outstanding	The provisions for doubtful receivables has been made as per management estimate and the same has been disclosed at point no. 07 in the Notes to Accounts.

balances In the absence of which we are unable to quantify the amount of provision which is required for irrecoverable or doubtful dues and its consequential impact on the financial statements. . **#Units330 – EIE&PC**

F. TDS Receivables-

As observed the zone has following balances as TDS receivable appearing in the books of the zone, in the absence of year wise breakup and status of completion of the assessment, we cannot comment upon the genuineness of the same. Branch Auditors following balances were outstanding on 31.03.2023

S. no	Unit Code	Unit Name	AG Code	Amount Outstanding (Rs.)
1	982	ETI	27.425	19,47,440.00
2	973	Service Commission	27.425	-12,04,953.00
3	646	Maintenance	27.425	5,730.00
4	645	Civil Const. Aliganj	27.425	11,98,908.00
5	641	Civil	27.421	-3,38,872.00
6	641	Civil	27.425	1,79,519.00
7	330	Import and Export	27.422	76,99,77,097.64
8	330	Import and Export	27.425	9,61,37,377.20
9	327	ESPC	27.425	13,848.00
Total TDS Receivables				86,79,16,094.84

The referred balances are due to pendency of refund, as soon as the refund is received and details are provided from corporate tax, unit will account for the same. Further units analyzed their negative balances and necessary correction are being made in current FY accounts.

G. Trade payables

Trade payable having debit balances for power purchase of following parties, in several cases excess payment of Rs.3917614447.47 has been made to the parties namely NHPC- Rs. (-)3432723674.00, TEESTA URJA LTD. Rs. (-)3722.00, NOAR-Rs. (-)3633710.00, POWERGRID RAMPUR SAMBHAL TRANSMISSION LTD. Rs. (-)16432986.00, M/S SIMBHAULI SUGAR MILLS Rs. (-)76155192.24, M/S DWARIKESH SUGAR MILLS LTD. Rs. (-)2216562.75, TRIVENI ENG.& IND.LTD DEOBAND Rs.(-)74915812.07, TRIVENI ENGINEERING LTD., MILAK NARAIYAN Rs.(-)69228689.50, BAJAJ HINDUSTAN LTD. UTRAULA Rs. (-)10440643.57, BAJAJ HINDUSTAN LTD. (GANGAULI) Rs. (-)34873409.42, BAJAJ HINDUSTAN LIMITED, BARKH Rs. (-)1662752.45, BAJAJ SUGAR LIMITED, BARKHERA, Rs. (-)36495325.42, BAJAJ HIND.L., KUNDARKHI Rs. (-)11714482.31, & BAJAJ HIND.L., PALIAKALAN, LAK Rs. (-)147117485.74 and other includes old balances which are under reconciliation, year of advance if any is not

We have worked out that in following cases, the debit balances as mentioned by audit are more than 9-10 years old and are subject to reconciliation. We are working on the reconciliation and will try to resolve these debit balances as soon as possible.

AG Code	Name of the Generator	Debit Balance as per Audit Observation (Rs.)	Remark
41 113	N.H.P.C.	3432723674.00	Debit balances pertains to books prior to 01.04.2007 and

provided to us neither was available with the unit, neither current status was explained to us further it should be emphasized that the advances and excess payments are not interest bearing therefore loss to the corporation if any cannot be determined in the absence of clarification and adequate details. Bearing lack of documentation and adequate information, the recoverability or provision for doubtful amount cannot be commented upon at this stage (Unit#330 EIF&PC).

OLD BALANCES		
AG Code	**Name of The Generator**	**Total Balance**
41.106	MADHYA PRADESH	-255974601.81
41.110	BHAKRA PROJECT MANAGEMENT BOARD	-16575376.60
41.128	KARNATAKA P.C.L.	-2088110.00
41.134	MSEDCL	-15502004.00
41.405	LANKO EU LIMITED	-9705040.12
41.411	G.M.R. ENERGY PVT. LTD.	-60719.00
41.420	MANIKARAN	-1534738.00
41.422	M/S A.C.C. LTD.	-775440.00
41.427	MITTAL PROC.PVT.LTD.GHAZIABAD	-46511195.00
41.432	TECH. ASSOCIATES	-6931463.93
41.743	WAVE INDUSTRIES PVT. LTD. (ERS	-1660526.78
41.205	HIMACHAL PRADESH	-1688774.00
	Total	**-359007989.24**

			various letter and e-mails has been send to party for reconciliation
41756	BAJAJ HINDL, PALIAKALAN, LAK	-147117485.74	Debit Balances Since-2009-10.
	TOTAL	**-3579841160**	

Hence, out total amount of Rs 391.76 Crores of debit balance as mentioned in the first table of the para, an amount of Rs. 357.98 crores are very old for which reconciliation with concerned GenCo as well as internally with Fund unit is under progress.

Out of the remaining Debit balances, Rs. 1.64 Crores which is related to Powergrid Rampur Sambhal Transmisson Ltd. (PRSTL) is on account of Negative Bills verified in Feb,23 and the same has been adjusted from further payments to PRSTL, now the balance is credit (Rs. 931905) as per books of May 2023.

Remaining accounts with debit balance as mentioned by audit, amounting approximately Rs. 32.14 Crore (391.76-357.98-1.64=32.14 Crore), are being examined and under reconciliation through third party consultant. These balances were inadvertently replied as excess Payment, however the same cannot be considered as excess payment until the reconciliation is complete with concerned parties.

Further, as mentioned by audit in the second table of the para, there are old debit balances for which the unit has sent letters to concerned GenCos and trying to reconcile these balances

H. Staff and Other Liabilities

The Zone has not provided relevant details of the following outstanding balances, (above more than Rs 1.00 Crore) which are quit old and details of same could not furnished to Branch Auditors.:-

UNIT CODE	AG CODE	HEAD OF ACCOUNT	Dr.	Amount (INR)
983	44.620	CPF EMP Recovery	Cr.	(15618278.00)
971	44.412	Liability to Madhyanchal – EC/ED	Cr.	(8227668.67)
	44.610	Liability to Trust For EMP - GPF	Cr.	(208115768.53)
	44.620	CPF Employee Share	Cr.	(16982312.00)
	44.621	CPF Employer Share Contribution	Cr.	(11031894.00)
330	46 936	AMT PAYBL-OTHER EB/ST GOVT./LB	Cr.	(6,01,50,278.05)
	46 936E	GL PAYABLE UPJVNL	Cr.	(90,81,65,774.00)
	46 98	RECEIVABLE ACCOUNT	Cr.	(48,15,483.00)
	46 989	U.P.P.T.C.L.	Cr.	(62,00,56,928.13)

The Balances shown in unit code 983 and 971 for AG Code: 44.610, 44.620 and 44.621 are related to liability towards GPF and CPF which are already paid from Zone Level. And Balance appearing in AG head 44.412 is related to Electricity charges deduction from Employee's salary.

I. Power Purchase

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

The unit has effective internal controls to verify total energy purchased during the year and have a mechanism to verify each and every bill on the basis of related energy account of concerned generator. For this purpose, all the energy bills related to FY 2022-23 not received at the unit till the preparation of Trial Balance have been identified and provisioning for the same has been done on estimated basis. Similarly, bills that have been received but not verified till the finalization of account have also been provided for appropriately. Hence Power Purchase Cost and Energy both have been accounted for whole year. Details of provisioning have been also provided to audit.

Supplementary bills for reimbursement of Statutory charges/Income tax and invoices as per UPERC/CERC true-up/tariff revision orders are being accounted for as per the event. We strive to

		ensure booking of all power purchase cost during the related financial year itself. In order to transfer the total power purchase cost to 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 order 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, 2020-21 and 2023-24 which have been reconciled/ under reconciliation for differences identified. Account statements for FY 2022-23 have been already requested form suppliers and are under process of reconciliation. We are continuously following up with suppliers/creditors for the purpose of balance confirmation and reconciliation. Reconciliation is a continuous process and we are working in that direction.
ii)	During our audit we were explained that the reconciliation with Power Generator Companies from F.Y 2018-19 till FY 2022-23 is being carried out by M/S Mercados Marketing Energy Private Limited contracted in January 2021, at a fees of Rs 2,39,48,100.00 adjustment if any upon reconciliation will be done upon submission of final report by the contractor. Furthermore, the reconciliation for balances pertaining to financial years before 2018-19 will be handled by additional staff, but no cost comparison between the two reconciliation methods was provided to us, which created a gap in understanding the efficiency and effectiveness of each approach between the contractor-led reconciliation and the additional staff-led reconciliation.	The proposal of employing additional resources is under consideration of management and the cost has not yet been finalized.
iii)	Generation based Incentives (GBI) receivable from IREDA amounting to INR9,66,31,925.88	Generation Based incentive for difference in 'Average Tariff' of solar power projects and 'PPA

(Previous Year – Rs 9,77,33,211.20) and a sum of Rs (265,13,53,853.51) (Previous Year - Rs (85,62,65,550.77) from UPNEDA are subject to confirmation and reconciliation and Consequential adjustment. (Unit#330 EIE&PC) iv) The zone has received interest amounting to Rs. 38,17,77,874 and TDS receivable of Rs. 38177789.20 thereon, the amount of interest has been netted off from the purchase cost in the books. Purchase cost and interest income, therefore are understated to the extent of Rs. 38,17,77,874 (Unit#330 EIE&PC)	rate' is accounted as receivable from UPNEDA and IREDA and received on regular basis. Confirmation and Reconciliation is under process. Letter (1350 dated 21/10/2023, 1351 dated 21/10/2023) sent to UPNEDA & IREDA for the same. Interest cost or interest receivable included in the Power Purchase Bills presented by Generators on account of adjustment/revision in compliance of UPERC/CERC regulations or order etc. have been accounted under power purchase cost. Since, the total power purchase cost is to be transferred to DISCOMs as Power sale price, hence, there is no understatement/overstatement of profit or loss and no impact on profitability.
J. Provision for Late Payment Surcharge Unit has accounted total late payment surcharge Rs.5695614955.00 out of which an amount of Rs1123754841.00 is for bills remained unverified. Accounting system adopted by the unit is in diversion of accepted accounting policy on accounting on accrual basis where the LPS should be accrued after the specified time period of unpaid bills as specified in their PPA, whereas only bills are accounted which is received by EI&PC unit. No system was observed where bill wise LPS pending overdue for payment is accrued and accounted. It is further observed there is no system in place which could provide information regarding outstanding and overdue bills details over which LPS need to be accrued and whether the accrual has been accounted or not. Therefore, we cannot comment upon on the amount of overstated profit/understated loss of the zone for the financial year 2022-2023 on account of provision of late payment surcharge.	The unit has verified Late Payment Surcharge bills of generators as per the provision of PPA. Proper checking and computation is carried out before verification all LPS bills. In cases where LPS bills were pending for verification, appropriate provisions have been made in the books. Further, the calculation sheet on the basis of which Late Payment Surcharge is being calculated jointly signed by the generator, fund section for payment and rebate and EIE & PC for bills, so there is a proper system for the verification of the Late Payment Surcharge Bills. Hence, there is no understatement/overstatement of loss on account of Late Payment Surcharge at the unit level. Further, ERP system of Bill verification would help to strengthen internal control for computation and accounting of LPS.
K. Bank Reconciliation Statement: - On review of the bank reconciliation statements we observed that old Un-reconciled balance of INR Rs. 138164.34 for which no adjustment /reversal has been made in the books of accounts. # **Unit983 – DG Vigilance**	The referred difference is now reconciled.
L. Pending legal cases at different forums On our query during test check audit of liabilities on pending legal cases at different forums, we were explained that the status of court cases received from PPA unit, Planning unit Power Management Cell and SPAT unit has been considered by the Zone and the same has been disclosed as contingent liability. However, no details were provided to us during our audit and as explained to us the zone has no information relating to the cases and the same is dealt at HQ level. Therefore, we cannot comment upon the status of the cases and its	The detail of Contingent Liability has been provided.

financial implication on the books of accounts.	
M. Provision for Power Purchase and Unverified LPS and Power Purchase cost: - The Zone has booked an amount of Rs. 807.32 crore, as unbilled and unverified power purchase cost and Rs. 112.37 crore, as LPS Charges (unverified), on our examination and explanation provide to us, we observed that these charges are unverified and booked under expenditure on reasonable estimate, further as explained necessary deviation on their verification will be accounted at the time of verification. Therefore, impact if any on account of verification cannot be commented upon at this stage. However, Management has confirmed total amount of unbilled and unverified Power Purchase cost for Rs 9437 crore as on 31st March 2023	As per the prudent accounting practice Provision for Late Payment Surcharges has been provided for on available reasonable estimates i.e. on the basis of bills submitted by the generator.
N. Rental from Contractor The unit has accounted Rental Income from Contractor M/S PrayagRaj Power Generation Corporation Limited of Rs 2,29,927.00 further as explained to us the said amount is on account of Lease of Land to the contractor, however unit did not had any information of Land is being recorded in the books of which unit.	The referred Land is transferred from UPPTCL Civil Unit Allahabad through OM No. 5107 dated 25.06.2015 to Unit #645 and informed by the transmission unit that it does not have any land balances in their books regarding to mentioned land.
O. Sale of Scrap The Zone has sold old/unserviceable asset for Rs. 1734359.00 during the Financial Year, however as explained the assets sold were very old and gross value was ascertained on the basis of committee report, therefore the correctness of the Profit on sale of Asset of Rs. 927298.00 cannot be commented upon due to lack of details.	Since the assets balances are transferred under transfer scheme and the assets are very old, therefore the accounting is done as per the best available records.
Common observations in Audit Report of Subsidiaries	
1. Trade Receivable on account of supply of Power: As per Para No. 9 of Notes to Accounts, Company has changed its policy for provisioning of bad and doubtful debts against trade receivable considering the simplified approach as envisaged as per Ind AS-109 pertaining to expected losses method quantifying its consequential impact for Rs 12658.27 Cr. but it has followed graded provisioning over the period of four years commencing 40% in Financial Year 2022-23 with incremental provisioning of 20% each successive year which have resulted in deficient provisioning of bad and doubtful debts. Discoms Auditors were of the view that deferment of graded provision behind 31.03.2023 is the violation of Ind-As 109. Auditors of DVVNL has quantified the impact of short provision for Rs 5111.34 cr but other Auditors have not quantified the impact of deficient provisions. However as per Age wise analysis given in the notes to accounts, a sum of Rs. 70398.95 Cr is outstanding from	This provision has been made as per provisioning policy approved by the BoD and disclosed in the financial statements. It is worth to mention here that the Discoms are giving efforts to realize the amount from Debtors including old balances of Trade Receivables. They are regularly arranging the camps, awareness programme for the public and Kiosk for the realization of the amount. Considering the above facts, it would not be appropriate to create full provision on Non-Government Debtors in the first year. Therefore, it has been done in a graded manner.

Non-Government Consumers for more than three years pertaining to group which constitute 65 % of total Trade Receivable. There is difference of Rs 1635.77 cr between amount of trade Receivable shown in Note No. 10 and as per Para 43(a) of Notes to Accounts. Company needs to review its policy for provisioning considering the comments of statutory Auditors of Discoms, age-wise analysis of Non-Government consumers and other relevant factors mentioned in Ind As 109 relating to expected losses. However, in absence of complete details, total deficient provision of the group is not quantifiable at this stage.	
Subsidiaries wise brief observations on above issue are furnished below: - **(a) Madhyanchal Vidyut Vitran Nigam Ltd.** i. 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 Rs.27.27 Crores were reflected in 4 divisions of Ayodhya zone due to wrong classification of accounting entries in MTB. ii. We draw attention to Note 10 and para 42 of Note 31 to Notes to financial Statements relating to disclosures of trade receivables wherein the company has not ascertained and classified the Trade Receivables into 'Disputed/ Undisputed', 'significant increase in credit risk' and 'credit impaired', as required by amended Schedule III to the Companies Act, 2013. iii. The segregation of 'Trade Receivable (Current)' into Government/ Non-Government and ageing into different age buckets as per para 36(B) of note 1B have been made only on the basis of online billing data provided to the zonal auditors 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, the total trade receivables as per the data provided by the commercial section as on 31st March 2023 did not match with the total 'trade receivables' as shown in the books of accounts of the company and the same has been reduced under the category of 'Non-Government consumers' under 'Receivables outstanding for more than 3 years' while categorizing the age buckets. The data used while calculating the rates of provisions like 'collection of receivables' and determining the unpaid amount against the 'assessment made in the base period' by the age buckets etc., were not verified by the concerned	i) Regarding credit balance in the sundry debtors, there were four units, which are having negative balances; correction entry has been made by respective units. ii) Due to non-availability of required data, such disclosure could not be made. Efforts are being made to establish the system to maintain the required data. iii) Data as per commercial section and as per accounts are under reconciliation.

zonal auditors and hence have been relied upon by us based on management's certification.	
(b) Purvanchal Vidyut Vitran Nigam Ltd	
i. The age-wise classification done by the management is not appropriate. As per explanation and information given to us, the age-wise classification of debtors has been done on the basis of last payment date of the consumer and not on the basis of actual date of bills.	i. Age wise classification of debtors has been done considering that when the consumer make the payment and it is not possible in the system to do the ageing on the basis of invoice date as some times consumer makes the part payment also.
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. 13660.98 Crore, total outstanding trade receivable for 1 year and less is Rs. 7790.83 crores, which shows that the realization of trade receivables is very poor. Further, total Trade Receivable outstanding at the yearend is Rs. 38634.44 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 be made in the accounts in hand.
ii. On direction of Hon'ble High Court, the UPPCL has directed the Company to get the special audit conducted at Distribution Division level of revision done in consumer's bills and accounting of its recovery in the cash book during the financial year 2021-22 and 2022-2023. As per information provided to us by the management, total No. of 36,02,611 bills and 11,92,487 bills have been revised during the financial year 2021-22 and 2022-23 respectively. However, the management has failed to provide the quantum of total amount involved. Since, the matter is at preliminary stage, the ultimate outcome of the same and its impact on the financial statement could not be ascertained	ii. In compliance of direction of UPPCL the process of empanelment for special audit is under process. The audit will be conducted in accordance with the specified guidelines and the necessary accountal required (if any) will be dealt with accordingly.
(c) Pashchimanchal Vidyut Vitran Nigam Ltd.	
i. No revaluation loss has been recognized during the reporting period in respect of Trade Receivables based on security deposit equivalent to 45 days billing to cover the outstanding dues. In absence of adequate security deposit cover for customers under Government sponsored schemes, no provision for likely impairment loss has been provided against such receivables by the company. Under the circumstances, we are not in a position to comment on the possible impact thereof on the financial statements of the company. (Refer to	(i) 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 served to the consumers. Further, management believes that the bill amounts that crossed due date are still recoverable. In view of the Management, sufficient provision has been made to meet any impairment of receivables from all the categories of consumers. Hence, no impairment loss has been recognized during the reporting period in respect of Trade Receivables. Considering the various factors, the Provisioning Policy has already been designed

Note No. 8 of Notes to Accounts	and applied in FY 2022-23.
ii. The company has not furnished the details of advance deposit received from consumers against temporary connection and the entire security deposits from them has been shown as non-current liabilities. In absence of such details, quantification of current and non-current liabilities therefrom is not possible and ascertained.	(ii) The Security Deposit from consumer against Temporary Connection is booked along with Security Deposit from consumer of Permanent Connection in specific AG Code exists for category of consumers. However, the necessary accounting will be made from next Financial Year.
iii. During the course of audit, we observed that a huge amount is lying as debtors, which has been classified into secured/unsecured and good/doubtful/ Govt./Non-Govt. Age wise analysis of outstanding is done in Note No. 8 of Financial statements, however, details thereof is not provided to us for the audit. Moreover, the classification into disputed and undisputed debtors are not done at all in Note No. 8 of Financial statements, which is not in accordance with amended Schedule III to the Companies Act 2013. Time barring/non-recoverable cases are not identified, in absence of any such classification, we are unable to comment there upon.	(iii) The necessary disclosure is made in Notes on Accounts at point no. 8(a) as per the records available. Further we are in the process of developing a new software of Billing which will provide the details in required format.
(d) <u>Dakshinanchal Vidyut Vitran Nigam Ltd.</u>	
i. In our opinion, substantial un-reconciled amount of Rs. 4,508.08 Crores (Total Debtors as per Balance Sheet – 22,701.94 Crores (excluding KESCO 203.77 Crores, Torrent Power Limited 57.70 Crores, Prov. Of Unbilled Revenue 526.71 Crores & Theft of Power 0.69 Crores) less Total Debtor as per Billing Software – 18,193.86 Crores), of trade receivable as on 31.03.2023, as per billing software and Books of account, should be eligible for 100% written off as unidentified debts.	Efforts are being done to reconcile billing and accounting data which is a time taking exercise considering the huge consumer base and is still going on. As suggested by the Central Auditor regarding the creation of provision of differential amount, it is to submit that it will not be a good accounting practice to make provision in accounts without proper reconciliation. It would be better to make necessary provision post reconciliation of the balances. It is pertinent to mention here that a new provisioning policy has been implemented in F.Y. 2022-23 which allows the provisioning in graded manner as per the ageing of the consumers/debtors.
ii. There is substantial un-reconciled difference of Rs. 1,109.83 Crores between revenue assessment of billing software and revenue booked in financial statements, for which inappropriate explanations were offered, the company should have identified reconciliation and recognised correct revenue in Profit & Loss account. Even Hon'ble Allahabad High Court has taken cognizance of such variances in some other cases for which information was not made available to us.	The Books of accounts are prepared on the basis of transactions accounted for by the divisions on day to day basis. In the same way revenue assessment is booked by the units through system generated MIS and manual registers (wherever applicable). The billing software may have some flaw or bug while generating the MIS but it is minutely cross checked manually by the units and then accounting is done. So, The accounting presented in the books are duly checked and certified from the units. The matter of difference shown from accounts to billing software

is under reconciliation with commercial wing of the Discom and UPPCL.

2. Comments on 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:

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

i. There is no reasonable certainty for the recovery/payment of following amounts outstanding since long period of time without any balancing/reconciliation, hence should be reconciled and dealt accordingly

These balances are under reconciliation and necessary adjustment/ corrections shall be done after proper reconciliation on the need basis.

S. No.	AG Code and Name	Amount (in Crores)
a	46.302 Other Levies	Rs. 28.19
b	46.330 Other State Levies Payable	Rs. 1.32
c	44 Staff Related Liabilities (Debit Balance)	Rs. 3.06
d	44 Staff Related Liabilities (Credit Balance)	Rs. 0.77
e	U.P Rajya Vidyut Utpadan Nigam Limited	Rs. 0.95
f	U.P Power Transmission Corporation Limited	Rs. 7.34
g	AG Code-28 (Transfer scheme balances)	Rs. 12.22
h	AG Code 25.5 Advance Interest Free (Capital)	Rs. 9.38
i	(Under EE Admin) AG Code 44.350A 7th Pay Commission	Rs. 16.35

ii. Details of transfer scheme balances for more the Rs 1 lakhs as reported by statutory Auditors id furnished below:

These balances are under reconciliation and necessary adjustment/ corrections shall be done after proper reconciliation on the need basis.

ZONES	AG CODES	NAME	AMOUNT (In Rs.)
ALIGARH	23.703	Pub Light Maintenance Charges	15,28,406.50 Dr

	25.1	Advance to Suppliers	1,13,696.00 Dr
	25.6	Ad pay to Stores	17,33,772.75 Dr
	28.744	Theft of Cash	16,55,861.15 Dr
	28.UTT	UTT	3,86,349.00 Dr
	44.310	Net salary payable sundry liabilities and provision	4,30,182.92 Cr
	53.612	Rural Deposit Scheme	52,88,176.05 Dr
	53.620	Financial Part Con	1,33,588.74 Dr
KANPUR	23.110	Railway Traction	9,16,04,948.13 Cr
	23.110A	Cess Lucknow	3,03,000.75 Dr
	23.110C	Kesco	81,71,24,383.56 Dr
	23.707K	Other Recovery From Consumer	122,06,09,198.57 Dr
	28.101	Sundry Debtor For Sale of Energy	68,95,705.94 Dr
	46.567	IUT Cash Within Zone	10,83,716.75 Dr
JHANSI	23.3	Others	82,72,08,850.07 Cr

(b) **Purvanchal Vidyut Vitran Nigam Ltd.**

Details of major odd balances as reported by statutory Auditors is furnished below:

DD CLOSING BALANCES IN AG CODES

ASSETS CR BALANCE			**LIABILITIES DR BALANCE**		
AG		**Balances (Rs.)**	**AG**		**Balances (Rs.)**
14	64	2,61,72,455.12	42	1	7,56,38,238.11
14	85A	54,60,208.34	44	220	1,29,77,048.00

AG code wise analysis of odd balances are being scrutinised and the necessary adjustment entries are being passes accordingly.

14	85Y	1,87,75,087.56	44	320	63,67,640.04
22	760	30,48,98,186.00	44	410	2,14,39,000.26
23	112	7,52,95,528.72	44	504	97,26,879.38
23	2	2,06,00,141.00	44	505	92,55,430.90
23	214	71,18,256.00	44	507	3,80,71,518.03
23	705	2,83,17,850.00	45	58	2,48,16,58,995.44
24	308	65,03,605.38	46	101	99,95,67,262.50
24	409B	35,79,26,602.71	46	123	88,33,412.52
28	610	3,74,10,04,794.00	46	2	1,08,63,96,130.84
31		7,03,25,49,602.28	46	3	1,04,85,720.03
33		7,72,85,10,430.30	46	922	1,31,42,44,856.20
34		71,09,06,173.38	46	94101	2,72,09,862.73
36		10,87,27,166.69	46	94102	2,51,65,221.65

(c) Madhyanchal Vidyut Vitran Nigam Ltd.

i. In many cases at zones and head office, party wise breakup, ageing of outstanding amounts, actual nature of transactions and reconciliation/ balance confirmation from the parties under following major heads were not available for verification.

Account Head	Amount (Rs. in Crores)
Deposit & Retention from suppliers	476.48
Advances to Suppliers	113.10
Sundry Liabilities	188.17
Sundry Receivables	25.32

i. we are in the process of migrating to ERP, the same shall be dealt in accounts prospectively.
Further, regarding confirmation of balances from suppliers, steps are being taken to maximize the response by proper correspondences to suppliers at the Zonal level as letters for balance confirmation are being issued.

ii. It was noted that the following balances pertaining to various zones are outstanding in the books of Head Quarter since many years which have not been identified, reconciled and transferred to the respective units/zones.

Account Head	Amount (Rs. in Crores)
Other Liabilities and Provisions	8.34
Provision for depreciation	669.33
Stock Related Accounts (net)	11.30
Deposit for Electrification	35.21
Capital Work in Progress	(3.79)

ii. The old balances which are carrying over since last so many years, are mostly related to Transfer scheme. Presently we are in the process of scrutinizing the same and necessary accounting like writing off/writing back etc shall be done after the thorough review of the same.

(d) **Pashcimanchal Vidyut Vitran Nigam Ltd.**	
i. Balances of trade receivables, trade Payables, Suppliers, Contractors, loans and advances, staff related liabilities & advances and other various debit/credit balances, dues from government and reconciliation in respect of certain Bank balances are subject to respective confirmations, reconciliation and consequential adjustments thereof. In absence of proper records/details, we are unable to ascertain the effect of the adjustments arising from reconciliation and settlement of old dues, possible loss/ profit that may arise on account thereof, non-recovery or partial recovery of such dues and non-settlement of liabilities. Various debit and credit opening balances are lying unadjusted, including the account received under transfer scheme. Under these circumstances, we are not in a position to comment on the possible impact thereof on the financial statements of the company.	(i) The various balances appear under current assets, current liabilities etc. are considered as good in view of the management. Further it is to state that the provision for any uncertainty in receivables has been made in books of accounts, regarding which necessary disclosure has been made in notes on accounts. The copy of confirmation letter from other discoms (Purvanchal, Madhyanchal, Dakshinanchal, KESCO), UPPTCL, UPPCL (Power Purchase Liability) and from various FI's/Banks etc. has been provided to audit.
ii. **As referred in Note 10** to the financial statements receivables from Uttar Pradesh Jal Vidyut Nigam amounting Rs 0.832 crore and Rs. 35.03 crore from Uttar Pradesh Power Transmission Corporation Limited are shown under Current Assets, which are outstanding for more than 12 months. As results of this other current assets are overstated and other Non-Current assets are understated by Rs.35.86crore.	(ii) The balance appeared as receivable/payable under assets/liabilities is of current in nature and in all the discoms the uniform treatment is made regarding these balances in accordance with the provisions of Ind AS-01.
iii. As referred to in Note 18 to the financial statements, Payables to Uttar Pradesh Rajkiya Vidyut Utpadan Nigam Ltd.amounting Rs.33080.00, Uttarakhand Power Corporation Ltd. Rs.0.17crore, are shown under Current liabilities. However, these balances are outstanding for more than 12 months. As a result of this, current liabilities (Other financial liabilities) are overstated and non-current liabilities (Other financial liabilities) are understated by Rs.0.17 Crores.	(iii) The balance appeared as receivable/payable under assets/liabilities is of current in nature and in all the discoms the uniform treatment is made regarding these balances in accordance with the provisions of Ind AS-01.
iv. **Non Provision of Dues from entities matters of which are pending in NCLT:-** a. Matter relating **Trimurti Concast Private Limited** in this case outstanding in the tune of INR. 9.24 crore, the present status is the resolution plan has seen been approved. And no further proceeding is pending. **It is therefore suggested that the outstanding claim of Rs. 9.24 crore should be written off.**	As per the order/directions of Hon'ble Supreme Court (Writ No/ 26355/2022 SLP No. 19947/2023 against the writ petition filed by director of company Sh. Narendra singh under which decision has come in favour of UPPCL. Now recovery proceedings as per the order of Supreme Court has been initiated.

b. It has been observed that Rs.4.04 crore are dues from **M/S. Chaudhary Ingot Private Limited** whose matter is pending in NCLT. According to the sequence of payment, the electricity dues do not get preference over bank and other dues. As such recoverability of these dues is in jeopardy and Provision for doubtful debts must be made @ 100% i.e., 4.04 Crore. In this case the Pashchimanchal has adjusted Rs. 1.04 crore from security deposit from due as such the balance of Rs. 4.04 crore needs to be provided for.	The recovery as per section-5 has been issued to the consumer and efforts are being made with Distt. Administration to recover the electricity dues.
c. Interest accrued and due Rs.7.37 Crores under Other Current Assets (AG 28.240 & 28.250), which is pending for reconciliation for more than a year, impact of the same is not ascertainable on the financial statements. (Refer to Note 11 of Financial Statement.)	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. Presently we are in the process of scrutinizing the same and necessary accounting like writing off/writing back etc shall be done after the thorough review of the same.
d. **AG** Code 26.7 represent Cont. Mat. Control A/C having balance as on 31.03.2023 is INR 1,13,84,537.54 belongs to material advanced to contractor Mr. Shailesh Kumar Since 2010. This material is required to be recovered from the contractor immediately otherwise provision is required to be make in the books of the accounts.	The material issued to contractor against which miscellaneous advance is booked. All these material are lifted from contractor's store and now laying at Electricity Store Center, The valuation of store is under process and therefore, adjustment/provisions of non-recovery will be made accordingly.
e. Subsidy Receivable from Government shows unadjusted negative Balance of Rs. 4.90 Cr (Previous Year 4.17 Cr). The book entry to adjust/set off these balances has not been made.	The balance pertains to old period. The same will be reconciled/adjusted in subsequent years after due verification.
4. Cash and Cash equivalents Subsidiaries' Auditors have reported various deficiencies in Internal Control System in preparation of bank reconciliation statement which are reproduced below:	
a. <u>**Dakshinanchal Vidyut Vitran Nigam Ltd.**</u> In our opinion following long pending un-reconciled differences between bank balances as per bank passbook/statements vs. bank balance, as declared in AG 24, should be reconciled and dealt accordingly.	The Bank Reconciliation Statement (BRS) is being done regularly in all the divisions of this company. The outstanding balances of Stale cheques, Un-cashed cheques, Other Debits and Other Credit in BRS are being monitored regularly and adjusted after due reconciliation. It is a continuous process where old outstanding balances are adjusted on regular basis in the Units.

S. No.	Name of Zone	Balance as per	Balance as per cashboo	Difference

		bank passbook	k/MTB/ AG24	
1.	Agra Zone	9.19	10.03	-0.84
2.	Aligarh Zone	1.37	14.13	-12.76
3.	Kanpur Zone	12.00	6.74	5.26
4.	Jhansi & Banda Zone	18.73	-5.28	24.02
	Total	**41.29**	**25.62**	**15.67**

AG 28.919 Other Deposits of Rs. 1.34 Crores included in Deposits & Retention from Suppliers & other of Rs. 1,211.66 Crores in Note 18, is on account of FDR deposited with appellate authorities, in our opinion it should be classified under Cash & Cash Equivalent Note 9-B.

The suggestions of the auditor shall be addressed.

b. <u>Madhyanchal Vidyut Vitran Nigam Ltd.</u>

Bank reconciliation statements at some of the divisions/ units have not been prepared and various old un-reconciled entries are appearing in the bank reconciliation statements in various units at zones/ head office since long periods which require adjustments and appropriate accounting in the books of account. Similarly, the copies of bank statements were available but proper balance confirmation certificates/ statements, duly authenticated by the bank were not available in many cases.

Further, in Ayodhya zone, the divisions have bank balance of Rs.119.95 Crores, while balances as per Bank Statements is Rs.15.77 Crores. Similarly, BRS at the divisions of LESA Ciss zone reflect unidentified debit entries amounting to Rs.1.29 Crores and credit entries amounting to Rs.87.94 Crores outstanding for long period which require adjustments and appropriate accounting in the books of account.

Differences reflected in BRS are being scrutinized progressively and many accounts have been reconciled. The Company is reconciling the balance accounts also.

c. <u>Purvanchal Vidyut Vitran Nigam Ltd</u>

(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. 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.

a) All the concerned units have been instructed to update the Bank Reconciliation Statement and necessary accounting of the uncashed cheques/stale cheques will be made in the accounts in hand.

(b) It has also been observed by us that in bank reconciliation statement of ICICI Bank maintained for establishment related payments at Central Payment Office, Headquarter, an amount of Rs. 79.26 Lacs pertaining to stale cheques has been shown outstanding and not reversed.	b) The necessary accounting entry has been made in the current financial year. BRS is also updated accordingly.
d. <u>Paschimanchal Vidyut Vitran Nigam Ltd.</u> Bank Reconciliation Statement (BRS) in respect to bank accounts in some divisions, contains outstanding of earlier years entries, which includes stale cheques, un-cashed cheques, other debits and credit, which requires special attention of the management for necessary adjustments and impact thereof is not ascertainable on the financial statements. Zone Wise details are furnished below:-	
<u>Merrut zone</u> **Bank Reconciliation Statement (BRS)** i. The BRS includes Bank Charges and the amount withdrawn directly by authority against court cases, reflected under other debits but not accounted for in the books of account. The amount of Bank Charges and other debits has been substantial but still not forming part of the books of account and continues to be reported in BRS.	The reconciliation of outstanding entries is in the process and accordingly unaccounted other debits reconciliation and accounting shall be done in current financial year.

(Rs. in lac)

Particulars	Other Debits (Total)	Bank Charges (included in the Total)
Less Than 1 year	3.91	3.91
1 to 3 years	12.59	0.03
More than 3 years	168.01	14.10
Total	**184.51**	**18.04**

In our opinion suitable provision need to be made in accounts for debits as mentioned above. ii. Reconciliation statements available in of divisions carry uncashed cheques, dishonoured cheques and other credits given by bank in previous years but not recorded in books of divisions. In few cases Time barred/stale uncashed/dishonoured cheques not reversed and are shown in bank reconciliation statements.	The reconciliation of outstanding entries is in the process and accordingly unaccounted other debits and credits shall be reconciled and accounted for in the next financial year.
iii. Accrued Interest on Fixed Deposits has not been accounted for in the Books.	There is no Fixed Deposit (AG 20) in the zone.
iv. In few Cases, the Bank statements are not provided to confirm the substantial balances appearing in the Books and subsequently in the Bank Reconciliation	Bank statements have been obtained and updation of reconciliation is being done which will be completed in current financial year.

Statements. As informed, the bank accounts are no more operational. In the absence of the Bank Statements, the updated status of these balances could not be confirmed.	
Bulandshahar Zone Bank reconciliation statements (BRS) in respect to Bank accounts of mostly divisions of Bulandshahr zone contains outstanding old entries which includes stale cheques, uncashed cheques, other debits and credits more than three month which requires reversal after proper & exact reconciliation and may have impact on trial balance.	Distribution divisions are accepting large number of cheques as a normal course of business. Some cheques got bounced due to various reasons. For bounced cheques consumer's ledger is charged with interest and penalty. With respect to other credit sometimes consumer makes payment in division's bank account but it is not clear for which consumer payment received due to non-availability of full details in Bank Statement. Clearance of uncash cheque & other credit is a regular process and efforts are being made to clear old uncash cheques and other credit. Other debit in bank reconciliation statement appears due to non-accounting of bank charges. For refund of bank charges regular follow-ups are being done by divisions.
Ghaziabad Zone In the Bank Reconciliation statement, the bank accounts were reconciled subject to following items: • uncashed cheques of Rs 24.39 Cr; • Old difference Rs 28.35 Cr • Other credits not traced Rs 47.77 crores. No details, age and explanations could be provided to us hence we are unable to comment on its impact on the accounts	Uncash amount also includes the amount of cheque received and deposited in March-2023 but realized in subsequent month. Further, old difference and other credit pertains to old periods and concerned units are under process of reconciling the same amount. it will be adjusted in books of accounts after reconciliation.
Shahranpur Zone Bank Reconciliation Statement (BRS) in respect to bank accounts in case of few divisions of Saharanpur Zone contains outstanding of previous years entries (even some entries are more than 10 years old) which are seizure by various authorities in respect to Court and other cases.	The Seized amount from division's bank accounts as per instruction of court is under pursuance/ appeal. After decision of court accounting entry shall be made in division's books of accounts.
5. Capital Work in Progress i. Capital work in progress includes Rs 1389.61cr (refer notes-3) being "Advances to suppliers and contractors" to be reflected as Advance against capital expenditure as per provision of "the schedule III to the companies Act 2013" as Non- Current Assets. Consequently, capital work in progress is overstated and "Advance against capital expenditure" is understated to that extent.	i. As per the provisions of the ESAAR Rule 1985, the Advance against Capital expenditures are grouped with Capital Work in Progress.

ii. Group Company has not disclosed age-wise details of the Capital work in progress including projects in progress/projects temporary suspended as per requirement of Schedule III to the companies Act 2013.	ii. Audit comment is noted for future compliance and the required disclosers shall be made in FY 2023-24.
Subsidiaries wise observation as reported by the Auditors as given below:	
a. **Madhyanchal Vidyut Vitran Nigam Ltd.** At Ayodhya Zone, a sum Rs.337.61 Crores and revenue expenses of Rs.40.25 Crores has been capitalized during the year but the details of material & labour consumed, assets created and completion certificates of capital works completed were not available. Further, Details of projects under 'Capital Work in Progress' amounting to Rs.11.55 Crores does not contain item-wise details of consumption.	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 and ensure not to repeat this in future.
b. **Purvanchal Vidyut Vitran Nigam Ltd.** i. As reported by the Zonal Auditors, the status, situation and condition of Capital Work in Progress is not available for verification.	i. Work register in construction and secondary works divisions have been maintained. For remaining units, necessary instructions have been issued to maintain the same.
ii. Capital work in progress includes advance to Suppliers/ Contractors (Capital) amounting to Rs. 825.24 Crores. As reported by the zonal auditors, name and age-wise break-up of the same is not available, hence we are not able to comment upon the same.	ii. Unit wise balances appearing in the advances head is being reviewed and necessary directions have been issued to units to reconcile the same and maintain the party-wise list of advance to Suppliers/ Contractors. Further, we are in the process of migrating accounts on ERP, hence requite details as sought by the auditors will be taken care automatically.
iii. The time period of ABD funded UPPDNRP Project has expired on September, 2022. The approval of time extension not available on record for verification. However, as per UPPCL Letter dated 06/02/2023, the Company has been imposing liquidated damages on vendors w.e.f. 01/01/2023.	iii. No Comments as this Para is for information purpose only.
c. **Paschimanchal Vidyut Vitran Nigam Ltd.** The detail 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	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. Further, we are in the process of migrating accounts on ERP, hence requite details as sought by the auditors will be taken care automatically.

on the financial statements. (Refer to note 3 of financial statements and point no 43 of notes on accounts)	
Moradabad Zone: **CWIP** Amount Outstanding Rs. 3.52 Crores - Contract awarded to M/s Ishan Earthing Ltd. on 25.08.2018. Not yet Capitalized and still stated in WIP. If the asset is commissioned to business operations, no depreciation is being charged. No explanation was offered at ZO level.	The mentioned contract is going in ECWD, Moradabad. This project is under completion which is to be capitalized after successfully completion and handed over to respective division.
d. **Kanpur Electricity Supply Company Ltd.** Capital work in progress Rs 29.14 crore The disclosure requirement as envisaged by para L (vi) (b) under "Additional Regulatory information of Schedule III of the Act has not been complied with.	Adequate disclosure have been made in the financial statements on the basis of available records.
6. **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. Accordingly, the impact of non-compliance of the above IND AS on the financial statements is not ascertainable.	Valuation of Inventory has been done on the basis of Accounting Policy of the Company.
Major comments observed by Subsidiaries Auditors are reproduced below:	
a. **Dakshinanchal Vidyut Vitran Nigam Ltd.** Inventories of the Company of Rs. 427.62 Crores as at 31.3.2023, are erroneous considering our opinion expressed in Point No. (ii) of Annexure 1 to our audit report (In absence of physical verification) read with followings: i. Fixed Assets identified as not fit for use, are de-recognised from AG 10 & 12 and are recognised under AG 22 at Written Down Value. New material procured/issued for repair is debited to AG 22, while labour charges are recognised as revenue expenditure under AG 74. After repair the repaired asset is recognised by debiting AG 10 and credited AG 22 at self-estimated valuation of brand new asset, instead of historic cost of repaired asset. This results into incorrect presentation of inventory wherein, exaggerated imaginary credit (new asset value – (WDV + Repair Material)) remains parked in inventories. This may have been resulted as aggregate impact of multiple crores of undervaluation of inventories. Company needs to stop this practice immediately and identified it's consolidated	Accounting under these heads are done as per accounting policy and prevailing practice of the company. The Auditor has only estimated for possible flaw, hence the comment appears to be suggestive only. The Suggestions of the auditor shall be examined for review and action will be taken accordingly.

impact on inventory valuation to arrive at correct valuation. ii. Otherwise also, if the assets de-recognised is not repairable, it is further debited to AG 22.770 'Scrap Material' at realisable value, instead of book value and declaring loss on sale of asset to Profit & Loss account. This practice resulted loss on sale of scrap in AG 22 (other than AG 22.770).	
b. Madhyanchal Vidyut Vitran Nigam Ltd.	
i. Ageing of inventory was not done and obsolete items were also not identified and adjusted in the books of account in some cases. Further, in respect of inventories of Rs. 272.37 Crores in Ayodhya zone, inventory records, item wise details of inventory and its valuation (except inventory worth 102.74 Crores pertaining to (Workshop and Store divisions) as at the year end were not available.	i) In FY 2023-24, Stock account is being maintained in ERP that will enable inventory records (ageing, item wise details). The valuation of stock in ERP is being maintained by system on weighted average basis.
ii. Provision for Unserviceable store of Rs. 41.76 Crores as appearing in Note 7- Inventories continues since 2012-13 despite substantial increase in level of inventory to Rs 723.11 Crores in 2022-23 as against Rs. 230 Crores in 2012-13. In absence of complete details, we are unable to comment on the adequacy of provision on this account and its impact on financial statements.	ii) Creating provision for unserviceable store is a matter of estimate to be made by the management according to the circumstances. In view of the management the existing provision of Rs. of 41.22 crores is sufficient as on the date of Balance Sheet. In view of the same, maintenance of the spares has been given top priority and accordingly the estimate for provision for unserviceable spare and stores has reduced from the earlier years.
c. Purvanchal Vidyut Vitran Nigam Ltd.	
i. The Company has carried out valuation of stores as on 31/03/2023 by an independent Firm. As per Zonal Auditors' Report, the physical verification of stores and its valuation is pending at Varanasi Zone and some of the Units of Gorakhpur Zone.	i. The necessary instructions have been issued to zones (for remaining units) to conduct the physical verification of stores/inventory and its valuation as per Ind AS-2.
ii. Stock shortage/ excess pending investigation amounting to Rs. 72.40 Lacs is outstanding as on 31/03/2023. In absence of proper information, we are unable to comment upon its nature and proper accountal.	ii. The units have been instructed by the Discoms HO to update the stock shortages/excess pending investigation and investigate the same for necessary accountal.
iii. No movement analysis is available to categorize fast moving, slow moving, non-moving and dead stock items.	iii. The detail of fast moving, slow moving, non-moving and dead stock items of store divisions is available at the unit.
iv. 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.	iv. The provision existing for obsolete, unserviceable stores and spares, provided in final transfer scheme 2003, amounting to Rs. 62.97 crore is sufficient to cover the unserviceable stores.
v. There is no system for identification of scrap and its valuation at fair value.	v. The company has policy for identification/ Valuation of scrap by forming scrap committee.
d. Pashimanchal Vidyut Vitran Nigam Ltd.	
i. Inventory consists of stock items, which are used	i. Inventories are purchased centrally by Material

interchangeably for capital expenditure or for regular repairs and maintenance purposes. Since ultimate use of such stock items is indeterminate at initial recognition, the Company classifies such items as inventory. These items are classified subsequently either in property, plant and equipment through capital work in progress or expense in the Statement of Profit and Loss as and when it is so used, which is not in accordance with requirement of IND AS-2 'Inventories' and IND AS-16 'Property, Plant and Equipment'. The effect of such non-compliance on PPE, inventory, depreciation, spares consumption is not ascertainable.	Management section of the PVVNL on estimated basis considering past consumption. After that it is allocated to different store centres of PVVNL. Due to structure and nature of business, it is quite impractical to determine their expected time and place of put to use. Due to which the same is shown under Inventory rather than Property, Plant and Equipment.
ii. Liability for Material received on loan by the Company amounting to Rs. 0.73 Crores 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. 0.73 Crores is shown in the Balance Sheet of the Company as on 31st March, 2020, as on 31st March, 2021, as on 31st March, 2022' and as on 31st March, 2023 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. 7 of Financial Statements).	ii. The necessary correction regarding same has been made in Annual Accounts of FY 2023-24.
Merrut Zone No system for identifying and segregating un-serviceable/slow-moving/non-moving items forming part of the inventories is in place other than ETD- Baghpat, ETD-I Meerut, ETD-II Meerut and EUTD Meerut. However, such items are mixed with the regular stock and are valued as normal stock in all units. Impairment in value of inventory is neither computed nor accounted.	The process of identifying and segregation of un-serviceable/ slow/non-moving items forming part of the inventories and certification of the same by an independent party has been initiated in the zone. The process is completed for store and will be completed for all the units.
e. **Kanpur Electricity Supply Company Ltd.** **Inventory Dr.₹ 50.11 Crores** 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 ₹104.31 Crores grouped under the head 'Capital Work in Progress'(Also Refer Note No. 3 of "IND AS FS") and 'Advances Recoverable in Cash or in Kind or for value to be received' of ₹0.67 Crores grouped under the head 'Other Current Assets'(Also 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' is not ascertainable.	Efforts are being made to provide balance confirmation from contractors with respect to material issued to them.

7. Property Plant & Equipment **General Comments given by the Discoms statutory Auditors on Property Plant and Equipment are given below:-**	
i. We draw attention to para ii(e) of Company Information and Significant accounting policies stating that employee cost to capital works are capitalized @ 15% on deposit works, 13.50% on distribution works and 9.5% on other works. Further, it was noted that a sum of Rs. 1040.30 Crore of Employee benefit expenses has been capitalized to fixed assets out of total establishment expenditure of Rs. 3580.04 Crore incurred during the year. In our opinion, capitalizing Employee benefit expenses on fixed percentages of 'direct costs' instead of Employee benefit expenses directly attributable for such construction, is neither in accordance with generally accepted accounting practices nor as per Ind AS-16. The impact of over capitalization of Employee benefit expenses to fixed assets, as above, on the financial statements is not ascertainable at this stage in absence of complete details. ii. Group has not disclosed accounting policy for Assets not in possession for Rs 128.04 Cr as per Note No 4 to the financial statements. Statutory Auditors of PVVNL have made following comments the same.- "Assets amounting to Rs.51.55 Crore, being expenses on construction of Bay are shown as "Assets not in **possession** of Pashchimanchal Vidyut Vitran Nigam Ltd.". The agreement with Transco is not available with the company. It is informed to us that the company has a right to use these assets."	i. 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, 13.50% on distribution works and 9.5% on other works). However, the Accounting policy of the Company is under review and necessary action shall be taken accordingly. ii. The Accounting policy of the Company is under review and necessary action shall be taken accordingly.
Specific observation given by the Discoms statutory Auditors on Property Plant and Equipment are given below:-	
a. Pashchimanchal Vidyut Vitran Nigam Ltd. i. Due to non-availability of proper and complete records of Work Completion Reports, there have been instances of non-capitalization and / or delayed capitalization of Property, Plant and Equipment, resulting delay in capitalization with corresponding impact on depreciation for the delayed period. In the absence of sufficient and appropriate audit evidences, we are not in a position to comment on the correctness of the same (Refer to 2(II) and IV(b) of 'Significant Accounting Policies' to the Financial Statements).	i. Due to scattered geographical area and multiplicity in nature of Capital works, in some cases there might be delay in capitalization of assets. However, most of the completed Capital works are capitalized in same month. The company is providing depreciation on addition of Fixed Assets on monthly basis. The same has also been disclosed in Significant Accounting Policies at point no. 2(II) and IV(b).
ii. In case of withdrawal of an asset, its gross value and accumulated depreciation is written off on estimated basis. In the absence of sufficient and appropriate audit evidence thereof, we are not in a position to ascertain impact of the same on the	ii. Due to scattered geographical area and multiplicity in nature of capital works, it is quite difficult to establish the correct date of installation/put to use of assets. In case of withdrawal of an asset the gross value and

financial statements.	accumulated depreciation is reversed/ written off on estimated used life of that asset. Further, we are in the process of migrating accounts on ERP, hence requite details as sought by the auditors will be taken care automatically.
Merrut Zone:- Confirmation for Assets of Rs. 11.97 Cr. (Previous year 11.97 Cr.) shown under the head AG 11 as on 31-03-2023 are reported as under the possession of M/s U.P. Power Transmission Corporation Limited is not available on records.	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 rate applicable on similar class of assets.
b. Dakshinanchal Vidyut Vitran Nigam Ltd. Sale of Scrap Rs. 50.59 Crores generated from unrepaired fixed assets should be recognised as Revenue in Profit & Loss account, in place of present practice of crediting to AG22.770.	The matter will be reviewed and suitable action will be taken in ensuing year.
c. Purvanchal Vidyut Vitran Nigam Ltd. i. As reported by the Zonal Auditors, the Fixed Assets Register stating nature of assets, date of addition, its location, actual cost etc. is not up to date except for Mirzapur and Azamgarh Zone. ii. As reported by the zonal auditors, physical verification has not been done at Azamgarh, Gorakhpur, Prayagraj, Mirzapur and Varanasi zones during the year under consideration. iii. As reported by the Zonal Auditors, completion certificate has not been produced for verification for transfer of Capital Work in Progress to Fixed Assets by some of the units.	i. The details are available with respective Division/units. Further, we are in the process of migrating accounts on ERP, hence the same will be taken care automatically. ii. Physical verification of all units have been done for FY 2020-21. Detail of the same is available with units. It is provisioned to conduct the physical verification of Fixed Assets once in an interval of 3 years. iii. Necessary instructions have been issued to the units by the Discom HQ.
d. Kanpur Electricity Supply Company Ltd. **Property, Plant And Equipment Dr.₹1026.57crores** The land of the Company is on lease from UPPCL at ₹1.00 per month as per the transfer scheme (Also Refer point no. 10(c) of Note no. 1-B to "IND AS-FS").As informed the value of such land is yet to be ascertained by UPPCL. However, we have not been furnished with the lease agreement and other related records pertaining to such land. As a result, we are unable to check whether the lease is of financial or operating nature, Hence, the financial impact on "Ind AS F.S." of the aforesaid is not ascertainable.	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
e. **Madhyanchal Vidyut Vitran Nigam Ltd.**	
i. In case of fixed assets, which are decommissioned, the corresponding accumulated depreciation is reversed on estimated basis, which has no relation with their carrying cost in MTBs. As a result, the cost and accumulated depreciation of assets in use are not correctly reflected in MTBs in several cases. Such practice of determination of carrying cost on estimated basis and charging depreciation thereon is not in accordance with IND AS 16. In the absence of complete details, effect of the said deviation, from Ind AS, on financial statement could not be ascertained.	i) Due to unavailability of exact put to use date of old assets, the depreciation on such decommissioned assets is reversed on estimated basis. In maximum number of cases for the balance assets considering the nature and volume of transaction, the decommissioning of an asset on estimated basis has to be resolved. We are in the process to minimize such cases by putting different controls in the system/back up. It is suggested to have a history sheet register for each asset with the year of purchase, installation, major expenses incurred, decommissioning of assets in past, quantity of fixed assets, etc.
ii. A sum of Rs. 28.07 Crores were capitalized as fixed assets (Computer & Printers) by transferring amounts from 'Capital WIP' on centralized basis at head office level. It was noted that these amounts comprised of various type of computers/ hardware/Accessories etc. purchased in earlier years and delivered/ being used at various zones/ field units and hence capitalizing the same on centralized basis was not proper. Further, item/ location wise entries of these assets were not made in the Fixed Assets register. Similarly, payments of 27.98 Crores made for ERP software during 19-20 and 20-21 were capitalized as 'Intangible Assets' during the year. However, the completion report, date of completion, useful life etc. were not available for verification. Further, no amortization of these intangible assets has been done during the year.	ii) The concerned unit has been instructed to allocate such assets to the concerned division/zones. Although, this has no impact on the financial statements of the Company. Necessary rectification entry for amortization of intangible asset (ERP software) has been passed in F.Y 2023-24.
iii. During the year, 'GOI Loans' under 'RAPDRP' of Rs 230.25 Crores were converted into 'Capital Grants'. The un provided interest liability on 'Loans converted into grant' amounting to Rs 144.87 Crores (Including Rs 102.26 Crores up to the period 30.09.2017 and Rs 42.61 Crores up to 31.3.2017), have been transferred to 'Capital Grants' and 'Interest pending capitalization' head by treating the same as 'borrowing cost'. Accordingly, an amount of Rs. 170 Crores pertaining to 'interest pending capitalization' (Including Rs 25.14 Crores of interest for the period 1.10.2017 to 31.3.2019) has been transferred to field units through 'Inter Unit Transactions' as on 31.3.23.	iii) The ATDs were issued by the Fund section after finalization and audit of zonal accounts due to which acceptance and accounting at zonal level could not be done in F.Y 2022-23. This will be reconciled in next accounts in hand.
However, due to non-acceptance of these debit advices	The concerned zones will accept the ATDs and

by the concerned units, the capitalization of this amount in 'Property Plant & Equipment's' and corresponding 'Provision for depreciation' for the period from F.Y. 2017-18 to 2022-23 has not been done resulting in overstatement of 'Inter Unit Transactions' and understatement of 'Fixed assets' and 'Depreciation'. The resultant impact of not charging depreciation on the profits for the year could not be ascertained in absence of complete details.	capitalize the same retrospectively with its provision for depreciation in the current F.Y.
8. Non Provision of Expenditure/Losses Group has not provided for Expenditure/Losses as reproduced below :-	
a. Madhyanchal Vidyut Vitran Nigam Ltd. Advances to suppliers amounting to Rs 113.10 Crores at the HO level are outstanding since more than 7-8 years. It also included Rs 40.61 Crores for which even party wise/ date wise details were not available with the concerned unit. No documentary evidence or explanations were made available to us regarding the recoverability of these amounts. Accordingly, in our opinion, these amounts are doubtful of recovery and provision should have been made against these advances. Non provisioning of these amounts has resulted in overstatement of advances and understatement of losses for the year by Rs 113.10 Crores.	The Concerned unit has been instructed to scrutinize the matter & take necessary action.
b. Pashchimanchal Vidyut Vitran Nigam Ltd. i. As per UPERC (MYT) Regulation 2013, In case the payment of any bills of Transmission charges, wheeling charges is delayed beyond the period of 60 days from the date of billing, a late payment surcharge @ 1.25% per month shall be levied by the transmission licensee. However, the company has not made any provision for liability for late payment surcharge on account of non-payment of dues in compliance of above regulation. Consequential impact of the same on the financial statement is not ascertained.	The liability of Transmission charges is booked on the basis of Bills received from UPPTCL. The payment thereon is made by UPPCL and adjustment made in Books of PVVNL through Debit Note received from UPPCL. The accounting of settlement/adjustment of Wheeling charges is only a book adjustment for PVVNL through UPPCL (The Holding Co.). Being the Government company, no such surcharge has been imposed in past years too. In view of the past trend, no provision has been made during the year by the company.
ii. PVVNL has disclosed prior period adjustment in its para no. 34 to the notes to the account for Rs 94.57 cr restating the loss to Rs 793.86 cr from Rs 699.29 cr. But, restated amount of pervious year 2021-22 has not been reflected in financial statements.	The error/omissions pertaining to prior period are adjusted with Reserve and Surplus without making any impact on P&L for current financial year. The component wise/schedule wise impact of restating of previous year balances has been shown in Notes on Accounts at point no. 34. However, As suggested by the Audit, the same shall be taken care in future.
9. Subsidies Received under Atmnirbhar Bharat Scheme. Group has shown Rs. 14940.00 Crore Subsidy Receivable from U.P Government as Non-Current Assets 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).	As reported by the Auditor the matter has been referred to Expert Advisory Committee, of ICAI. This may be taken up in accordance with the opinion of the ICAI.

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. It is learnt from management Representation Letter that company is referring the issue for the opinion of Expert Advisory Committee, of ICAI. Pending receipt of such opinion its impact on accounts cannot be ascertained at this stage.	
10. Non-Reconciliation of Inter Unit transactions. Inter unit transactions amounting Rs.1366.49 crore (Note No. 13- Other Current Assets), has not been reconciled till closed of the financial year.	The Discoms have been instructed to reconcile the IUT balances. However, a module of IUT on the ERP is under preparation. The mismatch of IUT shall be completely resolved in future prospectively.
Non-Compliances of Ind AS/Schedule-III And Other Provisions Of The Companies Act-2013 (other than those mentioned above)	
Following accounting policies of the Group are not in compliance with Ind AS/Companies Act 2013: i. "Other Equity"-Note-15 includes Rs 18767.69 Cr as consumer contribution towards capital Assets/Capital Grants which are to be reflected as "Deferred income" under "Non-Current Liabilities. "as per Ind As 20. In view of above "Deferred income" is understated and "Other Equity" (negative) is also understated to that extent.	i. The accounting Policy of the Company is under Review and necessary action shall be taken on revision of the same.
ii. Policy no. VIII(B) regarding accounting of late payment charges on cash basis and (viii)f regarding penal interest over dues, interest etc. on cash basis are against the accrual concept of accounting.	ii. The LPS is being accounted for on Cash Basis due to uncertainty of the ultimate collection or realization of the same.
iii. Policy no. XVI -Financial Assets regarding subsequent measurement on debt instrument at amortized cost in accordance with Ind as 109.	iii. The accounting Policy of the Company is under Review and necessary action shall be taken on revision of the same.
iv. Policy no. XVII- Financial Liabilities regarding subsequent measurement of borrowings using effective interest rate method.	iv. The accounting Policy of the Company is under Review and necessary action shall be taken on revision of the same.
v. 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.	v. 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. This fact has been disclosed in Notes on Accounts.
vi. Unbilled revenue Receivable has not been disclosed in the Notes to Accounts except DVVNL.	vi. The Discoms have been instructed to disclose the necessary information in Notes on Accounts.

and MVVNL. Similarly, unbilled Trade Payable has not been disclosed except UPPCL (Holding Company) as required by Schedule-III of Companies Act, 2013.

vii. Group has not conducted actuarial valuation relating for pension and Gratuity pertaining to employees of erstwhile UPSEB during the financial year 2022-23. (para no. 15(a) to the notes to accounts referred).

vii. The provision of pension and Gratuity pertaining to employees of erstwhile UPSEB has been done on the basis of actuarial valuation reportdt.9.11.2000 submitted by M/s Price Waterhouse Coopers. This has been disclosed in Notes on Accounts of CFS.

viii. Group has not made necessary disclosures and information as required by Ind As 19 pertaining to Actuarial Valuations in respect of KESCO, PuVVNL, DVVNL and PVVNL. respectively.

viii. The required disclosures have been given by all the Discoms. Repetitive disclosures are not required as per MCA General Circular No. 39/2014 dated 14th October, 2014 in CFS.

Specific observations given by statutory Auditors of Discoms on the subject are given below: -

a. **Pashchimanchal Vidyut Vitran Nigam Ltd.**

i. As per Para 16 of IND AS 37, the company is required to disclose Court Cases going on at the end of financial year, brief description related to nature of the contingent liabilities and estimate of its financial effects and possibility of reimbursement. The company has not made required disclosure with respect to above. Thus, company has not complied with disclosure requirement of IND AS 37. Accordingly, the impact of non-compliance of the above IND AS on the financial statements is not ascertainable. (Refer to Note No. 18(b) of Notes on Accounts).

ii. Amount as disclosed in respect of claims/pending court/ arbitration/legal/tax cases have not been properly compiled and ascertained as per IND AS-37 "Provisions, Contingent Liabilities and Contingent Assets". No amount of capital commitments in respect of estimated amount of contract remaining to be executed on capital accounts ascertained. In the absence of details thereof, impact of the same upon the financial statements is not ascertained. (Refer Note No. 18(b) of Notes to accounts, regarding contingent liabilities)

The contingent liabilities consists of claim of staff & court cases for Revenue and other related liabilities, Statutory defaults, Statutory dues, Court cases etc. has already been disclosed in Notes on Accounts at point no. 18(b).

The zone wise details of Contingent Liabilities is as follows:

Zone	Contingent Liability as per Audit Report & details provided by zone	Statutory Defaults
Meerut	85.97	0.05
Moradabad	13.64	0.13
Ghaziabad	176.03	0.28
Saharanpur	3.48	0.16
Bulandshahar	3.64	0.27
Total	**282.76**	**0.90**

The Company has disclosed the Contingent Liability measured to the extent possible for which the records of the same are available with the company.

iii. Refer Point No. 1(c), 2(VI)(b) and 2(VI)(f) of Significant Accounting Policies, wherein disclosure has been made for certain items which have been accounted for on cash basis/cut-off date basis, which is not in consonance with the accrual basis of accounting required by the Indian GAAP. Due to cut off date basis of accounting, the accounting for provisions in the books of accounts is not in consonance with IND AS-37 "Provisions, Contingent Liabilities and Contingent Assets" is not verifiable. Accordingly, the impact of non-compliance of the above IND AS on the financial statements is not ascertainable.

All the expenses and Income are accounted for on accrual basis except those are mentioned in Significant Accounting Policies at point no. 1(c), 2(VI)(b) and 2(VI)(f) for which the ultimate collection of the amount is uncertain.

Further, the provision of expenses has also been made at the end of the financial year based on the best estimate of the Company.

iv. 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.	The liability of Transmission charges is booked on the basis of Bills received from UPPTCL. The payment thereon is made by UPPCL and adjustment made in Books of PVVNL through Debit Note received from UPPCL. The accounting of settlement/adjustment of Wheeling charges is only a book adjustment for PVVNL through UPPCL (The Holding Co.). Being the Government company, no such surcharge has been imposed in past years too. In view of the past trend, no provision has been made during the year by the company.
v. Auditor of Moradabad Zone has reported that Moradabad ZO has not disclosed the impact of pending litigations on its financial position in its financial statements amounting Rs.1363.57 Lakhs.	Regarding pending litigations, considering uncertainty of final decision from competent authority, the same is shown/disclosed as Contingent Liability in Notes on Accounts forming part of Financial Statements. Refer reply of point no. 6 (a&b) above.
• IND AS-1: Policies relating to provision made against (i) advances to suppliers/contractors (ii) Slow/non-moving and unserviceable stores, (iii) bad and doubtful debts (iv)advance to employees and others are not disclosed under Annexure "Significant Accounting Policies" annexed with Financial Statements as required in IND AS-1. Accordingly, the impact of non-compliance of the above IND AS on the financial statements is not ascertainable.	Detailed Disclosures have been given by the PVVNL in Point no. 8 of Notes on Accounts. Subsequently, this has been incorporated in the Consolidated Financial Statements of UPPCL.
• IND AS-36: All the assets of the company are recorded at their historical values without arriving at their recoverable amounts and arriving at amount of impairment of loss. Company's submission that "their recoverable amount is higher of the assets' net selling price", has not been substantiated. In the absence of fixed assets physical verification, fixed assets register, techno-economic viability assessment and calculation and determination of Cash Generating Unit, we are unable to comment whether any impairment loss has remained un-assessed or un-provided for in accordance with IND AS-36 "Impairment of Assets". Impact of non-compliance of the above IND AS on the financial statements is not ascertainable.	As Assets of the Company have been accounted for at historical cost and most of the Assets are very old. Due to increasing Inflation and increasing Market value of the LT Wire, Copper, Aluminium, Brass, etc. The recoverable amount of the assets is expected higher than its present accounted value.
vi. **Depreciation/Amortisation** We have observed that the depreciation on Property, Plant and Equipment has not been worked out properly as there are discrepancy/ variation in date of put to use of various assets. The depreciation on addition in Property, Plant & Equipment during the year was provided as per the order of UPERC/Secy./ (MYT for distribution and transmission) Regulations, 2019/408, Lucknow, dated: September 23, 2019, on monthly basis instead of actual period of availability of asset for its	The depreciation/amortization on addition of fixed assets during the year has been provided on monthly basis as the major portion of the capitalization are being done on month end basis on receipt of the completion certificate of the Assets. The same has also been disclosed in Notes on Accounts at point no. 6(d) of concerned Discom.

intended use on addition. This is not as per provisions of Schedule-III of the Companies Act, 2013 and also against accounting policy of the Company as stated in Para 2(IV)(b) under the head depreciation. In the absence of proper audit trail, we are unable to quantify the impact of the same on depreciation and consequential impact on the financial statements.	
b. **Kanpur Electricity Supply Company Ltd.** Note no. 13 of the "IND AS-FS" The Company has not complied with the disclosure requirements envisaged by Schedule-III of the Act except the following: In respect of non-current borrowings: (i) Nature of security in respect of each case of borrowing. (ii) Terms of repayment of term loans and other loans.	Necessary Disclosures of the Loan taken by the UPPCL on behalf of the Discoms have been given in Point no. 50 of Notes on Accounts of CFS.
c. **Madhyanchal Vidyut Vitran Nigam Ltd.**	
a. The 'liabilities for capital works', 'liabilities for O&M works' and 'Liability for expenses' etc. have been categorized under 'Other Financial Liability(current)' instead of showing them under 'Financial liability (Trade payable)'. Further, the disclosures/ ageing of 'trade payables' as per 'Para 36 of Note 1B', have been done without taking into account the amounts shown under the heads 'Other Financial Liability'/ figures certified by the zonal auditors.	a) Financial liability (Trade payable)'comprises liabilities relating to direct expenses w.r.t purchase & transmission of power. Accordingly other payables are being shown as current liability /long term liability as the case may be. Since the said balances should not be covered under Trade Payable the same has not been taken while disclosing the ageing of Trade Payables.
b. Financial Assets-Other – Current (Note-10) and Other Financial Liabilities- Current (Note-18) have been classified as 'current' but include balances which are outstanding for realization/ settlement since previous financial years and in the absence of adequate information/explanations regarding the realizability /settlement of such amounts within twelve months after the year end, not classifying them as non-current assets/ liabilities is not in accordance with Ind AS-1 "Presentation of Financial Statements.	b) The amount receivable/payables were expected to be realized/paid immediately hence shown as current assets/liabilities.
c. Additional Disclosures relating to maturity / redemption or conversion date of bonds, repayment of term loan & Other loans, nature of security etc. in respect of various borrowing appearing in Note 14- 'Financial Liability – Borrowing' and current maturity of Long term borrowing in Note 16 have not been made as required by Companies Act 2013.	c) The necessary Disclosures have been given in Point no. 50 of Notes on Accounts of CFS.
d. **Purvanchal Vidyut Vitran Nigam Ltd.** The Company has not complied with the provisions of section 42 of the Companies Act, 2013 as well as The Companies (Acceptance of Deposits) Rules 2014 relating to Share Application Money pending Allotment.	As per Para 8.2.2 *"Share application money to the extent not refundable shall be shown in this line item and share application money"*. Therefore, the same has been shown as pending allotment.

There is no system at Zones and ESDs of the Company to prepare the Balance Sheet and Statement of Profit and Loss. The Zonal auditors have only been provided Trial Balances (MTB) for the purpose of their audit which is non-compliance of Schedule III of the Companies Act, 2013.	Due to organizational structure of the Company the zones and ESDs are performing different type of activities. Hence at zonal and ESDs level only Trial Balances are prepared.
Impairment of assets has not been done, which is in contravention of Ind AS-36 of ICAI.	There is no any indication of impairment test as prescribed in para 12 of Ind AS 36. Hence impairment of assets is not required.
The Company has disclosed contingent liabilities to the tune of Rs. 168.77 Crores at para 28(b) of Notes to Account of Balance Sheet. Since, the status of contingent liability has not been provided to us, we are unable to comment upon the provision required as per Ind AS-37.	Contingent liabilities have been disclosed in Notes to Accounts in accordance with to Ind AS-37 to the extent possible.
e. **Dakshinanchal Vidyut Vitran Nigam Ltd.**	
i. The Company is marked as Active Non-Complaint by the Registrar of Companies, consequence to which the Company is unable to file necessary form with the registrar for Change in Authorised Share Capital (Form SH 7), Change in Paid-up Share Capital (Form PAS 3), Changes in Director (Form DIR 12) etc. The Company may end-up paying heavy late fees for the above non-compliances. This has led to difference in, Authorised Share Capital as per MCA website is Rs. 24,000/- Crores and as per balance sheet is Rs. 30,000/- and Paid up share capital as per MCA website 20,87,72,198 no. of share of Rs. 20,877.22 Crores and as per balance sheet 23,46,17,381 no. of share of Rs. 23,461.74 Crores.	Company was unable to file Annual Return at MCA due to pendency of AGM of FY 2021-22 as the Final Comments of C&AG were pending. However as on date the status of Company become *Active* on MCA portal and the company secretary is in process to meet all compliances required by MCA.
ii. The Company has failed to produced/maintained statutory registers prescribed under Companies Act, 2013. iii. The Company has not filed creation/modification /satisfaction of charges with registrar of companies consistently since past 3 years.	Full time company secretary was not appointed till Mar 2023 therefore these compliances have been pending. Now full time company secretary is appointed and necessary instructions have been issued for compliance of provisions of companies Act-2013
f. **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: • Charges column disclosed in the Company Master Data includes old satisfied charges. • There is no full-time company secretary and Chief Financial Officer in accordance with the requirements of Section 203 of the Companies Act, 2013.	The company has now appointed Director (Finance) and whole time company secretary and the compliance to the audit observation has now been done.

• 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.	
Specific observations in Audit Report of Subsidiaries	
a. Pashchimanchal Vidyut Vitran Nigam Ltd. **Borrowings** There is no system of identification of qualifying assets and interrupted projects which are being financed from the borrowed funds in accordance with IND AS-23. During the year under audit, the company has not capitalised any interest on borrowing, while balance still persist in CWIP and there are payment of interest by the company. Management has informed us that the all- capital projects under scheme for which fund was borrowed has been closed prior to the FY 2022-23. However, Capital projects, running other than schemes, are not identified. Hence, In the absence of complete details of qualifying assets vis a vis uses of interest paid money by the company, we are unable to quantify the impact of the same on the financial statements. (Refer to note 23 of financial statements).	As per IND AS-23 Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. During the FY 2022-23, the company has not capitalized any interest on borrowings as all the capital projects, for which borrowings from FI's have been taken, has already been completed prior to FY 2021-22. Further, the remaining balance as shown under the CWIP is pertains to the other capital works, which are funded other than capital borrowings. During FY 2022-23, the company has corrected interest on RAPDRP Loan by capitalizing the same through Retained Earnings.
Accrual System of Accounting During the course of our audit, we have come across some expenses, which have been accounted for on cash basis instead of accrual/mercantile basis. The same is not in accordance with the basic accounting assumptions and the company's accounting policy. In absence of the complete audit trails, we are not in position to ascertain the Impact of the same on the Financial Statements of the company. (Refer to 1(b) and 2(VI) of 'Significant Accounting Policies' to the Financial Statements)	All the expenses and Income are accounted for on accrual basis except those are mentioned in Significant Accounting Policies at point no. 1(b) and 2(VI) due to uncertainty of the ultimate collection or realization of the same.
Statutory Compliances • The company has corrected Interest on RAPDRP Loan previously accounted as Income instead of transfer to Grants amounting to Rs. 110.64 crore. In FY 2022-23, further company also corrected interest on RAPDRP Loan accounted as expenses which is to be capitalized by Rs. 279.06 crore. In absence of complete documents/calculation of conversion into Grant, we are unable to comment upon the correctness of the same.	No Comment as the necessary correction has already been made.
• GST reconciliation with books of accounts and return is not made available to us and stated by the management that the same is under process. Hence, we are unable to comment upon the impact of same on financial statements.	The company is regular in paying and depositing GST on time. The reconciliation of Books of Accounts and GST Return is under process. The necessary correction/adjustment will be made accordingly after due reconciliation.
Others • No subsidiary ledgers have been maintained by the company for Consumer Security Deposit, Meter Security Deposit and Advance consumption charges. In absence of same, correctness of the figures appearing in the financial statements under these head could not be verified.	The company is maintaining Online Consumer Ledger through outsourced billing agencies which maintain all the required records of consumers like Consumption, Arrear, Security, Advance, etc.

- As during the course of audit we observe that the late payment surcharge recoverable from customers is accounted for on cash basis due to uncertainty of realization however, the company does not have record related to actual realization of the late payment surcharge actually collected , the amount of late payment surcharge was being accounted for on ad-hoc basis by the divisions thus, late payment surcharge is not accounted for in line with the accounting policy & due non availability of proper records we are unable to ascertain the effect of the transections on the financial statement.

As per policy of the company considering uncertainty of realization of Late Payment Surcharge, due to bill revision, OTS, Waival, etc., the accounting is being made on realized basis.
The same has been disclosed in Significant Accounting Policy at point no. 2(VI)(b)

Merrut Zone:-

i. Following are very old unreconciled/unexplained outstanding appearing in trial balance of the zone having substantial amounts, which should be squared up/settled at regular intervals:

(Rs. in lac)

CODE	HEAD OF ACCOUNT/GROUP	AMOUNT
28.87	Receivable from related companies	2528.34
31.0288	MEERUT ZONE	1153.76
31P.01	WITHIN ZONE	23.58
46.56	LIAB.FOR I.U.T (UPSEB)	3118.92
46.981	UPP.CORP.LTD.	-1459.29
46.999	UPP.CORP.LT	-9517.74
46.989	UP POWER TRANS MISSION	-175.70

The old balances which are carrying over since last so many years, are mostly related to Transfer scheme. Presently we are in the process of scrutinizing the same and necessary accounting like writing off/writing back etc shall be done after the thorough review of the same.

ii. Party wise details of amount outstanding under those accounting heads are not available. Balances outstanding under these heads could not be verified from any record available in unit/ Zone. The age wise analysis for advances and liabilities is not done. In the absence of any analysis of time barring cases and chances of recovery, no provisions are made for non- recoverable cases.

iii. In absence of complete details i.e. party wise & age wise outstanding, their names, addresses etc. The procedure prescribed under SA 505 for obtaining balance confirmations directly to statutory auditors could not be initiated.

STATUTORY NON-COMPLIANCES	
i. **Income Tax and Tax Deduction at Source (TDS):** • The provisions for expenses made at the year-end consisting of Interest on Consumer security deposits, Professional Expenses, Contractors etc. are subject to TDS but tax has not been deducted. Also, Tax has been deducted on payments basis whereas as per Income Tax provisions, Tax should be deducted on booking of expenses or on payment, whichever is earlier. The practice should be amended to fall in line with the provisions of Income Tax Act. • Pending TDS demand for Rs. 5.48 lacs (Previous Year Rs.22.41 lac) are appearing at TRACES (Income Tax TDS portal). The basis of these demands needs to be identified and the same need to be removed or paid on its merit. The Contingent Liability arising due to this demand need to be recognised.	The matter shall be reviewed as observed by the audit and necessary action shall be taken accordingly. The outstanding TDS demand as per TRACES portal is under reconciliation. The same has been identified and reported as Contingent Liability.
ii. **Goods & Services Tax (GST)**: • In some cases, units have not charged GST on Miscellaneous receipts components like RO/DO charges etc which are otherwise covered under the provisions of GST. There are other receipts which need to be identified and GST should be charged accordingly. We have identified receipts (in the nature of RO/ DO charges) amounting to Rs. 167.80 lac (Previous Year Rs. 4.37 lac) on which GST have not been claimed and deposited. • Miscellaneous Receipts cover receipts of different nature. It is advised to identify receipts on the basis of its nature and should be booked under separate heads rather than clubbing as Miscellaneous. We observed that on some receipts, GST has been claimed such as LD and Tender charges Receipts whereas on some other receipts, GST has not been claimed. In view of the same it is important to classify these receipts to identify and charge GST. **SECURITY DEPOSIT FROM CONSUMERS AND INTEREST PAYABLE (AG CODE 78)** As per the practice, Interest on customer deposits have been provided on average balance basis and the prevailing Bank Rate is considered for making the provision for Interest. The actual payment of Interest to the customers are not reconciled /adjusted with the provision made during the year. The effect of difference between the provision made for Interest and actual Interest paid has not been taken in the Profit & Loss Account but instead adjusted against the Debtors/ recoverable.	The matter shall be examined for necessary action. Receipts such as Sale of Tender, RO/DO etc. are separately classified and accounted in prescribed AG Code. The provision for Interest on Security Deposit from consumers and actual interest is paid at the same rate (bank rate).

Security Deposit/EMD/ Retention Amount We observed that the details of accumulated amount of Security Deposits/EMD/retention money forming part of the trial balance are not available and hence are subject to confirmation and reconciliation. The accumulated amount needs to be reviewed to demarcate the confirmed amount which may be retained and the unidentifiable part needs to be adjusted/setoff.	We are in the process of migrating accounts on ERP, hence requite details as sought by the auditors will be taken care automatically in ERP.
Internal Audit Reports The format of the Internal Audit Report needs to be reviewed. Most of the Auditors are confining their report to standard formats of the Report given. They should be asked /encouraged to report on other Unit related substantial issues over and above the Standard Format given to them. The formats should also be reviewed to include relevant clauses and remove clauses which are not applicable at Unit Level.	It is the practice of the Company to review the format of the Internal Audit Report. The Company updates the same as and when required. No action required at zone level.
Moradabad Zone: **i. Ed And Other Levies** During the year Total ED & Other Levies Collected- 18278.65 Lakhs however ED & Other Levies Paid- 13114.32 Lakhs. That mean either 5164.32 Lakhs amount is excess collected or not paid to the government. If excess collected, it is income and if correctly collected, why not full amount of duty paid to the government? In such a way the liability is accumulated over the years and reached to such alarming level 66670.76 lakhs. **ii. Accounting System** During the course of auditing we observed that no sub-ledgers of Accounts Receivables and Accounts Payables are prepared. Hence party wise receivables and payables cannot be ascertained.	i. The GoUP usually converts the ED payable into Subsidy/Grants, therefore, it may be possible the full amount has not been converted by the Government into Subsidy/Grant. This is an on-going process and practice, that's why the company adjust this amount on the basis of book entries. Further, All ED payment to State Govt. is done at HQ Lucknow level and thereafter adjusted in books of concerned zone/ division on the basis of advice/WMDR are issued by HQRS. ii. As per current accounting system of UPPCL, there are no individual ledgers/subsidiary ledgers of Accounts Receivables and Accounts Payables are maintained with monthly accounts. However, all the details of receivables and payables are available at respective division level. Customer details are also maintained/ available in billing software of Corporation. However, the company is in the process of migrating accounts on ERP, hence requite details as sought by the auditors will be taken care automatically in ERP.
Ghaziabad Zone i. The Branch has two categories of customers i.e. prepaid customers and posts paid customers. In the case of prepaid customers, the collection goes to HO which in turn inform the branch of the amount collected by them on its behalf. The Zone could not produce the records related to accounting of unadjusted portion out of prepaid recharge of meter and recognition of revenue out of such prepaid amount for the period upto 31st March, 2023. Also it could not be explained how the accounting is done of the cases of negative balance in	i. As Enumerated to the Auditor recognition of revenue of prepaid recharge of meter is done on the basis of Consumption report provided by Agency. Since, revenue is realized prior to assessment, hence the amount received is being credited to respective consumer ledger.

the case of prepaid meter. No record could be produced before us to verify the accrual of income and realization thereof, hence we are unable to comment thereon and quantify its impact on the accounts;	
ii. The Company has not laid down its accounting policy on recognition of income in the case of theft of power (dishonest abstraction of power) and the income is recognized based on consumption estimated in report of JE/SDO etc. During the year, the Branch has recognized such income of Rs.68.43 Crores (Code AG-61.6) where against only Rs.7.13 Crore (Code-AG-23.8) have been realized and rest has been accounted for a Receivable. Further, such accounting treatment is not in accordance with IndAs-18 which stipulates recognition of income only when the realization thereof is certain. Hence, the Zone has not provided for the doubtful amount. However it is informed by the officials that the provision is made at the HO level in their books, the details and basis thereof, however, could not be explained. In view thereof, its impact on the accounts of the Zone could not be ascertained and quantified.	ii. As per the accounting practice of the Company the provisional assessment first issued to the consumer. Subsequently, if the same has not been requested to revise based on the concrete evidences, the company finalize the same and charges in the bill of the consumers. The company made provision against outstanding receivable for Sale of Power as per it's accounting policy, which includes receivable from consumer against Theft of Power. These provision are being made at DISCOM HQRS level, hence zones are not required to make provision at their level.
iii. The Branch had engaged Primeone Workforce Pvt Ltd for providing skilled Unskilled manpower for operation /maintenance of 33/11KV substation and HT/LT distribution lines. This party was awarded contract with higher profit margin of 6% compared to other similar contract with 3.8136%. Similarly it was noticed that the party has claimed excess rate of wages by Rs.83.86 Lakhs during the year.	iii. It was enumerated to the auditor that quotation of L-1 firm after opening of tender sent to concerned committee for further process and profit margin decided on the basis of other factors. The rate taken for comparison from agreement pertains to the month of Jan-2020 which was prevailing rates of that time. Since the agreement period was extended till Dec-2022, Payment as reported by the auditor pertains to that extension period along with prevailing DA rates.
iv. In yet another case, Mool chand om sai enterprise Pvt Ltd was awarded contract for 2 years for Rs 23.85 crore for manpower supply for operation /maintenance of 33/11KV substation and HT/LT distribution lines wherein the party has excess charged by 16,30,439.64. No explanation was given to us in respect of the above.	iv. In the case of Mool chand om sai enterprise Pvt Ltd, as explained by the units, the excess amount as reported by the auditor is due to the DA rate difference prevailing time to time. Therefore, such reported amount is not excess payment, since all the payments made to concerned firm is in compliance of agreement and their extension thereof.
v. As a policy, the branch does not deduct TDS at the time of making provision for expense as the same is deducted at the time of payment. This is not accordance with the provision of Income Tax Act. Similarly, in the case of TCS u/s 206C of the Income Tax Act, tax is not collected at the specified rate;	v. It was enumerated to the auditor that the booking of provision for expenses in March Final account is as per the past practices which is being followed year to year in which all the liabilities are transferred to concerned AG heads viz. 46.430, 43.3 and 42.3. However it was also explained to the auditor that proper deduction of taxes is made as and when the invoice is received and uploaded on ERP.
vi. The security deposit from customers under code AG 48.1 is Rs. 998.88 crores whereas the same as per customer's master data for all divisions, it is Rs. 1620	vi. It was enumerated to the auditor that all the distribution units are under process of reconciling the difference between security deposited from

<table>
<tr><td>crore. No explanation could be offered for such a huge difference hence we are unable to comment on its impact on the accounts.</td><td>customers as per books and as per master data of commercial.</td></tr>
<tr><td>vii. In the case of Division IV Noida (Code AG 23.1), the payment received from debtors during the year is Rs 241.68 crores as against the sale of Rs 75.05 crores. No explanation/details were given for excess collection of Rs 166.62 crores hence we are unable to comment on its impact on the accounts. It was explained that in the case of collection received directly at the head office, the details of such payment pertaining to the Zone is received with an interval even of 2 years hence the figure of debtors as reported in Trial Balance is subject to such collection at HO, consequently, in the absence of information of such collection, the impact on debtors could not be ascertained and quantified.</td><td>vii. The Sale of Energy as reported in report of Rs. 75.05 crore is rectified to Rs. 158.69 Crore which reduced the excess collection as reported in report of Rs. 166.62 to Rs. 82.99 Crore during the course of audit. It was also enumerated to the auditor that remaining excess collection pertains to accounting of withdrawal entry in current financial year for correction of previous year as provided by HQ.</td></tr>
<tr><td>viii. During July'20 to November'20, there was a cash embezzlement of Rs 5.64 crores under the division EUDD-7, Ghaziabad by Mr. Sumit Gupta, Head Cashier Revenue of the division. Similarly, Cashier of EDD Greater Noida Satender Pal Singh TG-II embezzled cash of Rs 82,21,974/- during March'21, April'21 and June'21. In yet another case, Cashier of EUDD-IV, Ghaziabad.
ix. Harinath TG-II during the year 2018-19 embezzled Rs.19,19,767/-(net of recovery of Rs.89,3287). Despite the above cases having been declared fraud in respective years, the same has not been provided for.</td><td>viii. The necessary disclosure regarding the same has been made in Notes on Accounts at point no. 33 of the respective Company and Point no. 50 of Notes on Accounts of UPPCL CFS.
ix. The necessary disclosure regarding the same has been made in Notes on Accounts at point no. 33 of the respective Company and Point no. 50 of Notes on Accounts of UPPCL CFS.</td></tr>
<tr><td>Saharanpur Zone:
As explained to us that Fixed Assets created out of these deposit works are not depreciated through the profit and loss account instead these assets are depreciated through the consumer contribution liability head.</td><td>Assets created out of Consumer Contribution are depreciated/amortized through the Liability shown under the head of Consumer Contribution in Capital Reserve.</td></tr>
<tr><td>In respect of Receivables (Big Consumers) :-
i. Report on short security collected from large and heavy consumers: Following is the detail of the large and heavy consumers from whom due security is not collected which is to be collected immediately:
<table>
<tr><th>Sr. No</th><th>Name of Consumer</th><th>Security Due (In Rupees)</th></tr>
<tr><td>1</td><td>M/S RAVI ORGANICS</td><td>18,17,160.00</td></tr>
<tr><td>2</td><td>D L S PAPERS PVT. LTD</td><td>33,06,440.00</td></tr>
</table></td><td>i. The additional security as pointed by audit has been taken up by the division with consumers and progress in the matter is as under :-
M/s RAVI ORGANICS security due Rs. 18,17,160 against which final notice has been issued to defaulter. The said consumer is regular and prime consumer and he is intending to pay the additional security amount in instalment. Consumer has informed vide his letter no. 9110 dated 31.07.2023 that an amount of Rs. 213600.00 has been paid vide receipt no. 3413201507235757005 dated 25.07.2023 and for rest amount consumer has asked some time, as informed by division vide letter no. 4133 dated 01.08.2023.
D L S PAPERS (P) LTD security due Rs. 3306440.00 against which see -3 and now final notice has been issued to defaulter.</td></tr>
<tr><td>ii. on the basis of data given to us related to the heavy consumers, following are the cases where either there</td><td>1- The connection pertain to Executive</td></tr>
</table>

are payments pending since long or there are irregular payments or partial payments:

S. No	Consumer Name	Account No.	Last Payment	Total Amt due as on 31.03.2023
1.	Executive Eng.	DI3008051 36188	04-05-2018	52,50,763.38
2.	Harminder Singh	611697100 0	24-10-2009	40,90,365.00
3.	Dishnet Wireless	343567100 0	20-09-2013	38,83,056.00
4.	Muspkee m Ahmed	542220400 0	Never Paid	34,89,852.00
5.	Kisaan Dass Rice Mill	439043000	10-03-2015	32,76,868.00

Although, the Management of Saharanpur zone has informed that the outstanding dues against Sh. Harminder Singh and Sh. Mustakeem Ahmed has been fully recovered.

engineer Jal Nigam. The concerned is in regular pursuance with the consumer, and consumer has informed due to non-allocation of budget in this head by the UP Govt. the payment is still held up. The connection comes under essential public services of U.P. Govt. Hence this connection could not be disconnected; however efforts are being made to realize the outstanding dues.

2- Against the observation at S.no 2 to 5 this is to inform to you that all these connections have been permanently disconnected on HCL Billing System. Against S.no. 2, 4 & 5 the outstanding due has been recovered from consumers. The rest case shown at S.no. 3 i.e. Dishnet Wireless PD has finalized as on dated 24.07.2023. After adjustment of security amount the final outstanding due is Rs. 114700.00 only. For recovery of outstanding said amount, division is doing necessary action as per rule. In this process, outstanding dues against Sh. Harminder Singh and Sh. Mustakeem Ahmed has been fully recovered.

iii. The Comprehensive ERP is under implementation in the Zone. Our Comments are as follows: -

- The Trial balance of the all divisions are not aligned with ERP.
- The Due Diligence of Migration of Software not undertaken
- Partial Migration to new ERP from Old working software (Excel)

It has come to our notice that the zone has since shifted payment module w.e.f. 1 Jan 2022. Under the system the payments are centralized at HQ Meerut UP wherein they are understood to maintain separate ledger Accounts in the New ERP.

Under this arrangement the zone will continue to show liability to the vendor whereas the vendor has already been paid during the period from 01 Jan 2022 to 31st March 2023. The consolidated Trial Balance presented to us is showing a liability is INR 491,54,18,830.67/-. The payments against these liabilities are made by the Head office directly to the Vendors. But effect of these payments are not reflected in the trail balance of the Zone. In the trail balance only balance payments should have been reflected. Therefore, this point has to be taken into the account at the time of finalization of the Company Balance Sheet.

iii. Complete ERP Implementation/migration is under process of UPPCL / PVVNL. This will be taken up with the ERP team.

A/c Code	Account Name	TB Closing Balance as on 31.03.2023
42.1	Supply of Material/ Cap.	262,37,44,037.30
43.1	Supply of Material (O&M)	229,16,74,793.37

Remarks: Out of this Liability of Rs.491.54 Crore, some payments already made to the vendors by HQ. These payments must be lying at debit balance in these heads in HQ accounts.

Observation:

In our opinion these payments must be considered while financialization of the financial statements of the company as a whole.

The point has been noted. The liability shall be cleared after receipt of payment details through IUT.

iv. AG Code 26.7 represent Cont. Mat. Control A/C having balance as on 31.03.2023 is INR 1,13,84,537.54 belongs to material advanced to contractor Mr. Shailesh Kumar Since 2010. This material is required to be recovered from the contractor immediately otherwise provision is required to be make in the books of the accounts.

iv. The material issued to contractor against which miscellaneous advance is booked. All these material are lifted from contractor's store and now laying at Electricity Store Center, The adjustment/provision for non-recovery will be made after valuation of stores.

a. **Dakshinanchal Vidyut Vitran Nigam Ltd.**

i. During the year, Loan of PFC R-APDRP Part A (Rs. 77.53 Crores and accrued Interest Rs. 28.38 Crores) and Loan PFC R-APDRP Part B (Rs. 181.70 Crores accrued Interest Rs. 46.76 Crores) was converted to grant. Total accrued interest of Rs. 75.15 Crores, being interest during construction period, has been capitalised to assets during FY 2022-23, which was erroneously omitted to be capitalised during FY 2016-17. The company has erroneously, by imagining capitalisation in 2016-17, charged total depreciation Rs. 39.47 Crores, current depreciation to profit and loss and accumulated would be deprecation of preceding 5 years as prior period adjustments and failed to correspondingly amortised Rs. 65.42 Crores out of total Grant of of Rs. 334.18 Crores for the expired life of the corresponding assets in this way Profit of the company is understated by the equivalent amount.

The portion of interest on RAPDRP loan up to period of Project completion was left to be capitalized due to omission. Therefore, the Interest is capitalize with retrospective effect and corresponding depreciation is also charged retrospectively.

Conversion of Loan into Grant is effected and applicable from the FY 2022-23 only as confirmation from the PFC (nodal agency) received in the FY 2022-23. Hence transfer of Liability of loan and interest converted in grant, is done in the FY 2022-23, so amortization also effected from the FY 2022-23 because grant does not exist before confirmation from PFC.

Hence amortization need not be made retrospectively as there is no error and omission in conversion of Loan into grant.

ii. Balance of Rs. 30.18 Crores under AG 46.301 ED Payable to State Govt., Rs. 2.77 Crores under AG 44.412 EC Payable (Out of Nigam) and Rs. 20.07 Crores under AG 46.922 Adv. Recd. For Sale of Scrap, parked in other liabilities/ other assets and Rs. 2.56 Crores in BRS-BOB under EE Admin, duly acknowledged by the company, should have been transferred to Inter Unit Transfer (IUT) During the year the Company has capitalised ERP Software of Rs. 29.32 Crores which should have been capitalised

Reconciliation of IUT is under process as it is a continuous process. The dues for electricity duty is adjusted by GoUP. Regarding other liabilities divisions are instructed by the Discom HQ to reconcile and clear all pending liabilities as shown by the Audit.

Further, we are in the process of developing a separate module for IUT reconciliation in ERP. After implementation of the same, the same will be

on 12.08.2020. On this capitalisation the company has erroneously declared an amount of Rs. 7.18 Crores as previous years amortisation by restating the opening balance of Retained Earnings. In our opinion adopted/audited financial statement of preceding years cannot be restated incorrectly for such ignored adjustments. Resulting Loss of this year is understated by equivalent amount.	taken care.
iii. We have observed, accounting head AG 44.410 'Other Misc. Recovery Payable' balance of Rs. 11.27 Crores (as at 31.03.2023), is increased from 3.73 Crores (as at 31.03.2021), majorly in Jhansi Zone (by Rs. 3.97 Crores in FY 2021-22 and by Rs. 6.00 Crores in FY 2022-23), which is not substantiated to the satisfaction about the nature and reason substantial increase. Appropriate efforts should be made.	It was informed by the unit concerned that there is increase in this head because the unit has received the amount in its bank account of which source is yet to be identified. The process of identification is going on and the unit has also been instructed to resolve it soon.
iv. Though the Company has retained an amount of Rs. 15.12 Crores of M/s Pace Computers Services in AG Code 46.124 under EXECUTIVE ENGINEER (ADMN.) outstanding since April 2022, wherein the Company has not assessed the exact amount of claims against the supplier and credited his Profit and Loss account for the same.	It has been reported that the matter is under scrutiny and necessary action shall be taken accordingly.
b. Purvanchal Vidyut Vitran Nigam Ltd. • The Inter unit balance has not been reconciled due to which net amount of 699.87 Crores having debit balance has been shown as Inter unit transfers in the Balance Sheet. • In case of advances under T.I. and P.I. and adjustment thereof, amount aggregating to Rs. 57.90 Lacs is outstanding. It needs serious perusal and timely settlement.	Reconciliation of IUT is made as per details and register maintained for the purpose. Reconciliation of IUT is a continuous process. Further, we are in the process of developing a separate module for IUT reconciliation in ERP. After implementation of the same, the same will be taken care. Instructions have already been issued by the Discom HQ to the units to close T.I. & P.I. and adjust the same in the accounts.
Azamgarh Zone-	
i. During audit it was noticed that in almost every unit huge amount aggregating to Rs. 7,43,36,967 is shown as outstanding against cash and against materials to employees. The amount is quite significant in some of the units. These advances should be recovered and properly accounted for. ii. As on date there stands a demand of Rs. 1,34,820 for late filing/ late deposit/short deduction of Income Tax TDS. This liability should be disposed off either through necessary corrections or through recovery from concerned responsible persons. iii. At units, records like Cheque Dishonour Register, Log	Efforts are being made by the management to adhere all these issues. Further, necessary instructions have also been issued by the Discom HQ to concerned units to maintain proper records. In this regard it is pertinent to mention here that the old balances which are carrying over since last so many years, are mostly related to Transfer scheme. Presently we are in the process of scrutinizing the same and necessary accounting like writing off/writing back etc shall be done after the thorough review of the same.

Books of Vehicles, Receipt Book issued & Received Register, Stamp & Postage Register, TDS Register are not being properly maintained & found incomplete except in few cases. iv. Since, the work register being incomplete, the amount debited in capital work in progress is not verifiable.	Further, we are in the process of migrating towards ERP accounting system which will provide the required information.
Basti Zone- i. TI/PI which is open earlier year/during the year and still pending as on 31st March, 2023. Some of which are pending from more than 10 years. Hence all pending TI/PI's should be closed as per prevailing circular of the corporation or recovered from the official concerned. ii. Out of total Capital WIP of Rs. 57.64 Crores appearing in 4 units of the Zone, Rs. 5.60 Crores relates to more than 3 years old. iii. Some records like dishonor cheque register, electricity theft register, PD Register, Vigilance Register, log books of vehicles, receipt book issue & received register, stamp & postage register are not produced by Some of the units.	Instructions have been issued by the Discom HQ to the units to close TI & PI and balances shall be adjusted in the accounts in hand. Instructions have been issued by the Discom HQ to the zone to revise the amount booked in WIP and to settle the same on the basis of completion certificate. Necessary instructions have been issued by the Discom HQ to concerned units to maintain the necessary records.
Gorakhpur Zone i. TI & PI are requested to be closed timely from the date of its issue but the same is not being followed. Some Units are not following proper system for its timely adjustment to avoid its misappropriation/ misutilization. Also it was observed that adequate internal controls with respect to T.I/P.I. were weak in some of the units. ii. At the time of issuing No Dues Certificate due course has not been followed and proper record for such certificate has not been maintained. In result, unnecessary litigation and financial loss occurred. Management may take notice and strictly implement the due course of issuing no dues certificate iii. Civil Distribution division has failed to provide Hydel Colony residents occupancy, maintenance and unauthorized occupancy in the campus while some unauthorized encroachments and occupancy have been noticed. It involves financial loss to the Company, which required to be ascertained. iv. In most of the Units it is found that M.B. issue register is not properly maintained and direction in this respect not followed. In some cases, it is found MB Book not returned even after retirement or transfer of concerned employees and no serious efforts taken by Division to return back that MB. Further after utilization of M.B in many cases it is not returned to unit/custodian. v. Solar based net metered billing system is not working	Efforts are being made by the management to adhere all these issues. Further, necessary instructions have also been issued by the Discom HQ to concerned units to maintain proper records. In this regard it is pertinent to mention here that the old balances which are carrying over since last so many years, are mostly related to Transfer scheme. Presently we are in the process of scrutinizing the same and necessary accounting like writing off/writing back etc shall be done after the thorough review of the same. Further, we are in the process of migrating towards ERP accounting system which will provide the required information.

smoothly and feeding of meter reading (import/export) in solar based net meters are not being done at all. If done only based on consumers awareness and pursuance, thus it shows loss of revenue on regular basis.	
vi. In many tender cases, while checking financial statements certified by CA, UDIN based certificate not found. It creates reasonable doubt on the genuineness of the statement.	
vii. In most of units Log Book of Vehicles either not maintained or not produced before us for checking.	
viii. At some units, earnest money deposit/security deposit register was not maintained properly hence it is not possible to make any comment on whether earnest money deposit/security deposit was taken from any contractor or not and also refund of earnest money deposit/security deposit to any contractor was made or not. It is evident from the above that there is chances of twice payment to contractor	
ix. The Gorakhpur Zone have pending litigations of involving more than Rs. 504.00 lacs which would impact its financial position.	
x. At many of the unit's records like log books of vehicles and TDS register are either not maintained or not properly updated.	
xi. There is subsequently huge difference between Debtors of Distribution Units that appears in the online data base of the company and that appears in the trial balance of the units. The reconciliation of the same has not been prepared by the units. As explained, this is because fictitious billing and not accounting of Late Payment Surcharge due in consumers bill as per company policy.	
xii. Remittance of cash into bank is not done within the prescribed time at the distribution units. Cash is usually deposited into bank after delay of 2 – 5 days.	Remittance of cash into bank are being done regularly within time frame as decided by the management. Although, the matter has noted for compliance.
Mirzapur Zone	
i. At some of the units, records like dishonor register, log books of vehicles, receipt book, issue & received register, stamp & postage register, TDS register are either not properly maintained or not updated.	
ii. Most of the Bank reconciliation has been prepared with opening differences, which is not correct. In overall, the Bank reconciliation prepared by the Unit is not fully satisfactory & up to the mark and it does not serve main purpose of Bank Reconciliation	
iii. Some of the units have shown advances to employees as outstanding against materials. The amount is quite significant in some of the units and outstanding is in	Efforts are being made by the management to adhere all these issues. Further, necessary instructions have also been issued by the Discom

crores. The employee wise list of such outstanding is not made available to us showing the date since when such outstanding stands. It was also noted that advances against material have been debited to the account of J. E's and they have submitted the details of consumption and balance of stock in the form of JE Stock Accounts in form of 1S/2S/3S/4S. iv. Some units MB was issued to various JEs since long time but was not deposited back to the units till the date. It was observed that some JEs were transferred from the unit without submitting MB and no dues were also issued from the unit. It is strongly recommended to management to identify the JEs who has not submitted the MB and take necessary action for submission of the same v. This is the corporation practice to accept payment in Cash/Demand Draft only in case where cheque of the consumer was dishonored. But it is observed that again cheque has been received against dishonor cheque from consumer, which is against the corporation norms and the unit must avoid and follow the norms of accepting Cash/DD in case of dishonor of cheque. vi. Completion certificate has not been shown for completed job which has been transferred to Fixed Assets from Capital Work in Progress except for some of the units. vii. Some of the units do not maintain a separate register for SJ-1, SJ-2, SJ-3 & SJ-4. They are directly making entries either in only one or two register. As per corporation norms separate register should be maintain. And also, unit is required to prepare manual SJ's register on their own and then it should be tallied with SJ's prepared by the hired accounting agency. This will vouch & cross check the accuracy of work done from both the end, but in almost all the case manual SJ's have not been prepared and the computerized SJ's prepared by such external agency is pasted in manual SJ's register.	HQ to concerned units to maintain proper records. In this regard it is pertinent to mention here that the old balances which are carrying over since last so many years, are mostly related to Transfer scheme. Presently we are in the process of scrutinizing the same and necessary accounting like writing off/writing back etc shall be done after the thorough review of the same. Further, we are in the process of migrating towards ERP accounting system which will provide the required information.
Varanasi Zone- The disclosure requirement as envisaged by para L (vi)(b) under 'Additional Regulatory Information' of Schedule III of the Act has not been complied with Total demand of Rs. 28.38 Lacs is pending for TDS defaults in various units of Varanasi Zone. Records of Log Book of Vehicles, WIP Register, T&P Register, Contractor's Ledger, WMDR/WMCR, MB Movement Register, Additional Security Tools & Plant Register, Incumbency Register etc., not made available/provided Service Books not maintained properly i.e., nominee	Efforts are being made by the management to adhere all these issues. Further, necessary instructions have also been issued by the Discom HQ to concerned units to maintain proper records. Further, we are in the process of migrating towards ERP accounting system which will provide the required information.

details, caste certificate and re- attestation not maintained. Bills continued to be raised to Permanent Disconnection Consumers ERD/Suspense register not maintained Non- Submission of Receipt Book by collecting agent on regular basis. In many cases it is noticed that additional security for additional load in case of HV Consumer category has not been taken. Line Losses reported in many divisions.	
c. Kanpur Electricity Supply Company Ltd. **Deposit for Electrification (AG Code 47) Cr. ₹48.26Crores** Party-wise break-up of the above sum with respect to: - i) Amount lying on account of incomplete project & ii) Amount unspent which is refundable to parties against completed projects was not made available to us for our verification. Hence, we are unable to verify the above liability as on 31.03.2023.	Audit comment is noted for future compliance. Efforts are being made by the management to adhere all these issues. Further, necessary instructions have also been issued by the Discom HQ to concerned units to maintain proper records. Further, we are in the process of migrating towards ERP accounting system which will provide the required information.
Security Deposit From Consumer Cr. ₹181.16Crores The above sum includes the sum of ₹16 Crores diverted from the revenue received from the consumers account received against electricity charges. Despite of C&AG comments on the accounts of the company for the F.Y.2020-21 & 2021-22, no corrective measurement taken in the **"IND AS- FS"** for the F.Y.2022-23.	As per the Provisions of electricity supply code, the balance for security deposit should be 45 days of average billing and the amount of Rs 16,00,00,000 pertains to security deposit only and has thus correctly been accounted for. The amount has not been diverted but has been deposited by the consumer along with the amount paid for electricity charges which was subsequently accounted for in the head of security deposit in compliance with the OM no. 821/DN/20-21 dt 24.09.20 of concerned distribution division which has clearly stated that Rs 16 crore deposited by consumer shall be booked in security deposit only in compliance with the provision of electricity supply code. The audit para has also been dropped by C&AG in FY 22-23.
Statement Of Profit And Loss **<u>Exceptional Item (AG Code 79.501) Dr. 3.59Crores</u>**	

The sum represents reversal of ₹**2.89**Crores on account of "KESCO's" share in the loss of principal / unrealised interest / notional interest allocated during the F.Y 2021-22 & ₹ **6.48** Crores of notional interest for the F.Y 2022-23 for earlier years invested by the CPF/GPF Trust in the Fixed Deposits of a Public Ltd. Company. The documents / information available was not adequate for forming an opinion. **(Also Refer Para No. 33 of Note No. 1B of "IND AS- FS")**	Relevant documents as desired have been shown to the Auditors on the basis of available records .
Annexure II to Independent Audit Report As required by para XXI of CARO (2020) Order under Companies Act, 2013, adverse remarks as reported by respective Auditors are furnished below: **Holding Company -Uttar Pradesh Power Corporation Ltd.** a. Para No. 1 Relating to property, Plant & Equipment	The Property, Plant and Equipment register are maintained in Excel format. Units are instructed to maintain the mentioned details. Units are instructed to maintain the mentioned details. Physical verification of the assets is being carried out by the respective units head. 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 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.

b. Para No. 2 a & b relating to physical verification of Inventory and submission of quarterly statements to Bank regarding working capital limits.	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. 2022-23.
c. Para No. 3c regarding terms & conditions for repayment of loans debited to subsidiaries.	No comments
d. Para No. 4 Regarding Board approval for investment made / loan granted to subsidiaries.	No comments
e. Para No. 6 Related to Cost Records.	The company is duly complying the requirement given in section 148 of companies act 2013 regarding cost audit which is being done by cost auditors on the basis of cost records maintained.
f. Para No. 7 Related to Non-Payment of Statutory dues.	Zone is generally regular in depositing undisputed statutory dues with the appropriate authorities including provident fund. Employees State Insurance Fund, Income Tax, Sales Tax, Service Tax, goods & services tax and other statutory dues. Detail of the balances shown are as under:

S.No	Head	Head of Account	Amount	March-23 Liability Paid in April-23	Old Outstanding Balances
1	44.121	Liability Towards Employer EFC EPF	-12878.00	0.00	-12787.00
2	46.401	IT/DEDUCT AT SOURCE	-337328.51	96233.00	[illegible]
3	46.81	PROVISION FOR FRING BENEFIT TAX	-2764115.23	0.00	-2764115.23
4	46.924	TDS(IT)	-606776.00	574189.00	[illegible]
5	46.927	PAYMENT OF SALES TAX	-581.31	0.00	-581.31
6	46.929	SERVICE TAX	-38612.00	0.00	-38612.00
7	44.110	GRATUITY	-29224337.02	13000.00	-29211337.02
8	44.420 + 44.421	CPF Trust(EMPLOYEE+EMPLOYER)	-3284366.90	0.00	-3284366.90

9	44,838	GPF	-207958760.66	0.00	-207958760.66

	The above old outstanding balances are under reconciliation.
g. Para No. 11e Relating to not establishing whistle blower mechanism.	No comments
h. Para No. 13 Relating to approval of related parties' transaction.	No comments
i. Para No. 14 Relating to internal audit system.	No comments
Subsidiaries	
Dakshinanchal Vidyut Vitran Nigam Ltd. i. Para No. (i) Relating to property, Plant & Equipment. ii. Para No. (ii) a Relating to physical verification of Inventory. iii. Para No. (vii) Regarding Statutory dues iv. Para No. (x)(b) Regarding private placement of equity shares. v. Para No. (xi) Related to Fraud /deficiencies in internal control system. vi. Para No. (xiii) Related to Non compliances of Section 177 and section 178 of Companies act.	i) The Fixed Assets Register as on 31.03.2023 was completed and has already been submitted to UPERC. ii) Physical verification of Inventory has been done by conducted internally by concerned personnel of units of the Nigam as per prevailing practice. iii) Liability of Electricity duty is adjusted from Revenue subsidy as per UP Govt GO regularly at UPPCL level. Regarding other liabilities divisions are instructed to reconcile and clear all pending liabilities as shown by the Audit. iv)-No Comment Required- v) FIR has been lodged against the accused and the case is under police enquiry. vi) No Comment Required.
Madhyanchal Vidyut Vitran Nigam Ltd. i. Para No. (i) Relating to property, Plant & Equipment. ii. Para No. (ii) a Relating to physical verification of Inventory. iii. Para No. (vii) a Regarding statutory dues. iv. Para No. (xi) Relating to embezzlement of cash. v. Para (xiv) Regarding deficiencies in Internal Audit system in Ayodhya Zone.	i) Fixed Assets register has been maintained at all units. We are migrating accounting to the ERP system which will capture the full particulars of Property, Plant and Equipment. ii) Physical verification of inventory is conducted internally by concerned personnel. The defaulting zone has been instructed to conduct the same. iii) Payment of Statutory dues are monitored & complied with at HO level on regular basis. iv) Special Audit has been conducted in the concerned unit and appropriate action will be taken in due course. v) The company has adopted the policy of conducting internal audit twice in a year (Half yearly) from the F.Y 2023-24.Internal audit report

	of units have been received within stipulated time period and compliances of the same is being done.
Purvanchal Vidyut Vitran Nigam Ltd. i. Para No. (i) Relating to property, Plant & Equipment. ii. Para No. (ii) a) Relating to physical verification of Inventory. iii. Para No. (vi) Non-Maintenance of cost records. iv. Para No. (vii) Regarding Statutory Dues. v. Para No. (xi) a and c Relating to fraud and relating to whistle blower mechanism. vi. Para No. (xiv) a Regarding deficient internal audit system.	i) Fixed Assets register has been maintained at all units. We are migrating accounting to the ERP system which will capture the full particulars of Property, Plant and Equipment. ii) Physical verification of inventory is conducted internally by concerned personnels. The defaulting zone has been instructed to conduct the same. iii) Noted for Compliance. iv) Payment of Statutory dues are monitored & complied with at HO level on regular basis. v. Special Audit has been conducted in the concerned unit and appropriate action will be taken in due course. vi. The company has adopted the policy of conducting internal audit twice in a year (Half yearly) from the F.Y 2023-24.Internal audit report of units have been received within stipulated time period and compliances of the same is being done.
Kanpur Electricity Supply Company Ltd. i. Para No. (i) Relating to property, Plant & Equipment. ii. Para No. (ii) a) Relating to physical verification of Inventory. iii. Para No. (vi) Regarding Cost Records. iv. Para No. (vii) a) Regarding Statutory Dues. v. Para No. (x) b regarding disclaimer of section 42 and section 62 of companies act 2013. vi. Para No. (xiv) a Regarding Strengthing of Internal Audit system.	All the required details on the basis of available records have been provided.
Pashchimanchal Vidyut Vitran Nigam Ltd. i. Para No. (i) Relating to property, Plant & Equipment. ii. Para No. (ii) a) Regarding a Relating to physical verification of Inventory. iii. Para No. (vii) a) Regarding Statutory Dues. iv. Para No. (x) b regarding disclaimer of section 42 and section 62 of companies act 2013. v. Para No. (xi) a Relating to fraud at Meerut, Ghaziabad and bulandsahar Zone.	i) The Fixed Assets Register as on 31.03.2023 of all divisions is completed which contains quantitative details, location, etc. and the same has been sent to UPERC. ii) No any discrepancies of 10% or more has been came into notice of management. iii) The company is regular in depositing undisputed statutory dues such as Income Tax, GST, Labour Cess, etc. in Govt. account. The GPF CPF contribution/deductions from Employee Salary is being made at unit level and total contribution/deduction is remitted by HQ to Trust Lucknow on regular basis. iv) No Comments

	v) The disclosure regarding said frauds has been made in Notes on Accounts at point no. 33
Annexure III to Independent Auditors Report **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, 2023, 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. Our audit involves performing procedures to obtain audit	No comments

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 Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls,	No comments

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 2023.	No comments
A. Holding Company (UPPCL)	
1) Company has no internal control policies over payment to Generators. Branch Auditors have reported excess payment of Rs. 391.76Cr and old debit balances of Rs. 35.90 cr. It is also observed that no subsidiaries ledger is maintained by the company and payment to generators are made without considering outstanding balances in their accounts. Besides, no bill wise details of payment made to generators are available with the company.	In order to strengthen the existing system through information technology, the company is in process of implementation of ERP system. Further party wise reconciliation is under process.
2) Company has not devised a system for placement of fixed deposit for approval by the competent authority by placing the comparative rates of interest, periodicity of fixed deposits and renewal proposal with revised interest rates in line with the prevailing market trends to ensure accrual of better revenue to the company.	For appropriate monitoring and control mechanism, a committee has now been formed.
3) 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.
4) 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	There is a proper and effective system of power purchase. 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.

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.	
5) 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.
6) 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.	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.
7) 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.
8) 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.
B. Subsidiaries	
The Auditors of **DVVNL** have reported that -	
1. The Company did not have an appropriate internal control system for recording of financial transactions into books of accounts commensurate to size and nature of business of the Company. Books of accounts are not maintained on any accounting software rather are manually, which might results posting of entries to wrong accounting heads and any unauthorized changes subsequently.	All the transactions routes through sectional journal and cash book which are maintained by departmental employees. The company has made proper internal control systems for accounts maintenance.
2. The Company did not have an appropriate internal control system for consolidation of books of accounts of different accounting level hierarchy viz., Divisions, Zones, Government Aided Schemes, Financial Units and Head Office. There is absence of integrity of accounting data between different accounting hierarchy	Efforts are being made to reconcile and clear all the IUT balances by the end of this Financial Year.

wherein manual accounts (Trail Balances) of divisions are consolidated manually at Zones, which are further consolidated at Head Office with Head Office, Schemes/Units accounts. These had resulted in unexplained consolidation suspense in the nature of Inter Unit Transfer (IUT Difference) of Rs. 0.94 Crores, subject to matters reported Basis of Qualified Opinion section of our report, and could potentially result in misstatement in consolidated figures.	
3. The Company did not have an appropriate internal control system for maintaining record of audit trail (edit log) for all transactions recorded in the books of accounts, which could potentially result in unauthorized or unwanted changes in the Company's financial figures.	The company do maintain proper records. Records of all the transactions are maintained through vouchers. Therefore, Proper audit trail is recorded.
4. The Company did not have an appropriate internal control system for integrating billing software data with accounting data, which could potentially result in material misstatement in the Company's revenue from operation, trade receivables and provision for bad debts balances.	The company is in process to integrate the billing software and accounting system.
5. 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.	Inventory valuation has been done for two zones in F.Y. 2022-23.
6. The Company did not have an appropriate internal control system for recording of dates of additions and deletions of fixed assets. The company has not considered actual dates of additions and deletions to fixed assets for computing depreciation, this could result in misstatement in the Company's depreciation figure.	The company is making efforts to update historical data. We are in process of implementation of ERP software where these concerns of the auditor shall be ensured to be adhered by the software.
7. The Company did not have an appropriate internal control system for physical verification of fixed asset and identification of discarded assets, which could potentially result in misstatement in the Company's fixed assets balances.	FARs of FY 2022-23 has already been submitted to UPERC.
8. The Company did not have an appropriate internal control system for making assessment of completion of Capital Work in Progress (CWIP), which could potentially result in material misstatement in Company's CWIP and Fixed assets balances due to non-capitalization of completed projects.	The company is making efforts to update historical data. We are in process of implementation of ERP software where these concerns of the auditor shall be ensured to be adhered by the software.
9. The Company did not have an appropriate internal control system for obtaining periodic external balance confirmation, which could potentially result in misstatement in Company's trade receivable, other receivables, and other payables figures.	Balance confirmation of other discoms, UPPCL, UPPTCL, REC, PFC are available and shown to audit also. Due to large no. of consumers and most of them are domestic consumers spread over the large geographical area Therefore obtaining confirmation of all trade receivables is practically not possible. However, units have sent balance confirmation letters on sample basis to the consumers for the purpose of audit.
10. The Company did not have an appropriate control for	Company was incorporated in F.Y. 2003-04 while

identifying the parties from whom amounts arising out of transfer scheme are receivables and/or payables. These could result in misstatement in the Company's Financial Assets-Others (Current), Other Current Assets, Other Financial Liabilities (Current).	final Transfer Scheme Balances were received in the F.Y. 2014-15. Efforts are being made to identify/reconcile these old balances.
11. The Company did not have an appropriate internal control system for making independent assessment of power purchases and transmission charges. Further such expenses are booked on the basis of advice/invoices received from UPPCL & UPPTCL respectively.	The power purchase is centrally dealt by UPPCL on behalf of the company as per the tri patriate agreements entered in to by generators UPPCL and the company.
12. The Company internal control system over preparation of fixed assets register was not operating effectively which could result in misstatement in the Company's fixed assets and depreciation balances.	FARs of FY 2022-23 has already been submitted to UPERC.
13. The Company internal control system over reconciliation of bank accounts was not operating effectively. We have observed substantial difference in balance as per bank vs balance as per cash book as reported in Basis of Qualified Opinion section of our report.	The Bank reconciliations at division are updated and for the balance BRS the efforts are being given to ensure zero outstanding in Bank Reconciliation Statement.
14. The Company internal control system over preparation of accounting vouchers was not operating effectively wherein our test check revealed all the vouchers were not signed by the authorized signatories, which could result Company recording an unauthorized transaction.	All the transactions route through sectional journal and cash book. These are maintained by departmental employees only. The company has made proper internal control systems for accounts maintenance.
15. The Company internal control system over provisioning of expenses, capitalisation of assets in EE Admin (HQ Payment) Unit was not operating effectively, which could potentially result in misstatement of Company's financial statement. Our test check observations in this regard were duly rectified during the course of audit.	The Observation of the audit will be taken care in ensuing year.
16. The Company internal control system over recording of expense on accrual basis was not operating effectively.	Company is following accrual system except otherwise stated in the policy.
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.	At present, in manual accounting system, there is no such system exist to record the actual date wise details of capitalisation of assets. Thus, the company is providing depreciation on addition of Fixed Assets on monthly basis. The same has also been disclosed in Significant Accounting Policies at point no. 2(II) and IV(b).
b. 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	Noted for future compliance.

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.	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.	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.	No comments.
f. The Company has shown Rs. 20,463.80 lacs as Inter Unit Transfer under the head of Other Current Assets and no further details or reconciliation of these amounts are provided to us. Special attention of the management is called for periodical reconciliation of this account and necessary adjustments thereto. Management has informed that the reconciliation of these entries is under process.	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 –	
1) Company has system of maintaining various Sectional Journals wherein vouchers relating to day to day transactions are recorded. 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/ outsourced agencies, which are not under control of the accounts department. Neither the risk of security of data in accounting system has been assessed nor is there any mechanism to check data entries and to ensure correctness and completeness of the accounting reports generated.	1) 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. However, we are in the process of migrating manual accounting in the ERP system which will ensure correctness and completeness of the accounting reports generated.
2) System of compilation of Bank Reconciliation statement is weak in as much as various old un-reconciled entries are	2) Differences as reflected in BRS are being scrutinized and necessary action will be taken

pending in BRS for adjustment and its appropriate accounting in the books of account.	accordingly. Concerned Zones have been instructed to reconcile the differences.
3) The company is under the process of reconciliation of inter unit transactions at zones/ head office level. It was noted that large number of un-reconciled IUTs are persisting since previous year which are still under reconciliation.	3) The reconciliation of Inter Unit Transactions is a continuous process and the company is consistently reconciling the IUT balances.
4) Party wise details/ sub-ledgers of advances to supplier, contractors, staff, security deposits and other parties was generally not maintained and hence the system of reconciliation and balance confirmation with the concerned parties is not in vogue.	4) As we are following manual System of Accounting although party-wise ledgers are not available but details of the concerned items are being maintained by the units where individual balances can be derived. However, we are in the process of migrating our accounting in the ERP system which will provide the required information.
5) 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. It was also noted that billing for sale of electricity to consumers are accounted for on the basis of report generated through Online Billing System implemented by various outsourced agencies. However, system audit of the said billing system, if any, being dealt at UPPCL was not made available and as such we are unable to comment on the efficacy of the same.	5) Consumers ledger is maintained in billing system. We are reconciling the differences appearing in the books of account and data of commercial department.
6) It was noted that various payments for AMCs/ online billing system are done by UPPCL on behalf of the company and its accounting is done in the books on the basis of debit notes raised by UPPCL. However, there was no system in the company to ascertain and ensure the provisioning of total expenditures pertaining to the financial year.	6) Expenses relating to AMC/Online billing system are allocated by UPPCL on reasonable basis by issuing debit notes which are accounted for accordingly.
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 1' 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	No Comment.

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 and on behalf of the Board of Directors

(Nitin Nijhawan)
Dy. General Manager & CFO

(Nidhi Kumar Narang)
Director Finance
DIN-03473420

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.csmaas.com

Form No. MR-3

(For the Financial year ended 31.03.2023)

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

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

We have conducted Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by U. P. POWER CORPORATION LIMITED (CIN:) (hereinafter called 'the Company') having its Registered Office at " SHAKTI BHAWAN, ASHOK MARG LUCKNOW UTTAR PRADESH -226001. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporateconducts/statutory compliances and expressing our opinion thereon after considering the following facts: -

(a) U. P. POWER CORPORATION LIMITED is a Government Company as defined in Sec 2 (45) of the Companies Act 2013.
(b) Certain provisions of the Companies Act2013 are exempted for Government Companies.
(c) In addition to various applicable Laws, U. P. POWER CORPORATION LIMITED is required to comply with Corporate Governance Guidelines andDirections issued by the Government of India from time to time.
(d) U. P. POWER CORPORATION LIMITED is a Debt Listed entity and itsdebt securities are listed with Bombay Stock Exchange.
(e) The creation of U.P. Power Corporation Ltd. (UPPCL) is the result of power sector reforms and restructuring in UP (India) which is the focal point of the Power Sector, responsible for planning and managing the sector through its transmission, distribution & supply of electricity.

Management's Responsibility for Secretarial Compliances:

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

MANISH MISHRA & ASSOCIATES CS COMPANY SECRETARY

Slumar

Secretarial Auditor's Responsibility:

Our responsibility is to express an opinion onthe secretarial records, standards and procedures followed by the Company withrespect to secretarial compliances.

We have not verified the correctness and Appropriateness of financial records and books of accountsof the Company nor taxation laws. This Reportis to be read with our letter of even date whichis annexed as Annexure A and forms an integral part of this report.

We have examined the books, papers, minutebooks, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2023, according to the applicable provisions of: -

1. The Companies Act, 2013 (the Act) and the Rules made there under;
2. The Securities Contract (Regulation) Act,1956 (SCRA) and the Rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framedthere under,
4. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
   (a) The Securities and Exchange Board ofIndia (Listing Obligations and Disclosure Requirements) Regulations, 2015
   (b) The SEBI (Prohibition of Insider Trading) Regulations, 2015.
   (c) The Securities and Exchange Boardof India (Issue and Listing of Debt Securities) Regulations, 2015.
   (d) The Securities and Exchange Boardof India (Issue and Listing of Non-Convertible Securities) Regulations 2021.
   (e) The Securities and Exchange Boardof India (Debenture Trustee) Regulations, 1993.
   (f) Standard Operating Process under Regulations 3(5) and 3(6) of SEBI (PIT) Regulations, 2015 for ensuring Compliance with Structured Digital Database (SDD). Company has not complied with Regulations 3(5) and 3(6) of SEBI (PIT) Regulations, 2015 however the Company is in process of procuring software.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby reportthat in our opinion, **the Company has, during the audit period covering the financial year ended on March 31, 2023, complied with the statutory provisions listed above and also that the Company has proper Board- processes andcompliance-**

MANISH MISHRA & ASSOCIATES
CS
COMPANY SECRETARY

S Kumar

mechanism in place to theextent, in the manner and subject to thereporting made hereinafter;

I further report that as per the information and representation by the officers, the company has complied with the provisions of the other laws applicable to the Company. We have relied on the representation by the company and its officers for systems and mechanism formed by the company for compliances under the above Act, Laws and Regulations to the company.

We have also examined compliance; -

(i) With respect to the Secretarial Standards SS1 and SS-2 issued by the ICSI and amended by the Ministry of Corporate Affairs (MCA) and report that the Company has generally Complied with the said Standards.

(ii) The Listing Agreements entered into by the Company with the BSE Limited and report that the Company has complied with the same.

(iii) The provisions of Regulation 16 to 27 of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been made applicable on high value debt listed entities with effect from September 7, 2021 on Comply or explain basis, and mandatory applicable from 01.04.2023.

(iv) The Company is duly complying with the provisions of Prevention of Sexual Harassment at the Workplace.

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

S. No.	Details of Violation	Observation
1.	**Regulation 52(1)** **(Quarter March-2022)** Non-submission of financial results within the prescribed period under this regulation.	BSE has imposed fine of Rs. 2,53,700/ on the company.
2.	**Regulation 52(1)** **(Quarter/Year March-2023)** Non submission of financial results within the prescribed period under this regulation.	BSE has imposed fine of Rs. 1,71,100/ on the company.
3.	**Regulation 52(4)** **(Quarter/Year March-2023)**	BSE has imposed fine of Rs. 34,220/- on the company.

MANISH MISHRA & ASSOCIATES CS COMPANY SECRETARY

Skumar

	Non-disclosure of line items prescribed under this regulation along with the half yearly/annual financial results	
4.	**Regulation 54(2)** **(Quarter/Year March-2023)** Non-disclosure of extent and nature of security created and maintained with respect to secured listed NCDs in the financial statements	BSE has imposed fine of Rs. 34,220/- on the company.
5.	**Regulation 6(1)** **(Quarter September 2022)** Non-compliance with requirement to appoint qualified company secretary as the compliance officer	BSE has imposed fine of Rs. 1,08,560/- on the company for non-compliance during September, 2022. However, BSE has granted waiver of fine after submission of representation by the Company.
6.	**Regulation 17(1)(b)** Where the chairperson of the board of directors is a non-executive direct, at least one third of the board of directors shall comprising of independent directors and where the listed entity does not have a regular non-executive chairperson, at least half of the board of directors shall comprise of independent directors	The board of directors does not have the requisite number of independent directors.
7.	**Regulation 18(1)** Every listed entity shall constitute a qualified and independent audit committee in accordance with the terms of reference, subject to the following:- (a) The audit committee shall have minimum three directors as members. (b) Two-thirds of the members of audit committee shall independent directors (c)The chairperson of the audit committee shall be an independent director.	The audit committee does not consist of independent directors.
8.	**Regulation 19(1)**	The nomination and remuneration committee

MANISH MISHRA & ASSOCIATES CS COMPANY SECRETARY

S kumar

	The board of directors shall constitute the nomination and remuneration committee as follows: (a) The committee shall comprise of at least three directors. (b) All directors of the committee shall be non-executive directors, and At least fifty percent of the directors shall be independent directors.	does not consist of independent directors.
9.	**Regulation 20** (1) The listed entity shall constitute a Stakeholders Relationship Committee to specifically look into (various aspects of interest) of shareholders, debenture holders and other security holders. (2) The chairperson of this committee shall be a non-executive director. (2A) At least three directors, with at least one being an independent director shall be members of the Committee.	The stake holders relationship committee does not consist of independent directors.
10.	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 2021-22 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 30/09/2022. Though, by holding the Annual General Meeting on 29/09/2023, the company has complied with the provisions of section 106 of the Companies Act, 2013. The Audited financial statement of the company for the financial year 2021-22 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 2021-22 in this Annual General Meeting, the company has failed to comply with the provisions of Section 129 of the Companies Act, 2013.	

The changes in the Composition of the Board of Directors that took place during the

MANISH MISHRA & ASSOCIATES CS COMPANY SECRETARY

S Kumar

period under review were carried out in compliance with the provisions of the Act. Adequate notice was given to all the Directors to Schedule the Board/Committee Meetings, agenda and detailed notes on agenda were sent at least seven days 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.

Decision were taken by the Board unanimously after satisfactorily clarifyingpoints raised by any Director and after recording views expressed by any Director. We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

We have not examined compliance by the Company with applicable financial laws, like direct and indirect tax laws, since the same have been subject to audit by Statutory Auditors and CAG.

For Manish Mishra & Associates
Practicing Company Secretaries

Sukhmendra Kumar
Partner
ACS No: 37552 CP
No: 21707
Lucknow, 29.09.2023
Peer Review No-3163/2023
UDIN: A037552E001135431

To,

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

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

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

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

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

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

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

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

For Manish Mishra & Associates
Practicing Company Secretaries

Sukhmendra Kumar
Partner
ACS No: 37552 CP No: 21707
Lucknow, 29.09.2023
Peer Review No-3163/2023
UDIN: A037552E001135431

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. 2022-23

Sr. No.	Details of Violation	Observation	Management Replies
1.	**Regulation 52(1)** **(Quarter March-2022)** Non-submission of financial results within the prescribed period under this regulation.	BSE has imposed fine of Rs. 2,53,700/- on the company.	The Company has applied for extension of time in filing results under regulation 52 with SEBI vide its letter dated 20th May, 2022 and 28th July, 2022. However the SEBI has granted extension under regulation 52(2)(d) only. Thereafter, the Company has paid fine of Rs. 2,53,700/- under regulation 52(1).
2.	**Regulation 52(1)** **(Quarter/Year March-2023)** Non-submission of financial results within the prescribed period under this regulation.	BSE has imposed fine of Rs. 1,71,100/- on the company.	The Company has applied for extension of time in filing results under regulation 52 with SEBI vide its letter dated 29th May, 2023 which was rejected by the SEBI. Thereafter, the Company has paid fine of Rs. 1,71,100/- under regulation 52(1).
3.	**Regulation 52(4)** **(Quarter/Year March-2023)** Non-disclosure of line items prescribed under this regulation along with the half yearly/annual financial results.	BSE has imposed fine of Rs. 34,220/- on the company.	The Company has applied for extension of time in filing results under regulation 52 with SEBI vide its letter dated 29th May, 2023 which was rejected by the SEBI. Thereafter, the Company has paid fine of Rs. 34,220/- under regulation 52(4).
4.	**Regulation 54(2)** **(Quarter/Year March-2023)** Non-disclosure of extent and nature of security created and maintained with respect to secured listed NCDs in the financial statements.	BSE has imposed fine of Rs. 34,220/- on the company.	The Company has applied for extension of time in filing results under regulation 52 and 54 with SEBI vide its letter dated 29th May, 2023 which was rejected by the SEBI. Thereafter, the Company has paid fine of Rs. 34,220/- under regulation 52(4).
5.	**Regulation 6(1)** **(Quarter September 2022)** Non-compliance with requirement to appoint qualified company secretary as the compliance officer.	BSE has imposed fine of Rs. 1,08,560/- on the company for non-compliance during September, 2022. However, BSE has granted waiver of fine after submission of representation by the	The Company has submitted representation with Stock Exchange w.r.t. waiver of said fine and the Stock Exchange granted waiver of the same.

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

		Company.	
6.	**Regulation 17(1)(b)** Where the chairperson of the board of directors is a non-executive direct, at least one-third of the board of directors shall comprising of independent directors and where the listed entity does not have a regular non-executive chairperson, at least half of the board of directors shall comprise of independent directors.0	The board of directors does not have the requisite number of independent directors.	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.
7.	**Regulation 18(1)** Every listed entity shall constitute a qualified and independent audit committee in accordance with the terms of reference, subject to the following: - (a) The audit committee shall have minimum three directors as members. (b) Two-thirds of the members of audit committee shall independent directors (c) The chairperson of the audit committee shall be an independent director.	The audit committee does not consist of independent directors.	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.
8.	**Regulation 19(1)** The board of directors shall constitute the nomination and remuneration committee as follows: (a) The committee shall comprise of at least three directors,	The nomination and remuneration committee does not consist of independent directors.	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

	(b) All directors of the committee shall be non-executive directors, and At least fifty percent of the directors shall be independent directors.		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.
9.	**Regulation 20** (1) The listed entity shall constitute a Stakeholders Relationship Committee to specifically look into (various aspects of interest) of shareholders, debenture holders and other security holders. (2) The chairperson of this committee shall be a non-executive director. (2A) At least three directors, with at least one being an independent director shall be members of the Committee.	The stakeholders relationship committee does not consist of independent directors.	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.
10.	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 2021-22 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 30/09/2022. Though, by holding the Annual General Meeting on 29/09/2023, 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 2021-22 were not ready for their adoption and the this General		CAG Audit for the financial year 2021-22 was not completed till the date of holding AGM i.e. up to 29/09/2022. The CAG Audit was completed and provided its Report Thereafter adjourned AGM for the financial year 2021-22 was held on 16/02/2024 and after obtaining shareholder's approval, the Financial Statements for the FY 2021-22 has been filed with ROC.

	meeting was adjourned, Thus by the non- adoption of Audited financial statement of the company for the financial year 2021-22 in this Annual General Meeting, the company has failed to comply with the provisions of section 129 of the Companies Act, 2013.		

For and on behalf of the Board of Directors

Date:
Place: Lucknow

(Nidhi Kumar Narang)
Director Finance
DIN-03473420

(Pankaj Kumar)
Managing Director
DIN-08095154

Annexure IIIA

MANAGEMENT REPLY ON COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (b) OF THE COMPANIES ACT, 2013 ON THE STANDALONE FINANCIAL STATEMENTS OF UTTAR PRADESH POWER CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2023

Final Comments	Management Reply
The preparation of Standalone Financial Statements of Uttar Pradesh Power Corporation Limited (Company) for the year ended 31 March 2023 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act are responsible for expressing opinion on the Financial Statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 15 September 2023. I, on behalf of the Comptroller and Auditor General of India (CAG), have conducted a supplementary audit of the Standalone Financial Statements of Uttar Pradesh Power Corporation Limited for the year ended 31 March 2023, under Section 143 (6) (a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and selective examination of some of the accounting records.	

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

A. Comments on Financial Position
Balance Sheet
Current Assets
Financial Assets- Other (Current)-Note -11: ₹ 15763.15 crore

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 in the corresponding next year i.e. 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

The Govt. of U.P had committed to extend the loss funding support under the UDAY Scheme where a Tripartite MoU was signed (amongst Central Govt., Govt. of UP & UPPCL) detailing the modality based on which the Discoms / UPPCL would compute the loss funding required based on the previous year audited financials. The methodology is as per the Operational Funding Requirement (OFR) and was valid for the period of the MoU ending on 31.03.2021 (With respect to the audited financials of FY 2019-20).

The methodology of calculating the support is being approved in the State Budget after due verification by the GoUP and the amount released through Government Orders and accounted for appropriately and in line with the requirements of IND AS- 20. The methodology for working out the Operational funding requirement is briefed as follows-

(₹ in Crore)

S. No.	Particulars	MVVNL	PuVVNL	PVVNL	DVVNL	KESCo	TOTAL
1	Revenue (excluding Cash Support & ED Retention)	13050.20	12424.70	18201.00	10417.22	2,740.51	56,833.63
2	Other Incomes	290.82	627.86	419.54	220.64	43.26	1,602.12
3	Expenditure	20098.14	20048.51	24385.51	17537.76	3133.14	85,203.06
4	Book Loss(+) / Profit(-)	-6757.12	-6995.95	-5764.97	-6899.90	-349.37	-26,767.31

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 was 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 to 2021-22, no corrective action was taken by the Management.

5	Add: Depreciation	672.42	847.75	643.23	630.24	54.31	2,847.95
6	Add: Provision & bad debts	2436.36	2504.30	439.79	2210.80	-100.55	7,490.70
7	Cash Loss (+)/Profit (-)	-3648.34	-3643.90	-4681.95	-4058.86	-395.61	-16,428.66
8	Add: Increase In Debtors	4022.46	4602.34	1270.46	1306.48	231.46	11,433.20
9	Add: Decrease in Long Term Liabilities	0.00	0.00	0.00	0.00	0.00	0.00
10	Gross Operational Funding Required (OFR) (Without Government Support)0-0	-7670.80	-8246.24	-5952.41	-5365.34	-627.07	-27,861.86
11	Support From State Govt.	0.00	0.00	0.00	0.00	0.00	0.00
12	Cash Support from State Govt. incl. ED retention (Subsidy)	3663.54	3777.71	3304.14	3770.27	0.00	14,515.66
13	Total Support From State Govt.	3663.54	3777.71	3304.14	3770.27	0.00	14,515.66
14	Operational Funding Required (OFR) (After Government Support)	-4007.26	-4468.53	-2648.27	-1595.07	-627.07	-13,346.20
15	Amount of Losses as per Action Plan & State Govt. Commitment (60% of OFR)	-2404.36	-2681.12	-1588.96	-957.04	-376.24	-8,007.72

[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

	In view of the above, it is clear that there is no excess booking of loss subsidy as the correct amount in accordance with the OFR has been received from GoUP and accounted for by UPPCL accordingly. Hence, there is no understatement of 'Other Financial Liabilities' and 'Financial Assets-Other (Current)'. Further, in this reference it is pertinent to mention here UPPCL has taken up the matter with Principal Accountant General, Lucknow under intimation to C&AG, New Delhi for review/ reconsideration vide letter no-954/PCL/CA-BS/209/AG dated 21.03.2024.
2. Clause IV of Annexure-II of the Revamped Distribution Sector Scheme (RDSS) launched by MoP, GoI (July 2021) provided for preparation of and adherence to a roadmap for funding of accumulated and current financial losses, if any, through clearance of part or whole of regulatory assets and state funding. The Action Plans of DISCOMs were approved (04.03.2022) by the Monitoring Committee for RDSS constituted under chairmanship of Secretary (Power), GoI, which, among others, provided for taking over of 60 per cent of financial losses of the DISCOMs for the previous financial year (F.Y.) i.e. 2021-22 by the GoUP in F.Y. 2022-23. UPPCL, on behalf of the DISCOMs, claimed from the GoUP, and received the subsidy of ₹ 8007.72 crore	The RDSS Scheme of Government of India was implemented from FY 2022-23 and as a part of the UDAY, the Govt. of U.P has committed to the Central Government (Which is funding 60% central assistance for the scheme) to provide loss funding support to Discoms / UPPCL in a graded manner. The methodology of calculating the support required & to be funded by the Govt. of U.P is the same as per the UDAY MoU i.e. based on OFR. This requirement is being approved in the State Budget after due verification by the GoUP and the amount released through Government Orders and accounted for appropriately in line with the requirements of IND AS- 20 by the Discoms. The methodology for working out the Operational funding requirement of ₹ 8007.72 crore is briefed as follows-

during the year 2022-23 on account of the financial losses of the DISCOMs for the year 2021-22. The DISCOMs accounted for the above subsidy as allocated by the UPPCL as Other Income in their accounts, against the eligible amount of ₹ 3895.47 crore[3] as per the actual financial losses incurred by them in the year 2021-22. Thus, excess subsidy of ₹ 4112.25 crore (₹ 8007.72 crore -₹ 3895.47 crore) was booked by the DISCOMs as Other Income during the year 2022-23. The excess subsidy booked by the DISCOMs should have been shown as recoverable from them as well as payable to the GoUP in the Company accounts, as all money related to RDSS was routed to DISCOMs through the Company.

This resulted in understatement of 'Other Financial Liabilities' and 'Financial Assets-Other (Current)' by ₹ 4112.25 crore.

(₹ in crore)

S. No.	Particulars	MVVNL	PuVVNL	PVVNL	DVVNL	KESCo	TOTAL
1	Revenue (excluding Cash Support & ED Retention)	13050.20	12424.70	18201.00	10417.22	2,740.51	56,833.63
2	Other Incomes	290.82	627.86	419.54	220.64	43.26	1,602.12
3	Expenditure	20098.14	20048.51	24385.51	17537.76	3133.14	85,203.06
4	Book Loss(+) / Profit(-)	-6757.12	-6995.95	-5764.97	-6899.90	-349.37	-26,767.31
5	Add: Depreciation	672.42	847.75	643.23	630.24	54.31	2,847.95
6	Add: Provision & bad debts	2436.36	2504.30	439.79	2210.80	-100.55	7,490.70
7	Cash Loss (+)/Profit (-)	-3648.34	-3643.90	-4681.95	-4058.86	-395.61	-16,428.66
8	Add: Increase In Debtors	4022.46	4602.34	1270.46	1306.48	231.46	11,433.20
9	Add: Decrease in Long Term Liabilities	0.00	0.00	0.00	0.00	0.00	0.00
10	Gross Operational Funding Required (OFR) (Without Government Support)0-0	-7670.80	-8246.24	-5952.41	-5365.34	-627.07	-27,861.86
11	Support From State Govt.	0.00	0.00	0.00	0.00	0.00	0.00
12	Cash Support from State Govt. incl. ED retention (Subsidy)	3663.54	3777.71	3304.14	3770.27	0.00	14,515.66

[3] 60 per cent of ₹6492.45 crore being total losses of DISCOMs (MVVNL: ₹ 2042.20 crore + PuVVNL: ₹ 577.99 crore + PVVNL: ₹ 699.29 crore + DVVNL: ₹2957.52 crore + KESCO: ₹ 215.45 crore) for the year 2021-22.

13	Total Support From State Govt.	3663.54	3777.71	3304.14	3770.27	0.00	14,515.66
14	Operational Funding Required (OFR) (After Government Support)	-4007.26	-4468.53	-2648.27	-1595.07	-627.07	-13,346.20
15	Amount of Losses as per Action Plan & State Govt. Commitment (60% of OFR)	-2404.36	-2681.12	-1588.96	-957.04	-376.24	-8,007.72

In view of the above, it can be said that no amount is payable towards GoUP and recoverable from Discoms, resulting no understatement of 'Other Financial Liabilities' and 'Financial Assets-Other (Current)'.

Further, in this reference it is pertinent to mention here that UPPCL has taken up the matter with Principal Accountant General, Lucknow under intimation to C&AG, New Delhi for review/ reconsideration vide letter no-954/PCL/CA-BS/209/AG dated 21.03.2024.

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 and there was no scheme of GoI/GoUP for funding of such operational losses during the year 2021-22, the unwarranted claim and release of subsidy under UDAY was refundable to the

It is submitted that amount of Rs. 5372.50 Crore 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 funds vide letter no. 1772/24-01-2023-03/2023.

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, however, the same was treated as UDAY loss subsidy due to mistake. 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 during the year 2021-22. This resulted in understatement of 'Other Financial Liabilities' and 'Financial Assets-Other (Current)' by ₹ 5372.50 crore. Despite similar comment of the CAG on the Accounts for the year 2021-22, no corrective action was taken by the Management.	Further, it is important to mention here that this was on account of an inadvertent clerical error and not on account of mistake as pointed out by the audit.
Other Financial Liabilities (Note-19)-₹ 4281.55 crore 4. 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 (₹ 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 2021-22, no corrective action was taken by the Management.	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 provision of interest has been made. As regards accounting of interest on liability towards pension and gratuity, it is stated that regular interest is not payable to employee on pension and gratuity as in case of GPF hence provision of interest on pension & gratuity is not required. The company is also in process of reconciliation with the GPF trust.

C. Comments on Disclosure **5.** As per Note 6 (Loans and Other Financial Assets-Non-Current), share application money of ₹ 180.72 crore was pending for allotment in UPPTCL. However, UPPTCL has wrongly allotted shares of the same amount to the GoUP instead of UPPCL, for which, the matter is pending before the GoUP. This being a material fact, should have been disclosed in the Notes to Accounts. Thus, Notes to Accounts are deficient to the above extent.	It is stated that share application money of Rs.180.72 crores is pending with the UPPTCL for share allotment, for which UPPTCL is regularly being followed up for allotment of shares. Later on it has come to our notice that instead of allotting shares to UPPCL the same has been wrongly allotted to UP Government by UPPTCL. Further, the matter has been taken up by UPPTCL with the GoUP for the resolution. Also, as suggested by the audit, the necessary disclosure shall be made in the accounts of FY 2023-24.
6. The Company, during the year 2022-23, made a provision of ₹ 14530.50 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 2022-23. 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 ₹ 97166.84 crore against ₹ 75707.29 crore already provided in the Accounts as on 31 March 2023. However, this important fact has not been quantifiably disclosed in the Notes to Accounts.	The necessary disclosure has already been made in Notes to account Point no.20 (d) & (g). It is worthwhile to mention here that the matter related to accounting of additional revenue subsidy of ₹ 39,743 crore has been referred to Expert Advisory Committee of ICAI and opinion from EAC is still awaited. Necessary accounting entries by the concerned DISCOM shall be made upon receipt of the same. The impact on impairment of investment will be revised/ accounted for accordingly.

Despite similar comment of the CAG on the Accounts for the year 2020-21 and 2021-22, no corrective action was taken by the Management.	

Nitin Nijhawan
(Dy. General Manager & CFO)

Nidhi Kumar Narang
Director (Finance)
DIN-03473420

Annexure III B

MANAGEMENT REPLY ON 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 2023.

S.No	Audit Comment	Management Reply
	The preparation of Consolidated Financial Statements of Uttar Pradesh Power Corporation Limited (Company), for the year ended 31 March 2023 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) read with Section 129 (4) of the Act are responsible for expressing opinion on the Financial Statements under section 143 read with Section 129 (4) of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 15 September 2023. I, on behalf of the Comptroller and Auditor General of India (CAG), have conducted a supplementary audit of the Consolidated Financial Statements of Uttar Pradesh Power Corporation Limited, for the year ended 31 March 2023, under	No Comments

	Section 143 (6) (a) read with Section 129 (4) of the Act. We conducted a supplementary audit of the Financial Statements of parent Company UPPCL, subsidiary companies- Purvanchal Vidyut Vitran Nigam Limited (PuVVNL). Paschimanchal Vidyut Vitran Nigam Limited (PVVNL), Madhyanchal Vidyut Vitran Nigam Limited (MVVNL), Dakshinanchal Vidyut Vitran Nigam Limited (DVVNL) and Kanpur Electricity Supply Company Limited (KESCO) for the year ended 31 March 2023. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under Section 143 (6) (b) read with Section 129 (4) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:	

MANAGEMENT REPLY ON 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 2023.

<table>
<tr><td>A.</td><td colspan="2">A. <u>Comments on Consolidated Profitability</u>

Consolidated Statement of Profit and Loss
Income
Other Income (Note-23)

Subsidy for Operational Losses: ₹ 8,007.72 crore</td></tr>
<tr><td>1.</td><td>The above pertains to subsidy against the previous year's financial losses of the subsidiary distribution companies (DISCOMs) taken over by the GoUP under the Revamped Distribution Sector Scheme (RDSS) launched (July 2021) by MoP, GoI. Clause IV of Annexure-II of the RDSS provided for preparation of and adherence to a roadmap for funding of accumulated and current financial losses, if any, through clearance of part or whole of regulatory assets and state funding. The Action Plans of the DISCOMs were approved (04.03.2022) by the Monitoring Committee for RDSS constituted under the chairmanship of Secretary (Power), GoI, which, among others, provided for taking over of 60 per cent of financial losses of the DISCOMs of the previous financial year (F.Y.) i.e. 2021-22 by the GoUP in F.Y. 2022-23.</td><td>The RDSS Scheme of Government of India was implemented from FY 2022-23 and as a part of the UDAY, the Govt. of U.P has committed to the Central Government (Which is funding 60% central assistance for the scheme) to provide loss funding support to Discoms / UPPCL in a graded manner.

The methodology of calculating the support required & to be funded by the Govt. of U.P is the same as per the UDAY MoU i.e. based on OFR. This requirement is being approved in the State Budget after due verification by the GoUP and the amount released through Government Orders and accounted for appropriately in line with the requirements of IND AS- 20.

The methodology for working out the Operational funding requirement of ₹ 8007.72 crore is briefed as follows-</td></tr>
</table>

MANAGEMENT REPLY ON 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 2023.

The Company accounted for an amount of ₹ 8007.72 crore as subsidy for operational loss as per RDSS in the Consolidated Statement of Profit and Loss for the year 2022-23 against the receivable amount of ₹ 3895.47 crore (being 60 *per cent* of losses of the DISCOMs of the previous year i.e. ₹ 6492.45 crore). Thus, the Company has accounted for the excess subsidy of ₹ 4112.25 crore (₹ 8007.72 crore -₹ 3895.47 crore).

This resulted in overstatement of 'Other Income' and understatement of 'Current Liabilities' by ₹ 4112.25 crore with consequent understatement of Loss for the year to the same extent.

S. No.	Particulars	MVVNL	PuVVNL	PVVNL	DVVNL	KESCo	TOTAL
1	Revenue (excluding Cash Support & ED Retention)	13050.20	12424.70	18201.00	10417.22	2,740.51	56,833.63
2	Other Incomes	290.82	627.86	419.54	220.64	43.26	1,602.12
3	Expenditure	20098.14	20048.51	24385.51	17537.76	3133.14	85,203.06
4	Book Loss(+) / Profit(-)	-6757.12	-6995.95	-5764.97	-6899.90	-349.37	-26,767.31
5	Add: Depreciation	672.42	847.75	643.23	630.24	54.31	2,847.95
6	Add: Provision & bad debts	2436.36	2504.30	439.79	2210.80	-100.55	7,490.70
7	Cash Loss (+)/Profit (-)	-3648.34	-3643.90	-4681.95	-4058.86	-395.61	-16,428.66
8	Add: Increase In Debtors	4022.46	4602.34	1270.46	1306.48	231.46	11,433.20
9	Add: Decrease in Long Term Liabilities	0.00	0.00	0.00	0.00	0.00	0.00
10	Gross Operational Funding Required (OFR) (Without Government Support)0-0	-7670.80	-8246.24	-5952.41	-5365.34	-627.07	-27,861.86
11	Support From State Govt.	0.00	0.00	0.00	0.00	0.00	0.00
12	Cash Support from State Govt. incl.	3663.54	3777.71	3304.14	3770.27	0.00	14,515.66

	ED retention (Subsidy)						
13	Total Support From State Govt.	3663.54	3777.71	3304.14	3770.27	0.00	14,515.66
14	Operational Funding Required (OFR) (After Government Support)	-4007.26	-4468.53	-2648.27	-1595.07	-627.07	-13,346.20
15	Amount of Losses as per Action Plan & State Govt. Commitment (60% of OFR)	-2404.36	-2681.12	-1588.96	-957.04	-376.24	-8,007.72

In view of the above, it is clear that there is no excess booking of loss subsidy as the correct amount in accordance with the OFR has been received from GoUP and accounted for by UPPCL accordingly. Hence, there is no overstatement of 'Other Income' and understatement of 'Current Liabilities'.

Further, in this reference it is pertinent to mention here that UPPCL has taken up the matter with Principal Accountant General, Lucknow under intimation to C&AG, New Delhi for review/ reconsideration vide letter no-954/PCL/CA-BS/209/AG dated 21.03.2024.

MANAGEMENT REPLY ON 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 2023.

	Revenue Subsidy from GoUP: ₹ 13469.21 crore	
2.	The above includes an amount of ₹ 2831.01 pertaining to Revenue Subsidy released to PuVVNL during the year 2022-23, which has been worked out after adjustment of an excess subsidy of ₹ 345.57 crore received by the PuVVNL during 2020-21 as mentioned at Para No. 22 (f) of the Notes to Accounts. Uttar Pradesh Electricity Regulatory Commission (UPERC), while approving the ARR and Tariff for State DISCOMs for the year 2022-23, ARR for 2021-22 and True-up for the year 2020-21, has 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 (Company) has claimed and received excess subsidy (RE and Revenue subsidy) of ₹ 404.58 crore during 2020-21 while overall there was shortfall of ₹ 1170.75 crore in the consolidated figures of all DISCOMs at the level of UPPCL. Accordingly, the UPPCL directed (August 2022) the PuVVNL	It is stated that in the approved ARR and Tariff for State DISCOMs for FY 2022-23, ARR of FY 2021-22 and True-up of FY 2020-21, the UPERC has observed that there is a consolidated shortfall in subsidy amounting to Rs. 1170.75 Crore which includes negative subsidy of Rs. 404.58 Crore also. Further, UPERC has also directed to approach the government of U.P for the aforesaid shortfall in Subsidy. Hence, as per accounting policy of the Company, the same has been adjusted/accounted for after getting proper assurance/sanction from the Government of U.P. in FY 2022-23 in which GoUP has approved Rs.1000 crores for all DISCOMs (including Rs. (-) 345.57 crores of PuVVNL) against the shortfall subsidy of Rs.1170.76 crores. This treatment is in accordance with the IND AS-20 "Accounting for Government Grants and Disclosure of Government Assistance" which says that "Government grants, including non-monetary grants at fair value, shall not be recognised until there is reasonable assurance that: the entity will comply with the conditions attaching to them; and the grants will be received". In view of the above it can be concluded that this is not an error which requires prior period adjustment. Further, the relevant disclosures have also been given in point 22(f) of Note-

	for making necessary entries in the books of accounts for the year 2021-22. However, the PuVVNL merely disclosed the facts in Para No. 41 of the "Notes to Accounts" in the year 2021-22. As the PuVVNL had received an excess subsidy, the same should have been shown as Current Liability as per the directives of UPPCL. Further, against the aforesaid shortfall of ₹ 1170.75 crore, the GoUP admitted the claim of ₹ 1000 crore which includes PuVVNL's share of (-) ₹ 345.57 crore. This amount was adjusted from the Revenue Subsidy released to the PuVVNL during the year 2022-23, instead of restatement of prior period amount. This resulted in understatement of Other Income by ₹ 345.57 crore, Current Liabilities by ₹ 59.01 crore and Other Equity (negative balance) by ₹ 404.58 crore. Consequently, Loss for the year was also overstated by ₹ 345.57 crore. Despite similar comment of the CAG on the accounts for the year 2021-22, no corrective action was taken by the Management.	31 of Notes to Account. Also, there is no impact of allocation of subsidy or grant to Discoms at CFS level as the figures of all the Discoms are clubbed centrally, this results nullify of all the impact of any discrepancy in allocation of amount.

MANAGEMENT REPLY ON 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 2023.

	Employee Benefit Expenses (Note-25): ₹ 2410.00 crore	
3.	The above includes an amount of ₹ 81.06 crore (PuVVNL: ₹ 52.96 crore and PVVNL: ₹ 28.10 crore) being provision for accrued liability on account of Pension and Gratuity pertaining to the GPF employees. Para no. 15 (a) of Notes to Accounts provides that based on actuarial valuation report dated 09.11.2000 submitted by M/s PWC to UPPCL (the Holding Company), provision for accrued liability on account of Pension and Gratuity has been made @16.70% and 2.38% respectively of the amount of Basic pay, Grade pay, and DA paid to GPF employees. The provision for accrued liability on account of Pension and Gratuity of the GPF employees as on 31 March 2023 was worked out to ₹ 96.19 crore (PuVVNL: ₹ 65.69 crore and PVVNL: ₹ 30.50 crore) by the Audit. Thus, the Company has booked the aforesaid liability, short by ₹ 15.13 crore (₹ 96.19 crore-₹ 81.06 crore). This resulted in understatement of Employee Benefit Expenses as well as Other Financial Liabilities by ₹ 15.13 crore each. Consequently, Loss for the year was also understated to the same extent.	The necessary correction has been made by the PVVNL in the current FY 2023-24. The Provision for pension of the employees in PuVVNL is being calculated through ERP software on the basis of specified percentage (16.70%) of basic pay + Grade pay + DA for GPF employees only and accounted for accordingly. On the other hand, the calculation of provision as pointed out by the audit has been done on the basis of amount shown under AG 75.110 and 75.310 which includes basic + DA includes both GPF and CPF employees. While, the provision is to be calculated at 16.70% and 2.38% respectively of the amount of Basic pay, Grade pay, and DA paid to GPF employees. Therefore, the amount shown by the auditor is greater than the amount booked in accounts. Thus there is no excess provision made for pension by the company.

MANAGEMENT REPLY ON 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 2023.

	Depreciation and Amortization expense (Note-27): ₹ 3577.75 crore	
4.	The above includes an amount of ₹ 7.63 crore related to amortisation of ERP software for the period from 2020-21 to 2021-22 by PuVVNL. The ERP system was completed on 15.02.2021, however, the same was capitalized during FY 2022-23. The amortisation of ₹ 7.63 crore for the period from 2020-21 to 2021-22 was also charged during the current year instead of restatement of comparative amounts as required under the provisions of Ind AS 8. This resulted in overstatement of Depreciation and amortisation expenses and understatement of Other Equity (being negative) by ₹ 7.63 crore, each. Consequently, the Loss for the year was also overstated to the above extent.	Out of 7.63 Cr., 0.84 Cr. Relates to FY 2020-21 which should have been disclosed in Reserves & Surplus under Other equity. Amount of 6.79 Cr. Relates to FY 2021-22 which should have been adjusted against previous year depreciation/amortization expenditure. It is to submit that prior period adjustment is just a disclosure in the financial statement and it does not affect the method of accounting. Further it does not require any correction in financial year 2023-24 since the amortization amount will automatically be transferred to Reserves & Surplus in FY 2023-24.
5.	UPPCL awarded the work of supply and installation of ERP licenses including ATS in its five subsidiary DISCOMs. Operations committee of UPPCL has approved the Roll out & Stabilization (Go-Live) phase of ERP- Project in all the DISCOMs on 28.12.2021. As the ERP system was rolled out and put to use during the year 2021-22, the ERP software and all	Necessary rectification entry has been passed by the MVVNL during the financial year 2023-24.

	associated hardware should have been capitalized during the same year. However, MVVNL (a subsidiary of UPPCL) capitalized the ERP Software amounting to ₹27.98 crore during the year 2022-23. Further, significant accounting policy of the Company regarding Intangible Assets inter alia states that 'The amortization has been charged over its useful life in accordance with Ind AS-38.' As per provisions of IndAS-38, the amortisation shall begin when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. In view of above, amortization of ERP software should have been started from December 2021. However, no amortization was charged on the said asset during the financial years 2021-22 and 2022-23 by the MVVNL. This has resulted in understatement of 'depreciation and amortization expenditure' as well as 'loss for the year' by ₹4.13 crore. This has also resulted in understatement of prior period expenditure by ₹1.00 crore, overstatement of Intangible Assets	

	by ₹5.13 crore and understatement of Other Equity by the same amount.	
B.	**B. <u>Comments on Consolidated Financial Position</u>** **Assets** **Non-current assets** **Property, Plant and Equipment (Note-2): ₹ 67945.59**	
6.	The above does not include expenditure of ₹3.03 crore on account of Project Management Unit and advertisement expenditure for SAUBHAGYA incurred by PuVVNL and paid by UPPCL in the year 2019-20. As the expenditure incurred under SAUBHAGYA was of capital nature, hence, the same should have been capitalised. However, same has been charged as expenditure in the Statement of Profit & Loss of PuVVNL for the year 2019-20. Further, PuVVNL has not made corrective entries upto the current year. This has resulted into understatement of Non-Current Assets-Property, Plant and Equipment and overstatement of Other Equity (being negative) by ₹3.03 crore, each. Despite comment of the CAG on the accounts for the year 2021-	The expenditure of 3.03 crore has been booked on account of allocation of overhead expenses received from UPPCL. This has been accounted for in books of accounts as revenue expenditure since such expenditure is of revenue and recurring in nature and was done regularly which was intended to bring awareness of Government program amongst general public. This expenditure is not part of SAUBHAGYA Scheme. This expenditure is not creating any additional capacity/capital asset and incurred during running of scheme. Therefore accounting of the above expenditure in P&L is correct.

	22, no corrective action was taken by the Management.	
7.	The above does not include an amount of ₹ 27.60 crore pertaining to depreciation on the assets created under DDUGJY (New) and SAUBHGYA for the prior periods. As per the Completion certificates, the works of the aforesaid assets were completed in December 2020, however, these assets were incorrectly capitalised in the current financial year, instead of the year of completion i.e. 2020-21. This resulted in understatement of Other Equity (being negative) and overstatement of the Property, Plant and Equipment by ₹ 27.60 crore, each.	Necessary correction entry has been done in accounts of FY 2023-2024.
	Current Assets **Inventory (Note-9): ₹2419.15**	
8.	Above includes ₹ 2.53 crore of DVVNL pertaining to LED bulbs procured during October 2015 to February 2016 under a guarantee period of two years from the date of supply. These LED bulbs have been lying in the stores for more than seven years and the aforesaid guarantee period elapsed in the year 2018. Further, the above material became obsolete/irreparable and non-replaceable due to lapse of guarantee period.	It has been noted and necessary provision & correction for obsolete stock for LED bulbs has been made in the accounts of FY 2023-24.

	Therefore, the same should have been provided for in the books of accounts. This resulted in overstatement of Inventories and understatement of Provision for Unserviceable Stores by ₹ 2.53 crore each. Consequently, Loss for the year was also understated to the above extent.	
	Financial Assets- Trade Receivables (Current) (Note-10): ₹78,493.53 crore	
9.	The above includes an amount of (-) ₹ 19.83 crore {MVVNL: (-) ₹ 9.75 crore and KESCO: (-)₹ 10.08 crore} as on 31 March 2023, being unutilized balance of the energy charges prepaid by the consumers, having prepaid meters. This should have been shown under 'Other Financial Liabilities (Current)' instead of crediting it to the Trade Receivables. This resulted in understatement of 'Financial Assets-Trade Receivables' and 'Other Financial Liabilities (Current)' by ₹ 19.83 crore.	Audit comment has been noted for compliance. Further, appropriate accounting policy, in respect of Prepaid consumers' unutilized balance at the end of the accounting year, shall be adopted from current Financial Year 2023-24.

MANAGEMENT REPLY ON 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 2023.

	Other Current Assets (Note-13): ₹3,641.25	
10.	The above does not include an amount of ₹1.65 crore receivable from District Administration with respect to a temporary connection given to the Chief Medical Superintendent (CMS), Pandit Deen Dayal Rajkiya Chikitsalay, Varanasi for modular hospital in BHU premises during the period from May 2021 to May 2022 for Covid-19. This has resulted in understatement of Other Current Assets overstatement of Other Equity (being negative balance) by ₹ 1.65 crore each.	With reference to the Audit Comment of PuVVNL, it is to submit that the accounting of line charges receivable against construction & disconnection and sale of power to the specified consumer has been done as per the accounting policy of the company i.e. on accrual basis. The same has been booked by the concerned unit as receivable (under current assets) in books of accounts of FY 2023-24. It is important to mention here that this Audit Comment was originally issued in PuVVNL Draft Comments but the same has been dropped and not considered in Final Comments of PuVVNL by C&AG.
	Equity and Liabilities **Equity Share Capital (Note - 14) - ₹ 118467.77 crore**	
11.	Above includes ₹22.03 crore on account of excess equity received under DDUGJY (New) scheme in DVVNL. Under the DDUGJY New scheme, 60 per cent of the sanctioned cost was provided by GoI in the form of capital subsidy/grant, 30 per cent of the cost was met by DISCOMs through loan and remaining 10 per cent was from State contribution. In this connection, against the sanctioned cost of 1979.92 crore,	DVVNL has reported a state contribution of Rs. 197.99 crore as equity, according to the approved project cost. However, the actual executed cost has reduced the state's contribution to Rs. 175.96 crore, resulting in an excess of Rs. 22.03 crore currently held by the Discom for which we have already issued equity to UPPCL corresponding to the excess contributions received for the DDUGJY Scheme due to reduction in project cost. This matter is under discussion with State Government via UPPCL (the holding company) and a

	DVVNL received an equity of ₹197.99 crore (10% of sanctioned cost of scheme 1979.92 crore) whereas the approved closure cost by REC was ₹1759.63 crore. Thus, excess equity of ₹22.03 crore (197.99 minus 10% of ₹1759.63 crore of closure) was received by the DVVNL. Therefore, the excess amount of ₹22.03 crore was refundable to the State Government and the same should have been shown as Payable to the State Government. Thus, incorrect treatment resulted into overstatement of 'Other Equity' and understatement of Current Liability by ₹ 22.03 crore each.	request had been made to adjust the surplus funds to another scheme or budget category.
	Other Equity (Note- 15): (-) ₹ 79698.92 crore	
12.	The above includes ₹ 5372.50 crore pertaining to the subsidy for operational losses claimed unwarrantedly and released under Ujwal DISCOMs Assurance Yojana (UDAY). 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 incorrectly sanctioned and released by GoUP under UDAY. As the	It is submitted that amount of Rs. 5372.50 Crore 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 funds vide letter no. 1772/24-01-2023-03/2023. Further, it is important to mention here that this was on account of an inadvertent clerical error and not on account of mistake as pointed out

	admissibility period for funding of operational losses under UDAY had already expired on 31 March 2021 and there was no scheme of GoI/GoUP for funding of such operational losses during the year 2021-22, the subsidy released under UDAY was refundable to 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, however, the same was treated as UDAY loss subsidy due to mistake. 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 in the FY 2021-22. This resulted in understatement of Other Equity (being negative) and Current Liabilities by ₹ 5372.50 crore, each. Despite similar comment of CAG on the accounts for the year 2021-22, no corrective action has been taken by the management.	by the audit.

<table>
<tr><td></td><td></td><td></td></tr>
<tr>
<td>13.</td>
<td>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 were to be taken over by the GoUP in the years 2017-18, 2018-19, 2019-20 and 2020-21 respectively. As per the above provision, ₹ 4,920.99 crore[1] was eligible to be funded by GoUP in UDAY scheme for the period from 2017-18 to 2020-21. However, the DISCOMs accounted other income of ₹ 7,289.33 crore[2] and thus, excess income of ₹ 2,368.34 crore was booked on account of 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 comments of CAG on the accounts for the year</td>
<td>The Govt. of U.P had committed to extend the loss funding support under the UDAY Scheme where a Tripartite MoU was signed (amongst Central Govt., Govt. of UP & UPPCL) detailing the modality based on which the Discoms / UPPCL would compute the loss funding required based on the previous year audited financials. The methodology is as per the Operational Funding Requirement (OFR) and was valid for the period of the MoU ending on 31.03.2021 (With respect to the audited financials of FY 2019-20).

The methodology of calculating the support is being approved in the State Budget after due verification by the GoUP and the amount released through Government Orders and accounted for appropriately and in line with the requirements of IND AS- 20. The methodology for working out the Operational funding requirement of ₹ 8007.72 crore is briefed as follows-
<table>
<tr><th>S. No.</th><th>Particulars</th><th>MVVNL</th><th>PuVVNL</th><th>PVVNL</th><th>DVVNL</th><th>KESCo</th><th>TOTAL</th></tr>
<tr><td>1</td><td>Revenue (excluding Cash Support</td><td>13050.20</td><td>12424.70</td><td>18201.00</td><td>10417.22</td><td>2,740.51</td><td>56,833.63</td></tr>
</table>
</td>
</tr>
</table>

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

2018-19 and onwards, no corrective action has been taken by the Management.

	& ED Retention)						
2	Other Incomes	290.82	627.86	419.54	220.64	43.26	1,602.12
3	Expenditure	20098.14	20048.51	24385.51	17537.76	3133.14	85,203.06
4	Book Loss(+) / Profit(-)	-6757.12	-6995.95	-5764.97	-6899.90	-349.37	-26,767.31
5	Add: Depreciation	672.42	847.75	643.23	630.24	54.31	2,847.95
6	Add: Provision & bad debts	2436.36	2504.30	439.79	2210.80	-100.55	7,490.70
7	Cash Loss (+)/Profit (-)	-3648.34	-3643.90	-4681.95	-4058.86	-395.61	-16,428.66
8	Add: Increase In Debtors	4022.46	4602.34	1270.46	1306.48	231.46	11,433.20
9	Add: Decrease in Long Term Liabilities	0.00	0.00	0.00	0.00	0.00	0.00
10	Gross Operational Funding Required (OFR) (Without Government Support)0-0	-7670.80	-8246.24	-5952.41	-5365.34	-627.07	-27,861.86
11	Support From State Govt.	0.00	0.00	0.00	0.00	0.00	0.00
12	Cash Support from State Govt. incl. ED retention (Subsidy)	3663.54	3777.71	3304.14	3770.27	0.00	14,515.66
13	Total Support From State Govt.	3663.54	3777.71	3304.14	3770.27	0.00	14,515.66

14	Operational Funding Required (OFR) (After Government Support)	-4007.26	-4468.53	-2648.27	-1595.07	-627.07	-13,346.20
15	Amount of Losses as per Action Plan & State Govt. Commitment (60% of OFR)	-2404.36	-2681.12	-1588.96	-957.04	-376.24	-8,007.72

In view of the above, it is clear that there is no excess booking of loss subsidy as the correct amount in accordance with the OFR has been received from GoUP and accounted for by UPPCL accordingly. Hence, there is no understatement of 'Other Financial Liabilities' and Other Equity (negative balance).

Further, in this reference it is pertinent to mention here that UPPCL has taken up the matter with Principal Accountant General, Lucknow under intimation to C&AG, New Delhi for review/ reconsideration vide letter no-954/PCL/CA-BS/209/AG dated 21.03.2024.

<table>
<tr>
<td>14.</td>
<td>The above includes ₹ 6278.46 crore being claim of UDAY Loss subsidy made by the UPPCL in addition to the admissible amount as per the actual loss incurred by it in previous years and allocated to subsidiary DISCOMs vide UPPCL letter dated 26.10.2021. Since the admissible period for claim of UDAY loss subsidy had expired in 2020-21, accountal for 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 ₹ 6278.46 crore.

Despite similar comment of CAG on the accounts for the year 2021-22, no corrective action was taken by the Management.</td>
<td>There is a provision in the Tripartite Memorandum of Understanding dated 30-1-2016 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 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 ₹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 DISCOMs 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. 445/24-1-21-731(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.</td>
</tr>
</table>

15.	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. 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 and 2022-23. 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	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 2007-08 to 2019-20, which has been settled by the GoUP in the F.Y. 2020-21 and the GoUP has committed to pay the said subsidy in next 10 years (vide letter no. 445/24-1-21-731(ctV)/2020 dated 05-03-2021 from GoUP) and that's why it has been treated as earned. Thus, the same has become receivable from GoUP. No advance payment against the above accrued income/revenue has been received. Instead, the aforesaid subsidy will be received in 10 years.

	year 2021-22 and 2022-23 each 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 ₹ 11,364.12 crore (₹ 14,661.54 crore less ₹ 3,297.42 crore[3]) and overstatement of General Reserve by ₹ 6,512.86 crore (₹ 8,260.04 crore less ₹ 1,747.18 crore[4]) and understatement of Retained Earnings (being negative balance) by ₹ 4,851.26 crore (₹ 6,401.50 crore less ₹1,550.24 crore[5]). Despite similar comment of CAG on the accounts for the year	It is worthwhile to mention here, this matter has been referred Expert Advisory Committee of ICAI and opinion from EAC is still awaited. Necessary accounting shall be done as per the opinion received.

[3] Total of (FY 2021-22: ₹ 1648.71 crore and 2022-23: ₹ 1648.71 crore)

[4] Total of (FY 2021-22: ₹ 873.59 crore and 2022-23: ₹ 873.59 crore)

[5] Total of (FY 2021-22: ₹ 775.12 crore and 2022-23₹ 775.12 crore)

	2021-22, no corrective action was taken by the Management.	
	Other Financial Liabilities (Note-20): ₹28,212.14 crore	
16.	The above includes an amount of ₹ 16.20 crore being provision made in the accounts for arrears pertaining to 6th Pay Commission. As the provision is very old and details of employees to whom it was payable, are not available with the Company, this provision should have been reversed. Non-reversal of the unrequired provision resulted in overstatement of the 'Other Financial Liabilities' and 'Other Equity' (being negative balance) by ₹ 16.20 crore, each.	The instruction has been issued to Kesco to review the matter and take the necessary action in FY 2023-24.
17.	Above includes ₹110.00 crore on account of staff related liabilities in PVVNL. On detailed scrutiny, it was noticed that out of above-mentioned amount, ₹57.73 crore (AG code-44.356) was shown as 'provision for 7th Pay commission" which was created in the year 2016-17. Payment of dues with respect to 7th Pay Commission should have been adjusted against this provision which was not done due to which the provision remained unadjusted. This resulted in overstatement of 'Other Financial Liabilities' as	The correction entry has been passed by the PVVNL in its accounts during FY 2023-24.

	well as 'Other Equity' (Negative Balance) by ₹57.73 crore each.	
18.	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 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, each. Despite comment of the CAG on the Accounts for the years 2012-13 onwards, no corrective action was taken by the Management.	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 provision of interest has been made. As regards accounting of interest on liability towards pension and gratuity, it is stated that regular interest is not payable to employee on pension and gratuity as in case of GPF hence provision of interest on pension & gratuity is not required. The company is also in process of reconciliation with the GPF trust.
C.	**Comments on Disclosure**	
19.	A provision of ₹ 78.09 crore for obsolete stores was made in the year 2016-17 when value of Inventory was ₹1,019.67 crore. The value of inventory increased to ₹ 1232.78 crore as on 31 March 2022 and further decreased to ₹ 511.70 crore as on 31 March 2023. However, provision for obsolete stores remained	The identification of obsolete stores is conducted in accordance with UPPCL OM No-289–कार्य/चौदह/पाकालि/2000–3के/2000 Dated 29.03.2000, along with the orders of the former UPSEB. Consequently, the accounting for obsolete stores is carried out correctly (as per IND AS 02), adhering to the internal direction and guidelines periodically issued by the management. To

	unchanged at ₹ 78.09 crore as on 31 March 2022 and increased to ₹ 84.08 crore as on 31 March 2023 in the absence of any accounting policy in this regard. Despite the comment of the CAG of India on the accounts for the year 2018-19, 2019-20, 2020-21 and 2021-22, no corrective action has been taken by the Management.	further strengthen the process, a detailed Standard Operating Procedure (SOP) will be issued.
20.	As per Note 8 (Other Financial Assets-Non-Current), share application money of ₹ 180.72 crore was pending for allotment in UPPTCL. However, UPPTCL has wrongly allotted shares of the same amount to the GoUP instead of UPPCL, for which, the matter is pending before the GoUP. This being a material fact, should have been disclosed in the Notes to Accounts. Thus, Notes to Accounts are deficient to the above extent.	It is stated that share application money of Rs.180.72 crores is pending with the UPPTCL for share allotment, for which UPPTCL is regularly being followed up for allotment of shares. Later on it has come to our notice that instead of allotting shares to UPPCL the same has been wrongly allotted to UP Government by UPPTCL. Further, the matter has been taken up by UPPTCL with the GoUP for the resolution. Also, as suggested by the audit, the necessary disclosure shall be made in the accounts of FY 2023-24.
21.	Considering the net impact of the comment No. 1, 2, 3, 4 and 5 on Consolidated Profitability, the loss for the period worked out to ₹ 19636.86 crore instead of loss of ₹ 15858.53 crore depicted in the Consolidated Statement of Profit and Loss of	The management strongly believes that the financial statements present a True & Fair view of the state of affairs of the company on the following grounds: 1) There is no deliberate misstatement of any fact or figure so as to manipulate the actual position of the state of affairs of the Company. The Audit

	the Company. The impact of comments is ₹ 3778.33 crore i.e. 23.83 per cent of reported Loss shown in the Consolidated Statement of Profit and Loss. Hence, the consolidated accounts of the Company do not present a 'true and fair view', and it was not proper on the part of the Statutory Auditors to have provided an assurance that these Accounts presented a 'true and fair view'.	observations under consideration is due to difference of opinion between the Audit and the Company. 2) The profit and loss of any financial year is a resultant figure depicting the net amount of Income and Expenditure of the Year. The fact that an amount (i.e. ₹ 3778.33 crore) involved in Audit observation is more than a specific percentage of Profit/(Loss) i.e. 23.83 per cent should not be considered sole determinant factor to challenge the True & Fair view of the Accounts of the Company as there is no such Law or Regulation which prescribe such Rule. 3) SA 705 "Modifications to the Opinion in the Independent Auditor's Report" provides the determination of both materiality and pervasiveness while making of the Audit Opinion. It is to be noted that adverse opinion arises when the Financial Statements of the Company do not accurately represent the Company's Financial Condition and when the accounts contains gross material misstatements which are pervasive in nature. This would only be in case if there are significant problems with the Company's Financial Reporting which is not applicable in our case. 4) The phrase True & Fair signifies that the Auditor assess whether the state of affairs and results of the entity, as ascertain during the Audit, are Truly and Fairly represented in the Accounts under Audit which has been duly complied by our Company and thus the Statutory Auditors have correctly given their

		opinion that the Financial Statements represents True & Fair View. Thus the Management strongly uphold the fact that the Accounts of the Company depict a True & Fair View of the State of Affairs of the Company. Further, in this reference it is pertinent to mention here that UPPCL has taken up the matter with Principal Accountant General, Lucknow under intimation to C&AG, New Delhi for review/ reconsideration vide letter no-954/PCL/CA-BS/209/AG dated 21.03.2024.

Nitin Nijhawan
(Dy. General Manager & CFO)

Nidhi Kumar Narang
(Director-Finance)

Annexure IV

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 2023

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)	23391.02	25885.58	19004.09	23988.47	2431.28
6	Reserves and surplus	(16511.58)	(16216.98)	(3838.40)	(23364.77)	(3786.49)
7	Total assets	43106.23	57091.18	37088.24	37057.57	5048.01
8	Total Liabilities	36226.79	47422.58	21922.55	36433.87	6403.22
9	Investments	-	-	-	-	-
10	Turnover	13707.75	13660.98	21483.30	12447.81	3161.48
11	Profit/(Loss) before taxation	(4819.92)	(6610.27)	991.67	(5073.77)	0.51
12	Provision for taxation	-	-	-	-	-
13	Profit/(Loss) after taxation	(4819.92)	(6610.27)	991.67	(5073.77)	0.51
14	Proposed Dividend	-	-	-	-	-
15	Extent of shareholding (in percentage)	100%	100%	100%	100%	100%

For and on behalf of Board of Directors

Date:
Place:Lucknow

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

Pankaj Kumar
Managing Director
(DIN: 08095154)

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

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

Part B:- Associates and Joint Ventures

(` in Crore)

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:
Place:Lucknow

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

Pankaj Kumar
Managing Director
(DIN: 08095154)

Annexure V

1. RELATED PARTY DISCLOSURE:

Part-I

1. Names of the Related Parties and Description of Relationship:

   A. Related Parties where control exists:

      a. Subsidiaries (DISCOMs)
         i. Purvanchal Vidyut Vitran Nigam Ltd. (PuVVNL)
         ii. Madhyanchal Vidyut Vitran Nigam Ltd. (MVVNL)
         iii. Dakshinanchal Vidyut Vitran Nigam Ltd. (DVVNL)
         iv. Paschimanchal Vidyut Vitran Nigam Ltd. (PVVNL)
         v. Kanpur Electricity Supply Company Ltd. (KESCO)

      b. Employment Benefit Funds
         i. U.P. Power Sector Employees Trust (GPF)
         ii. U.P. Power Corporation Employees Contributory Provident Fund Trust (CPF)

   B. Other Related Parties
      (Where Transactions have been taken place during the year or previous year/balances outstanding)
      a. Associates and Related Entities - *Nil*
      b. Joint Venture Corporation – *Nil*

   C. GoUP-Related Power Sector Entities (under the same government):
      i. U.P. Rajya Vidyut Utpadan Nigam Ltd. (UPRVUNL)
      ii. U.P. Jal Vidyut Nigam Ltd. (UPJVNL)
      iii. U.P. Power Transmission Corporation Ltd. (UPPTCL)
      iv. U.P. State Load Dispatch Center Limited (UPSLDC)

2. Disclosure as per Ind AS 27 (Separate Financial Statements):

   A. Investment in Subsidiary Companies:

S. No.	Name of Company	Country of Incorporation	Place of Registered Office	Proportion of Ownership Interest	
				As at 31.03.2023	As at 31.03.2022
(i)	Purvanchal Vidyut Vitran Nigam Ltd. (PuVVNL) CIN-U31200UP2003SGC027461	India	Varanasi, UP	100%	100%
(ii)	Madhyanchal Vidyut Vitran Nigam Ltd. (MVVNL) CIN-U31200UP2003SGC027459	India	Lucknow, UP	100%	100%
(iii)	Dakshinanchal Vidyut Vitran Nigam Ltd. (DVVNL) CIN-U31200UP2003SGC027460	India	Agra, UP	100%	100%
(iv)	Paschimanchal Vidyut Vitran Nigam Ltd. (PVVNL) CIN-U31200UP2003SGC027458	India	Meerut, UP	100%	100%
(v)	Kanpur Electricity Supply Company Ltd. (KESCO) CIN-U40105UP1999SGC024626	India	Kanpur, UP	100%	100%

   B. Key Management Personnel: -

S.No.	Name	Designation	Period
1	Shri M. Devaraj	Chairman	From 02.02.2021 till date
2	Shri Pankaj Kumar	Managing Director	From 10.03.2021 till date
3	Shri Nidhi Kumar Narang	Director (Finance)	Form 01.06.2022 till date
4	Shri Amit Kumar Srivastava	Director (Commercial)	From 24.05.2022 till date
5	Shri Kamalesh Bahadur Singh	Director (Corporate Planning)	From 18.06.2022 till date
6	Shri Soumjit Ghosh	Director (I.T.)	From 18.06.2022 till date
7	Shri Mrugank Shekhar Dash Bhattamishra	Director (Personnel and Administration)	From 12.07.2022 till date
8	Shri Ajay Kumar Purwar	Director (P & A)	From 10.07.2019 to 09.07.2022
9	Shri Ashwani Kumar Srivastava	Director (Distribution)	From 19.01.2021 to 23.07.2022
10	Shri Anil Kumar Awasthi	Chief Finance Officer	From 05.03.2020 to 30.11.2022

S.No.	Name	Designation	Period
11	Shri Nitin Nijhawan	Chief Finance Officer	From 01.12.2022 till date
12	Smt Jyoti Arora	Company Secretary	From 30.07.2021 to 16.07.2022
13	Shri Jitesh Grover	Company Secretary (additional charge)	From 22.08.2022 till date

C. Nominee Directors:

S.No.	Name	Designation	Period
1	Shri Guru Prasad Porala	Nominee Directors	From 23.07.2021 till date
2	Shri Anupam Shukla	Nominee Directors	From 10.08.2022 till date
3	Smt. Neha Sharma	Nominee Directors	From 02.09.2022 till date
4	Shri Neel Ratan Kumar	Nominee Directors	From 16.04.2013 till date
5	Shri Jawed Aslam	Nominee Directors	From 17.07.2020 to 06.06.2022
6	Shri Kanhaiya Lal Verma	Nominee Directors	From 06.06.2022 till date
7	Shri Ranjan Kumar Srivastava	Nominee Directors	From 17.07.2021 to 01.06.2022
8	Shri Anil Kumar	Nominee Directors	From 13.01.2022 to 30.06.2022
9	Shri Sanjai Kumar Singh	Nominee Directors	From 14.02.2023 till date

D. Relative of Key Managerial Personnel (if any)
(Where transaction have taken place during the year or previous year/balances outstanding)
-Nil.

Part-II

Details of Related Party Transactions:

A. Transactions with Subsidiaries and Employee Benefit Funds

(Amount in Crore)

S. No.	Particulars	Subsidiaries	Employee Benefit Funds	
			CPF Trust	GPF Trust
1.	Sale of Power (excluding adjustments)	68,665.52	-	-
2.	Allocation of Common Expenditure	153.99	-	-
3.	Investment of Equity	9,625.31	-	-
4.	Share Application Money	3883.42		
5.	Receivables on account of Loan/Bonds taken on behalf of DISCOMs (Note 6 & 11)	(2,426.12)	-	-
6.	Trade Receivables (Note 8)	611.49		
7.	Other Receivables (Note 11)	85.08	-	-
8.	Payables against Loan (Note 16)	(2,845.91)	-	-
9.	Payables against Capital Grant/Loan (Note 19)	185.50	-	-
10.	Other Payables (other than Loan) (Note 19)	2,219.90		
11.	CPF Contribution made to Trust (Employers & Employees) (Note 19)	-	1.91	-
12.	GPF Contribution made to Trust (Employers & Employees) (Note 06)	-	-	-
13.	GPF Contribution made to Trust (Employers & Employees) (Note 19)	-	-	7.10
14.	Employer Contribution on account of Pension & Gratuity (Note 19)	-	-	(1.26)
		80,158.18	**1.91**	**5.84**

B. Transactions with GoUP Related Power Sector Entities

(Amount in Crore)

S.No	Particulars	GoUP Related Power Sector Entities (Under Same Government)			Key Management Personnel
		UPRVUNL	UPJVNL	UPPTCL	
1	Purchase of Power	12,400.61	95.03	-	-
2	Allocation of Common Expenditure	0.81	0.31	18.42	-
3	Investment in Equity	-	-	-	-
4	Share Application Money	-	-	-	-
5	Other Receivables	0.74	-	16.79	-

6.	Other Payables	(885.54)	60.34	-	-
7.	Salary (Gross)	-	-	-	3.06
8.	Travelling and Other Allowance	-	-	-	0.08
9.	Payment in Foreign Currency (if any)	-	-	-	-
10.	CPF/Leave Salary Contribution	-	-	-	0.16
11.	Others not specified above	-	-	-	0.18
		11,516.62	**155.68**	**35.21**	**3.48**

Part-III

Details of DISCOM wise Related Party Transactions

During the year ended 31.03.2023 (Amount in Crore)

S. No	Name of DISCOM	Nature of Transaction								
		Sale of Power (Note 20)	Allocation of Common Expenditure (Note 23, 26 & 27)	Investment in Equity (Note 5)	Share Aplication Money (Note 6)	Loan/Bonds taken on behalf of DISCOMS (Receivables) (Note 8 & 11)	Trade Receivables (Note 8)	Other Receivables (Note 11)	Other Payables (Note 16 & 18)	Total
1	PuVVNL	15,319.77	37.81	3,958.79	691.99	(964.94)	1,930.42	14.04	(644.97)	20342.91
2	MVVNL	15,763.64	34.46	2,432..22	606.56	206.37	(56.72)	15.27	(296.35)	18705.45
3	DVVNL	14,572.40	33.84	2,018.22	526.73	(1,456.90)	3,134.16	17.77	(471.49)	18374.73
4	PVVNL	20,638.13	41.06	951.53	1876.17	(459.58)	(3,382.92)	27.32	966.88	20658.59
5	KESCo.	2,371.58	6.82	264.55	181.97	248.93	(1,013.45)	10.68	5.42	2076.50
Total		**68,665.52**	**153.99**	**9,625.31**	**3,883.42**	**(2,426.12)**	**611.49**	**85.08**	**(440.51)**	**80,358.18**

Part-IV

Balances outstanding (Closing Balances) (Amount in Crore)

S.No.	Name of Related Party	Balances as at 31.03.2023	Balances as at 31.03.2022
A	**Subsidiaries (Note 5+6+8+11–16–19)**		
1	Purvanchal Vidyut Vitran Nigam Ltd.	60,257.29	56,852.31
2	Madhyanchal Vidyut Vitran Nigam Ltd	47,252.58	44,909.96
3	Dakshinanchal Vidyut Vitran Nigam Ltd.	50,407.19	46,688.76
4	Paschimanchal Vidyut Vitran Nigam Ltd.	24,970.15	28,386.68
5	Kanpur Electricity Supply Company Ltd.	6,372.90	6,950.19
B	**Employee Benefit Funds**		
1	UP Power Sector Employees (Trust) (Note 06 – 19)	46.75	52.59
2	UP Power Corporation Employees Contributing Provident Fund (Trust) (Note 19)	(27.53)	(25.62)
C	**GoUP-Related Power Sector Entities:**		
1	UP Rajya Vidyut Utpadan Nigam Limited (UPRVUNL) (Note 11- Balances under AG Code 41 112 & 41 212)	(7,800.18)	(6,915.38)
2	UP Jal Vidyut Nigam Ltd. (UPJVUNL) (Note 19- Balances under AG Code 41 117 & 41 217)	(724.41)	(784.75)
3	UP Power Transmission Corporation Ltd. (UPPTCL) (Note 11+5+6+AG Code 28 80 Balance of ₹ 1.92 crore)	2,609.57*	2,592.78*

*It includes investment in equity of 2213.34 Crore.

For and on behalf of Board of Directors

Date:
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.csmmrs.com

CERTIFICATE ON CORPORATE GOVERNANCE

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

We have examined the compliance of the conditions of Corporate Governance by U. P. Power Corporation Limited ['the Company'] for the year ended on March 31, 2023, 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, 2023. However as informed to us Compliance of Regulation 62(1A) is under process and will be updated within due course of time. Further, due to non-appointment of Independent Director the Composition of various committee falling under Regulations 17 to 27 are not in consonance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. the Company is in search for appointment of Independent Directors and once appointed the aforesaid committees will be reconstituted in alignment with the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Manish Mishra & Associates
Practicing Company Secretaries

Skumar

MANISH MISHRA & ASSOCIATES CS COMPANY SECRETARY

Sukhmendra Kumar
Partner
ACS No: 37552 CP No: 21707
Lucknow, 28.03.2024
UDIN- A037552E003643396

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.csmma.com

CERTIFICATE

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

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

In our opinion and according to the verification of the status of Directors Identification Number (DIN) of each director done by us at the portal www.mca.gov.in and on the basis of information available with us as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

S.No	Name	DIN/PAN	Date of appointment
1	Shri Madasamy Devaraj	08677754	02.02.2021
2	Shri Guru Prasad Porala	07979258	23.07.2021
3	Shri Sanjay Kumar Singh	AJTPS5680G	14.02.2023

Skumar

4	Shri Pankaj Kumar	08095154	10.03.2021
5	Shri Neel Ratan Kumar	03616458	16.04.2013
6	Shri Anupam Shukla	09659225	10.08.2022
7	Shri Nidhi Kumar Narang	03473420	01.06.2022
8	Shri Amit Kumar Srivastava	09617008	24.05.2022
9	Shri Kamalesh Bahadur Singh	09642954	18.06.2022
10	Shri Sourajit Ghosh	09642955	18.06.2022
11	Shri Mrugank Shekar Dash Bhattamishra	09671246	12.07.2022
12	Smt Neha Sharma	BPTPS8028M	02.09.2022

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

For Manish Mishra & Associates
Practicing Company Secretaries

SKumar

MANISH MISHRA & ASSOCIATES CS COMPANY SECRETARY

Sukhmendra Kumar
Partner
ACS No: 37552 CP No: 21707
Lucknow, 28.03.2024
UDIN: A037552E003643341

Annexure-VIII

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 2023 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:	**Nitin Nijhawan**	**Pankaj Kumar**
Place: Lucknow	**Chief Financial Officer**	**Managing Director**
		DIN : 08095154

Annexure IX

उ0प्र0 पावर कारपोरेशन लिमिटेड
प्रमुख उपलब्धियाँ

1. विद्युत आपूर्ति में सुधार

- वर्तमान में जिला मुख्यालय पर 24 घन्टे तहसील मुख्यालय पर 21:30 घन्टे और गांवों को 18 घन्टे बिजली दिये जाने का रोस्टर निर्धारित है।
- 01.04.2017 से पूर्व ग्रामीण क्षेत्र में 14:38 घण्टे, तहसील क्षेत्र में 16:58 घण्टे तथा शहरी क्षेत्र में 21:08 घण्टे आपूर्ति के सापेक्ष वर्ष 2023-24 में माह अप्रैल, 2023 से दिसम्बर, 2023 तक ग्रामीण क्षेत्र में 18:09 घण्टे, तहसील क्षेत्र में 21:34 घण्टे तथा शहरी क्षेत्र में 24:00 घण्टे विद्युत आपूर्ति की गई।

2. ग्रामीण क्षेत्रों में गाँव/मजरों का विद्युतीकरण तथा अविद्युतीकृत घरों का विद्युतीकरण

- वर्ष 2016-17 में 23,541 मजरों का विद्युतीकरण हुआ। इसके पश्चात् 2017-18 तथा 2018-19 में कुल 1,21,324 मजरे विद्युतीकृत किये जा चुके हैं।
- वर्ष 2016-17 में 8,44,741 विद्युत संयोजन निर्गत हुये। इसके पश्चात वर्ष 2017-18 से मार्च, 2022 तक कुल 143.36 लाख विद्युत संयोजन दिये गये। वर्ष 2022-23 से अब तक लगभग 22.33 लाख विद्युत संयोजन निर्गत किये गये। इस प्रकार वर्ष 2017 से अब तक लगभग 165 लाख विद्युत संयोजन निर्गत किये गये।
- प्रधानमंत्री सहज बिजली हर घर योजना (सौभाग्य) के तहत गरीब परिवारों को निःशुल्क और अन्य ग्रामीण परिवारों को 50 रुपये की 10 मासिक किश्तों में बिजली कनेक्शन देने की सुविधा दी गयी। इस योजना में कुल 62.18 लाख इच्छुक घरों को विद्युत संयोजन निर्गत किए गए।

3. विद्युतीकरण के परिप्रेक्ष्य में अनवरत विद्युत आपूर्ति हेतु वितरण क्षेत्र में विद्युत तंत्र का सुदृढ़ीकरण

- प्रदेश में निर्बाध बिजली आपूर्ति सुनिश्चित कराने हेतु वित्तीय वर्ष 2017-18 से वर्ष 2021-22 (माह मार्च, 2022) तक कुल 705 नये 33/11 केवी विद्युत उपकेन्द्र ऊर्जीकृत किये जा चुके हैं एवं 1413 विद्युत उपकेन्द्रों की क्षमता बढ़ायी जा चुकी है। वर्ष 2022-23 से अब तक कुल 35 नये 33/11 के0वी0 विद्युत उपकेन्द्र ऊर्जीकृत किये गये एवं 176 विद्युत उपकेन्द्रों की क्षमतावृद्धि की गयी।

4. उपभोक्ताओं के हित में दी गयी सुविधाओं का विवरण

(अ) कृषकों के निजी नलकूपों के सम्बन्ध में लिये गये निर्णय एवं लागू व्यवस्था

- नवीन व्यवस्था के अन्तर्गत निजी नलकूप के किसानों द्वारा पूर्व की व्यवस्थानुसार स्वयं परिवर्तक उतार कर वर्कशाप लाने के स्थान पर उनके विद्युत देयक बकाया नहीं

होने की दशा में, विभागीय वाहन से ही उनका क्षतिग्रस्त परिवर्तक निर्धारित 48 घण्टे में बदलने की व्यवस्था की गई है।

- पूर्व में डार्क जोन में नये निजी नलकूप कनेक्शन देने पर लगे प्रतिबन्ध को हटा लिया गया है, जिससे लगभग एक लाख किसानों को सीधा फायदा हुआ। डार्क जोन में वर्ष 2017-18 में 1,000, वर्ष 2018-19 में 19415 एवं वर्ष 2019-20 में 5388 (दिनांक 31.03.2020 तक) कुल 25,803 निजी नलकूपों का ऊर्जीकरण किया गया।
- दिनांक 01.04.2017 से दिनांक 31.03.2022 तक कुल 2,42,982 निजी नलकूप संयोजन निर्गत किये गये। दिनांक 01.04.2022 से दिनांक 31.12.2023 तक कुल 1,09,847 निजी नलकूप संयोजन निर्गत किये गये। इस प्रकार वर्ष 2017 से अब तक कुल 3,52,829 निजी नलकूप संयोजन निर्गत किये गये।

5. <u>रिवैम्प्ड रिफार्म-बेस्ड एण्ड रिजल्ट-लिंक्ड, डिस्ट्रीब्यूशन सेक्टर स्कीम</u>

भारत सरकार द्वारा संचालित रिवैम्प्ड डिस्ट्रीब्यूशन सेक्टर स्कीम (Revamped Distribution Sector Scheme- RDSS) की स्वीकृति दिनांक 28 मार्च, 2022 को प्राप्त हुई। इस योजना का मुख्य उद्देश्य उत्तर प्रदेश के डिस्कॉमों को वित्तीय रूप से सक्षम एवं परिचालन के दृष्टिकोण से कुशल वितरण तंत्र द्वारा विद्युत उपभोक्ताओं को कम मूल्य पर गुणवत्तापूर्ण निर्बाध विद्युत आपूर्ति किया जाना एवं वर्ष 2024-25 तक ए0टी0 एण्ड सी0 हानियों को अखिल भारतीय स्तर पर 12 से 15 प्रतिशत तक कम करना एवं वर्ष 2024-25 तक ए0सी0एस0-ए0आर0आर0 (ACS-ARR) के अन्तर को शून्य करना है। इस योजना के निम्न घटक हैं -

(क) स्मार्ट मीटरिंग- इस योजना के स्मार्ट मीटरिंग घटक के अन्तर्गत उत्तर प्रदेश पावर कारपोरेशन लि0 की सहयोगी वितरण निगमों द्वारा रू0 18,885.48 करोड़ की लागत से लगभग 2.69 करोड़ कन्ज्यूमर मीटर, लगभग 15.26 लाख डी0टी0 मीटर एवं लगभग 20 हजार फीडर मीटर के स्थापना का कार्य मार्च, 2025 तक कराया जाना लक्षित है।

(ख) लॉस रिडक्शन- इस घटक के अन्तर्गत उत्तर प्रदेश पावर कारपोरेशन लि0 के सभी डिस्कॉमों में रू0 16,498.61 करोड़ की लागत से कार्य स्वीकृत हैं इन कार्यों के सम्पादन के लिए निविदा प्रक्रिया पूर्ण करते हुए कार्यदायी संस्थाओं का चयन किया जा चुका है। जिनके द्वारा सर्वे का कार्य पूर्ण कराते हुए कार्यों के निष्पादन का कार्य प्रगति पर है।

<u>लॉस रिडक्शन के अन्तर्गत निष्पादित कार्यों की अद्यतन प्रगति निम्नवत् है:-</u>

- एल0टी0 लाइन में खुले तारों/क्षतिग्रस्त केबल को ए0बी0 केबिल से बदलने के लक्ष्य 1,40,415.21 सर्किट कि0मी0 के लक्ष्य के सापेक्ष प्रगति 35,175.41 सर्किट कि0मी0।
- 33 के0वी0 एवं 11 के0वी0 फीडर विभक्तीकरण के कार्य हेतु 12,597.00 सर्किट कि0मी0 के लक्ष्य के सापेक्ष प्रगति 1,237.00 सर्किट कि0मी0।
- एच0टी0 लाइन के कन्डक्टर प्रतिस्थापना के कार्य हेतु 41,141.27 सर्किट कि0मी0 के लक्ष्य के सापेक्ष प्रगति 7,724.20 सर्किट कि0मी0।

➢ 11 के0वी0 फीडर पृथक्कीकरण के कार्य हेतु 20,421.50 सर्किट कि0मी0 के लक्ष्य के सापेक्ष प्रगति 3,147.10 सर्किट कि0मी0।

➢ एल0टी0 लाइन में कन्डक्टर्स के एक्स.एल.पी.ई. आर्मर्ड केबल से बदलने के लक्ष्य 9,349.00 सर्किट कि0मी0 के लक्ष्य के सापेक्ष प्रगति 2,112.51 सर्किट कि0मी0।

(ग) आधुनिकीकरण-

योजना के अन्तर्गत प्रदेश में विद्युत तंत्र के आधुनिकीकरण हेतु कार्यों का प्राथमिक प्रस्ताव माह अक्टूबर, 2023 में नोडल एजेन्सी आर0ई0सी0, नई दिल्ली को परीक्षण हेतु प्रेषित किया गया है, जिसमें प्रस्तावित धनराशि का 60 प्रतिशत भारत सरकार से अनुदान स्वरूप तथा शेष 40 प्रतिशत का वित्त पोषण राज्य सरकार एवं वितरण निगम द्वारा किया जायेगा। आधुनिकीकरण के प्रस्तावित मुख्य कार्यों में नये 33/11 के0वी0 उपकेन्द्रों का निर्माण, 33/11 के0वी0 उपकेन्द्रों की क्षमता वृद्धि, नई 33 के0वी0 लाइनों का निर्माण, वितरण परिवर्तकों की स्थापना, 11 के0वी0 लाइन का निर्माण, एल0टी0 लाइन का निर्माण, वितरण परिवर्तकों की क्षमतावृद्धि का कार्य तथा चिन्हित बड़े शहरों में स्काडा का कार्य प्रस्तावित है।

6. <u>राज्य सरकार एवं विभागीय बजट से कराये जाने वाले प्रणाली सुदृढ़ीकरण के कार्य</u>

प्रस्तावित कार्य-

1. 33 के0वी0, 11 के0वी0 एवं एल0टी0 लाइन का सुदृढ़ीकरण
2. पावर ट्रान्सफार्मर एवं वितरण ट्रान्सफार्मर की क्षमतावृद्धि
3. निर्बाध विद्युत आपूर्ति हेतु 33/11 के0वी0 उपकेन्द्रों पर कराये जाने वाले आवश्यक कार्य यथा स्विचगियर, केबिल, प्रोटेक्शन सिस्टम आदि से सम्बन्धित कार्य

कार्य की लागत-

1. बिजनेस प्लान 2023-24 के अन्तर्गत धनराशि रू. 1,163.09 करोड़ से प्रणाली सुदृढ़ीकरण के कार्य कराये जा रहे हैं। अतिरिक्त बिजनेस प्लान के अन्तर्गत धनराशि रू. 1,395.56 करोड़ से प्रणाली सुदृढ़ीकरण के कार्य कराये जा रहे हैं। विभिन्न जनपदों में धनराशि रू. 1,497.13 करोड़ से प्रणाली सुदृढ़ीकरण के कार्य कराये जा रहे हैं।
2. नवनिर्मित/विस्तारित नगर निकायों में धनराशि रू.996.00 करोड़ से प्रणाली सुदृढ़ीकरण के कार्य कराये जा रहे हैं।
3. नोएडा एवं मऊ सहित प्रदेश के अन्य नगर निगमों में धनराशि रू. 1,028.86 करोड़ से प्रणाली सुदृढ़ीकरण के कार्य कराये जा रहे हैं।

7. <u>विद्युत वितरण तन्त्र में सुधार हेतु एशियन डेवलपमेन्ट बैंक वित्त पोषित 'उत्तर प्रदेश पावर डिस्ट्रीब्यूशन नेटवर्क रिहैबिलीटेशन प्रोजेक्ट'</u>

   ➢ योजना का वित्त पोषण एशियन डेवलपमेन्ट बैंक से प्राप्त होने वाले यू0एस0 $ 430 मिलियन (रू0 3,179.9 करोड़) के ऋण की धनराशि से कराया जा रहा है।

- एशियन डेवलपमेन्ट बैंक ऋण वित्त पोषित 'उत्तर प्रदेश पावर डिस्ट्रीब्यूशन नेटवर्क रिहैबिलीटेशन प्रोजेक्ट' के अन्तर्गत प्रदेश के पूर्वांचल विद्युत वितरण निगम लि0-वाराणसी व मध्यांचल विद्युत वितरण निगम लि0-लखनऊ में चयनित 20,067 मजरों में पूर्व में खुले तारों वाली एल0टी0 विद्युत लाईनों को एल0टी0 एरियल बन्च केबिल से प्रतिस्थापना का कार्य कराया जा चुका है।
- इसी योजना में प्रदेश के पश्चिमांचल विद्युत वितरण निगम लि0-मेरठ एवं दक्षिणांचल विद्युत वितरण निगम लि0-आगरा में 562 ग्रामीण 11 केवी पोषकों को नलकूप एवं बत्ती-पंखा के पृथक-पृथक पोषकों में पृथक्कीकरण के लक्ष्य के सापेक्ष 554 नये कृषि पोषकों का निर्माण कार्य कराया जा चुका है। योजना में कार्य प्रगति पर है।

8. <u>वाणिज्य क्षेत्र में किये गये कार्य</u>

- दिनांक 08.11.2023 से 16.01.2024 तक समस्त विद्युत भार के एल0एम0वी0-1 (घरेलू), एल0एम0वी0-2 (वाणिज्यिक), एल0एम0वी0-4बी (निजी संस्थान), एल0एम0वी0-5 (निजी नलकूप) एवं एल0एम0वी0-6 (औद्योगिक) श्रेणी के विद्युत उपभोक्ताओं के लिए विलम्बित भुगतान अधिभार में छूट हेतु "एकमुश्त समाधान योजना (ओ0टी0एस0)" एवं चोरी के प्रकरणों में राजस्व निर्धारण में छूट हेतु योजना लागू की गयी।
- बुन्देलखण्ड क्षेत्र के ग्रामीण निजी नलकूप विद्युत उपभोक्ताओं को एकल रबी फसल की सिंचाई हेतु सीजनल टैरिफ का लाभ एवं अस्थाई विद्युत संयोजन की सुविधा भी प्रदान की गयी है।
- उपभोक्ताओं की बिल सम्बन्धित, मीटर सम्बन्धित, ट्रांसफार्मर सम्बन्धित एवं आपूर्ति सम्बन्धित शिकायतों के त्वरित निस्तारण हेतु टोल फ्री हेल्पलाइन 1912 शुरू की गई, जिसमें दिनांक 12.04.2017 से दिनांक 07.01.2024 तक की कुल 1,73,04,056 शिकायतें प्राप्त हुई। जिनमें से 1,72,76,090 अर्थात् 99.84 प्रतिशत् शिकायतें निस्तारित हो गयी है।
- औद्योगिक एवं वाणिज्यिक श्रेणी के उपभोक्ताओं को नये संयोजन ऑनलाइन निवेश मित्र पोर्टल पर निर्गत करने की व्यवस्था की गयी है।
- उपभोक्ताओं को सुविधा प्रदान करने हेतु उनके परिसर पर ही रीडिंग के पश्चात बिल उपलब्ध कराने एवं मीटर रीडर के माध्यम से ही बिल की धनराशि प्राप्त करने की व्यवस्था की गई है।
- विद्युत उपभोक्ताओं के बिल जमा करने हेतु ग्रामीण क्षेत्रों में स्थित, उपभोक्ता सेवा केन्द्रों व जनसेवा केन्द्रों द्वारा विद्युत बिल जमा करने की व्यवस्था की गई है। इसके अतिरिक्त स्वयं सहायता समूह एवं राशन की दुकानों, विद्युत सखियों, मीटर रीडर के माध्यम से भी बिल जमा किये जा सकते हैं।
- सम्भव पोर्टल पर दिनांक 18.05.2022 से 03.01.2024 के मध्य कुल 4,98,315 शिकायतें प्राप्त हुई, जिनमें से 4,74,019 निस्तारित हुई।

- उपभोक्ताओं के घर बैठे नये संयोजन लेने एवं बिल जमा करने की सुविधा ऑनलाइन उपलब्ध करा दी गयी।
- सभी उपभोक्ताओं के के0वाई0सी0 के अन्तर्गत टैलीफोन नं0 प्राप्त कर सिस्टम द्वारा बिल एवं अन्य योजनाओं की सूचना दी जा रही है।
- बकाया राशि को आंशिक रूप से जमा करने की सुविधा दी गयी है।
- उपभोक्ता स्वयं अपना बिल घर बैठे ऑनलाइन सिस्टम द्वारा रीडिंग डालकर बना सकता है।
- निगम में ईआरपी प्रणाली पूरी तरह से लागू कर दी गयी है।

D. PATHAK & CO.
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

I. 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, 2023, 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, 338, 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, 2023, and the **Net Loss**, including other comprehensive income, its cash flows and statement of change in Equity 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 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:

1. Tax deducted at source Rs 92.64 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 have not been adjusted till the close of the financial year.**

2. a. As per information provided to us Receivable from generators includes Rs.707.68 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. 30 of Notes to Accounts relating to M/s Lalitpur Power Generation Company.

   b. Note 6- Loans & Others Financial Assets (Non-Current) includes Rs.118.21 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. **Being old advances, Management should take necessary action for recovery/adjustments of this Advance.**

3. As per Note no.-14 to the Notes to Accounts, average billing rate methodology has been used as per decision of higher management of UPPCL instead of Differential Bulk Supply Tariff (DBST) adopted in the previous years. Reasons of such change have not been disclosed in the Notes to Accounts although it has impact on cost allocation to individual DISCOMS.

4. Accounting Policy No. VIII of the Company regarding power purchases had not envisaged the method for accounting of power purchases where final approval of the tariff by the Regulatory Commission has not been granted.

5. As per Note no. 11 (Financial Assets-Other (Current)), Company has made provision for doubtful receivables @10% on Rs.2159.12 Crore which includes Rs 1239.21 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.**

6. **Placement of Fixed deposit:**
   Total fixed deposit of Rs 2869.84 crore include Rs 2185.96 crore placed with ICICI bank only. Company has disclosed the same as a risk factor Para No. 33(V) in the Notes to Accounts. Proper monitoring of same needs to be done by the Management.

7. **The Annual Accounts of F.Y 2021-22 are yet to be adopted in Annual General Meeting (Refer Para 32 of Note - 30 "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. Responsibilities of Management and those charged with governance for the Standalone Financial Statements:

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

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

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

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.

- 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 which include assets of Rs 27468.49 crore and Revenue form operation of Rs 68653.93 crore. The books of accounts / information of the Zone **(except disclosure in notes to accounts)** has been audited by the Zone auditor who had audited only Trial balances of the zone only and 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. 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, 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 with reference to Standalone Financial Statements of the Company 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. Refer Note 30 to the Financial Statements.

      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 persons(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.

(d) 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

v. Proviso to Rule 3(1) of the companies (Accounts) Rules 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

For D. Pathak & Co
Chartered Accountants
FRN: 001438C

(A K Dwivedi)
Partner
M No.: 071584
UDIN: 23071584BGWZLE9927
Place: Lucknow
Date: 15/09/2023

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, 2023.

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 Note- 12 Other (Current Assets) Rs.1567.90 Crore include Rs 431.68 crore Receivable from Generators as mentioned in Para 24 of Notes to Accounts-30 for which no confirmation and reconciliations are available. Same has been reported in last year Audit for making suitable Provision.

We are of the opinion that Provision for Rs 431.68 crore "Receivable from Generators" should be made in accounts.

2 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, 2023 (Refer Para 29 of Note – 30 "Notes on Accounts"), **which is not in accordance with Ind AS 36 Impairment of Assets.**

3 Loans and Other Financial Assets (Note 6), Trade Receivables-Others (Note-8), Financial Assets-Others (Note-11), Other Current Assets - (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. Similar issues also were brought to the notice of management in previous audit report but no corrective actions seem to have been taken in the financial year 2022-23. Major Balances include a) Rs 15.55 Crore (Note No. 6)- Loans & other financial Assets (Non-Current) including Rs. 5.19 Crore (Security Deposits) and Overlay Charges Rs 10.36 Crore and b) Sundry Receivable (Rs 685.13 Crore)-Financial Assets - Other (Current), Note No-11 including Rs 408.24 Crore relating to Unscheduled Interchanges Charges Pool a/c, Reactive Energy Charges Rs. 123.79 Crore, and Misc. deposits/balances Rs 29.26 Crore respectively. **In absence of complete details and balance confirmation, we are of the view that provision should be made in the accounts to the extent of Rs. 576.84 Crore, for old balances as reflected in Note-11 financial Assets-Other (Current Assets) and Note No. 6, Loans & other financial Assets (Non-Current). Loss of the company is understated and other receivable is overstated to that extent.**

4 Purchases as per Note No-22 for Rs.68653.93 Crore, includes Sales to Indian Energy Exchange for Rs 2581.77 Crore, **which has resulted into reduction/understatement of Purchases and consequent understatement of Sales of Energy** (Note No-20, Revenue for Operation).

5. a) **Restructuring Reserve:**
   A Credit balance of Rs. 540.31 Crore is included in "Other Equity Note-14 as Restructuring Reserve. As confirmed to us, the balances are old and has been transferred through transfer scheme. No detail was available for aforesaid Reserves.

   b) **Capital Reserve:**
   No details have been provided to us regarding capital reserve Rs 195.95 Crore

6. Note-19 Other Financial Liabilities- Current includes Deposits and Retentions from Suppliers & Others Rs 264.65 crore for which no detail is available

7. Details of charges filed with ROC against borrowing from Bank and few Generators have not been disclosed in the respective Notes to Accounts.

   On examination of search report furnished to us, it was known that pari passu charges has been registered on receivables /Current assets of the company against borrowings sanctioned by the bankers, while Debenture Trust deed executed with the trustees of the bonds shows that there is an exclusive charge on Current assets/ receivables of the company including book-debts which is in contravention of the terms of the hypothecation deed executed with the bankers. Company has to take up the matter suitably with the Lenders. Appropriate disclosure for the same has not been given in the Notes to Accounts.

Non-Compliances of Ind-AS

8. **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 realis ability/settlement/ confirmation of balances for 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. Few specific instances include Unscheduled Interchanges Charges Pool a/c is Rs 514.86 Cr and Reactive Energy Charges Rs 123.79 Cr as on 31st march 2023 included in "Current Assets-Other" Note -11

   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. 8 (e) 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 (1) (d). Such employee cost to the extent not directly attributable to the acquisition and/or installation of Property, Plant and Equipment **is inconsistent with Ind AS 16 Property, Plant and Equipment**. This has resulted in overstatement of fixed assets and depreciation and understatement of employee cost. However, impact is not quantifiable at this stage.

d. Inventory which includes stores and spares for capital works, operation and maintenance and others is valued at cost (Refer accounting policy no.(VI) 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 5 (a) Note 30 "Notes on Accounts"). **This is inconsistent with Ind AS 19 Employee Benefits**.

f. The Financial Assets (Note-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. Further Company has not disclosed the reasons for non- compliance of various Ind AS as required by IND AS-1 Presentation of Financial Statements.

9. Inter unit transactions amounting Rs.148.17 Cr. are **subject to reconciliation and consequential adjustments.** (Refer Para 8 Note – 30"Notes on Accounts").

10. Note-16 "**Financial Liabilities Others (NON-CURRENT)**" includes Rs 804.87 Crore **Liabilities against Loan,** the nature of loan and its terms and conditions are not disclosed.

11. C&AG Auditors during audit of financial year 2020-21 have commented up on understatement of provision of impairment on investment in DISCOMS since company had credited recoverable amount from Govt. of U.P under Atmar Nirbhar Bharat Subsidy Scheme to "other equity" instead of "Deferred Income" which was consequently included in the Net worth of the DISCOMs and considered for making provision towards investment in DISCOMs. Company has neither made any adjustment in the books of account nor disclosed properly the reasons for non- rectification of such material error in the notes to Accounts. This is having impact on the provision for impairment/consequential losses and state of affairs of the company to the extent of Rs 16940.00 crore as reflected in Receivable from GOI in CFS as on 31.03.2023. It is learnt from Management Representation Letter that Company is referring the issue for the opinion of Expert Advisory Committee, of ICAI. Pending receipt of such opinion, its impact on accounts cannot be ascertained at this stage.

12. **Non- compliance of Accounting Policies:**

Company has to review certain accounting policies which are in contradiction with accounting treatment given in the financial statements. Major instances are given below.:

a) INVESTMENTS: Provision for impairment is not being made at its Fair Value as per IND AS-109 as mentioned in the respective accounting policy.

b) FINANCIAL ASSETS: Financial assets on subsequent measurement are not recorded at amortized cost as per IND AS- 109, as mentioned in respective accounting policy.

Impairment on financial assets are not being made based on Expected Loss.

c) FINANCIAL LIABILITIES: Borrowings are not measured at Fair Value using effective rate of Interest as mentioned in the accounting policy.

13. **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 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.

14. 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 2021-22, instead of Financial year 2022-23. (Para 28 of Note- 30 "Notes on Accounts")

15. **Non-Disclosures in Notes to Accounts:**

Following disclosures have not been made in accounts.

a. Disclosure regarding amount of subsidy not accounted for in case of disputed solar power cases.

b. Allotment date for Share application money placed with DISCOMS.

c. Risk Management factor do not include Matrix of Age Wise Borrowings and Liabilities due.

16. **Major Non-Compliances of Law**

i) Company has not appointed any Company Secretary as required u/s 203 of Company Act 2013.

ii) As per section 177 of the companies acts 2013, following major compliances/ issues were not placed before Audit committee as also delegated by the Board of Directors:

a. Approval or any subsequent modification of transactions of the company with related parties.

b. Scrutiny of inter-corporate loans and investments.

c. Evaluation of internal financial controls and risk management systems.

d. Monitoring the end use raised through public offers and related matters.

iii) Company has not held meeting of Risk Management committee, Stakeholder committee etc. during the year under review.

17. **Major Audit observations in Material Management Zone Audit Report: -**

A. Property Plant and Equipment: -

a) Branch Auditors trial balance is showing Buildings under the head AG Code 10.208 "Building CONTA DIST INST" amounting to Rs. 48,34,196.68 and under AG Code 10.211 Office building amounting to Rs. 11,65,227.05, but information regarding the Land of corresponding assets not provided to us. **#Units645 – Elec Civil Const Div – I**

b) Branch Auditors trial balance is showing Buildings under the head AG Code 10.211 "Office Building" amounting to Rs. 4238,722.10 but information regarding the Land of corresponding assets not provided to us. **#Units641 – Civil.**

c) An amount of Rs 36566.76 is shown under the head Scrap Materials A/c (A/c Code 22.770), on review of the said account we were explained that these are group of assets which has been fully depreciated and are being carried at its residual value. Further, since fixed assets register is not being maintained these assets cannot be identified. Furthermore, no report of any committee who identified the above assets as scrap was provided to us. Further, as per Ind AS 16 (Property, Plant and Equipment) which requires measurement of such kind of assets at its net realizable value which has not been worked out. Therefore, we cannot comment upon the value at which these assets are carried. **#Units330 – EIE&PC**

d) The zone is not evaluating the Property Plants and Equipment (PPE) for impairment as required under INDAS 36, as explained to us revaluation of PPE is not permitted by the Electricity (Supply) (Annual Accounts) Rules, 1985, the exception may be because the PPE cost is built in the Fixed Cost of the tariff but as explained to us the cost of PPE of the Company is not approved under the tariff approved by the regulator neither Depreciation is allocated to the Distribution companies.

The company has not sought any clarification from relevant regulatory authorities regarding the same.

B. Payment of Lease

Unit #972 (U P Vigilance Cell) and #unit 327 (Electricity Store Procurement Circle) are being maintained at rental premises. As explained to us the rent of Unit 972 is being deposited to Court as the ownership of the premises is sub-judice. Further latest lease agreement and the rent receipt were not being provided to us for premises with Unit 327. Further Compliances of Ind AS 116 is not done at zone level.

C. Investments

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 to MPPMCL as explained to us the amount of Equity contribution is not identified in books of accounts further necessary detail on the same is required from Fund section of the company by the EIE&PC which remained unclarified till date, therefore in absence of information and adequate explanation we cannot comment upon it.

D. The balances in account of party, contractors, Governments Departments, etc., including those balances appearing under loan and advances & other receivables are subject to confirmation and reconciliation. The impact of adjustment if any, which may arise out of the confirmation and reconciliation process cannot be commented upon

E. Branch Auditors observed lack of proper system of review for identifying doubtful dues, especially those arising out of disputes pending before respective judicial forums and absence of regular follow ups with the respective parties for recoverability of outstanding balances In the absence of which we are unable to quantify the amount of provision which is required for irrecoverable or doubtful dues and its consequential impact on the financial statements **#Units330 – ETE&PC**

F. TDS Receivables-

i) The unit has accounting TDS receivable of Rs **719029895.17** pertaining to Power sale to Distributing companies (DISCOMS)however as per 26 AS Rs. 739563769.47 is TDS receivable being reflected against the sale of power to the DISCOM as explained the necessary adjustment will be done at HQ Level. **(UNIT CODE330)**

ii) As observed the zone has following balances as TDS receivable appearing in the books of the zone, in the absence of year wise breakup and status of completion of the assessment, we cannot comment upon the genuineness of the same. Branch Auditors following balances were outstanding on 31.03.2023

S. no	**Unit Code**	**Unit Name**	**AG Code**	**Amount Outstanding (Rs.)**
1	982	ETI	27.425	19,47,440.00
2	973	Service Commission	27.425	-12,04,953.00
3	646	Maintenance	27.425	5,730.00
4	645	Civil Const. Aliganj	27.475	11,98,908.00
5	641	Civil	27.421	-3,38,872.00
6	641	Civil	27.425	1,79,519.00
7	330	Import and Export	27.422	76,99,77,097.64
8	330	Import and Export	27.425	9,61,37,377.20
9	327	ESPC	27.475	13,848.00
Total TDS Receivables				86,79,16,091.84

G. Trade payables

Trade payable having debit balances for power purchese of following parties, in several cases excess payment of Rs.3917614447.47 has been made to the parties namely NHPC Rs.(-)3432723674.00, TEESTA URJA LTD. Rs. (-)3722.00, NOAR-Rs. (-)3633710.00, POWERGRID RAMPUR SAMBHAL TRANSMISSION LTD Rs (-)16432986.00, M/S SIMBHAULI SUGAR MILLS Rs (-)76155192.24, M/S DWARIKESH SUGAR MILLS LTD. Rs. (-)3216562.75, TRIVENI ENG.& IND LTD DEOBAND Rs.(-)74915817.07, TRIVENI ENGINEERING LTD., MILAK NARAYAN Rs.(-)69228689.50, BAJAJ HINDUSTAN LTD. UTRAULA Rs. (-)10440643.57, BAJAJ HINDUSTAN LTD. (GANGAULI) Rs. (-)4873409.42, BAJAJ HINDUSTAN LIMITED, BARKH Rs. (-

)1662752.45, BAJAJ SUGAR LIMITED, BARKHERA, Rs (-)364953?5.42, BAJAJ HIND.L., KUNDARKHI Rs.(-)11714482.31, & BAJAJ HIND.L., PALIAKALAN, LAK Rs (-)1471174185.74 and other includes old balances which are under reconciliation. year of advance if any is not provided to us neither was available with the unit, neither current status was explained to us further it should be emphasized that the advances and excess payments are not interest bearing therefore loss to the corporation if any cannot be determined in the absence of clarification and adequate details. Bearing lack of documentation and adequate information, the recoverability or provision for doubtful amount cannot be commented upon at this stage (Unit#330 ETC&PC).

OLD BALANCES

AG Code	Name of The Generator	Total Balance
41.106	MADHYA PRADESH	-355974601.81
41.110	BHAKRA PROJECT MANAGEMENT BOARD	-10575376.60
41.128	KARNATAKA P.C.L.	2088110.00
41.134	MSEDCL	-15502004.00
41.405	LANKO LU LIMITED	-9705040.12
41.411	G.M.R. ENERGY PVT. LTD.	-60719.00
41.420	MANIKARAN	-1534738.00
41.422	M/S A.C.C. LTD.	-775440.00
41.427	MITTAL PROC.PVT.LTD GHAZ ABAD	40511195.00
41.432	TECH ASSOCIATES	6931463.93
41.743	WAVE INDUSTRIES PVT. LTD. IERS	1660526.78
41.205	HIMACHAL PRADESH	-1688774.00
	Total	-359007989.24

H. Staff and Other Liabilities

The Zone has not provided relevant details of the following outstanding balances (above more than Rs 1.00 Crore) which are quit old and details of same could not furnished to Branch Auditors.-

UNIT CODE	AG CODE	HEAD OF ACCOUNT	Dr	Amount (INR)
985	34.620	CPF EMP Recovery	Cr	(15618278.00)
971	34.112	Liability to Madhyanchal [illegible] LTD	Cr.	(8227668.67)
	34.610	Liability to Trust for EMP - CPF	Cr.	(208115268.53)
	14.620	CPF Employee Share	Cr.	(16981312.00)
	14.621	CPF Employer Share Contribution	Cr	(11031894.00)
330	46.950	AMT PAYBLE OTHER GOVT. LTD	Cr	[illegible]
	46.956E	GL PAYABLE UPPCL	Cr	[illegible]
	36.58	RECEIVABLE ACCOUNT	Cr	[illegible]
	36.588	[illegible]	Cr	[illegible]

I. Power Purchase

i) There is no effective system in place to verify power purchase for completeness, 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.

ii) During our audit we were explained that the reconciliation with Power Generator Companies from F.Y 2018-19 to FY 2022-23 is being carried out by M/S Mercados Marketing Energy Private Limited contracted in January 2021, at a fees of Rs 2,39,48,100.00 adjustment if any upon reconciliation will be done upon submission of final report by the contractor. Furthermore, the reconciliation for balances pertaining to financial years before 2018-19 will be handled by additional staff, but no cost comparison between the two reconciliation methods was provided to us, which created a gap in understanding the efficiency and effectiveness of each approach between the contractor-led reconciliation and the additional staff led reconciliation.

iii) Generation based Incentives (GBI) receivable from IREDA amounting to INR9,66,31,925.88 (Previous Year - Rs 9,77,33,211.20) and a sum of Rs (265,13,53,853.51) (Previous Year - Rs (85,62,65,550.77) from UPNEDA are subject to confirmation and reconciliation and Consequential adjustment. (Unit#330 EE&PC)

iv) The zone has received interest amounting to Rs. 38,17,77,874 and TDS receivable of Rs. 38177789.20 thereon, the amount of interest has been netted off from the purchase cost in the books. Purchase cost and interest income, therefore are understated to the extent of Rs 38,17,77,874 (Unit#330 EE&PC)

J. Provision for Late Payment Surcharge

Unit has accounted total late payment surcharge Rs.5695614955.00 out of which an amount of Rs1123754841.00 is for bills remained unverified. Accounting system adopted by the unit is in diversion of accepted accounting policy on accounting on accrual basis where the LPS should be accrued after the specified time period of unpaid bills as specified in their PPA, whereas only bills are accounted which is received by EE&PC unit. No system was observed where bill wise LPS pending overdue for payment is accrued and accounted. It is further observed there is no system in place which could provide information regarding outstanding and overdue bills details over which LPS need to be accrued and whether the accrual has been accounted or not. Therefore, we cannot comment upon on the amount of overstated profit/understated loss of the zone for the financial year 2022-2023 on account of provision of late payment surcharge.

K. **Bank Reconciliation Statement: -**

On review of the bank reconciliation statements we observed that old Un-reconciled balance of Rs Rs. 138164.34 for which no adjustment /reversal has been made in the books of accounts. # **Unit983 – DG Vigilance**

L. **Pending legal cases at different forums**

On our query during test check audit of liabilities on pending legal cases at different forums, we were explained that the status of court cases received from PPA unit, Planning unit Power Management Cell and SPAT unit has been considered by the Zone and the same has been disclosed as contingent liability. However, no details were provided to us during our audit and as explained to us the zone has no information relating to the cases and the same is dealt at HQ level. Therefore, we cannot comment upon the status of the cases and its financial implication on the books of accounts.

M. **Provision for Power Purchase and Unverified LPS and Power Purchase cost: -**

The Zone has booked an amount of Rs. 807.32 crore, as unbilled and unverified power purchase cost and Rs. 112.37 crore, as LPS Charges (unverified), on our examination and explanation provide to us, we observed that these charges are unverified and booked under expenditure on reasonable estimate, further as explained necessary deviation on their verification will be accounted at the time of verification. Therefore, impact if any on account of verification cannot be commented upon at this stage. However, Management has confirmed total amount of unbilled and unverified Power Purchase cost for Rs 9437 crore as on 31st March 2023.

N. **Rental from Contractor**

The unit has accounted Rental Income from Contractor M/S Prayagraj Power Generation Corporation Limited of Rs 2,29,927.00 further as explained to us the said amount is on account of Lease of Land to the contractor. However unit did not had any information of Land is being recorded in the books of which unit.

O. **Sale of Scrap**

The Zone has sold old/unserviceable asset for Rs. 1734359.00 during the Financial Year, however as explained the assets sold were very old and gross value was ascertained on the basis of committee report, therefore the correctness of the Profit on sale of Asset of Rs. 927298.00 cannot be commented upon due to lack of details

For D Pathak & Co.
Chartered Accountants
FRN: 001439C

(A K Dwivedi)
Partner
M No.: 071584
UDIN: 23071584BGWZLE9927
Place: Lucknow
Date: 15/09/2023

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, 2023.

1. a. i. The company has not maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.

   ii. The company has not maintained proper records of Intangible Assets (Software) for Rs.2.44 crore (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 detail's 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: BUILDING and other civil construction be considered for reporting.

ZONE WISE LAND DETAILS			
Zone Code	Cost of Land as per Trial Balance (RS. in Crore)	**Tittle Deed Available (RS. in Crore)	Tittle Deed Not Available (RS. in Crore)
970	0.05	0	0.05
640	4.65	4.23	0.42
Total land	4.70	4.23	0.47

   **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.0.01 Crore as on 31.03.2023 has been provided to us. Hence, we are unable to comment about the coverage, procedure and its discrepancies.

   (b) As per terms of sanction of credit limits for working capital sanctioned by various banks, company has to submit age-wise and party-wise Receivable statements on quarterly basis to the bankers. On perusal of the letters submitted to Bank, company has not submitted the necessary Returns properly in desired format, only Trade Receivable amount after elapse of sufficient time have been submitted. Submission of information in this manner cannot be treated as submission of Return as per requirement of bankers. As mentioned in the Notes to Accounts Trade Receivable amount is Rs. 28572.46 crore (From October 2022 to December 22) while as per amount submitted to Bank, it is Rs 30599.26 crore which is excess by Rs.2026.80 crore (doubtful debts). Similarly, for March 23 Quarter, it is Rs.27055.19 while amount submitted to Bank is Rs 25073.14 crore.

5. Company has made investment during the year 2022-23 and the amount given as well as outstanding as on 31.03.2023 are furnished below:

a) i. Subsidiaries

Name of Subsidiaries	Investment made during the year	Amount outstanding as on date(before provision for impairment)-(in crore)
KESCO	264.55	2249.31
Dakshinanchal VVNL	2018.22	23461.74
Madhyanchal VVNL	2432.22	22784.46
Paschimanchal VVNL	951.53	17127.92
Purvanchal VVNL	3958.79	25193.58
Southern U.P. Power Transmission Co. Ltd.	-	2.22
Total	9625.31	90819.23

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	2213.34
7.75% PFC Bonds	Nil	123.00
Total	Nil	2336.34

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 on31.03.2023(in crore)
	Bond	Loan	
Madhyanchal VVNL	1012.20	1468.72	12,505.34
Paschimanchal VVNL	508.80	699.46	5,823.35
Dakshinanchal VVNL	633.90	932.24	14,242.02
Purvanchal VVNL	1117.00	1507.09	20,629.44
KESCO	216.10	313.10	2,230.33
Total	3488.00	4920.61	55,430.48

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, 2023 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 INR)
1	Liability Towards Employer REC EPF	(12,878.00)
2	IT/ DEDUCT AT SOURCE	(3,57,378.31)
3	PROVISION FOR FRING BENEFIT TAX	(27,64,115.23)
4	TDS(IT)	(6,06,776.00)
5	PAYMENT OF SALES TAX	(581.31)
6	SERVICE TAX	(56,612.00)
7	Gratuity	(7,93,24,337.02)
8	CPF Trust (EMPLOYEE + EMPLOYER)	(32,84,366.90)
9	GPF	(20,39,58,760.66)

(b) As per information and explanation given to us, there is no amount disputed as on 31.03.2023 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 Bond and Loan for Rs.8408.61 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, 2023.

(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.

14.(a) In our opinion company has an internal audit system, which needs more strengthening considering its coverage particularly in the area of internal control system on payment to Generators as well as review of old balances as mentioned in our Annexure-1and Annexure-4 to our audit report and compliance of observations of Audit report, so that it may be commensurate in size and nature of business of the Company

(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. There is no cash loss during the year under review.(Previous year Cash Loss Rs 39.39 crore)

18. During the year, there is no resignation by Statutory Auditors.

19 According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the

date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. No projected cash flow statement for ensuing financial year 2023-24 has been provided to us. 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 2022-23. 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: 23071584BGWZLE9927
Place: Lucknow
Date: 15/09/2023

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, 2023.

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	The Company has no system in place to process the accounting transactions through IT system except payment transactions are recorded through ERP 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 Excel 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. Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable for statutory auditor of lender company)	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 (grants/subsidy etc.) received/receivable for specific schemes from Central/State Government or its 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 accounting. Capital grants Rs. 498.00 Crores released during the year by U.P. Govt. has not been allocated to the DISCOMS till 31-03-2023.

For D Pathak & Co.
Chartered Accountants
FRN: 001439C

(A K Dwivedi)
Partner
M No.: 071584
UDIN: 23071584BGWZLE9927
Place: Lucknow
Date: 15/09/2023

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, 2023.

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. Report on the efficacy of the system of billing and collection of revenue in the company	As informed by the management, there is no encroachment of idle land owned by Company, subject to para I(e) of Annexure II of our report. Report on efficacy of system of billing and its collection are reported by DISCOMS Auditors in their respective Audit Reports.
2.	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.
3.	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 Para No. 13 and 17 D of Annexure I of Audit Report, regarding non-reconciliation of Inter-unit transactions. Further no balance confirmation has been produced from the Transmission and Generation Companies.

4.	Whether the Company has received subsidy and grants from the Government in the year 2022-23 (including those accrued up to 31 March 2023) for onward allocation to the DISCOMs. If yes, the basis for allocation of aforesaid subsidy and grants to the DISCOMs may be examined and suitably reported to.	Yes, the Corporation has received Subsidy and Grants from Government in the year 2022-23. Kindly refer Para No.20 b of Notes to Accounts. As per information provided by the management the basis of allocation to DISCOMs is enclosed as per Annexure-A.
5.	Whether the Company taken or withdrawn loan on behalf DISCOMs in the year 2022-23 for onward allocation to the DISCOMs. If yes, The basis for allocation of the aforesaid loan may be examined and suitably reported to.	During the year Financial Year 2022-23, the Corporation has raised funds from the capital market by way of issuance of bonds Rs 3488.00 Crores and availed loan under RBPF scheme Rs 4920.61 Crores (i.e.- REC-1911.00 Crores and PFC-3009.61 Crores). The total amount Rs 8408.61 Crores drawn during this tenure were allocated among DISCOMs on the basis of latest available trade receivables of DISCOMs against each respective quarters

For D Pathak & Co.
Chartered Accountants
FRN: 001439C

(A K Dwivedi)
Partner
M No.: 071584
UDIN: 23071584BGWZLE9927
Place: Lucknow
Date: 15/09/2023

Annexure A

Discom wise details of Subsidy & Grant received and transfer during all the four Qtr. of Financial Year 2022-23 (Rev.)

S.N.	Particulars	Grant & Subsidy received		Basis of Allocation of Subsidy & Grant to Discoms	MVVNL - LKO	PuVVNL -Vns	PVVNL - Meerut	DVVNL - Agra	Kesco -Kanpur
		Capital Grant & Subsidy	Revenue Grant & Subsidy						
1	Amount received from GOVT for Int & Repayment on RGGY		1821416796.00	On Actual Payment Basis	635773912.00	592028056.00	715908618.00	283299222.00	0.00
2	Revenue Subsidy		113110744162.00	Tariff Subsidy of FY 2022-23 on the basis of Actual energy billed in Crore	29356619678.00	22801997259.00	31493360565.00	27458265660.00	0.00
3	RE or Agriculture Subsidy		15000000000.00		2568437293.00	3934317831.00	3624099383.00	3072845493.00	0.00
4	Electricity Duty Payment adjusted against Subsidy		21000000000.00		4955812210.00	5558044954.00	5434159195.00	5051983590.00	0.00
5	Received against receivable for Powerloom (Current)		750000000.00	On Pro rata basis against the dues	422172311.00	162111605.00	407301565.00	56596077.00	12813694.00
6	Received against receivable for Powerloom & Other Govt Departments (Old Dues)		35000000050.00		6711087404.00	10707550709.00	5223391758.00	6099501144.00	184500985.00
7	Additional Subsidy for operational loss funding of Discom		80077250000.00	Total Loss Funding Required as per OFR in FY 2022-23	24043567187.00	25811182275.00	15889581058.00	9670443480.00	3702420000.00
8	Amount received from GOVT for Repayment of Aatmnirbhar Loan of 20540 Cr		20500000000.00	Allocation of Aatmnirbhar Loan to Discoms	9341738330.00	7751232091.00	8735804372.00	2062741155.00	516669529.00
9	Fund received for 50% Rebate on tariff to PTW Consumers		12502000000.00	PTW Consumption (MU) in Discoms for FY 2022-23	1356723316.00	2034097059.00	5301804077.00	3595375549.00	0.00
10	Amount received from GOVT for int payment of loans of 1250 cr From PFC for distribution work		92094202.00	Allocation of 1250 Crore Loan to Discoms	22568555.00	26087880.00	22150447.00	21292131.00	0.00
11	Capital grant received from Nagar Vikas Vibhag for Distribution work in new ULBs	4980000050.00	0.00	As per work Plan given by Distribution unit	1305000000.00	1270000000.00	920000000.00	1485000000.00	0.00

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 31st March, 2023.

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 31st March, 2023 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion:

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 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, 2023, and as mentioned below

1. Company has no internal control policies over payment to Generators. Branch Auditors have reported excess payment of Rs. 391.76Cr and old debit balances of Rs. 58.90 cr. It is also observed that no subsidiaries ledger is maintained by the company and payment to generators are made without considering outstanding balances in their accounts. Besides, no bill wise details or payment made to generators are available with the company.

2. Company has not devised a system for placement of fixed deposit for approval by the competent authority by placing the comparative rates of interest, periodicity of fixed deposits and renewal proposal with revised interest rates in line with the prevailing market trends to ensure accrual of better revenue to the company.

3. 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.

4. 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.

5. 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

6. 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.

7. 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.

8. 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

(A K Dwivedi)
Partner
M No.: 071584
UDIN: 23071584BGWZLE9927
Place: Lucknow
Date: 15/09/2023

U.P. POWER CORPORATION LIMITED

STANDALONE FINANCIAL STATEMENTS for the F.Y. 2022-23

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

UTTAR PRADESH POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN: U32201UP1999SGC024928

BALANCE SHEET AS AT 31st MARCH, 2023

(Amount in ₹ Crore)

Particulars	Note No.	As at 31st March, 2023	As at 31st March, 2022
ASSETS			
1. Non-Current Assets			
(a) Property, Plant & Equipment	2	59.95	63.43
(b) Capital Work-in-progress	3	0.21	0.30
(c) Intangible Assets	4A	2.44	2.60
(d) Intangible Assets under Development	4B	-	
(e) Financial Assets			
(i) Investments	5	17,279.36	22,135.77
(ii) Loans & Other Financial Assets	6	60,080.04	69,375.54
2. Current Assets			
(a) Inventories	7	0.01	0.01
(b) Financial Assets			
(i) Trade Receivables	8	26,779.74	25,814.42
(ii) Cash and Cash Equivalents	9	2,150.30	3,370.97
(iii) Bank balance other than (ii) above	10	749.84	601.19
(iv) Other	11	15,769.15	12,508.39
(c) Other Current Assets	12	6,648.66	303.55
Total Assets		**125,512.60**	**133,336.47**
EQUITY AND LIABILITIES			
I. Equity			
(a) Equity Share Capital	13	116,467.77	105,679.39
(b) Other Equity	14	(93,245.81)	(77,496.55)
II. Liabilities			
1. Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	15	55,430.47	60,952.33
(ii) Other Financial Liabilities	16	947.31	3,792.19
2. Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	17	14,020.62	10,724.20
(ii) Trade Payables	18	25,610.16	23,364.96
(iii) Other Financial Liabilities	19	4,281.55	2,119.91
Total Equity & Liabilities		**125,512.60**	**133,336.47**

Company Information & Significant accounting policies 1

Notes on Accounts 30

The accompanying notes form an integral part of the financial statements

(Ritesh Grover)
Company Secretary
(Additional charge)

(Kiran Nijhawan)
Chief Financial Officer

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

(Pankaj Kumar)
Managing Director
DIN: 08095154

Date: 15/09/2023
Place: Lucknow

Subject to our report of even date
For D. Pathak & Co.
Chartered Accountants
FRN: 001490C

D.K. Dwivedi
Partner
M.No. 071584

D. PATHAK & CO. LUCKNOW CHARTERED ACCOUNTANTS

UTTAR PRADESH POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW

CIN: [illegible]

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2023

(Amount in ₹ Crore)

	Particulars	Note No.	For the year ended 31st March, 2023	For the year ended 31st March, 2022
I	Revenue from operations	20	68,653.93	54,879.36
II	Other income	21	186.81	137.88
III	TOTAL INCOME (I+II)		68,840.74	55,017.24
	EXPENSES			
	Purchase of Stock-in-Trade (Power Purchased)	22	68,653.93	54,879.36
	Employee benefits expense	23	73.04	93.51
	Finance costs	24	0.05	0.01
	Depreciation and amortization expenses	25	6.32	5.92
	Other expenses			
	(a) Administrative, general & other expenses	26	47.80	42.06
	(b) Repair & maintenance expenses	27	5.77	0.53
	(c) Bad Debts & Provisions	28	14,619.29	6,835.80
IV	TOTAL EXPENSES		83,404.09	61,870.15
V	Profit/(loss) before exceptional items and tax (III-IV)		(14,563.35)	(6,852.91)
VI	Exceptional Items	29	8.89	143.70
VII	Profit/(loss) before tax (V-VI)		(14,572.24)	(6,996.61)
VIII	Tax expense:			
	(a) Current tax		-	-
	(b) Deferred tax		-	-
IX	Profit / (Loss) for the period from continuing operations (VII-VIII)		(14,572.24)	(6,996.61)
X	Profit / (Loss) from discontinued operations		-	-
XI	Tax expenses of discontinued operations		-	-
XII	Profit / (Loss) from discontinued operations (after tax) (X-XI)			-
XIII	Profit / (Loss) for the period (IX+XII)		(14,572.24)	(6,996.61)
XIV	Other Comprehensive Income			
	A (i) Items that will not be reclassified to profit or loss		(1.27)	(5.23)
	(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)**		(14,573.51)	(7,001.84)
XVI	Earnings per equity share (For continuing operation) (Figures in actuals)			
	(1) Basic EPS (Restated)		(126.81)	(66.07)
	(2) Diluted EPS (Restated)		(126.81)	(66.07)
XVII	Earning per equity share (For discontinued operation) (Figures in actuals)			
	(1) Basic EPS		-	-
	(2) Diluted EPS		-	-
XVIII	Earning per Equity Share (For discontinued & continuing operations) (Figures in actuals)			
	(1) Basic EPS (Restated)		(126.81)	(66.07)
	(2) Diluted EPS (Restated)		(126.81)	(66.07)

Company Information & Significant accounting policies 1

Notes on Accounts 30

The accompanying notes form an integral part of the financial statements

([illegible] Grover)
Company Secretary
(Additional Charge)

([illegible] Nijhawan)
Chief Financial Officer

(Nidhi Kumar Narang)
Director (Finance)
DIN: [illegible]

(Pankaj Kumar)
Managing Director
DIN: [illegible]

Date: 15/09/2023
Place: Lucknow

Subject to our report of even date
For D. Pathak & Co.
Chartered Accountants
FRN [illegible]

([illegible])
Partner
M.No. 071504

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 concern 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 15.09.2023.

(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 Crores (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 on on-going 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

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 rate/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 actuarial valuation and has been accounted for on accrual basis.

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

c) Leave encashment has been accounted for on accrual basis.

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(Financial 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 recognition. 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 accounted 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.

(Anish Grover)	(Nitin Nijhawan)	(Nidhi Kumar Narang)	(Pankaj Kumar)
Company Secretary	Chief Financial Officer	Director (Finance)	Managing Director
(Additional Charge)		DIN: 03473420	DIN: 08095154

Date - 15/09/2023
Place: Lucknow

Subject to our report of even date

For D. Pathak & Co.
Chartered Accountants
FRN. 001439C

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

UTTAR PRADESH POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH, 2023

A) EQUITY SHARE CAPITAL

Particulars	Amount (₹ Lacs)
Balance as at 1st April 2021	104,126.45
Changes in Equity Share Capital due to prior period errors	-
Restated balance as at 1st April 2021	104,126.45
Changes during the period	5,552.91
Balance as at 1st April 2022	109,679.38
Changes in Equity Share Capital due to prior period errors	-
Restated balance as at 1st April 2022	109,679.38
Changes during the period	8,788.39
Balance as at 31st March 2023	118,467.77

B) OTHER EQUITY

(Amount in ₹ Crore)

Particulars	For the year ended 31st March, 2023					
	Share application money pending allotment	Reserves & Surplus				Total
		Capital Reserve	Restructuring Reserve	Retained Earning	OCI	
Balance at the beginning of the reporting period	2,533.01	195.91	540.31	(80,556.04)	(7.78)	(77,296.53)
Changes in accounting policy or prior period items	-	-	-	-	-	
Restated balance at the beginning of the reporting period	2,533.01	195.93	540.31	(80,556.04)	(7.78)	(77,296.53)
Total comprehensive income for the year		-	-	(14,572.74)	(1.27)	(14,573.56)
Share application money received	7,913.24	-	-	-	-	7,913.24
Share allotted against application money	(8,788.39)	-	-	-	-	(8,788.39)
Balance at the end of the reporting period	1,657.86	195.93	540.31	(95,128.78)	(9.05)	(93,145.31)

(Amount in ₹ Crore)

Particulars	For the year ended 31st March, 2022					
	Share application money pending allotment	Reserves & Surplus				Total
		Capital Reserve	Restructuring Reserve	Retained Earning	OCI	
Balance at the beginning of the reporting period	313.60	195.95	540.31	(73,564.72)	(3.55)	(72,512.21)
Changes in accounting policy or prior period items	-	-	-	1.29		1.29
Restated balance at the beginning of the reporting period	313.60	195.95	540.31	(73,563.43)	(3.55)	(72,510.92)
Total comprehensive income for the year*	-	-	-	(6,993.61)	(4.23)	(7,000.84)
Share application money received	7,772.14					7,772.14
Share allotted against application money	(5,552.91)	-				(5,552.91)
Balance at the end of the reporting period	2,533.01	195.91	540.31	(80,556.04)	(7.78)	(77,296.53)

* Includes prior period related to 2021-22 amounting to ₹ 1308.05

(Vikash Grover)
Company Secretary
(Additional Charge)

(Nitin Nijhawan)
Chief Financial Officer

(Nidhi Kumar Narang)
Director (Finance)
DIN 03473420

(Pankaj Kumar)
Managing Director
DIN 08095154

Date : 15/09/2023
Place : Lucknow

Subject to our report of even date
For D. Pathak & Co.
Chartered Accountants
FRN 001436C

(A.K. Dwivedi)
Partner
M.No. 071384

D. PATHAK & CO. CHARTERED ACCOUNTANTS LUCKNOW

U.P. POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31st MARCH, 2023

(Amount ₹ in Lacs)

		Particulars	As at 31.03.2023	As at 31.03.2022
A		CASH FLOW FROM OPERATING ACTIVITIES		
		Net Loss before Exceptional Items & Tax	(14,563.35)	(6,853.01)
		Adjustment For:		
	a	Depreciation	6.32	5.42
	b	Interest & Financial Charges	0.65	0.03
	c	Bad Debts & Provision	14,635.28	6,835.30
	c	Interest Income	(158.87)	(123.55)
		Operating Profit Before Working Capital Change	(76.57)	(135.81)
		Adjustment for:		
	a	Inventories	-	0.01
	b	Trade Receivable	(1,016.13)	4,942.34
	c	Other Current Assets	(1,552.38)	147.57
	d	Financial assets others	(3,271.43)	(3,517.25)
	e	Other financial Liab.	2,151.46	111.79
	f	Trade Payable	2,245.20	(3,017.45)
	g	Bank balance other than cash	(140.65)	1,687.20
		NET CASH FROM OPERATING ACTIVITIES (A)	(1,669.50)	518.59
B		CASH FLOW FROM INVESTING ACTIVITIES		
	a	Decrease (Increase) in Property, Plant & Equipment	(1.00)	(3.11)
	b	(Increase)/Decrease in Investments	(9,625.30)	(3,845.78)
	c	Decrease/(Increase) in Loans & Other financial Assets (Non-current)	8,469.68	(5,127.47)
	d	Interest Incomes	158.07	123.53
	e	Decrease (Increase) in Intangible assets	(0.57)	(1.31)
		NET CASH GENERATED FROM INVESTING ACTIVITIES (B)	(999.12)	(8,854.14)
C		CASH FLOW FROM FINANCING ACTIVITIES		
	a	Proceeds from Borrowing	(2,225.46)	495.64
	b	Proceeds from Share Capital	8,788.35	5,312.92
	c	Changes in other equity	(1,375.15)	2,422.50
	d	Other Long Term Liabilities	(2,844.88)	134.29
	e	Interest & Financial Charges	(0.05)	(9.93)
		NET CASH GENERATED FROM FINANCING ACTIVITIES (C)	2,342.85	8,409.32
		NET INCREASE/ (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	(325.77)	73.77
		CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,476.07	2,402.30
		CASH & CASH EQUIVALENTS AT THE END OF THE YEAR	2,150.30	2,476.07

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 reclassified wherever considered necessary

(Jitesh Grover)	(Nitin Nijhawan)	(Nidhi Kumar Narang)	(Pankaj Kumar)
Company Secretary	Chief Financial Officer	Director (Finance)	Managing Director
(Addl. Charge)		DIN: 03473420	DIN: 08095154

Date: 15/09/2023

Place: Lucknow

In terms of our report of even date

Yagnik Pathak & Co.

Chartered Accountants

FRN: 001439C

(R.K. Dwivedi)

Partner

M.No. 071984

D. PATHAK & CO. CHARTERED ACCOUNTANTS LUCKNOW

UTTAR PRADESH POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW

CIN: U32201UP1999SGC024928

NOTE - [illegible] : PROPERTY, PLANT & EQUIPMENT

(Amount in ₹ Crore)

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET CARRYING VALUE
	As at 01.04.2022	Addition	Deduction/ Adjustment	As at 31.03.2023	As at 01.04.2022	Addition	Deduction/ Adjustment	As at 31.03.2023	Balance as at 31.03.2023
Land & Land Rights	4.70	-	-	4.70		-		-	4.70
Buildings	52.02	-	0.05	51.97	19.33	1.74	0.03	21.04	30.93
Other Civil Works	6.74	-	-	6.74	4.58	0.23	-	4.81	1.93
Plant & Machinery	10.77	1.03	-	11.80	5.61	0.52	0.01	6.12	5.68
Lines, Cables Network etc.	0.06	-		0.06	0.01			0.01	0.05
Vehicles	2.24	-	0.22	2.02	1.47	0.14	0.19	1.42	0.60
Furniture & Fixtures	7.36	0.40	-	7.76	2.53	0.46	0.02	2.97	4.79
Office Equipments	29.96	0.55	0.13	30.38	16.89	2.38	0.14	19.13	11.25
Total	113.85	1.98	0.40	115.43	50.42	5.47	0.39	55.50	59.93

NOTE - [illegible] : PROPERTY, PLANT & EQUIPMENT

(Amount in ₹ Crore)

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET CARRYING VALUE
	As at 01.04.2021	Addition	Deduction/ Adjustment	As at 31.03.2022	As at 01.04.2021	Addition	Deduction/ Adjustment	As at 31.03.2022	Balance as at 31.03.2022
Land & Land Rights	4.70		-	4.70	-		-		4.70
Buildings	49.07	2.95	-	52.02	17.64	1.72	0.03	19.33	32.69
Other Civil Works	6.74	-	-	6.74	4.36	0.22	-	4.58	2.16
Plant & Machinery	10.78	(0.01)		10.77	5.19	0.42	-	5.61	5.16
Lines, Cables Network etc.	0.06	-		0.06	0.01	-		0.01	0.05
Vehicles	2.15	0.10	0.01	2.24	1.34	0.17	0.04	1.47	0.77
Furniture & Fixtures	6.88	0.48	-	7.36	2.10	0.44	0.01	2.53	4.83
Office Equipments	27.45	2.51	-	29.96	14.61	2.31	0.03	16.89	13.07
Total	107.82	6.04	0.01	113.85	45.25	5.28	0.11	50.42	63.43

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UTTAR PRADESH POWER CORPORATION LIMITED
14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW
CIN : [illegible]

NOTE - 17 : Capital Work in Progress

(Amount in ₹ crore)

Particulars	As at 01.04.2022		Additions		Deduction/Adjustments		Capitalised	As at 31.03.2023	
Capital Work in Progress *		6.15		2.36		1.46	7.07		7.04
Advances to Contractors									
(material issued for construction of capital works)	0.36		0.04		0.01		-	0.39	
Less: Provision for doubtful advances	(0.02)	0.34	-	0.04		0.01	-	(0.02)	0.37
Total		**6.34**		**2.34**		**0.41**	**7.06**		**0.33**

(Amount in ₹ crore)

Particulars	As at 01.04.2021		Additions		Deduction/Adjustments		Capitalised	As at 31.03.2022	
Capital Work in Progress*		2.55		4.11		-	7.33		6.15
Advances to Contractors									
(material issued for construction of capital works)	0.36		-		-			0.36	
Less: Provision for doubtful advances	0.02	0.34	-	-	-	-	-	0.02	0.34
Total		**2.89**		**4.11**			**7.33**		**6.36**

* It includes Employee cost capitalised to works

NOTE - 4A : Intangible Assets

(Amount in ₹ crore)

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET CARRYING VALUE
	As at 01.04.2022	Addition	Deduction/ Adjustment	As at 31.03.2023	As at 01.04.2022	Addition	Deduction/ Adjustment	As at 31.03.2023	Balance as at 31.03.2023
Software	5.38	0.49	-	5.87	2.58	1.87	-	3.44	2.44
Total	5.38	0.49	-	5.87	2.58	**0.85**	-	3.44	**2.44**

(Amount in ₹ crore)

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET CARRYING VALUE
	As at 01.04.2021	Addition	Deduction/ Adjustment	As at 31.03.2022	As at 01.04.2021	Addition	Deduction/ Adjustment	As at 31.03.2022	Balance as at 31.03.2022
Software	4.08	1.30	-	5.38	1.84	0.74	-	2.58	2.80
Total	4.08	1.30	-	5.38	1.84	0.74	-	2.58	**2.80**

NOTE - 4B : Intangible Assets under Development

(Amount in ₹ crore)

Particulars	As at 01.04.2022	Additions	Deduction/ Adjustments	Capitalised	As at 31.03.2023
Others under development (specify name)		0.49	-	0.49	-
Less: Provision (if any)					
Net Carrying Value		0.49	-	0.49	-

UTTAR PRADESH POWER CORPORATION LIMITED

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NOTE - '5' : INVESTMENTS (NON-CURRENT)

(Amount in ₹ crore)

Particulars	As at 31.03.2023		As at 31.03.2022	
I- LONG TERM INVESTMENT IN EQUITY INSTRUMENT AT COST (Unquoted)				
A) SUBSIDIARIES				
(a) PuVVNL				
[illegible] Equity shares of ₹1000/- each fully paid up	26,291.51		21,204.99	
([illegible] Equity Shares of ₹1000/- each fully paid up)				
Less: Provision for impairment in investment	21,080.95	5,112.55	11,687.25	[illegible]
(b) MVVNL				
[illegible] Equity shares of ₹1000/- each fully paid up	22,794.16		[illegible]	
([illegible] Equity Shares of ₹1000/- each fully paid up)				
Less: Provision for impairment in investment	20,345.91	2,139.42	15,869.31	[illegible]
(c) DVVNL				
[illegible] Equity shares of ₹1000/- each fully paid up	23,441.24		21,443.52	
([illegible] Equity Shares of ₹1000/- each fully paid up)				
Less: Provision for impairment in investment	23,441.24	-	21,443.52	-
(d) PVVNL				
[illegible] Equity Shares of ₹1000/- each fully paid up	17,127.02		16,176.39	
([illegible] Equity Shares of ₹1000/- each fully paid up)				
Less: Provision for impairment in investment	10,573.27	6,553.75	10,571.45	5,604.94
(e) KESCO				
[illegible] Equity Shares of ₹10/- each fully paid up	2,246.21		1,984.76	
([illegible] Equity Shares of ₹10/- each fully paid up)				
From this [illegible] shares are allotted for consideration other than cash pursuant to KESA Zone [illegible] scheme 2000				
Less: Provision for impairment in investment	2,246.21		1,984.76	
(f) Southern UP Power Transmission Co Ltd				
[illegible] Equity Shares of ₹10/- each fully paid up	2.22		2.22	
([illegible] Equity Shares of ₹10/- each fully paid up)				
Less: Provision for impairment in investment	2.22	-	2.22	-
B) OTHERS				
UPJVNL				
[illegible] Equity shares of ₹1000/- each fully paid up	2,211.31		2,211.31	
([illegible] Equity Shares of ₹1000/- each fully paid up)				
From this [illegible] shares are alloted for consideration other than cash				
Less: Provision for impairment in investment	165.77	2,045.54	165.48	[illegible]
II- BONDS				
7.75% PFC Bonds Series 204 (Maturity date 22.03.2027)		123.00		123.00
Total		17,278.36		22,185.77

1. [illegible]
2. [illegible]
3. [illegible]
4. [illegible]
5. [illegible]

alok

D. PATA[illegible] CHARTERED ACCOUNTANTS LUCKNOW

UTTAR PRADESH POWER CORPORATION LIMITED
14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.
[illegible]

NOTE - '6' : LOANS & OTHER FINANCIAL ASSETS (NON-CURRENT)

(Amount in ₹ Crore)

Particulars	As at 31.3.2023		As at 31.03.2022	
A) LOANS (Unsecured / Considered Doubtful)				
NPCL (Licensee)	5.39		5.69	
Interest Accrued & Due	191.43		167.21	
	196.72		172.90	
Less: Provision for bad & doubtful debts, Loans & interest	(196.72)	-	(172.90)	
B) SHARE APPLICATION MONEY PENDING ALLOTMENT IN				
Subsidiary Companies				
PuVVNL	651.99		2,270.30	
MVVNL	606.50		3,357.42	
DVVNL	526.75		993.04	
PVVNL	1,876.15		1,452.17	
NESCO	125.97	3,891.42	244.55	8,317.44
Others				
UPPTCL		100.27		100.27
C) RECEIVABLES ON ACCOUNT OF UDAY BONDS (Unsecured and considered good)				
PuVVNL	21,520.41		22,519.50	
MVVNL	12,505.24		13,195.87	
DVVNL	11,242.52		16,062.54	
PVVNL	5,822.25		6,026.91	
KESCO	2,220.35	55,310.77	2,452.55	60,952.17
D) DEPOSITS				
1. Deposits with Banks				
Deposits having maturity more than twelve months				
a. Earmarked				
i. Debt Service Reserve Accounts (against Bonds Issued)		1,055.87		1,019.77
ii. UPNEDA Corpus Fund		-		44.01
b. Other than Earmarked				42.49
2. Other Deposits				
Deposit with BSE / NSE		0.25		0.25
E) OTHERS				
Receivable from UP Power Sector Employees Trust (UPPSET) *		178.74		178.74
UPNEDA (Unsecured and considered good)		138.21		125.98
UPNEDA (Unsecured and considered doubtful)	13.62		-	
Less: Provision for doubtful advances	13.62			
Other Deposits		17.01		17.01
Securities from suppliers/contractors		5.19		5.19
Overlay Charges		10.46		10.46
Total		**60,880.04**		**69,375.54**

1. The receivables on account of Uday Bonds relates to loan taken and Bonds issued on the behalf of subsidiaries (DISCOMs).

2. The reclassification of deposits having maturity of more than twelve months has been done in the previous year to comply with the requirements of Schedule III of the Companies Act, 2013.

3. In compliance to SEBI Circular No. [illegible] dated [illegible], 2021, [illegible] deposited [illegible] with the Bombay Stock Exchange [illegible] Recovery Expense Fund (REF).

4. The date of maturity of the deposits [illegible] and [illegible] of the next year i.e. 2023-24, hence the same have been classified as other current financial assets this year in Note No. 10.

5. [illegible] receivable from UP Power Sector Employees Trust [illegible] payable by UPPSET to Uttar Pradesh Power Corporation Ltd and balance [illegible] to ₹ 17.96 Crore.

[illegible] UPNEDA [illegible] Crore [illegible] Power Projects for the development of power projects [illegible] ₹ 3.25 Crore.

NOTE - 17 : INVENTORIES

(Amount in ₹ Crore)

Particulars	As at 31.03.2023		As at 31.03.2022	
Stock of Materials - Capital Works	[illegible]		0.14	
Less: Provision for Unserviceable Stores	([illegible])	[illegible]	(0.13)	0.01
Total		0.01		0.01

NOTE - 18 : FINANCIAL ASSETS - TRADE RECEIVABLES (CURRENT)

(Amount in ₹ Crore)

Particulars	As at 31.03.2023		As at 31.03.2022	
TRADE RECEIVABLES				
Unsecured & considered good				
(a) Subsidiaries				
PuVVNL	5,554.53		7,424.51	
MVVNL	6,565.77		8,072.44	
DVVNL	11,271.41		5,317.05	
PVVNL	-		3,482.92	
KESCO	1,245.00		2,259.5	
Adjustments*	5.18		(411.42)	
	28,479.14		27,510.12	
Unbilled revenue **	(292.94)		(130.55)	
	28,186.20		27,379.57	
Less: Provision for Bad & Doubtful Debts	(1,406.46)	26,779.74	(1,550.57)	25,816.42
(b) Others	522.98		522.98	
Less: Provision for doubtful receivables	(522.98)	-	(522.98)	
Total		26,779.74		25,816.42

* Refer Note No. [illegible] of the Notes to Accounts

** [illegible]

[illegible]

NOTE - 19 : FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS

(Amount in ₹ Crore)

Particulars	As at 31.03.2023		As at 31.03.2022	
(a) Balance with Banks				
In Current and Other Accounts (Including [illegible])	1,037.11		1,801.15	
In Fixed Deposit Accounts#				
- Earmarked Balances	592.27		674.42	
- Others	172.66	2,144.93	55.17	2,475.25
(b) Cash on Hand				
Cash on Hand	-		0.51	
Cash Imprest with Staff	0.31	0.31	0.31	0.82
(c) Cheque in hand/Draft		0.76		-
Total		2,150.90		2,476.07

The reclassification of deposits has been done in the previous year to comply with the requirements of [illegible] Companies Act 2013.

NOTE - 20 : FINANCIAL ASSETS - BANK BALANCES OTHER THAN ABOVE

(Amount in ₹ Crore)

Particulars	As at 31.03.2023		As at 31.03.2022	
Deposits having maturity of more than three months but less than twelve months *				
A. Earmarked Balances				
UI Fund Account**	-		0.23	
UPNEDA Corpus Fund #	46.07		-	
Deposit Accounts (against [illegible])	531.51	577.58	452.75	453.0
B. Other than Earmarked Balances		142.??		142.19
Total		719.??		601.19

* The reclassification of deposits having maturity of more than three months but less than twelve months has been done in the previous year to comply with the requirements of Schedule III of the Companies Act 2013.

** [illegible]

Pertains to the corpus fund received from UP New and Renewable Energy Development Agency (UPNEDA) [illegible]

[illegible signatures]

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UTTAR PRADESH POWER CORPORATION LIMITED

14 ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN: U32201UP1999SGC024928

NOTE - '11' : FINANCIAL ASSETS-OTHER(CURRENT)

(Amount in ₹ crore)

Particulars	As at 31.03.2023		As at 31.03.2022	
Receivables (Unsecured) -				
UPRVUNL	9.40		8.66	
UPPTCL	213.59		198.72	
Receivable From IREDA*	11.50		9.16	
Sub Total A	234.49		216.54	
Receivable from Subsidiaries (DISCOMs) (Unsecured) -				
PuVVNL	275.29		261.25	
MVVNL	299.91		284.64	
DVVNL	258.51		240.72	
PVVNL	341.91		314.62	
KESCO	63.59		52.90	
Sub Total B	1,239.21		1,154.13	
Receivable from-				
Employees	0.29		0.15	
Others	685.13		611.61	
Sub Total C	685.42		611.76	
Total (A+B+C)	2,159.12		1,982.43	
Less - Provision for Doubtful Receivables	215.91	1,943.21	198.24	1,784.19
Receivables on account of Loan / Bond				
Unsecured & Considered Good**				
PuVVNL	4,473.30		3,540.17	
MVVNL	3,349.92		2,258.02	
DVVNL	3,376.41		3,012.65	
PVVNL	1,981.32		1,637.32	
KESCO	638.99	13,819.94	267.84	10,724.20
Total		15,763.15		12,508.39

* Receivables from Indian Renewable Energy Development Agency Ltd. (IREDA) (GoI Enterprise) related to subsidy against Power Purchase from renewable energy developers

** Includes Interest on account of Current Maturity of long term borrowings and interest accrued but not due on borrowings

UTTAR PRADESH POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN : U32201UP1999SGC024928

NOTE - '12' : OTHER CURRENT ASSETS

(Amount in ₹ crore)

Particulars	As at 31.03.2023		As at 31.03.2022	
ADVANCES				
Unsecured & Considered Good				
Suppliers / Contractors		0.03		[illegible]
Other Deposits**		[illegible]		-
Indian Energy Exchange Ltd. (for bidding process)		20.00		[illegible]
Tax deducted at source	92.64		56.43	
Tax collected at source	0.46	93.10	41.37	97.80
Fringe Benefit Tax (Net)	0.25		0.25	
Less-Provision for doubtful unadjusted FBT	0.25	-	-	0.25
Receivable from GST Department #		[illegible]		-
Receivables related to Power Purchase (incl. UPPTCL) ##		[illegible]		[illegible]
Income Accrued & Due		[illegible]		[illegible]
Income Accrued but not Due		6.81		[illegible]
Prepaid Expenses		0.01		[illegible]
Inter Unit Transactions		148.17		[illegible]
Total		**1,848.66**		**308.55**

** The deposit has been made in compliance to the direction of the Hon'ble Supreme Court in the case of UPPCL vs M/s Jaiprakash Power Ventures Ltd.

The refund application of the same is pending before Commissioner (Appeal) CGST, Lucknow.

Refer Note No. 24 of Notes to Accounts.

UTTAR PRADESH POWER CORPORATION LIMITED

14-ASHOK MARG, SHANTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

NOTE - 13 : EQUITY SHARE CAPITAL

(Amount in Crore)

Particulars	As at 31.03.2023	As at 31.03.2022
[A] AUTHORISED : 1250000000 Equity shares of par value of ₹1000/- each (previous year 1250000000 Equity shares of par value ₹1000/- each)	125,000.00	125,000.00
[B] ISSUED SUBSCRIBED AND FULLY PAID UP 1184677704 Equity shares of par value ₹1000/- each (previous year 1096793838 Equity shares of par value ₹1000/- each) (out of the above shares 36113400 were alloted as fully paid up pursuant to UP Power Sector Reform Transfer Scheme 2000 for consideration other than cash)	118,467.77	109,679.38
Total	**118,467.77**	**109,679.38**

a) Reconciliation of the shares outstanding at the beginning and at the end of the year:

Particulars	Number of shares	
	31.03.2023	31.03.2022
At the beginning of the year	1,096,793,838	1,041,269,552
add: Issued during the year	87,883,866	55,524,286
less: Buyback of shares during the year	-	-
Outstanding at the end of the year	1,184,677,704	1,096,793,838

b) Terms and rights attached to equity shares

The company has only one class of equity shares having a par value ₹1000/- per share. The holders of the equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their share holding at the meeting of shareholders.

c) Dividends:

Particulars	Paid during the year ended	
	31.03.2023	31.03.2022
Dividends paid and recognised during the year (No dividend has been declared by the Board due to heavy accumulated losses)	NIL	NIL

d) Details of shareholders holding more than 5% shares in the Company:

Particulars	As at 31.03.2023		As at 31.03.2022	
	No. of shares	%age holding	No. of shares	%age holding
Government of UP and its Nominees	1184677704	100%	1096793838	100%

e) Details of shareholding of promoters:

Shares held by promoters as at 31.03.2023			
Promoter Name	No. of shares	%age of total shares	%age changes during the year
Government of UP	1184677704	100%	NIL

Shares held by promoters as at 31.03.2022			
Promoter Name	No. of shares	%age of total shares	%age changes during the year
Government of UP	1096793838	100%	NIL

UTTAR PRADESH POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN: U32201UP1999SGC024928

NOTE - 14: OTHER EQUITY

(A) Reserve and Surplus

(Amount in ₹Crore)

Particulars	As at 31.03.2023		As at 31.03.2022	
Capital Reserve				
Others		195.95		195.95
Other Reserves				
Restructuring Reserve		540.31		540.31
Surplus				
As per last financial statement	(80,565.82)		(71,567.27)	
Change in Accounting Policy or Prior Period Items	-		3.29	
Restated Balance	(80,565.82)		(71,563.98)	
Add: Profit/(Loss) for the year as per statement of Profit & Loss	(14,573.51)	(95,139.33)	(9,001.84)	(80,565.82)
Sub Total (A)		**(94,403.07)**		**(79,829.56)**

Note: 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(2)R/-2014 dated November 3,2015. There is no movement in these reserves balance during the year.

(B) Share Application Money

(Amount in ₹Crore)

Particulars	As at 31.03.2023	As at 31.03.2022
Share Application Money (Pending for allotment to the Govt. of UP)	1,157.86	2,533.01
Sub Total (B)	1,157.86	2,533.01
Total (A+B)	(93,245.21)	(77,296.55)

Reconciliation of Share Application Money

(Amount in ₹Crore)

Share Application Money as at 01.04.2022	Received during the period	Allotted during the period	Share Application money as at 31.03.2023
2,533.01	7413.24	8,788.39	1157.86

Note: The shares against Share Application Money amounting to ₹ 1157.86 crore have been alloted to the GoUP vide Board's Meeting dated 10th April, 2023

D. PATHAK
LUCKNOW
CHARTERED ACCOUNTANTS

UTTAR PRADESH POWER CORPORATION LIMITED

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NOTE - '15' : FINANCIAL LIABILITIES- BORROWINGS (NON-CURRENT)

(Amount in ₹Crore)

Particulars	As at 31.03.2023		As at 31.03.2022	
(A) BONDS ISSUED ON BEHALF OF DISCOMs				
(a) **SECURED**				
PuVVNL	5,226.38		4,934.91	
MVVNL	4,327.46		4,869.94	
DVVNL	4,459.21		4,083.00	
PVVNL	1,447.34		1,223.15	
KESCO	843.10	16,293.20	700.00	15,400.91
(b) **UNSECURED**				
PuVVNL	1,790.70		2,029.03	
MVVNL	1,445.26		1,637.64	
DVVNL	3,009.57		3,410.32	
PVVNL	1,086.27		1,230.79	
KESCO	425.48	7,757.28	482.10	8,789.88
Sub Total (A)		24,050.48		24,190.79
(B) LOANS TAKEN ON BEHALF OF DISCOMS				
(a) **REC- Unsecured**				
PuVVNL	6,502.79		7,297.56	
MVVNL	3,294.23		3,661.92	
DVVNL	3,106.58		3,636.95	
PVVNL	1,730.08		2,113.32	
KESCO	367.67	15,003.25	411.56	17,121.27
(b) **PFC- Unsecured**				
PuVVNL	7,119.06		8,[illegible]64.57	
MVVNL	4,520.39		4,150.62	
DVVNL	3,374.55		4,722.22	
PVVNL	1,555.66		1,590.66	
KESCO	604.88	16,376.74	734.93	19,263.00
(c) **LOANS FROM GoUP ON BEHALF OF DISCOMs- Unsecured**				
PuVVNL	-		93.23	
MVVNL	-		70.75	
DVVNL	-		113.18	
PVVNL	-		60.01	
KESCO	-		23.10	369.27
Sub Total (B)		31,379.99		36,753.54
Total		55,430.47		60,952.33

Note - 1. Details of lender-wise bonds have been annexed with this note (Refer Annexure-I to Note-15)

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

3. [illegible] on behalf of DISCOMs has been made and now there is no balance [illegible] 2023.

UTTAR PRADESH POWER CORPORATION LIMITED
14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW
CIN : U32201UP1999SGC024928

Annexure-I to Note - 15
DISCLOSURE OF BORROWINGS AS REQUIRED IN REVISED SCHEDULE-III OF COMPANIES ACT 2013

SECURED BONDS

(Amount in ₹ Crore)

DISCOM	Bond	As on 31.03.2023	As on 31.03.2022
PuVVNL	8.48% Bond	483.72	644.29
	8.97% Bond	789.00	1,052.00
	9.70% Bond	1,277.00	1,277.00
	9.75% Bond	697.76	883.84
	9.95% Bond	1,117.40	-
	10.15% Bond	861.50	1,076.88
	Total	**5,226.38**	**4,934.91**
MVVNL	8.48% Bond	303.68	404.91
	8.97% Bond	548.53	731.37
	9.70% Bond	1,409.20	1,409.20
	9.75% Bond	429.05	543.46
	9.95% Bond	1,012.20	-
	10.15% Bond	624.80	781.00
	Total	**4,327.46**	**3,869.94**
DVVNL	8.48% Bond	438.05	584.06
	8.97% Bond	924.05	1,232.06
	9.70% Bond	898.80	898.80
	9.75% Bond	595.14	753.85
	9.95% Bond	633.90	-
	10.15% Bond	968.99	1,211.24
	Total	**4,458.93**	**4,680.01**
PVVNL	8.48% Bond	188.24	250.97
	8.97% Bond	359.04	478.74
	9.75% Bond	262.55	332.56
	9.95% Bond	508.80	-
	10.15% Bond	128.70	160.88
	Total	**1,447.33**	**1,223.15**
KESCO	8.48% Bond	82.33	109.77
	8.97% Bond	169.27	225.83
	9.70% Bond	365.30	365.30
	9.95% Bond	216.20	-
	Total	**833.10**	**700.90**
Grand Total		**16,293.20**	**15,408.91**

UNSECURED BONDS

(Amount in ₹ Crore)

DISCOM	Bond	As on 31.03.2023	As on 31.03.2022
PuVVNL	9.70% Bond	1,790.70	2,029.63
MVVNL	9.70% Bond	1,445.26	1,637.04
DVVNL	9.70% Bond	3,009.57	3,410.32
PVVNL	9.70% Bond	1,086.27	1,230.79
KESCO	9.70% Bond	425.48	482.10
Total		**7,757.28**	**8,789.88**

UTTAR PRADESH POWER CORPORATION LIMITED
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CIN - [illegible]

Annexure-II to Note - 15

DISCLOSURE OF BORROWINGS AS REQUIRED IN REVISED SCHEDULE-III OF COMPANIES ACT 2013

(Amount in Crore)

Name of Bank	Repayment Terms: Drawl Date	Repayment Terms: Installment (Months)	Repayment Terms: Repayment Due From	Repayment Terms: ROI (%)	Guaranteed By	Outstanding as on 31.03.2023: Principal	Outstanding as on 31.03.2023: Interest	Total	Current Maturity	After Current Maturity	Default as on 31.03.2023: Principal	Default as on 31.03.2023: Interest	Default as on 31.03.2023: Principal (w.e.f.)	Default as on 31.03.2023: Interest (w.e.f.)	Aggregate Amount of Guaranteed Loans	Security
Long Term Borrowing																
SECURED																
BONDS																
PUVVNL	[illegible]	20/32/24 Quarterly	[illegible]	9.48% to 10.15%		[illegible]	-	6,051.91	[illegible]	5,226.38	-	-				Hypothecation on Current Assets Including receivables, FD, Inventory and Govt. Guarantee (as per terms of BOM of respective Discoms)
MVVNL	[illegible]					[illegible]	-	4,882.14	554.68	4,327.46	-	-				
DVVNL	[illegible]					[illegible]	-	[illegible]	[illegible]	4,458.92	-	-				
PVVNL	[illegible]					[illegible]	-	1,731.96	284.62	1,447.14	-	-				
KESCO	[illegible]					[illegible]	-	917.00	[illegible]	813.10	-	-				
Sub-Total						18896.90		18,896.90	2,603.70	16,293.20						
UNSECURED																
BONDS																
PUVVNL	[illegible]	20/24 Half Yearly	Sep-20	9.70%		[illegible]	-	2,029.53	[illegible]	1,790.70	-	-				Guarantee of GoUP
MVVNL						[illegible]	-	1,637.64	192.38	1,445.26	-	-				
DVVNL						[illegible]	-	[illegible]	400.77	1,009.47	-	-				
PVVNL						[illegible]	-	1,230.79	144.52	1,086.27	-	-				
KESCO						[illegible]	-	482.11	56.61	425.40	-	-				
Sub-Total						8789.91		8,789.91	1,032.63	7,757.28						
Total								27,686.81	3,636.33	24,050.48						
REC																
PUVVNL	Since March 2017	5/38/26/84 /120 MI & 28/32 QTY	Apr-20	8.75% to 10.75%		[illegible]	-	[illegible]	1,786.92	6,527.29	-	-				ESCROW and Guarantee of GoUP
MVVNL						[illegible]	-	4,234.23	1,030.00	3,204.23	-	-				
DVVNL						[illegible]	-	[illegible]	[illegible]	3,190.90	-	-				
PVVNL						[illegible]	-	2,367.28	637.20	1,730.08	-	-				
KESCO						[illegible]	-	535.29	[illegible]	[illegible]	-	-				
Sub Total						18925.04		18,925.04	3,921.79	15,003.25						
PFC																
PUVVNL	Since June 2017	[illegible] /108 MI & 20/28 QTY	[illegible]	8.25% to 11.40%		[illegible]	-	[illegible]	1,955.16	7,110.06	-	-				ESCROW and Guarantee of GoUP
MVVNL						[illegible]	-	5,209.13	1,480.74	3,728.39	-	-				
DVVNL						4754.35	-	4,754.35	1,129.00	3,574.55	-	-				
PVVNL						[illegible]	-	2,425.58	865.02	[illegible]	-	-				
KESCO						[illegible]	-	[illegible]	[illegible]	604.08	-	-				
Sub Total						22203.79		22,203.79	5,827.05	16,376.74						
Total (REC+PFC)								41,128.83	9,748.84	31,379.99						
Grand Total								68,815.64	13,385.17	55,430.47						

UTTAR PRADESH POWER CORPORATION LIMITED

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NOTE - '16' FINANCIAL LIABILITIES- OTHERS (NON-CURRENT)

(Amount in ₹Crore)

Particulars	As at 31.03.2023		As at 31.03.2022	
Provision for Leave Encashment		75.31		80.26
Provision for Gratuity		21.11		17.10
Corpus Fund from UPNEDA*		46.02		44.05
Laibilities against Loan taken on behalf of DISCOMs:				
PuVVNL	288.09		1,005.51	
MVVNL	116.54		707.09	
DVVNL	201.30		858.32	
PVVNL	195.71		996.93	
KESCO	3.23	804.87	3.23	3,650.78
Total		**947.31**		**3,792.19**

* It relates to the Corpus fund received from UP New and Renewable Energy Development Agency (UPNEDA) for providing the facility of Letter of Credit to solar energy developers.

NOTE - '17' : FINANCIAL LIABILITIES- BORROWINGS (CURRENT)

(Amount in ₹Crore)

Particulars	As at 31.03.2023	As at 31.03.2022
a. CC/ Overdraft from Banks:		
Punjab National Bank	50.68	0.03
Bank of India	0.01	-
b. Working Capital Short Term Loan:		
Indian Bank	150.00	-
c. Current Maturity of Long term Borrowings	13,385.17	10,093.58
d. Interest accrued but not due on Borrowings	434.77	630.62
Total	**14,020.63**	**10,724.23**

Note: Details of current maturity of long term borrowings is annexed with this note (Refer Annexure to Note-17)

UTTAR PRADESH POWER CORPORATION LIMITED

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Annexure to Note - 17

Statement of Current Maturity of Long-Term Borrowings

(Amount in ₹ Crore)

F.Y. 2022-23						
Loans taken or Bonds issued on behalf of DISCOMs:						
Sl. No.	Name of the Discom	Bonds		REC	PFC	Total
		Secured	Unsecured			
1	PuVVNL	825.52	238.33	1286.92	1985.16	4,335.93
2	MVVNL	554.68	192.38	1030.00	1480.74	3,257.80
3	DVVNL	854.98	400.77	800.05	1179.80	3,235.60
4	PVVNL	284.62	144.52	637.20	865.92	1,932.26
5	KESCO	83.90	56.63	167.62	315.43	623.58
	Total	2,603.70	1,032.63	3,921.79	5,827.05	13,385.17

F.Y. 2021-22						
Loans taken or Bonds issued on behalf of DISCOMs:						
Sl. No.	Name of the Discom	Bonds	REC	PFC	UP Govt-Other	Total
1	PuVVNL	1,063.86	1,205.70	1,044.45	15.54	3,329.55
2	MVVNL	747.07	754.30	653.19	11.79	2,166.35
3	DVVNL	1,255.75	678.67	674.91	18.86	2,628.19
4	PVVNL	429.14	715.60	492.34	11.50	1,648.58
5	KESCO	140.53	56.06	120.47	3.85	320.91
	Total	3,636.35	3,410.33	2,985.36	61.54	10,093.58

Statement of Interest Accrued but not Due on Borrowings

(Amount in ₹ Crore)

For the period ended 31.03.2023					
Loans Related to DISCOMs					
Sl. No.	Name of the Discom	Bonds	REC	PFC	Total
1	PuVVNL	76.25	0.34	60.78	137.37
2	MVVNL	56.08	0.38	35.66	92.12
3	DVVNL	104.86	0.31	35.64	140.81
4	PVVNL	26.96	0.45	21.65	49.06
5	KESCO	8.41	0.04	6.96	15.41
	Total	272.56	1.52	160.69	434.77

For the period ended 31.03.2022					
Loans Related to DISCOMs					
Sl. No.	Name of the Discom	Bonds	REC	PFC	Total
1	PuVVNL	90.35	60.27	67.85	218.47
2	MVVNL	66.20	27.07	39.73	133.00
3	DVVNL	122.60	27.16	42.00	191.76
4	PVVNL	31.64	8.02	27.13	66.79
5	KESCO	9.80	3.39	7.41	20.60
	Total	320.59	125.91	184.12	630.62

D. PATHAK & CO. CHARTERED ACCOUNTANTS LUCKNOW

UTTAR PRADESH POWER CORPORATION LIMITED

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NOTE '18' - FINANCIAL LIABILITIES- TRADE PAYABLE(CURRENT)

(Amount in ₹Crore)

Particulars	As at 31.03.2023	As at 31.03.2022
Liability for Purchase of Power	25,610.16	23,364.96
Total	25,610.16	23,364.96

NOTE '19' - OTHER FINANCIAL LIABILITIES(CURRENT)

(Amount in ₹Crore)

Particulars	As at 31.03.2023		As at 31.03.2022	
Liability for Capital Supplies/ Works		5.01		5.91
Liability for O&M Supplies / Works		2.64		2.59
Deposits & Retentions from Suppliers & Others		264.07		135.24
Liabilities towards UPPCL CPF Trust*		4.61		0.41
CPF Gratuity		0.25		0.32
Pension & Gratuity Liability towards CPF Trust		5.12		7.38
Staff Related Liabilities		12.54		12.90
Leave Encashment Liabilities		10.57		9.57
Sundry Liabilities		13.91		20.15
Payable to UPNEDA**		21.27		85.65
Payable to UPPTCL		06.76		07.07
Payable to Subsidiaries (DISCOMs)				
(a)Capital Grant/Loan taken on behalf of DISCOMs #				
PuVVNL	127.00		88.51	
MVVNL	130.55		74.50	
DVVNL	149.52		72.25	
PVVNL	92.65	499.00	75.16	310.42
(b) Others***				
PuVVNL	144.35		312.19	
MVVNL	612.29		292.01	
DVVNL	270.21		128.57	
PVVNL	1,104.83		141.42	
KESCO	254.61	[illegible]	[illegible]	897.70
Liabilities for Expenses		18.83		49.14
Provision for loss incurred by the GPF and CPF trust		152.59		143.70
Total		4,281.55		2,119.93

*[illegible] interest on CPF.

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

***[illegible] relates to grant [illegible] from GoUP, miscellaneous receipts from Department of [illegible] on behalf of the subsidiaries and other revenue receipts.

[illegible] relates to Capital Grant / loan taken from GoUP on behalf of the DISCOMs. The repayments against loan outstanding as on [illegible] has been made and now there is no balance of loan as on 31.03.2023 under this head.

D. PATHAK & CO.
LUCKNOW
CHARTERED ACCOUNTANTS

NOTE '20' - REVENUE FROM OPERATIONS

(Amount in Crore)

Particulars	For the year ended 31.03.2023		For the year ended 31.03.2022	
SALE OF POWER				
Subsidiaries				
PuVVNL	15,2[illegible]		[illegible]	
MVVNL	15,763.64		12,875.[illegible]	
DVVNL	11,572.41		10,015.27	
PVVNL	22,218.13		18,817.81	
KESCO	2,171.58		2,307.[illegible]	
Adjustments*	(31.55)	66,6[illegible]	(294.24)	54,879.46
Total		66,652.92		54,879.26

* Refer Note No. 11 (b) of the Notes to Accounts

NOTE '21' - OTHER INCOME

(Amount in Crore)

Particulars	For the year ended 31.03.2023		For the year ended 31.03.2022	
1. Interest from				
Loans to Staff	0.04		-	
Loans to NPCL (Licensee)	25.82		27.46	
Fixed Deposits	115.91		84.84	
Bonds	9.52		9.51	
Others	7.00	158.87	1.19	123.05
2. Other				
Income from Contractors/Suppliers	1.14		0.32	
Rental from Staff	0.82		0.42	
Sale of Tender / Recruitment Examination Fee	25.11		30.21	
Miscellaneous Receipts	0.57	27.94	3.31	34.33
Total		186.81		157.38

UTTAR PRADESH POWER CORPORATION LIMITED

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NOTE '22' - PURCHASE OF POWER

(Amount in ₹ crore)

Particulars	For the year ended 31.03.2023		For the year ended 31.03.2022	
Power purchased from Generators & Traders*		61,605.16		51,411.55
Surcharge**		595.47		(41.70)
Less: [illegible] Interchange & [illegible] charges #		(47.09)		(505.44)
Transmission & Related charges		6,946.[illegible]		4,559.01
Sub Total		69,167.23		55,199.53
Less: Rebate against Power Purchase	242.00		147.15	
Rebate against Power Purchase	273.42	515.42	174.[illegible]	321.17
Total		68,651.81		54,879.36

* It includes the transactions through Indian Energy Exchange Ltd towards the purchase of ₹ 5102.[illegible] crore and sale of ₹ 3456.50 crore. It also includes [illegible] sale of ₹ [illegible] crore to M/s [illegible] Pradesh Power Ltd.

** Negative figure in F.Y. 2021-22 is due to reversal of excess provision [illegible] surcharge made during the F.Y. 2020-21

[illegible] interchanges, the figure can be negative or positive.

NOTE '23' - EMPLOYEE BENEFIT EXPENSES

(Amount in ₹ crore)

Particulars	For the year ended 31.03.2023	For the year ended 31.03.2022
Salary & Allowances	179.16	155.44
Staff Welfare Expenses	0.90	1.49
Pension & Gratuity	22.17	51.73
Interest On CPF Trust	0.11	0.06
Other Terminal Benefits	9.22	2.19
Sub Total	201.54	219.59
Less: Expenses Capitalized	0.16	0.43
Total	201.38	219.16
Less: Employee Cost Allocated to DISCOMs & Others	129.74	125.65
Total	71.64	93.51

NOTE '24' - FINANCE COSTS

(Amount in ₹ crore)

Particulars	For the year ended 31.03.2023	For the year ended 31.03.2022
Bank Charges	-	0.01
Interest on Borrowings for Working Capital	0.05	-
Total	0.05	0.01

O. PATAK & CO. CHARTERED ACCOUNTANTS LUCKNOW

UTTAR PRADESH POWER CORPORATION LIMITED
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NOTE "25" - DEPRECIATION & AMORTIZATION EXPENSES

(Amount in ₹ Crore)

Particulars	For the year ended 31.03.2023	For the year ended 31.03.2022
Buildings	1.34	1.09
Other Civil Works	0.27	0.21
Plant & Machinery	0.51	0.42
Vehicles	0.14	0.14
Furniture & Fixtures	0.46	0.53
Office Equipments	2.18	2.20
Intangible Assets	1.55	0.75
Total	6.32	5.92

NOTE "26" - ADMINISTRATIVE, GENERAL & OTHER EXPENSES

(Amount in ₹ Crore)

Particulars	For the year ended 31.03.2023	For the year ended 31.03.2022
Rent	0.01	0.01
Insurance	0.06	0.02
Communication Charges	1.09	1.33
Legal Charges	13.51	17.91
Auditors Remuneration & Expenses- Audit Fee	0.06	0.06
Consultancy Charges	4.26	4.52
Technical Fees & Professional Charges	17.96	29.89
Travelling and Conveyance	5.00	5.56
Printing and Stationery	0.71	2.52
Advertisement Expenses	1.17	1.27
Electricity Charges	6.21	5.74
Entertainment	0.02	0.01
Expenditure on Trust	0.01	1.12
Miscellaneous Expenses	19.87	20.48
Total	69.14	95.52
Less: Expenses Allocated to DISCOMs & OTHERS	51.64	48.44
Total	27.49	47.08

The previous year figures of Legal Charges, Consultancy Charges and Other Professional charges have been restated [illegible] of their expenses through [illegible]

D. PAGHA[illegible]
LUCKNOW
CHARTERED ACCO[illegible]

UTTAR PRADESH POWER CORPORATION LIMITED

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CIN : [illegible]

NOTE '27' - REPAIR & MAINTENANCE EXPENSES

(Amount in ₹ crore)

Particulars	For the year ended 31.03.2023		For the year ended 31.03.2022	
Plant & Machinery		1.41		2.65
Buildings		1.33		5.51
Civil Works		5.14		-
Vehicles - Expenditure	0.11		0.57	
Less - Transferred to different Capital and O&M Works/Administrative Exp.	(0.11)	-	(0.57)	-
Furniture & Fixtures				0.04
Office Equipments		1.67		2.72
Total		7.21		10.92
Less: R & M EXP. ALLOCATED TO DISCOM & OTHERS		2.15		1.97
Total		5.07		8.95

NOTE '28' - BAD DEBTS & PROVISIONS

(Amount in ₹ crore)

Particulars	For the year ended 31.03.2023	For the year ended 31.03.2022
PROVISIONS		
Doubtful Debts (Sale of Power)	50.01	1,224.17
Financial Assets Others (Current)	12.07	7.27
Doubtful Debts (Loans to [illegible])	25.02	22.56
Other Current Assets	[illegible]	(0.45)
Impairment of investment in DISCOMs and UPPTCL	14,[illegible]	6,[illegible]8.64
Total	14,039.28	6,835.30

1. The negative figures indicate reversal of provisions which were made in earlier years.
2. Impairment of investment in DISCOMs and UPPTCL.
(i) In comparison to the last year, there has been an increase of ₹ [illegible] crore in impairment of investment mainly due to increase of ₹ [illegible] crore in provision for Doubtful Receivables against Sale of Power made in the Previous Current year.

(ii) Due to re-classification of Share Application Money pending Allotment as Non Current Financial Assets this year, the same has not been considered in the computation of the Networth of the DISCOMs and UPPTCL. Accordingly, the amount of Impairment of ₹ [illegible] crore earlier shown in the F.Y. 2021-22 has been restated to ₹ 6928.64 crore to give effect of the reversal of impairment amounting to ₹ [illegible] crore.

(iii) Due to the reclassification of Share Application Money pending Allotment as Non-Current Financial Assets this year, the effect on the impairment of investments this year is ₹ [illegible] crore.

NOTE '29' - EXCEPTIONAL ITEMS

(Amount in ₹ crore)

Particulars	For the year ended 31.03.2023	For the year ended 31.03.2022
Loss incurred by [illegible] investment	-	[illegible]
Loss [illegible] investment by [illegible]	[illegible]	[illegible]
Total	[illegible]	143.79

Refer Note No. [illegible] of the Financial Statements.

U.P. POWER CORPORATION LIMITED

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NOTE NO. 30

Notes On Accounts annexed to and forming part of
Balance Sheet as at 31st March 2023 and Statement of Profit & Loss for the period ended on that date

1. **Brief:**

1.1 Under the U.P. Electricity Reforms Act, 1999 by Govt. of Uttar Pradesh (GoUP), the erstwhile Uttar Pradesh State Electricity Board (UPSEB) was unbundled into the following three separate entities through the first reforms Transfer Scheme dated January 14, 2000:

- Uttar Pradesh Power Corporation Limited (UPPCL): vested with the function of Transmission and Distribution within the State.

- Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVUNL): vested with the function of Thermal Generation within the State.

- Uttar Pradesh Jal Vidyut Nigam Limited (UPJVNL): vested with the function of Hydro Generation within the State.

1.2 U.P. Power Corporation Limited (the "Company") was incorporated under the Companies Act, 1956 (now 2013) 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.

1.3 Under another transfer scheme dated January 15, 2000 the distribution business of Kanpur Electricity Supply Authority (KESA) under UPSEB was transferred to Kanpur Electricity Supply Company Limited (KESCO), a company registered under the companies' act, 1956, as a wholly owned subsidiary company of the UPPCL. The assets, liabilities and personnel of KESA were transferred to KESCO w.e.f. January 15, 2000, vide GoUP notification no. 186/XXIV-1-2000 dated, January 15, 2000.

1.4 Due to division of State of Uttar Pradesh a separate State named as Uttaranchal (now Uttarakhand) came into existence w.e.f. November 09, 2000 and a separate company as Uttaranchal Power Corporation Ltd (now Uttarakhand Power Corporation Ltd.) (UPCL) had taken over commercial operations in the state of Uttarakhand as per Govt. of India's notification no. 42/7/2000-R&R dated November 05, 2001. The assets and liabilities and personnel relating to UPCL w.e.f. November 11, 2001 were transferred vide agreement dated October 12, 2003 with Uttarakhand Power Corporation Ltd.

1.5 After the enactment of the Electricity Act, 2003, the further unbundling of the UPPCL (Responsible for business of both transmission and distribution) was done. Therefore, the following four new distribution companies (DISCOMs) were created as per the Uttar Pradesh Power Sector Reforms (Transfer of Distribution Under Takings) Scheme, 2003 issued vide GoUP's Notification No. 2740/P-1-2003-24-14P/2003 Dated. 12.08.2003:

- Purvanchal Vidyut Vitran Nigam Ltd. (PuVVNL).
- Madhyanchal Vidyut Vitran Nigam Ltd. (MVVNL).
- Dakshinanchal Vidyut Vitran Nigam Ltd. (DVVNL).
- Paschimanchal Vidyut Vitran Nigam Ltd. (PVVNL).

Under this Scheme the role of UPPCL was specified as Bulk Supply Licensee as per the license granted by the commission and as "State Transmission Utility" under sub-section (1) of section 27-B of the Indian Electricity Act, 1910.

1.6 Subsequently, the Uttar Pradesh Power Transmission Corporation Limited (UPPTCL), a Transmission Company (TRANSCO), was incorporated under the Companies Act, 1956 (now 2013) by an amendment in the 'Object and Name' clause of the Uttar Pradesh Vidyut Vyapar Nigam Limited. The Transco is entrusted with the business of transmission of electrical energy to various utilities and open access consumers within the State of Uttar Pradesh. This function was earlier vested with UPPCL. Further, Government of Uttar Pradesh (GoUP), in exercise of power under the Section 30 of the EA 2003, vide notification No. 122/U.N.N.P/24-07 Dated, July 18, 2007, notified Uttar Pradesh Power Corporation Limited as the "State Transmission Utility" of Uttar Pradesh. Subsequently, on December 23, 2010, the Government of Uttar Pradesh notified the Uttar Pradesh Electricity Reforms (Transfer of Transmission and Related Activities Including the Assets, Liabilities and Related Proceedings) Scheme, 2010, which provided for the transfer of assets and liabilities from UPPCL to UPPTCL with effect from April 01, 2007.

1.7 Thereafter, on January 21, 2010, as the successor Distribution companies of UPPCL (a deemed licensee), the Distribution Companies, which were created through the notification of the UP Power Sector Reforms (Transfer of Distribution Undertakings) Scheme, 2003 were issued fresh Distribution Licenses, which replaced the UP Power Corporation Ltd. (UPPCL) Distribution, Retail & Bulk Supply License, 2000.

1.8 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 UPPCL 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 1.5 and 1.6 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.

2. In compliance of section 31 of the Electricity Act 2003, the GoUP vide its Notification NO. 108/24-A [illegible]-22-525-2008 With dated 22[nd] July, 2022 and under the UPSLDC Regulations 2020 and relevant statute has decided to separate the State Load Dispatch Centre from UPPTCL. Under section 131(4) of the Electricity Act, 2003 and the U.P. Electricity Reform Act, 1999, the transfer scheme for UPSLDC Limited has been notified by the GoUP vide its Notification No. 38/XXIV-U.N.N.P-23-525-2008 dated 24[th] May, 2023. The effective date of incorporation of UPSLDC Limited is 22[nd] August, 2022.

3. The receivable from Uttarakhand Power Corporation Ltd. amounting to ₹ 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 ₹ 160.58 Crore payable to Uttarakhand Power Corporation Ltd. by U.P. Power Sector Employees Trust on account of GPF contribution has been adjusted against the above receivable amounting to ₹ 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 ₹ 32.03 Crore i.e. (₹ 192.61 Crore - ₹ 160.58 Crore) has finally been written off and accounted for as Bad Debts in the F.Y. 2018-19.

4. 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.

5. **Employee Benefits**

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

   b. As required by Ind AS 19 (Employee Benefits), the company has measured its liabilities arising from Gratuity for the employees covered under CPF Scheme on the basis of Actuarial Valuation Report dated 18.05.2023 for the F.Y. 2022-23.

   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 18.05.2023 for the F.Y. 2022-23.

   d. The Disclosure with respect to the above point no 5(b) & 5(c) is as below

S.No	Defined benefit plans (Amount ₹ in Crore)	Gratuity		Leave Encashment	
		As on 31.03.2023	As on 31.03.2022	As on 31.03.2023	As on 31.03.2022
1	Assumptions				
	Discount Rate	[illegible]	7.36%	[illegible]	[illegible]
	Rate of increase in Compensation levels	[illegible]	7.00%	[illegible]	[illegible]
	Rate of return on Plan assets	Not Applicable	Not Applicable	Not Applicable	Not Applicable
	Average future service (in Years)	[illegible] Years	24.70 Years	[illegible] Years	[illegible] Years
2	Service Cost				
	Current Service Cost	[illegible]	[illegible]	[illegible]	[illegible]
	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				

S.No	Defined benefit plans:- (Amount ₹ in Crore)	Gratuity		Leave Encashment	
		As on 31/03/2023	As on 31/03/2022	As on 31/03/2023	As on 31/03/2022
	Interest Cost on Defined Benefit Obligation	1.28	0.70	6.25	4.42
	Interest Income on Plan Assets	0.00	0.00	0.00	0.00
	Net Interest Cost (Income)	1.28	0.70	6.25	4.42
4	**Change in present value of obligations**				
	Opening of defined benefit obligations	17.42	10.23	89.80	64.58
	Interest cost	1.28	0.70	6.25	4.42
	Service Cost	1.70	1.19	1.91	1.73
	Benefits Paid	(0.32)	(0.22)	(11.75)	(12.86)
	Actuarial (gain)/loss on total liabilities	1.27	5.23	0.50	27.21
	- due to change in financial assumptions	(0.58)	2.00	(3.00)	(3.88)
	- due to change in demographic assumptions	0.00	0.00	0.00	0.00
	- due to experience changes	1.85	3.23	4.31	31.09
	Closing of defined benefit obligation	21.35	17.42	86.51	89.80
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	0.32	0.22	11.75	12.86
	Benefits paid	(0.32)	(0.22)	(11.75)	(12.86)
	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	(5.23)	0.00	N.A.	N.A.
	Actuarial gain/(loss) on liabilities	(1.27)	(5.23)	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	(6.50)	(5.23)	N.A.	N.A.
8	**The amounts to be recognized in the Balance Sheet Statement**				
	Present value of obligations	21.35	17.42	86.51	89.80
	Fair value of plan assets	0.00	0.00	0.00	0.00
	Net Obligations	21.35	17.42	86.51	89.80
	Amount not recognized due to asset limit	0.00	0.00	0.00	0.00
	Net defined benefit liability/(assets) recognized in balance sheet	21.35	17.42	86.51	89.80
9	**Expenses recognized in Statement of Profit & loss**				
	Service cost	1.70	1.19	1.91	1.73
	Net interest cost	1.28	0.70	6.25	4.42
	Net actuarial (gain)/loss	0.00	0.00	0.50	27.21
	Expenses recognized in statement of Profit & Loss	2.98	2.18	8.45	33.67
10	**Change in Net Defined Obligations**				
	Opening of Net defined benefit liability	17.42	10.23	89.80	64.58
	Service Cost	1.70	1.19	1.91	1.73
	Net Interest Cost	1.28	0.70	6.25	4.42
	Re-measurements	1.27	5.23	0.50	27.21
	Contributions paid to fund	(0.32)	(0.22)	(11.75)	(12.86)
	Closing of Net defined benefit liability	21.35	17.42	86.51	89.80
11	**Sensitivity analysis**				
	Item	As on 31/03/2023	Impact	As on 31/03/2023	Impact
	Base Liability	21.35		86.51	
	Increase in Discount rate by 0.50%	19.68	(1.68)	83.03	(3.47)
	Decrease in Discount rate by 0.50%	23.23	1.87	90.31	3.80
	Increase in salary inflation by 1%	21.26	1.91	94.09	7.58
	Decrease in salary inflation by 1%	19.27	2.08	80.06	(6.45)
	Increase in withdrawal rate by 0.5%	21.41	0.06	86.78	0.27
	Decrease withdrawal rate by 0.5%	21.30	(0.05)	86.22	(0.29)

6. Property, Plant & Equipment:

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 regulations of UPERC (Multi Year tariff for Distribution and Transmission) Regulation, 2019.

7. **Provisions:**

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)

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.

8. Reconciliation of balances of Inter Unit Transactions (IUT) amounting to ₹ 148.17 Crore is under progress (refer Note No. 12 of the Financial Statements).

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

10. Some balances appearing under the heads 'Loans & Other Financial Assets (Non-Current) (including UP Power Sector Employees Trust)-Note 6', 'Financial Assets-Other (Current)-Note 11', 'Financial Liabilities- Trade Payables (Current)-Note 18' and 'Other Financial Liabilities (Current)-Note 19' are subject to confirmation/ reconciliation and subsequent adjustments as may be required.

On an overall basis the assets other than Property, Plant & Equipment-Note 2 ... and Financial Assets-investments (Non-current)-Note 5, 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.

11. In accordance with the provision of Ind AS 8 (Accounting Policies, changes in Accounting Estimates and Errors), prior period errors/omission have been corrected retrospectively by restating the comparative amounts of profit & loss and Balance Sheet for the prior period i.e. F.Y. 2021-22 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. 2021-22, the equity, assets and liabilities of the comparative period has been restated. Further, the previous year's figures which have been regrouped/ reclassified have also been restated retrospectively by stating the comparative amounts of the Balance Sheet and the Statement of Profit & Loss. The details of restated Balance Sheet and the Statement of Profit & Loss items are as under:

A- Balance Sheet

(Amount ₹ in Crore)

S. No.	Particulars	Note	Audited figures as on 31.03.2022	Adjustment	Restated figures as on 31.03.2022	Remarks
I	ASSETS					
1	Non-current assets					
	(a) Property, Plant and Equipment	2	[illegible]	[illegible]	63.41	PPE Adjustment
	(b) Capital work-in-progress	3	0.30	0.00	0.30	
	(c) Intangible assets	4	2.50	0.00	2.50	
	(d) Financial Assets					
	(i) Investments	5	[illegible]	[illegible]	[illegible]	PPE Adjustment (-) [illegible] Regrouping/ Reclassification [illegible] to Note 5
	(ii) Loans & Other Financial Assets	6	[illegible]	[illegible]	[illegible]	Regrouping/ Reclassification in total [illegible] [illegible] from Note [illegible] from Note [illegible] and [illegible] from Note 10
2	Current assets					

S. No.	Particulars	Note	Audited figures as on 31.03.2022	Adjustment	Restated figures as on 31.03.2022	Remarks
	(a) Inventories	7	0.01	0.00	0.01	
	(b) Financial Assets					
	(i) Trade receivables	8	26462.78	(648.36)	25814.42	PPE Adjustments -115.84 and -532.[illegible] regrouping from Note 19
	(ii) Cash and cash equivalents	9	1735.72	737.35	247[illegible]	Regrouping 737.35 from Note 10
	(iii) Bank Balances other than (ii) above	10	2495.20	(1894.01)	601.19	Regrouped total -1894.01 (1156.[illegible] to Note 9 and 737.35 to Note 9) PPE Adjustments 52
	(iv) Others	11	12595.26	(91.22)	12504.[illegible]	Regrouping total -195.84 (-12.57 to Note 18, -1.79 to Note 25, 64.01 from Note 19, -0.50 to Note 12)
	(c) Other Current Assets	12	61[illegible]	(905.0[illegible])	508.55	PPE Adjustment [illegible] Regrouping Reclassification 0.50 from Note 11 [illegible] to Note 16
	Total Assets		132775.28	561.19	133336.47	
II	EQUITY AND LIABILITIES					
	Equity					
	(a) Equity Share Capital	13	109671.35	0.00	109671.35	
	(b) Other Equity	14	(38968.51)	1311.96	(27[illegible]5.55)	PPE Adjustment 1311.96
	LIABILITIES					
1	Non-current liabilities					
	(a) Financial liabilities					
	(i) Borrowings	15	10952.11	0.00	10952.11	
	(ii) Other financial liabilities	16	3792.18	0.00	3792.18	
2	Current liabilities					
	(a) Financial liabilities					
	(i) Borrowings	17	10724.23	0.00	10724.23	
	(ii) Trade payables	18	23717.[illegible]	(152.88)	23564.[illegible]	PPE Adjustment -552.80 Reclassification [illegible]
	(iii) Other Financial Liabilities	19	2317.92	(199.39)	2119.53	PPE Adjustment [illegible] Regrouping [illegible] 64.01 to Note 11 [illegible] from Note 17, [illegible] to Note 28
	Total Equity and Liabilities		132775.28	561.19	133336.47	

B. Profit & Loss Account: (Amount Rs in Crores)

S. No.	Particulars	Note	Audited figures for the year ended 31.03.2022	Adjustment of Prior Period Errors/Regrouping: Related to the Year ended 31.03.2022	Adjustment of Prior Period Errors/Regrouping: Related to the Year ended 31.03.2021 and before	Adjustment of Prior Period Errors/Regrouping: Total	Restated figures for the Year ended 31.03.2022	Equity (Reserve & Surplus) restated for the period ended 31.03.2021 and before
I	Revenue from Operations	20	55122.[illegible]	(272.77)	(79.42)	(352.21)	54871.3[illegible]	(79.42)
II	Other Income	21	137.86	0.00	(0.14)	(0.14)	137.86	(0.14)
III	Total Income (I+II)		55259.[illegible]	(272.77)	(79.61)	(352.34)	55013.24	(79.61)
IV	EXPENSES							
	Purchases of Stock-in-trade (Power Purchase)	22	55152.1[illegible]	(272.77)	(79.42)	(352.21)	54800.[illegible]	(79.42)

S No.	Particulars	Note	Audited figures for the year ended 31.03.2022	Adjustment of Prior Period Errors/Regroupings: Related to the Year ended 31.03.2022	Related to the Year ended 31.03.2021 and before	Total	Restated figures for the Year ended 31.03.2022	Equity (Reserve & Surplus) restated for the period ended 31.03.2021 and before
	Employee benefits expense	23	[illegible]	0.04	[illegible]	[illegible]	93.51	[illegible]
	Finance costs	24	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Depreciation and amortization expenses	25	3.31	[illegible]	[illegible]	2.05	5.02	[illegible]
	Other expenses							
	Administrative, General & Other expenses	26	47.18	[illegible]	0.00	0.56	47.68	[illegible]
	Repair and Maintenance	27	8.55	1.00	[illegible]	[illegible]	8.55	[illegible]
							6813.70	
	Bad Debts & Provisions	28	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
	Total expenses (IV)		6445.57	(1581.42)	(82.90)	(1664.32)	[illegible]	(82.90)
V	Profit/(loss) before exceptional items and tax (III-IV)		[illegible]	1208.65	3.29	1211.94	[illegible]	3.29
VI	Exceptional Items		(143.70)	0.00			(143.70)	
VII	Profit/(loss) before tax (V-VI)		(8017.78)	1208.65	3.29	1211.94	(6805.84)	3.29
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)		(8017.78)	1208.65	3.29	1211.94	[illegible]	3.29
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)		(8017.78)	1208.65	3.29	1211.94	(6805.84)	3.29
XIV	Other Comprehensive Income							
	A (i) Items that will not be reclassified to profit or loss							
	Remeasurement of Defined Benefit Plans (Actuarial Gain or Loss)		(4.21)	0.00	0.00	0.00	(4.21)	
	(ii) Income tax relating to items that will not be reclassified to profit or loss							

S. No.	Particulars	Note	Audited figures for the year ended 31.03.2022	Adjustment of Prior Period Errors/Regrouping: Related to the Year ended 31.03.2022	Related to the Year ended 31.03.2021 and before	Total	Restated Figures for the Year ended 31.03.2022	Equity (Reserve & Surplus) restated for the period ended 31.03.2021 and before
	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)		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Basic EPS		[illegible]				[illegible]	
	Diluted EPS		[illegible]				[illegible]	

12. 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).

Sl. No.	Earnings per share:	31.03.2023	31.03.2022
(a)	Net Profit (loss) after tax (₹ in Crore) (numerator used for calculation)	[illegible]	[illegible]
(b)	Weighted average number of Equity Shares* (denominator for calculating Basic EPS)	[illegible]	[illegible]
(c)	Weighted average number of Equity Shares* (denominator for calculating Diluted EPS)	[illegible]	[illegible]
(d)	Basic earnings per share of ₹ 1000 each (in ₹)	(126.81)	[illegible]
(e)	Diluted earnings per share of ₹ 1000 each (in ₹)	(126.81)	[illegible]

* Calculated on monthly basis

13. 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.

14. Sale/ Purchase of Power:

a. Differential Bulk Supply Tariff (DBST) methodology was used in previous year for allocation of power purchase cost to DISCOMs (as sales to DISCOMs) and in current year F.Y. 2022-23, Average Billing Rate (ABR) methodology is used as per decision of higher management of UPPCL. The effect on Sale to DISCOMs in FY 2021-22 due to change in methodology of allocation of Power Purchase Cost (as Sales to DISCOMs) is as follows:

(Amount ₹ in Crore)

S. No.	DISCOM	Allocation as per new method (ABR) (F.Y. 2021-22)	Allocation as per old method (DBST) (F.Y. 2021-22)	Difference
1	PuVVNL	[illegible]	[illegible]	[illegible]
2	MVVNL	[illegible]	[illegible]	[illegible]
3	DVVNL	[illegible]	[illegible]	[illegible]
4	PVVNL	[illegible]	[illegible]	[illegible]
5	KESCO	[illegible]	[illegible]	[illegible]
	Total	56,215.93	56,215.93	

b. Amount shown as 'Adjustments' in Note No. 08 and 20 of the Financial Statements relates to the adjustment of cost of power purchases not billed to DISCOMs.

c. Quantitative Details of Energy purchased and sold:-

S. No.	Details	As on 31.03.2023	As on 31.03.2022
(i)	Total number of Units purchased	127289.97 MU	123409.88 MU
(ii)	Total number of units sold	120658.71 MU	116885.11 MU
(iii)	%Line Loss	5.27	5.28

15. Payment in foreign currency during the year 2022-23 is *Nil* (previous year-Nil)

16. **Capital Commitments and Contingent Liabilities/ Assets:**

A. Capital Commitments:

S. No.	Details	2022-23 (₹ in Crore)	2021-22 (₹ in Crore)
(i)	Capital Commitments	Nil	Nil

B. Contingent Liabilities:

S. No.	Details	2022-23 (₹ in Crore)	2021-22 (₹ in Crore)
(i)	Power Purchase	9488.21	10083.93
(ii)	Other Contingencies	14.06	15.20*

Contingent Liabilities have been disclosed to the extent ascertainable.

* The amount of Other Contingencies earlier shown in previous year F.Y. 2021-22 as ₹ 1639.21 crore has been restated to ₹ 15.20 crore as the difference amount of ₹ 1624.01 crore (1639.21 - 15.20) is already included in the amount of contingent liability against the Power Purchase of ₹ 10083.93 above.

C. Contingent Assets:

S. No.	Details	2022-23 (₹ in Crore)	2021-22 (₹ in Crore)
(i)	Contingent Assets*	-	4.82

* In F.Y. 2018-19, M/s NHPC had provisionally deducted and deposited TDS of ₹ 0.48 Crore (along with interest payable amounting ₹ 4.82 Crore) to UPPCL which was further billed to Discoms in 2018-19. Hence, the amount of ₹ 4.82 Crore as reflected in 26AS of UPPCL for the year 2018-19 had been disclosed as Contingent Assets from F.Y. 2018-19 to the F.Y. 2021-22. In F.Y. 2022-23 whole amount of interest has been billed by NHPC and the same has now been accounted for in the books of accounts.

17. As per requirement of Section 135 and Schedule VII of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules 2014, every company to which the provisions of Section 135 apply shall spend at least 2% of average net profits made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy. But as per Section 198 of Companies Act 2013, company has incurred losses during the three immediately preceding Financial years. Hence, no provision has been made and no CSR activity has been undertaken by the company in this regard.

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 DISCLOSURE:**

Part-I

I. Names of the Related Parties and Description of Relationship:

A. Related Parties where control exists.

a. Subsidiaries (DISCOMs)
   - i. Purvanchal Vidyut Vitran Nigam Ltd. (PuVVNL)
   - ii. Madhyanchal Vidyut Vitran Nigam Ltd. (MVVNL)
   - iii. Dakshinanchal Vidyut Vitran Nigam Ltd. (DVVNL)
   - iv. Paschimanchal Vidyut Vitran Nigam Ltd. (PVVNL)
   - v. Kanpur Electricity Supply Company Ltd. (KESCO)

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

B. Other Related Parties

Where Transactions have been taken place during the year/previous year/balance outstanding

a. Associates and Related Entities - Nil

b. Joint Venture Corporation - Nil

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

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

2. Disclosure as per Ind AS 27 (Separate Financial Statements)

A. Investment in Subsidiary Companies:

S. No.	Name of Company	Country of Incorporation	Place of Registered Office	Proportion of Ownership Interest	
				As at 31.03.2023	As at 31.03.2022
(i)	Purvanchal Vidyut Vitran Nigam Ltd. (PuVVNL) CIN-[illegible]	India	Varanasi, UP	100%	100%
(ii)	Madhyanchal Vidyut Vitran Nigam Ltd. (MVVNL) CIN-[illegible]	India	Lucknow, UP	100%	100%
(iii)	Dakshinanchal Vidyut Vitran Nigam Ltd. (DVVNL) CIN-[illegible]	India	Agra, UP	100%	100%
(iv)	Paschimanchal Vidyut Vitran Nigam Ltd. (PVVNL) CIN-[illegible]	India	Meerut, UP	100%	100%
(v)	Kanpur Electricity Supply Company Ltd. (KESCO) CIN-[illegible]	India	Kanpur, UP	100%	100%

B. Key Management Personnel –

S.No.	Name	Designation	Period
1	Shri M. Devaraj	Chairman	From [illegible] till date
2	Shri Pankaj Kumar	Managing Director	From [illegible] till date
3	Shri Nidhi Kumar Narang	Director (Finance)	From [illegible].2022 till date
4	Shri [illegible] Kumar Srivastava	Director (Commercial)	From 24.05.2022 till date
5	Shri Kamalesh Bahadur Singh	Director (Corporate Planning)	From 18.06.2022 till date
6	Shri [illegible]	Director (IT)	From 18.06.2022 till date
7	Shri Mrigank Shekhar Dash Bhattacharya	Director (Personnel and Administration)	From 12.07.2022 till date
8	Shri Ajay Kumar Awasthi	Director (P & A)	From [illegible] to [illegible].2022
9	Shri Ashwani Kumar Srivastava	Director (Distribution)	From [illegible] to 23.07.2022
10	Shri [illegible] Kumar Awasthi	Chief Finance Officer	From 08.03.2020 to [illegible].2022
11	Shri [illegible]	Chief Finance Officer	From 01.12.2022 till date
12	Smt. Jyoti Arora	Company Secretary	From [illegible].2021 to [illegible].2022
13	Shri [illegible]	Company Secretary (additional charge)	From 27.08.2022 till date

C. Nominee Directors :

S.No.	Name	Designation	Period
1	Shri Guru Prasad Porwal	Nominee Director	From 23.07.2021 till date
2	Shri Anupam Shukla	Nominee Director	From [illegible].2022 till date
3	Smt. Neha Sharma	Nominee Director	From [illegible].2022 till date
4	Shri Neel Ratan Kumar	Nominee Director	From [illegible] till date
5	Shri Jawed Aslam	Nominee Director	From [illegible] to [illegible].2022
6	Shri [illegible] Lal Varma	Nominee Director	From [illegible].2022 till date
7	Shri Sanjay Kumar Srivastava	Nominee Director	From [illegible].2021 to [illegible].2022
8	Shri Anil Kumar	Nominee Director	From [illegible].2022 to [illegible].2022
9	Shri Sanjay Kumar Singh	Nominee Director	From [illegible].2021 till date

D. Relatives of Key Managerial Personnel (if any)
(Where transactions have taken place during the year or/and balances outstanding)
- Nil

Part-II

Details of Related Party Transactions

A. Transactions with Subsidiaries and Employee Benefit Funds

(Amount ₹ in Crore)

S. No.	Particulars	Subsidiaries	Employee Benefit Funds	
			CPF Trust	GPF Trust
1	Sale of Power (excluding adjustments)	[illegible]	-	-
2	Allocation of Common Expenditure	[illegible]	-	-
3	Investment in Equity	[illegible]		
4	Share Application Money	[illegible]		
5	Receivables on account of loans/funds taken on behalf of DISCOMs (Note [illegible])	[illegible]	-	-
6	Trade Receivables (Note [illegible])	[illegible]		
7	Other Receivables (Note [illegible])	[illegible]	-	-

S. No.	Particulars	Subsidiaries	Employee Benefit Funds	
			CPF Trust	GPF Trust
8	Payables against Loan (Note 16)	17,815.[illegible]	-	-
9	Payables against Capital Grant Loan (Note 19)	85.[illegible]	-	-
10	Other Payables (Current other than Loan) (Note 19)	2,319.8[illegible]	-	-
11	CPF Contribution made to Trust (Employer's & Employees') (Note 19)	-	1.[illegible]	-
12	GPF Contribution made to Trust (Employer's & Employees') (Note 19)	-	-	-
13	PF Contribution made to Trust (Employer's & Employees') (Note 19)	-	-	[illegible]
14	Employer Contribution on account of Pension & Gratuity (Note 19)	-	-	[illegible]
	Total	**[illegible]**	**1.91**	**[illegible]**

B. Transactions with GoUP Related Power Sector Entities

(Amount in Crore)

S. No.	Particulars	GoUP Related Power Sector Entities (Under Same Government)			Key Management Personnel
		UPRVUNL	UPJVNL	UPPTCL	
1	Purchase of Power	12,[illegible]	[illegible]		-
2	Allocation of Common Expenditure	[illegible]	[illegible]	18.[illegible]	
3	Investment in Equity	-	-	-	-
4	Share Application Money		-	-	-
5	Other Receivables	[illegible]	-	[illegible]	-
6	Other Payables	[illegible]	[illegible]	-	-
7	Salary Expense	-	-	-	[illegible]
8	Travelling and Other Allowances	-		-	[illegible]
9	Payment to Foreign Company (ILAS)	-	-	-	-
10	CPF Lease Salary Contribution		-		[illegible]
11	Others not specified above		-	-	[illegible]
	Total	**11,[illegible]**	**155.68**	**35.31**	**3.48**

Part-III

Details of DISCOM wise Related Party Transactions

During the year ended 31.03.2023

(Amount in Crore)

S. No.	Name of DISCOM	Nature of Transaction								
		Sale of Power (Note 20)	Advances of Common Expenditure (Note 22, 26 & 27)	Investment in Equity (Note 3)	Share Application Money (Note 4)	Loans/Bonds taken on behalf of DISCOMS (Receivable) (Note 6 & 11)	Trade Receivables (Note 9)	Other Receivables (Note 11)	Other Payables (Note 16 & 19)	Total
1	PuVVNL	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	MVVNL	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	DVVNL	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	PVVNL	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	KESCo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total		**68,465.52**	**[illegible]**	**[illegible]**	**[illegible]**	**(2,426.12)**	**[illegible]**	**[illegible]**	**[illegible]**	**[illegible]**

Part-IV

Balances outstanding (Closing Balances)

(Amount in Crore)

S. No.	Name of Related Party	Balances as at 31.03.2023	Balances as at 31.03.2022
A	Subsidiaries (Note 5, 6, 8, 11, 16, 19)		
1	Purvanchal Vidyut Vitran Nigam Ltd	[illegible]	[illegible]
2	Madhyanchal Vidyut Vitran Nigam Ltd	[illegible]	[illegible]
3	Dakshinanchal Vidyut Vitran Nigam Ltd	[illegible]	[illegible]
4	Paschimanchal Vidyut Vitran Nigam Ltd	[illegible]	[illegible]
5	Kanpur Electricity Supply Company Ltd	[illegible]	[illegible]
B	Employee Benefit Funds		
1	UP Power Sector Employees Trust (Note 16, 19)	[illegible]	[illegible]
2	UP Power Corporation Employees Contributory Provident Fund Trust (Note 19)	127.[illegible]	[illegible]
C	GoUP Related Power Sector Entities		
1	UP Rajya Vidyut Utpadan Nigam Limited (UPRVUNL) (Note 11 - Balances under A/C Code 41.112 & 41.212)	[illegible]	[illegible]

S.No.	Name of Related Party	Balances as at 31.10.2023	Balances as at 31.10.2022
2	U.P. Jal Vidyut Nigam Ltd. (UPJVNL) (Note 19: Other Receivables, A/C Code 41.11 & 41.217)	1724.41	1744.75
3	U.P. Power Transmission Corporation Ltd. (UPPTCL) (Note 11 & 26: A/C Code 28.50 Balance [illegible])	2699.57	2307.99

*It includes investment in equity of ₹ 2211.34 Crore

20. Government Grants and Subsidies:

a. Grants / Subsidies received under different schemes for DISCOMs are treated initially as payable to DISCOMs and subsequently are transferred to DISCOMs concerned.

b. During the period Capital Grant ₹ 498.00 Crore, Revenue Grant/Subsidy of ₹ 21862.37 Crore and Additional Subsidy for Operational Loss funding (RDSS) of ₹ 8007.72 Crore have been received from Govt. of U.P. (including other department on behalf of the DISCOMs and have also been distributed to the DISCOMs. Necessary entries are accounted for in the books of DISCOMs in the respective functional heads. The DISCOMS wise details are furnished below.

FY 2022-23 (Amount ₹ in Crore)

Particulars	PuVVNL	MVVNL	DVVNL	PVVNL	KESCO	Total
Capital Grant/ Subsidy	127.00	70.50	148.50	[illegible]	-	498.00
Revenue Grant/ Subsidy*	5[illegible].68	4751.23	4475.10	[illegible]53.28	[illegible].28	21862.37
Additional Subsidy for Operational Loss Funding (RDSS)	2881.13	[illegible]	[illegible]	[illegible]	456.24	8007.72
Total	**8009.81**	**7285.79**	**5901.64**	**7734.24**	**447.52**	**30368.09**

* It includes [illegible]

FY 2021-22 (Amount ₹ in Crore)

Particulars	PuVVNL	MVVNL	DVVNL	PVVNL	KESCO	Total
Capital Grant/ Subsidy	-	-	6.10	-	-	6.10
Revenue Grant/ Subsidy	5309.15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Additional Subsidy for Operational Loss funding (Action Plan)	1700.05	[illegible]	1120.[illegible]	[illegible]	278.51	5372.50
Total	**7009.20**	**5303.46**	**4250.81**	**5479.19**	**372.79**	**22395.45**

c. It has been clarified by the GoUP vide its circular no. 1772/24-1-2023-09/2023 dated 05 July, 2023, that the provision of ₹ 5372.50 Crore and ₹ 8007.72 Crore made in the Budget for the year 2021-22 and 2022-23 are not related to UDAY Scheme but are related towards funding against losses as per ACTION PLAN and Revamped Distribution Sector Scheme (RDSS). The details of Subsidy/Fund received from GoUP under the above schemes and distributed the same to the subsidiaries (DISCOMs) are as under :

(Amount ₹ in Crore)

S.No.	Name of DISCOMs	Amount Allocated and Distributed: Year 2022-23 RDSS	Year 2021-22 Action Plan
1	PuVVNL	2881.13	1700.05
2	MVVNL	2431.59	[illegible]
3	DVVNL	952.01	[illegible]
4	PVVNL	[illegible]	845.83
5	KESCO	456.24	278.51
Total amount received from GoUP		**8007.72**	**5372.50**

d.

i. As per GO no. 445-I-21-771 (Budget)/2020 dated 05.11.2021, GoUP has accepted to provide additional revenue subsidy of ₹ 39,743 Crore to the DISCOMs (subsidiaries) for the period 2007-08 to 2019-20 as approved by the UPERC through its Tariff True-up orders issued from time to time.

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

S.No.	Name of DISCOM	Amount (₹ in Crore)
1	PuVVNL	12,36[illegible]
2	MVVNL	[illegible]

3	DVVNL	[illegible]
4	PVVNL	[illegible]
5	KESCO	[illegible]
	Total	[illegible]

iii. As per the above GO, the subsidies of ₹ 20940.00 Crore (₹ 14661.54 Crore of revenue subsidy and ₹6278.46 Crore of UDAY loss) is receivable from the GoUP in favour of DISCOMs through the company (UPPCL) and the same are to be paid by the GoUP in 10 years beginning from 2021-22. DISCOM wise details are as under:

S.No.	Name of DISCOM	Amount (₹ in Crore)
1	PuVVNL	8115.54
2	MVVNL	[illegible]
3	DVVNL	2154.64
4	PVVNL	[illegible]
5	KESCO	540.24
	Total	20,940.00

iv. The details of the amount received against the subsidiaries of ₹ 20940.00 Crore are as under:

(Amount ₹ in Crore)

Particulars	PuVVNL	MVVNL	DVVNL	PVVNL	KESCO	Total
Balance as on 31.03.2021	8115.54	[illegible]	2154.64	[illegible]	540.24	20940.00
Received during 2021-22	975.12	63.12	[illegible]	[illegible]	[illegible]	[illegible]
Balance as on 31.03.2022	7140.42	[illegible]	1951.42	[illegible]	[illegible]	[illegible]
Received during 2022-23	975.12	63.12	[illegible]	[illegible]	[illegible]	[illegible]
Balance as on 31.03.2023	6165.30	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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

f. As per approved ARR and Tariff for State DISCOMs for FY-2022-23, ARR for FY-2021-22 and true up for 2020-21, the UPERC has observed that there is shortfall in subsidy of ₹1170.75 Crore that is required by DVVNL, MVVNL and PVVNL whereas in PuVVNL there is surplus as detailed below:

Name of DISCOMs	Deficit/ Surplus Subsidy (₹ in Crore)
PuVVNL	[illegible]
MVVNL	[illegible]
DVVNL	[illegible]
PVVNL	[illegible]
KESCO	-
Total	1170.76

In respect of the above, UPERC has directed to approach the GoUP for the aforesaid subsidy. Accordingly, UPPCL approached the GoUP and the GoUP has approved ₹ 1000 Crore in its Budget for the year 2022-23 against the shortfall in subsidy of ₹ 1170.76 Crore. The UPPCL has proportionately allocated ₹ 1000 Crore amongst the DISCOMs as under: -

Name of DISCOMs	Amount (₹ in Crore)
[illegible]	[illegible]
MVVNL	[illegible]
DVVNL	[illegible]
PVVNL	[illegible]
Total	1000.00

g. The DISCOMs (subsidiaries) have accounted for ₹[illegible] Crore and ₹6278.00 Crore towards revenue subsidy and UDAY loss Grant respectively, as stated above, in their account for the year 2020-21 and therefore, due to impact on the net worth of the DISCOMs for the FY-2020-21, the company (UPPCL) has reversed the provision for impairment in investment of DISCOMs amounting to ₹17609.17 Crore in the year 2020-21 from the accumulated provision of ₹ [illegible] Crore created up to 2019-20, for the same.

h. In compliance of the Supreme Court order, provisions have been made in accounts in respect of differential tariff claim of two Solar Power Generators (M/s Adani Green Energy (UP) Ltd. and M/s Saharanpur Energy Pvt Ltd.). Further, the accounting for subsidy portion receivable from UPNEDA against claimed amounts has not been done in compliance of Prudence Principle of accounting.

21. Equity share capital includes ₹ 1075.55 Crore received from GoUP under the Uttar Pradesh Power Distribution Network Project (UPPDNP) against which company has already invested ₹ 1258.19 Crore with DISCOMs. DISCOM wise break up of investment is given below:

(₹ in Crore)

Sr No.	Name of DISCOM	Equity received from GoUP as on 31.03.23 against UPPDNP	Fund released as investment in equity of DISCOMs (F.Y. 2022-2023)	Fund released as investment in equity of DISCOMs (F.Y. 2020-21)	Fund released as investment in equity of DISCOMs (F.Y. 2020-21)	Total
1	PuVVNL	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	MVVNL	261.96	54.16	78.27	49.83	311.05
3	DVVNL	392.45	392.37	69.9	34.12	[illegible]
4	PVVNL	72.63	18.09	22.97	17.66	58.72
	Total	1075.55	842.42	285.36	130.41	1258.19

The balance amount of ₹ 182.64 Crore (₹ 1258.19 Crore - ₹ 1075.55 Crore) is to be reimbursed by the Government of U.P. and shown as Equity Investment in DISCOMs.

22. Earmarked Bank Balances, ESCROW Accounts, and Bank Credits (working capital):

a. The details of banks accounts earmarked for repayment of Bond/Corpus Fund are as under.

(₹ in Crore)

Bank Name	Account Name	Bank Balance	FDR Balance	Accrued Interest
HDFC (Bond)	DSRA SERIES 1 A/C	-	213.80	0.94
	BOND SER ESCROW A/C	-	[illegible]	0.29
	BOND SER ESCROW 2 A/C	-	[illegible]	0.07
	DSRA SERIES 2 A/C	-	[illegible]	[illegible]
SBI	UP POWER CORPORATION LIMITED RETURN REGULATORY FUND	-		-
ICICI Bond	DISTRIBUTION NETWORK REHABILITATION A/C	-		-
	[illegible]	-	182.75	2.09
	UPPCL [illegible] SERVICE RESERVE A/C		[illegible]	-
	UPPCL BOND SERVICING SERIES 1 A/C		242.34	1.57
	[illegible] SERVICE RESERVE A/C	-	481.48	
	UPPCL BOND SERVICE A/C SERIES II 2022	-	[illegible]	-
	UPPCL DEBT SERVICE RESERVE A/C BOND SERIES I 2022	-	[illegible]	-
	UPPCL BOND SERVICE A/C SERIES III 2022	-	[illegible]	-
	UPPCL DEBT SERVICE RESERVE A/C BOND SERIES III 2022	-	171.28	
Corpus Fund	ICICI [illegible]	-	[illegible]	-
	Total	-	2324.64	4.79

b. Bank Balances (ESCROW Accounts for Power Purchases:

(₹ in Crore)

Bank name	Account name	A/c no.	Balance
SBI Ashok Marg	PURVANCHAL VIDYUT VITRAN NIGAM	[illegible]	
	DAKSHINANCHAL VIDYUT VITRAN NIGAM	[illegible]	[illegible]
	PURVANCHAL VIDYUT VITRAN NIGAM	[illegible]	-
	MADHYANCHAL VIDYUT VITRAN NIGAM LTD ESCROW A/C	[illegible]	-
	PASCHIMANCHAL VIDYUT VITRAN NIGAM LTD ESCROW A/C	[illegible]	
	PURVANCHAL VIDYUT VITRAN NIGAM LTD ESCROW A/C	[illegible]	-
	DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD ESCROW A/C	[illegible]	-
	UP POWER CORPORATION LTD PVVNL	[illegible]	-
	PASCHIMANCHAL VIDYUT VITRAN NIGAM LTD [illegible] ESCROW A/C	[illegible]	-
	UP POWER CORPORATION LTD MVVNL	[illegible]	-
	UPPCL ESCROW A/C [illegible]	[illegible]	[illegible]
	UPPCL ESCROW A/C [illegible]	[illegible]	[illegible]
	UPPCL ESCROW A/C [illegible]	[illegible]	-
PNB [illegible]	ESCROW A/C FOR [illegible] UPPCL	[illegible]	-
	MADHYANCHAL VIDYUT VITRAN NIGAM LTD ESCROW A/C [illegible]	[illegible]	-
	DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD AGRA ESCROW A/C [illegible]	[illegible]	-
	PASCHIMANCHAL VIDYUT VITRAN NIGAM	[illegible]	-
	MADHYANCHAL VITRAN NIGAM LTD	[illegible]	-
	PASCHIMANCHAL VIDYUT VITARAN LTD	[illegible]	-
	PURVANCHAL VIDYUT VITRAN NIGAM LTD	[illegible]	[illegible]
	MADHYANCHAL VIDYUT VITRAN NIGAM LTD	[illegible]	-
	DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD	[illegible]	-
	[illegible] ESCROW	[illegible]	[illegible]
	[illegible] ESCROW	[illegible]	

Bank name	Account name	A/c no.	Balance
	UPPCL LALITPUR ESCROW A/C	[illegible]	6.75
PNB Hazratganj	PASCHIMANCHAL VIDYUT VITARAN LTD	[illegible]	-
	PURVANCHAL VIDYUT VITARAN NIGAM LTD	[illegible]	-
	UP POWER CORPORATION LTD - MVVNL	[illegible]	1.39
	UP POWER CORPORATION LTD - PAVVNL	[illegible]	
	UP POWER CORPORATION LTD - DVVNL	[illegible]	
	UP POWER CORPORATION LTD - PAVVNL	[illegible]	-
	UP POWER CORPORATION LTD (BAJAJ)	[illegible]	6.11
	UP POWER CORPORATION LTD (ANPARA)	[illegible]	
	UP POWER CORPORATION LTD (LALITPUR)	[illegible]	[illegible]
Bank of Baroda	UPPCL ESCROW DVVNL	[illegible]	1.45
	UPPCL ESCROW PAVVNL	[illegible]	-
	PURVANCHAL VIDYUT VITARAN NIGAM LTD	[illegible]	-
	ESCROW A/C DVVNL	[illegible]	2.28
	MADHYANCHAL VIDYUT VITARAN NIGAM LTD	[illegible]	[illegible]
[illegible] Bank	UPPCL LALITPUR POWER GENERATION CO LTD ESCROW A/C	[illegible]	5.87
	UPPCL ROSA POWER SUPPLY PAYMENT ESC A/C	[illegible]	[illegible]
	UPPCL LANCO DEFAULT ESCROW A/C	[illegible]	-
	UPPCL BAJAJ ENERGY DEFAULT ESCROW A/C	[illegible]	1.57
HDFC Bank	UPPCL ROSA DEFAULT ESCROW A/C	[illegible]	1.78
	UPPCL LPGCL ESCROW A/C	[illegible]	-
	UPPCL WIND SERVICES ESCROW A/C	[illegible]	-
	UPPCL WIND SERVICES ESCROW A/C [illegible]	[illegible]	
AXIS Bank	UPPCL ROSA POWER SUPPLY PAYMENT ESCROW A/C	[illegible]	[illegible]
	Total		65.52

c. UPPCL has availed working capital facilities amounting to ₹[illegible] Crore from various banks. As per the sanction terms and conditions PNB has sanctioned ₹150.00 Crore as CC limit and the remaining banks i.e. Indian Bank (₹4500.00 Crore), ICICI Bank(₹1000.00 Crore), Central Bank Of India (₹1050.00 Crore), HDFC Bank(₹30.00 Crore) and Bank of India (₹500.00 Crore) and PNB (₹[illegible] Crore), have sanctioned residual Limit of ₹[illegible] Crore as OD/WCDL facility.

As on 31.03.2023, UPPCL availed ₹208.69 Cr from below mentioned banks-

(Amount ₹ in Crore)

Bank Name	WCL	OD/CC
Indian Bank (OD)	150.00	-
PNB CC	-	40.72
PNB OD	-	[illegible]
[illegible] OD	-	[illegible]
Total	150.00	58.69

23. The guarantee issued by GoUP in favor of various Banks / FIs and trustees of bonds issued by company as a security stood at ₹ 96,212.99 Crore as on 31.03.2023 against ₹ 95,036.65 Crore as on 31.03.2022.

24. Receivables related to Power Purchase (₹ 1567.90 Crore)

The above includes the following towards the debit balances related to power purchases from generators as detailed below

(Amount ₹ in Crore)

Sl. No.	Balances	Remarks
i	[illegible]	It relates to debit notes issued to M/s Rosa Power Company Ltd. for the month of April 2015 towards the recovery as per UPERC's Order but the recovery against the above debit notes is still stayed as per APTEL's order dated 29.05.2018.
ii	[illegible]	It relates to unscheduled interchange charges receivable from generators (Northern Railway, NPCL and Chunar Cement Factory Ltd.). The UI charges may be payable or receivable depending upon deviation from the schedule and also subject to the load condition at that point of time.
iii	[illegible]	It relates to the regular amounts paid to the UPPCL Powergrid Rampur Sambhal and [illegible]
iv	[illegible]	It relates to the debit balances against the old generators and the same are under reconciliation.
v	[illegible]	It relates to the amount receivable from Indian Energy Exchange Ltd against purchase and sale through it.
Total	1567.90	

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

a. The status of Bonds issued by the Company for the DISCOMs as on 31.03.2023 are as under:

S. No	Details of Bonds	Amount of Bonds (₹ in Crore)	No of Bonds	Maturity date	Date of issue	Face Value (₹ in Lakh)	Rate of interest	Previous due date of interest payment	Paid or not	Next date of interest payment	Amount of interest Payable on next due date (₹ in Crore)	Next due date of principal payment	Principal Amount Payable on next due date (₹ in Crore)	Security	Outstanding As at 31.03.2023 (₹ in Crore)	Outstanding As at 31.03.2022 (₹ in Crore)
1	UPPCL State Govt Serviced Bond series II/2022	3445.00	34450	22.01.2032	07.11.2022	10	[illegible]	20.01.2023	Paid	[illegible]	[illegible]	[illegible]	[illegible]	Hypothecation on Current Assets including Receivables, ESCROW, and Govt. Guarantee (as per terms of IM's of respective issuance)	[illegible]	-
2	UPPCL State Govt Serviced Bond series I/2022	3931.30	39313	22.03.2032	30.03.2022	10	[illegible]	[illegible]	Paid	30.06.2023	95.55	30.06.2023	123.48		[illegible]	3931.30
3	UPPCL Bond Series II/2017-18	[illegible]	[illegible]	[illegible]	27.03.2018	10	[illegible]	20.01.2023	Paid	20.04.2023	50.54	20.04.2023	161.[illegible]		[illegible]	[illegible]
4	UPPCL Bond Series I/2017-18	4495.20	44952	20.10.2027	08.12.2017	10	[illegible]	20.01.2023	Paid	20.04.2023	[illegible]	20.04.2023	132.20		[illegible]	[illegible]
5	UPPCL Bond Series IV/2016-17	[illegible]	[illegible]	[illegible]	27.03.2017	10	[illegible]	15.01.2023	Paid	15.04.2023	[illegible]	15.04.2023	[illegible]		[illegible]	[illegible]
6	UPPCL Bond Series III/2016-17	[illegible]	[illegible]	15.02.2027	[illegible]	10	[illegible]	15.01.2023	Paid	15.04.2023	[illegible]	15.04.2023	[illegible]		3720.00	[illegible]
	Total	27427.90	274279	-	-	-	-	-	-	-	[illegible]	-	[illegible]		[illegible]	[illegible]

B. **Credit Rating:**

The position of Credit Rating obtained from various agencies is given below:

Current Rating (as on 31.03.2023):

Particulars	Ratings		
Bond Amount	4498.20 Crore & 5491.00 Crore	6510.00 Crore & 5489.58 Crore	2951.20 Crore & 2488 Crore
CRISIL Rating	A+(CE)/Stable	-	A+(CE)/Stable
India Rating	IND A+(CE)/Stable	IND AA(CE)/Stable	IND A+(CE)/Stable
Brickwork Rating	BWR AA-(CE)/Stable	BWR AA(CE)/Stable	-

Previous Rating (as on 31.03.2022):

Particulars	Ratings		
Bond Amount	4498.20 Crore & 5491.00 Crore	6510.00 Crore & 5489.50 Crore	2951.20 Crore
CRISIL Rating	A+(CE)/Stable	-	A+(CE)/Stable
India Rating	IND A+(CE)/Stable	IND AA(CE)/Stable	IND A+(CE)/Stable
Brickwork Rating	BWR AA-(CE)/Stable	BWR AA(CE)/Stable	-

There is no Change in Credit Rating as compared to previous year.

C. The following Bonds issued by the company are secured as per the details:-

ISIN	Scrip Code	Maturity	Secured By way of	Amount (₹ in Crore)	Present Outstanding (₹ in Crore)	Date of creation of security
INE540P07208	957295	29-10-2027	Hypothecation on current assets including receivables of UPPCL and Govt. Guarantee	4498.20	2515.30	06-12-2017
INE540P07216	957296					
INE540P07224	957297					
INE540P07251	957298					
INE540P07269	957299					
INE540P07319	957806	20-03-2028	Hypothecation on current assets including receivables of UPPCL and Govt. Guarantee	5491.00	1220.60	24-03-2018
INE540P07327	957807					
INE540P07335	957808					
INE540P07343	957809					
INE540P07350	957810					
INE540P07368	975872	27-03-2032	Hypothecation on current assets including receivables of UPPCL and Govt. Guarantee	2951.20	2951.20	28-03-2022
INE540P07376	975857					
INE540P07384	975800					
INE540P07392	975852					
INE540P07400	975856					
INE540P07418	975854					
INE540P07426	975855					
INE540P07434	975803					
INE540P07442	974251	23-03-2032	Hypothecation on current assets including receivables of UPPCL and Govt. Guarantee	2488.00	2488.00	05-10-2022
INE540P07459	974252					
INE540P07467	974253					
INE540P07475	974254					
INE540P07483	974255					
INE540P07491	974256					
INE540P07509	974257					
INE540P07517	974258					
INE540P07054	958569	15-02-2027	Hypothecation on current assets including receivables of UPPCL and Govt. Guarantee	6510.00	3720.00	16-03-2023
INE540P07062	958770					
INE540P07096	958777					
INE540P07203	958772					
INE540P07145	957141	10-03-2032	Hypothecation on current assets including receivables of UPPCL and Govt. Guarantee	5489.50	1994.50	30-03-2017
INE540P07152	957148					
INE540P07178	957150					
INE540P07194	957159					
		TOTAL		**27427.90**	**13896.90**	-

The assets of the company provide coverage of the interest and principal amount, as detailed below which is in accordance with terms of issue/debenture trust deed for Secured debt securities:

Particulars	Security Coverage
Beacon Trusteeship Ltd (Debenture Trustee for Bonds)	1.17 times
Vistra ITCL India Ltd (Debenture Trustee for Bonds)	1.13 times
Other Secured Debts and other Secured Payables	5.97 times

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D. The market value of Bonds shown under the head *Financial Assets – Investments (Non-Current)* in Note No. [illegible] of the Financial Statements is as under:

(Amount in ₹ Crore)

Settlement Date	Security	Valuation date	Original Maturity date	Residual maturity year	FIMMDA Yield as on 31.03.2023	Price	No. of bonds	Total amount/ clean price
[illegible] 2017	7.75% PFC Bonds Series 164 (22.03.2027)	31.03.2023	22.03.2027	4	[illegible]	[illegible]	250	25.18
[illegible] 2017	7.75% PFC Bonds Series 164 (22.03.2027)	31.03.2023	22.03.2027	4	[illegible]	[illegible]	250	25.18
[illegible] 2017	7.75% PFC Bonds Series 164 (22.03.2027)	31.03.2023	22.03.2027	4	[illegible]	[illegible]	250	25.18
27.03.2017	7.75% PFC Bonds Series 164 (22.03.2027)	31.03.2023	22.03.2027	4	7.67	[illegible]	250	25.18
11.05.2017	7.75% PFC Bonds Series 164 (22.03.2027)	31.03.2023	22.03.2027	4	7.67	[illegible]	230	23.17
			Total				1230	123.89

E. Disclosure pursuant to regulation 52 (7) & 52 (7A) of SEBI (LODR), Regulations, 2015 with respect to utilization of Issue Proceeds

Name of the Issuer	ISIN	Mode of Fund Raising (Public issues/ Private Placement)	Type of instrument	Date of raising funds	Amount Raised	Fund utilized	Any deviation (Yes/No)	If 8 is Yes then specify the purpose of for which the funds were utilized	Remarks, if any
1	2	3	4	5	6	7	8	9	10
U.P. Power Corporation Limited (UPPCL) a company wholly owned by the Government of Uttar Pradesh	[illegible]	Private Placement	Secured, Rated, Listed, Redeemable, Taxable Government of Uttar Pradesh Serviced Non Convertible Bonds supported by Restructuring of Certain Aspects of Long Term Loan/OD Loan and Loan Guarantees [illegible]	[illegible] 2022	[illegible]	[illegible]	No		

26. Details of Loans taken Outstanding Balance on behalf of DISCOMs:

(Amount in ₹ Crore)

Loan No.	Rate of Interest	Drawal Date	Balance as on 31.03.23	PuVVNL	MVVNL	DVVNL	PVVNL	KESCO	Total
Power Finance Corporation (PFC)									
8523002	[illegible]	21.06.2017	1255.71	[illegible]	[illegible]	121.42	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	21.07.2018	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	20.12.2019	[illegible]	[illegible]	37.85	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	8817.01	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	5517.45	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Total		22203.79	9095.72	5060.13	4754.36	2415.59	[illegible]	22203.79
Rural Electrification Corporation (REC)									

Loan No.	Rate of Interest	Draw Date	Balance as on 31.03.23	PuVVNL	MVVNL	DVVNL	PVVNL	KESCO	Total
[illegible]	10.40%	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	10.40%	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	71.99	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	8.75	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	221.72	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	144.52	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]			[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total			[illegible]	7789.20	4334.23	3999.04	2267.28	535.29	18925.04

27. Due to heavy accumulated losses i.e. ₹ [illegible] Crore as on 31.03.2023 and uncertainties to recover such losses in near future, the deferred tax assets have not been recognized in accordance with Para 34 of Ind AS-12 (Income Taxes) issued by ICAI.

28. The Common expenditures and common facility costs towards the Employees Cost, Administrative, General & Other Expense and Repair & Maintenance expenses amounting to ₹ 173.53 Crore have been allocated and transferred to subsidiaries companies and other related companies during the period ended 31.03.2023 as compared to ₹ 176.06 Crore during the year ended 31.03.2022 based on ratio of financial year 2021-22. (Note no.23, 26 & 27)

Details of the allocation of common expenses are as under:

(Amount ₹ in Crore)

Particulars	Employee Cost (Note 23)		Admin. Cost (Note 26)		R&M Cost (Note 27)		Total	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
	i	ii	iii	iv	v	vi	(i+iii+v)	(ii+iv+vi)
PuVVNL	27.17	26.27	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MVVNL	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DVVNL	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PVVNL	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
KESCo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.82	[illegible]
Sub-Total (a)	111.46	107.51	41.45	47.05	1.08	0.32	153.99	154.89
UPRVUNL	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UPJVNL	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UPPTCL	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	18.42	[illegible]
Sub-Total (b)	18.28	18.14	0.19	1.39	1.08	1.65	19.54	21.17
Total (a+b)	129.74	125.66	41.64	48.44	2.15	1.97	173.53	176.06

29. In the opinion of management, there is no specific indication of impairment of assets except Investment in Subsidiaries & Associates as on balance sheet date as envisaged by Ind AS-36 (Impairment of Assets). Further, the assets of the company have been accounted for at their historical cost and most of the assets are very old where the impairment of assets is very unlikely. The Impairment in Investment in Subsidiaries and Associates is calculated on the basis of Net worth of Subsidiaries & associates since consistent basis.

30. 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 ₹ (2225.76) Crore & ₹ (355.45) Crore have been verified and issued to M/s Lalitpur Power Generation Company Ltd. However, as per APTEL order dated 01.04.2022 (IA No. 151 of 2022 in DFR No. 114 of 2022 & IA No. 358 of 2022) the debit notes earlier issued amounting to ₹ (2225.76) Crore & ₹ (355.45) Crore 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.

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

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(Amount ₹ in Crore)

S. NO	Particulars	Movement of Provisions			
		Opening Balance as on 01.04.2022	Provision made during the year	Withdrawal/ Adjustment of Provision during the year	Closing Balance as on 31.03.2023
1	Provision for impairment in investment	61,344.51	14,502.21	0.00	75,846.72
2	Provision for Doubtful debts on Sundry Debtors (Sale of power)	1,881.63	80.81	0.00	1,962.44
3	Provision for Bad & doubtful debts - Other current assets	0.00	12.77	0.00	12.77
4	Provision for Bad & doubtful debts-Financial Assets - Loans (Non-Current)	172.90	25.82	0.00	198.72
5	Provision for Bad & doubtful debts-Financial Assets-other (Current)	198.24	17.67	0.00	215.91
6	Provision for Bad & doubtful debts-Advance to capital supplier	0.02	0.00	0.00	0.02
7	Provision for unserviceable stores	0.13	0.00	0.00	0.13
	Total	63,597.43	14,639.28	0.00	78,236.71

32 Annual Accounts of 2021-22 are yet to be adopted in Annual General Meeting

33. 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:

i. **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.

ii. **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 with foreign currency translation.

iii. **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 Crore)

Particulars	31.03.2023	31.03.2022
Financial Assets		
Fixed Interest Rate Instruments- Deposits with Bank	2869.84	2839.52
Variable Interest Rate Instruments- Deposits with Bank	-	-
Total	2869.84	2839.52

Financial Liabilities		
Fixed Interest Rate Instruments- Financial Instrument - Loans	68815.65	71045.91
Variable Interest Rate Instruments- Cash Credit from Banks*	200.70	0.03
Total	69016.35	71045.94

* Includes Short Term Loan, Overdraft and Cash Credits

ii. **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.

c. **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 conditions, without incurring unacceptable losses or risking damage to the company's reputation. Further, fixed deposit in Note-8,9 and 10, of ₹2869.84 crore includes ₹2185.96 crore placed with ICICI bank out of which ₹1665.39 crore are in terms of Debt Service Reserve Account (DSRA)/Bond Service Reserve Account (BSRA) as per bond issuance terms/agreements executed with the debenture trustees M/s Beacon Trusteeship Ltd, M/s Vistra ITCL Ltd. for various issues of Bonds by UPPTCL. However, there is a risk factor associated with placement of major portion of deposits with any one bank.

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.

34. 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 of injecting the equity in the company lies solely with the 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.

35. 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 100th 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 25th 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 ₹ 2.22 Crore in consideration of converting borrowings. The Board of the company, in its meeting dated 13.10.2018, 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.

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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:**
The company presents the information excluding exceptional items which allows a better understanding of underlying performance of the company. Exceptional items are identified by virtue of nature so as to facilitate the comparison with prior period and to assess underlying trends in financial performance of the company. Accordingly, the company has shown the amount of loss incurred by the Trusts (CPF & GPF) on investment in DHFL as "Exceptional Items" in the profit and loss account as detailed below:

(Amount ₹ in Crore)

Trust's letter of reference	Principal/ Interest	Current Year 2022-23	Previous Year 2021-22
CPF Trust			
[illegible] DHFL Sonipat loss 2022	Principal	-	[illegible]
[illegible] DHFL FDR Sonipat loss 2022	Interest	1.78	0.44
GPF Trust			
[illegible] 2019	Principal	-	[illegible]
[illegible] 2019	Interest	7.11	29.22
Total		8.89	14.50

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

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

40. 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. 5 of the Financial Statements.

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

D. PATHAK & CO. CHARTERED ACCOUNTANTS LUCKNOW

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 ₹ 1930 Crore against security of receivables. Accordingly, as per the terms of sanction, Quarterly / Half Yearly statements (on the basis of unaudited/ provisional balance sheet) in respect of gross trade receivables have been submitted to respective banks which stood as below in different quarters of F.Y 2022-2023 :-

Q1 - Apr to Jun 2022 Trade Receivables - ₹ 27935.44 Cr.
Q2 - Jul to Sep2022 Trade Receivables - ₹ 31188.86 Cr.
Q3 - Oct to Dec 2022 Trade Receivables - ₹ 30509.26 Cr.
Q4 - Jan to Mar 2023 Trade Receivables - ₹ 25071.14 Cr.

x Fund based and Non fund based utilization as on 31.03.2023 is as under:
The quarter wise status of limits utilized is as below:-

(Amount ₹ in Crore)

Fund Based & Non Fund based Utilisation as on 30.06.2022				
Bank Name	Sanction Limit	Non-Fund Based	Fund Based	Total Availed
Central Bank of India	165.00	88.93	9.93	98.86
Punjab National Bank	465.00	110.60	31.74	[illegible]
Indian Bank	470.00	150.00	1.52	[illegible]
ICICI Bank	400.00	244.50	[illegible]	248.65
Bank of India	500.00	75.00	[illegible]	75.15
HDFC Bank	30.00	25.00	[illegible]	25.60
TOTAL	1930.00	737.62	206.71	944.33

(Amount ₹ in Crore)

Fund Based & Non Fund based Utilisation as on 30.09.2022				
Bank Name	Sanction Limit	Non-Fund Based	Fund Based	Total Availed
Central Bank of India	165.00	92.96	0.00	92.96
Punjab National Bank	465.00	212.79	70.81	[illegible]
Indian Bank	470.00	150.30	250.06	[illegible]
ICICI Bank	400.00	255.50	[illegible]	[illegible]
Bank of India	500.00	100.65	[illegible]	100.87
HDFC Bank	30.00	25.00	0.00	25.00
TOTAL	1930.00	815.10	350.81	1165.89

(Amount ₹ in Crore)

Fund Based & Non Fund based Utilisation as on 31.12.2022				
Bank Name	Sanction Limit	Non-Fund Based	Fund Based	Total Availed
Punjab National Bank	465.00	142.79	4.01	147.10
Central Bank of India	165.00	93.21	0.00	93.21
ICICI Bank	400.00	227.58	0.00	227.58
Indian Bank	470.00	150.00	250.00	[illegible]
Bank of India	400.00	150.67	0.00	150.67
HDFC Bank	30.00	25.00	0.00	25.00
TOTAL	1930.00	779.51	[illegible]	1024.52

(Amount ₹ in Crore)

Fund Based & Non Fund based Utilisation as on 31.03.2023				
Bank Name	Sanction Limit	Non-Fund Based	Fund Based	Total Availed
Punjab National Bank	465.00	143.29	[illegible]	[illegible]
Central Bank of India	165.00	93.72	-	93.72
ICICI Bank	400.00	227.38	-	227.38
Indian Bank	470.00	150.00	150.00	[illegible]
Bank of India	500.00	100.67	0.01	100.68
HDFC Bank	30.00	25.00	-	25.00
TOTAL	1930.00	755.56	200.69	956.25

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

xi 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.

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 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. However, the title deed of the land amounting to ₹ 0.05 Crore is not available with the company.

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

xvii. The company has not granted any loan or advances in the nature of loans to its promoters, directors, KMPs and related parties (except as disclosed in Point 19 of this note) either severally or jointly with any other person, that are repayable on demand or without specifying any terms or period of repayment.

xviii. **Ageing Schedules:**

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. **Capital Work-in-progress**

(Amount ₹ in Crore)

CWIP	Amount in CWIP for a period ended 31.03.2023				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	[illegible]	[illegible]
Other					
Advances to contractors (Civil) against deposit works / capital works	[illegible]	-	-	[illegible]	[illegible]
GRAND TOTAL					[illegible]

(Amount ₹ in Crore)

CWIP	Amount in CWIP for a period ended 31.03.2022				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	[illegible]			-	[illegible]
Projects temporarily suspended	-	-	-	-	[illegible]
Other				[illegible]	[illegible]
Advances to contractors (Civil) against deposit works / capital works	-			[illegible]	[illegible]
GRAND TOTAL					[illegible]

b. **Intangible Assets Under Development**

(Amount ₹ in Crore)

IAUD	Amount in CWIP for a period ended 31.03.2023				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-
GRAND TOTAL					-

(Amount ₹ in Crore)

IAUD	Amount in CWIP for a period ended 31.03.2022				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-
GRAND TOTAL					-

c. **Trade Receivables**

Balance of Trade Receivables as on 31.03.2023

(Amount ₹ in Crore)

Particulars	Outstanding for following periods from due date of payment					TOTAL
	Less than 6 Months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	[illegible]	[illegible]	-	-		[illegible]
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	[illegible]	[illegible]	-	-	[illegible]	[illegible]
(iv) Unbilled/Accrued Revenue (Trade receivables – credit impaired)						[illegible]
(v) Disputed Trade Receivables – considered good						

Particulars	Outstanding for following periods from due date of payment					TOTAL
	Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
(v) Disputed Trade Receivables – Which have significant increase in credit risk						
(vi) Disputed Trade Receivables – credit impaired						
(vii) [illegible]						[illegible]
TOTAL						[illegible]

[illegible]

Balance of Trade Receivables as on 31.03.2022

(Amount in ₹ Lakhs)

Particulars	Outstanding for following periods from due date of payment					TOTAL
	Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	[illegible]	[illegible]	-	-	-	[illegible]
(ii) Undisputed Trade Receivables – Which have significant increase in credit risk		-		-		
(iii) Undisputed Trade Receivables – credit impaired	[illegible]	[illegible]			[illegible]	[illegible]
(iv) [illegible]						[illegible]
(v) Disputed Trade Receivables – considered good	-	-	-	-	-	-
(vi) Disputed Trade Receivables – Which have significant increase in credit risk	-	-	-	-	-	
(vii) Disputed Trade Receivables – credit impaired	-	-	-	-	-	
(viii) [illegible]						[illegible]
(ix) [illegible]						[illegible]
TOTAL						[illegible]

[illegible]

ii) Trade Payables:

Balance of Trade Payables as on 31.03.2023

(Amount in ₹ Lakhs)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 year	2-3 year	More than 3 years	
(i) MSME	[illegible]			-	[illegible]
(ii) Others	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
(iii) Disputed Dues – MSME	[illegible]			-	[illegible]
(iv) Disputed Dues – Others	[illegible]	-	-	-	[illegible]
(v) [illegible]	[illegible]	-		-	[illegible]
Total	[illegible]	355.77	242.07	351.70	[illegible]

[illegible]

Balance of Trade Payables as on 31.03.2022

(Amount in ₹ Lakhs)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 year	2-3 year	More than 3 years	
(i) MSME	[illegible]	-			[illegible]
(ii) Others	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
(iii) Disputed Dues – MSME	-	-	-	-	-
(iv) Disputed Dues – Others					
(v) [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total	21117.36	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

* It does not include interest amount as no amount has been claimed as interest by any MSME supplier or any unpaid interest payable ... [illegible]

41. Recent pronouncements/ Amendments:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company does not expect this amendment to have any significant impact in its financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

42. Ratios.

Sr. No.	Particulars of Disclosures	Numerator	Denominator	March' 2023	March' 2022	Variation in Ratio (%)	Reason of Variation for more than 25%
1	Current Ratio	Current Assets	Current Liabilities	[illegible]	[illegible]	[illegible]	
2	Debt-Equity Ratio	Total Debt	Shareholders Equity	[illegible]	[illegible]	[illegible]	[illegible]
3	Debt Service Coverage Ratio	Net Profit after taxes for the [illegible] + Depreciation & Amortisation [illegible]	Scheduled Principal [illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Return on Equity Ratio	Net Profit [illegible] for the year	Average Shareholders Equity [illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Inventory Turnover Ratio	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
6	Trade Receivable Turnover Ratio	Revenue from Operations	Average Trade Receivable	[illegible]	[illegible]	[illegible]	[illegible]
7	Trade Payable Turnover Ratio	Net Credit Purchases	Average Trade Payable	[illegible]	[illegible]	[illegible]	[illegible]

Sr No.	Particulars of Disclosure	Numerator	Denominator	March 2023	March 2022	Variance in Ratio (%)	Reason of Variation for more than 25%
9	Net Capital Turnover Ratio	Revenue from Operations	Working Capital	[illegible]	[illegible]	[illegible]	Due to increase [illegible] and [illegible]
10	Net Profit Ratio (%)	Net Profit after tax for the year	Revenue from Operations	[illegible]	[illegible]	[illegible]	The net [illegible] due to increase in [illegible] due to increase in provision [illegible] resulting in decrease in Net worth of DISCOMS
11	Return on Capital Employed (%)	EBIT	Capital Employed (Net Worth excluding Capital reserve plus Long Term Borrowings and Current Borrowings)	[illegible]	[illegible]	[illegible]	[illegible] Ratio [illegible] because of the [illegible] Net [illegible] due to increase in impairment [illegible] due to increase in [illegible] resulting in decrease in Net worth of DISCOMS and because of [illegible] in Borrowings
11 (a)	Return on Investment (a) [illegible]	Interest on Bond	Average Bond Value	[illegible]	2.75		
11 (b)	Return on Investment [illegible] Subsidiaries & [illegible]	Return/Impairment on Investments	Average Investments Value / Average Bond Value	[illegible]	[illegible]	[illegible]	Due to increase [illegible] resulting in decrease in Net worth of DISCOMS and [illegible] Borrowings
12	Long Term Debt to Working Capital Ratio	Long Term Borrowings (including current maturities of long term borrowings)	Working Capital	[illegible]	[illegible]	[illegible]	The Long Term [illegible] the [illegible] increase [illegible]
13	Bad Debts to Accounts Receivable Ratio	Provision for Bad Debts	Gross Average Trade Receivables	[illegible]	[illegible]	[illegible]	
14	Current Liability Ratio	Current Liabilities	Total Liabilities (excluding Equity)	[illegible]	[illegible]	[illegible]	
15	Total Debt to Total Assets Ratio	Long Term Borrowings (including current maturities of long term borrowings)	Total Assets	[illegible]	[illegible]	[illegible]	
16	Operating Margin (%)	Operating Profit/Loss	Revenue from Operations	[illegible]	10.28	[illegible]	The operating [illegible] the [illegible]
17	Net Worth (Share Capital + Other Equity excluding Capital Reserves)			[illegible]	[illegible]	[illegible]	

*The business of the Corporation is to purchase electricity from generation source and sell the same to distribution companies. Hence company does not have any trade inventory. The company maintains inventory only for internal use i.e. for construction and maintenance of the assets. Hence disclosure in respect of inventory turnover ratio is not required.
**[illegible] accounts receivable ratio has been calculated on the basis of Provision for bad and doubtful debts and not the actual bad debts.

[illegible]	[illegible]	[illegible]	[illegible]
Company Secretary	Chief Financial Officer	Director (Finance)	Managing Director
(Additional Charge)		DIN: [illegible]	DIN: [illegible]

Date: 15/09/2023
Place: Lucknow

As per our report of even date

[illegible]
Chartered Accountants
FRN: [illegible]

[illegible]
Partner
M.No.: [illegible]

D. PATHAK & CO.
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

Report on Consolidated Financial Statements

Qualified Opinion:

We have audited the accompanying consolidated financial statements of Uttar Pradesh Power Corporation Limited (UPPCL) (hereinafter referred to as the "Holding Company"), and its 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, 2023, 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, 2023;

b) In the case of consolidated statement on 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.

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-I**', 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-I**' 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:

A. **U.P Power Corporation Ltd. Holding Company**

1. Tax deducted at source Rs 92.64 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 have not been adjusted till the close of the financial year**

2. a. As per information provided to us Receivable from generators includes Rs. 407.68 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. 30 of Notes to Accounts relating to M/s Lalitpur Power Generation Company.

   b. Note 6- Loans & Others Financial Assets (Non-Current) includes Rs.118.21 Crore 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. **Being old advances, Management should take necessary action for recovery/adjustments of this Advances.**

3. As per Note no. 14 to the Notes to Accounts, average billing rate methodology has been used as per decision of higher management of UPPCL instead of Differential Bulk Supply Tariff (DBST) adopted in the previous years. Reasons of such change has not been disclosed in the Notes to Accounts although it has impact on cost allocation to individual DISCOMS.

4. Accounting Policy No. VIII of the Company regarding power purchases had not envisaged the method for accounting of power purchases where final approval of the tariff by the Regulatory Commission has not been granted

5. **Placement of Fixed deposit:**
Total fixed deposit of Rs 2869.84 crore include Rs 2185.96 crore placed with ICICI bank only. Company has disclosed the same as a risk factor Para No. 24(v) in the Notes to Accounts. Proper monitoring of same needs to be done by the management.

6. **The Annual Accounts of F.Y 2021-22 are yet to be adopted in Annual General Meeting (Refer Para 32 of Note - 30 "Notes on Accounts").**

Specific Observations given by Discoms Statutory Auditors given below: -

A. Pashchimanchal Vidut Vitran Nigam Ltd.

1. There is no accounting policy regarding method of accounting of unbilled revenue of Rs.735.36 Crore, which has been done on estimated basis and relied upon by us. (Refer Note no. 8 of financial statement)

2. IND AS-8: In the current financial year, management has made several adjustments/corrections relating to prior period errors/omission, Rs. 2668.33 crores have been adjusted with surplus in the statement of Profit and loss as disclosed in Note 13 of Financial Statements in accordance with IND AS-8

3. As referred to in Point No. 10 of Notes to accounts a sum of Rs. 4510.73 Crores and Rs. 38.20 Crores is payable as electricity duty and compounding charges respectively to UP State Government. No provision has been made for interest and penalty for late payments. It has been explained to us by the company that no interest and penalty is levied for such late payments in past years and we have relied on the same.

   It is observed that the payment of Electricity Duty is booked on the basis of Debit/Credit Note raised by Uttar Pradesh Power Corporation Ltd and compounding charges is collected at division level and sent directly to the U.P. Treasury. However, the Company has no scientific method of its measurement for accounting and making provision thereof. Hence, we are not in a position to comment on the possible impact thereof on the financial statements of the company.

4. Tax Collected at Source (Asset) amounting to Rs. 8.13 crores and Tax Deducted at Source (Asset) amounting to Rs. 6.98 Crores are showing as on 31.03.2023 not reconciled with amount Rs. 4.75 Crore as shown in 26AS of the company for current financial year. Management has informed that the balances shown in the books of accounts reflect pending refund amount of TDS/TCS. We have relied upon the same. (Refer to Note No. 11"Other Current Assets" of the financial statements)

B. Kanpur Electricity Supply Company Ltd.

1. Replies of the management / compliance report of various observations pointed out by the Internal Auditor in their Internal Audit Report dated 16th June,2023 for the "F.Y." 2022-23 has not been made available to us so far. hence, we are unable to comment upon the impact, if any, arising in the "Ind AS-FS" of the company to that extent.

2. The Government of UP has, vide its order nos. 3188 dated 24.10.2003 and 1077 dated 17.04.2008 decided that the electricity duty and interest payable for the period from

15.01.2000 to 31.03.2003 and from 01.04.2003 to 31.03.2008 respectively would be adjusted against the balance subsidy payable to UPPCL by the State Government. Accordingly, the amount of electricity duty and interest thereon payable due to pending adjustment by the State Government has been shown under the head "Electricity Duty and Other Levies Payable to Government" grouped under "Other Current Liabilities" **(Refer note no.17 of Ind AS FS)**.

3. 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. The Company has not complied with the Order dt 22.01.2019 issued under section 405 of the Act, in respect to filling of MSME Form I
      The Company has calculated Interest on Security Deposit (Consumer) @4.25% on the outstanding balance of Total Ledger Balance as per the books. However, the said interest is not reconciled with actual Interest allowed/adjusted by **MPower** (software used for recording sale of energy) in the Customer bills raised during the "F.Y." 2022-23.

In the case of commissioned assets, where final settlement of bills with the contractor is yet to be affected, capitalization is done, subject to necessary adjustment in the year of final settlement. However, the financial impact of the same on IND AS "F.S." is not ascertainable **{Refer Para No.3 I (d) of Note No. 1A of "IND AS-FS")**.

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, 2023, 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 31.03.2023	Net Assets i.e., Total Assets minus Total Liabilities as at 31.03.2023	Total Net Profit/ (Loss) as at 31.03.2023	Net Cash In Flows/ (outflows) as at 31.03.2023
Subsidiaries:				
Madhyanchal Vidyut Vitran Nigam Limited, Lucknow, (MVVNL)	43106.23	3045.97	(4824.57)	(361.86)
Purvanchal Vidyut Vitran Nigam Limited, Varanasi, (PuVVNL)	57091.78	6804.65	(6602.49)	(420.60)
Paschimanchal Vidyut Vitran Nigam Limited, Meerut, (PVVNL)	37088.24	8453.92	985.64	(101.50)
Dakshinanchal Vidyut Vitran Nigam Limited, Agra, (DVVNL)	37057.57	(1314.36)	(5078.78)	(505.28)
Kanpur Electricity Supply Company Limited, Kanpur, (KESCO)	5048.0	(1755.65)	(1.50)	(36.28)
Total	179391.23	12214.53	(15521.70)	(1425.52)
CFS Adjustment			**(364.34)**	

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 Paragraph 3(xxi) of the companies Act, (Auditor's report) order 2020 ("the order") issued by the Central Government of India in terms of section 143(11) of the act, we have given the Qualification/ Adverse remarks in **Annexure II** as reported by respective Statutory Auditors of Subsidiaries.

2. 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-III**", 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 Group.

   iv. (a). Based on the representation made by management of UPPCL and as reported by Discoms Statutory Auditors and 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 Group 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 Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

   (b) Based on the representation made by management of UPPCL and as reported by Discoms Statutory Auditors and 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 Group from person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that Group 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.

(d) The Group has not declared or paid any dividend during the year, therefore compliance with section 123 of the Companies Act, 2013 was not applicable.

(e) Proviso to Rule 3(1) of the Group (Accounts) Rules 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Group with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

For D Pathak & Co.
Chartered Accountants
FRN: 001439C

(A K Dwivedi)
(Partner)
M No.: 071584
UDIN: 23071584BGWZLF2793
Place: Lucknow
Date: 15/09/2023

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, 2023)

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

1. Uttar Pradesh Power Corporation Limited (UPPCL)

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. Note- 12 Other (Current Assets) Rs.1567.90 Crore include Rs 431.68 crore Receivable from Generators as mentioned in Para 24 of Notes to Accounts-30 for which no confirmation and reconciliations are available. Same has been reported in last year Audit for making suitable Provision.

   We are of the opinion that Provision for Rs 431.68 crore **"Receivable from Generators" should be** made in accounts.

2. 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, 2023 (Refer Para 29 of Note - 30 "Notes on Accounts"), **which is not in accordance with Ind AS 36 Impairment of Assets**

3. Loans and Other Financial Assets (Note-6), Trade Receivables-Others (Note-8), Financial Assets-Others (Note-11), Other Current Assets - (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. Similar issues also were brought to the notice of management in previous audit report but no corrective actions seem to have been taken in the financial year 2022-23. Major Balances include a) Rs 15.55 Crore (Note No. 6)-Loans & other financial Assets (Non-Current) including Rs. 5.19 Crore (Security Deposits) and Overlay Charges Rs 10.36 Crore and b) Sundry Receivable (Rs.685.13 Crore)-Financial Assets Other (Current), Note No.-11 including Rs. 408.24 Crore relating to Unscheduled Interchanges Charges Pool a/c, Reactive Energy Charges Rs. 123.79 Crore, and Misc. deposits/balances Rs. 29.26 Crore respectively. **In absence of complete details and balance confirmation, we are of the view that provision should be made in the accounts to the extent of Rs.576.84cr. for old balances as reflected in Note-11 financial Assets-Other (Current Assets) and Note No. 6, Loans & other financial Assets (Non-Current). Loss of the company is understated and other receivable is overstated to that extent.**

4 Purchases as per Note No-22 for Rs.68651.93 Crore, includes Sales to Indian Energy Exchange for Rs 2581.77 Cr **which has resulted into reduction/understatement of Purchases and consequent understatement** of **Sales of Energy** (Note No-20, Revenue for Operation).

5. a.) **Restructuring Reserve:**
A Credit balance of Rs. 540.31 Crore is included in "Other Equity Note-14 as restructuring reserve. As confirmed to us, the balances are old and has been transferred through transfer scheme. No detail was available for aforesaid Reserves

b.) **Capital Reserve:**
No details have been provided to us regarding capital reserve Rs 195.95 Crore

6. Note 19 Other Financial Liabilities- Current includes Deposits and Retentions from Suppliers & Others Rs 264.65 crore for which no detail is available.

7. Details of charges filed with ROC against borrowing from bank and few generators have not been disclosed in the respective Notes to Accounts

On examination of search report furnished to us, it was known that pari passu charges has been registered on receivables /Current assets of the company against borrowings sanctioned by the bankers, while Debenture Trust deed executed with the trustees of the bonds shows that there is an exclusive charge on Current assets/ receivables of the company including book-debts which is in contravention of the terms of the hypothecation deed executed with the bankers. Company has to take up the matter suitably with the Lenders. Appropriate disclosure for the same has not been given in the Notes to accounts

Non-Compliances of Ind-AS

8. **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 realis ability/settlement/ confirmation of balances for 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. Few specific instances include Unscheduled Interchanges Charges Pool a/c is Rs 514.86 Cr and Reactive Energy Charges Rs 123.79 Cr as on 31st march 2023 included in "Current Assets-Other" Note -11.

(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) (d). Such employee cost to the extent not directly attributable to the acquisition and/or installation of Property, Plant and Equipment is

inconsistent with Ind AS 16 Property, Plant and Equipment. This has resulted in overstatement of fixed assets and depreciation and understatement of employee cost. However, impact is not quantifiable at this stage.

(d) Inventory which includes stores and spares for capital works, operation and maintenance and others is valued at cost (Refer accounting policy no (VI) 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 5 (a) Note - 30 "Notes on Accounts"). **This is inconsistent with Ind AS 19 Employee Benefits.**

(f) The Financial Assets (Note-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) Further Company has not disclosed the reasons for non- compliance of various Ind AS as required by IND AS-1 Presentation of Financial Statements.

9. Inter unit transactions amounting Rs.248.17 Cr. are **subject to reconciliation and consequential adjustments**, (Refer Para 8 Note - 30"Notes on Accounts").

10. Note-16 "**FINANCIAL LIABILITIES OTHERS (NON-CURRENT)**" includes Rs. 804.87 Crore **Liabilities against Loan**, the nature of loan and its terms and conditions are not disclosed.

11. **Non- compliance of Accounting Policies:**

Company has to review certain accounting policies which are in contradiction with accounting treatment given in the financial statements. Major instances are given below:-

a) INVESTMENTS: Provision for impairment is not being made at its Fair Value as per IND AS-109 as mentioned in the respective accounting policy.

b) FINANCIAL ASSETS: Financial assets on subsequent measurement are not recorded at amortized cost as per IND AS- 109, as mentioned in respective accounting policy. Impairment on financial assets are not being made based on Expected loss.

c) FINANCIAL LIABILITIES: Borrowings are not measured at Fair Value using effective r ate of Interest as mentioned in the accounting policy.

12. **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 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.

13. **Non-Disclosures in Notes to Accounts: -**

Following disclosures have not been made in accounts: -

a. Disclosure regarding amount of subsidy not accounted for in case of disputed solar power cases

b. Allotment date for Share application money placed with DISCOMS

c. Risk Management factor do not include Matrix of Age Wise Borrowings and Liabilities due.

14 **Major Non-Compliances of Law**

i) Company has not appointed any Company Secretary as required u/s 203 of Company Act 2013.

ii) As per section 177 of the companies acts 2013, following major compliances/ issues were not placed before Audit committee as also delegated by the Board of Directors:

a. Approval or any subsequent modification of transactions of the company with related parties.

b. Scrutiny of inter-corporate loans and investments

c. Evaluation of internal financial controls and risk management systems.

d. Monitoring the end use raised through public offers and related matters.

iii) Company has not held meeting of Risk Management committee, Stakeholder committee etc. during the year under review.

15 **Major Audit observations in Material Management Zone Audit Report: -**

A. **Property Plant and Equipment: -**

a) Branch Auditors trial balance is showing Buildings under the head AG Code 10.208 "Building CONTA DIST INST" amounting to Rs. 48,34,196.68 and under AG Code 10.211 Office building amounting to Rs. 11,65,227.05, but information regarding the Land of corresponding assets not provided to us. **#Units645 - Elec Civil ConstDiv - I**

b) Branch Auditors trial balance is showing Buildings under the head AG Code 10.211 "Office Building" amounting to Rs. 42,08,722.10 but information regarding the Land of corresponding assets not provided to us. **#Units641 – Civil**

c) An amount of Rs 36506.76 is shown under the head Scrap Materials A/c (A/c Code 22 770), on review of the said account we were explained that these are group of assets which has been fully depreciated and are being carried at its residual value. Further, since fixed assets register is not being maintained these assets cannot be identified. Furthermore, no report of any committee who identified the above assets as scrap was provided to us. Further, as per Ind AS 16 (Property, Plant and Equipment) which requires measurement of such kind of assets at its net realizable value which has not been worked out. Therefore, we cannot comment upon the value at which these assets are carried. **#Units330 – EIF&PC**

d) The zone is not evaluating the Property Plants and Equipment (PPE) for impairment as required under INDAS 36, as explained to us revaluation of PPE is not permitted by the Electricity (Supply) (Annual Accounts) Rules, 1985, the exception may be because the PPE cost is built in the Fixed Cost of the tariff but as explained to us the cost of PPE of the Company is not approved under the tariff approved by the regulator neither Depreciation is allocated to the Distribution companies.

The company has not sought any clarification from relevant regulatory authorities regarding the same.

B. **Payment of Lease**

i) Unit #972 (UP Vigilance Cell) and #unit 327 (Electricity Store Procurement Circle) are being maintained at rental premises. As explained to us the rent of Unit 972 is being deposited to Court as the ownership of the premises is sub-judice. Further latest lease agreement and the rent receipt were not being provided to us for premises with Unit 327, further Compliances of Ind AS 116 is not done at zone level.

C. **Investments**

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 to MPPMCL as explained to us the amount of Equity contribution is not identified in books of accounts further necessary detail on the same is required from Fund section of the company by the EIE&PC which remained unclarified till date, therefore in absence of information and adequate explanation we cannot comment upon it.

D. The balances in account of party, contractors, Governments Departments, etc., including those balances appearing under loan and advances & other receivables are subject to confirmation and reconciliation. The impact of adjustment if any, which may arise out of the confirmation and reconciliation process cannot be commented upon.

E. Branch Auditors observed lack of proper system of review for identifying doubtful dues, especially those arising out of disputes pending before respective judicial forums and absence of regular follow ups with the respective parties for recoverability of outstanding balances In the absence of which we are unable to quantify the amount of provision which is required for irrecoverable or doubtful dues and its consequential impact on the financial statements . **#Units330 – EIE&PC**

F. **TDS Receivables-**

As observed the zone has following balances as TDS receivable appearing in the books of the zone, in the absence of year wise breakup and status of completion of the assessment, we cannot comment upon the genuineness of the same. Branch Auditors following balances were outstanding on 31.03.2023

S. no	Unit Code	Unit Name	AG Code	Amount Outstanding (Rs.)
1	982	ETI	27.425	19,47,440.00
2	973	Service Commission	27.425	-12,04,953.00
3	646	Maintenance	27.425	5,730.00
4	645	Civil Const. Aligarj	27.425	11,98,908.00
5	641	Civil	27.421	-3,38,872.00
6	641	Civil	27.425	1,79,519.00
7	330	Import and Export	27.422	76,99,77,097.64
8	330	Import and Export	27.425	9,61,37,377.20
9	327	ESPC	27.425	13,848.00
Total TDS Receivables				86,79,16,094.84

G. **Trade payables**

II Trade payable having debit balances for power purchase of following parties. in several cases **excess payment** of Rs.3917614447.47 has been made to the parties namely NTPC-Rs. (-)3432723674.00. TEESTA URJA LTD. Rs. (-)3727.00. NOAR-Rs. (-)3633710.00, POWERGRID RAMPUR SAMBHAL TRANSMISSION LTD. Rs. (-)16432986.00. M/S SIMBHAULI SUGAR MILLS Rs. (-)76155192.24. M/S DWARIKESH SUGAR MILLS LTD. Rs. (-)2216562.75. TRIVENI ENG & IND.LTD DEOBAND Rs.(-)74915812.07. TRIVENI ENGINEERING LTD.. MILAK NARAIYAN Rs.(-)69228689.50. BAJAJ HINDUSTAN LTD UTRAULA Rs. (-)10440643.57. BAJAJ HINDUSTAN LTD. (GANGAULI) Rs. (-)34873409.42, BAJAJ HINDUSTAN LIMITED, BARKH Rs. (-)1662752.45. BAJAJ SUGAR LIMITED. BARKHERA, Rs. (-)36495325.42, BAJAJ HIND.L KUNDARKHI Rs.(-)11714482.31, & BAJAJ HIND.L.. PALIAKALAN. LAK Rs. (-)147117485.74 and other includes old balances which are under reconciliation. year of advance if any is not provided to us neither was available with the unit. neither current status was explained to us further it should be emphasized that the advances and excess payments are not interest bearing therefore loss to the corporation if any cannot be determined in the absence of clarification and adequate details. Bearing lack of documentation and adequate information, the recoverability or provision for doubtful amount cannot be commented upon at this stage (Unit#330 EIE&PC).

OLD BALANCES

AC Code	Name of The Generator	Total Balance
41.106	MADHYA PRADESH	-255974601.81
41.110	BHAKRA PROJECT MANAGEMENT BOARD	-16275376.60
41.128	KARNATAKA P.C.L	-2088110.00
41.134	MSEDCL	-15502004.00
41.405	LANKO I.U LIMITED	-9705040.12
41.411	G.M.R. ENERGY PVT. LTD.	-60719.00
41.420	MANIKARAN	-1534738.00
41.422	M/S A.C.C. LTD	-775440.00
41.427	MITTAL PROC.PVT.LTD.GHAZIABAD	-46511195.00
41.432	TECH. ASSOCIATES	-6931463.93
41.213	WAVE INDUSTRIES PVT. LTD (ERS	-1660526.78
41.205	HIMACHAL PRADESH	-1688774.00
	Total	**-359087989.24**

I. **Staff and Other Liabilities**

The Zone has not provided relevant details of the following outstanding balances. (above more than Rs 1.00 Crore) which are quit old and details of same could not furnished to Branch Auditors.:

UNIT CODE	AG CODE	HEAD OF ACCOUNT	Dr.	Amount (INR)
983	44.620	CPF EMP Recovery	Cr.	(25618278.00)
971	41.412	Liability to Madhyanchal KCVLD	Cr.	(8227668.67)
	44.610	Liability to Trust For EMP - GPF	Cr.	(20811576853)
	44.620	CPF Employee Share	Cr	(16982312.00)
	44.621	CPF Employer Share Contribution	Cr.	(11031894.00)
330	46.936	AMT PAYBL-OTHER EEST GOVT ALB	Cr	(6,01,50,278.05)
	46.936L	GL PAYABLE UPJVNL	Cr.	(90,81,65,774.00)
	46.98	RECEIVABLE ACCOUNT	Cr.	(48,15,483.00)
	46.989	U.P.P.T.C.L	Cr.	(62,00,56,928.13)

J **Power Purchase**

i) There is no effective system in place to verify power purchase for completeness, 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 our 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.

ii) During our audit we were explained that the reconciliation with Power Generator Companies from F.Y 2018-19 till F.Y 2022-23 is being carried out by M/S Mercados Marketing Energy Private Limited contracted in January 2021, at a fees of Rs 2,39,48,100.00 adjustment if any upon reconcilration will be done upon submission of final report by the contractor, Furthermore, the reconciliation for balances pertaining to financial years before 2018-19 will be handled by additional staff, but no cost comparison between the two reconciliation methods was provided to us, which created a gap in understanding the efficiency and effectiveness of each approach between the contractor-led reconciliation and the additional staff-led reconciliation.

iii) Generation based Incentives (GBI) receivable from IREDA amounting to INR9,66,31,925.88 (Previous Year - Rs 9,27,33,211.20) and a sum of Rs (265,13,53,853.51) (Previous Year Rs (85,62,65,550.77) from UPNEDA are subject to confirmation and reconciliation and Consequential adjustment. (Unit#330 EIE&PC)

iv) The zone has received interest amounting to Rs. 38,17,77,874 and TDS receivable of Rs. 38177789.20 thereon, the amount of interest has been netted off from the purchase cost in the books. Purchase cost and interest income, therefore are understated to the extent of Rs. 38,17,77,874 (Unit#330 EIE&PC)

K. **Provision for Late Payment Surcharge**

Unit has accounted total late payment surcharge Rs.5695614955.00 out of which an amount of Rs1123754841.00 is for bills remained unverified. Accounting system adopted by the unit is in diversion of accepted accounting policy on accounting on accrual basis where the LPS should be accrued after the specified time period of unpaid bills as specified in their PPA, whereas only bills are accounted which is received by EI&PC unit. No system was observed where bill wise LPS pending overdue for payment is accrued and accounted. It is further observed there is no system in place which could provide information regarding outstanding and overdue bills details over which LPS need to be accrued and whether the accrual has been accounted or not. Therefore, we cannot comment upon on the amount of overstated profit/understated loss of the zone for the financial year 2022-2023 on account of provision of late payment surcharge.

L. **Bank Reconciliation Statement: -**

On review of the bank reconciliation statements we observed that old Un-reconciled balance of INR Rs. 138164.34 for which no adjustment /reversal has been made in the books of accounts **# Unit983 – DG Vigilance**

M. **Pending legal cases at different forums**

On our query during test check audit of liabilities on pending legal cases at different forums, we were explained that the status of court cases received from PPA unit, Planning unit Power Management Cell and SPAT unit has been considered by the Zone and the same has been disclosed as contingent liability. However, no details were provided to us during our audit and as explained to us the zone has no information relating to the cases and the same is dealt at HQ level. Therefore, we cannot comment upon the status of the cases and its financial implication on the books of accounts

N. **Provision for Power Purchase and Unverified LPS and Power Purchase cost: -**

The Zone has booked an amount of Rs. 807.32 crore, as unbilled and unverified power purchase cost and Rs. 112.37 crore, as LPS Charges (unverified), on our examination and explanation provide to us, we observed that these charges are unverified and booked under expenditure on reasonable estimate, further as explained necessary deviation on their verification will be accounted at the time of verification. Therefore, impact if any on account of verification cannot be commented upon at this stage. However, Management has confirmed total amount of unbilled and unverified Power Purchase cost for Rs 9437 crore as on 31st March 2023.

O. **Rental from Contractor**

The unit has accounted Rental Income from Contractor M/S PrayagRaj Power Generation Corporation Limited of Rs 2,39,927.00 further as explained to us the said amount is on account of Lease of Land to the contractor, however unit did not had any information of Land is being recorded in the books of which unit.

P. **Sale of Scrap**

The Zone has sold old/unserviceable asset for Rs. 1734159.00 during the Financial Year, however as explained the assets sold were very old and gross value was ascertained on the basis of committee report, therefore the correctness of the Profit on sale of Asset of Rs. 927208.00 cannot be commented upon due to lack of details.

2. Common observations in Audit Report of Subsidiaries

1. **Trade Receivable on account of supply of Power:**

As per Para No. 9 of Notes to Accounts, Company has changed its policy for provisioning of bad and doubtful debts against trade receivable considering the simplified approach as envisaged as per Ind AS-109 pertaining to expected losses method quantifying its consequential impact for Rs 12658.27 Cr, but it has followed graded provisioning over the period of four years commencing 40% in Financial Year 2022-23 with incremental provisioning of 20% each successive year which have resulted in deficient provisioning of bad and doubtful debts. Discoms Auditors were of the view that deferment of graded provision behind 31.03.2023 is the violation of Ind- As 109. Auditors of DVVNL has quantified the impact of short provision for Rs 5111.34 cr but other Auditors have not quantified the impact of deficient provisions.

However as per Age wise analysis given in the notes to accounts, a sum of Rs. 70398.95 Cr is outstanding from Non-Government Consumers for more than three years pertaining to group which constitute 65 % of total Trade Receivable. There is difference of Rs 1635.77 cr between amount of trade Receivable shown in Note No. 10 and as per Para 43(a) of Notes to Accounts.

Company needs to review its policy for provisioning considering the comments of statutory Auditors of Discoms, age-wise analysis of Non-Government consumers and other relevant factors mentioned in Ind As 109 relating to expected losses. However, in absence of complete details, total deficient provision of the group is not quantifiable at this stage.

2. **Subsidiaries wise brief observations on above issue are furnished below: -**

a. **Madhyanchal Vidyut Vitran Nigam Ltd.**

i. 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 Rs.27.27 Crores were reflected in 4 divisions of Ayodhya Zone due to wrong classification of accounting entries in MTB.

ii. We draw attention to Note 10 and para 42 of Note 31 to Notes to financial Statements relating to disclosures of trade receivables wherein the company has not ascertained and classified the Trade Receivables into 'Disputed/ Undisputed', 'significant increase in credit risk' and 'credit impaired', as required by amended Schedule III to the Companies Act, 2013.

iii. The segregation of 'Trade Receivable (Current)' into Government/ Non-Government and ageing into different age buckets as per para 36(B) of note 1B have been made only on the basis of online billing data provided to the zonal auditors 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, the total trade receivables as per the data provided by the commercial section as on 31st March 2023 did not match with the total 'trade receivables' as shown in the books of accounts of the company and the same has been reduced under the category of 'Non Government consumers' under 'Receivables outstanding for more than 3 years' while categorizing the age buckets.

The data used while calculating the rates of provisions like 'collection of receivables' and determining the unpaid amount against the 'assessment made in the base period' by the age buckets etc., were not verified by the concerned zonal auditors and hence have been relied upon by us based on management's certification.

b. **Purvanchal Vidyut Vitran Nigam Ltd**

i. The age-wise classification done by the management is not appropriate. As per explanation and information given to us, the age wise classification of debtors has been done on the basis of last payment date of the consumer and not on the basis of actual date of bills.

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 11660.98 Crore, total outstanding trade receivable for 1 year and less is Rs 7790.83 crores, which shows that the realization of trade receivables is very poor. Further, total Trade Receivable outstanding at the yearend is Rs. 38634.44 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.

ii On direction of Hon'ble High Court, the UPPCL has directed the Company to get the special audit conducted at Distribution Division level of revision done in consumer's bills and accounting of its recovery in the cash book during the financial year 2021-22 and 2022-2023. As per information provided to us by the management, total No. of 36,02,611 bills and 11,92,487 bills have been revised during the financial year 2021-22 and 2022-23 respectively. However, the management has failed to provide the quantum of total amount involved. Since, the matter is at preliminary stage, the ultimate outcome of the same and its impact on the financial statement could not be ascertained

c. **Pashchimanchal Vidyut Vitran Nigam Ltd.**

i. No revaluation loss has been recognized during the reporting period in respect of Trade Receivables based on security deposit equivalent to 45 days billing to cover the outstanding dues. In absence of adequate security deposit cover for customers under Government sponsored schemes, no provision for likely impairment loss has been provided against such receivables by the company. Under the circumstances, we are not in a position to comment on the possible impact thereof on the financial statements of the company. (Refer to Note No. 8 of Notes to Accounts

ii. The company has not furnished the details of advance deposit received from consumers against temporary connection and the entire security deposits from them has been shown as non-current liabilities. In absence of such details, quantification of current and non-current liabilities therefrom is not possible and ascertained.

iii. During the course of audit, we observed that a huge amount is lying as debtors, which has been classified into secured/unsecured and good/doubtful/ Govt./Non-Govt. Age wise analysis of outstanding is done in Note No. 8 of Financial statements, however, details thereof is not provided to us for the audit. Moreover, the classification into disputed and undisputed debtors are not done at all in Note No. 8 of Financial statements, which is not in accordance with amended Schedule III to the Companies Act 2013. Time barring/non-recoverable cases are not identified, in absence of any such classification, we are unable to comment there upon

d. **Dakshinanchal Vidyut Vitran Nigam Ltd.**

i. In our opinion, substantial un-reconciled amount of Rs. 4,508.08 Crores (Total Debtors as per Balance Sheet - 22,701.94 Crores (excluding KESCO 203.77 Crores, Torrent Power Limited 57.70 Crores, Prov. Of Unbilled Revenue 526.71 Crores & Theft of Power 0.69 Crores) less Total Debtor as per Billing Software - 18,193.86 Crores), of trade receivable as on 31.03.2023, as per billing software and Books of account, should be eligible for 100% written off as unidentified debts.

ii. There is substantial un-reconciled difference of Rs. 1,109.83 Crores between revenue assessment of billing software and revenue booked in financial statements, for which inappropriate explanations were offered, the company should have identified reconciliation and recognised correct revenue in Profit & Loss account. Even Hon'ble Allahabad High Court has taken cognizance of such variances in some other cases for which information was not made available to us.

3. Comments on 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:

a. Dakshinanchal Vidyut Vitran Nigam Ltd.

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

S. No.	AG Code and Name	Amount (in Crores)
a.	46.302 Other Levies	Rs. 28.19
b.	46.330 Other State Levies Payable	Rs. 1.32
c.	44 Staff Related Liabilities (Debit Balance)	Rs. 3.06
d.	44 Staff Related Liabilities (Credit Balance)	Rs. 0.77
e.	U.P Rajya Vidyut Utpadan Nigam Limited	Rs. 0.95
f.	U.P Power Transmission Corporation Limited	Rs. 7.34
g.	AG Code-28 (Transfer scheme balances)	Rs. 13.22
h.	AF Code 25.5 Advance Interest Free (Capital) (Under EI. Admin)	Rs. 9.38
i.	AG Code 44.550A 7th Pay Commission	Rs. 16.35

ii. Details of transfer scheme balances for more the Rs 1 lakhs as reported by statutory Auditors id furnished below

ZONES	AG CODES	NAME	AMOUNT (In Rs.)
ALIGARH	23.703	Pub Light Maintenance Charges	15,28,406.50 Dr
	25.4	Advance to Suppliers	1,13,696.00 Dr
	25.6	Ad pay to Stores	17,33,772.75 Dr
	28.744	Theft of Cash	16,55,861.15 Dr
	28.UTT	UTT	3,86,349.00 Dr
	44.310	Net salary payable sundry liabilities and provision	4,30,182.92 Cr
	53.672	Rural Deposit Scheme	52,88,176.05 Dr
	53.620	Financial Part Cost	1,33,588.74 Dr
KANPUR	23.170	Railway Traction	9,16,04,948.73 Cr
	23.110A	Cess Lucknow	3,03,000.75 Dr
	23.110C	Kesco	81,71,24,383.56 Dr
	23.707K	Other Recovery From Consumer	122,06,09,198.57 Dr
	28.101	Sundry Debtor For Sale of Energy	68,95,705.94 Dr
	46.567	IUT Cash Within Zone	10,83,716.75 Dr
JHANSI	23.3	Others	82,72,08,851.07 Cr

b. Purvanchal Vidyut Vitran Nigam Ltd.

Details of major odd balances as reported by statutory Auditors is furnished below:

DD CLOSING BALANCES IN AG CODES

ASSETS CR BALANCE			LIABILITIES DR BALANCE		
AG		Balances (Rs.)	AG		Balances (Rs.)
14	64	2,61,72,455.12	42	1	7,56,38,238.11
14	85A	54,60,208.34	44	220	1,29,77,048.00
14	85Y	1,87,75,087.56	44	320	63,67,640.04
22	760	30,48,98,186.00	44	410	2,14,39,000.26
23	112	7,52,95,528.72	44	504	97,26,879.18
23	2	2,06,00,141.00	44	505	92,55,430.90
23	214	71,18,256.00	44	507	3,80,71,5[illegible]8.03
23	705	2,83,17,850.00	45	58	2,48,16,58,995.44
24	308	65,03,605.38	46	101	99,95,67,262.50
24	409B	15,79,26,602.71	46	123	88,33,412.52
28	610	3,74,10,04,794.00	46	2	1,08,63,96,130.84
31		7,03,25,49,602.28	46	3	1,04,85,720.03
33		7,72,85,10,430.30	46	922	1,31,42,44,856.20
34		71,09,06,173.38	46	94101	2,72,09,862.75
36		10,87,27,366.69	46	94102	2,51,65,221.65

c. **Madhyanchal Vidyut Vitran Nigam Ltd.**

i. In many cases at zones and head office, party wise breakup, ageing of outstanding amounts, actual nature of transactions and reconciliation/ balance confirmation from the parties under following major heads were not available for verification.

Account Head	Amount (Rs. in Crores)
Deposit & Retention from suppliers	476.48
Advances to Suppliers	113.16
Sundry Liabilities	188.17
Sundry Receivables	25.32

ii. It was noted that the following balances pertaining to various zones are outstanding in the books of Head Quarter since many years which have not been identified, reconciled and transferred to the respective units/zones.

Account Head	Amount (Rs. in Crores)
Other Liabilities and Provisions	8.54
Provision for depreciation	669.33
Stock Related Accounts (net)	11.30
Deposit for Electrification	35.21
Capital Work in Progress	(3.79)

d. **Pashcimanchal Vidyut Vitran Nigam Ltd.**

i. Balances of trade receivables, trade Payables, Suppliers, Contractors, loans and advances, staff related liabilities & advances and other various debit/credit balances, dues from government and reconciliation in respect of certain Bank balances are subject to respective confirmations, reconciliation and consequential adjustments thereof. In absence of proper records/details, we are unable to ascertain the effect of the adjustments arising from reconciliation and settlement of old dues, possible loss/ profit that may arise on account thereof, non recovery or partial recovery of such dues and non-settlement of liabilities. Various debit and credit opening balances are lying unadjusted, including the account received under transfer scheme. Under these circumstances, we are not in a position to comment on the possible impact thereof on the financial statements of the company.

ii. As referred in **Note 10** to the financial statements receivables from Uttar Pradesh Jal Vidyut Nigam amounting Rs 0.832 crore and Rs. 35.03 crore from Uttar Pradesh Power Transmission Corporation Limited are shown under Current Assets, which are outstanding for more than 12 months. As results of this other current assets are overstated and other Non- Current assets are understated by Rs.35.86crore.

iii. As referred to in Note 18 to the financial statements, Payables to Uttar Pradesh Rajkiya Vidyut Utpadan Nigam Ltd.amounting Rs.33080.00, Uttarakhand Power Corporation Ltd. Rs.0.17crore, are shown under Current liabilities. However, these balances are outstanding for more than 12 months. As a result of this, current liabilities (Other financial liabilities) are overstated and non-current liabilities (Other financial liabilities) are understated by Rs.0.17 Crores.

iv. **Non Provision of Dues from entities matters of which are pending in NCLT:-**

a. Matter relating **Trimurti Concast Private Limited** in this case outstanding in the tune of INR. 9.24 crore, the present status is the resolution plan has seen been approved. And no further proceeding is pending. **It is therefore suggested that the outstanding claim of Rs. 9.24 crore should be written off.**

b. It has been observed that Rs.4.04 crore are dues from **M/S. Chaudhary Ingot Private Limited** whose matter is pending in NCLT. According to the sequence of payment, the electricity dues do not get preference over bank and other dues. As such recoverability of these dues is in jeopardy and Provision for doubtful debts must be made @ 100% i.e., 4.04 Crore. In this case the Pashchimanchal has adjusted Rs. 1.04 crore from security deposit from due as such the balance of Rs. 4.04 crore needs to be provided for.

c. Interest accrued and due Rs.7.37 Crores under Other Current Assets (AG 28.240 & 28.250), which is pending for reconciliation for more than a year, impact of the same is not ascertainable on the financial statements.(Refer to Note 11 of Financial Statement.

d. AG Code 26.7 represent Cont. Mat. Control A/C having balance as on 31.03.2023 is INR 1,13,84,537.54 belongs to material advanced to contractor Mr. Shailesh Kumar Since 2010. This material is required to be recovered from the contractor immediately otherwise provision is required to be make in the books of the accounts.

e. Subsidy Receivable from Government shows unadjusted negative Balance of Rs. 4.90 Cr (Previous Year 4.17 Cr). The book entry to adjust/set off these balances has not been made.

4. Cash and Cash equivalents

Subsidiaries' Auditors have reported various deficiencies in Internal Control System in preparation of bank reconciliation statement which are reproduced below:

a. Dakshinanchal Vidyut Vitran Nigam Ltd.

In our opinion following long pending un-reconciled differences between bank balances as per bank passbook/statements vs. bank balance, as declared in AG 24, should be reconciled and dealt accordingly.

(Rs. In Crores)

S. No.	Name of Zone	Balance as per bank passbook	Balance as per cashbook/MTR/AG24	Difference
1.	Agra Zone	9.19	10.03	-0.84
2	Aligarh Zone	1.37	14.13	-12.76
3.	Kanpur Zone	12.00	6.74	5.26
4.	Jhansi & Banda Zone	18.73	-5.28	24.02
	Total	**41.29**	**25.62**	**15.67**

AG 28.919 Other Deposits of Rs. 1.34 Crores included in Deposits & Retention from Suppliers & other of Rs. 1,211.66 Crores in Note 18, is on account of FDR deposited with appellate authorities, in our opinion it should be classified under Cash & Cash Equivalent Note 9-B.

b. Madhyanchal Vidyut Vitran Nigam Ltd.

Bank reconciliation statements at some of the divisions/ units have not been prepared and various old un-reconciled entries are appearing in the bank reconciliation statements in various units at zones/ head office since long periods which require adjustments and appropriate accounting in the books of account. Similarly, the copies of bank statements were available but proper balance confirmation certificates/ statements, duly authenticated by the bank were not available in many cases.

Further, in Ayodhya zone, the divisions have bank balance of Rs.119.95 Crores, while balances as per Bank Statements is Rs.15.77 Crores. Similarly, BRS at the divisions of LESA Ciss zone reflect unidentified debit entries amounting to Rs.1.29 Crores and credit entries amounting to Rs.87.94 Crores outstanding for long period which require adjustments and appropriate accounting in the books of account.

c. 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. 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) It has also been observed by us that in bank reconciliation statement of ICICI Bank maintained for establishment related payments at Central Payment Office, Headquarter, an amount of Rs. 79.26 Lacs pertaining to stale cheques has been shown outstanding and not reversed.

d. **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, un cashed cheques, other debits and credit, which requires special attention of the management for necessary adjustments and impact thereof is not ascertainable on the financial statements.

Zone Wise details are furnished below:-

Meerut zone

Bank Reconciliation Statement (BRS)

i. The BRS includes Bank Charges and the amount withdrawn directly by authority against court cases, reflected under other debits but not accounted for in the books of account. The amount of Bank Charges and other debits has been substantial but still not forming part of the books of account and continues to be reported in BRS.

(Rs. in lac)

Particulars	Other Debits (Total)	Bank Charges (included in the Total)
Less Than 1 year	3.91	3.91
1 to 3 years	12.59	0.03
More than 3 years	168.01	14.10
Total	**184.51**	**18.04**

In our opinion suitable provision need to be made in accounts for debits as mentioned above.

ii. Reconciliation statements available in of divisions carry uncashed cheques, dishonoured cheques and other credits given by bank in previous years but not recorded in books of divisions. In few cases Time barred/stale uncashed/dishonoured cheques not reversed and are shown in bank reconciliation statements.

iii. Accrued Interest on Fixed Deposits has not been accounted for in the Books.

iv. In few Cases, the Bank statements are not provided to confirm the substantial balances appearing in the Books and subsequently in the Bank Reconciliation Statements. As informed, the bank accounts are no more operational. In the absence of the Bank Statements, the updated status of these balances could not be confirmed.

Bulandshahar Zone

Bank reconciliation statements (BRS) in respect to Bank accounts of mostly divisions of Bulandshahr zone contains outstanding old entries which includes stale cheques, uncashed cheques, other debits and credits more than three month which requires reversal after proper & exact reconciliation and may have impact on trial balance.

Ghaziabad Zone

In the Bank Reconciliation statement, the bank accounts were reconciled subject to following items.

- uncashed cheques of Rs 24.39 Cr
- Old difference Rs 28.35 Cr

* Other credits not traced Rs 47.77 crores

No details, age and explanations could be provided to us hence we are unable to comment on its impact on the accounts

Shahranpur Zone

Bank Reconciliation Statement (BRS) in respect to bank accounts in case of few divisions of Saharanpur Zone contains outstanding of previous years entries (even some entries are more than 10 years old) which are seizure by various authorities in respect to Court and other cases.

5. **Capital Work in Progress**

i. Capital work in progress includes Rs 1389.61cr (refer notes-3) being "Advances to suppliers and contractors" to be reflected as Advance against capital expenditure as per provision of "the schedule III to the companies Act 2013" as Non- Current Assets. Consequently, capital work in progress is overstated and "Advance against capital expenditure" is understated to that extent.

ii. Group Company has not disclosed age-wise details of the Capital work in progress including projects in progress/projects temporary suspended as per requirement of Schedule III to the companies Act 2013

Subsidiaries wise observation as reported by the Auditors as given below:

a. **Madhyanchal Vidyut Vitran Nigam Ltd.**

At Ayodhya Zone, a sum Rs 337.61 Crores and revenue expenses of Rs.40.25 Crores has been capitalized during the year but the details of material & labour consumed, assets created and completion certificates of capital works completed were not available. Further, Details of projects under 'Capital Work in Progress' amounting to Rs 11.55 Crores does not contain item-wise details of consumption.

b. **Purvanchal Vidyut Vitran Nigam Ltd.**

i. As reported by the Zonal Auditors, the status, situation and condition of Capital Work in Progress is not available for verification.

ii. Capital work in progress includes advance to Suppliers, Contractors (Capital) amounting to Rs. 825.24 Crores. As reported by the zonal auditors, name and age-wise break-up of the same is not available, hence we are not able to comment upon the same.

iii. The time period of ADB funded UPPDNRP Project has expired on September, 2022. The approval of time extension not available on record for verification. However, as per UPPCL Letter dated 06/03/2023, the Company has been imposing liquidated damages on vendors w.e.f. 01/01/2023

c. **Pashimanchal Vidyut Vitran Nigam Ltd.**

The 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)

Moradabad Zone:

WIP

Amount Outstanding Rs. 3.52 Crores - Contract awarded to M/s Ishan Earthing Ltd. on 25.08.2018 . Not yet Capitalized and still stated in WIP. If the asset is commissioned to business operations, no depreciation is being charged. No explanation was offered at ZO level

d **Kanpur Electricity Supply Company Ltd.**

Capital work in progress Rs 29.14 crore

The disclosure requirement as envisaged by para L (vii)(b) under "Additional Regulatory information of Schedule III of the Act has not been complied with.

6. **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. Accordingly, the impact of non-compliance of the above IND AS on the financial statements is not ascertainable.

Major comments observed by Subsidiaries Auditors are reproduced below :

a. **Dakshinanchal Vidyut Vitran Nigam Ltd.**

Inventories of the Company of Rs. 427.62 Crores as at 31.3.2023, are erroneous considering our opinion expressed in Point No. (ii) of Annexure 1 to our audit report (In absence of physical verification) read with followings:

i. Fixed Assets identified as not fit for use, are de-recognised from AG 10 & 12 and are recognised under AG 22 at Written Down Value. New material procured/issued for repair is debited to AG 22, while labour charges are recognised as revenue expenditure under AG 74. After repair the repaired asset is recognised by debiting AG 10 and credited AG 22 at selfly estimated valuation of brand new asset, instead of historic cost of repaired asset. This results into incorrect presentation of inventory wherein, exaggerated imaginary credit (new asset value – (WDV + Repair Material)) remains parked in inventories. This may have been resulted as aggregate impact of multiple crores of undervaluation of inventories. Company needs to stop this practice immediately and identified it's consolidated impact on inventory valuation to arrive at correct valuation.

ii. Otherwise also, if the assets de-recognised is not repairable, it is further debited to AG 22.770 "Scrap Material" at realisable value, instead of book value and declaring loss on sale of asset in Profit & Loss account. This practice resulted loss on sale of scrap in AG 22 (other than AG 22.770).

b. **Madhyanchal Vidyut Vitran Nigam Ltd.**

i. Ageing of inventory was not done and obsolete items were also not identified and adjusted in the books of account in some cases. Further, in respect of inventories of Rs 272.37 Crores in Ayodhya zone, inventory records, item wise details of inventory and its valuation (except inventory worth 102.71 Crores pertaining to (Workshop and Store divisions) as at the year end were not available.

ii. Provision for Unserviceable store of Rs. 41.76 Crores as appearing in Note 7-Inventories continues since 2012-13 despite substantial increase in level of inventory to Rs 723.11 Crores in 2022-23 as against Rs. 230 Crores in 2012-13. In absence of complete details, we are unable to comment on the adequacy of provision on this account and its impact on financial statements.

c. **Purvanchal Vidyut Vitran Nigam Ltd.**

i. The Company has carried out valuation of stores as on 31/03/2023 by an independent Firm. As per Zonal Auditors' Report, the physical verification of stores and its valuation is pending at Varanasi Zone and some of the Units of Gorakhpur Zone.

ii. Stock shortage/ excess pending investigation amounting to Rs. 72.40 Lacs as outstanding as on 31/03/2023. In absence of proper information, we are unable to comment upon its nature and proper accountal.

iii. No movement analysis is available to categorize fast moving, slow moving, non-moving and dead stock items.

iv. 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.

v. There is no system for identification of scrap and its valuation at fair value.

d. **Pashimanchal Vidyut Vitran Nigam Ltd.**

i Inventory consists of stock items, which are used interchangeably for capital expenditure or for regular repairs and maintenance purposes. Since ultimate use of such stock items is indeterminate at initial recognition, the Company classifies such items as inventory. These items are classified subsequently either to property, plant and equipment through capital work in progress or expense in the Statement of Profit and Loss as and when it is so used, which is not in accordance with requirement of IND AS-2 'Inventories' and IND AS-16 'Property, Plant and Equipment'. The effect of such non-compliance on PPE, inventory, depreciation, spares consumption is not ascertainable.

ii Liability for Material received on loan by the Company amounting to Rs. 0.73 Crores 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. 0.73 Crores is shown in the Balance Sheet of the Company as on 31st March, 2020, as on 31st March, 2021, as on 31st March, 2022' and as on 31st March, 2023 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. 7 of Financial Statements).

Meerut Zone

No system for identifying and segregating un-serviceable/slow-moving/non-moving items forming part of the inventories is in place other than EDD- Baghpat, EDD-I Meerut, EDD-II Meerut and EUDD Meerut. However, such items are mixed with the regular stock and are valued as normal stock in all units. Impairment in value of inventory is neither computed nor accounted.

e. **Kanpur Electricity Supply Company Ltd.**

Inventory Dr.₹ 50.11 Crores

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 ₹104.31 Crores grouped under the head 'Capital Work in Progress'(**Also Refer Note No. 3 of "IND AS FS"**) and 'Advances Recoverable in Cash or in Kind or for value to be received' of ₹0.67 Crores grouped under the head 'Other Current Assets'(**Also 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' is not ascertainable.

7. **Property Plant & Equipment**

General Comments given by the Discoms statutory Auditors on Property Plant and Equipment are given below;-

i. We draw attention to para ii(e) of Company Information and Significant accounting policies stating that employee cost to capital works are capitalized @ 15% on deposit works, 13.50% on distribution works and 9.5% on other works. Further, it was noted that a sum of Rs. 1040.30 Crore of Employee benefit expenses has been capitalized to fixed assets out of total establishment expenditure of Rs. 3580.04 Crore incurred during the year.

In our opinion, capitalizing Employee benefit expenses on fixed percentages of 'direct costs' instead of Employee benefit expenses directly attributable for such construction, is neither in accordance with generally accepted accounting practices nor as per Ind AS 16. The impact of over capitalization of Employee benefit expenses to fixed assets, as above, on the financial statements is not ascertainable at this stage in absence of complete details.

ii. Group has not disclosed accounting policy for Assets not in possession for Rs 128.04 Cr as per Note No 4 to the financial statements. Statutory Auditors of PVVNL have made following comments the same:-

"Assets amounting to Rs.51.55 Crore, being expenses on construction of Bay are shown as "Assets not in possession of Pashchimanchal Vidyut Vitran Nigam Ltd.". The agreement with Transco is not available with the company. It is informed to us that the company has a right to use these assets."

Specific observation given by the Discoms statutory Auditors on Property Plant and Equipment are given below:-

a. **Pashchimanchal Vidyut Vitran Nigam Ltd.**

i. Due to non-availability of proper and complete records of Work Completion Reports, there have been instances of non capitalization and / or delayed capitalization of Property, Plant and Equipment, resulting delay in capitalization with corresponding impact on depreciation for the delayed period . In the absence of sufficient and appropriate audit evidences, we are not in a position to comment on the correctness of the same (Refer to 2(II) and IV(h) of 'Significant Accounting Policies' to the Financial Statements)

ii. In case of withdrawal of an asset, its gross value and accumulated depreciation is written off on estimated basis. In the absence of sufficient and appropriate audit evidence thereof, we are not in a position to ascertain impact of the same on the financial statements.

Meerut Zone:-

Confirmation for Assets of Rs. 11.97 Cr. (Previous year 11.97 Cr.) shown under the head AG 17 as on 31-03-2023 are reported as under the possession of M/s U.P. Power Transmission Corporation Limited is not available on records

b. **Dakshinanchal Vidyut Vitran Nigam Ltd.**

Sale of Scrap Rs. 50.59 Crores generated from unrepaired fixed assets should be recognised as Revenue in Profit & Loss account, in place of present practice of crediting to AG22.770

c. **Purvanchal Vidyut Vitran Nigam Ltd.**

i. As reported by the Zonal Auditors, the Fixed Assets Register stating nature of assets, date of addition, its location, actual cost etc. is not up to date except for Mirzapur and Azamgarh Zone.

ii As reported by the zonal auditors, physical verification has not been done at Azamgarh, Gorakhpur, Prayagraj, Mirzapur and Varanasi zones during the year under consideration.

iii. As reported by the Zonal Auditors, completion certificate has not been produced for verification for transfer of Capital Work in Progress to Fixed Assets by some of the units.

d. **Kanpur Electricity Supply Company Ltd.**

Property, Plant And Equipment Dr.₹1026.57crores

The land of the Company is on lease from UPPCL at ₹1.00 per month as per the transfer scheme (**Also Refer point no. 10(c) of Note no. 1-B to "IND AS-FS"**).As informed the value of such land is yet to be ascertained by UPPCL. However, we have not been furnished with the lease agreement and other related records pertaining to such land. As a result, we are unable to check whether the lease is of financial or operating nature. Hence, the financial impact on "Ind AS F.S." of the aforesaid is not ascertainable.

e. **Madhyanchal Vidyut Vitran Nigam Ltd.**

i. In case of fixed assets, which are decommissioned, the corresponding accumulated depreciation is reversed on estimated basis, which has no relation with their carrying cost in MTBs. As a result, the cost and accumulated depreciation of assets in use are not correctly reflected in MTBs in several cases. Such practice of determination of carrying cost on estimated basis and charging depreciation thereon is not in accordance with IND AS 16. In the absence of complete details, effect of the said deviation, from Ind AS, on financial statement could not be ascertained

ii. A sum of Rs. 28.07 Crores were capitalized as fixed assets (Computer & Printers) by transferring amounts from 'Capital WIP' on centralized basis at head office level. It was noted that these amounts comprised of various type of computers/ hardware/Accessories etc. purchased in earlier years and delivered/ being used at various zones/ field units and hence capitalizing the same on centralized basis was not proper. Further, item/ location wise entries of these assets were not made in the Fixed Assets register.

Similarly, payments of 27.98 Crores made for ERP software during 19-20 and 20-21 were capitalized as 'Intangible Assets' during the year. However, the completion report, date of completion, useful life etc. were not available for verification. Further, no amortization of these intangible assets has been done during the year.

iii. During the year, 'GOI Loans' under 'RAPDRP' of Rs 230.25 Crores were converted into 'Capital Grants'. The un provided interest liability on 'Loans converted into grant' amounting to Rs 144.87 Crores (Including Rs 102.26 Crores up to the period 30.09.2017 and Rs 42.61 Crores up to 31.3.2017), have been transferred to 'Capital Grants' and 'Interest pending capitalization' head by treating the same as 'borrowing cost'. Accordingly, an amount of Rs 170 Crores pertaining to 'interest pending capitalization' (Including Rs 25.14 Crores of interest for the period 1.10.2017 to 31.3.2019) has been transferred to field units through 'Inter Unit Transactions' as on 31.3.23

However, due to non-acceptance of these debit advices by the concerned units, the capitalization of this amount in 'Property Plant & Equipment's' and corresponding 'Provision for depreciation' for the period from F.Y. 2017-18 to 2022-23 has not been done resulting in overstatement of 'Inter Unit Transactions' and understatement of 'Fixed assets' and 'Depreciation'. The resultant impact of not charging depreciation on the profits for the year could not be ascertained in absence of complete details.

8. Non Provision of Expenditure/Losses

Group has not provided for Expenditure/Losses as reproduced below

a. Madhyanchal Vidyut Vitran Nigam Ltd.

Advances to suppliers amounting to Rs 113.10 Crores at the HO level are outstanding since more than 7-8 years. It also included Rs 40.61 Crores for which even party wise/ date wise details were not available with the concerned unit. No documentary evidence or explanations were made available to us regarding the recoverability of these amounts. Accordingly, in our opinion, these amounts are doubtful of recovery and provision should have been made against these advances.
Non provisioning of these amounts has resulted in overstatement of advances and understatement of losses for the year by Rs 113.10 Crores.

b. Pashchimanchal Vidyut Vitran Nigam Ltd.

i. As per UPERC (MYT) Regulation 2015, 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.

ii. PVVNL has disclosed prior period adjustment in its para no. 34 to the notes to the account for Rs 94.57 cr restating the loss to Rs 793.86 cr from Rs 699.29 cr. But, restated amount of pervious year 2021-22 has not been reflected in financial statements.

9. Subsidies Received under Atmnirbhar Bharat Scheme.

Group has shown Rs. 14940.00 Crore Subsidy Receivable from U.P Government as Non-Current Assets 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. It is learnt from management Representation Letter that company is referring the issue for the opinion of Expert Advisory Committee of ICAI. Pending receipt of such opinion its impact on accounts cannot be ascertained at this stage.

10. Non-Reconciliation of Inter Unit transactions.

Inter unit transactions amounting Rs.1366.49 crore (Note No. 13- Other Current Assets), has not been reconciled till closed of the financial year.

II. **Non-Compliances of Ind AS/Schedule-III And Other Provisions Of The Companies Act-2013 (other than those mentioned above)**

Following accounting policies of the Group are not in compliance with Ind AS/Companies Act 2013:

i. "Other Equity"-Note-15 includes Rs 18767.69 Cr as consumer contribution towards capital Assets/Capital Grants which are to be reflected as "Deferred income" under "Non-Current Liabilities, "as per Ind As 20. In view of above "Deferred income" is understated and "Other Equity" (negative) is also understated to that extent.

ii. Policy no. VIII(B) regarding accounting of late payment charges on cash basis and (viii)F regarding penal interest over dues, interest etc. on cash basis are against the accrual concept of accounting.

iii. Policy no. XVI -Financial Assets regarding subsequent measurement on debt instrument at amortized cost in accordance with Ind as 109.

iv. Policy no. XVII- Financial Liabilities regarding subsequent measurement of borrowings using effective interest rate method.

v. 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.

vi. Unbilled revenue Receivable has not been disclosed in the Notes to Accounts except DVVNL and MVVNL Similarly unbilled Trade Payable has not been disclosed except UPPCL (Holding Company) as required by Schedule-III of Companies Act, 2013.

vii. Group has not conducted actuarial valuation relating for pension and Gratuity pertaining to employees of erstwhile UPSEB during the financial year 2022-23. (para no. 15(a) to the notes to accounts referred).

viii. Group has not made necessary disclosures and information as required by Ind As 19 pertaining to Actuarial Valuations in respect of KESCO, PuVVNL, DVVNL and PVVNL respectively.

Specific observations given by statutory Auditors of Discoms on the subject are given below: -

a **Pashcimanchal Vidyut Vitran Nigam Ltd.**

i. As per Para 16 of IND AS 37, the company is required to disclose Court Cases going on at the end of financial year, brief description related to nature of the contingent liabilities and estimate of its financial effects and possibility of reimbursement. The company has not made required disclosure with respect to above. Thus, company has not complied with disclosure requirement of IND AS 37. Accordingly, the impact of non-compliance of the above IND AS on the financial statements is not ascertainable. (Refer to Note No. 18(b) of Notes on Accounts)

ii. Amount as disclosed in respect of claims/pending court/ arbitration/legal/tax cases have not been properly compiled and ascertained as per IND AS-37 "Provisions, Contingent Liabilities and Contingent Assets". No amount of capital commitments in respect of estimated amount of contract remaining to be executed on capital accounts ascertained. In the absence of details thereof, impact of the same upon the financial statements is not ascertained. (Refer Note No. 18(b) of Notes to accounts, regarding contingent liabilities)

iii. Refer Point No. 1(e), 2(VI)(b) and 2(VI)(f) of Significant Accounting Policies, wherein disclosure has been made for certain items which have been accounted for on cash basis/cut-off date basis, which is not in consonance with the accrual basis of accounting required by the Indian GAAP. Due to cut off date basis of accounting, the accounting for provisions in the books of accounts is not in consonance with IND AS-37 "Provisions, Contingent Liabilities and Contingent Assets" is not verifiable. Accordingly, the impact of non-compliance of the above IND AS on the financial statements is not ascertainable.

iv. 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

v. Auditor of Moradabad Zone has reported that Moradabad ZO has not disclosed the impact of pending litigations on its financial position in its financial statements amounting Rs.1363.57 Lakhs

- IND AS-1: Policies relating to provision made against (i) advances to suppliers/contractors (ii) Slow/non-moving and unserviceable stores, (iii) bad and doubtful debts (iv)advance to employees and others are not disclosed under Annexure "Significant Accounting Policies" annexed with Financial Statements as required in IND AS 1. Accordingly, the impact of non-compliance of the above IND AS on the financial statements is not ascertainable.
- IND AS-36: All the assets of the company are recorded at their historical values without arriving at their recoverable amounts and arriving at amount of impairment of loss. Company's submission that "their recoverable amount is higher of the assets' net selling price", has not been substantiated. In the absence of fixed assets physical verification, fixed assets register, techno-economic viability assessment and calculation and determination of Cash Generating Unit, we are unable to comment whether any impairment loss has remained un-assessed or un-provided for in accordance with IND AS-36 "Impairment of Assets". Impact of non-compliance of the above IND AS on the financial statements is not ascertainable.

vi. Depreciation/Amortisation

We have observed that the depreciation on Property, Plant and Equipment has not been worked out properly as there are discrepancy/ variation in date of put to use of various assets. The depreciation on addition in Property, Plant & Equipment during the year was provided as per the order of UPERC/Secy./ (MYT for distribution and transmission) Regulations, 2019/408, Lucknow, dated: September 23, 2019, on monthly basis instead of actual period of availability of asset for its intended use on addition. This is not as per provisions of Schedule-II of the Companies Act, 2013 and also against accounting policy of the Company as stated in Para 2(IV)(b) under the head depreciation. In the absence of proper audit trail, we are unable to quantify the impact of the same on depreciation and consequential impact on the financial statements.

b. **Kanpur Electricity Supply Company Ltd.**

Note no. 13 of the "IND AS-FS"

The Company has not complied with the disclosure requirements envisaged by Schedule-III of the Act except the following:

In respect of non-current borrowings:

(i) Nature of security in respect of each case of borrowing.
(ii) Terms of repayment of term loans and other loans.

c. **Madhyanchal Vidyut Vitran Nigam Ltd.**

a. The 'liabilities for capital works', 'liabilities for O&M works' and 'Liability for expenses' etc. have been categorized under 'Other Financial Liability(current)' instead of showing them under 'Financial liability (Trade payable)'. Further, the disclosures/ ageing of 'trade payables' as per 'Para 36 of Note 1B', have been done without taking into account the amounts shown under the heads 'Other Financial Liability'/ figures certified by the Zonal auditors.

b. Financial Assets-Other - Current (Note-10) and Other Financial Liabilities-Current (Note 18) have been classified as "current" but include balances which are outstanding for realization/ settlement since previous financial years and in the absence of adequate information/explanations regarding the realizability /settlement of such amounts within twelve months after the year end, not classifying them as non-current assets/ liabilities is not in accordance with Ind AS-1 "Presentation of Financial Statements.

c. Additional Disclosures relating to maturity - redemption or conversion date of bonds, repayment of term loan & Other loans, nature of security etc. in respect of various borrowing appearing in Note 14- 'Financial Liability - Borrowing' and current maturity of Long term borrowing in Note 16 have not been made as required by Companies Act 2013.

d **Purvanchal Vidyut Vitran Nigam Ltd.**

The Company has not complied with the provisions of section 42 of the Companies Act, 2013 as well as The Companies (Acceptance of Deposits) Rules 2014 relating to Share Application Money pending Allotment.

There is no system at Zones and ESDs of the Company to prepare the Balance Sheet and Statement of Profit and Loss. The Zonal auditors have only been provided Trial Balances (MTB) for the purpose of their audit which is non-compliance of Schedule III of the Companies Act, 2013.

Impairment of assets has not been done, which is in contravention of Ind AS 36 of ICAI.

The Company has disclosed contingent liabilities to the tune of Rs. 168.77 Crores at para 28(b) of Notes to Account of Balance Sheet. Since, the status of contingent liability has not been provided to us, we are unable to comment upon the provision required as per Ind AS-37.

e **Dakshinanchal Vidyut Vitran Nigam Ltd.**

i. The Company is marked as Active Non-Compliant by the Registrar of Companies, consequence to which the Company is unable to file necessary form with the registrar for Change in Authorised Share Capital (Form SH 7), Change in Paid-up Share Capital (Form PAS 3), Changes in Director (Form DIR 12) etc. The Company may end-up paying heavy late fees for the above non-compliances. This has led to difference in, Authorised Share Capital as per MCA website is Rs. 24,000/- Crores and as per balance sheet is Rs 30,000/- and Paid up share capital as per MCA website 20,87,72,198 no. of share of Rs. 20,877.22 Crores and as per balance sheet 23,46,17,387 no. of share of Rs. 23,461.74 Crores

ii. The Company has failed to produced/maintained statutory registers prescribed under Companies Act, 2013.

iii. The Company has not filed creation/modification/satisfaction of charges with registrar of companies consistently since past 5 years

f. **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:

- Charges column disclosed in the Company Master Data includes old satisfied charges

- There is no full-time company secretary and Chief Financial Officer in accordance with the requirements of Section 203 of the Companies Act, 2013.
- 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.

12. Specific observations in Audit Report of Subsidiaries

a. Pashchimanchal Vidyut Vitran Nigam Ltd.

Borrowings

There is no system of identification of qualifying assets and interrupted projects which are being financed from the borrowed funds in accordance with IND AS-23. During the year under audit, the company has not capitalised any interest on borrowing, while balance still persist in CWIP and there are payment of interest by the company. Management has informed us that the all capital projects under scheme for which fund was borrowed has been closed prior to the FY 2022-23. However, Capital projects, running other than schemes, are not identified. Hence, In the absence of complete details of qualifying assets vis a vis uses of interest paid money by the company, we are unable to quantify the impact of the same on the financial statements. (Refer to note 23 of financial statements).

Accrual System of Accounting

During the course of our audit, we have come across some expenses, which have been accounted for on cash basis instead of accrual/mercantile basis. The same is not in accordance with the basic accounting assumptions and the company's accounting policy. In absence of the complete audit trails, we are not in position to ascertain the Impact of the same on the Financial Statements of the company. (Refer to 1(b) and 2(VI) of 'Significant Accounting Policies' to the Financial Statements)

Statutory Compliances

- The company has corrected Interest on RAPDRP Loan previously accounted as Income instead of transfer to Grants amounting to Rs. 110.64 crore. In FY 2022-23, further company also corrected interest on RAPDRP Loan accounted as expenses which is to be capitalized by Rs. 279.06 crore. In absence of complete documents/calculation of conversion into Grant, we are unable to comment upon the correctness of the same.
- GST reconciliation with Books of accounts and return is not made available to us and stated by the management that the same is under process. Hence, we are unable to comment upon the impact of same on financial statements

Others

- No subsidiary ledgers have been maintained by the company for Consumer Security Deposit, Meter Security Deposit and Advance consumption charges. In absence of same, correctness of the figures appearing in the financial statements under these head could not be verified.
- As during the course of audit we observe that the late payment surcharge recoverable from customers is accounted for on cash basis due to uncertainty of realization however, the company does not have record related to actual realization of the late payment surcharge actually collected , the amount of late payment surcharge was being accounted for on ad-hoc basis by the divisions thus, late payment surcharge is not accounted for in line with the accounting policy & due non availability of proper records we are unable to ascertain the effect of the transactions on the financial statement.

Merrut Zone:-

i. Following are very old unreconciled/unexplained outstanding appearing in trial balance of the zone having substantial amounts, which should be squared up/settled at regular intervals.

(Rs. in lac)

CODE	HEAD OF ACCOUNT/GROUP	AMOUNT

28.87	Receivable from related companies	2528.31
31.0288	MEERUT ZONE	155.76
21P.01	WITHIN ZONE	23.58
46.56	LIAB.FOR E.C.T (UPSEB)	3118.92
46.981	UPP CORP.LTD.	1459.29
46.999	UPP.CORP.LT	-9517.74
46.989	UP POWER TRANS MISSION	-175.70

ii. Party wise details of amount outstanding under these accounting heads are not available. Balances outstanding under these heads could not be verified from any record available in unit/ Zone. The age wise analysis for advances and liabilities is not done. In the absence of any analysis of time barring cases and chances of recovery, no provisions are made for non- recoverable cases.

iii. In absence of complete details i.e. party wise & age wise outstanding, their names, addresses etc. The procedure prescribed under SA 505 for obtaining balance confirmations directly to statutory auditors could not be initiated.

. **STATUTORY NON-COMPLIANCES**

i. **Income Tax and Tax Deduction at Source (TDS):**

- The provisions for expenses made at the year-end consisting of Interest on Consumer security deposits, Professional Expenses, Contractors etc. are subject to TDS but tax has not been deducted. Also, Tax has been deducted on payments basis whereas as per Income Tax provisions, Tax should be deducted on booking of expenses or on payment, whichever is earlier. The practice should be amended to fall in line with the provisions of Income Tax Act.
- Pending TDS demand for Rs. 5.48 lacs (Previous Year Rs.22.41 lac) are appearing at TRACES (Income Tax TDS portal). The basis of these demands needs to be identified and the same need to be removed or paid on its merit. The Contingent Liability arising due to this demand need to be recognised.

ii. **Goods & Services Tax (GST):**

- In some cases, units have not charged GST on Miscellaneous receipts components like RO/DO charges etc which are otherwise covered under the provisions of GST. There are other receipts which need to be identified and GST should be charged accordingly. We have identified receipts (in the nature of RO/ DO charges) amounting to Rs. 167.80 lac (Previous Year Rs. 4.37 lac) on which GST have not been claimed and deposited.
- Miscellaneous Receipts cover receipts of different nature. It is advised to identify receipts on the basis of its nature and should be booked under separate heads rather than clubbing as Miscellaneous. We observed that on some receipts, GST has been claimed such as LD and Tender charges Receipts whereas on some other receipts, GST has not been claimed. In view of the same it is important to classify these receipts to identify and charge GST.

SECURITY DEPOSIT FROM CONSUMERS AND INTEREST PAYABLE (AG CODE 78)

As per the practice, Interest on customer deposits have been provided on average balance basis and the prevailing Bank Rate is considered for making the provision for Interest. The actual payment of Interest to the customers are not reconciled /adjusted with the provision made during the year. The effect of difference between the provision made for Interest and actual Interest paid has not been taken in the Profit & Loss Account but instead adjusted against the Debtors' recoverable.

Security Deposit/EMD/ Retention Amount

We observed that the details of accumulated amount of Security Deposits/EMD/retention money forming part of the trial balance are not available and hence are subject to confirmation and reconciliation. The accumulated amount needs to be reviewed to demarcate the confirmed amount which may be retained and the unidentifiable part needs to be adjusted/setoff.

Internal Audit Reports

The format of the Internal Audit Report needs to be reviewed. Most of the Auditors are confining their report to standard formats of the Report given. They should be asked /encouraged to report on other Unit related substantial issues over and above the Standard Format given to them. The formats should also be reviewed to include relevant clauses and remove clauses which are not applicable at Unit Level.

Moradabad Zone:

i. **Ed And Other Levies**

During the year Total ED & Other Levies Collected-18278.65 Lakhshowever ED & Other Levies Paid- 13114.32 Lakhs. That mean either 5164.32 Lakhs amount is excess collected or not paid to the government. If excess collected, it is income and if correctly collected, why not full amount of duty paid to the government? In such a way the liability is accumulated over the years and reached to such alarming level 66670.76 lakhs.

ii. **Accounting System**

During the course of auditing we observed that no sub-ledgers of Accounts Receivables and Accounts Payables are prepared. Hence party wise receivables and payables cannot be ascertained.

Ghaziabad Zone

i. The Branch has two categories of customers i.e. prepaid customers and posts paid customers. In the case of prepaid customers, the collection goes to HO which in turn inform the branch of the amount collected by them on its behalf. The Zone could not produce the records related to accounting of unadjusted portion out of prepaid recharge of meter and recognition of revenue out of such prepaid amount for the period upto 31st March, 2023. Also it could not be explained how the accounting is done of the cases of negative balance in the case of prepaid meter. No record could be produced before us to verify the accrual of income and realization thereof, hence we are unable to comment thereon and quantify its impact on the accounts:

ii. The Company has not laid down its accounting policy on recognition of income in the case of theft of power (dishonest abstraction of power) and the income is recognized based on consumption estimated in report of JE/SDO etc. During the year, the Branch has recognized such income of Rs 68.43 Crores (Code AG-61.6) where against only Rs.7.13 Crore (Code-AG-23.8) have been realized and rest has been accounted for a Receivable. Further, such accounting treatment is not in accordance with IndAs-18 which stipulates recognition of income only when the realization thereof is certain. Hence, the Zone has not provided for the doubtful amount. However it is informed by the officials that the provision is made at the HO level in their books, the details and basis thereof, however, could not be explained. In view thereof, its impact on the accounts of the Zone could not be ascertained and quantified.

iii. The Branch had engaged Primeone Workforce Pvt Ltd for providing skilled Unskilled manpower for operation /maintenance of 33/11KV substation and HT/LT distribution lines. This party was awarded contract with higher profit margin of 6% compared to other similar contract with 3.8136%. Similarly it was noticed that the party has claimed excess rate of wages by Rs 83.86 Lakhs during the year.

iv. In yet another case, Mool chand om sai enterprise Pvt Ltd was awarded contract for 2 years for Rs 21.85 crore for manpower supply for operation /maintenance of 33/11KV substation and HT/LT distribution lines wherein the party has excess charged by 16,30,439.64

No explanation was given to us in respect of the above.

v. As a policy, the branch does not deduct TDS at the time of making provision for expense as the same is deducted at the time of payment. This is not accordance with the provision of Income Tax Act. Similarly, in the case of TCS u/s 206C of the Income Tax Act, tax is not collected at the specified rate.

vi. The security deposit from customers under code AG 48.1 is Rs. 998.88 crores whereas the same as per customer's master data for all divisions, it is Rs. 1620 crore. No explanation could be offered for such a huge difference hence we are unable to comment on its impact on the accounts.

vii In the case of Division IV Noida (Code AG 23.1), the payment received from debtors during the year is Rs 241.68 crores as against the sale of Rs 75.05 crores. No explanation/details were given for excess collection of Rs 166.62 crores hence we are unable to comment on its impact on the accounts. It was explained that in the case of collection received directly at the head office, the details of such payment pertaining to the Zone is received with an interval even of 2 years hence the figure of debtors as reported in Trial Balance is subject to such collection at HO, consequently, in the absence of information of such collection, the impact on debtors could not be ascertained and quantified.

viii. During July'20 to November'20, there was a cash embezzlement of Rs 5.64 crores under the division EUDD-7, Ghaziabad by Mr. Sumit Gupta, Head Cashier Revenue of the division. Similarly, Cashier of EDD Greater Noida Satender Pal Singh TG-II embezzled cash of Rs 82,21,974/- during March'21, April'21 and June'21. In yet another case, Cashier of EUDD-IV, Ghaziabad.

ix. Harinath TG-II during the year 2018-19 embezzled Rs.19,19,767/-(net of recovery of Rs 89,3287). Despite the above cases having been declared fraud in respective years, the same has not been provided for.

Saharanpur Zone

As explained to us that Fixed Assets created out of these deposit works are not depreciated through the profit and loss account instead these assets are depreciated through the consumer contribution liability head.

In respect of Receivables (Big Consumers) :-

i. Report on short security collected from large and heavy consumers: Following is the detail of the large and heavy consumers from whom due security is not collected which is to be collected immediately:

Sr. No	Name of Consumer	Security Due (In Rupees)
1	M/S RAVI ORGANICS	18,17,160.00
2	D.L.S PAPERS PVT LTD	33,06,440.00

ii. On the basis of data given to us related to the heavy consumers, following are the cases where either there are payments pending since long or there are irregular payments or partial payments:

S. No	Consumer Name	Account No.	Last Payment	Total Amt due as on 31.03.2023
1	Executive Eng.	DB00805136188	04-05-2018	52,50,763.38
2	Harminder Singh	6116971000	24-10-2009	40,90,365.00

3	Dishnet Wireless	3435671000	20-09-2013	38,83,056.00
4	Muspkeem Ahmed	5422204000	Never Paid	34,89,852.00
5	Kisaan Dass Rice Mill	4390430800	10-03-2015	32,76,868.00

Although, the Management of Saharanpur zone has informed that the outstanding dues against Sh. Harminder Singh and Sh. Mustakeem Ahmed has been fully recovered.

iii. The Comprehensive ERP is under implementation in the Zone. Our Comments are as follows: -

- The Trial balance of the all divisions are not aligned with ERP.
- The Due Diligence of Migration of Software not undertaken
- Partial Migration to new ERP from Old working software (Excel)

It has come to our notice that the zone has since shifted payment module w.e.f. 1 Jan 2022. Under the system the payments are centralized at HQ Meerut UP wherein they are understood to maintain separate ledger Accounts in the New ERP.

Under this arrangement the zone will continue to show liability to the vendor whereas the vendor has already been paid during the period from 01 Jan 2022 to 31st March 2023. The consolidated Trial Balance presented to us is showing a liability is INR 491,54,18,830.67/-. The payments against these liabilities are made by the Head office directly to the Vendors. But effect of these payments are not reflected in the trail balance of the Zone. In the trail balance only balance payments should have been reflected. Therefore, this point has to be taken into the account at the time of finalization of the Company Balance Sheet

A/c Code	Account Name	TB Closing Balance as on 31.03.2023
42.1	Supply of Material/ Cap.	262,37,44,037.30
43.1	Supply of Material (O&M)	229,16,74,793.37

Remarks: Out of this Liability of Rs.491.54 Crore, some payments already made to the vendors by HQ. These payments must be lying at debit balance in these heads in HQ accounts.

Observation:

In our opinion these payments must be considered while financialization of the financial statements of the company as a whole.

iv. A/C Code 26.7 represent Cont. Mat. Control A/C having balance as on 31.03.2023 is INR 1,13,84,537.54 belongs to material advanced to contractor Mr. Shailesh Kumar Since 2010. This material is required to be recovered from the contractor immediately otherwise provision is required to be make in the books of the accounts.

b. Dakshinanchal Vidyut Vitran Nigam Ltd.

i. During the year, Loan of PFC R-APDRP Part A (Rs. 77.53 Crores and accrued Interest Rs. 28.38 Crores) and Loan PFC R-APDRP Part B (Rs. 181.70 Crores accrued Interest Rs. 46.76 Crores) was converted to grant. Total accrued interest of Rs. 75.15 Crores, being interest during construction period, has been capitalised to assets during FY 2022-23, which was erroneously omitted to be capitalised during FY 2016-17. The company has erroneously, by imagining capitalisation in 2016-17, charged total depreciation Rs. 39.47 Crores, current depreciation to profit and loss and accumulated would be depreciation of preceding 5 years as prior period adjustments and failed to correspondingly amortised Rs. 65.42 Crores out of total Grant of of Rs. 334.18 Crores for the expired life of the corresponding assets in this way Profit of the company is understated by the equivalent amount.

ii. Balance of Rs. 30.18 Crores under AG 46.501 ED Payable to State Govt., Rs. 2.77 Crores under AG 44.412 EC Payable (Out of Nigam) and Rs. 20.07 Crores under AG 46.922 Adv. Recd. For Sale of Scrap, parked in other liabilities/ other assets and Rs. 2.56 Crores in BRS-BOB under EE Admin. duly acknowledged by the company, should have been transferred to Inter Unit Transfer (IUT).

During the year the Company has capitalised ERP Software of Rs. 29.32 Crores which should have been capitalised on 12.08.2020. On this capitalisation the company has erroneously declared an amount of Rs. 7.18 Crores as previous years amortisation by restating the opening balance of Retained Earnings. In our opinion adopted/audited financial statement of preceding years cannot be restated incorrectly for such ignored adjustments. Resulting Loss of this year is understated by equivalent amount.

iii. We have observed, accounting head AG 44.410 "Other Misc. Recovery Payable" balance of Rs. 11.27 Crores (as at 31.03.2023), is increased from 3.73 Crores (as at 31.03.2021), majorly in Jhansi Zone (by Rs. 3.97 Crores in FY 2021-22 and by Rs. 6.00 Crores in FY 2022-23), which is not substantiated to the satisfaction about the nature and reason substantial increase. Appropriate efforts should be made.

iv. Though the Company has retained an amount of Rs. 15.12 Crores of M/s Pace Computers Services in AG Code 46.124 under EXECUTIVE ENGINEER (ADMN.) outstanding since April 2022, wherein the Company has not assessed the exact amount of claims against the supplier and credited his Profit and Loss account for the same.

c. **Purvanchal Vidyut Vitran Nigam Ltd.**

- The Inter unit balance has not been reconciled due to which net amount of 699.87 Crores having debit balance has been shown as Inter unit transfers in the Balance Sheet.
- In case of advances under T.I. and P.I. and adjustment thereof, amount aggregating to Rs. 57.90 Lacs is outstanding. It needs serious perusal and timely settlement.

Azamgarh Zone-

v. During audit it was noticed that in almost every unit huge amount aggregating to Rs. 7,43,36,967 is shown as outstanding against cash and against materials to employees. The amount is quite significant in some of the units. These advances should be recovered and properly accounted for.

vi. As on date there stands a demand of Rs. 1,31,820 for late filing/ late deposit/short deduction of Income Tax TDS. This liability should be disposed off either through necessary corrections or through recovery from concerned responsible persons.

vii. At units, records like Cheque Dishonour Register, Log Books of Vehicles, Receipt Book Issued & Received Register, Stamp & Postage Register, TDS Register are not being properly maintained & found incomplete except in few cases.

viii. Since, the work register being incomplete the amount debited in capital work in progress is not verifiable.

Basti Zone-

i. TEPI which is open earlier year/during the year and still pending as on 31st March, 2023. Some of which are pending from more than 10 years. Hence all pending TEPI's should be closed as per prevailing circular of the corporation or recovered from the official concerned.

ii. Out of total Capital WIP of Rs. 57.64 Crores appearing in 4 units of the Zone, Rs. 5.60 Crores relates to more than 3 years old.

iii. Some records like dishonor cheque register, electricity theft register, PD Register, Vigilance Register, log books of vehicles, receipt book issue & received register, stamp & postage register are not produced by Some of the units.

Gorakhpur Zone

i. TT & PI are requested to be closed timely from the date of its issue but the same is not being followed. Some Units are not following proper system for its timely adjustment to avoid its misappropriation/ misutilization. Also it was observed that adequate internal controls with respect to TTPI were weak in some of the units.

ii. At the time of issuing No Dues Certificate due course has not been followed and proper record for such certificate has not been maintained. In result, unnecessary litigation and financial loss occurred. Management may take notice and strictly implement the due course of issuing no dues certificate.

iii. Civil Distribution division has failed to provide Hydel Colony residents occupancy, maintenance and unauthorized occupancy in the campus while some unauthorized encroachments and occupancy have been noticed. It involves financial loss to the Company, which required to be ascertained.

iv. In most of the Units it is found that M.B. issue register is not properly maintained and direction in this respect not followed. In some cases, it is found MB Book not returned even after retirement or transfer of concerned employees and no serious efforts taken by Divisions to return back that MB. Further after utilization of M.B in many cases it is not returned to unit/custodian.

v. Solar based net metered billing system is not working smoothly and feeding of meter reading (import/export) in solar based net meters are not being done at all. If done only based on consumers awareness and pursuance, thus it shows loss of revenue on regular basis.

vi. In many tender cases, while checking financial statements certified by CA, UDIN based certificate not found. It creates reasonable doubt on the genuineness of the statement.

vii. In most of units Log Book of Vehicles either not maintained or not produced before us for checking.

viii. At some units, earnest money deposit/security deposit register was not maintained properly hence it is not possible to make any comment on whether earnest money deposit/security deposit was taken from any contractor or not and also refund of earnest money deposit/security deposit to any contractor was made or not. It is evident from the above that there is chances of twice payment to contractor.

ix. The Gorakhpur Zone have pending litigations of involving more than Rs. 504.00 lacs which would impact its financial position.

x. At many of the unit's records like log books of vehicles and TDS register are either not maintained or not properly updated.

xi. There is subsequently huge difference between Debtors of Distribution Units that appears in the online data base of the company and that appears in the trial balance of the units. The reconciliation of the same has not been prepared by the units. As explained, this is because fictitious billing and not accounting of Late Payment Surcharge due in consumers bill as per company policy.

xii. Remittance of cash into bank is not done within the prescribed time at the distribution units. Cash is usually deposited into bank after delay of 2 - 5 days.

Mirzapur Zone

i. At some of the units, records like dishonor register, log books of vehicles, receipt book, issue & received register, stamp & postage register, TDS register are either not properly maintained or not updated.

ii. Most of the Bank reconciliation has been prepared with opening differences, which is not correct. In overall, the Bank reconciliation prepared by the Unit is not fully satisfactory & up to the mark and it does not serve main purpose of Bank Reconciliation.

iii. Some of the units have shown advances to employees as outstanding against materials. The amount is quite significant in some of the units and outstanding is in crores. The employee wise list of such outstanding is not made available to us showing the date since when such outstanding stands. It was also noted that advances against material have been debited to the account of J. E's and they have submitted the details of consumption and balance of stock in the form of JE Stock Accounts in form of 1S/2S/3S/4S.

iv. Some units MB was issued to various JEs since long time but was not deposited back to the units till the date. It was observed that some JEs were transferred from the unit without submitting MB and no dues were also issued from the unit. It is strongly recommended to management to identify the JEs who has not submitted the MB and take necessary action for submission of the same.

v. This is the corporation practice to accept payment in Cash/Demand Draft only in case where cheque of the consumer was dishonored. But it is observed that again cheque has been received against dishonor cheque from consumer, which is against the corporation norms and the unit must avoid and follow the norms of accepting Cash/DD in case of dishonor of cheque.

vi. Completion certificate has not been shown for completed job which has been transferred to Fixed Assets from Capital Work in Progress except for some of the units.

vii. Some of the units do not maintain a separate register for SJ-1, SJ-2, SJ-3 & SJ-4. They are directly making entries either in only one or two register. As per corporation norms separate register should be maintain. And also, unit is required to prepare manual SJ's register on their own and then it should be tallied with SJ's prepared by the hired accounting agency. This will vouch & cross check the accuracy of work done from both the end, but in almost all the case manual SJ's have not been prepared and the computerized SJ's prepared by such external agency is pasted in manual SJ's register.

Varanasi Zone-

i. The disclosure requirement as envisaged by para F (vi)(b) under 'Additional Regulatory Information' of Schedule III of the Act has not been complied with.

ii. Total demand of Rs. 28.38 Lacs is pending for TDS defaults in various units of Varanasi Zone.

iii. Records of Log Book of Vehicles, WIP Register, T&P Register, Contractor's Ledger, WMDR/WMCR, MB Movement Register, Additional Security Tools & Plant Register, Incumbency Register etc., not made available/provided.

iv. Service Books not maintained properly i.e., nominee details, caste certificate and re-attestation not maintained.

v. Bills continued to be raised to Permanent Disconnection Consumers.

vi. ERD/Suspense register not maintained.

vii. Non- Submission of Receipt Book by collecting agent on regular basis.

viii. In many cases it is noticed that additional security for additional load in case of HV Consumer category has not been taken.

ix. Line Losses reported in many divisions.

d. **Kanpur Electricity Supply Company Ltd.**
Deposit for Electrification (AG Code 47) Cr. ₹48.26Crores

Party-wise break-up of the above sum with respect to: -

i) Amount lying on account of incomplete project &
ii) Amount unspent which is refundable to parties against completed projects was not made available to us for our verification
Hence, we are unable to verify the above liability as on 31.03.2023.

Security Deposit From Consumer Cr. ₹181.16Crores

The above sum includes the sum of ₹16 Crores diverted from the revenue received from the consumers account received against electricity charges. Despite of C&AG comments on the accounts of the company for the F.Y.2020-21 & 2021-22, no corrective measurement taken in the **"IND AS- FS"** for the F.Y 2022-23

Statement Of Profit And Loss

<u>Exceptional Item (AG Code 79.501) Dr. 3.59Crores</u>

The sum represents reversal of **₹2.89**Crores on account of "KESCO's" share in the loss of principal / unrealised interest / notional interest allocated during the F.Y 2021-22 & ₹ **6.48** Crores of notional interest for the F.Y 2022-23 for earlier years invested by the CPF/GPF Trust in the Fixed Deposits of a Public Ltd. Company. The documents / information available was not adequate for forming an opinion. **(Also Refer Para No. 33 of Note No. 1B of "IND AS- FS")**

For D Pathak & Co
Chartered Accountants
FRN: 001439C

(A K Dwivedi)
Partner
M No.: 071584
UDIN: 23071584BGWZLF2793
Place: Lucknow
Date: 15/09/2023

Annexure II to Independent Audit Report

As required by para XXI of CARO (2020) Order under Companies Act, 2013, adverse remarks as reported by respective Auditors are furnished below:

Holding Company -Uttar Pradesh Power Corporation Ltd.

i. Para No. 1 Relating to property, Plant & Equipment
ii. Para No. 2 a & b relating to physical verification of Inventory and submission of quarterly statements to Bank regarding working capital limits.
iii. Para No. 3c regarding terms & conditions for repayment of loans debited to subsidiaries.
iv. Para No. 4 Regarding Board approval for investment made / loan granted to subsidiaries.
v. Para No. 6 Related to Cost Records.
vi. Para No. 7 Related to Non-Payment of Statutory dues.
vii. Para No. 11c Relating to not establishing whistle blower mechanism.
viii. Para No. 13 Relating to approval of related parties' transaction.
ix. Para No. 14 Relating to internal audit system.

Subsidiaries

a. Dakshinanchal Vidyut Vitran Nigam Ltd.

i. Para No. (i) Relating to property, Plant & Equipment.
ii. Para No. (ii) a Relating to physical verification of Inventory.
iii. Para No. (vii) Regarding Statutory dues
iv. Para No. (x)(b) Regarding private placement of equity shares.
v. Para No. (xi) Related to Fraud /deficiencies in internal control system.
vi. Para No. (xiii) Related to Non compliances of Section 177 and section 178 of Companies act.

b. Madhyanchal Vidyut Vitran Nigam Ltd.

i. Para No. (i) Relating to property, Plant & Equipment.
ii. Para No. (ii) a Relating to physical verification of Inventory.
iii. Para No. (vii) a Regarding statutory dues.
iv. Para No. (xi) Relating to embezzlement of cash.
v. Para (xiv) Regarding deficiencies in Internal Audit system in Ayodhya Zone.

c. Purvanchal Vidyut Vitran Nigam Ltd.

i. Para No. (i) Relating to property, Plant & Equipment.
ii. Para No. (ii) a) Relating to physical verification of Inventory.
iii. Para No. (vi) Non-Maintenance of cost records.
iv. Para No. (vii) Regarding Statutory Dues.
v. Para No. (xi) a and c Relating to fraud and relating to whistle blower mechanism.
vi. Para No. (xiv) a Regarding deficient internal audit system.

d. Kanpur Electricity Supply Company Ltd.

i. Para No. (i) Relating to property, Plant & Equipment.
ii. Para No. (ii) a) Relating to physical verification of Inventory.

iii. Para No. (vi) Regarding Cost Records.
iv. Para No. (vii) a) Regarding Statutory Dues.
v. Para No. (x) b regarding disclaimer of section 42 and section 62 of companies act 2013.
vi. Para No. (xiv) a Regarding Strengthing of Internal Audit system.

e. <u>Pashchimanchal Vidyut Vitran Nigam Ltd.</u>

i. Para No. (i) Relating to property, Plant & Equipment.
ii. Para No. (ii) a) Regarding a Relating to physical verification of Inventory.
iii. Para No. (vii) a) Regarding Statutory Dues.
iv. Para No. (x) b regarding disclaimer of section 42 and section 62 of companies act 2013.
v. Para No. (xi) a Relating to fraud at Meerut, Ghaziabad and bulandsahar Zone.

For D Pathak & Co
Chartered Accountants
FRN: 001439C

(A K Dwivedi)
Partner
M No.: 071584
UDIN: 23071584BGWZLF2793
Place: Lucknow
Date: 15/09/2023

Annexure III to Independent Auditors Report

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, 2023, 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 2023.

A. Holding Company (UPPCL)

1) Company has no internal control policies over payment to Generators. Branch Auditors have reported excess payment of Rs. 391.76Cr and old debit balances of Rs. 35.90 cr. It is also observed that no subsidiaries ledger is maintained by the company and payment to generators are made without considering outstanding balances in their accounts. Besides, no bill wise details of payment made to generators are available with the company.
2) Company has not devised a system for placement of fixed deposit for approval by the competent authority by placing the comparative rates of interest, periodicity of fixed deposits and renewal proposal with revised interest rates in line with the prevailing market trends to ensure accrual of better revenue to the company.
3) 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.

4) 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.

5) 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.

6) 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.

7) 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

8) 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 -

1. The Company did not have an appropriate internal control system for recording of financial transactions into books of accounts commensurate to size and nature of business of the Company. Books of accounts are not maintained on any accounting software rather are manually, which might results posting of entries to wrong accounting heads and any unauthorized changes subsequently.
2. The Company did not have an appropriate internal control system for consolidation of books of accounts of different accounting level hierarchy viz., Divisions, Zones, Government Aided Schemes, Financial Units and Head Office. There is absence of integrity of accounting data between different accounting hierarchy wherein manual accounts (Trail Balances) of divisions are consolidated manually at Zones, which are further consolidated at Head Office with Head Office, Schemes/Units accounts. These had resulted in unexplained consolidation suspense in the nature of Inter Unit Transfer (IUT Difference) of Rs. 0.94 Crores, subject to matters reported Basis of Qualified Opinion section of our report, and could potentially result in misstatement in consolidated figures
3. The Company did not have an appropriate internal control system for maintaining record of audit trail (edit log) for all transactions recorded in the books of accounts, which could potentially result in unauthorized or unwanted changes in the Company's financial figures.
4. The Company did not have an appropriate internal control system for integrating billing software data with accounting data, which could potentially result in material misstatement in the Company's revenue from operation, trade receivables and provision for bad debts balances.
5. 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,
6. The Company did not have an appropriate internal control system for recording of dates of additions and deletions of fixed assets. The company has not considered actual dates of additions and deletions to fixed assets for computing depreciation, this could result in misstatement in the Company's depreciation figure.
7. The Company did not have an appropriate internal control system for physical verification of fixed asset and identification of discarded assets, which could potentially result in misstatement in the Company's fixed assets balances

8. The Company did not have an appropriate internal control system for making assessment of completion of Capital Work in Progress (CWIP), which could potentially result in material misstatement in Company's CWIP and Fixed assets balances due to non-capitalization of completed projects.
9. The Company did not have an appropriate internal control system for obtaining periodic external balance confirmation, which could potentially result in misstatement in Company's trade receivable, other receivables, and other payables figures.
10. The Company did not have an appropriate control for identifying the parties from whom amounts arising out of transfer scheme are receivables and/or payables. These could result in misstatement in the Company's Financial Assets-Others (Current), Other Current Assets, Other Financial Liabilities (Current).
11. The Company did not have an appropriate internal control system for making independent assessment of power purchases and transmission charges. Further such expenses are booked on the basis of advice/invoices received from UPPCL & UPPTCL respectively.
12. The Company internal control system over preparation of fixed assets register was not operating effectively which could result in misstatement in the Company's fixed assets and depreciation balances.
13. The Company internal control system over reconciliation of bank accounts was not operating effectively. We have observed substantial difference in balance as per bank vs balance as per cash book as reported in Basis of Qualified Opinion section of our report.
14. The Company internal control system over preparation of accounting vouchers was not operating effectively wherein our test check revealed all the vouchers were not signed by the authorized signatories, which could result Company recording an unauthorized transaction.
15. The Company internal control system over provisioning of expenses, capitalisation of assets in EE Admin (HQ Payment) Unit was not operating effectively, which could potentially result in misstatement of Company's financial statement. Our test check observations in this regard were duly rectified during the course of audit.
16. The Company internal control system over recording of expense on accrual basis was not operating effectively.

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. 10,74,349.09 lacs, which is equivalent to around 227 days sale of power by company and reasons of pendency are not examined. It is noticed that the company is not effectively exercising its powers of TD/PD and filing court cases against defaulted customers.

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

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

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

3. The auditors of **MVVNL** have reported that -

1) Company has system of maintaining various Sectional Journals wherein vouchers relating to day to day transactions are recorded. 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 accounts 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/ outsourced agencies, which are not under control of the accounts department. Neither the risk of security of data in accounting system has been assessed nor is there any mechanism to check data entries and to ensure correctness and completeness of the accounting reports generated.

2) System of compilation of Bank Reconciliation statement is weak in as much as various old un-reconciled entries are pending in BRS for adjustment and its appropriate accounting in the books of account.

3) The company is under the process of reconciliation of inter unit transactions at zones/ head office level. It was noted that large number of un-reconciled IUTs are persisting since previous year which are still under reconciliation.

4) Party wise details/ sub-ledgers of advances to supplier, contractors, staff, security deposits and other parties was generally not maintained and hence the system of reconciliation and balance confirmation with the concerned parties is not in vogue.

5) 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.

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

6) It was noted that various payments for AMCs/ online billing system are done by UPPCL on behalf of the company and its accounting is done in the books on the basis of debit notes raised by UPPCL. However, there was no system in the company to ascertain and ensure the provisioning of total expenditures pertaining to the financial year.

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: 23071584BGWZLF2793
Place: Lucknow
Date: 15/09/2023

U.P. POWER CORPORATION LIMITED

CONSOLIDATED FINANCIAL STATEMENTS for the F.Y. 2022-23

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

CONTENTS

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

CONSOLIDATED BALANCE SHEET AS AT 31.03.2023

(₹ in Crore)

	Particulars	Note No.	AS AT 31.03.2023	AS AT 31.03.2022
(I)	**ASSETS**			
(1)	**Non-current assets**			
	(a) Property, Plant and Equipment	2	57946.59	59151.39
	(b) Capital work-in-progress	3	3612.10	3781.71
	(c) Assets not in Possession	4	178.04	132.53
	(d) Intangible Assets	5A	150.91	82.53
	(e) Intangible Assets Under Development	5B	1.29	60.36
	(f) Financial Assets			
	(i) Investments	6	2150.04	2170.86
	(ii) Loans	7	0.02	0.00
	(iii) Others	8	18535.19	19444.02
(2)	**Current assets**			
	(a) Inventories	9	2418.15	3794.94
	(b) Financial Assets			
	(i) Trade receivables	10	78490.53	87744.59
	(ii) Cash and cash equivalents	11-A	4228.29	5977.58
	(iii) Bank Balances other than (ii) above	11-B	754.07	547.55
	(iv) Others	12	5067.20	4955.28
	(c) Other Current Assets	13	3641.25	2731.82
	Total Assets		**185174.12**	**194775.79**
(II)	**EQUITY AND LIABILITIES**			
	Equity			
	(a) Equity Share Capital	14	113407.77	105679.38
	(b) Other Equity	15	(79856.52)	(63298.86)
	LIABILITIES			
(1)	**Non-current liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	16	63920.02	71111.30
	(ii) Trade payables			
	(iii) Other financial liabilities (other than those specified in item (b), to be			
	(b) Other financial liabilities	17	6575.71	8134.59
(2)	**Current liabilities**			
	(a) Financial liabilities			
	(i) Borrowings	18	15449.52	11965.05
	(ii) Trade payables	19	32271.49	28992.11
	(iii) Other financial liabilities	20	28212.14	28170.63
	(b) Provisions	21	0.00	0.00
	Significant Accounting Policies of Consolidated Financial Statement	1		
	Notes on Accounts of Consolidated Financial Statement	31		
	Note 1 to 31 form integral part of Accounts			
	Total Equity and Liabilities		**185174.12**	**194775.79**

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

(Jitesh Grover)	(Nitin Nijhawan)	(Nidhi Kumar Narang)	(Pankaj Kumar)
Company Secretary	Chief Financial Officer	Director (Finance)	Managing Director
(Additional Charge)		DIN- 03473420	DIN- 08095154

Place: Lucknow
Date: 15/09/2023

Subject to our report of even date
For D. Pathak & Co.
Chartered Accountants
FRN 001439C

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

UDIN: 23071584BGW7LF2793

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN.U32201UP1999SGC024928

CONSOLIDATED FINANCIAL STATEMENT

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED ON 31.03.2023

(₹ in Crore)

	Particulars	Note No.	For the year ended 31.03.2023	For the year ended 31.03.2022
I	Revenue From Operations	22	64461.32	56845.02
II	Other Income	23	25810.31	23485.65
III	**Total Income (I+II)**		90271.63	80332.67
IV	**EXPENSES**			
	1 Purchases of Stock-in-Trade (Power Purchased)	24	71953.76	55348.72
	2 Employee benefits expense	25	2410.00	2241.50
	3 Finance costs	26	8062.29	6552.17
	4 Depreciation and amortization expenses	27	3577.75	2662.10
	5 Administration, General & Other Expense	28	2073.17	2652.11
	6 Repair and Maintenance	29	2491.14	2417.49
	7 Bad Debts & Provisions	30	14561.18	7744.98
	8 Other expenses			
V	**Total expenses (IV)**		106031.48	84289.90
VI	Profit/(Loss) before exceptional items and tax (III-V)		(15759.85)	(3957.23)
VII	Exceptional Items		(98.68)	(1620.04)
VIII	Profit/(Loss) before tax (V+/-VI)		(15858.53)	(5577.27)
IX	Tax expense			
	(1) Current tax		0.00	0.00
	(2) Deferred tax			
X	Profit (Loss) for the period from continuing operations (VII-VIII)		(15858.53)	(5577.27)
XI	Profit/(Loss) from discontinued operations			
XII	Tax expense of discontinued operations			
XIII	Profit/(Loss) from discontinued operations (after tax) (X-XI)			
XIV	Profit/(Loss) for the period (IX+XII)		(15858.53)	(5577.27)
XV	Other Comprehensive Income			
	A (i) Items that will not be reclassified to profit or loss - Remeasurement of Defined Benefit Plans (Actuarial Gain and Loss)		(1011.20)	(39.84)
	(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			
XVI	Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit/(Loss) and Other Comprehensive Income for the period)		(16869.73)	(5617.11)
XVII	Earnings per equity share (continuing operation)			
	(1) Basic		(138.08)	(52.97)
	(2) Diluted		(138.08)	(52.97)
XVIII	Earnings per equity share (for discontinued operation)			
	(1) Basic			
	(2) Diluted			
XIX	Earnings per equity share (for discontinued & continuing operations)			
	(1) Basic		(138.09)	(52.97)
	(2) Diluted		(138.09)	(52.97)
	Significant Accounting Policies of Consolidated Financial Statement	1		
	Notes on Accounts of Consolidated Financial Statement	31		
	Note 1 to 31 form integral part of Accounts			

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

(Jitesh Grover)
Company Secretary
(Additional Charge)

(Nitin Nijhawan)
Chief Financial Officer

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

(Pankaj Kumar)
Managing Director
DIN- 08095154

Place: Lucknow
Date: 15/09/2023

Subject to our report of even date
For D. Pathak & Co.
Chartered Accountants
FRN: 004390

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

UDIN: 23071584BGWZCF2773

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(₹ in Crore)

A. EQUITY SHARE CAPITAL AS AT 31.03.2023

Balance at the beginning of the reporting period	Changes in Equity Share Capital during the year	Change in Equity Share Capital due to Prior Period Errors	Balance at the end of the reporting period
109679.39	8788.39	0.00	118451.78

B. OTHER EQUITY AS AT 31.03.2023

Particulars	Share application money pending allotment	Capital Reserve	Restructuring Reserve	General Reserve	Retained Earnings	Total
Balance at the beginning of the reporting period	2570.01	16156.20	554.77	13005.43	(95545.05)	(63253.56)
Changes in accounting policy or prior period errors	0.00	110.64	0.00	(2779.15)	2668.30	[illegible]
Restated balance at the beginning of the reporting period	2570.01	16266.84	554.77	10226.28	(92876.75)	(63295.86)
Profit/(Loss) for the Period	0.00	0.00	0.00	0.00	(30449.35)	(30449.35)
Other Comprehensive Income for the Period	0.00	0.00	0.00	0.00	(11.20)	(11.20)
Reversal of Provisions of impairment on investment, Trade Receivable & Others through P&L	0.00	0.00	0.00	0.00	14590.82	14590.82
Net Total Comprehensive Income/(Loss) for the Year	0.00	0.00	0.00	0.00	(15869.73)	(15869.73)
Subsidy under Atmnirbhar Scheme	0.00	0.00	0.00	0.00	0.00	0.00
Addition during the Year	0.00	3457.46	0.00	0.00	0.00	3457.46
Reduction during the Year	0.00	(759.66)	0.00	(1079.86)	(775.12)	(2614.64)
Share Application Money Received	7410.24	0.00	0.00	0.00	0.00	7410.24
Share Alloted against Application Money	(8788.39)	0.00	0.00	0.00	0.00	(8788.39)
Balance at the end of the reporting period	1191.86	18963.64	554.77	9146.42	(109521.60)	(79695.92)
Net Balance at the end of the reporting period						(79695.92)

(₹ in Crore)

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	Change in Equity Share Capital due to Prior Period Errors	Balance at the end of the reporting period
104125.46	5553.93	0.00	109679.39

B. OTHER EQUITY AS AT 31.03.2022

Particulars	Share application money pending allotment	Capital Reserve	Restructuring Reserve	General Reserve	Retained Earnings	Total
Balance at the beginning of the reporting period	213.60	15710.61	554.77	14005.29	(89179.56)	(58512.15)
Changes in accounting policy or prior period errors	0.00	38.12	0.00	0.00	26.80	64.92
Restated balance at the beginning of the reporting period	213.60	15748.73	554.77	14055.29	(89152.86)	(58850.27)
Profit/(Loss) for the Period	0.00	0.00	0.00	0.00	(12156.34)	(12156.34)
Other Comprehensive Income for the Period	0.00	0.00	0.00	0.00	(39.84)	(39.84)
Reversal of Provisions of Impairment on investment, Trade Receivable & Others through P&L	0.00	0.00	0.00	0.00	6581.07	6581.07
Net Total Comprehensive Income/(Loss) for the Year	0.00		0.00	0.00	(5617.11)	(5617.11)
Subsidy under Atmnirbhar Scheme	0.00	0.00	0.00	0.00	0.00	0.00
Addition during the Year	0.00	1456.29	0.00	0.00	0.00	1456.29
Reduction during the Year	0.00	(849.79)	0.00	(1049.86)	(775.12)	(2504.77)
Share Application Money Received	7772.14	0.00	0.00	0.00	0.00	7772.14
Share Alloted against Application Money	(5552.91)	0.00	0.00	0.00	0.00	(5552.91)
Balance at the end of the reporting period	2570.01	16155.20	554.77	13005.43	(95545.05)	(63296.68)
Net Balance at the end of the reporting period						(63295.68)

(Jitesh Grover)
Company Secretary
(Additional Charge)

(Nidhi Nirbhawan)
Chief Financial Officer

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

(Pankaj Kumar)
Managing Director
DIN: 08095154

Place: Lucknow
Date: 15/05/2023

Subject to our report of even date
For D. Pathak & Co.
Chartered Accountants
FRN: 001179C

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

UDIN: 23071584BGWZLF2193

U.P. POWER CORPORATION LIMITED
CIN - U32201UP1999SGC024928

NOTE NO. 1

COMPANY INFORMATION & SIGNIFICANT ACCOUNTING POLICIES OF CONSOLIDATED FINANCIAL STATEMENT

1. Reporting Entity

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

2. GENERAL/BASIS OF PREPARATION

(a) The consolidated financial statements are prepared in accordance with the applicable provisions of the Companies Act, 2013. However where there is a deviation from the provisions of the Companies Act, 2013 in preparation of these accounts, the corresponding provisions of Electricity (Supply) Annual Accounts Rules 1985 have been adopted.

(b) The accounts are prepared under historical cost convention, on accrual basis, unless stated otherwise, in pursuance of Ind AS, and on accounting assumption of going concern.

(c) Insurance and Other Claims, Refund of Custom Duty, Interest on Income Tax & Trade Tax, LPSC 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 15-09-2023

(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 circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements except as otherwise stated in the significant accounting policies/Notes on accounts.

II- <u>Property, Plant and Equipment</u>

(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- <u>Capital Work-In-Progress</u>

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- <u>INTANGIBLE ASSETS</u>

xlul

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)	**(Nitin Nijhawan)**	**(Nidhi Kumar Narang)**	**(Pankaj Kumar)**
Company Secretary	**Chief Financial Officer**	**Director (Finance)**	**Managing Director**
(Additional Charge)		**DIN - 03473420**	**DIN - 08095154**

Place Lucknow
Date 15/9/23

Subject to our report of even date

For D. Pathak & Co.
Chartered Accountants
FRN. 001439C

(A. K. Dwivedi)
Partner
M No 071584
UDIN: 23071584BGWZLF2793

U.P. POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW

CIN: U32201UP1999SGC024928

CONSOLIDATED FINANCIAL STATEMENT

NOTE-3

PROPERTY, PLANT & EQUIPMENT

(₹ in Crore)

Particulars	Gross Block				Depreciation				Net Block	
	AS AT 01.04.2022	Addition	Adjustment/ Deletion	AS AT 31.03.2023	AS AT 01.04.2022	Addition	Adjustment/ Deletion	AS AT 31.03.2023	AS AT 31.03.2023	AS AT 31.03.2022
Land & Land Rights	10.71	-	-	10.71	1.49		0.40	1.28	9.35	9.25
Buildings	1,421.04	139.85	1.80	1,559.20	363.41	16.55	1.51	421.56	[illegible]	1,057.15
Hydraulic Works	0.95	3.07	-	3.97	0.85		-	0.85	3.12	0.10
Other Civil Works	40.75	-	-	40.75	29.71	0.35		30.06	10.69	11.04
Plant & Machinery	78,134.33	5,400.43	[illegible]	[illegible]	4,022.31	[illegible]	[illegible]	5,485.03	[illegible]	[illegible]
Lines, Cable Network etc.	52,529.49	4,250.17	217.47	56,537.15	12,762.57	2,257.62	90.01	14,929.77	41,606.92	39,766.83
Vehicles	17.49	0.30	0.56	17.21	14.59	0.39	0.73	14.25	2.96	2.42
Furniture & Fixtures	59.81	1.80		61.67	26.27	3.12	1.01	28.56	33.25	33.59
Office Equipments	323.12	19.12	1.14	341.17	185.52	22.13	0.91	207.34	134.16	116.50
Total	82,562.28	9,842.11	3,339.09	89,060.30	17,400.89	4,827.05	411.16	21,134.73	67,925.55	65,161.39

Note-4

Assets not in Possession

Particulars	AS AT 01.04.2022	Addition	Adjustment/ Deletion	AS AT 31.03.2023	AS AT 01.04.2022	Addition	Adjustment/ Deletion	AS AT 31.03.2023	AS AT 31.03.2023	AS AT 31.03.2022
Assets not in Possession of Company	173.99	4.58		178.57	41.41	9.52		50.93	128.04	132.58
Total	173.99	4.58		178.57	41.41	9.52	-	50.93	128.04	132.58

NOTE 3

PROPERTY, PLANT & EQUIPMENT

(₹ in Crore)

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	10.71			10.72	1.42	-	-	1.48	9.24	9.25
Buildings	1,287.30	129.34	0.00	1,416.64	335.77	23.75	0.03	359.49	1,057.15	951.53
Hydraulic Works	0.95			0.95	0.85			0.85	0.10	0.10
Other Civil Works	40.75			40.75	28.73	0.98		29.71	11.04	12.02
Plant & Machinery	76,451.49	4,645.30	2,914.31	78,134.33	2,560.74	1,734.05	202.57	4,022.31	74,112.02	73,890.94
Lines, Cable Network etc.	45,796.40	7,010.82	279.73	52,529.49	11,041.16	1,779.95	12.47	12,762.57	39,766.83	34,715.26
Vehicles	17.24	0.76	0.51	17.49	14.53	0.33	0.07	14.59	2.81	2.67
Furniture & Fixtures	56.05	3.91		59.96	21.13	5.14	0.05	26.27	33.59	34.92
Office Equipments	252.83	71.10	0.50	323.43	161.12	24.24	0.03	185.52	136.90	90.91
Total	73,909.53	11,848.51	3,195.86	82,562.28	14,379.81	3,495.22	474.14	17,400.89	65,161.39	59,529.72

Note-4

Assets not in Possession

Particulars	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
Assets not in Possession of Company	173.21	0.78	-	173.99	33.18	8.23	-	41.41	132.58	140.03
Total	174.73	0.78	-	173.99	33.18	8.23		41.41	132.58	142.95

U.P.POWER CORPORATION LIMITED

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CONSOLIDATED FINANCIAL STATEMENT

Note-3

CAPITAL WORKS IN PROGRESS

(₹ in Crore)

Particulars	AS AT 01.04.2022	Additions	Deductions/ Adjustments	Capitalised During the Year	AS AT 31.03.2023
Capital Work in Progress	2,445.68	9,901.96	-97.89	9,827.26	2,422.49
Advance to Supplier/Contractor	936.02	1,082.12	-628.53	-	1,389.61
	3,381.70	10,984.08	-726.42	-9,827.26	3,812.10

Particulars	AS AT 01.04.2021	Additions	Deductions/ Adjustments	Capitalised During the Year	AS AT 31.03.2022
Capital Work in Progress	4,373.08	9,605.27	297.94	-11,920.61	2,445.68
Advance to Supplier/Contractor	3,154.61	1,645.47	-2,064.04		936.03
	7,527.69	11,340.74	-3,566.10	-11,920.61	3,381.71

U.P.POWER CORPORATION LIMITED
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CONSOLIDATED FINANCIAL STATEMENT

Note 5A

Intangible Assets

(₹ in Crore)

Particulars	Gross Block				Amortisation				Net Block	
	AS AT 01.04.2022	Addition	Adjustment/ Deletion	AS AT 31.03.2023	AS AT 01.04.2022	Addition	Adjustment/ Deletion	AS AT 31.03.2023	AS AT 31.03.2023	AS AT 31.03.2022
Software	91.88	118.84	0	210.72	9.33	40.03	-	49.36	160.91	82.53
Total	91.88	118.84	0.00	210.72	9.33	40.03	0.00	49.36	160.91	82.53

Intangible Assets under Development

Note 5B

(₹ in Crore)

Particulars	Gross Block			
	AS AT 01.04.2022	Addition	Adjustment/ Deletion	AS AT 31.03.2023
Software	60.36	16.04	75.11	1.29
Total	60.36	16.04	75.11	1.29

Note 5A

Intangible Assets

(₹ in Crore)

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
Software	19.83	72.05	0	91.88	3.60	5.75	-	9.35	82.53	16.23
Total	19.83	72.05	0.00	91.88	3.60	5.75	0.00	9.35	82.53	16.23

Intangible Assets under Development

Note 5B

(₹ in Crore)

Particulars	Gross Block			
	AS AT 01.04.2021	Addition	Adjustment/ Deletion	AS AT 31.03.2022
Software	48.64	11.72	0	60.36
Total	48.64	11.72	0.00	60.36

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CONSOLIDATED FINANCIAL STATEMENT

Note-6

FINANCIAL ASSETS - INVESTMENTS (NON-CURRENT)

(₹ in Crore)

Particulars	AS AT 31.03.2023		AS AT 31.03.2022	
A. Investment in UPPTCL	2,213.34		2,213.34	
Provision for Impairment on Investment	-167.70	2,045.64	-165.48	2,047.86
B. Investment in Southern U.P.Power Transmission Co. Ltd.	2.22		2.22	
Provision for Impairment on Investment	-2.22	-	-2.22	-
C. Other Investments-				
7.75% PFC Bonds		123.00		123.00
Total		**2,168.64**		**2,170.86**

Note: provision for the impairment of the investments in UPPTCL is based on the net worth calculated on the basis of unaudited financial statements of UPPTCL for the period ending 31.03.2023

Note-7

FINANCIAL ASSETS - LOANS (NON-CURRENT)

(₹ in Crore)

Particulars	AS AT 31.03.2023		AS AT 31.03.2022	
Capital Advances				
NPCL LOAN	5.69		5.69	
Interest Accrued and Due	193.03		167.21	
Provision for Bad & Doubtful Debts Loan & Interest	-198.72	-	-172.90	-
Total		-		-

* Refer Point no. 8 (ii) (h) of Note No. 31 Notes to Accounts.

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CONSOLIDATED FINANCIAL STATEMENT

Note-8

FINANCIAL ASSETS - OTHERS (NON-CURRENT)

(₹ in Crore)

Particulars	AS AT 31.03.2023		AS AT 31.03.2022	
Advance paid to State Govt. for freehold title of Land		7.44		7.44
Share Application Money Pending Allotment- UPPTCL		180.72		180.72
Deposits having maturity more than 12 months:				
a. Earmarked:				
Debt Service Reserve Accounts (against bond issued)	1,055.87		1,069.77	
Deposit with BSE for REF	0.25		0.25	
UPNEDA Corpus Fund			44.05	
b. Other Deposits		1,056.12	42.85	1,156.92
Receivable from Govt. of U.P. (Aatmnirbhar Scheme) Non Current		14,940.01		16,940.00
UMPP (Considered Good)**		118.21		126.98
UMPP (Considered Doubtful)**	12.02		-	
Less: Provision for Doubtful Advances(UMPP)	-12.02		-	
Other Deposits		17.01		17.01
Securities from Suppliers/Contractors		5.19		5.19
Overlay Charges		10.36		10.36
Total		**16,335.06**		**18,444.62**

1. The reclassification of deposits having maturity of more than twelve months has been done in the previous year to comply with the requirements of Schedule III to the Companies Act, 2013.
2. In compliance to SEBI Circular No. SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated 22nd October, 2021, the Company has deposited the fund with the Bombay Stock Exchange towards contribution to Recovery Expense Fund (REF).
3. The date of maturity of the deposits related to UPNEDA and Others is in the next year i.e. 2023-24, hence the same have been classified/ shown as current financial assets this year in Note No. 11B.
4. ** It includes commitment advance of ₹ 120.98 Crore given to Ultra Mega Power Projects for the development of power projects and interest of ₹ 5.25 Crore.

Note-9

INVENTORIES

(₹ in Crore)

Particulars	AS AT 31.03.2023		AS AT 31.03.2022	
(a) Stores and Spares				
Stock of Materials - Capital Works	1,825.90		1,576.30	
Stock of Materials - O&M	551.26	2,377.16	1,927.17	3,503.47
(b) Others*		287.75		513.75
B		**2,664.91**		**4,017.22**
Provision for Unserviceable Stores		-245.76		-232.28
Total		**2,419.15**		**3,784.94**

* It include material to fabricators, scrap, transformers sent for repair and store excess/shortage for investigation.

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CONSOLIDATED FINANCIAL STATEMENT

Note 10

FINANCIAL ASSETS - TRADE RECEIVABLES (CURRENT)

(₹ in Crore)

Particulars	AS AT 31.03.2023		AS AT 31.03.2022	
Trade Receivables outstanding from Customers on account of Sale of Power				
Secured & Considered goods	3,755.21		3,514.12	
Unsecured & considered good	67,473.60		75,739.32	
Unsecured & Considered doubtful	27,549.05	98,777.86	14,424.61	93,678.05
Trade Receivables outstanding from Customers on account of Eletricity Duty				
Secured & Considered goods	357.48		324.40	
Unsecured & considered good	6,607.24		7,666.76	
Unsecured & Considered doubtful	2,600.90	10,065.62	1,406.86	9,398.02
Others				
Sundry Debtors		522.98		522.98
Sub-Total		**1,09,366.46**		**1,03,599.05**
Allowance for Bad & Doubtful Debts		-30,872.93		-16,354.46
Total		**78,493.53**		**87,244.59**

Note-11-A

FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS (CURRENT)

(₹ in Crore)

Particulars	AS AT 31.03.2023		AS AT 31.03.2022	
(a) Balance with Banks				
In Current & Other Account**	3,038.46		4,791.67	
In Earmarked Bank A/c	691.29		694.74	
Dep. with original maturity upto 3 months #	409.01	4,138.74	434.16	5,920.57
(b) Cash in Hand				
Cash in Hand (Including Stamps in Hands)	83.85		49.48	
Cheque/Drafts in Hand	2.19		6.28	
Cash imprest with Staff	1.51	87.55	1.25	57.01
Total		**4,226.29**		**5,977.58**

* The reclassification of deposits has been done in the previous year to comply with the requirements of Schedule III to the Companies Act, 2013

** Including earmarked balances amounting ₹ 65.32 Crore in UPPCL SFS.

It includes Rs. 372.88 Crore FD other than earmarked.

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Note-11-B

FINANCIAL ASSETS - BANK BALANCES OTHER THAN ABOVE (CURRENT)

(₹ in Crore)

Particulars	AS AT 31.03.2023	AS AT 31.03.2022
Deposit with original maturity of more than 3 months but less than 12 months*	754.97	647.55
Total	**754.97**	**647.55**

* This includes RPO Fund Account Balance in prev year Rs. 6.23 Crore, UPNEDA Corpus Fund Rs. 46.02 Crore in current year and Debt Service Reserve Account (against Bonds issued) Rs. 531.51 Crore in current year and Rs. 452.77 crore in prev year

Other than Earmarked Balance is Rs. 172.31 Crore (Prev Year 142.19 Crore)

1) The reclassification of deposits having maturity of more than three months but less than twelve months has been done in the previous year to comply with the requirements of Schedule III to the Companies Act, 2013.

2) In compliance to UPERC's order separate bank account has been created for Renewable Purchase Obligation (RPO)
3) UPNEDA Corpus Fund relates to the Corpus fund received from UP New and Renewable Energy Development Agency (UPNEDA) for providing the facility of Letter of Credit to solar energy developers

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Note-12

FINANCIAL ASSETS - OTHERS (CURRENT)

(₹ in Crore)

Particulars	AS AT 31.03.2023		AS AT 31.03.2022	
Receivables (unsecured)				
Uttar Pradesh Government		1,405.95		1,407.49
Receivable from Govt. of UP (Aatmanirbhar Scheme)		2,000.00		2,000.00
Receivable from IREDA		11.50		0.16
Uttar Pradesh Jal Vidyut Nigam Ltd		0.45		0.65
UPRVUNL				
Receivable - UPRVUNL	11.00		10.34	
Payable - UPRVUNL	-0.57	10.43	-0.65	9.69
UPPTCL				
Receivable - UPPTCL	557.36		542.34	
Payable - UPPTCL	-2.71	554.65	-2.70	539.64
Receivable from GoUP				
Employees (Receivables)	156.46		145.01	
Provision for Doubtful receivables from Employees	16.39	140.07	3.58	141.43
Other Receivables		1,072.74		995.13
Prov. For Doubtful Receivables		-99.60		-148.13
Theft of Fixed Assets Pending Investigation	188.21		177.62	
Prov. For estimated Losses	-188.21	-	-177.62	-
Total		**5,097.30**		**4,955.26**

Note-13

OTHER CURRENT ASSETS

(₹ in Crore)

Particulars	AS AT 31.03.2023		AS AT 31.03.2022	
Advances (Unsecured/Considered Good)				
Suppliers/Contractors	491.73		367.85	
Less: Provision for Doubtful Advances	-8.40	483.33	-8.35	359.50
Other Deposits*		2.95		-
Energy Exchange		70.00		45.08
Tax Deducted at Source		125.18		99.07
Tax Collected at Source		41.58		88.37
Fringe Benefit Tax Advance Tax	0.25		0.25	
Provision	-0.25	-	-	0.25
Receivable From GST Department #		4.65		
Receivable against Power Purchase ##		1,507.90		0.51
Misc. Recovery				
Unsecured Considered Good	0.36		0.75	
Unsecured Considered Doubtful	4.39		3.99	
Provision for Doubtful Loans & Advances	4.39	0.36	3.99	0.75
Income Accrued & Due		7.82		8.19
Income Accrued & but not Due		18.49		17.30
Prepaid Expenses		3.02		1.76
Inter Unit Transfers		1,366.49		2,131.15
Total		**3,641.25**		**2,731.82**

* The deposit has been made in compliance to the direction of the Hon'ble Supreme Court in the case of UPPCL vs M/s Jaiprakash Power Ventures Ltd.

\# The refund application of the same is pending before Commissioner (Appeal) CGST, Lucknow

\#\# Refer Point no. 49 (4) of Note no. 41 'Notes on Accounts'

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Note-14

EQUITY SHARE CAPITAL

(₹ in Crore)

Particulars	AS AT 31.03.2023	AS AT 31.03.2022
(A) AUTHORISED :		
1250000000 (Previous Year 1250000000) respectively Equity shares of par value of Rs. 1000/- each	125000.00	125000.00
(B) ISSUED SUBSCRIBED AND FULLY PAID UP		
1184677724 (Previous Year 1096793828) Equity shares of par value Rs. 1000/- each	118467.77	109679.38
(Out of the above shares 35119400 were allotted as fully paid up pursuant to UP Power Sector Reform Scheme 2000 for consideration other than cash)		
Total	**118467.77**	**109679.38**

a) During the year, the Company has issued 87883896 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. The holders of the equity shares are entitled to receive dividend as declared from time to time and are entitled to voting rights proportionate to their share holding at the meeting of shareholders.

c) During the year ended 31st March 2023 (Previous year 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 31.03.2023		AS AT 31.03.2022	
	No. of Shares	% of Holdings	No. of Shares	% of Holdings
Government of UP	1184677724	100	1096793828	100

e) Reconciliation of No. of Shares

No. of Shares as on 01.04.2022	Issued During the Period	Buy Back During the Period	No. of Shares as on 31.03.2023
1096793828	87883896	0	1184677724
No. of Shares as on 01.04.2021	**Issued During the Period**	**Buy Back During the Period**	**No. of Shares as on 31.03.2022**
1041264952	55528876	0	1096793828

f) Details of shareholding of promoters:

Promoter Name	Shares held by Promoters AS AT 31.03.2023			AS AT 31.03.2022		
	No. of shares	%age of total shares	%age changes during the year	No. of shares	%age of total shares	%age changes during the year
Government of UP	1184677724	100%	Nil	1096793828	100%	Nil

Note-15

OTHER EQUITY

(₹ in Crore)

Particulars	AS AT 31.03.2023		AS AT 31.03.2022	
A. Share Application Money (Pending For Allotment)		[illegible]		2,503.01
B. Capital Reserve				
(i) Consumer Contribution towards service line and other charges	11,259.83		9,409.36	
(ii) Subsidy towards Cost of Capital Assets	2,375.09		6,415.76	
(iii) [illegible] Grant/Other Grants	131.39		131.73	
(iv) Amount Received [illegible]	1.38		1.38	
(v) Others	185.95	15,953.64	185.96	16,125.70
C. Restructuring Reserve		554.77		554.77
D. Surplus in Statement of P&L				
Opening Balance	-95,545.09		-89,179.56	
Ind AS Adjustments for year	-		26.50	
Restated Opening Balance	-95,545.09		-89,152.56	
Add: Adjustment against Reserves & Surplus	-775.12		-775.12	
Add: Profit/Loss for the year	-15,852.51		-6,577.27	
Add: Other Comprehensive Income/(Loss)	11.20		39.84	
Less: Prior Period Expenditure/(Income)	2,668.33	-1,09,521.61	-	[illegible]
E. General Reserve				
Opening Balance of General Reserve	[illegible]		14,055.29	
Add: Received during the year	2,985.42		-	
Less: Transfer to Surplus in P&L	[illegible]	5,146.42	[illegible]	15,001.93
Total		**-79,646.52**		**-63,298.88**

Note: The share application money pending allotment amounting to ₹ [illegible] crore has been allotted in the [illegible] Board Meeting dated [illegible] 2024.
*Movement has been shown in Statement of Changes in Equity.

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Note-16

FINANCIAL LIABILITIES - BORROWINGS (NON-CURRENT)

(₹ in Crore)

Particulars	AS AT 31.03.2023		AS AT 31.03.2022	
(A) Loans directly availed by subsidiaries (Discoms)				
(1) SECURED LOANS				
(i) Rural Electrification Corporation Ltd (REC)				
R-APDRP Part A (REC)	400.80		480.54	
R-APDRP Part-B (REC)	1,239.88		1,491.52	
Sub Station Loan	11.70		14.71	
Saubhagya	1,807.92		2,116.05	
DDUGGY	742.10		860.14	
AB CABLE	479.27		503.49	
(ii) Power Finance Corporation Ltd.(PFC)				
R-APDRP Part-A (PFC)	175.37		277.05	
R-APDRP Part-B (PFC)	944.15		1,601.90	
IPDS	1,127.17		1,373.42	
DDUGGY	959.09		924.56	
AB CABLE	639.44		665.92	
(iii) Others				
UPSIDC	-	8,506.34	0.01	10,158.96
(B) UNSECURED LOANS				
9.70 % UDAY Bond / Bonds	7,757.28		8,789.89	
REC (Unsecured Loans)	15,003.75		17,121.28	
PFC (Unsecured Loans)	16,376.74		19,263.00	
UP GOVERNMENT LOAN (OTHERS)*		39,137.77	369.27	45,543.44
(C) BONDS/ LOANS RELATE TO DISCOMS(Secured)				
9.70% Non Convertible Bonds	3,951.20		3,951.20	
8.97% Rated Listed Bond	2,790.00		3,720.00	
10.15% Rated Listed Bonds	2,564.01		4,230.00	
9.75% Rated Listed Bonds	1,984.70		2,513.71	
8.48% Rated Listed Bonds	1,449.30		1,993.99	
9.95% Rated Listed Bonds	3,488.00	16,293.21	-	16,408.90
Total		63,936.67		72,111.30

* The repayments against loan from GoUP (on behalf of DISCOMs) has been made and now there is no balance of loan as on 31.03.2023

DISCLOSURE OF BORROWINGS AS REQUIRED IN REVISED SCHEDULE III OF COMPANIES ACT 2013

Annexure of Note 16

Name of Financier	Drawl Date	Repayment Terms: Installment (Monthly)	Repayment Terms: Repayment Due From	ROI (%)	Guaranteed By	Outstanding as on 31.03.2023: Principal	Outstanding as on 31.03.2023: Interest	Outstanding as on 31.03.2023: Total	Current Maturity	After Current Maturity	Default as on 31.03.2023: Principal	Default as on 31.03.2023: Interest	Principal Default w.e.f.	Interest Default w.e.f.	Aggregate Amount of Guarantee	Security
Loan directly availed by subsidiaries (Discoms)																
(i) Rural Electrification Corporation Ltd.(REC)																
PuVVNL	[illegible]	Quarterly		[illegible]		[illegible]		[illegible]	[illegible]	[illegible]					[illegible]	Hypothecation of Assets
MVVNL	[illegible]	Monthly [illegible]		[illegible]		[illegible]	0	[illegible]	[illegible]	[illegible]						Hypothecation of Assets; Hypothecation of all the movable assets of the project
DVVNL	[illegible]	Monthly Quarterly Yearly Installments		[illegible]		[illegible]	0	[illegible]	[illegible]	[illegible]						
PVVNL	[illegible]	Monthly Quarterly Yearly Installments		[illegible]		[illegible]		[illegible]	[illegible]	[illegible]						Hypothecation of [illegible]
KESCO	[illegible]															
TOTAL (i)						5562.67	0.00	5562.67	885.64	4676.38						
(ii) Power Finance Corporation (PFC)																
PuVVNL	[illegible]	Monthly [illegible]		[illegible]		[illegible]		[illegible]	[illegible]	[illegible]						Hypothecation of Assets
MVVNL	[illegible]	Monthly [illegible]		[illegible]		[illegible]		[illegible]	[illegible]	[illegible]						[illegible]

[illegible]	[illegible]	Monthly Quarterly Yearly Instalments	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hypothecation of all the movable assets of the project
[illegible]	[illegible]	Monthly Quarterly Instalments	[illegible]	[illegible]	621.71	[illegible]	[illegible]	Hypothecation of [illegible]
[illegible]	[illegible]	[illegible] instalments	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hypothecation of Assets
TOTAL (II)				4,078.40	4,078.40	248.33	3,846.56	
Grand Total (I+II)					9,443.32	936.87	8,506.54	
Long Term Borrowing								
SECURED								
BONDS								
[illegible]				[illegible]	[illegible]	825.5[illegible]	[illegible]	Hypothecation of Current Assets including receivables ([illegible]) and Govt Guarantee (except for the [illegible] respective bonds)
[illegible]	[illegible]			4,632.14	4,632.14	551.08	[illegible]	
[illegible]	[illegible]			5,112.90	5,112.90	654.88	[illegible]	
[illegible]	[illegible]			[illegible]	[illegible]	[illegible]	1,447.5[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	917.22	917.22	[illegible]	[illegible]	
Sub-Total				15,896.90	15,896.90	1,603.70	14,293.20	
UNSECURED								
BONDS								
[illegible]				[illegible]	[illegible]	[illegible]	[illegible]	Govt Guarantee
[illegible]				[illegible]	[illegible]	192.78	[illegible]	
[illegible]				[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Sub-Total				8789.91	8,789.91	1,032.63	7,757.28	

REC										
[illegible]					[illegible]	[illegible]	1,287.92	6,562.19		
[illegible]					[illegible]	[illegible]	[illegible]	[illegible]		
[illegible]					8659.23	[illegible]	[illegible]	[illegible]		[illegible] and Guarantee of [illegible]
[illegible]					[illegible]	[illegible]	[illegible]	[illegible]		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		
Sub Total					[illegible]	18,475.04	1,921.79	15,000.75		
PFC										
[illegible]					[illegible]	[illegible]	1,989.25	[illegible]		
[illegible]					[illegible]	[illegible]	[illegible]	[illegible]		
[illegible]					[illegible]	4,254.35	[illegible]	[illegible]		[illegible] and Guarantee of [illegible]
[illegible]					[illegible]	[illegible]	955.97	1,559.65		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		
Sub Total					22309.79	22,203.79	5,827.06	16,376.14		
Grand Total of All Loans and Bonds						74,256.86	14,330.04	65,936.83		

Note-17

FINANCIAL LIABILITIES - OTHERS (NON-CURRENT)

(₹ in Crore)

Particulars	AS AT 31.03.2023	AS AT 31.03.2022
Security Deposits From Consumers	4,122.09	3,640.47
Liability/Provision for Leave Encashment	1,423.53	[illegible]
Liability for Gratuity on CPF Employees	696.69	603.67
Corpus Fund From UPNEDA*	48.02	44.05
Interest accured but not due on borrowings (Non Current)	246.09	306.55
Total	6,535.31	6,104.95

* It relates to the Corpus fund received from UP New and Renewable Energy Development Agency (UPNEDA) for providing the facility of Letter of Credit to solar energy developers.

Note-18

FINANCIAL LIABILITIES - BORROWINGS (CURRENT)

(₹ in Crore)

Particulars	AS AT 31.03.2023		AS AT 31.03.2022	
A. CC/ Overdraft from Banks:				
Punjab National Bank	50.68		0.03	
Bank of India	0.01	50.69	-	0.03
B. Working Capital Short Term Loan:				
Indian Bank		150.00		
C. Other				
Current Maturity of Long Term Borrowings (Other)	934.86		730.98	
Current Maturity of Long Term Borrowings through UPPCL	13,385.19		10,099.39	
Interest accured & due on borrowings	49.06		50.80	
Interest Accrued but not Due on Borrowings	879.73	15,248.64	1,094.20	11,985.63
Total		15,449.52		11,985.66

Note-19

FINANCIAL LIABILITIES - TRADE PAYABLE (CURRENT)

(₹ in Crore)

Particulars	AS AT 31.03.2023		AS AT 31.03.2022	
Liability for Purchase of Power	25,610.16		23,464.96	
Liability for Power Purchase from Others	33.75		29.00	
Liability for Wheeling Charges	6,625.57	32,271.48	6,498.15	29,992.11
Total		32,271.48		29,992.11

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Note-20

OTHER FINANACIAL LIABILITIES(CURRENT)

(₹ in Crore)

Particulars	AS AT 31.03.2023		AS AT 31.03.2022	
Liability for Capital Supplies/works		4,194.21		5,893.32
Liability for O&M Supplies/works		679.96		713.38
Deposits & Retentions from Suppliers & others		4,638.78		4,056.12
Electricity Duty & other levies payable to govt		12,584.71		11,221.02
Deposit for Electrification works	1,031.79		1,471.93	
Deposit Works	48.25	1,080.05	52.54	1,524.47
Liabilities towards UPPCL CPF Trust		49.78		62.06
Liabilities for Gratuity on CPF Employees	16.44		20.13	
Liability for Leave Encashment	94.33	110.77	82.61	102.74
Staff related Liabilities		591.16		539.73
Sundry Liabilities	1,160.12		1,150.50	
Liabilities for GST	4.57	1,164.69	1.28	1,151.78
Payable to UPNEDA*		11.17		85.04
Payable to UPJVNL				
Payable	66.76		67.03	
Receivable	-	66.76	-	67.03
Uttaranchal PCL				
Receivable - Uttrakhand PCL	-0.01		-0.01	
Payable - Uttrakhand PCL	0.17	0.16	0.17	0.16
Liabilities for Expenses		220.97		215.67
Liabilities towards UP Power Sector Employees Trust				
Provident Fund**	884.12		815.00	
Provision for Interest on GPF Liability	88.40		63.31	
Pension & Gratuity Liability	422.56	1,395.09	441.29	1,239.50
Provision for Loss incurred by GPF Trust	1,032.48		962.23	
Provision for Loss incurred by CPF Trust	686.25	1,718.73	660.81	1,623.04
Provision for Interest on CPF Liability		2.91		2.30
Interest on Security Deposits from Consumer		347.43		353.35
Inter Company Balances under Reconciliation***		209.92		330.53
Total		**28,212.14**		**29,199.03**

*Amount received in advance from UP New and Renewable Energy Development Agency towards subsidy against purchase of power from new and renewable energy generators

** Includes ₹ 100.58 Crore receivable from U.P. Power Sector Employees Trust on Account of settlement of amount payable by UPPSET to Uttarakhand Power Corporation Ltd and balance towards GPF contribution amounting to ₹ 17.96 Crore

*** This includes rounding off of Inter Company Balances and Rs. 0.20 Crore of Nominee shares of Discoms which has been reconciled during the FY 2022-23. Also includes Rs. 209.94 crore (Prev Yr Rs. 330.24 crore) adjustment of unclassified Revenue

Note-21

PROVISIONS (CURRENT)

(₹ in Crore)

Particulars	AS AT 31.03.2023	AS AT 31.03.2022
Legal & Professional Charges	-	-
Provision for Income Tax	-	-
Total	-	-

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Note-22

REVENUE FROM OPERATIONS (GROSS)

(₹ in Crore)

Particulars	For the Year Ended on 31.03.2023		For the Year Ended on 31.03.2022	
Supply In Bulk				
Torrent Power Ltd		1,026.06		935.36
Adjustment of purchased cost	-11.59		-294.24	
Adjustment as per Point no. 37 of Note 31	11.59	-	294.24	-
Large Supply Consumer				
Industrial	14,368.65		12,637.53	
Traction	90.32		123.21	
Irrigation	720.23		604.88	
Public Water Works	1,642.77	16,821.97	1,442.07	14,807.69
Small & Other Consumers				
Domestic	26,514.41		22,223.51	
Commercial	8,747.08		7,517.42	
Industrial Low & Medium Voltage	2,661.01		2,378.88	
Public Lighting	656.27		713.48	
STW & Pump Canals	1,454.66		2,075.51	
PTW & Sewage Pumping	2,753.25		2,300.49	
Institution	521.89		494.28	
Small Power (LMV VI)	288.52		327.37	
Water Work (LMV VII)	122.16		113.37	
Temp Connection (LMV IX)	12.62		8.37	
LMV-XI	0.07		0.85	
Large & Heavy (HV I)	240.94		197.99	
Large & Heavy (HV II)	674.54		505.38	
Miscelleneous Charges form Consumers	650.41		1,106.06	
Energy Internally Consumed	1,190.17		1,036.28	
Electricity Duty	3,459.22	50,047.92	3,272.61	44,371.85
Other Operating Revenue				
Extra State Consumer		24.59		3.73
		67,920.54		60,118.63
Less: Electricity Duty		-3,459.22		-3,272.61
Total		**64,461.32**		**56,846.02**

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CONSOLIDATED FINANCIAL STATEMENT

Note-23

OTHER INCOME

(₹ in Crore)

Particulars	For the Year Ended on 31.03.2023		For the Year Ended on 31.03.2022	
From U.P. Govt.				
RE Subsidy from Govt. of U.P	1,142.71		1,105.00	
Revenue Subsidy from Govt. of U.P	13,469.21		13,410.65	
Subsidy for Operational Losses	8,007.72		5,372.51	
Subsidy Against Loan/Interest	-		11.35	
Subsidies for Government Guarantee Loan	-		13.91	
Subsidy for repayment of interest on loan	9.22		12.03	
Cross Subsidy	111.28		106.01	
Subsidy from Govt	-		122.45	
Subsidy Under Atmnirbhar Bharat Scheme	1,854.99	24,595.12	1,854.98	22,008.89
(a) Interest from :				
Loans to Staff	0.03		-	
Loans to NPCL (licencee)	25.82		22.46	
Fixed Deposits	139.36		116.15	
Banks (Other than on Fixed Deposits)	10.77		7.47	
Bonds	9.53		9.53	
Others	14.56	200.07	16.78	172.39
(b) Other non operating Income				
Delayed Payment Charges	711.39		1,014.77	
Income from Contractors/Suppliers	104.98		51.54	
Rental from Staff	1.72		3.98	
School fee/ Recruitment Examination Fee	26.11		10.21	
Miscellenous Income/ Receipts	155.57		211.65	
Excess found on Verification of Stores	-		0.05	
Other Recoveries from Consumers	3.56		2.81	
Sale of Scrap	0.42		0.45	
Penalty from Contractors	5.34		8.42	
Sale of Tender Forms	2.27		1.39	
Interest on Income Tax Refund	0.73	1,015.12	0.10	1,305.37
Total		**25,810.31**		**23,486.65**

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Note-24

PURCHASE OF POWER

(₹ in Crore)

Particulars	For the Year Ended on 31.03.2023		For the Year Ended on 31.03.2022	
Transmission Charges	3,296.26		3,160.97	
PURCHASE FROM OTHERS	5.21	3,301.47	7.95	3,169.16
Power Purchase from:				
Generaters & Traders*		61,805.10		51,214.56
Surcharge**		582.47		-60.06
Unsheduled Interchange & Reactive Energy Charges #		67.89		513.04
Inter-state Transmission & Related Charges		6,846.55		4,559.00
Sub Total		**72,469.06**		**58,368.89**
Rebate/Subsidy against Power Purchase		-513.30		-320.17
Total		**71,955.76**		**58,048.72**

* It includes the transactions through Indian Energy Exchange Ltd towards the purchases of ₹1074.73 crore and sale of ₹ 3656.50 crore. It also includes start-up sale of ₹ 11.59 crore to M/s Neyveli Uttar pradesh Power Ltd.

** Negative figure in F.Y. 2021-22 is due to reversal of excess provision of late payment surcharge made during the F.Y. 2020-21.

Due to nature of transaction under unscheduled interchanges, the figure can be negative or positive.

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Note-25

EMPLOYEE BENEFIT EXPENSES

(₹ in Crore)

Particulars	For the Year Ended on 31.03.2023	For the Year Ended on 31.03.2022
Salaries & Allowances	2,078.43	2,025.51
Dearness Allowances	685.02	422.49
Other Allowances	111.94	102.63
Bonus/Ex Gratia	16.86	2.00
Medical Expenses (Reimbursement)	43.73	37.01
Earned Leave Encashment	197.68	222.99
Compensation	0.31	0.33
Staff Welfare Expenses	1.88	1.19
Pension & Gratuity	193.61	244.49
Other Comprehensive income of Gratuity	7.78	-0.51
Other Terminal Benefits	87.31	86.59
Interest on GPF (General Provident Fund)	74.33	68.22
Interest on CPF (Contributory Provident Fund)	2.47	1.70
Gratuity (CPF)	26.72	30.13
Other Terminal Benefit (CPF)	1.02	0.23
Contributions to provident and other funds	70.96	60.19
Others	0.56	0.27
Others/Compensation	0.61	0.28
Sub Total	**3,580.04**	**3,315.61**
Expense Capitalised	-1,040.30	-948.06
Employee Cost Allocated to DISCOMs and Others by UPPCL	-129.74	-125.65
Total	**2,410.00**	**2,241.90**

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CONSOLIDATED FINANCIAL STATEMENT

Note-26

FINANCE COST

Particulars	For the Year Ended on 31.03.2023		For the Year Ended on 31.03.2022	
(a) Interest on Loans				
Working Capital	0.05		0.24	
Interest expenses on Borrowings	10.29		11.35	
Less: Rebate of Timely Payment of Interest	-0.25	10.09	0.26	11.33
(b) other borrowing costs				
Finance Charges/Cost of Raising Fund	76.33		102.95	
Bank Charges	67.82	144.15	42.51	145.46
(c)Interest on Loans				
Interest on Govt Loan	23.77		32.27	
Interest on Bonds	2,660.52		2,428.50	
PFC	2,353.09		2,449.02	
R-APDRP	90.96		406.85	
REC	2,303.76		2,500.22	
Interest to Consumers	174.35		149.73	
Provision of Int. on ED/Licence Fee/GPF	0.32		0.35	
Interest on Secured Loan	226.50		293.53	
Interest/Stamp Duty on Bill Discounted for PP	74.78	7,908.05	33.17	8,293.64
Sub Total		8,062.29		8,450.43
Interest Capitalised		-		-67.86
Total		8,062.29		8,382.57

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Note-27

DEPRECIATION AND AMORTIZATION EXPENSE

(₹ in Crore)

Particulars	For the Year Ended on 31.03.2023		For the Year Ended on 31.03.2022	
Depreciation on -				
Buildings	52.35		42.50	
Other Civil Works	5.56		1.67	
Plant & Machinary	1,647.41		1,206.65	
Lines Cables Networks etc	2,534.96		2,159.39	
Vehicles	3.87		0.37	
Furnitures & Fixtures	3.95		3.21	
Office Equipments	25.91		21.91	
Intangible Assets	12.85		5.76	
Equivalent amount of dep. on assets acuired out of the consumer's contribution & GoUP subsidy*	-738.64	3,568.22	647.51	2,853.90
Capital Expenditure Assets not pertains to Corporation/Nigam		9.53		8.23
Total		**3,577.75**		**2,862.13**

* Rs. 21.03 crore of amortization has been adjusted from retained earnings due to Prior Period Errors/Ommissions by PVVNL.

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Note-28

ADMINISTRATIVE, GENERAL & OTHER EXPENSES

(₹ in Crore)

Particulars	For the Year Ended on 31.03.2023	For the Year Ended on 31.03.2022
Interest Expense on Electricity duty	103.97	94.00
Rent	3.76	3.93
Rates & Taxes	3.54	4.54
Insurance	4.31	4.65
Communication Charges	35.03	25.13
Legal Charges	26.13	21.25
Auditors Remuneration & Expenses	2.08	1.73
Consultancy Charges	38.59	55.21
Licence Fees	22.61	22.53
Technical Fees & Professional Charges	58.48	42.74
Travelling & Conveyance	70.55	50.04
Printing & Stationary	23.24	16.74
Advertisement Expenses	9.88	13.73
Electricity Charges	1,010.32	806.01
Water Charges	0.71	0.07
Entertainment	0.02	0.03
Expenditure on Trust	0.01	0.24
Miscellaenous Expenses	375.93	250.62
Expenses incurred for Revenue Realisation	81.39	129.72
Compensation	7.45	5.18
Compensation(Other than Staff)	46.30	40.58
Vehicle Expenses	83.15	59.42
Fees & Subscription	10.49	10.63
Online Spot Billing & Camp Charges	665.80	926.08
Loss on sale of Assets Scrapped	-	1.76
Security charges	19.21	17.68
Rebate to consumer	13.82	15.45
Payment to Contractual Persons	292.92	234.30
Honorariams	0.08	0.01
Professional Charges	3.14	4.26
Sub Total	**3,015.01**	**2,600.55**
Expenses Allocated to DISCOMs and Others by UPPCL	-41.64	-48.44
Total	**2,973.37**	**2,552.11**

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Note 29

REPAIRS AND MAINTENANCE

(₹ in Crore)

Particulars	For the Year Ended on 31.03.2023		For the Year Ended on 31.03.2022	
Plant & Machinary	639.29		658.84	
Buildings	39.28		32.86	
Other Civil Works	14.85		10.89	
Lines, Cables Networks etc.	1,598.26		1,555.62	
Energy Internally Consumed	186.01		189.38	
Vehicles - Expenditure	69.66		53.50	
Less: Transferred to different Capital & O&M Works/ Administrative Exp	69.66	2,477.69	53.50	2,447.59
Furnitures & Fixtures	1.23		0.20	
Office Equipments	14.36		11.67	
Payment to Contractual Persons	166.80		152.55	
Transferred to different Capital & O&M Works/ Administrative Exp	-166.80	15.59	-152.55	11.87
Sub Total		**2,493.28**		**2,459.46**
Expenses Allocated to DISCOMS and Others by UPPCL		-2.15		-1.97
Total		**2,491.13**		**2,457.49**

Note-30

BAD DEBTS & PROVISIONS

(₹ in Crore)

Particulars	For the Year Ended on 31.03.2023		For the Year Ended on 31.03.2022	
(A) Provision for Bad & Doubt Debts on				
(i) Non Current Assets				
Financial Assets- Investments (Impairment)	2.21		44.76	
Financial Assets-Loans (Non-Current)	25.82		22.46	
Financial Assets Others (Non-Current)	12.02	40.05		67.22
(ii) Current Assets				
Current Assets Inventories	13.49		0.22	
Financial Assets- Trade Receivables	14,518.47		7,683.22	
Financial Assets-Others (Current)	-11.51		-5.05	
Other Current Assets	0.68	14,521.13	-0.49	7,677.46
(B) Bad Debts Written Off				
Loss of Material		-		0.30
Total (A+B)		14,561.18		7,744.98

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CIN:U32201UP1999SGC024928

Note No.31

Notes to Accounts forming part of Consolidated Financial Statements for the F.Y 2022-23

1. Brief:

1.1 Under the U.P. Electricity Reforms Act, 1999 by Govt. of Uttar Pradesh (GoUP), the erstwhile Uttar Pradesh State Electricity Board (UPSEB) was unbundled into the following three separate entities through the first reforms Transfer Scheme dated January 14, 2000:

- Uttar Pradesh Power Corporation Limited (UPPCL): vested with the function of Transmission and Distribution within the State.
- Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVUNL): vested with the function of Thermal Generation within the State.
- Uttar Pradesh Jal Vidyut Nigam Limited (UPJVNL): vested with the function of Hydro Generation within the State.

1.2 U.P. Power Corporation Limited (the "Company") was incorporated under the Companies Act, 1956 (now 2013) 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.

1.3 Under another transfer scheme dated January 15, 2000 the distribution business of Kanpur Electricity Supply Authority (KESA) under UPSEB was transferred to Kanpur Electricity Supply Company Limited (KESCO), a company registered under the companies' act, 1956, as a wholly owned subsidiary company of the UPPCL. The assets, liabilities and personnel of KESA were transferred to KESCO w.e.f. January 15, 2000, vide GoUP notification no. 186/ XXIV- I-2000 dated, January 15, 2000.

1.4 Due to division of State of Uttar Pradesh a separate State named as Uttaranchal (now Uttarakhand) came into existence w.e.f. November 09, 2001 and a separate company as Uttaranchal Power Corporation Ltd.(now Uttarakhand Power Corporation Ltd.) (UPPCL) had taken over commercial operations in the state of Uttarakhand as per Govt. of India's notification no. 42/7/2000-R&R dated November 05, 2001. The assets and liabilities and personnel relating to UPPCL w.e.f November 11, 2001 were transferred vide agreement dated October 12, 2003 with Uttarakhand Power Corporation Ltd.

1.5 After the enactment of the Electricity Act, 2003, the further unbundling of the UPPCL (Responsible for business of both transmission and distribution) was done. Therefore, the following four new distribution companies (DISCOMs) were created as per the Uttar Pradesh Power Sector Reforms(Transfer of Distribution Under Takings) Scheme, 2003 issued vide GoUP's Notification No. 2740/P-1-2003-24-14P/2003 Dated. 12.08.2003

- Purvanchal Vidyut Vitran Nigam Ltd. (PuVVNL).
- Madhyanchal Vidyut Vitran Nigam Ltd. (MVVNL).
- Dakshinanchal Vidyut Vitran Nigam Ltd. (DVVNL).
- Paschimanchal Vidyut Vitran Nigam Ltd. (PVVNL).

Under this Scheme the role of UPPCL was specified as Bulk Supply Licensee "as per the license granted by the commission and as "State Transmission Utility" under sub-section (1) of section 27- B of the Indian Electricity Act, 1910.

1.6 Subsequently, the Uttar Pradesh Power Transmission Corporation Limited (UPPTCL), a Transmission Company (TRANSCO), was incorporated under the Companies Act, 1956 (now 2013) by an amendment in the 'Object and Name' clause of the Uttar Pradesh Vidyut Vyapar Nigam Limited. The Transco is entrusted with the business of transmission of electrical energy to various utilities and open access consumers within the State of Uttar Pradesh. This function was earlier vested with UPPCL. Further, Government of Uttar Pradesh (GoUP), in exercise of power under the Section 30 of the EA 2003, vide notification No. 122/UNN.P/24-07 Dated, July 18, 2007, notified Uttar Pradesh Power Corporation Limited as the "State Transmission Utility" of Uttar Pradesh. Subsequently, on December 23, 2010, the Government of Uttar Pradesh notified the Uttar Pradesh Electricity Reforms (Transfer of Transmission and Related Activities Including the Assets, Liabilities and Related Proceedings) Scheme, 2010, which provided for the transfer of assets and liabilities from UPPCL to UPPTCL with effect from April 01, 2007.

1.7 Thereafter, on January 21, 2010, as the successor Distribution companies of UPPCL (a deemed Licensee), the Distribution Companies, which were created through the notification of the UP-Power Sector Reforms (Transfer of Distribution Undertakings) Scheme, 2003 were issued fresh Distribution Licenses, which replaced the UP-Power Corporation Ltd. (UPPCL) Distribution, Retail & Bulk Supply License, 2000.

1.8 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 12.08.2003, 'TRANSCO' as on 01.04.2007 and to the UPPCL 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 1.5 and 1.6 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.

2. 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* 31-03-2023	31-03-2022
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	DakshinanchalVidyutVitran 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).

3. 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.

4. The loan taken by the Subsidiary Companies through REC, PFC & Bonds during the financial year 2022-23 amounting to ₹ 7,963.57crore, out of which ₹7,861.61crorereceivedthrough 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 crore)

Sl.No.	Particulars	DVVNL	PuVVNL	PVVNL	MVVNL	Kesco	UPPCL Total	Total
1	REC	-	-	28.34	4.51	-	1,911.00	1,943.85
2	PFC	3.81	43.88	0.90	20.32	-	3009.61	3078.52
3	Bond	-	-	-	-	-	3,488.00	3,488.00
Total		3.81	43.88	29.24	24.83		8,408.61	8,510.57

5. 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.

6. 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.

7. (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.

8. (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 NIL. (31st March 2022 Rs. 67.86 crore).

9. **Provision for Bad & Doubtful Debts on Trade Receivables**

(i) The Company has reviewed the policy of provision of Bad & Doubtful Debts followed for the year 2021-22, in order to ensure compliance as well as accounting in accordance with the provisions contained in the Ind AS-109 and companies Act, 2013. The objective of introducing/implementing new policy is to provide a scientific approach and logical mode of calculation for creating provision on the receivable reflecting at the Financial Year end i.e. 31.03.2023. The Company has adopted simplified approach described in the above Ind AS to calculate the expected credit loss as tabulated below.

(₹ In crore)

Ageing Bucket	Arrear Amount	Provisioning %	Provisioning Amount
PuVVNL			
Up to 6 Months	2997.00	0%	0.00
Greater than 6 months and up to 1 year	1755.00	18%	309.00
Greater than 1 year and up to 2 years	1005.00	20%	198.00
Greater than 2 year and up to 3 years	1094.00	26%	289.00
Greater than 3 years	23366.00	40%	9346.00
Total Provision	**30217.00**		**10142.00**
MVVNL			
Up to 6 Months	769.44	0.00%	-
Greater than 6 months and up to 1 year	644.87	18.78%	121.10
Greater than 1 year and up to 2 years	1902.40	21.94%	417.34
Greater than 2 year and up to 3 years	952.41	29.19%	278.02
Greater than 3 years	18685.37	40.00%	7474.15
Total Provision	**22954.43**		**8290.61**
DVVNL			
Up to 6 Months	891.09	0%	0.00
Greater than 6 months and up to 1 year	556.58	19%	105.75
Greater than 1 year and up to 2 years	470.16	21%	98.73
Greater than 2 year and up to 3 years	571.57	27%	154.33

Greater than 3 years	16017.38	40%	6406.95
Total Provision	**18506.78**		**6765.76**
PVVNL			
Up to 6 months	1211.77	0%	0.00
Greater than 6 months and up to 1 year	860.33	9%	77.74
Greater than 1 year and up to 2 years	1306.95	11%	138.28
Greater than 2 year and up to 3 years	661.28	17%	109.92
Greater than 3 years	10103.12	40%	4041.24
Total Provision	**12422.79**		**4211.70**
*Dues receivables from Government Consumers have not been considered for provisioning for Bad & Doubtful Debts.			
KESCO			
Upto 6 months	(9.01)	0%	0.00
Greater than 6 months and upto 1year	74.32	12.08%	8.97
Greater than 1 year and upto 2 years	162.01	13.85%	22.43
Greater than 2 years and upto 3 years	86.71	20.34%	17.64
Greater than 3 years	2227.08	40%	890.83
Total Provision	**2541.10**		**939.88**

Note: - Following assumption/management estimate has been considered while formulating the above mentioned provisioning rates:

a. Electricity dues/receivables from Government Consumers as at the financial year end has not been considered for provisioning towards Bad & Doubtful Debts considering that the GoUP makes the provision regularly in its budget towards payment against electricity dues/receivables from the Departments of GoUP based on the decision taken to release payment of electricity dues/receivables centrally. Further, the Central Government's Departments generally make regular payment of electricity dues/receivables.

b. Under age bucket upto 6 month:- As company believes that the consumers in this category are in the phase of temporary disconnection for 6 months until it becomes permanently disconnected and would pay their dues within 6 months from the date of being temporarily disconnected based on the collection efforts and initiatives being taken. The chances of recovery during this period are significantly higher. Therefore it has been assumed that the expected loss amount would be zero in this age bucket.

c. Under age bucket greater than 3 year:- As per IND AS 109 under this age bucket as per the simplified approach calculation loss amount would be the total outstanding amount which expects provisioning at the rate of 100 percent. However, based on the collection efforts and the current and future initiatives being undertaken for collection it has been decided to follow a graded provisioning over a period of four years from the current financial year i.e F.Y. 2022-23. Under these assumptions, in the current financial year provisioning @ 40%

on trade receivables is proposed under this age bucket for F.Y. 2023 and the same would be increased by another 20% each year till FY2026. From F.Y. 2026 onwards, 100% provision would be applicable under this age bucket.

(ii)As required in the Ind AS-8, the effect of changes due to revised estimation towards provision for Bad & Doubtful Debts on Trade Receivables in the current year is as under:-

(Rs. In Crores)

Particulars	Amount as per Revised Estimate Amount (₹ in crore)	Amount as per Previous Estimate Amount (₹ in crore)	Additional amount of Provision (₹ in crore)
MVVNL	4,174.32	840.59	3333.73
PuVVNL	5084.00	1022.00	4062.00
PVVNL	2203.38	(60.79)	2264.17
DVVNL	2666.82	26.40	2640.42
Kesco	391.36	32.41	357.95
Total	**14518.88**	**1860.61**	**12658.27**

- The effect of changes due to above accounting estimate in future reporting periods could not be ascertained as it is impracticable to determine the future outstanding balance of Trade Receivable.

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

(a) Provision to the extent of 10% on the balances of suppliers/ contractors has been made by UP Power Corporation Limited, Purvanchal Vidyut Vitran Nigam Limited, Pashchimanchal Vidyut Vitran Nigam Limited and an amount of Provision ₹ 0.04 Crore increased by Kanpur Electricity Supply Company Limited against the unadjusted advances for more than two year as shown and clubbed in the Note no. 13 (in Rs. 8.40 Crore).

(b) 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).

(iv) A provision for doubtful receivables to the extent of10% on the balances appearing under the different heads of "Financial Assets-Other- Current" Note no. 12by 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 ₹0.39 Crores increasedby Kanpur Electricity Supply Company Limited against the doubtful receivables from Employeesfor more than two years as shown in"Financial Assets-Other-Current" Note no. 12.

(v) 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.

10. (a) Transmission charges are accounted for by the Discoms as per the bills raised by the Uttar Pradesh Power Transmission Corporation Limited.

(b) As per the UPERC's Tariff/True-Up order dated 24.05.2023 for the F.Y. 2021-22, the UPPTCL has raised the Supplementary Bills of ₹ 113.76crore against the bills earlier raised for the F.Y. 2021-22. The bills have been received before finalization of Financial Statements of the Company for the F.Y. 2022-23. Hence, in accordance with the provisions contained in the Ind AS-10 (Events after the reporting period), the company has considered the same as material adjusting event and recognized/accounted for in the financial statements for the F.Y. 2022-23.

11. Government dues payable in respect of Electricity Duty and other Levies amounting to Rs12584.71 crore shown in Note-20 includeRs.913.04 crore on account of Other Levies realized from consumers.

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

13. (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 Asset 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.

14. Basic and diluted earnings per share has been shown in the Statement of Profit & Loss in accordance with Ind-AS33"Earnings Per Share". Basic earnings per share have been computed by dividing net loss after tax by the weighted average number of equity shares outstanding during the year. Number used for calculating diluted earnings per equity share includes the amount of share application money (pending for allotment).

(₹ in crore)

		31.03.2023	31.03.2022*
	Earning per share:		
(a)	Net Profit/(Loss) after tax (numerator used for calculation)	(15869.73)	(5617.11)
(b)	Weighted average number of Equity Shares* (denominator for calculating Basic EPS)	1149194985	1060503625
(c)	Weighted average number of Equity Shares* (denominator for calculating Diluted EPS)	1156627615	1066980407
(d)	Basic earnings per share of Rs. 1000/- each (EPS Amount in Rupees)	(138.09)	(52.97)
(e)	Diluted earnings per share of Rs. 1000/- each (EPS Amount in Rupees)	(138.09)	(52.97)

*Figure of loss has been restated considering the Ind AS-08.

(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.

15. (a) Based on actuarial valuation reportdt.9.11.2000 submitted by M/s Price Waterhouse Coopers to UPPCL (the Holding Company) provision for accrued liability on account of Pension and Gratuity for the employees recruited prior to creation of the UPPCL i.e. for

GPF 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 2022-23 on the basis of Actuarial Reports.

16 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.

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

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

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

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

Sl. No.	Details	F.Y 2022-23 (Units in MU)	F.Y 2021-22 (Units in MU)
(i)	Total number of units purchased	137289.92	123406.88
(ii)	Total number of units sold	108409.93	93744.87
(iii)	Distribution Losses	28879.99	29662.01

(b) Contingent Liabilities and Commitments:-

Sl. No.	Details	Amount (₹ In crore)	
		F.Y 2022-23	F.Y 2021-22
1	Estimated amount of contracts remaining to be executed on capital	2.51	5.39
2	Power Purchase	6488.21	10083.93
3	Interest on RAPDRP Loan	0.00	0.00
4	Statutory Dues	1.03	3.63
5	Others Contingencies*	694.59	704.87
	Total	7186.34	10797.82
	Contingent Assets**	0.00	4.82

* In UPPCL Standalone the amount of Other Contingencies earlier shown in previous year (F.Y. 2021-22) of ₹ 1630.23crorehas been restated to ₹ 14.20 crore as the difference amount of ₹ 1616.03 crore (1630.23-14.20) is already included in the amount of contingent liabilities against the Power Purchase of ₹ 10083.93 above.

** In F.Y. 2018-19. M/s NHPC had provisionally deducted and deposited TDS of ₹ 0.48Crore in relation to interest payable amounting ₹ 4.82 Crore to UPPCL which was neither billed nor due in 2018-19. Hence, the amount of ₹ 4.82 Crore as reflected in 26AS of UPPCL for the year 2018-19 had been disclosed as Contingent Assets since F.Y. 2018-19 till the F.Y. 2021-22. In F.Y. 2022-23 whole amount of interest has been billed by NHPC and the same has been accounted for in the books of the company. Hence, it has been deleted from Contingent Assets in the F.Y. 2022-23.

C-Disclosure as per Schedule III to the Companies Act, 2013

Sl. No.	Name of the Entity	Net Assets i.e. Total Assets minus Total Liabilities as at 31.03.2023		Share in Profit or Loss for the Year 2022-23		Share in other comprehensive income for the Year 2022-23		Share in Total Comprehensive income for the Year 2022-23	
		As % of Consolidated Net Assets	Amount (₹ in Crore)	As % of Consolidated Profit or Loss	Amount (₹ in Crore)	As % of Consolidated other comprehensive income	Amount (₹ in Crore)	As % of Consolidated Total Comprehensive Income	Amount (₹ in Crore)
A	Parent								
	U.P. Power Corporation Ltd., Lucknow	36.55	7035.91	91.89	(14572.24)	11.34	(1.27)	91.83	(14573.51)
	Add: Reversal of Provision through P&L	0.00	0.00	(92.00)	14589.82	0.00	0.00	-91.93	14589.82
	Restated Balance	36.55	7035.91	(0.11)	17.58	11.34	(1.27)	(0.10)	16.31
B	Subsidiaries (Restated)								
	Madhyanchal Vidyut Vitran Nigam Ltd., Lucknow	15.82	3045.97	30.39	(4819.92)	41.52	(4.65)	30.40	(4824.57)
	Purvanchal Vidyut Vitran Nigam Ltd., Varanasi	35.35	6804.65	41.68	(6610.27)	-69.46	7.78	41.60	(6602.49)
	Pashchimanchal Vidyut Vitran Nigam Ltd., Meerut	43.81	8433.97	(6.25)	991.67	53.84	(6.03)	-6.21	985.64
	Dakshinanchal Vidyut Vitran Nigam Ltd., Agra	(22.41)	(4314.30)	31.99	(5074.77)	44.73	(5.01)	32.00	(5079.78)
	Kanpur Electricity Supply Company Ltd., Kanpur	(9.12)	(1755.65)	(0.00)	0.52	18.04	(2.02)	0.01	(1.50)
C	CFS Adjustments								
	CFS Adjustments (refer Note 15)			2.30	(364.34)			2.30	(364.34)
	Total	100.00	19250.44	100.00	(15858.53)	100.00	(11.20)	100.00	(15869.73)

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

21. RELATED PARTY DISCLOSURE:

Part-I
Names of the Related Parties and Description of Relationship:

(a) Related Parties where control exists:

i. Subsidiaries (DISCOMs)
1. Purvanchal Vidyut Vitran Nigam Ltd. (PuVVNL)
2. Madhyanchal Vidyut Vitran Nigam Ltd. (MVVNL)
3. Dakshinanchal Vidyut Vitran Nigam Ltd. (DVVNL)
4. Paschimanchal Vidyut Vitran Nigam Ltd. (PVVNL)
5. Kanpur Electricity Supply Company Ltd. (KESCO)

ii. Employment Benefit Funds
1. U.P. Power Sector Employees Trust (GPF)
2. U.P. Power Corporation Employees Contributory Provident Fund Trust (CPF)

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

1. Associates and Related Entities -*Nil*
2. Joint Venture Corporation – *Nil*

(c) Go UP-Related Power Sector Entities (under the same government):
1. U.P. Rajya Vidyut Utpadan Nigam Ltd.(UPRVUNL)
2. U.P. Jal Vidyut Nigam Ltd.(UPJVNL)
3. U.P. Power Transmission Corporation Ltd.(UPPTCL)
4. U.P. State Load Dispatch Center Limited (UPSLDC)

(d) Disclosure as per Ind AS 27 (Separate Financial Statements):

i.Key Management Personnel:-

Name	Name of Post	Date of Appointment	Date of Cessation
U.P Power Corporation Limited.			
(b) Key Management Personnel: -			
Shri M. Devaraj	Chairman	02.02.2021	Till Date
Shri Pankaj Kumar	Managing Director	10.03.2021	Till Date
Shri Nidhi Kumar Narang	Director (Finance)	01.06.2022	Till Date
Shri Amit Kumar Srivastava	Director (Commercial)	24.05.2022	Till Date
Shri KamaleshBahadurSingh	Director (Corporate Planning)	18.06.2022	Till Date
Shri SourajitGhosh	Director (I.T.)	18.06.2022	Till Date
Shri MrugankShekhar Dash Bhattamishra	Director (Personnel and Administration)	12.07.2022	Till Date
Shri Ajay Kumar Purwar	Director (P & A)	10.07.2019	09.07.2022

Shri Ashwani Kumar Srivastava	Director (Distribution)	19.01.2021	23.07.2022
Shri Anil Kumar Awasthi	Chief Finance Officer	05.03.2020	30.11.2022
Shri NitinNijhawan	Chief Finance Officer	01.12.2022	Till Date
Smt JyotiArora	Company Secretary	30.07.2021	16.07.2022
Shri Jitesh Grover	Company Secretary (Additional Charge)	22.08.2022	Till Date
Nominee Directors :			Till Date
Shri Guru Prasad Porala	Nominee Directors	23.07.2021	Till Date
Shri AnupamShukla	Nominee Directors	10.08.2022	Till Date
Smt. Neha Sharma	Nominee Directors	02.09.2022	Till Date
Shri Neel Ratan Kumar	Nominee Directors	16.04.2013	Till Date
Shri Jawed Aslam	Nominee Directors	17.07.2020	06.06.2022
Shri KanhaiyaLalVerma	Nominee Directors	06.06.2022	Till Date
Shri Ranjan Kumar Srivastava	Nominee Directors	17.07.2021	01.06.2022
Shri Anil Kumar	Nominee Directors	13.01.2022	30.06.2022
Shri Sanjai Kumar Singh	Nominee Directors	14.02.2023	Till Date
Purvanchal Vidyut Vitran Nigam Limited			
List of Directors & Key Managerial Personnel			
Shri M Devaraj	Chairman	02-Feb-21	Till Date
Shri Vidya Bhushan	Managing Director	28-Jun-21	01-Sep-22
Shri Shambhu Kumar	Managing Director	08-Oct-22	Till Date
Shri Prithvi Pal Singh	Director(Technical)	01-Mar-20	28-Feb-23
Shri Mahesh Chandra Pal	Director(Finance)(Additional Charge)	20-Jul-21	23-May-22
Shri Santosh Kumar Jadia	Director(Finance)	23-May-22	Till Date
Shri Shesh Kumar Baghel	Director(P&A)	20-Jan-21	07-Jan-23
	Director(Commercial)	27-May-22	Till Date
Shri Rajendra Prasad	Director (P&A) (Additional Charge)	22-Mar-23	Till Date
Shri Mahesh Chandra Pal	Chief Finance Officer	13-Oct-21	23-May-22
Shri Santosh Kumar Jadia	Chief Finance Officer	23-May-22	13-Jan-23
Shri Amit Rohila	Chief Finance Officer	13-Jan-23	Till Date
Shri S.C. Tiwari	Company Secretary	01-Sep-15	Till Date
Madhyanchal Vidyut Vitran Nigam Ltd: -			
Shri M. Devraj	Chairman	01.02.2021	Till Date
Shri Chandra Vijay Singh	Managing Director	27.01.2022	02.04.2022
Shri Anil Dhingra		05.04.2022	08.06.2022
Shri Bhawani Singh Khangraut		08.06.2022	Till Date
Shri PradeepKakkar		19.01.2021	03.09.2022
Shri Yogesh Kumar	Director (PM & A)	07.10.2022	Till Date
Shri Pradeep Kakkar	Director (Commercial)	05.02.2021	21.05.2022
Shri Yogesh Kumar		21.05.2022	Till Date

Shri PradeepKakkar	Director (Technical)	21.09.2021	07.06.2022
Shri Ajay Kumar Srivastava		07.06.2022	Till Date
Shri Mahesh Chandra Pal	Director (Finance)	29.02.2020	08.07.2022
Shri Nidhi Kumar Narang		13.07.2022	26.09.2022
Shri Santosh Kumar Jadia		26.09.2022	Till Date
Smt. SaumyaAgarwal	Women Director	28.07.2020	29.08.2022
Smt. SandeepKaur		29.08.2022	Till Date
Sri. Sanjeev Kumar Verma	Chief Financial officer	22.12.2022	Till Date
Shri Pankaj Kumar	Nominee Director	10.03.2021	Till Date
Shri P. Guruprasad	Nominee Director	23.07.2021	Till Date
Shri Ranjan Kumar Shrivastava	Nominee Director	17.07.2021	01.06.2022
Shri Nidhi Kumar Narang		01.06.2022	Till Date
Dakshinanchal Vidyut Vitran Nigam Ltd: - Key management personnel of the Company			
Shri AmitKishor (IAS)	Managing Director	05.03.2021	Till Date
Shri Hamendra Kumar Agarwal	Director (Finance)	21.05.2022	Till Date
Shri Rajeev Sharma	Director (PM & A)	20.05.2022	Till Date
Shri Brij Mohan Sharma	Director (Technical)	19.08.2021	Till Date
Shri S.K. Gupta	Director (Commercial)	09.08.2019	30.06.2022
Shri Hamendra Kumar Agarwal	Chief Financial officer	14.07.2022	Till Date
Smt. J. Reebha (IAS)	Nominee Director	28.08.2022	Till Date
Smt. NamrataSrivastava	Company Secretary	22.03.2023	Till Date
Pashchimanchal Vidyut Vitran Nigam Ltd. Key management personnel of Parent Company			
Shri M. Devaraj	Chairman	05.11.2019	Till Date
Shri P. Guruprashad	Nominee Director	23.07.2021	Till Date
Shri Pankaj Kumar	Nominee Director	10.03.2021	Till Date
Shri Aravind Mallappa Bangari	Managing Director	14.10.2019	20.01.2023
Miss Saumya Agarwal	Nominee Women Director	28.07.2020	29.08.2022
Smt. Nidhi Srivastava	Nominee Women Director	29.08.2022	Till Date
Smt. Chaitra V.	Managing Director	20.01.2023	Till Date
Shri Nidhi Kumar Narang	Nominee Director	01.06.2022	Till Date
Shri Ranjan Kumar Srivastava	Nominee Director	17.07.2021	01.06.2022
Shri Anupam Shukla	Nominee Director	02.02.2023	Till Date
Shri Rakesh Kumar	Director	19.01.2021	02.06.2022
Shri Ishwar Pal Singh	Director	10.08.2019	31.07.2022
Shri Lalit Kumar Gupta	Director	29.02.2020	28.02.2023
Shri Shachindra Kumar Purvar	Director	21.05.2022	Till Date
Shri Sachin Kamboj	Chief Financial Officer	28.05.2022	Till Date
Shri Jitesh Grover	Company Secretary	19.05.2021	Till Date

KESCO			
Key managerial personnel of KESCO			
Shri M Devaraj IAS	Chairman	10.03.2022	Till Date
Shri Pankaj Kumar, IAS	Managing Director, UPPCL (Nominee Director)	10.03.2022	Till Date
Shri Anil Dhingra, IAS	Managing Director, KESCo	12.07.2022	22.02.2023
Shri Samuel Paul N., IAS	Managing Director, KESCo	23.02.2023	Till Date
Shri NidhiNarang	Director (Finance), UPPCL (Nominee Director	01.06.2022	Till Date
Shri HK Agarwal	Director (Finance), KESCo	12.12.2022	Till Date
Shri Sanjay Srivastava	Director (Technical)	20.01.2021	Till Date
Shri Ranjan Kumar Srivastav	Director (Finance), UPPCL (Nominee Director)	17.07.2021	01.06.2022
Shri Vishakh G. IAS	DM Kanpur,(Nominee Director)	08.06.2022	31.03.2022
Smt Neha Sharma, IAS	DM Kanpur,(Nominee Director)	23.01.2022	08.06.2022
Smt Saumya Agarwal, IAS	Women Director	28.07.2020	29.08.2022
Smt Yashu Rustagi	Women Director	29.08.2022	Till Date
Shri Anand Kumar	Chief Finance Officer	22.12.2022	Till Date
Smt Abha Sethi Tandon	Company Secretary	14.03.2013	03.02.2023
Smt Pallavi Malhotra Khurana	Company Secretary	03.02.2023	Till Date

ii. Relative of Key Managerial Personnel (if any)
(Where transaction have taken place during the year or previous year/balances outstanding)
-NIL

Part-II

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 crore)

Particulars	2022-23	2021-22
Salary & Allowances	8.68	6.79

	1.04	0.57
Leave Encashment		
	0.80	0.14
Contribution to Gratuity/ Pension/ PF		

(b) Transactions with GoUP Related Power Sector Entities

(₹ In crore)

S.No	Particulars	GoUP Related Power Sector Entities (Under Same Government)		
		UPRVUNL	UPJVNL	UPPTCL
1.	Purchase of Power	12,400.61	95.03	-
2.	Transmission Charges	-	-	3296.26
3.	Allocation of Common Expenditure	0.81	0.31	18.42
4.	Investment in Equity	-	-	-
5.	Share Application Money	-	-	-
6.	Other Receivables	0.74	-	16.79
7.	Other Payables	(885.54)	60.34	-

Part-IV

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

(₹ In crore)

Particulars	31[st] March 2023	31[st] March 2022
Amount Recoverable		
From Others		
➢ UPPTCL	557.36	542.34
Amount Payable		
To Others		
➢ UPJVNL (Note no. 12 Rs. -0.85, Note- 20 Rs. 86.76 and Rs. 637.65 crore refer point no. 42(B) of Notes on Accounts)	723.56	783.90
➢ UPPSET	1395.08	1339.60
➢ UPRVUNL (Note no. 12 Rs. -10.43 And Rs 7809.58 crore refer point no. 42(B) of Notes on Accounts)	7799.15	6914.35
➢ UPPCL CPF	49.78	62.06

22. **Government Grants and Subsidies:**

a. Grants / Subsidies received under different schemes for DISCOMs are treated initially as payable to DISCOMs and subsequently are transferred to DISCOMs concerned.

b. During the period Capital Grant ₹ 498.00 Crore, Revenue Grant/Subsidy of ₹21802.37Croreand Additional Subsidy for Operational Loss funding (RDSS) of ₹8007.72Crorehave been received from Govt. of U.P. (including other department) on behalf of the DISCOMs and have also been distributed to the DISCOMs. Necessary entries are accounted for in the books of DISCOMs in the respective functional heads. The DISCOMS wise details are furnished below:

(₹ in Crore)

FY2022-23 Particulars	PuVVNL	MVVNL	DVVNL	PVVNL	KESCO	Total
Capital Grant/ Subsidy	127.00	130.50	148.50	92.00	-	498.00
Revenue Grant/ Subsidy*	6101.68	4751.03	4825.10	6053.28	71.28	21802.37
Additional Subsidy for Operational Loss funding (RDSS)	2681.12	2404.36	957.04	1588.96	376.24	8007.72
Total	8909.80	7285.89	5930.64	7734.24	447.52	30308.09

*This includes Tariff Subsidy of PTW consumers Rs. 1250 Crore, Power Loom consumers Rs. 3750 Crore and RGGY Rs. 182.14 Crore. This also includes Rs. 1000 Crore as mentioned in Point no. 22 (f).

(₹ in Crore)

FY 2021-22 Particulars	PuVVNL	MVVNL	DVVNL	PVVNL	KESCO	Total
Capital Grant/ Subsidy	-	-	6.00	-	-	6.00
Revenue Grant/ Subsidy	5369.45	3895.96	3124.50	4632.76	(5.72)	17016.95
Additional Subsidy for Operational Loss funding (Action Plan)	1709.75	1417.50	1120.31	846.43	278.51	5372.50
Total	7079.20	5313.46	4250.81	5479.19	272.79	22395.45

c. It has been clarified by the GoUP; vide its circular no. 1772/24-1-2023-03/2023 dated. 05 July, 2023, that the provision of ₹ 5372.50 Crore and ₹ 8007.72 Crore made in the Budget for the year 2021-22 and 2022-23 are not related to UDAY Scheme but are related towards funding against losses as per ACTION PLAN and Revamped Distribution Sector Scheme (RDSS). The details of Subsidy/Fund received from GoUP under the above schemes and distributed the same to the subsidiaries (DISCOMs) are as under:

(₹ in Crore)

S.No.	Name of DISCOMs	Amount Allocated and Distributed Year 2022-23 RDSS	Year 2021-22 Action Plan
1	PuVVNL	2681.12	1709.75
2	MVVNL	2404.36	1417.50
3	DVVNL	957.04	1120.31
4	PVVNL	1588.96	846.43
5	KESCO	376.24	278.51
Total amount received from GoUP		8007.72	5372.50

d.

i. As per GO no. 445-1-21-731 (Budget)/2020 dated 05.03.2021, GoUP has accepted to provide additional revenue subsidy of ₹ 39,743 Crore to the DISCOMs (subsidiaries) for the period 2007-08 to 2019-20 as approved by the UPERC through its Tariff/ True-up orders issued from time to time.

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

S.No.	Name of DISCOM	Amount (₹ in Crore)
1	PuVVNL	12,367.00
2	MVVNL	3,490.00
3	DVVNL	9,213.00
4	PVVNL	14,673.00
5	KESCO	0.00
	Total	39,743.00

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

S.No.	Name of DISCOM	Amount (₹ in Crore)
1	PuVVNL	8115.54
2	MVVNL	978.08
3	DVVNL	2159.69
4	PVVNL	9146.45
5	KESCO	540.24
	Total	20,940.00

iv. The details of the amount received against the subsidiaries of ₹ 20940.00 Crore are as under:

(Amount ₹ in Crore)

Particulars	PuVVNL	MVVNL	DVVNL	PVVNL	KESCO	Total
Balance as on 31.03.2021	8115.54	978.08	2159.69	9146.45	540.24	20940.00
Received during 2021-22	775.12	93.42	206.27	873.59	51.60	2000.00
Balance as on 31.03.2022	7340.42	884.66	1953.42	8272.86	488.64	18940.00
Received during 2022-23	775.12	93.42	206.27	873.59	51.60	2000.00
Balance as on 31.03.2023	6565.30	791.25	1747.14	7399.27	437.04	16940.00

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

f. As per approved ARR and Tariff for State DISCOMs for FY-2022-23 ARR for FY-2021-22 and true up for 2020-21, the UPERC has observed that there is shortfall in subsidy of

₹1170.75 Crore that is required by DVVNL, MVVNL and PVVNL whereas in PuVVNL, there is surplus as detailed below:-

Name of DISCOMs	Deficit/ Surplus Subsidy (₹ in Crore)
PuVVNL	-404.58
MVVNL	531.62
DVVNL	423.00
PVVNL	620.72
KESCO	-
Total	1170.76

In respect of the above, UPERC has directed to approach the GoUP for the aforesaid subsidy. Accordingly, UPPCL approached the GoUP and the GoUP has approved ₹ 1000 Crore in its budget for the year 2022-23 against the shortfall in subsidy of ₹ 1170.76Crore. The UPPCL has proportionately allocated ₹ 1000 Crore amongst the DISCOMs as under: -

Name of DISCOMs	Amount (₹ in Crore)
PuVVNL	-345.57
MVVNL	458.08
DVVNL	361.30
PVVNL	530.19
Total	1000.00

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

h. In compliance of the Supreme Court order, provisions have been made in accounts in respect of differential tariff claim of two Solar Power Generators (M/s Adani Green Energy (UP) Ltd. and M/s Sahastradhara Energy Pvt Ltd.). Further, the accounting for subsidy portion receivable from UPNEDA against claimed amounts has not been done in compliance of Prudence Principle of accounting.

23. Due to heavy accumulated losses i.e. ₹ 109521.61 Crore on 31.03.2023 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.

24. **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:

i.**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.

ii. **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.

iii. **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:

(₹ in Crore)

INTEREST RATE RISK Particulars	2022-23 Total
Financial Assets	
Fixed Interest Rate Instruments- Deposits with Bank	3666.35
Total	**3666.35**
Financial Liabilities	
Fixed Interest Rate Instruments- Financial Instrument Loan	78258.88
Variable Interest Rate Instruments- Cash Credit from Banks	200.70
Total	**85792.28**

INTEREST RATE RISK Particulars	2021-22 Total
Financial Assets	
Fixed Interest Rate Instruments- Deposits with Bank	4316.86
Total	**4316.86**
Financial Liabilities	
Fixed Interest Rate Instruments- Financial Instrument Loan	81869.60
Variable Interest Rate Instruments- Cash Credit from Banks	0.03
Total	**90503.35**

* It includes Short Term Loan, Overdraft and Cash Credits.

iv. **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.

v. **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. Further fixed deposit in Note-8, 11-A and 11-B, of ₹2869.84 crore includes ₹2185.96 crore placed with ICICI bank out of which ₹1665.39 crore are in terms of Debt Service Reserve Account (DSRA)/Bond Service Reserve Account (BSRA) as per bond issuance terms/agreements executed with the debenture trustees M/s Beacon Trusteeship Ltd./M/s Vistra ITC Ltd. for various issues of Bonds by UPPCL,

However, there is a risk factor associated with placement of major portion of deposits with any one bank.
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.

25. **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 of injecting the equity in the company lies solely with the 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.

26. In the opinion of management, there is no specific indication of impairment of assets except Investment in Subsidiaries &Associates as on balance sheet date as envisaged by Ind AS-36 (Impairment of Assets).Further, the assets of the company have been accounted for at their historical cost and most of the assets are very old where the impairment of assets is very unlikely. The Impairment in Investment in Subsidiaries and Associates is calculated on the basis of Net worth of Subsidiaries & Associates since consistent basis.

27. 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-1 is attached.

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

Subsidiaries
The Group's subsidiaries at 31st March 2023 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
		31-03-23	31-03-22	31-03-23	31-03-22	
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

29. The sale of Electricity does not include Electricity Duty payable to the State Government.

30. Consequent to the applicability of Ind-AS the financial statements for the year ended 2022-23 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. 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 31.03.2023 and accordingly the same has been taken by the Subsidiaries and other power sector companies owned by GoUP.

32. The Expenses allocated by the U.P Power Corporation Limited for the year 2022-23 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.

33. 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. 2.22 Crorein 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.

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

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

36. **Exceptional Items:**

The company presents the information excluding exceptional items which allows a better understanding of underlying performance of the company. Exceptional items are identified by virtue of nature so as to facilitate, the comparison with prior period and to assess underlying trends in financial performance of the company. Accordingly, the company has shown the amount of loss incurred by the Trusts (CPF & GPF) on investment in DHFL as 'Exceptional Items' in the profit and loss account as detailed below:

Breakup of Exceptional Item for the FY 2021-22

(Rs. in Crore)

Letter No	Name of Item	UPPCL	PuVVNL	MVVNL	DVVNL	PVVNL	Kesco	Total
CPF 1021 dated 11-07-2022	Principal & Interest	25.13	191.11	154.36	108.04	161.17	17	656.81
GPF 787 dated 11-07-2023	Principal & Interest	118.57	236.41	222.6	135.61	172.94	77.1	963.23
								1620.04

Breakup of Exceptional Item for the FY 2022-23

(Rs. in Crore)

Letter No	Name of Item	UPPCL	PuVVNL	MVVNL	DVVNL	PVVNL	Kesco	Total
CPF 455 dated 06-05-2023	Interest	1.78	13.57	10.96	7.67	11.44	1.21	46.63
GPF 637 dated 31-05-2023	Interest	7.11	7.27	9.18	19.43	6.7	2.38	52.06
								98.69

37 Reconciliation of Inter Company Transactions is as under:

A. Investment in Subsidiaries (DISCOMs)

(a) The details of Investment and Share Application Money Pending for Allotment in subsidiary DISCOMs are as under:

Sl. No.	Name of DISCOM	As at 31.03.2023				As at 31.03.2022			
		Investment	Provision of Impairment of Investment	Investment After Impairment	Share Application Money Pending For Allotment	Investment	Provision of Impairment of Investment	Investment After Impairment	Share Application Money Pending For Allotment
1	2	3	4	5	6	7	8	9	10
1	PuVVNL	25,103.58	18,960.93	6,142.65	691.96	21,224.79	11,687.75	9,537.04	2,870.30
2	MVVNL	22,784.46	20,345.04	2,439.42	606.56	20,332.24	15,489.31	4,842.93	1,157.43
3	DVVNL	23,461.74	23,461.74	-	526.23	21,443.52	21,443.52	-	993.04
4	PasVVNL	17,127.92	10,575.27	6,552.65	1,876.17	16,176.09	10,571.15	5,604.94	1,467.17
5	KESCO	2,249.11	2,249.11	-	181.97	1,984.76	1,984.76	-	264.55

	Total	90,817.01	55,707.29	15,109.72	3,883.42	81,191.70	61,176.79	20,014.91	6,747.49

(b) Provision for impairment of investment for the current year is Rs. 14,530.50 crore (previous year- Rs. 6783.88 crore)

(c) The above Investment and Share Application Money Pending for Allotment have been eliminated/ removed in CFS against the Share Capital and Share Application Money Pending For Allotment shown in the SFS of the DISCOM concerned.

(d) As per practice followed upto the year 2020-21, the Provision of impairment of Investment was being reversed through the Retained Earnings (Under the Other Equity). From the year 2021-22, the practice of reversal of the Provision of Impairment of Investment through the Profit & Loss Account has been started. Accordingly, the corresponding Provision of Impairment of Investment of Rs.14,530.50 crore for the current year(previous year- Rs. 6,783.88 crore) has been reversed from the Profit & Loss Account.

B.

a) Other Adjustments made in CFS (F.Y. 2022-23) as tabulated below :

(Rs. in Crore)

Note	Name of Note	Balance/Amount Before Adjustments	Adjustments Made	Balance/Amount After Adjustments	Particulars of Adjustments made
10	Financial Assets (Trade Receivables)	78,484.15	9.38	78,493.53	It relates to the unadjusted power purchase cost of Rs. 9.38 crore (Rs. 11.59 crore for the current year and Rs. 2.21 crore for the prior period) after issuing the bills of sale of power to the DISCOMs. Since the adjustments of the above power purchase cost has remained unadjusted, unbilled, the same has been eliminated in CFS and shown under the respective head in the CFS
15	Other Equity (Profit & Loss)	-29,711.31	9.38	-29,701.93	
22	Revenue from operation	64,449.73	11.59	64,461.32	
12	Other Current Assets	5,330.08	-1570.37	3,759.71	It relates to the Receivables from UPPCL of Rs. 1570.37 crore, which has wrongly been shown/ depicted by the PVVNL under the Head of IUT. Hence, it has been transfer from IUT to Receivable from UPPCL and the same has also been eliminated as a group transaction.
30	Bad Debts & Provisions	29151.00	-14,589.82	14,561.18	It relates to the corresponding reversal entries against group transactions made by the UPPCL as follows: (i) Rs. 14,530.50 crore- towards impairment of investment in DISCOMs. (ii) Rs. 50.81 crore- towards reversal of provision for doubtful receivables against sale of power to DISCOMs. (iii) Rs. 8.51 crore- towards reversal of provision for other doubtful receivable from DISCOMs. Total: 14,589.82 crore.

b) Other Adjustments made in CFS (F.Y. 2021-22) as tabulated below :

(Rs. in Crore)

Note	Name of Note	Balance/Amount Before Adjustments	Adjustments Made	Balance/Amount After Adjustments	Particulars of Adjustments made
10	Financial Assets-Trade Receivables (Current)	86,870.88	373.71	87,244.59	It relates to the unadjusted power purchase cost of Rs. 373.71 crore (Rs. 294.24 crore for the year 2021-22 and Rs. 79.47 crore for the prior period before 2021-22) after issuing the bills of sale of power to the DISCOMs. Since the adjustments of the above power purchase cost had remained unadjusted, unbilled in the year 2021-22, the same has been eliminated in CFS and shown under the respective head in the CFS for the F.Y. 2021-22
22	Revenue from operations	56,551.78	294.24	56,846.02	
15	Other Equity-Profit & Losses	63,673.65	373.71	63,299.94	
30	Bad Debts & Provisions	14,325.99	-6,581.01	7,744.98	It relates to the corresponding reversal entries against group transactions made by the UPPCL as follows: (i) Rs. 6783.88 crore towards impairment of investment in DISCOMs (ii) Rs. +226.83 crore towards reversal of provision for doubtful receivables against sale of power to DISCOMs (iii) Rs. 23.06 crore towards reversal of provision for other doubtful receivable from DISCOMs. Total: 6581.01 crore.

38. 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.

39. The Consolidated Annual Accounts of 2021-22 is yet to be adopted in Annual General meeting.

40. Equity share capital includes ₹1075.55Crore received from GoUP under the Uttar Pradesh Power Distribution Network Project (UPPDNP) against which company has already invested ₹1258.19Crore with DISCOMs.

DISCOM wise break up of investment is given below:

(₹in Crore)

S. No.	Name of DISCOM	Equity received from GoUP as on 31.03.23 against UPPDNP	Fund released as investment in equity of DISCOMs (F.Y. 2022-2023)	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
	PuVVNL	351.47	307.40	14.31	48.56	470.88
	MVVNL	251.98	184.16	79.21	49.65	313.06
	DVVNL	392.45	282.37	84.91	31.42	395.70
	PVVNL	77.65	18.09	22.97	37.66	78.72
	Total	1075.55	792.47	285.36	170.41	1258.19

The balance amount of ₹182.64Crore (₹1258.19Crore - ₹1075.55 Crore) is to be reimbursed by the Government of U.P. and shown as Equity Investment in DISCOMs.

41. 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 31.03.2023

(Rs. in Crore)

	Particulars	Note No.	Audited 2021-22	Adjustments	Corresponding of 2021-22 given in Audited 2022-23	Remarks
(I)	**ASSETS**					
(1)	**Non-current assets**					
	(a) Property, Plant and Equipment	2	65074.06	87.32	65164.39	PPE
	(b) Capital work in-progress	3	3776.57	(394.80)	3381.71	PPE & Regrouping
	(c) Assets not in Possession	4	124.21	8.37	132.58	PPE
	(d) Intangible assets	5	104.92	37.97	142.89	Regrouping
	(e) Financial Assets			0.00		
	(i) Investments	6	2340.41	(169.55)	2170.85	PPE & Regrouping
	(ii) Loans	7		0.00	-	
	(iii) Others	8	16347.69	1496.93	18444.62	Regrouping
(2)	**Current assets**			0.00		
	(a) Inventories	9	3794.58	(9.64)	3784.94	PPE
	(b) Financial Assets			0.00		
	(i) Trade receivables	10	87195.19	49.40	87244.59	PPE & Regrouping
	(ii) Cash and cash equivalents	11-A	5240.28	737.30	5977.58	PPE & Regrouping
	(iii) Bank balances other than (ii) above	11-B	2541.96	(1894.01)	647.55	Regrouping
	(iv) Others	12	4995.06	(39.80)	4955.26	PPE & Regrouping
	(c) Other Current Assets	13	2503.24	228.58	2731.82	PPE & Regrouping
	Total Assets		194637.77	138.02	194775.79	
(II)	**EQUITY AND LIABILITIES**					
	Equity					
	(a) Equity Share Capital	14	109679.38	-	109679.38	
	(b) Other Equity	15	(63694.44)	397.76	(63296.68)	PPE & Regrouping
	LIABILITIES			-		
(1)	**Non-current liabilities**			-		
	(a) Financial Liabilities			-		
	(i) Borrowings	16	71102.77	8.53	71111.30	PPE
	(ii) Trade payables			-		
	(b) Other financial liabilities	17	5063.33	1,021.56	5104.90	Regrouping
(2)	**Current liabilities**			-		
	(a) Financial Liabilities			-		
	(i) Borrowings	18	12333.12	-347.46	11985.66	PPE & Regrouping
	(ii) Trade payables	19	30045.07	-352.91	29692.11	PPE & Regrouping

(ii) Other financial liabilities	20	29788.59	-589.58		29199.00	PPE & Regrouping
(b) Provisions	21		-		0.00	
Total Equity and Liabilities		194637.77	134.02		194774.79	

Reconciliation of Statement of Profit & Loss for the Year ended 2022-23

(Rs. in Crore)

A	B	C	D	E	F	G	H	I=F
				Adjustment of Prior Period Errors/Regrouping				
	Particulars	Note No.	Audited 2021-22	Related to the Year ended 31.03.2022	Related to the Year ended 31.03.2021 and before	Total	Restated Corresponding of 2021-22 given in Audited 2022-23	Equity (Reserve & Surplus) - restated for the period ended 31.03.2022 and before
I	Revenue From Operations	22	56837.64	8.36	(142.08)	(133.70)	56840.02	(142.08)
II	Other Income	23	23487.21	(0.56)	(9.59)	(10.15)	23486.65	(9.59)
III	**Total Income (I+II)**		**80324.85**	**7.82**	**(151.67)**	**(143.85)**	**80332.67**	**(151.67)**
IV	**EXPENSES**							
1	Cost of materials consumed							
2	Purchases of Stock-in-Trade (Power Purchased)	24	58321.49	(272.77)	(79.47)	(352.24)	58048.72	(79.47)
3	Changes in inventories of finished goods Stock-in-Trade and work-in-progress				0.00	0.00		
4	Employee benefits expense	25	2270.10	(28.23)	0.42	(27.80)	2241.90	0.43
5	Finance costs	25	8386.22	(5.65)	(97.28)	(102.93)	8387.57	(97.28)
6	Depreciation and amortization expenses	27	2853.46	8.67	38.95	47.62	2862.13	38.95
7	Administration, General & Other Expense	28	2497.36	54.75	17.43	72.18	2552.11	17.43
8	Repair and Maintenance	29	2473.02	(15.53)	0.00	(15.53)	2457.49	0.00

9	Bad Debts & Provisions	30	7782.83	(37.85)	(3.97)	(41.82)	7744.98	(3.97)
10	Other expenses		-	-	-	-	-	-
IV	**Total expenses (IV)**		**84588.51**	**(296.61)**	**(123.91)**	**(420.52)**	**84289.90**	**(123.91)**
V	Profit/(Loss) before exceptional items and tax (III-IV)		**(4261.66)**	**304.43**	**(27.76)**	**276.67**	**(3957.23)**	**(27.76)**
VI	Exceptional Items		1,620.04				1,620.04	
VII	Profit/(Loss) before tax (V+/-VI)		**(5881.70)**	**304.43**	**(27.76)**	**276.67**	**(5577.27)**	**(27.76)**
VIII	Tax expense: (1) Current tax (2) Deferred tax		-	-				
IX	Profit (Loss) for the period from continuing operations (VII-VIII)		**(5881.70)**	**304.43**	**(27.76)**	**276.67**	**(5577.27)**	**(27.76)**
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)		**(5881.70)**	**304.43**	**(27.76)**	**276.67**	**(5577.27)**	**(27.76)**
XIV	Other Comprehensive Income A (i) Items that will not be reclassified to profit or loss- Remeasurement of Defined Benefit Plans (Actuarial Gain and/or Loss)		(8.47)	(31.37)		(31.37)	(39.84)	
	(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)	(6880.17)	273.06	(27.76)	246.30	(6617.11)	(27.78)
	EPS	(56.64)	2.67			(52.97)	

42. Disclosure as per Ind AS-37 is as under:-

Particulars	Opening balance as on 01.04.2022	Provision made during the year	Withdrawal/ adjustment of provision during the year at UPPCL & Discoms through PL	Withdrawal/ adjustment of provision during the year at UPPCL & Discoms through Other	Closing Balance at UPPCL & Discoms as on 31.03.2023
CWIP- Capital Advance	11.69	0	0	0	11.69
Provision for Trade Receivable Note- 10	16354.46	14518.47	0	0	30872.93
Provision for impairment In investment Note- 06	165.48	2.22	0	0	167.7
Provision for bad & doubtful debts-Financial Assets-Loans (Non-current) Note-7	172.9	25.82	0	0	198.72
Provision for Financial Assets-Others (Non-Current) Note-8	0	12.02	0	0	12.02
Provision of Obsolete stores Note-9	232.26	13.49	0	0	245.75
Provision for estimated loss on theft of fixed assets pending investigation Note 12	177.62	14.38	0	3.79	188.21
Provision for bad & doubtful debts-Financial Assets-others (current) Note-12	151.71	31.17	57.6		125.28
Sub-Total- Note-12	329.33	45.55	57.6	3.79	313.49
Provision for Other Current Assets Note-13	12.34	0.7		0	13.04

Total	17278.46	14618.27	57.6	3.79	31835.34

43. 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	MVVNL	PuVVNL	PVVNL	DVVNL	Kesco	Total
Less than 6 months	0.00	1466.27	5269.46	4341.07	2391.70	76.61	13545.11
6 months and 1 year	0.00	863.20	2521.37	730.43	970.73	86.36	5172.09
1 to 2 years	0.00	2370.62	2315.94	858.74	1826.17	430.11	7801.58
2 to 3 years	0.00	1894.45	1135.62	633.81	724.21	534.15	4922.24
more than 3 years	522.98	21918.73	25756.26	7642.91	17051.29	2870.79	75762.96
Unbilled Dues					526.71		526.71
Total	522.98	28513.27	36998.65	14206.96	23490.81	3998.02	107730.69

Note - Unbilled Trade Receivables amounting ₹ 518.33 Crore in MVVNL

b) The ageing schedule of trade payable of the company is under:

Particulars	UPPCL*	MVVNL	PuVVNL	PVVNL	DVVNL	Kesco	Total
Less than 1 year	24654.52	692.74	822.24	989.06	717.9	98.45	27975.06
1 to 2 years	355.77	637.70	773.45	930.15	698.78		3385.99
2 to 3 years	242.07		145.02	15.05	149.85		552.79
more than 3 years	357.70						357.7
Total	25610.16	1330.43	1741.55	1934.36	1566.53	98.45	32271.48

Note - Unbilled Trade Payables amounting ₹ 2455.45 Crore in UPPCL

*This includes Rs. 7809.58 Crore payable to UPRVUNL and Rs. 617.65 Crore payable to UPJVNL

Particulars	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
(i) MSME	3.32				3.32
(ii) Others	27937.38	3385.93	552.79	357.7	32233.86
(iii) Disputed dues-MSME	6.72				6.72
(iv) Disputed dues - Others	28.99				28.99
(v) Outstanding with Debit Balance	1.41				-1.41
Total	27975.06	3385.99	552.79	357.7	32271.48

44. **Disclosures related to Additional Borrowing space of 0.50 percent of GSDP linked to performance in power sector scheme and Revamped Reform-linked Results-Based Distribution Sector Scheme of the Central Govt. of India.**

A. **Regulatory Assets:**

No new Regulatory Assets (Or uncovered losses or any other similar provisions) have been created by the company in the financial year 2022-23.

B. **Guarantees:**

(i) No guarantee has been issued by the state through Govt. (GoUP) or any of its PSUs in support of the Loans taken by the Discoms.

However, the state Govt. (GoUP) has issued guarantees in support of fund arrangement through loans/bonds taken/issued by the Holding Company (UPPCL) on behalf of the company as given below:

Details of guarantees issued by GoUP in support of above borrowings arranged by the Holding Company (UPPCL):

Guarantee taken by UPPCL (Holding company) on behalf of Discoms& UPPTCL	
Particulars	**Amount (₹) Cr**
PuVVNL	34217.86
MVNNL	21924.46
DVVNL	24507.51
PVVNL	11780.94
Kesco	3782.22
Total	**96212.99**

C. **Electricity Dues**

Total Electricity Dues recoverable from the Govt. departments/State PSU's/Subordinate offices and Local Bodies as on 31.03.2023 is as follows:(**₹ in Crore**)

Particulars	**MVNNL**	**PuVVNL**	**PVVNL**	**DVVNL**	**Kesco**	**Total**
upto 6 months	696.82	2272.02	416.21	1508.61	85.62	4979.33
Greater than 6 months and upto 1 year	248.40	766.37	99.59	414.14	12.04	1540.54
Greater than 1 year and upto 2 years	468.22	1311.04	82.61	1356.01	268.1	3485.98
Greater than 2 year and upto 3 years	942.03	41.44	128.54	152.64	447.45	1712.10
Greater than 3 years	3233.36	2390.68	388.89	1033.90	643.71	7690.44
Total	**5588.83**	**6781.55**	**1115.84**	**4467.30**	**1456.92**	**19378.44**

D. **Subsidy:**

(a) Status of Subsidy paid by the GoUP is as under :-

(₹ in Crore)

DISCOMS	Name of subsidized consumer category	Subsidy Receivable as on 01.04.2022	Subsidy Received against Receivable as on 01.04.2022	Subsidy Claimed during the year 2022-23	Subsidy received against subsidy claimed during the year	Closing Balance as on 31.03.2023
PuVVNL	LMV-1 (Domestic Light & Fan) and LMV-5 (Private Tube Well)			[illegible]	[illegible]	0.00
MVVNL				[illegible]	[illegible]	0.00
DVVNL				1242.92	1241.92	1.00
PVVNL		0.00	0.00	1462.92	[illegible]	1.52
KESCO				0.00	0.00	0.00

E. **AT & C Losses:**

The details of AT & C losses are given below:

S.No.	Particulars	MVNNL	PuVVNL	PVVNL	DVVNL	Kesco	Total
A	Input Energy (MkWh)	27347.21	31132.496	39043.244	28307.186	4228.568	1,30,059
B	Transmission Losses (MkWh)	0	-				
C	Net Input Energy (MkWh)	27347.21	31132.496	39043.244	28307.186	4228.568	1,30,059
D	Energy Sold (MkWh)	23228.10	25714.197	33437.008	22195.403	3835.670	1,08,410

E	Revenue from sale of Power(including subsidy booked)(₹ Cr.)	13707.74	16885.41	28117.310	16052.02	3161.48	77,924
F	Adjusted revenue from sale of energy on subsidy received basis (₹ Cr.)	17399.83	16885.41	28117.31	16051.02	3161.48	81,615
G	Opening debtors for sale of energy (₹ Cr.)	24276.40	32520.68	12721.10	20342.94	3744.44	93,606
H	Closing debtors for sale of energy (₹ Cr.)	26194.03	34485.71	13471.60	20844.88	3815.50	98,812
I	Adjusted Closing debtors for sale of energy (₹ Cr.)	26194.03	34485.71	13471.60	20844.88	3090.42	98,087
J	Collection Efficiency (%) (J=(F+G-I)/E)	88.98%	88.36%	97.33%	96.87%	97.75%	98.06%
K	Units Realised (MkWh)=[Energy sold*Collection efficiency]	20668.13	22721.720	32544.52	21499.979	3749.46	1,01,184
L	Units Unrealised (MkWh)=[Net Input Energy - Units realised)	6679.08	8410.78	6498.72	6807.21	479.11	28,875
M	AT & C Losses (%)=[(Units Unrealised/Net Input Energy)*100]	24.42%	27.02%	16.64%	24.05%	11.33%	22.20%

F. Average Cost of Supply & Average Realisable Revenue:

The details of Average cost of supply (ACS) – Average Realisable Revenue (ARR) Gap are given below:

S.No.	Particulars	Unit	MVVNL	PuVVNL	PVVNL	DVVNL	Kesco	Total
A	Total Input Energy	MU	27347.21	31132.00	39043.244	28307.186	4228.568	130058.21
B	Total Expenditure	Rs. Crore	25117.73	27099	27339.64	22470.380	3601.16	105627.91
C	Average Cost of Suppy (B/A*10)	Rs.	9.18	8.70	7.00	7.94	8.52	8.12
D	Total Revenue	Rs Crore	17399.83	13661.00	28117.31	16051.020	3537.720	78766.88

	from Sale of Power (Excluding Subsidy plus subsidy received)							
E	Subsidy Booked	Rs. Crore	3692.08	3224.00	6634.01	3604.21	376.24	17530.54
F	Subsidy Received	Rs. Crore	2840.89	3224.00	6634.01	3603.21	376.24	16678.35
G	Other Income (Excluding regulatory income & UDAY Grant)	Rs. Crore	20240.72	152.00	232.14	1138.12	63.95	21826.93
H	Revenue (Subsidy Received Based) (D-E+F+G)	Rs. Crore	20240.72	13813.00	28349.45	17188.14	3601.67	83192.98
I	Average Realisable Revenue (H/A*10)	Rs.	7.40	4.44	7.26	6.07	8.52	6.40
J	ACS-ARR Gap (C-I)	Rs.	1.78	4.27	-0.26	1.87	0.00	1.72

*Total Input Energy here means Input Energy before making any adjustments like Transmission Loss, Inter State Energy Traded etc.

G. Creditors Days:

Discoms	Trade Payables (Power Purchase Dues) as on 31.03.23 (Rs. in Crore)	Total Power Purchase and Transmission Cost as on 31.03.23 (Rs. in Crore)	Creditors Days (in Days)
	A	B	A/B*365
MVVNL	9886	16370	220
PuVVNL	11296	16031	257
PVVNL	1934.36	21514.2	33
DVVNL	10688.34	15210.53	256
Kesco	1344.51	2465.67	199

H. Debtors Days:

DISCOMS	Net Trade Receivables as on 31.03.23 (Rs. in Crore)	Revenue from Operations (inclusive of ED) as on 31.03.23 (Rs. in Crore)	Debtors Days (in Days)
	A	B	A/B*365
MVVNL	20223	13708	538
PuVVNL	28492	14415	721
PVVNL	9995.26	22692.18	161
DVVNL	16725.05	12447.81	490
Kesco	3058.14	3354.25	333

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

1. The company does not have any Benami property.

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

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

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

5. 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).

6. The company has invested in equity of its wholly owned subsidiaries and other companies.

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

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

9. The company has obtained fund/based/non-fund based credit limits from multiple banks aggregating to ₹ 1930 Crore against security of receivables. Accordingly, as per the terms of sanction, Quarterly /Half Yearly statements (on the basis of unaudited balance sheet) in respect of gross receivables (including both current and non-current receivables) have been submitted to respective banks which stand as below in different quarters of F.Y 2022-2023 :-

1. Q1- Apr to Jun 2022 — Total Receivables - ₹ 27935.44 Cr.
2. Q2- Jul to Sep2022 — Total Receivables - ₹ 31188.86 Cr.
3. Q3- Oct to Dec 2022 — Total Receivables - ₹ 30599.26 Cr.
4. Q4- Jan to Mar 2023 — Total Receivables - ₹ 25073.14 Cr.

10. Fund based and Non fund based utilization as on 31.03.2023 is as under:

The quarter wise status of limits utilized is as below:-

(₹ in Crore)

Fund Based & Non Fund based Utilisation as on 30.06.2022				
Bank Name	Sanction Limit	Non-Fund Based	Fund Based	Total Availed
Central Bank of India	105.00	88.93	9.93	98.86
Punjab National Bank	465.00	149.69	81.78	231.47
Indian Bank	430.00	150.00	115.00	265.00
ICICI Bank	400.00	248.66	0.00	248.66
Bank of India	500.00	75.34	0.00	75.34
HDFC bank	30.00	25.00	0.00	25.00
TOTAL	1930.00	737.62	206.71	944.33

(₹ in Crore)

Fund Based & Non Fund based Utilisation as on 30.09.2022				
Bank Name	Sanction Limit	Non-Fund Based	Fund Based	Total Availed
Central Bank of India	105.00	92.96	0.00	92.96
Punjab National Bank	465.00	142.79	100.81	243.60
Indian Bank	430.00	150.00	250.00	400.00
ICICI Bank	400.00	295.50	0.00	295.50
Bank of India	500.00	108.83	0.00	108.83

HDFC bank	30.00	25.00	0.00	25.00
TOTAL	1930.00	815.08	350.81	1165.89

(₹ in Crore)

Fund Based & Non Fund based Utilisation as on 31.12.2022				
Bank Name	Sanction Limit	Non-Fund Based	Fund Based	Total Availed
Punjab National Bank	465.00	142.79	4.61	147.40
Central Bank of India	105.00	93.71	0.00	93.71
ICICI Bank	400.00	227.38	0.00	227.38
Indian Bank	430.00	150.00	280.00	430.00
Bank of India	500.00	100.83	0.00	100.83
HDFC bank	30.00	25.00	0.00	25.00
TOTAL	1930.00	739.71	284.61	1024.32

(₹ in Crore)

Fund Based & Non Fund based Utilisation as on 31.03.2023				
Bank Name	Sanction Limit	Non-Fund Based	Fund Based	Total Availed
Punjab National Bank	465.00	142.79	50.68	193.47
Central Bank of India	105.00	93.72	-	93.72
ICICI Bank	400.00	227.38	-	227.38
Indian Bank	430.00	150.00	150.00	300.00
Bank of India	500.00	116.67	0.01	116.68
HDFC Bank	30.00	25.00	-	25.00
TOTAL	1930.00	755.56	200.69	956.25

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

11. 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.

12. The company does not have any investment property.

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

14. The company has not revalued its Intangible Assets.

15. 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. However, the title deed of the land amounting to ₹ 0.05 Crore is not available with the company.

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

17. The company has not granted any loan or advances in the nature of loans to its promoters, directors, KMPs and related parties (except as disclosed in Point 19 of this notes) either severally or jointly with any other person, that are repayable on demand or without specifying any terms or period of repayment.

46. **Recent pronouncements/ Amendments:**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company does not expect this amendment to have any significant impact in its financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

47. The Subsidiary Discoms have not created Regulatory Assets in the latest Tariff determination cycle.

48. Ratios:

S.NO	Particulars of Disclosures	Numerator	Denominator	March '23	March '22	Variation in Ratio (%)	Reason of variation for more than 25%
1	Current ratio	Current Assets	Current Liability	1.25	1.48	-15.79	N.A.
2	Debt-Equity Ratio	Total Debt (Non current borrowings+Current Borrowings)	Shareholder's equity (Equity Share Capital+Other Equity)	4.07	2.76	47.22	Shareholders equity has been reduced by 35% on account of current year's losses and corresponding debt portion has been reduced by 4.49% only. resulting overall increase in Debt Equity Ratio by 47.22%
3	Debt Service Coverage Ratio	Net Profit/(Loss) for the year+Finance Cost+Depreciation & amortitation+Provision for bad debts+Exceptional Items)	Scheduled principal repayment of non current borrowings	0.456	0.612	-25.52	Due to increase in net loss as compared to last year, Operating margin is reduced by 13%. Further, total debt obligation (including interest) has been increased by 16.64% due to increase in current maturity of borrowings These variation results the reduction in Debt Service Coverage

							Ratio by 25.52%
4	**Return on Equity**	**Net Profit/(Loss) for the year**	**Average Shareholder's equity (Equity Share Capital+Other Equity)**	-0.65	-0.19	243.02	Bad Debts & provision has been increased due to implementation of new provisioning policy the gap between power purchased and sale has been significantly increased which has resulted in increase in Net Loss. Further, Average of Shareholders equity has been decreased by 17.11%. These two factors collectively results in overall decrease in Return on Equity by 243.02%
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**	0.78	0.67	16.80	N.A
7	**Trade Payables turnover Ratio**	**Total Purchase**	**Average Trade Payables**	2.31	1.84	25.35	It is mainly due to increase in total purchase by 23.56%
8	**Net Capital Turnover Ratio**	**Revenue from operations**	**Working Capital**	3.45	1.66	107.18	Working capital during the year has been decreased due to implementation of new provisioning policy which resulted in increase in provision for bad and doubtful debts. Further, total turnover during the year has

							been increased by 13.40%. These two factors collectively results in overall increase in the ratio by 107.18%
9	**Net Profit Margin(%)**	**Net Profit(Loss) for the year**	**Revenue from Operations**	**-24.60%**	-9.81%	150.75	Bad Debts & provision has been increased due to implementation of new provisioning policy The gap between power purchased and sale has been significantly increased which has resulted in increase in Net Loss Further, Revenue from operations has been increased by 13.40% These two factors collectively results in overall increase in Net Loss margin by 150.75%
10	**Return on Capital Employed(%)**	**Profit/Loss before Interest and Tax**	**Capital Employed=Net worth (excluding Capital Reserve)+Long term Borrowing+Current Borrowings**	-4.95%	1.70%	-390.94	This mainly on account of increase in Net Loss. Reason for same is increase in Bad Debts & provision due to implementa

							tion of new provisioning policy at DISCOM level and increase in the gap betwenn power purchase and sale.
11 (a)	**Return on Investment** (on Bond Interest) (%)	**Interest on Bonds**	**Average Bond Value**	7.75%	7.75%	0.00	N.A.
11 (b)	**Return on Investment** (for investment with Subsidiaries & Joint Ventures) (%)	**Return/Impairment on Investments**	**Average Investment value excluding bond value**	0.11%	2.07%	-94.79	It is mainly due to decrease in return/ impairment on investment by 94.79%
12	**Long term debt to working capital ratio**	**Long term borrowing including current maturity of long term borrowing**	**Working Capital**	4.19	2.40	74.50	Working capital during the year has been decreased due to implementation of new provisiong policy which resulted in increase in provision for bad and doubtful debts. Further, current maturity of long term borrowings has been increased significantly. These two factors collectively results in overall increase in the ratio by 74.50%

13	Bad Debts to Accounts Receivables Ratio	Bad debts	Gross Average Trade Receivables	0.74	0.38	95.92	Reason for same is increase in Bad Debts & provision due to implementation of new provisioning policy at DISCOM level
14	Current Liability ratio	Current Liabilities	Total Liability excluding Equity	0.52	0.48	8.13	N.A.
15	Total Debts to Total Asset	Long term borrowing & current maturity of long term borrowing	Total Assets	0.43	0.43	0.49	N.A.
16	Operating Margin(%)	Operating Profit/(Loss)	Revenue from Operations	-41.90%	-34.65%	20.91	N.A.
17	Net Worth (Share Capital + Other Equity excluding Capital Reserve)			19250.44	29672.73	-35.12	Bad Debts & provision has been increased due to implementation of new provisioning policy. the gap between power purchased and sale has been significantly increased which has resulted in increase in Net Loss These two factors collectively results in overall decrease in Net Worth by 35.12%

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49. **Disclosure regarding RDSS Scheme (PQ/SOP) compliance.**

I. **Purvanchal Vidhyut Vitran Nigam ltd.**

₹ in cr

Table 1: Revenue Details	2022-23	2021-22
Revenue from Operations (A = A1+A2+A3+A4+A5+A6)	13,661	12,925
A1: Revenue from Sale of Power	13,661	12,925
A2: Fixed Charges Recovered from the PPA		
A3: Revenue from Distribution Franchisee	0	0
A4: Revenue from Inter-state sale and Trading		
A5: Revenue from Open Access and Wheeling		
A6: Any other Operating Revenue		
Revenue - Subsidies and Grants (B = B1+B2+B3)	6,553	5,899
B1: Tariff Subsidy Booked	3,224	3,778
B2: Revenue Grant under UDAY	0	0
B3: Other subsidies and Grants	3,329	2,062
Other Income (C = C1+C2+C3+C4)	283	674
*C1: Income booked against deferred revenue**	0	0
C2: Interest From Fixed Deposits	12	7
C3: Misc. Non-tariff income from consumers (including DPS)	[illegible]	660
C4: Other Non-operating income	1	7
Total Revenue on subsidy booked basis (D = A + B + C)	**20,497**	**19,498**
Tariff Subsidy Received (E)	3,224	3,778
Total Revenue on subsidy received basis (F = D - B1 + E)	**20,497**	**19,498**
Whether State Government has made advance payment of subsidy for the quarter (Yes/No)		

*Revenue deferred by SERC as per tariff order for the relevant FY

Table 2: Expenditure Details	2022-23	2021-22
Cost of Power (G = G1 + G2 + G3)	[illegible]	2,055
G1: Generation Cost (Only for GEDCOS)		

G2 Purchase of Power	15,240	13,292
G3 Transmission Charges	760	771
O&M Expenses (H = H1 + H2 + H3 + H4 + H5 + H6 + H7)	11,192	8,420
H1 Repairs & Maintenance	776	877
H2 Employee Cost	652	593
H3 Admin & General Expenses	727	337
H4 Depreciation	1147	475
H5 Total Interest Cost	2782	2675
H6 Other expenses	5099	2504
H7 Exceptional items	37	426
Total Expenses (I = G + H)	27,122	20,476
Profit before tax (J = D - I)	-6,625	-578
K1 Income Tax	0	0
K2 Deferred Tax	0	0
Profit after tax (L = J - K1 - K2)	**-6,625**	-578

Table 3: Total Assets	2022-23 As on 31st Mar	2021-22 As on 31st Mar
M1 Net Tangible Assets & CWIP	19,294	15,914
M2 Other Non-Current Assets	23	0
M3 Net Trade Receivables	28,492	31,147
M3a Gross Trade Receivable Govt. Dept	6,782	6,640
M3b Gross Trade Receivable other than Govt. Dept	31,853	30,350
M3c Provision for bad debts	-10,142	-5,258
M4 Subsidy Receivable		
M5 Other Current Assets	9,274	11,261
Total Assets (M = M1 + M2 + M3 + M4 + M5)	57,106	**61,321**
Table 4: Total Equity and Liabilities		
N1 Share Capital & General Reserves	25,104	27,235
N2 Accumulated Surplus/ (Deficit) as per Balance Sheet	-15,552	-10,556
N3 Government Grants for Capital Assets	0	0
N4 Noncurrent Liabilities	4,131	1,090

N5: Capex Borrowings	**22,688**	**24,790**
N5a: Long Term Loans - State Govt	0	97
N5b: Long Term Loans - Banks & FIs	22,665	24,697
N5c: Short Term / Medium Term - State Govt		
N5d: Short Term / Medium Term - Banks & FIs		
N6: Non-Capex Borrowings	0	0
N6a: Short Term Borrowings from Banks / FIs		
N6b: Cash Credit / OD from Banks / FIs		
N8: Payables for Purchase of Power	11,256	9,566
N9: Other Current Liabilities	13,127	11,362
Total Equity and Liabilities (N = N1 + N2 + N3 + N4 + N5 + N6 + N7 + N8 + N9)	57,106	61,321

Table 5: Technical Details	2022-23	2021-22
O1: Gross Power Purchase (MU)	31,132	28,621
Gross Input Energy (MU) (O5 = O2 - O3 - O4)	31,132	28,621
O6: Transmission Losses (MU) (Interstate & Intrastate)		
O7: Gross Energy sold (MU)	25,714	22,854
O7a: Energy Sold to own consumers	25,714	22,854
O7b: Bulk Sale to Distribution Franchisee	0	0
O7c: Interstate Sale / Energy Traded Net UI Export	-	0
Net Input Energy (MU) (O8 = O5 - O6 - O7c)	31,132	28,621
Net Energy Sold (MU) (O9 = O7 - O7c)	25,714	22,854
Revenue Billed including subsidy booked (O10 = A1 + A2 - A3 + B3)	**16,445**	16,202
O11: Opening Gross Trade Receivables (including any adjustments) (Rs crore)	32,521	28,126
O12: Adjusted Gross Closing Trade Receivables (Rs crore)	34,146	32,591
Revenue Collected including subsidy received (O13 = A1 + A2 + A3 - E + O11 - O12)	14,920	12,107
Billing Efficiency (%) (O14 = O9/O8*100)	82.59	79.85
Collection Efficiency (%) (O15 = O13/O10*100)	88.36	71.73
Energy Realised (MU) (O15a = O15*O9)	22,72,130	17,07,815
AT&C Loss (%) (O16 = 100 - O14*O15/100)	27.02	40.31

Table 6: Key Parameters	2022-23	2021-22
ACS (Rs./kWh) (P1 * 1*10/O5)	8.71	7.15

ARR on Subsidy Booked Basis (Rs/kWh) (P2 = D*10/O5)	6.58	6.39
Gap on Subsidy Booked Basis (Rs/kWh) (P3 = P1 - P2)	2.13	0.76
ARR on Subsidy Received Basis (Rs/kWh) (P4 = F*10/O5)	6.58	6.39
Gap on Subsidy Received Basis (Rs/kWh) (P5 = P1 - P4)	2.13	0.76
ARR on Subsidy Received excluding Regulatory Income and UDAY Grant (Rs/kWh) (Rs./kWh) (P6 = (F-B-C)*10/O5)	4.44	[illegible]
Gap on Subsidy Received excluding Regulatory Income and UDAY Grant (Rs/kWh) (P7 = P1 - P6)	4.27	2.97
Receivables (Days) (P8 = 365*M3/A)	761	915
Payables (Days) (P9 = 365*N9/G)	257	282
Total Borrowings (P10 = N6 + N8 + N9)	23,623	20,611

Table 7: Consumer Category-wise Details of Sale (MU)	2022-23	2021-22
Q1 Domestic	11,366	12,248
Q2 Commercial	2,340	1,984
Q3 Agricultural	5,969	2,693
Q4 Industrial	5,508	2,203
Q5 Govt. Dept (ULB/PRI/PWW/Public Lighting)	2,080	1,099
Q6 Others	260	627
Railways	-	6
Bulk supply	-	-
Miscellaneous	200	62
Distribution Franchisee	0	0
Interstate Trading (?)		
Gross Energy Sold (Q7 = Q1 + Q2 + Q3 + Q4 + Q5 + Q6)	25,714	22,854

Table 8: Consumer Category-wise Details of Sale (Rs. Crore)	2022-23	2021-22
Q1 Domestic	6,173	5,617
Q2 Commercial	2,595	2,014
Q3 Agricultural	564	434
Q4 Industrial	2,373	2,139
Q5 Govt. Dept (ULB/PRI/PWW/Public Lighting)	663	598

Q6: Others	560	991
Railways	0	6
Bulk Supply	-	-
Miscellaneous	560	985
Distribution Franchisee	0	0
Inter-state Trading		
Gross Energy Sold (Q7 = Q1 + Q2 + Q3 + Q4 + Q5 + Q6)	13,664	12,415

II. MadhyanchalVidhyutVitran Nigam ltd.

Table 1: Revenue Details	2022-23 (Audited)	2021-22 (Restated)
Revenue from Operations (A = A1+A2+A3+A4+A5+A6)	13,708	13,070
A1: Revenue from Sale of Power	13,683	13,066
A2: Fixed Charges Recovery from the Gen	-	-
A3: Revenue from Distribution Franchisee	-	-
A4: Revenue from Inter-state sale and Trading	25	4
A5: Revenue from Open Access and Wheeling	-	-
A6: Any other Operating Revenue	-	-
Revenue - Subsidies and Grants (B = B1+B2+B3)	6,099	5,104
B1: Tariff Subsidy Booked	3,692	3,664
B2: Revenue Grant under UDAY	-	-
B3: Other Subsidies and Grants	2,407	1,440
Other Income (C = C1+C2+C3)	434	279
*C1: Income booked against deferred revenue**	-	-
C2: Misc Non-tariff income from consumers (including DPS)	336	184
C3: Other Non-operating income	99	95
Total Revenue on subsidy booked basis (D = A + B + C)	**20,241**	**18,452**
Tariff Subsidy Received (E)	3,692	3,664
Total Revenue on subsidy received basis (F = D-B1+E)	**20,241**	**18,452**
Whether State Government has made advance payment of subsidy for the period(Yes/No)	No	No

Table 2: Expenditure Details	2022-23	2021-22

	(Audited)	(Restated)
Cost of Power (G = G1 + G2 + G3)	16,370	13,780
G1: Generation Cost (Only for GENCOS)	-	-
G2: Purchase of Power	15,678	13,122
G3: Transmission Charges	692	658
O&M Expenses (H = H1 + H2 + H3 + H4 + H5 + H6 + H7)	8,732	6,617
H1: Repairs & Maintenance	477	375
H2: Employee Cost	650	425
H3: Admn& General Expenses	808	603
H4: Depreciation	839	674
H5: Total Interest Cost	1,775	1,726
H6: Other expenses	4,138	2,437
H7: Exceptional Items	25	377
Total Expenses (I = G + H)	**25,082**	**20,397**
Profit before tax (J = D - I)	**(4,841)**	**(1,945)**
K1: Income Tax	-	-
K2: Deferred Tax	-	-
Profit after tax (L = J - K1 - K2)	**(4,841)**	**(1,945)**

Table 3 - Total Assets	2022-23 As on 31st Mar (Audited)	2021-22 As on 31st Mar (Restated)
M1: Net Tangible Assets & CWIP	17,942	17,236
M2: Other Non-Current Assets	698	0
M3: Net Trade Receivables	20,170	22,535
M3a: Gross Trade Receivable Govt. Dept.	5,193	26,651
M3b: Gross Trade Receivable Other than Govt. Dept.	23,233	
M3c Provision for bad debts	8,255	4,116
M4: Subsidy Receivable	91	883
M5: Other Current Assets	3,794	5,124
Total Assets (M = M1 + M2 + M3 + M4 + M5)	**42,697**	**[illegible]**

Table 4: Total Equity and Liabilities

N1: Share Capital & General Reserves	23,491	21,570
N2: Accumulated Surplus/ (Deficit) as per Balance Sheet	-20,278	-15,435
N3: Government Grants for Capital Assets	3,309	3,085
N4: Non-current liabilities	1,320	1,223
N5: Capex Borrowings	**17,816**	**17,382**
N5a: Long Term Loans - State Govt	0	71
N5b: Long Term Loans - Banks & FIs	14,355	15,760
N5c: Short Term/ Medium Term - State Govt	0	12
N5d: Short Term/ Medium Term - Banks & FIs	3,461	1,596
N6: Non-Capex Borrowings	-	-
N6a: Short Term Borrowings/ from Banks/ FIs	0	0
N6b: Cash Credit/ OD from Banks/ FIs	0	5
N7: Payables for Purchase of Power	9,646	9,942
N8: Other Current Liabilities	6,851	8,092
Total Equity & Liabilities (N=N1+N2+N3+N4+N5+N6+N7+N8)	**42,697**	**45,790**

Table 5: Technical Details	2022-23 (Audited)	2021-22 (Restated)
O1: Total Installed Capacity (MW) (Quarter Ended) (Only for GEDCOs)	-	-
O1a: Hydel	-	-
O1b: Thermal	-	-
O1c: Gas	-	-
O1d: Others	-	-
O2: Total Generation (MU) (Quarter Ended) (Only for GEDCOs)	-	-
O2a: Hydel	-	-
O2b: Thermal	-	-
O2c: Gas	-	-
O2d: Others	-	-
O3: Total Auxiliary Consumption (MU) (Quarter Ended)	-	-
O4: Gross Power Purchase (MU) (Quarter Ended)	27,347	24,353
Gross Input Energy (MU) (O5=O2-O3+O4)	**27,347**	**24,353**
O6: Transmission Losses (MU) (Interstate & Intrastate)	-	-
O7: Gross Energy sold (MU)	**23,228**	**20,136**
O7a: Energy Sold to own consumers	23,202	20,114

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O7a: Bulk Sale to Distribution Franchisee	-	-
O7b: Interstate Sale / Energy Traded/Net UI Export	26	12
Net Input Energy (MU) (O8 = O5-O6 -O7b)	27,321	24,341
Net Energy Sold (MU) (O9 = O7 - O7a)	23,202	20,114
Revenue Billed including subsidy booked (O10 = A1 + A2 – A3 – B1)	17,375	16,730
O11: Opening Gross Trade Receivables (including any adjustments) (Rs crore)	24,276	20,685
O12: Adjusted Gross Closing Trade Receivables (Rs crore)	26,106	24,276
Revenue Collected including subsidy received (O13 = A1 + A2+A3+E+O11 - O12)	15,546	13,138
Billing Efficiency (%) (O14 = O9/O8*100)	84.92	82.63
Collection Efficiency (%) (O15 = O13/O10*100)	89.47	78.53
Energy Realised (MU) (O15a = O15*O9)	20,759	15,795
AT&C Loss (%) (O16 = 100- O14*O15/100)	24.02	35.11

Table 6: Key Parameters	2022-23 (Audited)	2021-22 (Restated)
ACS (Rs./kWh) (P1 = F*10/O5)	9.17	8.38
ARR on Subsidy Booked Basis (Rs./kWh) (P2 = D*10/O5)	7.40	7.58
Gap on Subsidy Booked Basis (Rs./kWh) (P3 = P1 – P2)	1.77	0.80
ARR on Subsidy Received Basis (Rs./kWh) (P4 = E*10/O5)	7.40	7.58
Gap on Subsidy Received Basis (Rs./kWh) (P5 = P1 - P4)	1.77	0.80
ARR on Subsidy Received excluding Regulatory Income and UDAY Grant (Rs./kWh) (P6 = (E-B2-C1)*10/O5)	7.40	7.58
Gap on Subsidy Received excluding Regulatory Income and UDAY Grant (Rs./kWh) (P7 = P1 - P6)	1.77	0.80
Receivables (Days) (P8 = 365*M3/A)	537	629
Payables (Days) (P9 = 365*N7/F)	220	263
Total Borrowings (P10 = N5 + N6)	17,816	17,382

Table 7: Consumer Category-wise Details of Sale (MU)	2022-23 (Audited)	2021-22 (Restated)
Q1: Domestic	13,149	11,141
Q2: Commercial	2,812	2,379

Q3: Agricultural	2,527	2,421
Q4: Industrial	2,497	2,155
Q5: Govt. Dept. (ULB/RLB/ PWW/PL)	1,921	1,748
Q6: Others	322	282
Railways	31	31
Bulk Supply	-	-
Miscellaneous	265	239
Distribution Franchisee	-	-
Interstate/ Trading/ UI	26	12
Gr. Energy Sold (Q7=Q1+Q2+Q3+Q4+Q5+Q6)	**23,228**	**20,126**

Table 8: Consumer Category-wise Details of Sale (Rs. Cr.)	2022-23 (Audited)	2021-22 (Restated)
Q1: Domestic	6,652	5,856
Q2: Commercial	2,212	2,052
Q3: Agricultural	772	565
Q4: Industrial	3,040	3,009
Q5: Govt. Dept. (ULB/RLB/ PWW/PL)	907	1,231
Q6: Others	125	356
Railways	13	19
Bulk Supply	-	-
Miscellaneous	88	334
Distribution Franchisee	-	-
Interstate/ Trading/ UI	25	4
Gr. Energy Sold (Q7=Q1+Q2+Q3+Q4+Q5+Q6)	**13,708**	**13,070**

III. Dakshinanchal Vidhyut Vitran Nigam ltd.

in

crore)

Table 1: Revenue Details	2022-23	2021-22
Revenue from Operations (A = A1+A2+A3+A4+A5+A6)	**12,333**	**10,406**
A1: Revenue from Sale of Power	*11,307*	*9,471*
A2: Fixed Charges Recovery from theft etc		
A3: Revenue from Distribution Franchisee	*1,026*	*935*
A4: Revenue from Inter-state sale and Trading		
A5: Revenue from Open Access and Wheeling		
A6: Any other Operating Revenue		
Revenue - Subsidies and Grants (B = B1+B2+B3)	**4,803**	**4,265**
B1: Tariff Subsidy Booked	*3,604*	*3,770*
B2: Revenue Grant under UDAY	*206*	*206*
B3: Other Subsidies and Grants	*992*	*289*
Other Income (C = C1+C2+C3)	**146**	**141**
*C1: Income booked against deferred revenue**		
C2: Misc Non-tariff income from consumers (including DPS)	*94*	*102*
C3: Other Non-operating income	*52*	*39*
Total Revenue on subsidy booked basis (D = A + B + C)	**17,282**	**14,812**
Tariff Subsidy Received (E)	3,603	3,770
Total Revenue on subsidy received basis (F = D - B1 + E)	**17,281**	**14,812**
Whether State Government has made advance payment of subsidy for the quarter(Yes/No)		

*Revenue deferred by SERC as per tariff order for the relevant FY

Table 2: Expenditure Details	2022-23	2021-22
Cost of Power (G = G1 + G2+ G3)	**15,211**	**10,907**
G1: Generation Cost (Only for GEDCOS)		
G2: Purchase of Power	*14,493*	*10,208*
G3: Transmission Charges	*718*	*699*

O&M Expenses (H = H1 + H2 + H3 + H4 + H5 + H6 + H7)	7,134	6,864
H1: Repairs & Maintenance	542	585
H2: Employee Cost	460	373
H3: Admin& General Expenses	597	665
H4: Depreciation	818	637
H5: Total Interest Cost	2,076	2,156
H6: Other expenses	2,623	2,211
H7: Exceptional Items	27	244
Total Expenses (I = G + H)	**22,344**	17,771
Profit before tax (J = D - I)	**(5,062)**	**(2,959)**
K1: Income Tax		
K2: Deferred Tax		
Profit after tax (L = J - K1 - K2)	**(5,062)**	**(2,959)**

Table 3: Total Assets	2022-23 As on 31st Mar	2021-22 As on 31st Mar
M1: Net Tangible Assets & CWIP	17,332	15,492
M2: Other Non-Current Assets	1,559	1,770
M3: Net Trade Receivables	16,725	18,599
M3a: Gross Trade Receivable Govt. Dept.	4,457	4,027
M3b: Gross Trade Receivable Other-than Govt. Dept.	19,034	18,671
M3c: Provision for bad debts	6,766	4,099
M4: Subsidy Receivable		
M5: Other Current Assets	1,447	3,164
Total Assets (M = M1 + M2 + M3 + M4 + M5)	**37,064**	**39,025**
Table 4: Total Equity and Liabilities		
N1: Share Capital & General Reserves	25,716	24,390
N2: Accumulated Surplus/ (Deficit) as per Balance Sheet	(30,039)	(24,971)

N3: Government Grants for Capital Assets	1,986	1,609
N4: Non-current liabilities	4,276	3,433
N5: Capex Borrowings	**16,408**	**18,749**
N6a: Long Term Loans - State Govt	*0*	*113*
N6b: Long Term Loans - Banks & FIs	*16,408*	*18,636*
N6c: Short Term/ Medium Term - State Govt		
N6d: Short Term/ Medium Term - Banks & FIs		
N6: Non-Capex Borrowings	-	-
N7a: Short Term Borrowings/ from Banks/ FIs		
N7b: Cash Credit/ OD from Banks/ FIs		
N8: Payables for Purchase of Power	10,688	7,510
N9: Other Current Liabilities	8,080	8,302
Total Equity and Liabilities (N = N1 + N2 + N3 + N4 + N5 + N6 + N7 + N8 + N9)	**37,064**	**39,025**

Table 5: Technical Details	2022-23	2021-22
O4: Gross Power Purchase (MU) (Quarter Ended)	28,307	25,725
Gross Input Energy (MU) (O5 – O2 - O3 + O4)	**28,307**	**25,725**
O6: Transmission Losses (MU)(Interstate & Intrastate)		
O7: Gross Energy sold (MU)	**22,195**	**19,129**
O7a: Energy Sold to own consumers	19,970	17,099
O7b: Bulk Sale to Distribution Franchisee	2,226	2,030
O7c: Interstate Sale/ Energy Traded Net UI Export	-	
Net Input Energy (MU) (O8 = O5 - O6 - O7c)	**28,307**	**25,725**
Net Energy Sold (MU) (O9 – O7 - O7c)	**22,195**	**19,129**
Revenue Billed including subsidy booked (O10 = A1 + A2 + A3 + B1)	**15,937**	**14,176**
O11: Opening Gross Trade Receivables (including any adjustments) (Rscrore)	20,341	19,315
O12: Adjusted Gross Closing Trade Receivables (Rscrore)	20,845	20,341
Revenue Collected including subsidy received (O13 = A1 + A2 + A3 + F + O11 - O12)	**15,434**	**13,148**

Billing Efficiency (%) (O14 = O9/O8*100)	78.41	74.36
Collection Efficiency (%) (O15 = O13/O10*100)	96.85	92.75
Energy Realised (MU) (O15a = O15*O9)	21,495	17,742
AT&C Loss (%) (O16 = 100 - O14*O15/100)	24.06	31.03

Table 6: Key Parameters	2022-23	2021-22
ACS (Rs./kWh) (P1 = I*10/O5)	7.89	6.91
ARR on Subsidy Booked Basis (Rs./kWh) (P2 = D*10/O5)	6.11	5.76
Gap on Subsidy Booked Basis (Rs./kWh) (P3 = P1 - P2)	1.79	1.15
ARR on Subsidy Received Basis (Rs./kWh) (P4 = F*10/O5)	6.10	5.76
Gap on Subsidy Received Basis (Rs./kWh) (P5 = P1 - P4)	1.79	1.15
ARR on Subsidy Received excluding Regulatory Income and UDAY Grant (Rs/kWh) (Rs./kWh) (P6 = (F-B-C1)*10/O5)	6.03	5.68
Gap on Subsidy Received excluding Regulatory Income and UDAY Grant (Rs./kWh) (P7 = P1 - P6)	1.86	1.23
Receivables (Days) (P8 = 365*M3/A)	495	652
Payables (Days) (P9 = 365*N8/G)	256	251
Total Borrowings (P10 = N6 + N8 + N9)	27,096	26,260

Table 7: Consumer Categorywise Details of Sale (MU)	2022-23	2021-22
Q1. Domestic	8,059	6,755
Q2. Commercial	1,444	1,023
Q3. Agricultural	5,011	4,343
Q4. Industrial	3,990	3,372
Q5. Govt. Dept. (ULB/RLB/PWW/Public Lighting)	1,332	1,407
Q6. Others	2,359	2,229
Railways		50
Bulk Supply	-	-
Miscellaneous	133.3	149

Distribution Franchisee	2,226	2,033
Interstate Trading CT	-	-
Gross Energy Sold (Q7 = Q1 + Q2 + Q3 + Q4 + Q5 + Q6)	**21,195**	**19,129**

Table 8: Consumer Category wise Details of Sale (Rs. Crore)	2022-23	2021-22
Q1: Domestic	4,614	3,580
Q2: Commercial	1,400	1,204
Q3: Agricultural	746	608
Q4: Industrial	3,316	2,795
Q5: Govt. Dept. (UD/RD/PWW/Public Lighting)	1,210	1,222
Q6: Others	1,046	997
Railways	-	53
Bulk Supply	-	-
Miscellaneous	20	11
Distribution Franchisee	1,026	935
Interstate Trading CT		
Gross Energy Sold (Q7 = Q1 + Q2 + Q3 + Q4 + Q5 + Q6)	**12,333**	**10,406**

IV. Paschimanchal Vidhyut Vitran Nigam ltd.

Profit & Loss	**Year**	
Table 1: Revenue Details	**2022-23**	**2021-22**
Revenue from Operations (A = A1+A2+A3+A4+A5+A6)	21,483.20	18,201.90
A1: Revenue from Sale of Power	*21,483.20*	*18,201.90*
A2: Fixed Charges Recovery from UoP etc.		
A3: Revenue from Distribution Franchisee		
A4: Revenue from Inter-state sale and Trading		
A5: Revenue from Open Access and Wheeling		
A6: Any other Operating Revenue		

Revenue - Subsidies and Grants (B = B1+B2+B3)	6,644.01	5,560.43
B1: Tariff Subsidy Booked	4,091.19	3,304.14
B2: Revenue Grant under UDAY	873.59	873.59
B3: Other Subsidies and Grants	1,679.23	1,382.70
Other Income (C = C1+C2+C3)	232.14	258.90
*C1: Income booked against deferred revenue**		
C2: Misc Non-tariff income from consumers (including DPS)	98.67	104.04
C3: Other Non-operating income	133.47	154.86
Total Revenue on subsidy booked basis (D = A + B + C)	**28,349.45**	**24,020.33**
Tariff Subsidy Received (E)	4,091.19	3,304.14
Total Revenue on subsidy received basis (F = D - B1 + E)	**28,349.45**	**24,020.33**
Whether State Government has made advance payment of subsidy for the quarter(Yes/No)		

*Revenue deferred by SERC as per tariff order for the relevant FY

Table 2: Expenditure Details	**Year**	
	2022-23	**2021-22**
Cost of Power (G = G1 + G2+ G3)	21,514.20	20,101.85
G1: Generation Cost (Only for GEDCOS)		
G2: Purchase of Power	20,525.50	19,171.60
G3: Transmission Charges	988.70	930.25
O&M Expenses (H = H1 + H2 + H3 + H4 + H5 + H6 + H7)	5,849.61	4,617.77
H1: Repairs & Maintenance	292.96	639.20
H2: Employee Cost	620.06	539.58
H3: Admn& General Expenses	477.73	451.64
H4: Depreciation	699.81	643.23
H5: Total Interest Cost	1,301.53	1,519.86
H6: Other expenses	2,233.28	501.25
H7: Exceptional Items	16.14	334.17
Total Expenses (I = G + H)	**27,563.81**	**24,719.62**
BLANK		
Profit before tax (J = D - I)	**985.64**	**(699.29)**
K1: Income Tax		

K2: Deferred Tax		
Profit after tax (L = J - K1 - K2)	**985.64**	**(699.29)**
Balance Sheet		
Table 3: Total Assets	**2022-23** **As on 31st March**	**2021-22** **As on 31st March**
M1: Net Tangible Assets, CWIP & Others	16,135.67	15,859.18
M2: Other Non Current Assets	6,583.57	7,467.37
M3: Net Trade Receivables	9,995.36	11,587.49
M3a: Gross Trade Receivable Govt. Dept.	2,266.25	2,979.50
M3b: Gross Trade Receivable Other than Govt. Dept.	11,940.71	10,616.28
M3c: Provision for bad debts	4,211.76	2,008.12
M4: Subsidy Receivable		
M5: Other Current Assets	4,442.75	4,299.26
Total Assets (M = M1 + M2 + M3 + M4 + M5)	**37,157.25**	**39,213.30**
Table 4: Total Equity and Liabilities		
N1: Share Capital & General Reserves (includes Share Application Money pending Allotment)	26,403.30	28,690.62
N2: Accumulated Surplus (Deficit) as per Balance Sheet	(17,969.53)	(21,623.50)
N3: Government Grants for Capital Assets & Consumer Contribution	6,731.77	6,185.29
N4: Non-current liabilities	2,351.87	2,225.67
N5: Capex Borrowings	**10,569.83**	**11,386.64**
N6a: Long Term Loans - State Govt	*69.01*	*69.01*
N6b: Long Term Loans - Banks & FIs	*8,170.25*	*9,296.53*
N6c: Short Term/ Medium Term - State Govt		
N6d: Short Term/ Medium Term - Banks & FIs	*2,330.57*	*2,021.10*
N7: Non-Capex Borrowings	**0.00**	**0.00**
N7a: Short Term Borrowings/ from Banks/ FIs		
N7b: Cash Credit/ OD from Banks/ FIs		
N8: Payables for Purchase of Power	1,934.36	5,390.03
N9: Other Current Liabilities	7,135.49	6,958.55

Total Equity and Liabilities (N = N1 + N2 + N3 – N4 + N5 + N6 + N7 + N8 + N9)	37,157.25	39,213.30
Balance Sheet Check	-	-

Table 5: Technical Details	**Year**	
	2022-23	**2021-22**
O1: Total Installed Capacity (MW) (Yearly Ended) (Only for GEDCOs)	-	-
O1a: Hydel		
O1b: Thermal		
O1c: Gas		
O1d: Others		
O2: Total Generation (MU) (Yearly Ended) (Only for GEDCOs)	-	-
O2a: Hydel		
O2b: Thermal		
O2c: Gas		
O2d: Others		
O3: Total Auxiliary Consumption (MU) (Yearly Ended)		
O4 : Gross Power Purchase (MU) (Yearly Ended)	39,043.244	34,427.506
Gross Input Energy (MU) (O5 = O2 - O3 + O4)	**39,043.244**	**34,427.506**
O6: Transmission Losses (MU)(Interstate & Intrastate)		
O7: Gross Energy sold (MU)	**33,437.008**	**28,238.698**
O7a: Energy Sold to retail consumers	33,437.008	28,238.698
O7b: Bulk Sale to Distribution Franchisee	-	-
O7c: Interstate Sale/ Energy Traded Net UI Export	-	-
Net Input Energy (MU) (O8 = O5 - O6 - O7c)	**39,043.244**	**34,427.506**
Net Energy Sold (MU) (O9 = O7 - O7c)	**33,437.008**	**28,238.698**
Revenue Billed including subsidy booked (O10 = A1 + A2 + A5 + B1)	**25,574.490**	**21,505.140**
O11: Opening Gross Trade Receivables (including any adjustments) (Rscrore)	13,595.81	12,325.35
O12: Adjusted Gross Closing Trade Receivables (Rscrore)	14,206.96	13,595.81

Revenue Collected including subsidy received (O13 = A1 + A2 + A3 + E + O11 - O12)	24,963.34	20,234.68
Billing Efficiency (%) (O14 = O9/O8*100)	85.64	82.02
Collection Efficiency (%) (O15 = O13/O10*100)	97.61	94.09
Energy Realised (MU) (O15a = O15*O9)	32,637.97	26,570.44
AT&C Loss (%) (O16 = 100 - O14*O15/100)	16.41	22.82

Table 6: Key Parameters	**Year**	
	2022-23	**2021-22**
ACS (Rs./kWh) (P1 = I*10/O5)	7.01	7.18
ARR on Subsidy Booked Basis (Rs./kWh) (P2 = D*10/O5)	7.26	6.98
Gap on Subsidy Booked Basis (Rs./kWh) (P3 = P1 - P2)	-0.25	0.20
ARR on Subsidy Received Basis (Rs./kWh) (P4 = F*10/O5)	7.26	6.98
Gap on Subsidy Received Basis (Rs./kWh) (P5 = P1 - P4)	-0.25	0.20
ARR on Subsidy Received excluding Regulatory Income and UDAY Grant (Rs/kWh) (Rs./kWh) (P6 = (F-B2-C1)*10/O5)	7.04	6.72
Gap on Subsidy Received excluding Regulatory Income and UDAY Grant (Rs./kWh) (P7 = P1 - P6)	-0.03	0.46
Receivables (Days) (P8 = 365*M3/A)	170	232
Payables (Days) (P9 = 365*N8/G)	33	98
Total Borrowings (P10 = N5)	10,569.83	11,386.64

Table 7: Consumer Categorywise Details of Sale (MU)	**Year**	
	2022-23	**2021-22**
Q1: Domestic	13,569	11,045
Q2: Commercial	2,048	1,696
Q3: Agricultural	6,693	6,212
Q4: Industrial	7,867	6,607
Q5: Govt. Dept. (ULB/RLB/PWW/Public Lighting)	837	724
Q6: Others	2,423	1,955
Railways	85	85
Bulk Supply		
Miscellaneous	2,338	1,870
Distribution Franchisee		
Interstate Trading [illegible]		

Gross Energy Sold (Q7 = Q1 + Q2 + Q3 + Q4 + Q5 + Q6)	33,437	28,239

Table 8: Consumer Categorywise Details of Sale (Rs. Crore)	Year	
	2022-23	2021-22
Q1: Domestic	8,820.00	7,517.00
Q2: Commercial	2,303.00	2,020.00
Q3: Agricultural	953.00	1,004.00
Q4: Industrial	6,783.00	5,780.00
Q5: Govt. Dept. (ULB/RLB/PWW/Public Lighting)	1,659.00	936.00
Q6: Others	1,565.30	944.00
Railways	84.00	79.00
Bulk Supply		
Miscellaneous	2,599.00	2,228.00
Distribution Franchisee		
Interstate Trading / ...		
Gross Energy Sold (Q7 = Q1 + Q2 + Q3 + Q4 + Q5 + Q6)	**21,483.30**	**18,201.00**

V. Kanpur Electricity Supply Company Ltd (KESCO)

Annexure-III to Notes on accounts

Information as per REC Guidelines under RDSS

I. Profit & Loss	Amount (₹ in Crore)	
Table 1: Revenue Details		
	2022-23	**2021-22**
Revenue from Operations (A = A1+A2+A3+A4+A5+A6)	3,161.48	2,744.52
A1: Revenue from Sale of Power	3,161.48	2,744.52
A2: Fixed Charges/ Recovery from theft etc.		
A3: Revenue from Distribution Franchisee		
A4: Revenue from Inter-state sale and Trading		
A5: Revenue from Open Access and Wheeling		
A6: Any other Operating Revenue		
Revenue - Subsidies and Grants (B = B1+B2+B3)	376.24	214.96

B1 Tariff Subsidy Booked		
B2 Revenue Grant under UDAY		
B3 Other Subsidies and Grants	376.24	219.96
Other Income (C = C1 + C2 + C3)	63.95	47.31
*C1 Income booked against deferred revenue**		
C2. Misc. Non-tariff Income from consumers (including DPS)	58.80	35.56
C3 Other Non-operating income	5.15	11.75
Total Revenue on subsidy booked basis (D = A + B + C)	**3,601.67**	**3,011.79**
Tariff Subsidy Received (E)		
Total Revenue on subsidy received basis (F = D - B1 + E)	**3,601.67**	**3,011.79**
Whether State Government has made advance payment of subsidy for the quarter(Yes/No)		

*Revenue deferred by SERC as per tariff order for the relevant FY

Table 2: Expenditure Details

Amount (₹ in Crore)

	2022-23	2021-22
Cost of Power (G = G1 + G2 + G3)	2,465.67	2,541.00
G1 Generation Cost (Only for GEDCOS)		
G2 Purchase of Power	2358.59	2440.29
G3 Transmission Charges	107.08	100.71
O&M Expenses (H = H1 + H2 + H3 + H4 + H5 + H6 + H7)	1135.49	684.86
H1 Repairs & Maintenance	44.60	42.80
H2 Employee Cost	129.96	125.11
H3 Administration & General Expenses	225.10	212.76
H4 Depreciation	56.52	54.34
H5 Total Interest Cost	284.93	256.22
H6 Other expenses	390.79	(200.56)
H7 Exceptional Items	3.59	94.19
Total Expenses (I = G + H)	**3,601.16**	**3,225.86**

Profit before tax (J – D - I)	**0.51**	**(214.07)**
K1: Income Tax		
K2: Deferred Tax		
Profit after tax (L = J - K1 - K2)	**0.51**	**(214.07)**
Other Comprehensive Income	**(2.02)**	**(2.72)**
Net Profit/(Loss) for the Period	**(1.51)**	**(216.79)**

II. Balance Sheet

Amount (₹ in Crore)

Table 3: Total Assets

	2022-23	**2021-22**
M1: Net Tangible Assets & CWIP	1,174.41	1,163.71
M2 Other Non-Current Assets	7.41	7.41
M3. Net Trade Receivables	3,058.14	3,376.24
M3a: Gross Trade Receivable Govt. Dept		
M3b Gross Trade Receivable	3,998.02	3,925.76
M3c:Provision for bad debts	939.88	549.52
M4: Subsidy Receivable	437.04	488.64
M5: Other Current Assets	370.98	485.40
Total Assets (M = M1 + M2 + M3 + M4 + M5)	**5,048.01**	**5,521.46**

N1: Share Capital ,General Reserves & other reserves	2846.18	2658.18
N2 Accumulated Surplus/ (Deficit) as per Balance Sheet	(4186.93)	(4185.42)
N3: Government Grants for Capital Assets		
N4: Non-current Liabilities	254.99	255.05
N5: Capex Borrowings	2,949.67	2,778.11
N5a: Long Term Loans - State Govt	0.00	0.00
N5b: Long Term Loans - Banks &FIs	2,375.93	2,446.31

Xlu

N6c: Short Term/ Medium Term - State Govt		
N6d. Short Term/ Medium Term - Banks & FIs	633.74	311.80
N6: Non-Capex Borrowings		
N7a: Short Term Borrowings/ from Banks/ FIs		
N7b: Cash Credit/ OD from Banks/ FIs		
N8: Payables for Purchase of Power	1344.51	2352.26
N9: Other Current Liabilities	1,839.59	1,663.28
Total Equity and Liabilities (N = N1 + N2 + N3 + N4 + N5 + N6 + N7 + N8 + N9)	**5,048.01**	**5,521.46**

Table 5: Technical Details	**Amount (₹ in Crore)**	
	2022-23	**2021-22**
O1: Total Installed Capacity (MW) (Quarter Ended) (Only for GEDCOs)		
O1a: Hydel		
O1b:Thermal		
O1c: Gas		
O1d: Others		
O2: Total Generation (MU) (Quarter Ended) (Only for GEDCOs)		
O2a: Hydel		
O2b: Thermal		
O2c: Gas		
O2d: Others		
O3: Total Auxiliary Consumption (MU) (Quarter Ended)		
O4 : Gross Power Purchase (MU) (Quarter Ended)	4,228.568	3,757.862
Gross Input Energy (MU) (O5 = O2 - O3 + O4)	4228.568	3757.862

O6: Transmission Losses (MU)(Interstate & Intrastate)		
O7: Gross Energy sold (MU)	**3,835.674**	**3,396.635**
O7a: Energy Sold to own consumers	3,835.674	3,396.635
O7b: Bulk Sale to Distribution Franchisee	-	-
O7c: Interstate Sale- Energy Traded Net UI Export	-	-
Net Input Energy (MU) (O8 = O5 - O6 - O7c)	**4,228.568**	**3,757.862**
Net Energy Sold (MU) (O9 = O7 - O7c)	**3,835.674**	**3,396.635**
Revenue Billed including subsidy booked (O10 = A1 + A2 + A3 + B1)	**3,161.48**	**2,744.52**
O11: Opening Gross Trade Receivables (including any adjustments) (Rs. in crore)	3,744.43	3,564.39
O12: Adjusted Gross Closing Trade Receivables (Rscrore)	**3,815.50**	**3,744.43**
Revenue Collected including subsidy received (O13 = A1 + A2 + A3 + E + O11 - O12)	**3,090.41**	**2,564.48**
Billing Efficiency (%) (O14 = O9/O8*100)	90.71	**90.39**
Collection Efficiency (%) (O15 = O13/O10*100)	**97.75**	**93.44**
Energy Realised (MU) (O15a = O15*O9)	**3,749.45**	**3,173.82**
AT&C Loss (%) (O16 = 100 - O14*O15/100)	**11.33**	**15.54**

Table 6: Key Parameters	**Amount (₹ in Crore)**	
	2022-23	2021-22
ACS (Rs./kWh) (P1 = F*10/O5)	8.52	8.58
ARR on Subsidy Booked Basis (Rs./kWh) (P2 = D*10/O5)	8.52	8.01
Gap on Subsidy Booked Basis (Rs./kWh) (P3 = P1 - P2)	0.00	0.57
ARR on Subsidy Received Basis (Rs./kWh) (P4 = E*10/O5)	8.52	8.01
Gap on Subsidy Received Basis (Rs./kWh) (P5 = P1 - P4)	0.00	0.57
ARR on Subsidy Received excluding Regulatory Income and UDAY Grant (Rs/kWh) (Rs./kWh) (P6 = (F-B2-C1)*10/O5)	8.52	8.01

Gap on Subsidy Received excluding Regulatory Income and UDAY Grant (Rs./kWh) (P7 = P1 - P6)	0.00	0.57
Sale of Power as per A	3,161.48	2,744.52
Add: ED on sale of Power	192.77	153.87
Gross Sale of Power With ED	3,354.25	2,898.39
Receivables (Days) (P8 = 365*M3/Gross Sale of Power)	333	425
Payables (Days) (P9 = 365*N10/G)	199	338
Total Borrowings	2949.67	2778.11

Table 7: Consumer Category wise Details of Sale (MU)	**Units in MU**	
	2022-23	**2021-22**
Q1: Domestic	1836.986	1608.921
Q2: Commercial	319.059	294.669
Q3: Agricultural	0.00	0.00
Q4: Industrial	1428.455	1239.258
Q5: Govt. Dept. (ULB/RLB/PWW/Public Lighting)	144.368	144.268
Q6: Others		
Railways		
Bulk Supply		
Miscellaneous	10.12	7.748
Public Institutions (Govt)	96.686	101.771
Interstate/ Trading/ UI		
Gross Energy Sold (Q7 = Q1 + Q2 + Q3 + Q4 + Q5 + Q6)	**3,835.67**	**3,396.63**

Table 8: Consumer Category wise Details of Sale (Rs. Crore)	**Amount (₹ in Crore)**

Alsita

	2022-23	2021-22
Q1. Domestic	1261.55	1067.92
Q2: Commercial	399.67	274.73
Q3: Agricultural	0.00	0.00
Q4: Industrial	1204.10	1130.75
Q5: Govt. Dept. (U.L.B/RLB/PWW/Public Lighting)	175.70	165.65
Q6: Others		
Railways		
Bulk Supply		
Miscellaneous	12.85	9.39
Public Institutions (Govt)	108.61	96.08
Interstate/ Trading/ UI		
Gross Energy Sold (Q7 = Q1 + Q2 + Q3 + Q4 + Q5 + Q6)	**3,161.48**	2,744.52

Table 9: **Power Purchase Details**	**Amount (₹ In Crore)**	
	2022-23	**2021-22**
	in Mus	in MUs
Power Purchase through Long term PPA		
Own Generation for GENCOs		
Power Purchase (Short term & Medium Term)	4,228.568	3,757.862
Total Power Purchase	**4,228.568**	**3,757.862**

50. Other separate relevant notes given by the Holding and Subsidiary are given below:

U.P Power Corporation Limited (Holding Company)

1. **Employee Benefits:**

a. As required by Ind AS 19 (Employee Benefits), the company has measured its liabilities arising from Gratuity for the employees covered under CPF Scheme on the basis of Actuarial Valuation Report dated 29.04.2023 for the F.Y. 2022-23.

b. 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 29.04.2023 for the F.Y. 2022-23.

c. The Disclosure with respect to the above point no 1-a & 1-b is as below:

S.No	Defined benefit plans:- (Amount ₹ in Crore)	Gratuity		Leave Encashment	
		As on 31/03/2023	As on 31/03/2022	As on 31/03/2023	As on 31/03/2022
1	**Assumptions**				
	Discount Rate	7.52%	7.36%	7.46%	6.96%
	Rate of increase in Compensation levels	7.00%	7.00%	7.00%	7.00%
	Rate of return on Plan assets	Not Applicable	Not Applicable	Not Applicable	Not Applicable
	Average future service (in Years)	24.89 Years	24.70 Years	17.85 Years	16.22 Years
2	**Service Cost**				
	Current Service Cost	1.70	1.48	1.91	1.73
	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	1.28	0.70	6.25	4.42
	Interest Income on Plan Assets	0.00	0.00	0.00	0.00
	Net Interest Cost (Income)	**1.28**	**0.70**	**6.25**	**4.42**
4	**Change in present value of obligations**				
	Opening of defined benefit obligations	7.42	10.23	89.80	68.98
	Interest cost	1.28	0.70	6.25	4.42
	Service Cost	1.70	1.48	1.91	1.73
	Benefits Paid	(0.32)	(0.32)	(11.75)	(12.86)
	Actuarial (gain)/Loss on total liabilities	**1.27**	**5.23**	**0.30**	**(27.52)**
	due to change in financial	(0.58)	4.80	(3.80)	13.68

S.No	Defined benefit plans:- (Amount ₹ in Crore)	Gratuity		Leave Encashment	
		As on 31/03/2023	As on 31/03/2022	As on 31/03/2023	As on 31/03/2022
	assumptions				
	due to change in demographic assumptions	0.00	0.00	0.00	0.00
	due to experience Changes	01.85	0.43	1.10	13.84
	Closing of defined benefit obligation	**21.35**	**17.42**	**86.51**	**89.80**
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	0.32	0.22	11.75	12.86
	Benefits paid	(0.32)	(0.22)	(11.75)	(12.86)
	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	(1.27)	(5.23)	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	(1.27)	(5.23)	N/A	N/A
8	**The amounts to be recognized in the Balance Sheet Statement**				
	Present value of obligations	21.35	17.42	86.51	89.80
	Fair value of plan assets	0.00	0.00	0.00	0.00
	Net Obligations	21.35	17.42	86.51	89.80
	Amount not recognized due to assets limit	0.00	0.00	0.00	0.00
	Net defined benefit liability/(assets) recognized in balance sheet	21.35	17.42	86.51	89.80
9	**Expenses recognized in Statement of Profit & loss**				

S.No	Defined benefit plans:- (Amount ₹ in Crore)	Gratuity		Leave Encashment	
		As on 31/03/2023	As on 31/03/2022	As on 31/03/2023	As on 31/03/2022
	Service cost	1.70	1.48	1.91	1.73
	Net Interest cost	1.28	0.70	6.25	4.42
	Net actuarial (gain)/loss	0.00	0.00	0.30	27.52
	Expenses recognized in statement of Profit & Loss	**2.98**	**2.18**	**8.45**	**33.67**
10	**Change in Net Defined Obligations**				
	Opening of Net defined benefit liability	17.42	10.23	89.80	68.98
	Service Cost	1.70	1.48	1.91	1.73
	Net Interest Cost	1.28	0.70	6.25	4.42
	Re-measurements	1.27	5.23	0.30	27.53
	Contributions paid to fund	(0.32)	(0.22)	(11.75)	(12.86)
	Closing of Net defined benefit liability	**21.35**	**17.42**	**86.51**	**89.80**
11	**Sensitivity analysis**				
	Item	**As on 31/03/2023**	**Impact**	**As on 31/03/2023**	**Impact**
	Base liability	21.35		86.51	
	Increase in Discount rate by 0.50%	19.68	(1.68)	83.03	(3.47)
	Decrease in Discount rate by 0.50%	23.22	1.87	90.31	3.80
	Increase in salary inflation by 1%	23.26	1.91	94.09	7.58
	Decrease in salary inflation by 1%	19.27	(2.08)	80.06	(6.45)
	Increase withdrawal rate by 0.5%	21.74	0.39	86.78	0.27
	Decrease withdrawal rate by 0.5%	20.93	(0.43)	86.22	(0.29)

2. As per requirement of Section 135 and Schedule VII of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules 2014, every company to which the provisions of Section 135 apply shall spend at least 2% of average net profits made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy. But as per Section 198 of Companies Act 2013, company has incurred losses during the three immediately preceding financial years. Hence, no provision has been made and no CSR activity has been undertaken by the company in this regard.

3. **Earmarked Bank Balances, ESCROW Accounts, and Bank Credits (working capital):**

a. The details of Earmarked Banks Accounts are as under:

(₹ in Crore)

Bank Name	Account Name	Bank Balance	FDR balance	Accrued Interest
HDFC	DSRA SERIES 1 A/C	-	213.90	0.34
	BOND SER ESCROW I A/C	-	213.46	0.79
(Vistra)	BOND SER ESCROW II A/C	-	41.55	0.07
	DSRA SERIES 2 A/C	-	144.33	1.14
ICICI	UP POWER CORPORATION LIMTED RPO REGULATORY FUND	-	0.00	0.00
	DISTRIBUTION NETWORK REHABILITATION A/C	-	0.00	0.00
	UPPCL BOND SERVICING SERIES- I A/C	-	192.73	1.09
	UPPCL DEBT SERVICE RESERVE- I A/C	-	383.11	0.00
ICICI	UPPCL BOND SERVICING SERIES- II A/C	-	242.34	1.37
(Beacon)	UPPCL DEBT SERVICE RESERVE- II A/C	-	481.45	0.00
	UPPCL BOND SERVICE A/C (SERIES-I)2022	-	0.62	0.00
	UPPCL DEBT SERVICE RESERVE A/C BOND (SERIES - I) 2022	-	191.31	0.00
	UPPCL BOND SERVICE A/C (SERIES-II)2022		0.56	0.00
	UPPCL DEBT SERVICE RESERVE A/C BOND (SERIES - II) 2022	-	173.28	0.00
Corpus Fund	ICICI(NEDA Solar)	-	46.02	0.00
Total		-	**2324.64**	4.79

b. Bank balances of ESCROW Accounts

(₹ in Crore)

Bank name	Account name	A/c no.	Balance
SBI	PURVANCHAL VIDYUT VITRAN NIGAM	10101987043	-
Ashok	DAKSHINANCHAL VIDYUT VIT NGLT	10101987724	0.97
Marg	PURVANCHAL VIDYUT VITRAN NIGAM	30043166973	-
	MADYANCHAL VIDYUT VITRAN NIGAM LTD ESCROW A/C	30051399919	-
	PASCHIMANCHAL VIDYUT VITRAN NIGAM LTD ESCROW A/C	30051399942	-
	PURVANCHAL VIDYUT VITRAN NIGAM LTD ESCROW A/C	30051399975	-
	DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD ESCROW A/C	30051400029	-
	U P POWER CORPORATION LTD PAVVNL	30059810334	-

Bank name	Account name	A/c no.	Balance
	PASCHIMANCHAL VIDYUT VITRAN NIGAM LTD CARE ASCROW A/C	20128421079	-
	U P POWER CORPORATION LTD MVVNL	30128432514	0.00
	UPPCL ESCROW A/C ROSA	30952651649	0.16
	UPPCL ESCROW A/C BAJAJ	32977504067	1.89
	UPPCL ESCROW A/C LALITPUR	35095155057	
PNB Hazratganj	ESCROW ACC FOR REPAYMENT OF PFC UPPCL	294002101274879	-
	MADHYANCHAL VIDYUT VITRAN NIGAM LTD ESCROW A C RECEIPT	294002110002537	-
	DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD AGRA ESCROW AC RECEIPT	294002110002546	-
	PASCHIMANCHAL VIDYUT VITRAN NIGAM	294002110002722	-
	MD PURVANCHAL VITARAN NIGAM LTD	294002110003439	-
	PASCHIMANCHAL VIDYUT VITARAN LTD	294002110003536	-
	PURVANCHAL VIDYUT VITRAN NIGAM LTD	294002110004146	3.76
	MADHYANCHAL VIDYUT VITRAN NIGAM LTD.	294002110004191	0.00
	DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD	294002110004067	0.00
	ROSAPOWER SUPPLY PAYMENTS ESCROW	294002900000031	22.06
	BAJAJ ENERGY DEFAULT ESCROW	294002110007897	-
	UPPCL LALITPUR ESCROW A/C	294002110008638	6.33
CBI Hazratganj	PASCHIMANCHAL VIDYUT VITARAN LTD	1441293992	-
	PURVANCHAL VIDYUT VITRAN NIGAM LTD	1444294000	-
	U P POWER CORPORATION LTD MVVNL	1444299086	1.39
	U P POWER CORPORATION LTD PAVVNL	1444305125	-
	U P POWER CORPORATION LTD DVVNL	1444323847	-
	U P POWER CORPORATION LTD DVVNL	1444300116	-
	U P POWER CORPORATION LTD (BAJAJ)	3251225201	4.11
	U P POWER CORPORATION LTD (LANCO)	3254008293	-
	U P POWER CORPORATION LTD (LALITPUR)	3472978707	0.07
Bank of Baroda	UPPCL ESCROW DVVNL	800200000754	1.85
	UPPCL ESCROW PAVVNL	80020000083	-

Bank name	Account name	A/c no.	Balance
		2	
	PURVANCHAL VIDYUT VITARAN NIGAM LTD	500200000991	-
	ESCROW A/C DVVNL	500200001010	2.28
	MADYANCHAL VIDYUT VITRAN NIGAM LTD	500200001021	0.92
ICICI Bank	UPPCL-LALITPUR POWER GENERATION CO LTD ESCROW A/C	628105021837	5.87
	UPPCL ROSA POWER SUPPLY PAYMENT ESC.AC	628105030625	8.30
	UPPCL LANCO DEFAULT ESCROW A/C	628105032210	-
	UPPCL BAJAJ ENERGY DEFAULT ESCROW A/C	628105032232	2.32
HDFC Bank	UPPCL ROSA DEFAULT ESCROW A/C	12672240000014	2.78
	UPPCL DSRA ESCROW A/C	50200004167832	-
	UPPCL BOND SERVICING ESCROW A/C	50200004167842	-
	UPPCL BOND SERVICING ESCROW A/C SERIES-2	50200017358973	-
AXIS Bank	UPPCL ROSA POWER SUPPLY PAYMENT ESCROW A/C	912020049762299	0.76
Total			65.32

c. UPPCL has availed working capital facilities amounting to ₹1930.00 Crore from various banks. As per the sanction terms and conditions PNB has sanctioned ₹450.00 Crore as CC limit and the remaining bank, i.e. Indian Bank (₹430.00Crore), ICICI Bank (₹400.00Crore), Central Bank Of India(₹105.00Crore), HDFC bank(₹30 Crore and Bank of India(₹500.00Crore) and PNB(₹15.00Crore), have sanctioned residual limit of ₹1480.00 Crore as OD/WCTL facility.

As on 31.03.2023, UPPCL availed ₹200.69 Cr from below mentioned banks-

(₹ in Crore)

Bank Name	WCTL	OD/CC
Indian Bank(OD)	150.00	-
PNB(CC)	-	40.72
PNB(OD)	-	9.96
BOI(OD)	-	0.01
Total	**150.00**	**50.69**

4. **Receivables related to Power Purchase (₹ 1567.90 Crore)**

The above includes the following towards the debit balances related to power purchases from generators as detailed below:

(₹ in Crore)

Sl. No.	Balances	Remarks
i.	707.68	It relates to debit notes issued to M/s Rosa Power Company Ltd. in the month of April 2018 towards the recovery as per UPERC's Order but the recovery against the above debit notes is still stayed as per APTEL's order dated 29.09.2018.
ii.	397.95	It relates to unscheduled interchange charges receivable from generators (Northern Railway, NPCL and Churar Cement Factory Ltd.) The UI charges may be payable or receivable depending upon deviation from the schedule and also subject to the Grid condition at that point of time.
iii.	4.83	It relates to the negative bills given by the UPPTCL, Powergrid Rampur Sambhal and TANGEDCO.
iv.	431.68	It relates to the debit balances against different generators and the same are under reconciliation.
v.	25.76	It relates to the amount receivable from Indian Energy Exchange Ltd against purchase and sales through it.
Total	**1567.90**	

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

A. The status of Bonds issued by the Company for the DISCOMs as on 31.03.2023 is as under:

S.No	Details of Bonds/Details of Bonds	Amount of Bonds (₹ in Crore)	No. of Bonds	Maturity date	Date of Issue	Face Value (₹ in lakh)	Rate of Interest	Previous due date of interest payment	Paid/or not	Next date of Interest payment	Amount of interest Payable on next due date (₹ in Crore)	Next due date of principal payment	Principal Amount Payable on next due date (₹ in Crore)	Security	Outstanding As at 31.03.2023 (₹ in Crore)	Outstanding As at 30.09.2022 (₹ in Crore)
1	UPPCL State Govt Serviced Bond series II/2022	[illegible]	34880	[illegible]	20.10.2022	10	8.95%	31.03.2023	Paid	30.06.2023	86.53	30.06.2023	109.00	Hypothecation on Current Assets including Receivables, ESCROW and Govt. Guarantee (as per terms of LOI of respective issuance)	[illegible]	
2	UPPCL State Govt Serviced Bond series I/2022	3951.20	39512	[illegible]	[illegible]	10	9.20%	15.03.2023	Paid	30.06.2023	95.55	30.06.2023	123.46		[illegible]	[illegible]
3	UPPCL Bond Series II/2017-18	5491.00	54910	20.01.2028	22.03.2018	10	10.15%	20.01.2023	Paid	20.04.2023	80.84	20.04.2023	[illegible]		[illegible]	[illegible]
4	UPPCL Bond Series I/2017-18	[illegible]	44952	20.10.2027	05.12.2017	10	8.75%	20.01.2023	Paid	20.04.2023	60.93	20.04.2023	[illegible]		[illegible]	[illegible]
5	UPPCL Bond Series IV/2016-17	[illegible]	34895	15.03.2027	27.03.2017	10	9.48%	15.03.2023	Paid	15.06.2023	43.62	15.06.2023	[illegible]		[illegible]	[illegible]
6	UPPCL Bond Series III/2016-17	6500.00	65000	15.02.2027	17.02.2017	10	8.97%	15.02.2023	Paid	15.05.2023	[illegible]	15.05.2023	[illegible]		[illegible]	[illegible]
	Total	27427.90	274279								447.55		[illegible]		[illegible]	18,012.60

B Credit Rating:

The position of Credit Rating obtained from various agencies is given below

Current Rating (as on 31.03.2023)

Particulars	Ratings		
Bond Amount	4498.20 Crore& 5491.00 Crore	6530.00 Crore& 3489.50Crore	3951.20 Crore& 3488 Crore
CRISIL Rating	A+(CE)/Stable	-	A+(CE)/Stable
India Rating	IND A+(CE)/Stable	IND AA(CE)/Stable	IND A+(CE)/Stable
Brickwork Rating	BWR AA-(CE)Stable	BWR AA(CE)/Stable	-

Previous Rating (as on 31.03.2022):

Particulars	Ratings		
Bond Amount	4498.20 Crore& 5491.00 Crore	6510.00 Crore& 3489.50 Crore	3951.20 Crore
CRISIL Rating	A+(CE)/Stable	-	A+(CE)/Stable
India Rating	IND A+(CE)/Stable	IND AA(CE)/Stable	IND A+(CE)/Stable
Brickwork Rating	BWR AA-(CE)Stable	BWR AA(CE)/Stable	-

There is no change in Credit Rating as compared to previous year.

C. The following Bonds issued by the company are secured as per the details:-

ISIN	Scrip Code	Maturity	Secured By way of	Amount (₹in Crore)	Present Outstanding (₹ in Crore)	Date of creation of security
INE540P07228	957205	20-10-2027	Hypothecation on current assets including receivables of UPPCL and Govt. Guarantee	4498.20	2513.70	06-12-2017
INE540P07236	957206					
INE540P07244	957207					
INE540P07251	957208					
INE540P07269	957209					
INE540P07319	957806	20-01-2028	Hypothecation on current assets including receivables of UPPCL and Govt. Guarantee	5491.00	3230.00	24-03-2018
INE540P07327	957807					
INE540P07335	957808					
INE540P07343	957809					
INE540P07350	957810					
INE540P07368	973877	22-03-2032	Hypothecation	3951.20	3951.20	29-03-2022

ISIN	Scrip Code	Maturity	Secured By way of	Amount (₹in Crore)	Present Outstanding (₹ in Crore)	Date of creation of security
INE540P07376	973879		on current assets including receivables of UPPCL and Govt. Guarantee			
INE540P07384	973880					
INE540P07392	973882					
INE540P07400	973876					
INE540P07418	973878					
INE540P07426	973881					
INE540P07434	973883					
INE540P07442	974281	22-03-2032	Hypothecation on current assets including receivables of UPPCL and Govt. Guarantee	3488.00	3488.00	30-05-2022
INE540P07459	974282					
INE540P07467	974283					
INE540P07475	974284					
INE540P07483	974285					
INE540P07491	974286					
INE540P07509	974287					
INE540P07517	974288					
INE540P07079	955769	15-02-2027	Hypothecation on current assets including receivables of UPPCL and Govt. Guarantee	6510.00	3720.00	16-02-2017
INE540P07087	955770					
INE540P07095	955771					
INE540P07103	955772					
INE540P07145	956147	13-03-2027	Hypothecation on current assets including receivables of UPPCL and Govt. Guarantee	3489.50	1994.00	30-03-2017
INE540P07152	956148					
INE540P07160	956149					
INE540P07178	956150					
TOTAL				**27427.90**	**18896.90**	-

The assets of the company provide coverage of the interest and principal amount, as detailed below which is in accordance with terms of issue/debenture trust deed for Secured debt securities:

Particulars	**Security**

	Coverage
Beacon Trusteeship Ltd (Debenture Trustee for Bonds)	1.17 times
Vistra ITCL India Ltd (Debenture Trustee for Bonds)	1.13 times
Other Secured Debts and other Secured Payables	5.97 times

D. The market value of Bonds shown under the head *Financial Assets - Investments (Non-Current) in Note No 06 of the Financial Statements* is as under

(₹ in Crore)

Settlement Date	Security	Valuation date	Original Maturity date	Residual maturity year	FIMMDA Yield as on 31.03.2025	Price	No. of bonds	Total amount clean price
22.03.2017	7.75% UPPCL Bonds Series-I (22.03.2027)	31.03.2025	22.03.2027	1	7.67	100.25	250	[illegible]
22.03.2017	7.75% UPPCL Bonds Series-I (22.03.2027)	31.03.2025	22.03.2027	1	7.67	100.25	250	[illegible]
22.03.2017	7.75% UPPCL Bonds Series-I (22.03.2027)	31.03.2025	22.03.2027	1	7.67	100.25	250	[illegible]
22.03.2017	7.75% UPPCL Bonds Series-I (22.03.2027)	31.03.2025	22.03.2027	1	7.67	100.25	250	[illegible]
[illegible]	7.75% UPPCL Bonds Series-I (22.03.2027)	31.03.2025	22.03.2027	1	7.67	100.25	250	[illegible]
Total							1250	[illegible]

E. Disclosure pursuant to regulation 52 (7) & 52 (7A) of SEBI (LODR) Regulations, 2015 with respect to utilization of Issue Proceeds.

Name of the Issuer	ISIN	Mode of Fund Raising (Public issues/ Private Placement)	Type of instrument	Date of raising funds	Amount Raised	Fund utilized	Any deviation (Yes/ No)	If 8 is Yes, then specify the purpose of for which the funds were utilized	Remarks, if any
1	2	3	4	5	6	7	8	9	10
U.P. Power Corporation Limited (UPPCL) a company wholly owned by the Government of Uttar Pradesh	INE540P07442, INE540P07483, INE540P07459, INE540P07491, INE540P07467, INE540P07509, INE540P07475, INE540P07517	Private Placement	Secured, Rated, Listed, Redeemable, Taxable, Government of Uttar Pradesh serviced, Non-Convertible Bonds supported by Hypothecation on Current Assets including Receivables [illegible] and Govt Guarantee as per terms of IM of respective issuances	07.10.2022	5186.70 Cr	[illegible] Cr	No	-	-

6. Details of Loans taken on behalf of DISCOMs:

(₹ in Crore)

Loan No.	Rate of Interest	Drawl Date	Balance as on 31.03.23	PuVVNL	MVVNL	DVVNL	PVVNL	KESCO	Total
Power Finance Corporation (PFC)									
8523002	10.75%	11-05-2017	1285.71	321.43	321.43	321.43	321.43	0.00	1285.71
8575001	10.50%	21-07-2018	1000.00	125.00	250.00	250.00	275.00	100.00	1000.00
8571002	10.60%	07-02-2019	1300.00	450.00	270.00	400.00	180.00	0.00	1300.00
8573003	10.50%	15-07-2019	433.33	100.02	90.07	86.76	109.08	49.60	435.53
8573004	10.50%	25-09-2019	299.06	149.53	80.72	59.81	9.00	0.00	299.06
8573005	10.50%	28-11-2019	291.68	108.56	72.56	77.53	33.03	0.00	291.68
8573006	10.75%	20-12-2019	220.80	91.63	37.85	37.85	53.47	0.00	220.80
8573008	10.00%	13-05-2020	331.11	14.70	14.70	32.06	29.44	240.21	331.11
8560087	9.50%	30-07-2020	8619.01	1152.64	3853.09	1863.74	1516.00	233.54	8619.01
8570000	9.50%	30-03-2021	5510.45	2654.93	1184.75	1190.26	351.38	129.13	5510.45
8575001	9.50%	20-10-2022	3009.61	965.78	875.36	547.30	435.05	186.12	3009.61
Total			**22203.79**	**9005.22**	**5009.13**	**4754.36**	**2425.58**	**919.50**	**22203.79**
Rural Electrification Corporation (REC)									
4712381	10.40%	30-03-2017	857.14	158.70	158.06	200.25	271.54	36.68	857.14
476012105 (4712381)	10.40%	-	91.40	10.34	16.95	31.35	29.06	3.70	91.40
476802350 (4713594)	10.50%	-	250.00	58.33	62.50	41.67	87.50	0.00	250.00
4714417	10.25%	14-10-2015	503.13	107.77	71.90	71.89	251.57	0.00	503.13
476012590 (4714417)	10.25%	-	16.49	5.50	2.36	2.35	8.25	0.00	16.49
4714597	10.34%	18-03-2019	1714.29	521.45	407.34	342.86	642.96	0.00	1714.29
4715977	9.50%	30-07-2020	8250.15	3077.09	1775.00	1783.15	496.13	223.79	8356.15
47116279	9.50%	26-03-2021	5525.45	2565.80	1144.97	1350.30	320.06	144.32	5525.45
4717221 4717321	9.00%	30-09-2022	1070.00 841.00	338.20 212.11	322.51 272.65	207.79 77.35	131.40 138.8	77.90 48.76	1070.00 841.00
Total			**18925.45**	**7789.20**	**4234.33**	**3909.04**	**2367.28**	**585.29**	**18925.44**

7. The Common expenditures and common facility costs towards the Employee Cost, Administrative, General & Other Expense and Repair & Maintenance expenses amounting to ₹173.53Crore have been allocated and transferred to subsidiaries companies and other related companies during the period ended 31.03.2023 as compared to ₹154.94Crore during the year ended 31.03.2022 based on ratio of financial year 2021-22. (Note no.25, 26 &27)

Details of the allocation of common expenses are as under:

(₹ in Crore)

Particulars	Employee Cost (Note 25)		Admin. Cost (Note 26)		R&M Cost (Note 27)		Total	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
	i	ii	v	vi	iii	iv	(i+iii+v)	(ii+iv+vi)
PuVVNL	27.25	26.27	10.18	10.87	0.26	0.38	37.81	37.22
MVVNL	23.55	24.38	8.69	10.60	0.22	0.07	34.46	35.08
DVVNL	24.53	24.12	9.07	10.50	0.24	0.07	33.84	34.72
PVVNL	28.59	27.54	12.17	13.54	0.30	0.09	41.06	41.17
KESCo	5.44	5.21	1.34	1.48	0.04	0.01	6.82	6.70
Sub-Total (a)	111.48	107.51	41.45	47.05	1.06	0.32	153.99	154.89
UPRVUNL	0.32	0.54	0.03	0.64	0.45	0.72	0.81	1.90
UPJVUNL	0.23	0.22	-	0.09	0.08	0.12	0.31	0.42
UPPTCL	17.71	17.38	0.16	0.66	0.55	0.81	18.42	18.84
Sub-Total (b)	18.26	18.14	0.19	1.39	1.09	1.65	19.54	21.17
Total (a+b)	129.74	125.65	41.64	48.44	2.15	1.97	173.53	176.06

8. 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 ₹ (2225.76) Crore & ₹ (353.45) Crore have been verified and issued to M/s Lalitpur Power Generation Company Ltd. However, as per APTEL order dated 01.04.2022 (IA. No. 451 of 2022 in DFR No. 114 of 2022 & IA No. 450 of 2022) the debit notes earlier issued amounting to ₹ (2225.76) Cr&₹ (353.45) Crore 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

9. 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..

Purvanchal Vidhyut Vitran Nigam

1. In compliance of instructions issued by the higher management, a committee has been formed to verify the physical verification of work done and bills posted in the ERP system by the units (EDD 1 Mau and EDD 2 Ballia). The committee has formed the opinion that the forged documents amounting to Rs. 40.45 crore (EDD 1 Mau Rs. 13.06 crore and EDD 2 Ballia Rs. 27.39 crore) have been uploaded in the ERP system with intention to provide undue benefit to vendors. On the basis of the above report, departmental/court proceedings have been initiated against the responsible employees of the company. The necessary accounting entry will be passed in the books of accounts after completion of departmental / court proceedings.
2. Detail of Fund received, utilized and available balance during the year under "ADB Financed Uttar Pradesh Power Distribution Network Rehabilitation Project is given below:-

Particulars	Amount (in Cr.)
Opening balance as on 01.04.2022	4.18
Fund received during the year	307.61
Fund utilized during the year	299.12
Closing balance as on 31.03.2023	12.67

Madhyanchal Vidhyut Vitran Nigam

1. During the year R-APDRP Part-A loan from PFC (Outstanding Principal amount ₹ 230.25 crore and Outstanding Interest amount ₹ 102.26 Total amount of ₹ 332.51) has been 100% converted into Grant as intimated by PFC vide Letter No. 02.10. R-APDRP:2010:MVVNL:77738 Dt. 08.07.2022.
2. An embezzlement of cash amounting to Rs.0.50 Crores in EDD-Rudauli (Location code-592A), Ayodhya Zone came to the knowledge of management for which first information report has been lodged and necessary departmental proceedings have been initiated against the concerned.
3. As required by Ind AS 19, the provision for accrued liability of Gratuity of employees covered under CPF scheme and provision for accrued liability for Earned Leave Encashment of all employees has been made on the basis of actuarial valuation report dated 02.05.2023 submitted by M/s Mithras Consultants, Gurgaon, Haryana. The disclosures in this regard are as below:

(₹ in Crores)

S. No.	Defined benefit plans:-	Gratuity		Leave Encashment	
		As on 31.03.2022	As on 31.03.2023	As on 31.03.2022	As on 31.03.2023
1.	**Assumptions**				
	Discount Rate	7.29% p.a	7.48% p.a	7.29% p.a	7.48% p.a
	Rate of increase in Compensation levels	8.00% p.a	8.00% p.a	8.00% p.a	8.00% p.a

	Rate of Return on Plan Assets	Not Applicable	Not Applicable	Not Applicable	Not Applicable
	Average future service(in years)	23.58 Years	23.00 Years	19.96 Years	20.01 Years
2.	**Service Cost**				
	Current Service Cost	12.92	13.96	10.30	10.80
	Past Service Cost (including curtailment Gains/ Losses)	0	0	0	0
	Gains or losses on Non Routine settlements	0	0	0	0
	Total	**12.92**	**13.96**	**10.30**	**10.80**
3.	**Net Interest Cost**				
	Interest Cost on Defined Benefit Obligation	10.30	12.14	23.41	26.52
	Interest Income on Plan Assets	0	0	0	0
	Net Interest Cost (Income)	**10.30**	**12.14**	**23.41**	**26.52**
4.	**Change in present value of obligations**				
	Opening of defined benefit obligations	151.21	166.58	343.76	366.23
	Liability Transfer In/(Out)	0	0	0	0
	Service cost	12.92	13.96	10.30	10.80
	Interest Cost	10.30	12.14	23.41	26.52
	Benefit Paid	-7.96	-3.91	-15.57	25.60
	Actuarial (Gain)/Loss on total liabilities:	**0.11**	**4.65**	**4.33**	**-1.82**
	- due to change in financial assumptions	-11.45	-4.78	-17.80	-10.20
	- due to change in demographic assumptions	0	0	0	0

- due to experience variance	11.51	9.44	22.13	8.38
Closing of defined benefit obligation	**166.58**	**193.42**	**366.23**	**376.08**

5.	**Change in the fair value of plan assets**				
	Opening fair value of plan assets	0	0	0	0
	Asset Transfer In/ (Out)	0	0	0	0
	Actual Return on Plan Assets	0	0	0	0
	Employer Contribution	7.96	3.91	15.57	25.66
	Benefit Paid	-7.96	-3.91	-15.57	-25.66
	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	0	0	0
	Actual income on Plan Asset	0	0	0	0
	Actuarial gain /(loss) on Assets	**0**	**0**	**0**	**0**
7.	**Other Comprehensive income**				
	Opening amount recognized in OCI outside P&L Account	0	0	Not Applicable	Not Applicable
	Actuarial Gain / (loss) on liabilities	-0.11	-4.65	Not Applicable	Not Applicable
	Actuarial gain / (loss) on assets	0.00	0.00	Not Applicable	Not Applicable
	Closing amount recognized in OCI outside P&L account	**-0.11**	**-4.65**	Not Applicable	Not Applicable
8.	**The amount to be recognized in Balance Sheet Statement**				
	Present Value of Obligations	166.58	193.42	366.24	376.08
	Fair value of plan	0	0		

	assets				
	Net Obligations	166.58	193.42	366.24	376.08
	Amount not recognized due to asset limit	0	0	0	0
	Net defined benefit liability / (assets) recognized in balance sheet	**166.58**	**193.42**	**366.24**	**376.08**
9.	**Expense recognized in Statement of profit and Loss**				
	Service cost	12.92	13.96	10.30	10.80
	Net interest cost	10.30	12.14	23.41	26.52
	Net actuarial (gain)/ loss	Not Applicable	Not Applicable	4.33	-1.82
	Expenses Recognized in the statement of profit & Loss	**23.22**	**26.10**	38.04	35.50
10.	**Change in Net Defined Obligations**				
	Opening of Net defined benefit liability	151.21	166.58	343.76	366.23
	Service cost	12.92	13.95	10.30	10.80
	Net interest Cost	10.30	12.14	23.41	26.52
	Re-measurements	0.11	4.65	4.33	-1.82
	Liability Transferred In / (out) - Net	0	0	0	0
	Contribution paid to fund	-7.96	-3.91	-15.57	-25.66
	Closing of Net defined benefit liability	**166.58**	**193.42**	**366.23**	**376.08**
11.	**Sensitivity Analysis**				
	Item	**As on 31.03.2023**	**Impact**	**As on 31.03.2023**	**Impact**
	Base Liability	193.42		376.08	
	Increase Discount Rate by 1.00%	170.84	22.58	338.00	-38.08

	Decrease Discount Rate by 1.00%	220.65	27.23	421.71	45.63
	Increase Salary inflation by 1.00%	207.81	14.39	419.69	43.61
	Decrease Salary inflation by 1.00%	178.20	-15.22	338.89	-37.19
	Increase Withdrawal Rate by 1.00%	195.50	2.07	375.41	-0.67
	Decrease Withdrawal Rate by 1.00%	190.82	-2.60	376.78	0.71

Dakshinanchal Vidhyut Vitran Nigam

1. During the year R-APDRP Part-A loan from PFC (Outstanding amount ₹ 77.53 crore) has been 100% converted into Grant as intimated by PFC vide letter no. 080232 dt. 06.01.2023. As per intimation by PFC outstanding interest on the above loan of ₹ 28.39 crore has also been converted in to Grant, excess provision of ₹ 25.34 crore towards accrued interest has been reversed as prior period adjustment.
2. During the year R-APDRP Part-B loan from PFC (Outstanding amount ₹ 553.15 crore) has been partly (₹ 181.70 crore) converted into Grant as intimated by PFC vide letter no. 77746 dt. 08.07.2022. Interest portion of the said converted loans (₹ 46.76 crore) also converted in to Grant.
3. Reduction in Capital Reserve of DVVNL includes Rs. 47.99 crores related to Conversion of Grant into Equity.

Paschimanchal Vidhyut Vitran Nigam

1. The following frauds/embezzlement as reported by concerned Branch Auditors in their Audit Report are as follows:

S. No.	Name of Zone	Particulars	₹ in Crores
1	Meerut Zone	Mr. Suresh Babu TG-2 for not depositing cash collected through system generated receipts during December 2018 to March 2019 and 36 manual receipt books not returned in divisions is under enquiry & disciplinary action is initiated in EUDD - Baghpat	3.68
		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	0.51
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.	5.64
		Cashier of EUDD Greater Noida SatenderPratap Singh TG-II S/o Shri Ramesh Singh, R/o MohallaLochan 2, Jahangirabad Rural, Bulandshahar, Uttar Pradesh posted at 33/11 KV Sub Division Kalupura embezzled cash of ₹82,21,974/- during the month of March 2021, April 2021 and June 2021.	0.82
		Observed that an amount of ₹20,39,095/- 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.	0.20

7	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 ₹[illegible] lacs out of which 80.24 lacs has been recovered. And balance sum of ₹3.12 crores are still to be recovered.	3.12

(Jitesh Grover) **Company Secretary** **(Additional Charge)**	**(Nitin Nijhawan)** **Chief Financial Officer**	**(Nitin Kumar Narang)** **Director (Finance)** **DIN - 03473420**	**(Pankaj Kumar)** **Managing Director** **DIN - 08095154**

Place : Lucknow
Date : 15/04/2023

Subject to our report of even date

For D. Pathak & Co.
Chartered Accountants
FRN No. 001439C

(A. K. Dwivedi)
Partner
M No. 071584
UDIN: 23071584BGWZLF2793

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 on 31st March [illegible]

Part A:- Subsidiaries

Sl. No.	Particulars	1	2	3	4	5
1	Name of the subsidiary	MVVNL, Lucknow	PuVVNL, 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)	23391.07	25885.58	19004.09	23944.47	2431.28
6	Reserves and surplus	(38511.56)	(10725.98)	(3436.40)	(23364.77)	(3786.45)
7	Total assets	43106.21	57001.18	37086.74	37057.57	5048.07
8	Total Liabilities	30226.70	43422.58	20922.15	36433.57	6403.27
9	Investments					
10	Turnover	13907.75	17660.98	21483.30	17447.81	1351.48
11	Profit/(Loss) before taxation	(4819.42)	(6610.27)	993.67	(5073.77)	0.51
12	Provision for taxation	-		-		
13	Profit/(Loss) after taxation	(4819.42)	(6610.27)	993.67	(5073.77)	0.51
14	Proposed Dividend	-	-		-	
15	Extent of shareholding (in percentage)	100%	100%	100%	100%	100%

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

2015

Part B:- Associates and Joint Ventures

(₹ in Crore)

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	

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED ON 31ST MARCH 2023

(₹ in Crores)

			2022-23	2021-22
A		**CASH FLOW FROM OPERATING ACTIVITIES**		
		Net Profit (Loss) Before Taxation & Exceptional items	(15,759.85)	(3,957.23)
		Adjustment For		
	a	Depreciation	3,077.75	2,862.10
	b	Interest & Financial Charges	9,062.29	8,382.57
	c	Bad Debts & Provision	14,561.18	7,744.98
	d	Interest Income	(700.07)	172.39
		Sub Total	**26,001.15**	**19,162.07**
		Operating Profit Before Working Capital Change	**10,241.30**	**15,204.84**
		Adjustment for		
	a	Inventories	1,362.06	(428.45)
	b	Trade Receivable	(5,787.41)	(11,466.10)
	c	Other Current Assets	(910.11)	1,676.73
	d	Financial assets-others	(100.55)	129.39
	e	Other financial Liab	(1,095.77)	(968.55)
	f	Financial Liabilities-Borrowings	3,463.86	2,015.54
	g	Trade Payable	2,279.37	(2,674.10)
	h	Bank balance other than cash	(107.42)	1,730.46
	i	Provisions		
		Sub Total	**(916.71)**	**(9,007.66)**
		NET CASH FROM OPERATING ACTIVITIES (A)	**9,324.59**	**6,197.18**
B		**CASH FLOW FROM INVESTING ACTIVITIES**		
	a	Decrease (Increase) in Property Plant & Equipment	(6,749.96)	(3,856.04)
	b	(Increase)/Decrease in Investments	0.01	180.22
	c	Decrease/(Increase) in Loans & Other financial assets Non current Assets	2,071.72	480.96
	d	Interest Incomes	200.07	(172.39)
	e	Decrease (Increase) in Intangible assets	(101.23)	(52.00)
	f	Decrease (Increase) in Intangible assets under development	59.07	(80.36)
	g	Decrease (Increase) in Asset not in possession	(4.39)	17.67
		NET CASH GENERATED FROM INVESTING ACTIVITIES (B)	**(4,525.31)**	**(3,268.38)**
C		**CASH FLOW FROM FINANCING ACTIVITIES**		
	a	Proceeds from Borrowing	(7,174.48)	(2,045.60)
	b	Proceeds from Share Capital	8,786.39	5,552.62
	c	Proceed from other equity	(532.51)	1,232.62
	d	Other long term liabilities	435.32	1,301.37
	e	Interest & Financial Charges	(9,062.29)	(8,382.57)
		NET CASH GENERATED FROM FINANCING ACTIVITIES (C)	**(6,550.57)**	**(3,191.33)**
		NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	**(1,751.29)**	**(260.53)**
		CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**5,977.58**	**6,238.11**
		CASH & CASH EQUIVALENTS AT THE END OF THE YEAR (Refer Note no 11A)	**4,226.29**	**5,977.58**

1. This Statement has been prepared under indirect method as prescribed by Ind AS 07
2. Cash and cash equivalent consists of cash in hand, bank balances with scheduled banks and fixed deposits with banks.
3. Previous year figures have been regrouped and reclassified wherever considered necessary.

(Jitesh Grover)	(Nitin Nijhawan)	(Nidhi Kumar Narang)	(Pankaj Kumar)
Company Secretary	Chief Financial Officer	Director(Finance)	Managing Director
(Additional Charge)		DIN: 03473420	DIN: 08095154

Place : Lucknow

Date : 15/09/2023

Subject to our report of even date

For D. Pathak & Co.

Chartered Accountants

FRN: 001450C

(A. K. Dwivedi)

Partner

M.No. 071584

UDIN: 23071584BGWZLF2793

ANNEXURE I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results

(Rs. In Crores.)

Statement on Impact of Audit Qualifications for the financial Year ended March 31, 2023 [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	68840.74	71498.87
	2	Total Expenditure	83404.09	87032.56
	3	Other Comprehensive Income	(1.27)	(1.27)
	4	Exceptional Items	(8.89)	(8.89)
	5	Net Profit/(Loss)	(14573.51)	(15543.85)
	6	Earnings Per Share	(126.81)	(135.26)
	7	Total Assets	125512.68	124580.52
	8	Total Liabilities	100486.07	100524.25
	9	Net Worth	25026.61	24056.27
	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		

(Nitin Nijhawan)
Chief Financial Officer

(P.Guruprasad)
Chairman of Audit Committee
& Non- Executive Director

(Pankaj Kumar)
Managing Director
DIN: 08095154

For D Pathak & Co
Chartered Accountants
FRN: 001439C

(A K Dwivedi)
Partner
M No. 071584

Place: Lucknow
Date: 15/09/2023

Annexure-A

S No.	Basis of Qualified Opinion of Statutory Audit Report for F.Y 2022-23	Frequency
	UPPCL (Stand Alone)	
1	1. Note- 12 Other (Current Assets) Rs.1567.90 Crore include Rs 431.68 crore Receivable from Generators as mentioned in Para 24 of Notes to Accounts-30 for which no confirmation and reconciliations are available. Same has been reported in last year Audit for making suitable Provision. We are of the opinion that Provision for Rs 431.68 crore "Receivable from Generators" should be made in accounts. ***Management Reply*** Receivable from Generators of Rs 431.68 Crore relates to old balances which are under reconciliation and, therefore, consequential adjustment/correction will be made accordingly.	First Time
2	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, 2023 (Refer Para 29 of Note – 30 "Notes on Accounts"), **which is not in accordance with Ind AS 36 Impairment of Assets**.	Repetitive
3	Loans and Other Financial Assets (Note-6), Trade Receivables-Others (Note-8), Financial Assets-Others (Note-11), Other Current Assets - (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. Similar issues also were brought to the notice of management in previous audit report but no corrective actions seem to have been taken in the financial year 2022-23. Major Balances include a) Rs 15.55 Crore (Note No. 6)-Loans & other financial Assets (Non-Current) including Rs. 5.19 Crore (Security Deposits) and Overlay Charges Rs 10.36 Crore and b) Sundry Receivable (Rs.685.13 Crore)-Financial Assets – Other (Current), Note No-11 including Rs. 408.24 Crore relating to Unscheduled Interchanges Charges Pool a/c, Reactive Energy Charges Rs. 123.79 Crore, and Misc. deposits/balances Rs. 29.26 Crore respectively. **In absence of complete details and balance confirmation, we are of the view that provision should be made in the accounts to the extent of Rs.576.84cr. for old balances as reflected in Note-11 financial Assets-Other (Current Assets) and Note No. 6, Loans & other financial Assets (Non-Current). Loss of the company is understated and other receivable is overstated to that extent.** ***Management Reply*** (pointed out by audit as old balances includes the balances relating to UI charges of Rs 408.24 cr and reactive energy charges of Rs 123.79 crore, in which regular movement is taking place. However, all the balances are being	Repetitive

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	scrutinized/reconciled and necessary and corrective action , if any, will be made. Hence, the above amount cannot be treated as a loss to the company unless reconciliation is completed.	
4	Purchases as per Note No-22 for Rs.68653.93 Crore, includes Sales to Indian Energy Exchange for Rs 2581.77 Cr, **which has resulted into reduction/understatement of Purchases and consequent understatement of Sales of Energy** (Note No-20, Revenue for Operation). ***Management Reply*** Since the company purchases power from generators only for the sale of power to subsidiary discoms and, therefore, purchase and sales of power through Indian Energy Exchange Ltd is also taken in calculation of total power purchase cost and the same cost is taken for raising the bills on Discoms towards sale of power. As such there is no impact on profit & loss account of the company.	Repetitive
5	**a.) Restructuring Reserve:** A Credit balance of Rs. 540.31 Crore is included in "Other Equity Note-14 as restructuring reserve. As confirmed to us, the balances are old and has been transferred through transfer scheme. No detail was available for aforesaid Reserves.	First Time
	b.) Capital Reserve: No details have been provided to us regarding capital reserve Rs 195.95 Crore.	First Time
6	Note-19 Other Financial Liabilities- Current includes Deposits and Retentions from Suppliers & Others Rs 264.65 crore for which no detail is available.	First Time
7	Details of charges filed with ROC against borrowing from bank and few generators have not been disclosed in the respective Notes to Accounts. On examination of search report furnished to us, it was known that pari-passu charges has been registered on receivables /Current assets of the company against borrowings sanctioned by the bankers, while Debenture Trust deed executed with the trustees of the bonds shows that there is an exclusive charge on Current assets/ receivables of the company including book-debts which is in contravention of the terms of the hypothecation deed executed with the bankers. Company has to take up the matter suitably with the Lenders. Appropriate disclosure for the same has not been given in the Notes to accounts.	First Time
8	**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**	

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(Indian Accounting Standards) Rules, 2015 (as amended):	Repetitive
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 realis ability/settlement/ confirmation of balances for 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. Few specific instances include Unscheduled Interchanges Charges Pool a/c is Rs 514.86 Cr and Reactive Energy Charges Rs 123.79 Cr as on 31st march 2023 included in "Current Assets-Other" Note -11.	
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) (d). Such employee cost to the extent not directly attributable to the acquisition and/or installation of Property, Plant and Equipment **is inconsistent with Ind AS 16 Property, Plant and Equipment**. This has resulted in overstatement of fixed assets and depreciation and understatement of employee cost. However, impact is not quantifiable at this stage.	Repetitive
d. Inventory which includes stores and spares for capital works, operation and maintenance and others is valued at cost (Refer accounting policy no.(VI) 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	Repetitive
e. Accounting for Employee Benefits: Actuarial Valuation of gratuity liability of the employees covered under GPF scheme has not been obtained. (Refer Para 5 (a) Note – 30 "Notes on Accounts"). **This is inconsistent with Ind AS 19 Employee Benefits.**	Repetitive
f. The Financial Assets (Note-6, 8 and 11) have not been measured at fair value as required by **Ind AS 109 Financial Instruments** and proper disclosures as	Repetitive

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	required in **Ind AS 107 Financial Instruments: Disclosures,** have not been done for the same. g. Further Company has not disclosed the reasons for non- compliance of various Ind AS as required by IND AS-1 Presentation of Financial Statements.	Repetitive
9	Inter unit transactions amounting Rs.148.17 Cr, are **subject to reconciliation and consequential adjustments.** (Refer Para 8 Note – 30"Notes on Accounts"). Necessary accountal will be made after review of the same.	Repetitive
10	Note-16 **"FINANCIAL LIABILITIES OTHERS (NON-CURRENT)"** includes Rs 804.87 Crore **Liabilities against Loan,** the nature of loan and its terms and conditions are not disclosed.	First time
11	C&AG auditors during audit of financial year 2020-21 have commented up on understatement of provision of impairment on investment in DISCOMS since company had credited recoverable amount from Govt. of U.P under Atmar Nirbhar Bharat Subsidy Scheme to "other equity" instead of "Deferred Income" which was consequently included in the Net worth of the DISCOMs and considered for making provision towards investment in DISCOMs. Company has neither made any adjustment in the books of account nor disclosed properly the reasons for non- rectification of such material error in the notes to Accounts. This is having impact on the provision for impairment/consequential losses and state of affairs of the company to the extent of Rs 16940.00 crore as reflected in Receivable from GOI in CFS as on 31.03.2023. It is learnt from management Representation Letter that company is referring the issue for the opinion of Expert Advisory Committee, of ICAI. Pending receipt of such opinion, its impact on accounts cannot be ascertained at this stage.	First time
12.	**Non- compliance of Accounting Policies:** Company has to review certain accounting policies which are in contradiction with accounting treatment given in the financial statements. Major instances are given below.:- a) INVESTMENTS: Provision for impairment is not being made at its Fair Value as per IND AS-109 as mentioned in the respective accounting policy. b) FINANCIAL ASSETS: Financial assets on subsequent measurement are not recorded at amortized cost as per IND AS- 109. as mentioned in respective accounting policy. Impairment on financial assets are not being made based on Expected loss. c) FINANCIAL LIABILITIES: Borrowings are not measured at Fair value using effective r ate of Interest as mentioned in the accounting policy.	Repetitive
13.	**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	Repetitive

	b) Branch Auditors trial balance is showing Buildings under the head AG Code 10.211 "Office Building" amounting to Rs. 42,08,722.10 but information regarding the Land of corresponding assets not provided to us. **#Units641 – Civil**	First time
	c) An amount of Rs 36506.76 is shown under the head Scrap Materials A/c (A/c Code 22 770), on review of the said account we were explained that these are group of assets which has been fully depreciated and are being carried at its residual value. Further, since fixed assets register is not being maintained these assets cannot be identified. Furthermore, no report of any committee who identified the above assets as scrap was provided to us. Further, as per Ind AS 16 (Property, Plant and Equipment) which requires measurement of such kind of assets at its net realizable value which has not been worked out. Therefore, we cannot comment upon the value at which these assets are carried. **#Units330 – EIE&PC**	First time
	d) The zone is not evaluating the Property Plants and Equipment (PPE) for impairment as required under INDAS 36, as explained to us revaluation of PPE is not permitted by the Electricity (Supply) (Annual Accounts) Rules, 1985, the exception may be because the PPE cost is built in the Fixed Cost of the tariff but as explained to us the cost of PPE of the Company is not approved under the tariff approved by the regulator neither Depreciation is allocated to the Distribution companies. The company has not sought any clarification from relevant regulatory authorities regarding the same.	First time
	B. Payment of Lease i) Unit #972 (UP Vigilance Cell) and #unit 327 (Electricity Store Procurement Circle) are being maintained at rental premises. As explained to us the rent of Unit 972 is being deposited to Court as the ownership of the premises is sub-judice. Further latest lease agreement and the rent receipt were not being provided to us for premises with Unit 327, further Compliances of Ind AS 116 is not done at zone level.	First time
	C. Investments 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 to MPPMCL as explained to us the amount of Equity contribution is not identified in books of accounts further necessary detail on the same is required from Fund section of the company by the EIE&PC which remained unclarified till date, therefore in absence of information and adequate explanation we cannot comment upon it.	First time
	D. The balances in account of party, contractors, Governments Departments, etc., including those balances appearing under loan and advances & other receivables are subject to confirmation and reconciliation. The impact of adjustment if any, which may arise out of the confirmation and reconciliation process cannot be commented upon.	First time

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E. Branch Auditors observed lack of proper system of review for identifying doubtful dues, especially those arising out of disputes pending before respective judicial forums and absence of regular follow ups with the respective parties for recoverability of outstanding balances In the absence of which we are unable to quantify the amount of provision which is required for irrecoverable or doubtful dues and its consequential impact on the financial statements. **.#Units330 – EIE&PC**	First time
F. **TDS Receivables-** i) The unit has accounting TDS receivable of Rs 749029895.47 pertaining to Power sale to Distributing companies (DISCOMS)however as per 26 AS Rs. 739563769.47 is TDS receivable being reflected against the sale of power to the DISCOM as explained the necessary adjustment will be done at HQ Level. **(UNIT CODE330)**	First time
ii) As observed the zone has following balances as TDS receivable appearing in the books of the zone, in the absence of year wise breakup and status of completion of the assessment, we cannot comment upon the genuineness of the same. Branch Auditors following balances were outstanding on 31.03.2023	First time

S. no	Unit Code	Unit Name	AG Code	Amount Outstanding (Rs.)
1	982	ETI	27.425	19,47,440.00
2	973	Service Commission	27.425	-12,04,953.00
3	646	Maintenance	27.425	5,730.00
4	645	Civil Const. Aliganj	27.425	11,98,908.00
5	641	Civil	27.421	-3,38,872.00
6	641	Civil	27.425	1,79,519.00
7	330	Import and Export	27.422	76,99,77,097.64
8	330	Import and Export	27.425	9,61,37,377.20
9	327	ESPC	27.425	13,848.00
Total TDS Receivables				86,79,16,094.84

G. **Trade payables** Trade payable having debit balances for power purchase of following parties, in several cases excess payment of Rs.3917614447.47 has been made to the parties namely NHPC- Rs.(-)3432723674.00, TEESTA URJA LTD. Rs. (-)3722.00, NOAR- Rs. (-)3633710.00, POWERGRID RAMPUR SAMBHAL TRANSMISSION LTD. Rs. (-)16432986.00, M/S SIMBHAULI SUGAR MILLS Rs. (-)76155192.24, M/S DWARIKESH SUGAR MILLS LTD. Rs. (-)2216562.75, TRIVENI ENG.& IND.LTD DEOBAND Rs.(-)74915812.07, TRIVENI ENGINEERING LTD., MILAK NARAIYAN Rs.(-)69228689.50, BAJAJ HINDUSTAN LTD. UTRAULA Rs. (-)10440643.57, BAJAJ HINDUSTAN LTD, (GANGAULI) Rs. (-)34873409.42, BAJAJ HINDUSTAN LIMITED, BARKH Rs. (-)1662752.45, BAJAJ SUGAR	Repetitive

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	monthly trial balances 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.	
14	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 2021-22, instead of financial year 2022-23. (Para 28 of Note- 30 "Notes on Accounts").	Repetitive
15	**Non-Disclosures in Notes to Accounts: -** Following disclosures have not been made in accounts: - a. Disclosure regarding amount of subsidy not accounted for in case of disputed solar power cases. b. Allotment date for Share application money placed with DISCOMS. c. Risk Management factor do not include Matrix of Age Wise Borrowings and Liabilities due.	First time
16	**Major Non-Compliances of Law** i) Company has not appointed any Company Secretary as required u/s 203 of Company Act 2013. ii) As per section 177 of the companies acts 2013, following major compliances/ issues were not placed before Audit committee as also delegated by the Board of Directors: a. Approval or any subsequent modification of transactions of the company with related parties. b. Scrutiny of inter-corporate loans and investments. c. Evaluation of internal financial controls and risk management systems. d. Monitoring the end use raised through public offers and related matters. iii) Company has not held meeting of Risk Management committee, Stakeholder committee etc. during the year under review.	First time
17	**2. Major Audit observations in Material Management Zone Audit Report: -** **A. Property Plant and Equipment: -** a) Branch Auditors trial balance is showing Buildings under the head AG Code 10.208 "Building CONTA DIST INST" amounting to Rs. 48,34,196.68 and under AG Code 10.211 Office building amounting to Rs. 11,65,227.05, but information regarding the Land of corresponding assets not provided to us. **#Units645 – Elec Civil ConstDiv – 1**	First time

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Annexure-A

LIMITED, BARKHERA, Rs. (-)36495325.42, BAJAJ HIND.L., KUNDARKHI Rs.(-)11714482.31, & BAJAJ HIND.L., PALIAKALAN, LAK Rs. (-)147117485.74 and other includes old balances which are under reconciliation, year of advance if any is not provided to us neither was available with the unit, neither current status was explained to us further it should be emphasized that the advances and excess payments are not interest bearing therefore loss to the corporation if any cannot be determined in the absence of clarification and adequate details. Bearing lack of documentation and adequate information, the recoverability or provision for doubtful amount cannot be commented upon at this stage **(Unit#330 EIE&PC)**.

Trade payable having debit balances for power purchase of following parties, in several cases excess payment of Rs.3917614447.47 has been made to the parties namely NHPC- Rs.(-)3432723674.00, TEESTA URJA LTD. Rs. (-)3722.00, NOAR- Rs. (-)3633710.00, POWERGRID RAMPUR SAMBHAL TRANSMISSION LTD. Rs. (-)16432986.00, M/S SIMBHAULI SUGAR MILLS Rs. (-)76155192.24, M/S DWARIKESH SUGAR MILLS LTD. Rs. (-)2216562.75, TRIVENI ENG.& IND.LTD DEOBAND Rs.(-)74915812.07, TRIVENI ENGINEERING LTD., MILAK NARAIYAN Rs.(-)69228689.50, BAJAJ HINDUSTAN LTD. UTRAULA Rs. (-)10440643.57, BAJAJ HINDUSTAN LTD. (GANGAULI) Rs. (-)34873409.42, BAJAJ HINDUSTAN LIMITED, BARKH Rs. (-)1662752.45, BAJAJ SUGAR LIMITED, BARKHERA, Rs. (-)36495325.42, BAJAJ HIND.L., KUNDARKHI Rs.(-)11714482.31, & BAJAJ HIND.L., PALIAKALAN, LAK Rs. (-)147117485.74 and other includes old balances which are under reconciliation, year of advance if any is not provided to us neither was available with the unit, neither current status was explained to us further it should be emphasized that the advances and excess payments are not interest bearing therefore loss to the corporation if any cannot be determined in the absence of clarification and adequate details. Bearing lack of documentation and adequate information, the recoverability or provision for doubtful amount cannot be commented upon at this stage **(Unit#330 EIE&PC)**.

OLD BALANCES		
AG Code	Name of The Generator	Total Balance
41.106	MADHYA PRADESH	-255974801.81
41.110	BHAKRA PROJECT MANAGEMENT BOARD	-16575376.60

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Annexure-A

41.128	KARNATAKA P.C.L.	-2088110.00
41.134	MSEDCL	-15502004.00
41.405	LANKO EU LIMITED	-9705040.12
41.411	G.M.R. ENERGY PVT. LTD.	-60719.00
41.420	MANIKARAN	-1534738.00
41.422	M/S A.C.C. LTD.	-775440.00
41.427	MITTAL PROC.PVT.LTD.GHAZIABAD	-46511195.00
41.432	TECH. ASSOCIATES	-6931463.93
41.743	WAVE INDUSTRIES PVT. LTD. (ERS	-1660526.78
41.205	HIMACHAL PRADESH	-1688774.00
	Total	-359007989.24

Management Reply

No excess payment has been made to any generators. The payment is made only against purchase of power from generator/ supply of power by the generator.Infact, debit balance of Rs 391.76 Crore relating to power purchase liability also includes the old balances which are under reconciliation and necessary corrective action will be made accordingly.

Repetitive

H. Staff and Other Liabilities

The Zone has not provided relevant details of the following outstanding balances, (above more than Rs 1.00 Crore) which are quit old and details of same could not furnished to Branch Auditors.-

First time

UNIT CODE	AG CODE	HEAD OF ACCOUNT	Dr.	Amount (INR)
983	44.620	CPF EMP Recovery	Cr.	(15618278.00)
971	44.412	Liability to Madhyanchal - EC/ED	Cr.	(8227668.67)
	44.610	Liability to Trust For EMP - GPF	Cr.	(208115768.53)
	44.620	CPF Employee Share	Cr.	(16882312.00)
	44.621	CPF Employer Share Contribution	Cr.	(11031894.00)
330	46.936	AMT PAYBL-OTHER EB/ST GOVT./LB	Cr.	(6,01,50,278.05)
	46.936L	GL.PAYABLE UPJVNL	Cr.	(90,81,65,774.00)
	46.98	RECEIVABLE ACCOUNT	Cr.	(48,15,483.00)
	46.989	U.P.P.T.C.L.	Cr.	(62,00,56,928.13)

Repetitive

I. Power Purchase

i) There is no effective system in place to verify power purchase for completeness, 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.

Repetitive

ii) During our audit we were explained that the reconciliation with Power Generator Companies from F.Y 2018-19 till FY 2022-23 is being carried

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out by M/S Mercados Marketing Energy Private Limited contracted in January 2021, at a fees of Rs 2,39,48,100.00 adjustment if any upon reconciliation will be done upon submission of final report by the contractor. Furthermore, the reconciliation for balances pertaining to financial years before 2018-19 will be handled by additional staff, but no cost comparison between the two reconciliation methods was provided to us, which created a gap in understanding the efficiency and effectiveness of each approach between the contractor-led reconciliation and the additional staff-led reconciliation.

Repetitive

iii) Generation based Incentives (GBI) receivable from IREDA amounting to INR9,66,31,925.88 (Previous Year - INR 9,77,33,211.20) and a sum of INR (265,13,53,853.51) (Previous Year - INR (85,62,65,550.77) from UPNEDA are subject to confirmation and reconciliation and Consequential adjustment. (Unit#330 EIE&PC)

iv) The zone has received interest amounting to Rs. 38,17,77,874 and TDS receivable of Rs. 38177789.20 thereon, the amount of interest has been netted off from the purchase cost in the books. Purchase cost and interest income, therefore are understated to the extent of INR 38,17,77,874 (Unit#330 EIE&PC)

First time

Management Reply

Power purchase bills of generators includes Interest receivable on account of adjustments/revision in compliance of UPERC/CERC regulations/orders etc, hence the same is also taken in calculating total power purchase cost. Since the total power purchase cost is to be transferred to subsidiary discoms as power sale price. Hence, there is no understatement/overstatement of profit/loss and no impact on profitability.

First time

J. Provision for Late Payment Surcharge

Unit has accounted total late payment surcharge Rs.5695614955.00 out of which an amount of Rs1123754841.00 is for bills remained unverified. Accounting system adopted by the unit is in diversion of accepted accounting policy on accounting on accrual basis where the LPS should be accrued after the specified time period of unpaid bills as specified in their PPA, whereas only bills are accounted which is received by EI&PC unit. No system was observed where bill wise LPS pending overdue for payment is accrued and accounted. It is further observed there is no system in place which could provide information regarding outstanding and overdue bills details over which LPS need to be accrued and whether the accrual has been accounted or not. Therefore, we cannot comment upon on the amount of overstated profit/understated loss of the zone for the financial year 2022-2023 on account of provision of late payment surcharge.

First time

K. Bank Reconciliation Statement: -

On review of the bank reconciliation statements we observed that old Un-

First time

	reconciled balance of INR Rs. 138164.34 for which no adjustment /reversal has been made in the books of accounts. # **Unit983 – DG Vigilance** **L. Pending legal cases at different forums** On our query during test check audit of liabilities on pending legal cases at different forums, we were explained that the status of court cases received from PPA unit, Planning unit Power Management Cell and SPAT unit has been considered by the Zone and the same has been disclosed as contingent liability. However, no details were provided to us during our audit and as explained to us the zone has no information relating to the cases and the same is dealt at HQ level. Therefore, we cannot comment upon the status of the cases and its financial implication on the books of accounts. **M. Provision for Power Purchase and Unverified LPS and Power Purchase cost: -** The Zone has booked an amount of Rs. 807.32 crore, as unbilled and unverified power purchase cost and Rs. 112.37 crore, as LPS Charges (unverified), on our examination and explanation provide to us, we observed that these charges are unverified and booked under expenditure on reasonable estimate, further as explained necessary deviation on their verification will be accounted at the time of verification. Therefore, impact if any on account of verification cannot be commented upon at this stage.However, Management has confirmed total amount of unbilled and unverified Power Purchase cost for Rs 9437 crore as on 31st March 2023. **N. Rental from Contractor** The unit has accounted Rental Income from Contractor M/S Prayagraj Power Generation Corporation Limited of Rs 2,29,927.00 further as explained to us the said amount is on account of Lease of Land to the contractor, however unit did not had any information of Land is being recorded in the books of which unit. **O. Sale of Scrap** The Zone has sold old/unserviceable asset for Rs. 1734359.00 during the Financial Year, however as explained the assets sold were very old and gross value was ascertained on the basis of committee report, therefore the correctness of the Profit on sale of Asset of Rs. 927298.00 cannot be commented upon due to lack of details	First time

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ANNEXURE I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results

(Rs. In Crore)

Statement on Impact of Audit Qualifications for the financial Year ended March 31, 2023 [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	90271.63	92891.58
	2	Total Expenditure	106031.48	109786.33
	3	Exceptional Items	-98.68	-98.68
	4	Other Comprehensive Income	-11.20	-11.20
	5	Net Profit/(Loss)	-15869.73	-17004.63
	6	Earnings Per Share	-138.09	-147.97
	7	Total Assets	185174.12	184039.22
	8	Total Liabilities	103272.83	103272.83
	9	Net Worth	81901.29	80766.39
	10	Any other financial item(s) (as left appropriate by the management)	-	-
II.	**Audit Qualification (each audit qualification separately)**			
		a. Details of Audit Qualification: Annexure-A		
		b. Type of qualification: Qualified Opinion		
		c. Frequency of qualification: Annexure-A		
		d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Refer Annexure-A		
		e. For Audit Qualification(s) where the impact is not quantified by the auditor:		
		(i) Management's estimation on the impact of audit qualification: NA		
		(ii) If Management is unable to estimate the impact, reasons for the same: Accounting of the Company is on Manual system and the records are maintained at different units. Hence, it is very difficult to collect the huge number of information to quantify the observations.		
		(iii)Auditor's Comments on (i) or (ii) above: NIL		

(Nitin Nijhawan)
Chief Financial Officer

(P. Guruprasad)
Chairman of Audit Committee & Non-Executive Director

(Pankaj Kumar)
Managing Director
DIN - 08095154

Place : Lucknow
Date : 15/9/23

For D. Pathak & Co.
Chartered Accountants
FRN No. 001439C

(A. 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, 2023)** 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
	A. <u>Uttar Pradesh Power Corporation Limited (UPPCL)</u> 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.	Note- 12 Other (Current Assets) Rs.1567.90 Crore include Rs 431.68 crore Receivable from Generators as mentioned in Para 24 of Notes to Accounts-30 for which no confirmation and reconciliations are available. Same has been reported in last year Audit for making suitable Provision. We are of the opinion that Provision for Rs 431.68 crore "Receivable from Generators" should be made in accounts. ***<u>Management Reply</u>*** Receivable from Generators of Rs 431.68 Crore relates to old balances which are under reconciliation and, therefore, consequential adjustment/correction will be made accordingly.	First Time
2.	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, 2023 (Refer Para 29 of Note – 30 "Notes on Accounts"), **which is not in accordance with Ind AS 36 Impairment of Assets.**	Repetitive
3.	Loans and Other Financial Assets (Note-6), Trade Receivables-Others (Note-8), Financial Assets-Others (Note-11), Other Current Assets - (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. Similar issues also were brought to the notice of management in previous audit report but no corrective actions seem to have been taken in the financial year 2022-23. Major Balances include a) Rs 15.55 Crore (Note No. 6)- Loans & other financial Assets (Non-Current) including Rs. 5.19 Crore (Security Deposits) and Overlay Charges Rs 10.36 Crore and b) Sundry Receivable (Rs.685.13 Crore)-Financial Assets – Other (Current), Note No-11 including Rs. 408.24 Crore relating to Unscheduled Interchanges Charges Pool a/c, Reactive Energy Charges Rs. 123.79 Crore, and Misc. deposits/balances Rs. 29.26 Crore respectively. **In absence of complete details and balance confirmation, we are of the view that provision should be made in the accounts to the extent of Rs.576.84cr. for old balances as reflected in Note-11 financial Assets-Other (Current Assets) and Note No. 6, Loans & other financial**	Repetitive

	Assets (Non-Current). Loss of the company is understated and other receivable is overstated to that extent. ***Management Reply*** (pointed out by audit as old balances includes the balances relating to UI charges of Rs 408.24 cr and reactive energy charges of Rs 123.79 crore, in which regular movement is taking place. However, all the balances are being scrutinized/reconciled and necessary and corrective action , if any, will be made. Hence, the above amount cannot be treated as a loss to the company unless reconciliation is completed.	
4.	Purchases as per Note No-22 for Rs.68653.93 Crore, includes Sales to Indian Energy Exchange for Rs 2581.77 Cr, **which has resulted into reduction/understatement of Purchases and consequent understatement of Sales of Energy** (Note No-20, Revenue for Operation). ***Management Reply*** Since the company purchases power from generators only for the sale of power to subsidiary discoms and, therefore, purchase and sales of power through Indian Energy Exchange Ltd is also taken in calculation of total power purchase cost and the same cost is taken for raising the bills on Discoms towards sale of power. As such there is no impact on profit & loss account of the company.	Repetitive
5.	**a.) Restructuring Reserve:** A Credit balance of Rs. 540.31 Crore is included in "Other Equity Note-14 as restructuring reserve. As confirmed to us, the balances are old and has been transferred through transfer scheme. No detail was available for aforesaid Reserves. **b.) Capital Reserve:** No details have been provided to us regarding capital reserve Rs 195.95 Crore.	First Time First Time
6.	Note-19 Other Financial Liabilities- Current includes Deposits and Retentions from Suppliers & Others Rs 264.65 crore for which no detail is available.	First Time
7.	Details of charges filed with ROC against borrowing from bank and few generators have not been disclosed in the respective Notes to Accounts. On examination of search report furnished to us, it was known that pari-passu charges has been registered on receivables /Current assets of the company against borrowings sanctioned by the bankers, while Debenture Trust deed executed with the trustees of the bonds shows that there is an exclusive charge on Current assets/ receivables of the company including book-debts which is in contravention of the terms of the hypothecation deed executed with the bankers. Company has to take up the matter suitably with the Lenders. Appropriate disclosure for the same has not been given in the Notes to accounts.	First Time
	Non-Compliances of Ind-AS	
8.	1. **The Company has not complied with the following Ind AS notified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended):** (a) Financial Assets- 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	 Repetitive

	balances which are outstanding for realisation/settlement since previous financial years and in the absence of **adequate information/explanations regarding the realis ability/settlement/ confirmation of balances for 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. Few specific instances include Unscheduled Interchanges Charges Pool a/c is Rs 514.86 Cr and Reactive Energy Charges Rs 123.79 Cr as on 31st march 2023 included in "Current Assets-Other" Note -11.	
	(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) (d). Such employee cost to the extent not directly attributable to the acquisition and/or installation of Property, Plant and Equipment **is inconsistent with Ind AS 16 Property, Plant and Equipment**. This has resulted in overstatement of fixed assets and depreciation and understatement of employee cost. However, impact is not quantifiable at this stage.	Repetitive
	(d) Inventory which includes stores and spares for capital works, operation and maintenance and others is valued at cost (Refer accounting policy no.(VI) 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	Repetitive
	(e) Accounting for Employee Benefits: Actuarial Valuation of gratuity liability of the employees covered under GPF scheme has not been obtained. (Refer Para 5 (a) Note – 30 "Notes on Accounts"). **This is inconsistent with Ind AS 19 Employee Benefits.**	Repetitive
	(f) The Financial Assets (Note-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.	Repetitive
	(g) Further Company has not disclosed the reasons for non- compliance of various Ind AS as required by IND AS-1 Presentation of Financial Statements.	Repetitive

9.	Inter unit transactions amounting Rs.148.17 Cr, **are subject to reconciliation and consequential adjustments.** (Refer Para 8 Note – 30"Notes on Accounts").	Repetitive
10.	Note-16 **"FINANCIAL LIABILITIES OTHERS (NON-CURRENT)"** includes Rs 804.87 Crore **Liabilities against Loan,** the nature of loan and its terms and conditions are not disclosed.	First Time
11.	**Non- compliance of Accounting Policies:**	
	Company has to review certain accounting policies which are in contradiction with accounting treatment given in the financial statements. Major instances are given below.:- a) INVESTMENTS: Provision for impairment is not being made at its Fair Value as per IND AS-109 as mentioned in the respective accounting policy. b) FINANCIAL ASSETS: Financial assets on subsequent measurement are not recorded at amortized cost as per IND AS- 109. as mentioned in respective accounting policy. Impairment on financial assets are not being made based on Expected loss. c) FINANCIAL LIABILITIES: Borrowings are not measured at Fair value using effective rate of Interest as mentioned in the accounting policy.	Repetitive
12.	**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 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
13.	**Non-Disclosures in Notes to Accounts: -**	
	Following disclosures have not been made in accounts: - a. Disclosure regarding amount of subsidy not accounted for in case of disputed solar power cases. b. Allotment date for Share application money placed with DISCOMS. c. Risk Management factor do not include Matrix of Age Wise Borrowings and Liabilities due.	First Time
14.	**Major Non-Compliances of Law**	
	i) Secretarial Compliance report has not been filed by company till date. Company has not appointed any Company Secretary as required u/s 203 of Company Act 2013. ii) As per section 177 of the companies acts 2013, following major compliances/ issues were not placed before Audit committee.as also delegated by the Board of Directors: a. Approval or any subsequent modification of transactions of the company with related parties. b. Scrutiny of inter-corporate loans and investments. c. Evaluation of internal financial controls and risk management systems. d. Monitoring the end use raised through public offers and related matters. iii) Company has not held meeting of Risk Management committee, Stakeholder committee etc. during the year under review.	First Time
15.	**Major Audit observations in Material Management Zone Audit Report: -**	
	A. Property Plant and Equipment: -	

	a) Branch Auditors trial balance is showing Buildings under the head AG Code 10.208 "Building CONTA DIST INST" amounting to Rs. 48,34,196.68 and under AG Code 10.211 Office building amounting to Rs. 11,65,227.05, but information regarding the Land of corresponding assets not provided to us. **#Units645 – Elec Civil ConstDiv - 1**	First Time
	b) Branch Auditors trial balance is showing Buildings under the head AG Code 10.211 "Office Building" amounting to Rs. 42,08,722.10 but information regarding the Land of corresponding assets not provided to us. **#Units641 – Civil**	First Time
	c) An amount of Rs 36506.76 is shown under the head Scrap Materials A/c (A/c Code 22 770), on review of the said account we were explained that these are group of assets which has been fully depreciated and are being carried at its residual value. Further, since fixed assets register is not being maintained these assets cannot be identified. Furthermore, no report of any committee who identified the above assets as scrap was provided to us. Further, as per Ind AS 16 (Property, Plant and Equipment) which requires measurement of such kind of assets at its net realizable value which has not been worked out. Therefore, we cannot comment upon the value at which these assets are carried. **#Units330 – EIE&PC**	First Time
	d) The zone is not evaluating the Property Plants and Equipment (PPE) for impairment as required under INDAS 36, as explained to us revaluation of PPE is not permitted by the Electricity (Supply) (Annual Accounts) Rules, 1985, the exception may be because the PPE cost is built in the Fixed Cost of the tariff but as explained to us the cost of PPE of the Company is not approved under the tariff approved by the regulator neither Depreciation is allocated to the Distribution companies. The company has not sought any clarification from relevant regulatory authorities regarding the same.	First Time
	B. Payment of Lease Unit #972 (UP Vigilance Cell) and #unit 327 (Electricity Store Procurement Circle) are being maintained at rental premises. As explained to us the rent of Unit 972 is being deposited to Court as the ownership of the premises is sub-judice. Further latest lease agreement and the rent receipt were not being provided to us for premises with Unit 327, further Compliances of Ind AS 116 is not done at zone level.	First Time
	C. Investments 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 to MPPMCL as explained to us the amount of Equity contribution is not identified in books of accounts further necessary detail on the same is required from Fund section of the company by the EIE&PC which remained unclarified till date, therefore in absence of information and adequate explanation we cannot comment upon it.	First Time
	D. The balances in account of party, contractors, Governments Departments, etc., including those balances appearing under loan and advances & other receivables are subject to confirmation and reconciliation. The impact of adjustment if any, which may arise out of the confirmation and reconciliation process cannot be commented upon.	
	E. Branch Auditors observed lack of proper system of review for identifying doubtful dues, especially those arising out of disputes pending before respective judicial forums	First Time

	and absence of regular follow ups with the respective parties for recoverability of outstanding balances In the absence of which we are unable to quantify the amount of provision which is required for irrecoverable or doubtful dues and its consequential impact on the financial statements. . **#Units330 – EIE&PC**	First Time

F. **TDS Receivables-**

As observed the zone has following balances as TDS receivable appearing in the books of the zone, in the absence of year wise breakup and status of completion of the assessment, we cannot comment upon the genuineness of the same. Branch Auditors following balances were outstanding on 31.03.2023

First Time

S. no	Unit Code	Unit Name	AG Code	Amount Outstanding (Rs.)
1	982	ETI	27.425	19,47,440.00
2	973	Service Commission	27.425	-12,04,953.00
3	646	Maintenance	27.425	5,730.00
4	645	Civil Const. Aliganj	27.425	11,98,908.00
5	641	Civil	27.421	-3,38,872.00
6	641	Civil	27.425	1,79,519.00
7	330	Import and Export	27.422	76,99,77,097.64
8	330	Import and Export	27.425	9,61,37,377.20
9	327	ESPC	27.425	13,848.00
Total TDS Receivables				86,79,16,094.84

G. **Trade payables**

H. Trade payable having debit balances for power purchase of following parties, in several cases excess payment of Rs.3917614447.47 has been made to the parties namely NHPC- Rs. (-)3432723674.00, TEESTA URJA LTD. Rs. (-)3722.00, NOAR-Rs. (-)3633710.00, POWERGRID RAMPUR SAMBHAL TRANSMISSION LTD. Rs. (-)16432986.00, M/S SIMBHAULI SUGAR MILLS Rs. (-)76155192.24, M/S DWARIKESH SUGAR MILLS LTD. Rs. (-)2216562.75, TRIVENI ENG.& IND.LTD DEOBAND Rs.(-)74915812.07, TRIVENI ENGINEERING LTD., MILAK NARAIYAN Rs.(-)69228689.50, BAJAJ HINDUSTAN LTD. UTRAULA Rs. (-)10440643.57, BAJAJ HINDUSTAN LTD, (GANGAULI) Rs. (-)34873409.42, BAJAJ HINDUSTAN LIMITED, BARKH Rs. (-)1662752.45, BAJAJ SUGAR LIMITED, BARKHERA, Rs. (-)36495325.42, BAJAJ HIND.L., KUNDARKHI Rs.(-)11714482.31, & BAJAJ HIND.L., PALIAKALAN, LAK Rs. (-)147117485.74 and other includes old balances which are under reconciliation, year of advance if any is not provided to us neither was available with the unit, neither current status was explained to us further it should be emphasized that the advances and excess payments are not interest bearing therefore loss to the corporation if any cannot be determined in the absence of clarification and adequate details. Bearing lack of documentation

Repetitive

and adequate information, the recoverability or provision for doubtful amount cannot be commented upon at this stage **(Unit#330 EIE&PC)**.

OLD BALANCES		
AG Code	**Name of The Generator**	**Total Balance**
41.106	MADHYA PRADESH	-255974601.81
41.110	BHAKRA PROJECT MANAGEMENT BOARD	-16575376.60
41.128	KARNATAKA P.C.L.	-2088110.00
41.134	MSEDCL	-15502004.00
41.405	LANKO EU LIMITED	-9705040.12
41.411	G.M.R. ENERGY PVT. LTD.	-60719.00
41.420	MANIKARAN	-1534738.00
41.422	M/S A.C.C. LTD.	-775440.00
41.427	MITTAL PROC.PVT.LTD.GHAZIABAD	-46511195.00
41.432	TECH. ASSOCIATES	-6931463.93
41.743	WAVE INDUSTRIES PVT. LTD. (ERS	-1660526.78
41.205	HIMACHAL PRADESH	-1688774.00
Total		**-359007989.24**

Repetitive

I. Staff and Other Liabilities

The Zone has not provided relevant details of the following outstanding balances, (above more than Rs 1.00 Crore) which are quit old and details of same could not furnished to Branch Auditors.:-

UNIT CODE	AG CODE	HEAD OF ACCOUNT	Dr.	Amount (INR)
983	44.620	CPF EMP Recovery	Cr.	(15618278.00)
971	44.412	Liability to Madhyanchal – EC/ED	Cr.	(8227668.67)
	44.610	Liability to Trust For EMP - GPF	Cr.	(208115768.53)
	44.620	CPF Employee Share	Cr.	(16982312.00)
	44.621	CPF Employer Share Contribution	Cr.	(11031894.00)
330	46 936	AMT PAYBL-OTHER EB/ST GOVT./LB	Cr.	(6,01,50,278.05)
	46 936E	GL PAYABLE UPJVNL	Cr.	(90,81,65,774.00)
	46 98	RECEIVABLE ACCOUNT	Cr.	(48,15,483.00)
	46 989	U.P.P.T.C.L.	Cr.	(62,00,56,928.13)

First Time

J. Power Purchase

i) There is no effective system in place to verify power purchase for completeness, 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.

ii) During our audit we were explained that the reconciliation with Power Generator Companies from F.Y 2018-19 till FY 2022-23 is being carried out by M/S Mercados Marketing Energy Private Limited contracted in January 2021, at a fees of Rs 2,39,48,100.00 adjustment if any upon reconciliation will be done upon submission of final report by the contractor, Furthermore, the reconciliation for balances pertaining to financial years before 2018-19 will be handled by additional staff, but no cost comparison between the two reconciliation methods was provided to us, which created a gap in understanding the efficiency and effectiveness of each approach between the contractor-led reconciliation and the additional staff-led reconciliation.		
iii) Generation based Incentives (GBI) receivable from IREDA amounting to INR9,66,31,925.88 (Previous Year – Rs 9,77,33,211.20) and a sum of Rs (265,13,53,853.51) (Previous Year - Rs (85,62,65,550.77) from UPNEDA are subject to confirmation and reconciliation and Consequential adjustment. (Unit#330 EIE&PC)		Repetitive
iv) The zone has received interest amounting to Rs. 38,17,77,874 and TDS receivable of Rs. 38177789.20 thereon, the amount of interest has been netted off from the purchase cost in the books. Purchase cost and interest income, therefore are understated to the extent of Rs. 38,17,77,874 (Unit#330 EIE&PC)		Repetitive
Management Reply Power purchase bills of generators includes Interest receivable on account of adjustments/revision in compliance of UPERC/CERC regulations/orders etc, hence the same is also taken in calculating total power purchase cost. Since the total power purchase cost is to be transferred to subsidiary discoms as power sale price. Hence, there is no understatement/overstatement of profit/loss and no impact on profitability.		Repetitive
K. Provision for Late Payment Surcharge Unit has accounted total late payment surcharge Rs.5695614955.00 out of which an amount of Rs1123754841.00 is for bills remained unverified. Accounting system adopted by the unit is in diversion of accepted accounting policy on accounting on accrual basis where the LPS should be accrued after the specified time period of unpaid bills as specified in their PPA, whereas only bills are accounted which is received by EI&PC unit. No system was observed where bill wise LPS pending overdue for payment is accrued and accounted. It is further observed there is no system in place which could provide information regarding outstanding and overdue bills details over which LPS need to be accrued and whether the accrual has been accounted or not. Therefore, we cannot comment upon on the amount of overstated profit/understated loss of the zone for the financial year 2022-2023 on account of provision of late payment surcharge.		Repetitive
L. Bank Reconciliation Statement: - On review of the bank reconciliation statements we observed that old Un-reconciled balance of INR Rs. 138164.34 for which no adjustment /reversal has been made in the books of accounts. # **Unit983 – DG Vigilance**		
M. Pending legal cases at different forums On our query during test check audit of liabilities on pending legal cases at different forums, we were explained that the status of court cases received from PPA unit, Planning unit Power Management Cell and SPAT unit has been considered by the Zone and the same has been disclosed as contingent liability. However, no details		First Time

were provided to us during our audit and as explained to us the zone has no information relating to the cases and the same is dealt at HQ level. Therefore, we cannot comment upon the status of the cases and its financial implication on the books of accounts.

N. Provision for Power Purchase and Unverified LPS and Power Purchase cost: -

The Zone has booked an amount of Rs. 807.32 crore, as unbilled and unverified power purchase cost and Rs. 112.37 crore, as LPS Charges (unverified), on our examination and explanation provide to us, we observed that these charges are unverified and booked under expenditure on reasonable estimate, further as explained necessary deviation on their verification will be accounted at the time of verification. Therefore, impact if any on account of verification cannot be commented upon at this stage. However, Management has confirmed total amount of unbilled and unverified Power Purchase cost for Rs 9437 crore as on 31st March 2023. — First Time

O. Rental from Contractor — First Time

The unit has accounted Rental Income from Contractor M/S PrayagRaj Power Generation Corporation Limited of Rs 2,29,927.00 further as explained to us the said amount is on account of Lease of Land to the contractor, however unit did not had any information of Land is being recorded in the books of which unit.

P. Sale of Scrap

The Zone has sold old/unserviceable asset for Rs. 1734359.00 during the Financial Year, however as explained the assets sold were very old and gross value was ascertained on the basis of committee report, therefore the correctness of the Profit on sale of Asset of Rs. 927298.00 cannot be commented upon due to lack of details.

B. <u>Common observations in Audit Report of Subsidiaries</u>

1. Trade Receivable on account of supply of Power: — First Time

As per Para No. 9 of Notes to Accounts, Company has changed its policy for provisioning of bad and doubtful debts against trade receivable considering the simplified approach as envisaged as per Ind AS-109 pertaining to expected losses method quantifying its consequential impact for Rs 12658.27 Cr, but it has followed graded provisioning over the period of four years commencing 40% in Financial Year 2022-23 with incremental provisioning of 20% each successive year which have resulted in deficient provisioning of bad and doubtful debts. Discoms Auditors were of the view that deferment of graded provision behind 31.03.2023 is the violation of Ind- As 109. Auditors of DVVNL has quantified the impact of short provision for Rs 5111.34 cr but other Auditors have not quantified the impact of deficient provisions.

However as per Age wise analysis given in the notes to accounts, a sum of Rs. 70398.95 Cr is outstanding from Non-Government Consumers for more than three years pertaining to group which constitute 65 % of total Trade Receivable. There is difference of Rs 1635.77 cr between amount of trade Receivable shown in Note No. 10 and as per Para 43(a) of Notes to Accounts.

Company needs to review its policy for provisioning considering the comments of statutory Auditors of Discoms, age-wise analysis of Non-Government consumers and other relevant factors mentioned in Ind As 109 relating to expected losses. However, in absence of complete details, total deficient provision of the group is not quantifiable at this stage.

	Subsidiaries wise brief observations on above issue are furnished below: -	
	a. **Madhyanchal Vidyut Vitran Nigam Ltd.** i. 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 Rs.27.27 Crores were reflected in 4 divisions of Ayodhya zone due to wrong classification of accounting entries in MTB.	Repetitive
	ii. We draw attention to Note 10 and para 42 of Note 31 to Notes to financial Statements relating to disclosures of trade receivables wherein the company has not ascertained and classified the Trade Receivables into 'Disputed/ Undisputed', 'significant increase in credit risk' and 'credit impaired', as required by amended Schedule III to the Companies Act, 2013.	Repetitive
	iii. The segregation of 'Trade Receivable (Current)' into Government/ Non-Government and ageing into different age buckets as per para 36(B) of note 1B have been made only on the basis of online billing data provided to the zonal auditors 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.	Repetitive
	Further, the total trade receivables as per the data provided by the commercial section as on 31st March 2023 did not match with the total 'trade receivables' as shown in the books of accounts of the company and the same has been reduced under the category of 'Non-Government consumers' under 'Receivables outstanding for more than 3 years' while categorizing the age buckets.	First Time
	The data used while calculating the rates of provisions like 'collection of receivables' and determining the unpaid amount against the 'assessment made in the base period' by the age buckets etc., were not verified by the concerned zonal auditors and hence have been relied upon by us based on management's certification	First Time
	b. **Purvanchal Vidyut Vitran Nigam Ltd** i. The age-wise classification done by the management is not appropriate. As per explanation and information given to us, the age-wise classification of debtors has been done on the basis of last payment date of the consumer and not on the basis of actual date of bills.	First Time
	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. 13660.98 Crore, total outstanding trade receivable for 1 year and less is Rs. 7790.83 crores, which shows that the realization of trade receivables is very poor. Further, total Trade Receivable outstanding at the yearend is Rs. 38634.44 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.	Repetitive
	ii. On direction of Hon'ble High Court, the UPPCL has directed the Company to get the special audit conducted at Distribution Division level of revision done in consumer's bills and accounting of its recovery in the cash book during the financial year 2021-22 and 2022-2023. As per information provided to us by the management, total No. of 36,02,611 bills and 11,92,487 bills have been revised during the financial year 2021-22 and 2022-23 respectively. However, the management has failed to provide the quantum of total amount involved. Since, the matter is at preliminary stage, the ultimate outcome of the same and its impact on the financial statement could not be ascertained	First Time

	c. **Pashcimanchal Vidvut Vitran Nigam Ltd.**	
	i. No revaluation loss has been recognized during the reporting period in respect of Trade Receivables based on security deposit equivalent to 45 days billing to cover the outstanding dues. In absence of adequate security deposit cover for customers under Government sponsored schemes, no provision for likely impairment loss has been provided against such receivables by the company. Under the circumstances, we are not in a position to comment on the possible impact thereof on the financial statements of the company. (Refer to Note No. 8 of Notes to Accounts	Repetitive
	ii. The company has not furnished the details of advance deposit received from consumers against temporary connection and the entire security deposits from them has been shown as non-current liabilities. In absence of such details, quantification of current and non-current liabilities therefrom is not possible and ascertained.	Repetitive
	iii. During the course of audit, we observed that a huge amount is lying as debtors, which has been classified into secured/unsecured and good/doubtful/ Govt./Non-Govt. Age wise analysis of outstanding is done in Note No. 8 of Financial statements, however, details thereof is not provided to us for the audit. Moreover, the classification into disputed and undisputed debtors are not done at all in Note No. 8 of Financial statements, which is not in accordance with amended Schedule III to the Companies Act 2013. Time barring/non-recoverable cases are not identified, in absence of any such classification, we are unable to comment there upon.	Repetitive
	d. **Dakshinanchal Vidvut Vitran Nigam Ltd.**	
	i. In our opinion, substantial un-reconciled amount of Rs. 4,508.08 Crores (Total Debtors as per Balance Sheet – 22,701.94 Crores (excluding KESCO 203.77 Crores, Torrent Power Limited 57.70 Crores, Prov. Of Unbilled Revenue 526.71 Crores & Theft of Power 0.69 Crores) less Total Debtor as per Billing Software – 18,193.86 Crores), of trade receivable as on 31.03.2023, as per billing software and Books of account, should be eligible for 100% written off as unidentified debts.	Repetitive
	ii. There is substantial un-reconciled difference of Rs. 1,109.83 Crores between revenue assessment of billing software and revenue booked in financial statements, for which inappropriate explanations were offered, the company should have identified reconciliation and recognised correct revenue in Profit & Loss account. Even Hon'ble Allahabad High Court has taken cognizance of such variances in some other cases for which information was not made available to us.	First Time
3.	**Comments on 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 Vidvut Vitran Nigam Ltd** There is no reasonable certainty for the recovery/payment of following amounts outstanding since long period of time without any balancing/reconciliation, hence should be reconciled and dealt accordingly:	Repetitive

S.No.	AG Code and Name	Amount (inCrores)
a.	46.302 Other Levies	Rs. 28.19
b.	46.330 Other State Levies Payable	Rs. 1.32
c.	44 Staff Related Liabilities (Debit Balance)	Rs. 3.06
d.	44 Staff Related Liabilities (Credit Balance)	Rs. 0.77
e.	U.P Rajya Vidyut Utpadan Nigam Limited	Rs. 0.95

f. U.P Power Transmission Corporation Limited Rs. 7.34

g. AG Code-28 (Transfer scheme balances) Rs. 12.22

h. AF Code 25.5 Advance Interest Free (Capital) (Under EE Admin) Rs. 9.38

i. AG Code 44.350A 7th Pay Commission Rs. 16.35

Details of transfer scheme balances for more the Rs 1 lakhs as reported by statutory Auditors id furnished below:

ZONES	AG CODES	NAME	AMOUNT (In Rs.)
ALIGARH			
	23.703	Pub Light Maintenance Charges	15,28,406.50 Dr
	25.1	Advance to Suppliers	1,13,696.00 Dr
	25.6	Ad pay to Stores	17,33,772.75 Dr
	28.744	Theft of Cash	16,55,861.15 Dr
	28.UTT	UTT	3,86,349.00 Dr
	44.310	Net salary payable sundry liabilities and provision	4,30,182.92 Cr
	53.612	Rural Deposit Scheme	52,88,176.05 Dr
	53.620	Financial Part Con	1,33,588.74 Dr
KANPUR	23.110	Railway Traction	9,16,04,948.13 Cr
	23.110A	Cess Lucknow	3,03,000.75 Dr
	23.110C	Kesco	81,71,24,383.56 Dr
	23.707K	Other Recovery From Consumer	122,06,09,198.57 Dr
	28.101	Sundry Debtor For Sale of Energy	68,95,705.94 Dr
	46.567	IUT Cash Within Zone	10,83,716.75 Dr
JHANSI	23.3	Others	82,72,08,850.07 Cr

Repetitive

II. Purvanchal Vidyut Vitran Nigam Ltd.

Details of major odd balances as reported by statutory Auditors is furnished below:

ASSETS CR BALANCE			LIABILITIES DR BALANCE		
AG		Balances (Rs.)	AG		Balances (Rs.)
14	64	2,61,72,455.12	42	1	7,56,38,238.11
14	85A	54,60,208.34	44	220	1,29,77,048.00
14	85Y	1,87,75,087.56	44	320	63,67,640.04
22	760	30,48,98,186.00	44	410	2,14,39,000.26

Repetitive

23	112	7,52,95,528.72	44	504	97,26,879.38
23	2	2,06,00,141.00	44	505	92,55,430.90
23	214	71,18,256.00	44	507	3,80,71,518.03
23	705	2,83,17,850.00	45	58	2,48,16,58,995.44
24	308	65,03,605.38	46	101	99,95,67,262.50
24	409B	35,79,26,602.71	46	123	88,33,412.52
28	610	3,74,10,04,794.00	46	2	1,08,63,96,130.84
31		7,03,25,49,602.28	46	3	1,04,85,720.03
33		7,72,85,10,430.30	46	922	1,31,42,44,856.20
34		71,09,06,173.38	46	94101	2,72,09,862.73
36		10,87,27,166.69	46	94102	2,51,65,221.65

III. Madhyanchal Vidyut Vitran Nigam Ltd.

i) In many cases at zones and head office, party wise breakup, ageing of outstanding amounts, actual nature of transactions and reconciliation/ balance confirmation from the parties under following major heads were not available for verification. — Repetitive

Account Head	**Amount (Rs. in Crores)**
Deposit & Retention from suppliers	476.48
Advances to Suppliers	113.10
Sundry Liabilities	188.17
Sundry Receivables	25.32

ii) It was noted that the following balances pertaining to various zones are outstanding in the books of Head Quarter since many years which have not been identified, reconciled and transferred to the respective units/zones. — Repetitive

iii)

Account Head	**Amount (Rs. in Crores)**
Other Liabilities and Provisions	8.34
Provision for depreciation	669.33
Stock Related Accounts (net)	11.30
Deposit for Electrification	35.21
Capital Work in Progress	(3.79)

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

IV. Pashimanchal Vidyut Vitran Nigam Ltd.

a) Balances of trade receivables, trade Payables, Suppliers, Contractors, loans and advances, staff related liabilities & advances and other various debit/credit balances, dues from government and reconciliation in respect of certain Bank balances are subject to respective confirmations, reconciliation and consequential adjustments thereof. In absence of proper records/details, we are unable to ascertain the effect of the adjustments arising from reconciliation and settlement of old dues, — Repetitive

	possible loss/ profit that may arise on account thereof, non-recovery or partial recovery of such dues and non-settlement of liabilities. Various debit and credit opening balances are lying unadjusted, including the account received under transfer scheme. Under these circumstances, we are not in a position to comment on the possible impact thereof on the financial statements of the company. **1)-As referred in Note 10** to the financial statements receivables from Uttar Pradesh Jal Vidyut Nigam amounting Rs 0.832 crore and Rs. 35.03 crore from Uttar Pradesh Power Transmission Corporation Limited are shown under Current Assets, which are outstanding for more than 12 months. As results of this other current assets are overstated and other Non- Current assets are understated by Rs.35.86crore. 2)-As referred to in Note 18 to the financial statements, Payables to Uttar Pradesh Rajkiya Vidyut Utpadan Nigam Ltd.amounting Rs.33080.00, Uttarakhand Power Corporation Ltd. Rs.0.17crore, are shown under Current liabilities. However, these balances are outstanding for more than 12 months. As a result of this, current liabilities (Other financial liabilities) are overstated and non-current liabilities (Other financial liabilities) are understated by Rs.0.17 Crores.	Repetitive
	i. **Non Provision of Dues from entities matters of which are pending in NCLT:-** a. Matter relating **Trimurti Concast Private Limited** in this case outstanding in the tune of INR. 9.24 crore, the present status is the resolution plan has seen been approved. And no further proceeding is pending. **It is therefore suggested that the outstanding claim of Rs. 9.24 crore should be written off.** ***Management Reply*** As per the order/directions of Hon'ble Supreme Court (Writ No/ 26355/2022 SLP No. 19947/2023 against the writ petition filed by director of company Sh. Narendra singh under which decision has come in favour of UPPCL. Now recovery proceedings as per the order of Supreme Court have been initiated.	Repetitive
	b. It has been observed that Rs.4.04 crore are dues from **M/S. Chaudhary Ingot Private Limited** whose matter is pending in NCLT. According to the sequence of payment, the electricity dues do not get preference over bank and other dues. As such recoverability of these dues is in jeopardy and Provision for doubtful debts must be made @ 100% i.e., 4.04 Crore. In this case the Pashchimanchal has adjusted Rs. 1.04 crore from security deposit from due as such the balance of Rs. 4.04 crore needs to be provided for. ***Management Reply*** The recovery as per section-5 has been issued to the consumer and efforts are being made with Distt. Administration to recover the electricity dues. ii. Interest accrued and due Rs.7.37 Crores under Other Current Assets (AG	Repetitive

		28.240 & 28.250), which is pending for reconciliation for more than a year, impact of the same is not ascertainable on the financial statements.(Refer to Note 11 of Financial Statement *iii.* ***AG Code 26.7 represent Cont. Mat. Control A/C having balance as on 31.03.2023 is INR 1,13,84,537.54 belongs to material advanced to contractor Mr. Shailesh Kumar Since 2010. This material is required to be recovered from the contractor immediately otherwise provision is required to be make in the books of the accounts.*** *a. Subsidy Receivable from Government shows unadjusted negative Balance of Rs. 4.90 Cr (Previous Year 4.17 Cr). The book entry to adjust/set off these balances has not been made.*	Repetitive First Time First Time
4.	**<u>Cash and Cash equivalents</u>** Subsidiaries' Auditors have reported various deficiencies in Internal Control System in preparation of bank reconciliation statement which are reproduced below:		

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

In our opinion following long pending un-reconciled differences between bank balances as per bank passbook/statements vs. bank balance, as declared in AG 24, should be reconciled and dealt accordingly. — First Time

(Rs. In Crores)

S. No.	Name of Zone	Balance as per bank passbook	Balance as per cashbook/MTB/ AG24	Difference
1.	Agra Zone	9.19	10.03	-0.84
2.	Aligarh Zone	1.37	14.13	-12.76
3.	Kanpur Zone	12.00	6.74	5.26
4.	Jhansi & Banda Zone	18.73	-5.28	24.02
	Total	**41.29**	**25.62**	**15.67**

(ii)AG 28.919 Other Deposits of Rs. 1.34 Crores included in Deposits & Retention from Suppliers & other of Rs. 1,211.66 Crores in Note 18, is on account of FDR deposited with appellate authorities, in our opinion it should be classified under Cash & Cash Equivalent Note 9-B. — First Time

(ii) **<u>Madhyanchal Vidyut Vitran Nigam Ltd.</u>**

i) ***Bank reconciliation statements at some of the divisions/ units have not been prepared and various old un-reconciled entries are appearing in the bank reconciliation statements in various units at zones/ head office since long periods which require adjustments and appropriate accounting in the books of account. Similarly, the copies of bank statements were available but proper balance confirmation certificates/ statements, duly authenticated by the bank were not available in many cases.*** — Repetitive

	Further, in Ayodhya zone, the divisions have bank balance of Rs.119.95 Crores, while balances as per Bank Statements is Rs.15.77 Crores. Similarly, BRS at the divisions of LESA Ciss zone reflect unidentified debit entries amounounting to Rs.1.29 Crores and credit entries amounting to Rs.87.94 Crores outstanding for long period which require adjustments and appropriate accounting in the books of account.	
	(iii) <u>Purvanchal Vidyut Vitran Nigam Ltd</u> (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. 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) It has also been observed by us that in bank reconciliation statement of ICICI Bank maintained for establishment related payments at Central Payment Office, Headquarter, an amount of Rs. 79.26 Lacs pertaining to stale cheques has been shown outstanding and not reversed.	Repetitive First Time
	(iv) <u>Pashimanchal Vidyut Vitran Nigam Ltd.</u> Bank Reconciliation Statement (BRS) in respect to bank accounts in some divisions, contains outstanding of earlier years entries, which includes stale cheques, un-cashed cheques, other debits and credit, which requires special attention of the management for necessary adjustments and impact thereof is not ascertainable on the financial statements. Zone Wise details are furnished below:- **Merrut zone** ***Bank Reconciliation Statement (BRS)*** *i. The BRS includes Bank Charges and the amount withdrawn directly by authority against court cases, reflected under other debits but not accounted for in the books of account. The amount of Bank Charges and other debits has been substantial but still not forming part of the books of account and continues to be reported in BRS.*	First Time

(Rs. in lacs)

Particulars	*Other Debits (Total)*	*Bank Charges (included in the Total)*
Less Than 1 year	*3.91*	*3.91*
1 to 3 years	*12.59*	*0.03*
More than 3 years	*168.01*	*14.10*
Total	***184.51***	***18.04***

In our opinion suitable provision need to be made in accounts for debits as mentioned above.

ii. Reconciliation statements available in of divisions carry uncashed cheques, dishonoured cheques and other credits given by bank in previous years but not recorded in books of divisions. In few cases Time barred/stale uncashed/dishonoured cheques not reversed and are shown in bank reconciliation statements. — First Time

	iii. *Accrued Interest on Fixed Deposits has not been accounted for in the Books.* iv. *In few Cases, the Bank statements are not provided to confirm the substantial balances appearing in the Books and subsequently in the Bank Reconciliation Statements. As informed, the bank accounts are no more operational. In the absence of the Bank Statements, the updated status of these balances could not be confirmed.*	First Time First Time
	<u>BULANDSHAHAR ZONE</u> *<u>Bank reconciliation statements (BRS)</u> in respect to Bank accounts of mostly divisions of Bulandshahr zone contains outstanding old entries which includes stale cheques, uncashed cheques, other debits and credits more than three month which requires reversal after proper & exact reconciliation and may have impact on trial balance.*	Repetitive
	<u>GHAZIABAD ZONE</u> *i. In the Bank Reconciliation statement, the bank accounts were reconciled subject to following items:* *a) uncashed cheques of Rs 24.39 Cr;* *b) Old difference Rs 28.35 Cr* *c) Other credits not traced Rs 47.77 crores* *No details, age and explanations could be provided to us hence we are unable to comment on its impact on the accounts;*	Repetitive
	<u>SHAHRANPUR ZONE</u> Bank Reconciliation Statement (BRS) in respect to bank accounts in case of few divisions of Saharanpur Zone contains outstanding of previous years entries (even some entries are more than 10 years old) which are seizure by various authorities in respect to Court and other cases.	First Time
5.	**<u>Capital Work in Progress</u>** a. Capital work in progress includes Rs 1389.61cr (refer notes-3) being "Advances to suppliers and contractors" to be reflected as Advance against capital expenditure as per provision of "the schedule III to the companies Act 2013" as Non- Current Assets. Consequently, capital work in progress is overstated and "Advance against capital expenditure" is understated to that extent. b. Group Company has not disclosed age-wise details of the Capital work in progress including projects in progress/projects temporary suspended as per requirement of Schedule III to the companies Act 2013. Subsidiaries wise observation as reported by the Auditors as given below:	Repetitive
	(i) **<u>Madhyanchal Vidyut Vitran Nigam Ltd.</u>** *At Ayodhya Zone, a sum Rs.337.61 Crores and revenue expenses of Rs.40.25 Crores has been capitalized during the year but the details of material & labour consumed, assets created and completion certificates of capital works completed were not available. Further, Details of projects under 'Capital Work in Progress' amounting to Rs.11.55 Crores does not contain item-wise details of consumption.*	First Time

	(ii) **Purvanchal Vidyut Vitran Nigam Ltd.** (a) As reported by the Zonal Auditors, the status, situation and condition of Capital Work in Progress is not available for verification. (b) Capital work in progress includes advance to Suppliers/ Contractors (Capital) amounting to Rs. 825.24 Crores. As reported by the zonal auditors, name and age-wise break-up of the same is not available, hence we are not able to comment upon the same. (c) The time period of ABD funded UPPDNRP Project has expired on September, 2022. The approval of time extension not available on record for verification. However, as per UPPCL Letter dated 06/02/2023, the Company has been imposing liquidated damages on vendors w.e.f. 01/01/2023.	Repetitive Repetitive First Time
	(iii) **Pashimanchal Vidyut Vitran Nigam Ltd.** The 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) I. **MORADABAD ZONE:** i. *WIP* *Amount Outstanding Rs. 3.52 Crores - Contract awarded to M/s Ishan Earthing Ltd. on 25.08.2018 . Not yet Capitalized and still stated in WIP. If the asset is commissioned to business operations, no depreciation is being charged. No explanation was offered at ZO level.*	Repetitive First Time
	(iv) **Kanpur Electricity Supply Company Ltd.** ***Capital work in Progress- ₹ 29.14 Crores*** *The disclosure requirement as envisaged by para L (vi)(b) under 'Additional Regulatory Information' of Schedule III of the Act has not been complied with.*	First Time
6.	**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. Accordingly, the impact of non-compliance of the above IND AS on the financial statements is not ascertainable.** Major comments observed by Subsidiaries Auditors are reproduced below: (i) **Dakshinanchal Vidyut Vitran Nigam Ltd.**	

	Inventories of the Company of Rs. 427.62 Crores as at 31.3.2023, are erroneous considering our opinion expressed in Point No. (ii) of Annexure 1 to our audit report (In absence of physical verification) read with followings:	First Time
	a. Fixed Assets identified as not fit for use, are de-recognised from AG 10 & 12 and are recognised under AG 22 at Written Down Value. New material procured/issued for repair is debited to AG 22, while labour charges are recognised as revenue expenditure under AG 74. After repair the repaired asset is recognised by debiting AG 10 and credited AG 22 at selfly estimated valuation of brand new asset, instead of historic cost of repaired asset. This results into incorrect presentation of inventory wherein, exaggerated imaginary credit (new asset value – (WDV + Repair Material)) remains parked in inventories. This may have been resulted as aggregate impact of multiple crores of undervaluation of inventories. Company needs to stop this practice immediately and identified it's consolidated impact on inventory valuation to arrive at correct valuation.	
	b. Otherwise also, if the assets de-recognised is not repairable, it is further debited to AG 22.770 'Scrap Material' at realisable value, instead of book value and declaring loss on sale of asset to Profit & Loss account. This practice resulted loss on sale of scrap in AG 22 (other than AG 22.770).	First Time
	(ii) <u>Madhyanchal Vidyut Vitran Nigam Ltd.</u>	
	i) *Ageing of inventory was not done and obsolete items were also not identified and adjusted in the books of account in some cases. Further, in respect of inventories of Rs. 272.37 Crores in Ayodhya zone, inventory records, item wise details of inventory and its valuation (except inventory worth 102.74 Crores pertaining to (Workshop and Store divisions) as at the year end we're not available.*	Repetitive
	ii) *Provision for Unserviceable store of Rs. 41.76 Crores as appearing in Note 7-Inventories continues since 2012-13 despite substantial increase in level of inventory to Rs 723.11 Crores in 2022-23 as against Rs. 230 Crores in 2012-13. In absence of complete details, we are unable to comment on the adequacy of provision on this account and its impact on financial statements*	Repetitive
	(iii) <u>Purvanchal Vidyut Vitran Nigam Ltd.</u>	
	(a) The Company has carried out valuation of stores as on 31/03/2023 by an independent Firm. As per Zonal Auditors' Report, the physical verification of stores and its valuation is pending at Varanasi Zone and some of the Units of Gorakhpur Zone.	Repetitive
	(b) Stock shortage/ excess pending investigation amounting to Rs. 72.40 Lacs is outstanding as on 31/03/2023. In absence of proper information, we are unable to comment upon its nature and proper accountal.	Repetitive
	(c) No movement analysis is available to categorize fast moving, slow moving, non-moving and dead stock items.	Repetitive
	(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.	Repetitive
	(e) There is no system for identification of scrap and its valuation at fair value.	Repetitive

	(iv) <u>Pashimanchal Vidyut Vitran Nigam Ltd.</u> a. Inventory consists of stock items, which are used interchangeably for capital expenditure or for regular repairs and maintenance purposes. Since ultimate use of such stock items is indeterminate at initial recognition, the Company classifies such items as inventory. These items are classified subsequently either in property, plant and equipment through capital work in progress or expense in the Statement of Profit and Loss as and when it is so used, which is not in accordance with requirement of IND AS-2 'Inventories' and IND AS-16 'Property, Plant and Equipment'. The effect of such non-compliance on PPE, inventory, depreciation, spares consumption is not ascertainable.	Repetitive
	3. Liability for Material received on loan by the Company amounting to Rs. 0.73 Crores 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. 0.73 Crores is shown in the Balance Sheet of the Company as on 31st March, 2020, as on 31st March, 2021, as on 31st March, 2022' and as on 31st March, 2023 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. 7 of Financial Statements).	Repetitive
	<u>Merrut Zone</u> No system for identifying and segregating un-serviceable/slow-moving/non-moving items forming part of the inventories is in place other than ETD- Baghpat, ETD-I Meerut, ETD-II Meerut and EUTD Meerut. However, such items are mixed with the regular stock and are valued as normal stock in all units. Impairment in value of inventory is neither computed nor accounted.	First Time
	(ii) <u>Kanpur Electricity Supply Company Ltd.</u> **<u>a. INVENTORY Dr.₹ 50.11 Crores</u>** 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 ₹104.31 Crores grouped under the head 'Capital Work in Progress'**(Also Refer Note No. 3 of "IND AS FS")** and 'Advances Recoverable in Cash or in Kind or for value to be received' of ₹0.67 Crores grouped under the head 'Other Current Assets'**(Also 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' is not ascertainable.	Repetitive
7.	**<u>Property Plant & Equipment</u>** a. We draw attention to para ii(e) of Company Information and Significant accounting policies stating that employee cost to capital works are capitalized @ 15% on deposit works, 13.50% on distribution works and 9.5% on other works. Further, it was noted that a sum of Rs. 1040.30 Crore of Employee benefit expenses has been capitalized to fixed assets out of total establishment expenditure of Rs. 3580.04 Crore incurred during the year.	

	In our opinion, capitalizing Employee benefit expenses on fixed percentages of 'direct costs' instead of Employee benefit expenses directly attributable for such construction, is neither in accordance with generally accepted accounting practices nor as per Ind AS-16. The impact of over capitalization of Employee benefit expenses to fixed assets, as above, on the financial statements is not ascertainable at this stage in absence of complete details. b. Group has not disclosed accounting policy for Assets not in possession for Rs 128.04 Cr as per Note No 4 to the financial statements. Statutory Auditors of PVVNL have made following comments the same.- "Assets amounting to Rs.51.55 Crore, being expenses on construction of Bay are shown as "Assets not in **possession** of Pashchimanchal Vidyut Vitran Nigam Ltd.". The agreement with Transco is not available with the company. It is informed to us that the company has a right to use these assets." **Specific observation given by the statutory Auditors on Property Plant and Equipment are given below:-** (i) **Pashcimanchal Vidyut Vitran Nigam Ltd.** i. Due to non-availability of proper and complete records of Work Completion Reports, there have been instances of non-capitalization and / or delayed capitalization of Property, Plant and Equipment, resulting delay in capitalization with corresponding impact on depreciation for the delayed period.. In the absence of sufficient and appropriate audit evidences, we are not in a position to comment on the correctness of the same (Refer to 2(II) and IV(b) of 'Significant Accounting Policies' to the Financial Statements).	Repetitive
	(ii) In case of withdrawal of an asset, its gross value and accumulated depreciation is written off on estimated basis. In the absence of sufficient and appropriate audit evidence thereof, we are not in a position to ascertain impact of the same on the financial statements.	Repetitive
	Merrut Zone:- *i. Confirmation for Assets of Rs. 11.97 Cr. (Previous year 11.97 Cr.) shown under the head AG 11 as on 31-03-2023 are reported as under the possession of M/s U.P. Power Transmission Corporation Limited is not available on records.*	Repetitive
	(j) **Dakshinanchal Vidyut Vitran Nigam Ltd.** Sale of Scrap Rs. 50.59 Crores generated from unrepaired fixed assets should be recognised as Revenue in Profit & Loss account, in place of present practice of crediting to AG22.770.	First Time
	2. **Purvanchal Vidyut Vitran Nigam Ltd.** (a) As reported by the Zonal Auditors, the Fixed Assets Register stating nature of assets, date of addition, its location, actual cost etc. is not up to date except for Mirzapur and Azamgarh Zone.	Repetitive
	(b)As reported by the zonal auditors, physical verification has not been done at Azamgarh, Gorakhpur, Prayagraj, Mirzapur and Varanasi zones during the year under consideration.	Repetitive

(c) As reported by the Zonal Auditors, completion certificate has not been produced for verification for transfer of Capital Work in Progress to Fixed Assets by some of the units.	Repetitive
Kanpur Electricity Supply Company Ltd. **PROPERTY, PLANT AND EQUIPMENT Dr.₹1026.57Crores** The land of the Company is on lease from UPPCL at ₹1.00 per month as per the transfer scheme **(Also Refer point no. 10(c) of Note no. 1-B to "IND AS-FS")**.As informed the value of such land is yet to be ascertained by UPPCL. However, we have not been furnished with the lease agreement and other related records pertaining to such land. As a result, we are unable to check whether the lease is of financial or operating nature, Hence, the financial impact on "Ind AS F.S." of the aforesaid is not ascertainable.	Repetitive
Madhyanchal Vidyut Vitran Nigam Ltd. i) *In case of fixed assets, which are decommissioned, the corresponding accumulated depreciation is reversed on estimated basis, which has no relation with their carrying cost in MTBs. As a result, the cost and accumulated depreciation of assets in use are not correctly reflected in MTBs in several cases. Such practice of determination of carrying cost on estimated basis and charging depreciation thereon is not in accordance with IND AS 16. In the absence of complete details, effect of the said deviation, from Ind AS, on financial statement could not be ascertained.*	Repetitive
ii) *A sum of Rs. 28.07 Crores were capitalized as fixed assets (Computer & Printers) by transferring amounts from 'Capital WIP' on centralized basis at head office level. It was noted that these amounts comprised of various type of computers/ hardware/Accessories etc. purchased in earlier years and delivered/ being used at various zones/ field units and hence capitalizing the same on centralized basis was not proper. Further, item/ location wise entries of these assets were not made in the Fixed Assets register.* *Similarly, payments of 27.98 Crores made for ERP software during 19-20 and 20-21 were capitalized as 'Intangible Assets' during the year. However, the completion report, date of completion, useful life etc. were not available for verification. Further, no amortization of these intangible assets has been done during the year.*	First Time
iii) *During the year, 'GOI Loans' under 'RAPDRP' of Rs 230.25 Crores were converted into 'Capital Grants'. The un provided interest liability on 'Loans converted into grant' amounting to Rs 144.87 Crores (Including Rs 102.26 Crores up to the period 30.09.2017 and Rs 42.61 Crores up to 31.3.2017), have been transferred to 'Capital Grants' and 'Interest pending capitalization' head by treating the same as 'borrowing cost'. Accordingly, an amount of Rs. 170 Crores pertaining to 'interest pending capitalization' (Including Rs 25.14 Crores of interest for the period 1.10.2017 to 31.3.2019) has been transferred to field units through 'Inter Unit Transactions' as on 31.3.23.*	First Time
However, due to non-acceptance of these debit advices by the concerned units, the capitalization of this amount in 'Property Plant & Equipment's' and corresponding 'Provision for depreciation' for the period from F.Y. 2017-18 to 2022-23 has not been done resulting in overstatement of 'Inter Unit Transactions' and	First Time

	understatement of 'Fixed assets' and 'Depreciation'. The resultant impact of not charging depreciation on the profits for the year could not be ascertained in absence of complete details.	
8.	**<u>Non Provision of Expenditure/Losses</u>** Group has not provided for Expenditure/Losses as reproduced below i. **<u>Madhyanchal Vidyut Vitran Nigam Ltd.</u>** *Advances to suppliers amounting to Rs 113.10 Crores at the HO level are outstanding since more than 7-8 years. It also included Rs 40.61 Crores for which even party wise/ date wise details were not available with the concerned unit. No documentary evidence or explanations were made available to us regarding the recoverability of these amounts. Accordingly, in our opinion, these amounts are doubtful of recovery and provision should have been made against these advances.* *Non provisioning of these amounts has resulted in overstatement of advances and understatement of losses for the year by Rs 113.10 Crores.* ***<u>Management Reply</u>*** The matter is under scrutiny at concerned Subsidiary Company and necessary action will be taken accordingly.	Repetitive
	ii. **<u>Pashcimanchal Vidyut Vitran Nigam Ltd.</u>** (a) 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
	(b) PVVNL has disclosed prior period adjustment in its para no. 34 to the notes to the account for Rs 94.57 cr restating the loss to Rs 793.86 cr from Rs 699.29 cr. But, restated amount of pervious year 2021-22 has not been reflected in financial statements.	First Time
9.	**<u>Subsidies Received under Atmnirbhar Bharat Scheme.</u>** Group has shown Rs. 14940.00 Crore Subsidy Receivable from U.P Government as Non-Current Assets 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. It is learnt from management Representation Letter that company is referring the issue for the opinion of Expert Advisory Committee, of ICAI. Pending receipt of such opinion its impact on accounts cannot be ascertained at this stage.	First Time

10.	**Non-Reconciliation of Inter Unit transactions.** Inter unit transactions amounting Rs.1366.49 crore (Note No. 13- Other Current Assets), has not been reconciled till closed of the financial year.	Repetitive
11.	**<u>Non-Compliances of Ind AS/Schedule-III And Other Provisions Of The Companies Act-2013 (other than those mentioned above)</u>** Following accounting policies of the Group are not in compliance with Ind AS/Companies Act 2013: a. "Other Equity"-Note-15 includes Rs 18767.69 Cr as consumer contribution towards capital Assets/Capital Grants which are to be reflected as "Deferred income" under "Non-Current Liabilities. "as per Ind As 20. In view of above "Deferred income" is understated and "Other Equity" (negative) is also understated to that extent. ***<u>Management Reply</u>*** As per the relevant provisions of Electricity Supply Annual Accounts Rules, 1985, the Consumer Contribution received from consumer for deposit works are to be transferred to Capital Reserve and subsequently amortized in the proportion of Depreciation on that Assets. b. Policy no. VIII(B) regarding accounting of late payment charges on cash basis and (viii)f regarding penal interest over dues, interest etc. on cash basis are against the accrual concept of accounting. c. Policy no. XVI -Financial Assets regarding subsequent measurement on debt instrument at amortized cost in accordance with Ind as 109. d. Policy no. XVII- Financial Liabilities regarding subsequent measurement of borrowings using effective interest rate method. e. 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. f. Unbilled revenue Receivable has not been disclosed in the Notes to Accounts except DVVNL and MVVNL Similarly, unbilled Trade Payable has not been disclosed except UPPCL (Holding Company) as required by Schedule-III of Companies Act, 2013. g. Group has not conducted actuarial valuation relating for pension and Gratuity pertaining to employees of erstwhile UPSEB during the financial year 2022-23. (para no. 15(a) to the notes to accounts referred). h. Capital Reserve Rs 18963.64 crore (Statement of Change in Equity) includes deductions for conversion of Capital Grant into Equity for Rs 47.99 crore pertaining to DVVNL. for which no proper disclosure has been made in the financial statements. i. Group has not made necessary disclosures and information as required by Ind As 19 pertaining to Actuarial Valuations in respect of KESCO, PuVVNL, DVVNL and PVVNL. respectively. j. Note No.- 23 (other Income) does not include Tariff Subsidy of PTW consumers Rs 1250 crore, and Power Looms consumers Rs 3750 crore respectively. **Specific observations given by statutory Auditors of Discoms on the subject are given below: -** i. **<u>Pashcimanchal Vidyut Vitran Nigam Ltd.</u>** a. As per Para 16 of IND AS 37, the company is required to disclose Court Cases going on at the end of financial year, brief description related to	First Time Repetitive

nature of the contingent liabilities and estimate of its financial effects and possibility of reimbursement. The company has not made required disclosure with respect to above. Thus, company has not complied with disclosure requirement of IND AS 37. Accordingly, the impact of non-compliance of the above IND AS on the financial statements is not ascertainable. (Refer to Note No. 18(b) of Notes on Accounts).	
b. Amount as disclosed in respect of claims/pending court/ arbitration/legal/tax cases have not been properly compiled and ascertained as per IND AS-37 "Provisions, Contingent Liabilities and Contingent Assets". No amount of capital commitments in respect of estimated amount of contract remaining to be executed on capital accounts ascertained. In the absence of details thereof, impact of the same upon the financial statements is not ascertained. (Refer Note No. 18(b) of Notes to accounts, regarding contingent liabilities)	Repetitive
c. Refer Point No. 1(c), 2(VI)(b) and 2(VI)(f) of Significant Accounting Policies, wherein disclosure has been made for certain items which have been accounted for on cash basis/cut-off date basis, which is not in consonance with the accrual basis of accounting required by the Indian GAAP. Due to cut off date basis of accounting, the accounting for provisions in the books of accounts is not in consonance with IND AS-37 "Provisions, Contingent Liabilities and Contingent Assets" is not verifiable. Accordingly, the impact of non-compliance of the above IND AS on the financial statements is not ascertainable.	Repetitive
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
e. Auditor of Moradabad Zone has reported that Moradabad ZO has not disclosed the impact of pending litigations on its financial position in its financial statements amounting Rs.1363.57 Lakhs.	Repetitive
i. IND AS-1: Policies relating to provision made against (i) advances to suppliers/contractors (ii) Slow/non-moving and unserviceable stores, (iii) bad and doubtful debts (iv)advance to employees and others are not disclosed under Annexure "Significant Accounting Policies" annexed with Financial Statements as required in IND AS-1. Accordingly, the impact of non-compliance of the above IND AS on the financial statements is not ascertainable.	First Time
ii. IND AS-36: All the assets of the company are recorded at their historical values without arriving at their recoverable amounts and arriving at amount of impairment of loss. Company's submission that "their recoverable amount is higher of the assets' net selling price", has not been substantiated. In the absence of fixed assets physical verification, fixed assets register, techno-economic viability assessment and calculation and determination of Cash Generating Unit, we are unable to comment whether any impairment loss has remained un-assessed or un-provided for in accordance with IND AS-36 "Impairment of Assets". Impact of non-compliance of the above IND AS on the financial statements is not ascertainable.	First Time

	f. Depreciation/Amortisation We have observed that the depreciation on Property, Plant and Equipment has not been worked out properly as there are discrepancy/ variation in date of put to use of various assets. The depreciation on addition in Property, Plant & Equipment during the year was provided as per the order of UPERC/Secy./ (MYT for distribution and transmission) Regulations, 2019/408, Lucknow, dated: September 23, 2019, on monthly basis instead of actual period of availability of asset for its intended use on addition. This is not as per provisions of Schedule-III of the Companies Act, 2013 and also against accounting policy of the Company as stated in Para 2(IV)(b) under the head depreciation. In the absence of proper audit trail, we are unable to quantify the impact of the same on depreciation and consequential impact on the financial statements.	Repetitive
	ii. **Kanpur Electricity Supply Company Ltd.** Note no. 13 of the "IND AS-FS" The Company has not complied with the disclosure requirements envisaged by Schedule-III of the Act except the following: In respect of non-current borrowings: (i) Nature of security in respect of each case of borrowing. (ii) Terms of repayment of term loans and other loans.	First Time
	iii. **Madhyanchal Vidyut Vitran Nigam Ltd.**	
	i) The 'liabilities for capital works', 'liabilities for O&M works' and 'Liability for expenses' etc. have been categorized under 'Other Financial Liability(current)' instead of showing them under 'Financial liability (Trade payable)'. Further, the disclosures/ ageing of 'trade payables' as per 'Para 36 of Note 1B', have been done without taking into account the amounts shown under the heads 'Other Financial Liability'/ figures certified by the zonal auditors.	Repetitive
	ii) Financial Assets-Other – Current (Note-10) and Other Financial Liabilities-Current (Note-18) have been classified as 'current' but include balances which are outstanding for realization/ settlement since previous financial years and in the absence of adequate information/explanations regarding the realizability /settlement of such amounts within twelve months after the year end, not classifying them as non-current assets/ liabilities is not in accordance with Ind AS-1 "Presentation of Financial Statements.	Repetitive
	iii) Additional Disclosures relating to maturity / redemption or conversion date of bonds, repayment of term loan & Other loans, nature of security etc. in respect of various borrowing appearing in Note 14- 'Financial Liability – Borrowing' and current maturity of Long term borrowing in Note 16 have not been made as required by Companies Act 2013.	Repetitive
	iv. **Purvanchal Vidyut Vitran Nigam Ltd.**	
	(a) The Company has not complied with the provisions of section 42 of the Companies Act, 2013 as well as The Companies (Acceptance of Deposits) Rules 2014 relating to Share Application Money pending Allotment.	Repetitive

(b) There is no system at Zones and ESDs of the Company to prepare the Balance Sheet and Statement of Profit and Loss. The Zonal auditors have only been provided Trial Balances (MTB) for the purpose of their audit which is non-compliance of Schedule III of the Companies Act, 2013.	Repetitive
(c) Impairment of assets has not been done, which is in contravention of Ind AS-36 of ICAI.	
(d) Ind AS – 2 "Inventories" has not been properly followed.	Repetitive
(e) Accounting for Employee Benefits: Actuarial Valuation of gratuity liability of the employees covered under GPF scheme has not been obtained. (Refer Para -18 "Notes on Accounts"). This is inconsistent with Ind AS 19 Employee Benefits.	Repetitive
(f) The Company has disclosed contingent liabilities to the tune of Rs. 168.77 Crores at para 28(b) of Notes to Account of Balance Sheet. Since, the status of contingent liability has not been provided to us, we are unable to comment upon the provision required as per Ind AS-37.	Repetitive
v. Dakshinanchal Vidyut Vitran Nigam Ltd.	
a. The Company is marked as Active Non-Complaint by the Registrar of Companies, consequence to which the Company is unable to file necessary form with the registrar for Change in Authorised Share Capital (Form SH 7), Change in Paid-up Share Capital (Form PAS 3), Changes in Director (Form DIR 12) etc. The Company may end-up paying heavy late fees for the above non-compliances. This has led to difference in, Authorised Share Capital as per MCA website is Rs. 24,000/- Crores and as per balance sheet is Rs. 30,000/- and Paid up share capital as per MCA website 20,87,72,198 no. of share of Rs. 20,877.22 Crores and as per balance sheet 23,46,17,381 no. of share of Rs. 23,461.74 Crores.	First Time
vi. The Company has failed to produced/maintained statutory registers prescribed under Companies Act, 2013.	
vii. The Company has not filed creation/modification/satisfaction of charges with registrar of companies consistently since past 3 years	
vi. 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.	First Time
vii. 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.	Repetitive

	(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.	Repetitive
	(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.	Repetitive
	Specific observations in Audit Report of Subsidiaries	
	1) Pashchimanchal Vidyut Vitran Nigam Ltd.	
	BORROWINGS There is no system of identification of qualifying assets and interrupted projects which are being financed from the borrowed funds in accordance with IND AS-23. During the year under audit, the company has not capitalised any interest on borrowing, while balance still persist in CWIP and there are payment of interest by the company. Management has informed us that the all capital projects under scheme for which fund was borrowed has been closed prior to the FY 2022-23. However, Capital projects, running other than schemes, are not identified. Hence, In the absence of complete details of qualifying assets vis a vis uses of interest paid money by the company, we are unable to quantify the impact of the same on the financial statements. (Refer to note 23 of financial statements).	Repetitive
	ACCRUAL SYSTEM OF ACCOUNTING During the course of our audit, we have come across some expenses, which have been accounted for on cash basis instead of accrual/mercantile basis. The same is not in accordance with the basic accounting assumptions and the company's accounting policy. In absence of the complete audit trails, we are not in position to ascertain the Impact of the same on the Financial Statements of the company. (Refer to 1(b) and 2(VI) of 'Significant Accounting Policies' to the Financial Statements)	Repetitive
	1. STATUTORY COMPLIANCES a) The company has corrected Interest on RAPDRP Loan previously accounted as Income instead of transfer to Grants amounting to Rs. 110.64 crore. In FY 2022-23, further company also corrected interest on RAPDRP Loan accounted as expenses which is to be capitalized by Rs. 279.06 crore. In absence of complete documents/calculation of conversion into Grant, we are unable to comment upon the correctness of the same.	First Time
	2. GST reconciliation with books of accounts and return is not made available to us and stated by the management that the same is under process. Hence, we are unable to comment upon the impact of same on financial statements.	Repetitive
	3. OTHERS a) No subsidiary ledgers have been maintained by the company for Consumer Security Deposit, Meter Security Deposit and Advance consumption charges. In absence of same, correctness of the figures appearing in the financial statements under these head could not be verified.	Repetitive
	b) As during the course of audit we observe that the late payment surcharge recoverable from customers is accounted for on cash basis due to uncertainty of realization however, the company does not have record related to actual realization of the late payment surcharge actually collected , the amount of late payment surcharge was being accounted for on ad-hoc basis by the divisions thus, late payment surcharge is not accounted for in line with the accounting policy & due non availability of proper records we are unable to ascertain the effect of the transections on the financial statement.	First Time
	Merrut Zone:-	
	i. Following are very old unreconciled/unexplained outstanding appearing in	

trial balance of the zone having substantial amounts, which should be squared up/settled at regular intervals:

(Rs. in lac) First Time

CODE	*HEAD OF ACCOUNT/GROUP*	*AMOUNT*
28.87	Receivable from related companies	2528.34
31.0288	MEERUT ZONE	1153.76
31P.01	WITHIN ZONE	23.58
46.56	LIAB.FOR I.U.T (UPSEB)	3118.92
46.981	UPP.CORP.LTD.	-1459.29
46.999	UPP.CORP.LT	-9517.74
46.989	UP POWER TRANS MISSION	-175.70

ii. *Party wise details of amount outstanding under those accounting heads are not available. Balances outstanding under these heads could not be verified from any record available in unit/ Zone. The age wise analysis for advances and liabilities is not done. In the absence of any analysis of time barring cases and chances of recovery, no provisions are made for non-recoverable cases.*

iii. *In absence of complete details i.e. party wise & age wise outstanding, their names, addresses etc. The procedure prescribed under SA 505 for obtaining balance confirmations directly to statutory auditors could not be initiated.*

. ***STATUTORY NON-COMPLIANCES***

i. *Income Tax and Tax Deduction at Source (TDS):*

a. *The provisions for expenses made at the year-end consisting of Interest on Consumer security deposits, Professional Expenses, Contractors etc. are subject to TDS but tax has not been deducted. Also, Tax has been deducted on payments basis whereas as per Income Tax provisions, Tax should be deducted on booking of expenses or on payment, whichever is earlier. The practice should be amended to fall in line with the provisions of Income Tax Act.* Repetitive

b. *Pending TDS demand for Rs. 5.48 lacs (Previous Year Rs.22.41 lac) are appearing at TRACES (Income Tax TDS portal). The basis of these demands needs to be identified and the same need to be removed or paid on its merit. The Contingent Liability arising due to this demand need to be recognised.* Repetitive

ii. ***Goods & Services Tax (GST):***

a. *In some cases, units have not charged GST on Miscellaneous receipts components like RO/DO charges etc which are otherwise covered under the provisions of GST. There are other receipts which need to be identified and GST should be charged accordingly. We have identified receipts (in the nature of RO/ DO charges) amounting to Rs. 167.80 lac (Previous Year Rs. 4.37 lac) on which GST have not been claimed and deposited.* Repetitive

b. *Miscellaneous Receipts cover receipts of different nature. It is advised to identify receipts on the basis of its nature and should be booked under separate heads rather than clubbing as Miscellaneous. We observed that on some receipts, GST has been claimed such as LD and Tender charges Receipts whereas on some other receipts, GST has not been claimed. In view of the same it is important to classify these* Repetitive

	receipts to identify and charge GST. **II. *SECURITY DEPOSIT FROM CONSUMERS AND INTEREST PAYABLE (AG CODE 78)*** *As per the practice, Interest on customer deposits have been provided on average balance basis and the prevailing Bank Rate is considered for making the provision for Interest. The actual payment of Interest to the customers are not reconciled /adjusted with the provision made during the year. The effect of difference between the provision made for Interest and actual Interest paid has not been taken in the Profit & Loss Account but instead adjusted against the Debtors/ recoverable.*	First Time
	. Security Deposit/EMD/ Retention Amount *We observed that the details of accumulated amount of Security Deposits/EMD/retention money forming part of the trial balance are not available and hence are subject to confirmation and reconciliation. The accumulated amount needs to be reviewed to demarcate the confirmed amount which may be retained and the unidentifiable part needs to be adjusted/setoff.*	First Time
	L. Internal Audit Reports *The format of the Internal Audit Report needs to be reviewed. Most of the Auditors are confining their report to standard formats of the Report given. They should be asked /encouraged to report on other Unit related substantial issues over and above the Standard Format given to them. The formats should also be reviewed to include relevant clauses and remove clauses which are not applicable at Unit Level.*	First Time
	III. MORADABAD ZONE: ***i. ED AND OTHER LEVIES*** *During the year Total ED & Other Levies Collected-18278.65 Lakhs however ED & Other Levies Paid- 13114.32 Lakhs. That mean either 5164.32 Lakhs amount is excess collected or not paid to the government. If excess collected, it is income and if correctly collected, why not full amount of duty paid to the government? In such a way the liability is accumulated over the years and reached to such alarming level 66670.76 lakhs.*	First Time
	ii. ACCOUNTING SYSTEM *During the course of auditing we observed that no sub-ledgers of Accounts Receivables and Accounts Payables are prepared. Hence party wise receivables and payables cannot be ascertained.*	First Time
	IV. GHAZIABAD ZONE *2. a. The Branch has two categories of customers i.e. prepaid customers and posts paid customers. In the case of prepaid customers, the collection goes to HO which in turn inform the branch of the amount collected by them on its behalf. The Zone could not produce the records related to accounting of unadjusted portion out of prepaid recharge of meter and recognition of revenue out of such prepaid amount for the period upto 31st March, 2023. Also it could not be explained how the accounting is done of the cases of negative balance in the case of prepaid meter. No record could be produced before us to verify the accrual of income and realization thereof, hence we are unable to comment thereon and quantify its impact on the accounts;* *3. The Company has not laid down its accounting policy on recognition of income in the case of theft of power (dishonest abstraction of power) and the*	First Time

	income is recognized based on consumption estimated in report of JE/SDO etc. During the year, the Branch has recognized such income of Rs.68.43 Crores (Code AG-61.6) where against only Rs.7.13 Crore (Code-AG-23.8) have been realized and rest has been accounted for a Receivable. Further, such accounting treatment is not in accordance with IndAs-18 which stipulates recognition of income only when the realization thereof is certain. Hence, the Zone has not provided for the doubtful amount. However it is informed by the officials that the provision is made at the HO level in their books, the details and basis thereof, however, could not be explained. In view thereof, its impact on the accounts of the Zone could not be ascertained and quantified.	First Time
	4. The Branch had engaged Primeone Workforce Pvt Ltd for providing skilled Unskilled manpower for operation /maintenance of 33/11KV substation and HT/LT distribution lines. This party was awarded contract with higher profit margin of 6% compared to other similar contract with 3.8136%. Similarly it was noticed that the party has claimed excess rate of wages by Rs.83.86 Lakhs during the year. In yet another case, Mool chand om sai enterprise Pvt Ltd was awarded contract for 2 years for Rs 23.85 crore for manpower supply for operation /maintenance of 33/11KV substation and HT/LT distribution lines wherein the party has excess charged by 16,30,439.64. No explanation was given to us in respect of the above.	First Time
	5. As a policy, the branch does not deduct TDS at the time of making provision for expense as the same is deducted at the time of payment. This is not accordance with the provision of Income Tax Act. Similarly, in the case of TCS u/s 206C of the Income Tax Act, tax is not collected at the specified rate; 6. The security deposit from customers under code AG 48.1 is Rs. 998.88 crores whereas the same as per customer's master data for all divisions, it is Rs. 1620 crore. No explanation could be offered for such a huge difference hence we are unable to comment on its impact on the accounts.	First Time
	7. In the case of Division IV Noida (Code AG 23.1), the payment received from debtors during the year is Rs 241.68 crores as against the sale of Rs 75.05 crores. No explanation/details were given for excess collection of Rs 166.62 crores hence we are unable to comment on its impact on the accounts. It was explained that in the case of collection received directly at the head office, the details of such payment pertaining to the Zone is received with an interval even of 2 years hence the figure of debtors as reported in Trial Balance is subject to such collection at HO, consequently, in the absence of information of such collection, the impact on debtors could not be ascertained and quantified.	First Time
	8. During July'20 to November'20, there was a cash embezzlement of Rs 5.64 crores under the division EUDD-7, Ghaziabad by Mr. Sumit Gupta, Head Cashier Revenue of the division. Similarly, Cashier of EDD Greater Noida Satender Pal Singh TG-II embezzled cash of Rs 82,21,974/- during March'21, April'21 and June'21. In yet another case, Cashier of EUDD-IV, Ghaziabad.	Repetitive
	9. Harinath TG-II during the year 2018-19 embezzled Rs.19,19,767/-(net of recovery of Rs.89,3287). Despite the above cases having been declared fraud in respective years, the same has not been provided for	Repetitive

V. SAHARANPUR ZONE:

- *As explained to us that Fixed Assets created out of these deposit works are not depreciated through the profit and loss account instead these assets are depreciated through the consumer contribution liability head.* First Time

iv. ***In respect of Receivables (Big Consumers) :-***

a) *Report on short security collected from large and heavy consumers: Following is the detail of the large and heavy consumers from whom due security is not collected which is to be collected immediately:* Repetitive

Sr. No	Name of Consumer	Security Due (In Rupees)
1	M/S RAVI ORGANICS	18,17,160.00
2	D L S PAPERS PVT. LTD	33,06,440.00

b) *On the basis of data given to us related to the heavy consumers, following are the cases where either there are payments pending since long or there are irregular payments or partial payments:* Repetitive

S. No	Consumer Name	Account No.	Last Payment	Total Amt due as on 31.03.2023
1	Executive Eng.	DB00805136188	04-05-2018	52,50,763.38
2	Harminder Singh	6116971000	24-10-2009	40,90,365.00
3	Dishnet Wireless	3435671000	20-09-2013	38,83,056.00
4	Muspkeem Ahmed	5422204000	Never Paid	34,89,852.00
5	Kisaan Dass Rice Mill	439043000	10-03-2015	32,76,868.00

Although, the Management of Saharanpur zone has informed that the outstanding dues against Sh. Harminder Singh and Sh. Mustakeem Ahmed has been fully recovered.

v. *The Comprehensive ERP is under implementation in the Zone. Our Comments are as follows: -*

a. *The Trial balance of the all divisions are not aligned with ERP.*
b. *The Due Diligence of Migration of Software not undertaken*
c. *Partial Migration to new ERP from Old working software (Excel)* Repetitive

It has come to our notice that the zone has since shifted payment module w.e.f. 1 Jan 2022. Under the system the payments are centralized at HQ Meerut UP wherein they are understood to maintain separate ledger Accounts in the New ERP.

Under this arrangement the zone will continue to show liability to the vendor whereas the vendor has already been paid during the period from 01 Jan 2022 to 31st March 2023. The consolidated Trial Balance presented to us is showing a liability is INR 491,54,18,830.67/-. The payments against *these liabilities are made by the Head office directly to the Vendors. But effect of these payments are not reflected in the trail balance of the Zone. In the trail balance only balance payments should have been reflected. Therefore, this point has to be taken into the account at the time of finalization of the Company Balance Sheet.*

A/c Code	*Account Name*	*TB Closing Balance as on 31.03.2023*
42.1	*Supply of Material/ Cap.*	*262,37,44,037.30*
43.1	*Supply of Material (O&M)*	*229,16,74,793.37*

Remarks: *Out of this Liability of Rs.491.54 Crore, some payments already made to the vendors by HQ. These payments must be lying at debit balance in these heads in HQ accounts.*

Observation:

In our opinion these payments must be considered while financialization of the financial statements of the company as a whole.

vi. *AG Code 26.7 represent Cont. Mat. Control A/C having balance as on 31.03.2023 is INR 1,13,84,537.54 belongs to material advanced to contractor Mr. Shailesh Kumar Since 2010. This material is required to be recovered from the contractor immediately otherwise provision is required to be make in the books of the accounts.* First Time

2) Dakshinanchal Vidyut Vitran Nigam Ltd.

1. During the year, Loan of PFC R-APDRP Part A (Rs. 77.53 Crores and accrued Interest Rs. 28.38 Crores) and Loan PFC R-APDRP Part B (Rs. 181.70 Crores accrued Interest Rs. 46.76 Crores) was converted to grant. Total accrued interest of Rs. 75.15 Crores, being interest during construction period, has been capitalised to assets during FY 2022-23, which was erroneously omitted to be capitalised during FY 2016-17. The company has erroneously, by imagining capitalisation in 2016-17, charged total depreciation Rs. 39.47 Crores, current depreciation to profit and loss and accumulated would be deprecation of preceding 5 years as prior period adjustments and failed to correspondingly amortised Rs. 65.42 Crores out of total Grant of of Rs. 334.18 Crores for the expired life of the corresponding assets in this way Profit of the company is understated by the equivalent amount. First Time
2. Balance of Rs. 30.18 Crores under AG 46.301 ED Payable to State Govt., Rs. 2.77 Crores under AG 44.412 EC Payable (Out of Nigam) and Rs. 20.07 Crores under AG 46.922 Adv. Recd. For Sale of Scrap, parked in other liabilities/ other assets and Rs. 2.56 Crores in BRS-BOB under EE Admin, duly acknowledged by the company, should have been transferred to Inter Unit Transfer (IUT) First Time

During the year the Company has capitalised ERP Software of Rs. 29.32 Crores which should have been capitalised on 12.08.2020. On this capitalisation the company has erroneously declared an amount of Rs. 7.18 Crores as previous years amortisation by restating the opening balance of Retained Earnings. In our opinion adopted/audited financial statement of preceding years cannot be restated incorrectly for such ignored adjustments. Resulting Loss of this year is understated by equivalent amount.

a) We have observed, accounting head AG 44.410 'Other Misc. Recovery Payable' balance of Rs. 11.27 Crores (as at 31.03.2023), is increased from 3.73 Crores (as at

31.03.2021), majorly in Jhansi Zone (by Rs. 3.97 Crores in FY 2021-22 and by Rs. 6.00 Crores in FY 2022-23), which is not substantiated to the satisfaction about the nature and reason substantial increase. Appropriate efforts should be made. b) Though the Company has retained an amount of Rs. 15.12 Crores of M/s Pace Computers Services in AG Code 46.124 under EXECUTIVE ENGINEER (ADMN.) outstanding since April 2022, wherein the Company has not assessed the exact amount of claims against the supplier and credited his Profit and Loss account for the same.	
3) **Purvanchal Vidyut Vitran Nigam Ltd.** • The Inter unit balance has not been reconciled due to which net amount of 699.87 Crores having debit balance has been shown as Inter unit transfers in the Balance Sheet. • In case of advances under T.I. and P.I. and adjustment thereof, amount aggregating to Rs. 57.90 Lacs is outstanding. It needs serious perusal and timely settlement.	Repetitive
Azamgarh Zone- (a) During audit it was noticed that in almost every unit huge amount aggregating to Rs. 7,43,36,967 is shown as outstanding against cash and against materials to employees. The amount is quite significant in some of the units. These advances should be recovered and properly accounted for. (b) As on date there stands a demand of Rs. 1,34,820 for late filing/ late deposit/short deduction of Income Tax TDS. This liability should be disposed off either through necessary corrections or through recovery from concerned responsible persons. (c) At units, records like Cheque Dishonour Register, Log Books of Vehicles, Receipt Book issued & Received Register, Stamp & Postage Register, TDS Register are not being properly maintained & found incomplete except in few cases. (d) Since, the work register being incomplete, the amount debited in capital work in progress is not verifiable.	Repetitive
Basti Zone- (a) TI/PI which is open earlier year/during the year and still pending as on 31st March, 2023. Some of which are pending from more than 10 years. Hence all pending TI/PI's should be closed as per prevailing circular of the corporation or recovered from the official concerned. (b) Out of total Capital WIP of Rs. 57.64 Crores appearing in 4 units of the Zone, Rs. 5.60 Crores relates to more than 3 years old. (c) Some records like dishonor cheque register, electricity theft register, PD Register, Vigilance Register, log books of vehicles, receipt book issue & received register, stamp & postage register are not produced by Some of the units.	Repetitive
Gorakhpur Zone – (a) TI & PI are requested to be closed timely from the date of its issue but the same is not being followed. Some Units are not following proper system for its timely adjustment to avoid its misappropriation/ misutilization. Also it was observed that adequate internal controls with respect to T.I/P.I. were weak in some of the units.	Repetitive

	(b) At the time of issuing No Dues Certificate due course has not been followed and proper record for such certificate has not been maintained. In result, unnecessary litigation and financial loss occurred. Management may take notice and strictly implement the due course of issuing no dues certificate (c) Civil Distribution division has failed to provide Hydel Colony residents occupancy, maintenance and unauthorized occupancy in the campus while some unauthorized encroachments and occupancy have been noticed. It involves financial loss to the Company, which required to be ascertained. (d) In most of the Units it is found that M.B. issue register is not properly maintained and direction in this respect not followed. In some cases, it is found MB Book not returned even after retirement or transfer of concerned employees and no serious efforts taken by Division to return back that MB. Further after utilization of M.B in many cases it is not returned to unit/custodian. (e) Solar based net metered billing system is not working smoothly and feeding of meter reading (import/export) in solar based net meters are not being done at all. If done only based on consumer's awareness and pursuance, thus it shows loss of revenue on regular basis. (f) In many tender cases, while checking financial statements certified by CA, UDIN based certificate not found. It creates reasonable doubt on the genuineness of the statement. (g) In most of units Log Book of Vehicles either not maintained or not produced before us for checking. (h) At some units, earnest money deposit/security deposit register was not maintained properly hence it is not possible to make any comment on whether earnest money deposit/security deposit was taken from any contractor or not and also refund of earnest money deposit/security deposit to any contractor was made or not. It is evident from the above that there is chances of twice payment to contractor (i) The Gorakhpur Zone have pending litigations of involving more than Rs. 504.00 lacs which would impact its financial position. (j) At many of the unit's records like log books of vehicles and TDS register are either not maintained or not properly updated. (k) There is subsequently huge difference between Debtors of Distribution Units that appears in the online data base of the company and that appears in the trial balance of the units. The reconciliation of the same has not been prepared by the units. As explained, this is because fictitious billing and not accounting of Late Payment Surcharge due in consumers bill as per company policy. (l) Remittance of cash into bank is not done within the prescribed time at the distribution units. Cash is usually deposited into bank after delay of 2 – 5 days. **<u>Mirzapur Zone –</u>** (a) At some of the units, records like dishonor register, log books of vehicles, receipt book, issue & received register, stamp & postage register, TDS register are either not properly maintained or not updated. (b) Most of the Bank reconciliation has been prepared with opening differences,	Repetitive

	which is not correct. In overall, the Bank reconciliation prepared by the Unit is not fully satisfactory & up to the mark and it does not serve main purpose of Bank Reconciliation (c) Some of the units have shown advances to employees as outstanding against materials. The amount is quite significant in some of the units and outstanding is in crores. The employee wise list of such outstanding is not made available to us showing the date since when such outstanding stands. It was also noted that advances against material have been debited to the account of J. E's and they have submitted the details of consumption and balance of stock in the form of JE Stock Accounts in form of 1S/2S/3S/4S. (d) Some units MB was issued to various JEs since long time but was not deposited back to the units till the date. It was observed that some JEs were transferred from the unit without submitting MB and no dues were also issued from the unit. It is strongly recommended to management to identify the JEs who has not submitted the MB and take necessary action for submission of the same (e) This is the corporation practice to accept payment in Cash/Demand Draft only in case where cheque of the consumer was dishonored. But it is observed that again cheque has been received against dishonor cheque from consumer, which is against the corporation norms and the unit must avoid and follow the norms of accepting Cash/DD in case of dishonor of cheque. (f) Completion certificate has not been shown for completed job which has been transferred to Fixed Assets from Capital Work in Progress except for some of the units. (g) Some of the units do not maintain a separate register for SJ-1, SJ-2, SJ-3 & SJ-4. They are directly making entries either in only one or two register. As per corporation norms separate register should be maintain. And also, unit is required to prepare manual SJ's register on their own and then it should be tallied with SJ's prepared by the hired accounting agency. This will vouch & cross check the accuracy of work done from both the end, but in almost all the case manual SJ's have not been prepared and the computerized SJ's prepared by such external agency is pasted in manual SJ's register. **<u>Varanasi Zone-</u>** (a) Total demand of Rs. 28.38 Lacs is pending for TDS defaults in various units of Varanasi Zone. (b) Records of Log Book of Vehicles, WIP Register, T&P Register, Contractor's Ledger, WMDR/WMCR, MB Movement Register, Additional Security Tools & Plant Register, Incumbency Register etc., not made available/provided (c) Service Books not maintained properly i.e., nominee details, caste certificate and re- attestation not maintained (d) Bills continued to be raised to Permanent Disconnection Consumers (e) ERD/Suspense register not maintained (f) Non- Submission of Receipt Book by collecting agent on regular basis. (g) In many cases it is noticed that additional security for additional load in case	Repetitive

	of HV Consumer category has not been taken. (h) Line Losses reported in many divisions. 4) **Kanpur Electricity Supply Company Ltd.** **II 4. Deposit for Electrification (AG Code 47) Cr. ₹48.26Crores** Party-wise break-up of the above sum with respect to: - i) Amount lying on account of incomplete project & ii) Amount unspent which is refundable to parties against completed projects was not made available to us for our verification. Hence, we are unable to verify the above liability as on 31.03.2023.	First Time
	II 5. Security Deposit From Consumer Cr. ₹181.16Crores The above sum includes the sum of ₹16 Crores diverted from the revenue received from the consumers account received against electricity charges. Despite of C&AG comments on the accounts of the company for the F.Y.2020-21 & 2021-22, no corrective measurement taken in the **"IND AS-FS"** for the F.Y.2022-23.	First Time
	I. **STATEMENT OF PROFIT AND LOSS** **Exceptional Item (AG Code 79.501) Dr. 3.59Crores** The sum represents reversal of **₹2.89**Crores on account of "KESCO's" share in the loss of principal / unrealised interest / notional interest allocated during the F.Y 2021-22 & **₹ 6.48** Crores of notional interest for the F.Y 2022-23 for earlier years invested by the CPF/GPF Trust in the Fixed Deposits of a Public Ltd. Company. The documents / information available was not adequate for forming an opinion. **(Also Refer Para No. 33 of Note No. 1B of "IND AS-FS")**	Repetitive

DETAILS OF DEBENTURE TRUSTEE OF U. P. POWER CORPORATION LIMITED

S.NO.	Name of Debenture Trustee	Details
1.	Beacon Trusteeship Limited	Beacon Trusteeship Ltd. 7A & B Siddhivinayak Chambers, Gandhi Nagar, Opp MIG Cricket Club Bandra East, Mumbai – 400051 **compliance1@beacontrustee.co.in** **legal1@beacontrustee.co.in** **operation1@beacontrustee.co.in** **Phone : 022-26558759 | M - +91 7208966997**
2.	Vistra ITCL(India) Limited	Vistra ITCL (India) Limited 6th Floor, The IL&FS Financial Center Plot No. C–22, G Block, Bandra Kurla Complex Bandra (East), Mumbai 400051 **Vistra.Operations@vistra.com** **sanjay.dodti@vistra.com** **Mobile: +919619105439**