

DIRECTORS' REPORT

To,
The Members,
U.P. Power Corporation Ltd.

The Directors have pleasure in presenting the 16th Annual report on the performance of your company for the financial year ended on 31st March 2015 along with audited Statement of Accounts, Auditors' Report and Review of the Accounts by the Comptroller and Auditor General of India.

1. FINANCIAL RESULTS

The salient features of the Company's financial results for the period under review are as follows:-

Stand Alone Financial Statement	Rs. in Crore	
	Year ended 31.03.2015	Year ended 31.03.2014
PARTICULARS		
INCOME		
Revenue from sale of power	36838.75	36521.05
Other Income	27.56	24.91
TOTAL (A)	36866.31	36545.96
EXPENDITURE		
Operational Expenditure :-		
Purchase of Power	36855.31	33233.64
Repairs & Maintenance Expenses	13.74	5.95
Employees Cost	137.37	138.48
Administrative, General & Other Expenses	25.12	19.23
TOTAL (B)	37031.54	33397.30
Operational Profit/(Loss) before Dep. intt. and Prov. C=(A-B)	(165.23)	3148.66
Interest and Finance Charges	164.59	174.60
Depreciation	1.83	2.29
Bad debts & Provisions	12665.05	4118.63
TOTAL (D)	12831.47	4295.52
Profit/(Loss) Before Prior Period Income/(Exp.) and Tax	(12996.70)	(1146.86)
ADD : Net Prior Period Income/ (Expenditure)	327.62	(342.91)
NET PROFIT/(Loss) Before Tax	(12669.08)	(1489.77)
Provision for Tax	0.00	0.00
NET PROFIT/(Loss) After Tax	(12669.08)	(1489.77)

Consolidated Financial Statement**Rs. in Crore**

PARTICULARS	Year ended 31.03.2015	Year ended 31.03.2014
INCOME		
Revenue from sale of power	30537.58	NA
Other Income	8886.54	NA
TOTAL (A)	39424.12	NA
EXPENDITURE		
Operational Expenditure :-		
Purchase of Power	38250.74	NA
Repairs & Maintenance Expenses	1310.22	NA
Employees Cost	1216.42	NA
Administrative, General & Other Expenses	538.73	NA
TOTAL (B)	41316.11	NA
Operational Profit/(Loss) before Dep. intt. and Prov. C=(A-B)	(1891.99)	NA
Interest and Finance Charges	5172.48	NA
Depreciation	498.71	NA
Bad debts & Provisions	13357.59	NA
TOTAL (D)	19028.78	NA
Profit/(Loss) Before Prior Period Income/(Exp.) and Tax	(20920.77)	NA
ADD : Net Prior Period Income/ (Expenditure)	668.14	NA
NET PROFIT/(Loss) Before Tax	(20252.63)	NA
Provision for Tax	0.00	NA
NET PROFIT/(Loss) After Tax	(20252.63)	NA

2. DIVIDEND

The Directors could not recommend any dividend during the year under review, as the company has no profits to distribute.

3. THE AMOUNT, IF ANY, PROPOSED BY THE BOARD TO CARRY TO RESERVE

In view of the fact that company has accumulated losses upto the year under review and no surplus is available for appropriation, no amount is available for transfer to any reserve.

4. OPERATIONS

The Holding Company (UPPCL) deals with the bulk purchase of electricity and bulk sale of electricity to distribution companies of the State. Majorly, the company sales the power in bulk to its subsidiary distribution companies. The sale volume of Company is as under:

S No.	Name of the Customers Companies	Status	FY 2014-15 Unit sold (MU)	FY 2013-14 Unit sold (MU)
A	U.P. Power Corporation Limited	Holding	81927.015	77586.121

The Subsidiary Companies purchase the bulk electricity from its Holding Company (UPPCL) and sale it to the franchise/ultimate consumers. The sale volume of the Companies are as under:

S No.	Name of the Companies (Discoms)	Status	FY 2014-15 Unit sold (MU)	FY 2013-14 Unit sold (MU)
A	Madhyanchal Vidyut Vitran Nigam Limited	Subsidiary	11665.397	10710.703
B	Purvanchal Vidyut Vitran Nigam Limited	Subsidiary	13893.333	12742.520
C	Paschimanchal Vidyut Vitran Nigam Limited	Subsidiary	20845.350	18536.640
D	Dakshinanchal Vidyut Vitran Nigam Limited	Subsidiary	12248.480	13148.045
E	Kanpur Electricity Supply Company Limited	Subsidiary	2582.040	2458.092

The detail of units Wheeled by Associate Company UPPTCL is as under:

S No.	Name of the Companies	Status	FY 2014-15 Wheeling Unit (MU)	FY 2013-14 Wheeling Unit (MU)
A	U.P.Power Transmission Corporation Limited	Associate	82413.860	77760.690

5. CHANGES IN SHARE CAPITAL

The changes in share capital of the Holding, Subsidiary and Associate Companies are as under:

S No.	Company	No. of Equity Shares as on 31-03-2014	No. of Equity Shares Issued during the Year	No. of Equity Shares as on 31-03-2015	Status	Value Per Share (in RS.)
1	U.P.Power Corporation Limited	356902268	40605916	397508184	Holding	1000
2	Madhyanchal Vidyut Vitran Nigam Limited	27804437	15159580	42964017	Subsidiary	1000
3	Purvanchal Vidyut Vitran Nigam Limited	30861216	8536197	39397413	Subsidiary	1000
4	Paschimanchal Vidyut Vitran Nigam Limited	24781533	6774846	31556379	Subsidiary	1000
5	Dakshinanchal Vidyut Vitran Nigam Limited	19463774	15888205	35351979	Subsidiary	1000
6	Kanpur Electricity Supply Company Limited	1631474	0	1631474	Subsidiary	10
7	Jawaharpur Vidyut Utpadan Nigam Limited	50000	0	50000	Subsidiary	10
8	Southern UP Power Transmission Company Limited	50000	0	50000	Subsidiary	10
9	Sonebhadra Power Generation Company Limited	665	0	665	Subsidiary	1000
10	Yamuna Power Generation Company Limited	50000	0	50000	Associate	10
11	U.P.Power Transmission Corporation Limited	54025100	12340766	66365866	Associate	1000

6. EXTRACT OF ANNUAL RETURN

Information required to be disclosed pursuant to section 134(3)(a) of the Companies Act, 2013, the extract of Annual Return, in MGT-9, for the Financial Year 2014-15 has been enclosed with this Report.

7. NUMBERS OF BOARD MEETINGS

During the Financial Year 2014-15, Nine meetings of the Board of Directors of the Company were held. The details of dates of the meetings are given below:

S No.	Date of Meeting	S No	Date of Meeting
1	13-06-2014	2	30-06-2014
3	18-07-2014	4	30-07-2014
5	16-09-2014	6	18-11-2014
7	11-12-2014	8	19-01-2015
9	27-02-2015		

8. PARTICULARS OF LOAN, GUARANTEE, AND INVESTMENT UNDER SECTION 186

As per Notification no. GSR 463(E) dated 5th June 2015(The Gazette of India), the Govt. Company is exempted from the purview of this section.

9. PARTICULARS OF CONTRACT OR ARRANGEMENTS WITH RELATED PARTIES UNDER SECTION 188(1)

As per Notification no. GSR 463(E) dated 5th June 2015(The Gazette of India), the Govt. Company is exempted from the purview of this section.

10. EXPLANATION TO AUDITOR'S REMARKS

Explanations to the Auditor's Remarks have been attached to this Report.

11. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE BALANCE SHEET RELATES AND THE DATE OF REPORT

Ministry of Power, GoI has issued a Financial Restructuring Plan of State Distribution Companies in November 2012. The Scheme has been implemented in Uttar Pradesh for all five subsidiary Distribution Companies through UPPCL. Under the Scheme major financial impact is as under:-

- a) Under the Scheme Bonds of Rs. 15810.00 Crores were issued at 9.68% interest PA. GoUP has taken over Bonds of Rs. 10540.00 Crores by May 2015.
- b) In November, 2015 Ministry of Power, Govt. of India issued a new Scheme, Ujwal DISCOM Assurance Yojana (UDAY) which has been implemented in the State from 30th January 2016. Under this Scheme GoUP has taken over Loans of Rs. 39133.00 Crores out of total Loans of Rs. 53935.06 Crores outstanding as on 30th September 2015.

12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information in accordance with the provisions of section 134 (3) (m) of the Companies Act 2013 read with Rule 8 of The Companies (Accounts) Rules 2014 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the annexure forming part of this report.

13. DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES. (Rs. In Crores)

S No.	Name of Company	Status	Paid up Shares held by UPPCL & its Nominees	Total Revenue from Operation	Profit after tax/ (Loss)
1	Purvanchal Vidyut Vitran Nigam Limited	Wholly owned Subsidiary	3939.74	6052.56	(1317.99)
2	Pashchimanchal Vidyut Vitran Nigam Limited	Wholly owned Subsidiary	3155.69	10231.21	(1836.84)
3	Dakshiranchal Vidyut Vitran Nigam Limited	Wholly owned Subsidiary	3535.20	6611.55	(2036.31)
4	Madhyanchal Vidyut Vitran Nigam Limited	Wholly owned Subsidiary	4296.40	5949.66	(965.09)
5	Kanpur Electricity Supply Company Limited	Wholly owned Subsidiary	163.15	1692.61	(317.28)
6	Southern Power Generation Company Limited	Wholly owned Subsidiary	0.05	0.00	0.003
7	Sonebhadra Power Generation Company Limited	Wholly owned Subsidiary	0.06	0.00	(0.012)
8	Jawaharpur Vidyut Utpadan Nigam Limited	Wholly owned Subsidiary	0.05	0.00	0.00
9	Yamuna Power Generation Company Limited	Associate Company	0.01	0.00	(0.006)

10	U.P Power Transmission Corporation limited	Associate Company	2213.27	1304.91	(71.87)
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14. RISK MANAGEMENT POLICY

Your Company is Public sector undertaking wholly owned by the state of Uttar Pradesh. Our Subsidiary Companies follow the Tariff rates approved by the UPERC to issue the bills to the consumers of the electricity. In case of other matters the guide lines mentioned in Supply Code issued by the UPERC is followed.

The policy related matters are to be followed from the directives issued by the U.P Government from time to time.

15. DETAILS OF DIRECTOR AND KEY MANAGERIAL PERSONNEL

The structure of the Board of Directors during the year under consideration has been as under:-

S. No.	Name	Designation	Working Period (For FY 2014-15)	
			Appointment	Retirement/ Cessation
1	Shri Sanjay Agarwal	Chairman	17.05.13	Working
2	Shri Ayodhya Prasad Mishra	Managing Director	31.07.12	Working
3	Shri S.K. Agarwal	Director (Finance)	09.01.09	Working
4	Shri Radhey Mohan	Director (P.M. & Admn.)	19.11.12	Working
5	Shri Srikant Prasad	Director (Distribution)	14.07.12	06.12.14
6	Shri Krishna Murari Mittal	Director (Distribution)	06.12.14	Working
7	Shri Srikant Prasad	Director (Corporate planning)	22.11.11	21.02.15
8	Shri Ramanand Yadav	Director (Corporate planning)	23.02.15	Working
9	Shri Sanjay Kumar Singh	Director (Commercial)	06.03.13	Working

The Board places on record the appreciation for the valuable services rendered by the Directors during their association with the Company.

16. DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURT OR TRIBUNAL

No such orders passed by the authorities which impacts the going concern status and company's operation in future.

17. INTERNAL FINANCIAL CONTROLS

UPPCL has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition, and to

ensure that all transactions are authorized, recorded, and reported correctly and adequately.

The company works in a dynamic business environment and adopts the suitable internal financial controls, especially the one's having bearing upon reliability of financial reporting and the preparation of financial statements for external purposes, in accordance with the generally accepted accounting principles. It includes maintaining such business policies and procedures as may be required to effectively conduct the business of the company and maintain such records as to properly record the business transaction, assets and liabilities of the company in such a way that they help in prevention of frauds & errors and timely completion of financial statements.

The Company's internal controls are supplemented by programmes of internal audits, reviewed by management and documented policies, guidelines and procedures. The internal control is designed to ensure that financial and other records are reliable for preparing financial information and for maintaining accountability of assets.

All financial and audit control systems are also reviewed by the Audit Committee of the Board of Directors of the company.

18. DEPOSITS

No deposits have been accepted from the public as mentioned/covered under Chapter V of Companies Act 2013.

19. RECEIPT OF ANY COMMISSION BY MD/WTD FROM A COMPANY OR FOR RECEIPT OF COMMISSION/REMUNERATION FROM ITS HOLDING OR SUBSIDIARY

No such cases reported during the period.

20. DECLARATION BY INDEPENDENT DIRECTOR

Since your Company is a Government Company, power to appoint any Director on the Board is vested to Government of Uttar Pradesh. The letter requiring the appointment of Independent Director has already been sent to Energy Department, Government of Uttar Pradesh.

21. RE-APPOINTMENT OF INDEPENDENT AUDITOR

The independent auditor (Statutory Auditor) of the company is appointed by the C & AG and the same is not under the purview of the Company.

No such case reported in the year of consideration through which after the expiry of one term of 5 years the reappointment of Auditor was made.

22. SECRETARIAL AUDIT REPORT

Pursuant to Section 204 of the Companies Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed CS Mardan Singh, Practicing Company Secretary to conduct Secretarial Audit for the

financial year 2014-15. The Secretarial Audit Report in Form MR-3 for the financial year March 31, 2015 is set out in annexure to the Directors' Report.

The observations as contained in the Secretarial Audit Report are self-explanatory and needs no further clarifications.

23. CORPORATE SOCIAL RESPONSIBILITY

Your Company has formed CSR Committee and the members of the committee are as follows:

Director Finance
 Director Corporate Planning
 Director Distribution
 Director Personnel & Administration

The company has not spent any amount on corporate social responsibility because the company is in loss during the financial year 2014-15 and has no profit to conduct any social events/activities/program.

24. SUBSIDIARY AND ASSOCIATE COMPANIES

The Status of Annual Accounts adoption in AGM of Subsidiary and Associate Companies for the financial year 2013-14 and 2014-15 are given below:

S No	Name of Company	Status	F.Y 2013-14	F.Y 2014-15
1	Purvanchal Vidyut Vitran Nigam Limited	Wholly owned Subsidiary	Adopted	Adopted
2	Pashchimanchal Vidyut Vitran Nigam Limited	Wholly owned Subsidiary	Adopted	Adopted
3	Dakshiranchal Vidyut Vitran Nigam Limited	Wholly owned Subsidiary	Adopted	Adopted
4	Madhyanchal Vidyut Vitran Nigam Limited	Wholly owned Subsidiary	Adopted	Adopted
5	Kanpur Electricity Supply Company Limited	Wholly owned Subsidiary	Adopted	Adopted
6	Southern Power Generation Company Limited	Wholly owned Subsidiary	Adopted	Yet to be Adopted
7	Sonebhadra Power Generation Company Limited	Wholly owned Subsidiary	Adopted	Adopted
8	Jawaharpur Vidyut Utpadan Nigam Limited	Wholly owned Subsidiary	Adopted	Adopted
9	Yamuna Power Generation Company Limited	Associate Company	Yet to be Adopted	Yet to be Adopted
10	U.P Power Transmission Corporation limited	Associate Company	Adopted	Adopted

25. AUDIT COMMITTEE

According to section 177 of the Companies Act, 2013 Board has constituted an Audit Committee consisting of the following members as on date:-

Managing Director, UPPTCL	-	Member
Managing Director, UPPCL	-	Member
Sp. Secretary (Finance) U.P. Govt.	-	Member
Director (Commercial), UPPCL	-	Member
Director (Finance), UPPCL (Presenter)	-	Presenter
Company Secretary (Coordinator)	-	Coordinator

The Audit Committee reviewed the annual financial statement, before their submission to the Board as prescribed under section 177 of the Companies Act, 2013 and recommended for approval of the Board.

26. STATEMENT INDICATING THE MANNER IN WHICH FORMAL ANNUAL EVALUATION HAS BEEN MADE BY THE BOARD OF ITS OWN PERFORMANCE, ITS DIRECTORS, AND THAT OF ITS COMMITTEES AS PER SECTION 134 (3)(P)

As per Notification no. GSR 463(E) dated 5th June 2015(The Gazette of India), the Govt. Company is exempted from the purview of this section.

27. NOMINATION & REMUNERATION COMMITTEE POLICY AS PER SECTION 178 (3)

It shall not apply to Government Companies except with regard to appointment of senior management & other Employees.

28. VIGIL MECHANISM AS PER SECTION 177(9)

There is Vigilance Department of GoUP in the organization to receive any complaints against the officers of the company.

29. MANAGERIAL REMUNERATION

As per Notification no. GSR 463(E) dated 5th June 2015(The Gazette of India), the Govt. Company is exempted from complying the provisions of section 197 of the Companies Act 2013.

30. DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

No such cases reported during the period.

31. FRAUD REPORTING

No fraud reported during the year under consideration.

32. STATUTORY AUDITOR

M/s Gaur & Associates, Chartered Accountants, were appointed as Statutory Auditors of the Company for the financial year 2014-15 by C&AG of India. The Statutory Auditors have audited the accounts of the company for the year ended on 31st March 2015. The reports of the auditors and replies on their comments are annexed to this report.

33. REVIEW OF ACCOUNTS BY COMPTROLLER & AUDITOR GENERAL OF INDIA (C&AG)

As advised by the Office of the C&AG, the comments of C&AG for the year 2014-15 along with management replies thereto are placed with the report of Statutory Auditor of your Company in this Annual Report.

34. COST AUDITOR

M/S R M Bansal & Co. Cost Accountants, A-201, Twin Towers, Lakhanpur, Kanpur, was appointed as Cost Auditor of the Company for the financial year 2014-15. The fees of the Cost Auditor was Rs. 25000/- for the financial year under review.

35. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of section 134 (5) of the Companies Act, 2013 it is hereby confirmed that:

- (i) in the preparation of the annual accounts for the financial year ended 31st March, 2015, the applicable accounting standards have been followed except few cases for which proper explanation has been given in the accounts.
- (ii) The Directors have selected appropriate accounting policies and applied them consistently, except that the changes mentioned separately, and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2015 and of the profit and loss for the said period.
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities. Moreover it is to be informed to the shareholders that various shortcomings, which have been found by management and also those, which have been pointed out, by the Statutory Auditors and the C&AG shall be accounted for in the following years.
- (iv) The accounts for the financial year ended March 31, 2015 have been made on a going concern basis.
- (v) The Directors had devised proper system to ensure compliance with the provisions of applicable laws and that such system were adequate and operating effectively.

ACKNOWLEDGEMENT

The Company acknowledges the co-operation and continued assistance extended by various Central and State Govt. Departments, U.P. Electricity Regulatory Commission, Central Electricity Regulatory Commission, Central power Utilities, Power Finance Corporation, Rural Electrification Corporation, Banks and other Financial Institutions.

The Directors also appreciate the constructive suggestions and co-operation of Statutory Auditors M/s Gaur & Associates, Chartered Accountants, Branch Auditor, and the office of the C&AG.

Your Directors acknowledge with appreciation the services rendered by the Executives, staff and workers of the company.

For and on behalf of the Board of Directors


(ALOK KUMAR)
Chairman

Date: 06-03-2018
Place: Lucknow

ANNEXURE TO THE DIRECTORS' REPORT

Disclosure under section 134 (3) (m) of the Companies Act 2013 read with Rule 8 of The Companies (Accounts) Rules 2014.

A. CONSERVATION OF ENERGY:

(a) The steps taken or impact on conservation of energy;

Conservation of energy:

The state of Uttar Pradesh has met a maximum demand of 15670 MW in the year 2014-15. The power purchased by the state during this year was 87571.23 Million Units.

Going by past records, the consumption of electricity and also the power purchase bills in the state are increasing at the galloping rate of 5% to 15% per year. Under such a scenario, reduction in the hefty power purchase bills may be achieved effectively by energy conservation measures.

There is one more dimension that is being observed is the poor per capita energy consumption in the state as compare to all India average. This specifically points towards the fact that energy efficiency can help Uttar Pradesh to achieve national average of per capita consumption.

Scope of Electricity Conservation in Uttar Pradesh:

In consultation with the Bureau of Energy Efficiency (BEE), the National Productivity Council (NPC) has conducted one study to explore the potential of energy savings in all of the states in India. For Uttar Pradesh, NPC had estimated this potential to be 13%.

(b) The steps taken by the Company for utilizing alternate source of energy;

Energy Audit of Government Building:

20 Government Buildings have been identified and energy audits of these buildings were done to identify energy saving opportunities. UP Power Corporation then pursued the building owners and got the recommendations of the audit report implemented. The monthly energy savings achieved out of the implementation of the audit reports is as per following:

1) Shastri Bhawan	Rs. 742000/-
2) Bapu Bhawan	Rs. 142000/-
3) Shakti Bhawan & Shakti Bhawan Extention	Rs. 290074/-
4) Vishveshraiya Bhawan	Rs. 7346/-
5) UP Awas evam Vikas Parishad	Rs. 29869/-
6) Indian Telephone Industries	Rs. 43470/-
7) UP Jal Nigam Ltd.	Rs. 46392/-
8) UP Parivahan Nigam	Rs. 22000/-

(c) The capital investment on energy conservation equipment;

Discom Energy Conservation Cells:

The Discom energy conservation cells were established in all Discoms to conduct awareness programs & workshops to sensitize all categories of

consumers for saving of electricity including industries, school & colleges, commercial establishments, and agricultural consumers. Workshops in all Discoms were conducted.

B. TECHNOLOGY ABSORPTION*:

(a) **RESEARCH AND DEVELOPMENT (R&D):**
NIL

(b) **TECHNOLOGY ABSORPTION, ADAPTATION, AND INNOVATION:**

1. **Efforts, made towards Technology Absorption, Adaptation and innovation in brief are as under:**
NIL
2. **Benefits derived as result of the above efforts:**
NIL
3. **Imported Technology:**
NIL

* This is a holding company and all the above efforts are reflected in the BoD Reports of the Subsidiary Distribution Companies who are implementing various schemes in relation to the above.

C. FOREIGN EXCHANGE EARNING AND OUTGO:

- (I) Earnings in foreign exchange: NIL
- (II) Foreign exchange outgo: NIL

For and on behalf of the Board of Directors


(ALOK KUMAR)
Chairman

Date: 06-03-2018
Place: Lucknow