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(उत्तर प्रदेश सरकार का उपक्रम)

ANNUAL REPORT

FY - 2019-20

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

Notice is hereby given, pursuant to Section 101(1) of the Companies Act 2013, that the **21st Adjourned Annual General Meeting** of the Shareholders of U.P. Power Corporation Limited will be held (at a shorter notice) on **Friday, 31st March, 2023 at 11:00 AM** at its registered office i.e. **Shakti Bhawan, 14-Ashok Marg, Lucknow** to transact the following business:-

ORDINARY BUSINESS

1. **Adoption of Annual Accounts for the Financial Year 2019-20 i.e. for the Financial Year ended 31-03-2020.**

   To consider and adopt :-

   a). The Standalone Financial Statement of the Company for the Financial Year ended 31st March, 2020, 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, 2020 and the report of the Auditors thereon.

By order of the Board,

(Jitesh Grover)
Company Secretary
(Additional Charge)

Note : 1- Member entitled to attend and vote at the meeting is entitled to appoint a proxy in his stead to attend and vote on a poll and such proxy need not be a member of the company. Proxies in order to be effective must be signed, stamped and deposited at the registered office of the company not less than forty eight hours before the commencement of the meeting. Blank proxy form is annexed hereto.

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. Shri M. Devaraj, 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 Mrugank Shekhar Dash Bhattamishra, Director (PM & A), UPPCL, Lucknow - **Shareholder.**
7. Shri Sourajit Ghosh, Director (I.T.), UPPCL, Lucknow - **Shareholder.**
8. Shri Kamalesh Bahadur Singh, Director (Distribution), UPPCL, Lucknow – **Shareholder.**

By order of the Board,

Date : 30/03/2023
Place : Lucknow

(Jitesh Grover)
Company Secretary
(Additional Charge)

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

FORM OF PROXY

Name of the member(s) :	
Registered address :	
Folio No/DP ID-Client id :	
Email Id :	
No. of Shares held :	

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

1.	Name :		Signature	
	Address :			
	E-mail Id :			
Or failing him				
2.	Name :		Signature	
	Address :			
	E-mail Id :			
Or failing him				

as my/our proxy to attend and vote (on a poll) for me /us and on my/our behalf at 21st Adjourned Annual General Meeting of the Shareholders of U.P. Power Corporation Limited to be held on Friday, 31st March, 2023 at 11:00 AM and at any adjournment thereof in respect of such resolutions as are indicated below :

SL NO.	Resolutions	For	Against
Ordinary Business			
1.	Adoption of Standalone financial Statement of the Company for the Financial Year ended 31st March, 2020, the reports of the Board of Directors and Auditors thereon		
2.	Adoption of Consolidated Financial Statement of the Company for the Financial Year ended 31st March, 2020, and the reports of the Auditors thereon		

Signed this ....day of.......2023

Affix Revenue

Signature of shareholder.................................Signature of Proxy holder..............................

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

ATTENDENCE SLIP

21st Adjourned Annual General Meeting **of the Shareholders of U.P. Power Corporation Limited to be held on Friday, 31st March, 2023 at** 11:00 AM.

NAME OF THE ATTENDING MEMBER (IN BLOCK LETTERS)	
***Follo No.**	
DP ID No.	
Client ID No.	
No. of shares held	
NAME OF PROXY (IN BLOCK LETTERS) TO BE FILLED IN IF THE PROXY ATTENDS INSTEAD OF THE MEMBER)	

I, hereby record my presence at 21st Adjourned Annual General Meeting of the Shareholders of U.P. Power Corporation Limited held on Friday, 31st March, 2023 at 11:00 AM, Shakti Bhawan, 14-Ashok Marg, Lucknow.

Signature of Member/Proxy

DIRECTORS' REPORT

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

Your directors are pleased to present the 21st Annual Report together with Audited Accounts for the financial year ended on 31st March, 2020.

1. FINANCIAL RESULTS

The salient features of the Company's financial results for the period ended 31st March, 2020 are summarized below:-

A. Standalone Financial Statement

Rs. in Crores

PARTICULARS	Year ended 31.03.2020	Year ended 31.03.2019
INCOME		
Revenue from sale of power	54015.31	53786.44
Other Income	155.57	107.87
TOTAL (A)	**54170.88**	**53894.31**
EXPENDITURE		
Operational Expenditure :-		
Purchase of Power	54015.31	53786.44
Repairs & Maintenance Expenses	12.19	18.52
Employees Cost	70.36	189.26
Administrative, General & Other Expenses	47.96	82.96
TOTAL (B)	**54145.82**	**54077.18**
Operational Profit/(Loss) before Dep. intt. and Prov. C=(A-B)	25.06	(182.87)
Interest and Finance Charges	0.05	0.04
Depreciation	4.64	3.94
Bad debts & Provisions	3179.28	8062.56
TOTAL (D)	**3183.97**	**8066.54**
NET PROFIT/(Loss) Before Tax	**(3158.91)**	**(8249.41)**
Provision for Tax	0.00	0.00
NET PROFIT/(Loss) After Tax	**(3158.91)**	**(8249.41)**

B. Consolidated Financial Statements

Rs. in Crores

PARTICULARS	Year ended 31.03.2020	Year ended 31.03.2019
INCOME		
Revenue from sale of power	54037.99	50058.69
Other Income	13939.61	13316.48
TOTAL (A)	**67977.60**	**63375.17**
EXPENDITURE		
Operational Expenditure :-		
Purchase of Power	57388.86	56024.50
Repairs & Maintenance Expenses	2495.88	2229.91
Employees Cost	1655.91	1419.83
Administrative, General & Other Expenses	2361.90	1980.89
TOTAL (B)	**63902.55**	**61655.13**
Operational Profit/(Loss) before Dep. intt. and Prov. C=(A-B)	**4075.05**	**1720.04**
Interest and Finance Charges	5179.86	4710.57
Depreciation	1264.24	937.53
Bad debts & Provisions	3700.77	8682.90
TOTAL (D)	**10144.87**	**14331.00**
NET PROFIT/(Loss) Before Tax	**(6069.82)**	**(12610.96)**
Provision for Tax	0.00	0.00
NET PROFIT/(Loss) After Tax	**(6069.82)**	**(12610.96)**

2. TRANSFER TO RESERVE

The Company has incurred losses during the year, as no surplus is available for appropriation therefore no amount is being proposed to be transferred to reserves.

3. OPERATIONS

The Company deals with the bulk purchase of electricity and bulk sale of electricity to its Subsidiary distribution companies of the State. The Purchase volume of Company is as under:

S No.	Name of the Company	Status	FY 2019-20 Units Purchased (MU)	FY 2018-19 Units Purchased(MU)
A	U.P. Power	Holding	118140.93	115435.51

	Corporation Limited			

The sales volume of company is as under:

S N	Name of the Company	Status	FY 2019-20 Unit sold (MU)	FY 2018-19 Unit sold (MU)
A	U.P. Power Corporation Limited	Holding	112224.924	108338.881

The Subsidiary Companies purchase the bulk electricity from the Company and sell it to the franchise/ultimate consumers. The sales volume of the Companies are as under:

S No.	Name of the Companies (Discoms)	Status	FY 2019-20 Units sold (MU)	FY 2018-19 Units sold (MU)
A	Madhyanchal Vidyut Vitran Nigam Limited	Subsidiary	18426.231	16697.541
B	Dakshinanchal Vidyut Vitran Nigam Limited	Subsidiary	19456.139	19035.310
C	Purvanchal Vidyut Vitran Nigam Limited	Subsidiary	21237.264	20795.201
D	Pashchimanchal Vidyut Vitran Nigam Limited	Subsidiary	29065.914	28393.360
E	Kanpur Electricity Supply Company Limited	Subsidiary	3300.502	3173.838
F	Southern U.P. Power Transmission Company Limited	Subsidiary	-	-

4. DEPOSITS

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

5. AUDITORS

5.1 STATUTORY AUDITORS

The Comptroller & Auditor General of India, New Delhi appointed RM Lall & Co. Chartered Accountants, Lucknow as Statutory Auditors of the company for the year ended 31st March, 2020. Pursuant to the Companies Act, 2013. Management reply to the remarks of the Statutory Auditors is enclosed as **Annexure I**. The supplementary audit of the CAG is Completed and its final comments and our reply on such comments are enclosed as **Annexure X**. The above standalone financial statement and consolidated financial statements have been approved by the Board of Directors in its meeting held on 31.08.2021.

5.2 COST AUDITOR

RM Bansal & Co. Cost Accountant, Lucknow was appointed as Cost Auditor by the Company for the FY 2019-20 under section 148 of the Companies Act, 2013.

5.3 SECRETARIAL AUDITORS

CS Mardan Singh & Co., Practicing Company Secretary has conducted the Secretarial Audit of the Company for the Financial Year 2019-20. The Secretarial Audit Report is placed at **Annexure II** with management reply.

6. BOARD AND COMMITTEES

There have been following changes in the Board of Directors of the Company during the FY 2019-20

S. No.	Name	Designation	For FY 2019-20	
			From	to
1.	Shri Alok Kumar	Chairman	20-05-2017	09.11.2019
2.	Smt. Aparna U.	Managing Director	26-10-2017	04-11-2019
3.	Shri Sudhanshu Dwivedi	Director (Finance)	30-06-2016	30-06-2019
4.	Shri Vijay Kumar	Director (Distribution)	06-01-2018	31-03-2020
5.	Shri V.P. Srivastava	Director (Corporate Planning)	04-01-2018	31-03-2020
6.	Shri Satya Prakash Pandey	Director (PM & A)	01-07-2016	02-06-2019
7.	Shri Neel Ratan Kumar	Nominee Director	16-04-2013	31-03-2020
8.	Smt. Manju Shankar	Woman Nominee Director	10-12-2015	31.12.2019
9.	Shri A.K. Purwar	Director (PM & A)	10.07.2019	31.03.2020
10.	Shri Arvind Kumar	Chairman	10.11.2019	31.03.2020
11.	Shri A K Srivastava	Director (Commercial)	27-06-2018	31.03.2020
12.	Shri Sudhir Arya	Director (Finance)	30-07-2019	31-03-2020
13.	Shri M. Devaraj	Managing Director	05-11-2019	31-03-2020
14.	Dr. Senthil Pandian C.	Nominee Director	10.09.2018	31.03.2020

6.1 Number of Meetings of the Board

During the Financial Year 2019-20, there were eleven meetings of the Board of Directors of the Company on the following dates:

S.No.	Date of Meeting	S.No.	Date of Meeting
1	147th Board Meeting – 21.06.2019	7	153rd Board Meeting – 18.12.2019
2	148th Board Meeting – 31.07.2019	8	154th Board Meeting –08.01.2020

3	149th Board Meeting – 23..09.2019	9	155th Board Meeting – 19.02.2020
4	150th Board Meeting – 02.11.2019	10	156th Board Meeting – 05.03.2020
5	151st Board Meeting – 04.11.2019	11	157th Board Meeting – 11.03.2020
6	152nd Board Meeting –27.11.2019		

6.2 COMMITTEE OF THE BOARD

According to section 177 of the Companies Act, 2013 Board has constituted an Audit Committee consisting of the following Directors:

1) Managing Director, UPPCL
2) Nominee Director
3) Director (Commercial)
4) Director (Finance), UPPCL

and appointed Company Secretary as Secretary of the committee and to perform such duties and activities as prescribed.

The Audit Committee met two times during the financial year 2019-20 on the following dates and the financial statements of the said year have been reviewed by the Committee :

-31.07.2019
-18.12.2019

6.3 DECLARATION BY INDEPENDENT DIRECTOR

Being a Government Company, the power to appoint Independent Director vests with the Government of UP and the company has taken up with the State Government for appointment of requisite number of Independent Directors.

6.4 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 & 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) (p) of the Act has also been done away with for Government Companies where the directors are evaluated by the Ministry or 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 complying with the requirement of performance evaluation by the independent directors of non-independent directors and Chairman and performance evaluation of the Independent Directors by the Board, if the concerned department or ministries have specified these requirements.

7. CORPORATE SOCIAL RESPONSIBILITY

Since the Company being into heavy losses during the year it is not mandatory for the company to make any expenditure towards the CSR activities during the year.

8. VIGIL MECHANISM

There is a common vigilance wing for all Government Utilities in U.P. Power Sector.

9. MANAGERIAL REMUNERATION

The details of the remuneration of the directors and key managerial is placed as **Annexure III.**

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

As per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules made thereunder, the Company has Internal Complaints Committee in place to redress complaints received regarding the sexual harassment. There was no complaint of sexual harassment filed during the FY 2019-20.

11. FRAUD REPORTING

No fraud reported during the year under consideration.

12. COMPLIANCES

12.1 CONSERVATION OF ENERGY

Pursuant to Section 134(3) (m) of Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014 information relating to 'Conservation of energy, technology absorption is given in Annexure-IV to this Report.

12.2 RISK MANAGEMENT POLICY

Your Company is a Public Sector Undertaking wholly owned by the Government 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 guidelines 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.

12.3 INTERNAL FINANCIAL CONTROLS AND ADEQUACY

The Company 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.

All financial and audit control systems are also reviewed by the Audit Committee of the

Board of Directors of the company.

12.4 ANNUAL RETURN OF THE COMPANY

The extract of the Annual Return of the Company for the FY 2019-20 is enclosed as **Annexure -VII.**

12.5 PARTICULARS OF LOANS, GUARANTEES, AND INVESTMENTS UNDER SECTION 186

Loans, Guarantees or investments under section 186 of the Companies Act, 2013 form part of the notes to financial statements attached to this Report.

12.6 PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES UNDER SECTION 188(1)

Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013 in the prescribed form AOC-2 are given as **Annexure VI** of this Report. Further attention of the members is drawn on Note no. 1(B) (21) of the Financial Statement which sets out related party disclosure.

12.7 SUBSIDIARIES AND ASSOCIATE COMPANIES

As on 31st March, 2020 the Company has five subsidiaries. A statement containing the salient features of the financial statements of our subsidiaries and associate companies are covered in the management discussion and analysis and also annexed in the prescribed AOC-1, Part A & B as **Annexure V** of this report.

12.8 DIVIDEND DISTRIBUTION POLICY

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

12.9 SIGNIFICANT & MATERIAL ORDERS

There are no significant and material orders passed by the Regulators or Courts or tribunal impacting the going concern status and company's operations in future.

13. DIRECTORS RESPONSIBILITY STATEMENT:

In line with the Section 134(3)(c) of the Companies Act, 2013 the following declarations with regard to Directors responsibilities are being made:-

(i) That in the preparation of the Annual Accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;

(ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimate that 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 the Financial Year and of the Profit and Loss of the Company for that period.

(iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

(iv) That the Directors had prepared the annual accounts on a going concern basis.

(v) That the Directors has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

14. Other Disclosures:

14.1 A certificate from Company Secretary in practice for non-debarment/disqualification.

A certificate from the Practicing Company Secretaries has been received stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by SEBI/MCA or any such statutory authority and the same is reproduced at the end of this report and marked as **Annexure-VIII.**

14.2 A certificate from Company Secretary in practice on Corporate Governance.

The Company has obtained compliance certificate from the Practising Company Secretaries on corporate governance. The same is reproduced at the end of this report and marked as **Annexure-IX.**

15. ACKNOWLEDGEMENT:

The Board of Directors 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, Public Enterprises and other Departments of Govt. of U.P. and Government of India, the Central Electricity Authority, U.P Electricity Regulatory Commission, Power Finance Corporation, Rural Electrification Corporation & Other Financial Institutions.

The Board also thanks the Statutory Auditors, the Branch Statutory Auditors, Internal Auditors, Cost Auditors and the Office of the C&AG for their constructive suggestions, guidance and cooperation.

For and on behalf of the Board of Directors

Nidhi Kumar Narang	**Pankaj Kumar**
Director (Finance)	**Managing Director**
DIN : 03473420	**DIN : 08095154**

Date :
Place: Lucknow

Annexure I A

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2020

AUDITOR'S REPORT	MANAGEMENT REPLY
To, **The Members,** **Uttar Pradesh Power Corporation Limited,** **Shakti Bhawan,** **Lucknow.** **Report on Standalone Financial Statements** **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, 2020, 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.	No Comments
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, 2020, and the loss, including other comprehensive income, its cash flows and changes in equity for the year ended on that date.	No Comments
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	No Comments

AUDITOR'S REPORT	MANAGEMENT REPLY
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.	
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, and in forming our opinion thereon, and we do not provide a separate opinion on these matters except for the matters described in Annexure I to the "Basis for Qualified Opinion" section. We have determined that there are no other key audit matters to communicate in our report.	No Comments
Emphasis of Matter Paragraph: As explained in Para 37 of Note-29 "Notes on Accounts", due to the outbreak of COVID-19 globally and in India, the Company's management has made an initial assessment of likely adverse impact on business and financial risks and believes that the impact is likely to be short term in nature. The management does not see any medium to long-term risks in the company's ability to continue as a going concern and meeting its liabilities as and when they fall due. Our opinion is not modified in respect of this matter.	No Comments
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	No Comments

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AUDITOR'S REPORT	MANAGEMENT REPLY
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.	
Management's Responsibility for the Standalone Financial Statements: The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.	No Comments

AUDITOR'S REPORT	MANAGEMENT REPLY
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.	
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	No Comments

AUDITOR'S REPORT	MANAGEMENT REPLY
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	

AUDITOR'S REPORT	MANAGEMENT REPLY
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.	
Other Matters: We did not audit the financial statements/ information of Zone included in the Standalone Financial Statements of the Company. The financial statements/ information of the Zone has been audited by the Zone auditor whose report have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of Zone, is based solely on the report of such auditor.	No comments
Report on Other Legal and Regulatory Requirements: 1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure-II", a statement on the matters specified in the paragraphs 3 and 4 of the said Order, to the extent applicable.	No comments
2. As required by directions issued by the Comptroller & Auditor General of India under section 143(5) of the Act, we give in "Annexure - III (a) and III (b)", a statement on the matters specified in the directions and sub-directions.	No comments
3. As per Notification No. GSR 463(E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India, and Section 197 of the Act is not applicable to the Government Companies. Accordingly, reporting in accordance with requirement of provisions of section 197(16) of the Act is not applicable on the Company.	No comments
4 As required by section 143(3) of the Act, based on our audit, we report that:	No comments

AUDITOR'S REPORT	MANAGEMENT REPLY
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.	No comments
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
d. The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement 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.	No comments
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.**	No comments
f. Being a Government Company, pursuant to the Notification No. GSR 463(E) dated 5thJune, 2015 issued by Ministry of Corporate Affairs, Government of India; provisions of sub-section (2) of section 164 of the Act, regarding disqualification of the directors are not applicable to the Company.	No comments
g. With respect to the adequacy of the internal financial controls system in place and the operating effectiveness of such controls, refer to our report in "Annexure–IV".	No comments
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	No comments

AUDITOR'S REPORT	MANAGEMENT REPLY
for Qualified Opinion" section, the Company has disclosed the impact of pending litigations on its financial position in its financial statement; ii. The Company did not have any long-term contracts including derivative contracts entailing any material foreseeable losses. iii. There were no amounts, which were required to be transferred to the Investor Education and Protection Fund by the Company.	

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

(Pankaj Kumar)
Managing Director
DIN-08095154

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, 2020.

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. 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-Trade Receivable (Note-8), Financial Assets-Other (Note-11), Other Current Assets (Note-12), Financial Liabilities-Trade payable (Note-18) and Other Financial Liabilities (Note-19) have been classified as current assets/liabilities include balances which are outstanding for realisation/settlement since previous financial years and in the absence of adequate information/explanations regarding the realisability/settlement of such amounts within twelve months after the year end, reasons for not classifying them as non-current assets/liabilities is **inconsistent with Ind AS 1 Presentation of Financial Statements.** This has resulted in over statement of respective current assets/liabilities and understatement of the corresponding non-current assets/liabilities.	In accordance with the provisions contained in Ind AS 1, the assets and liabilities are to be classified into current/non-current based upon their nature. And therefore all those liabilities/assets that are expected to be settled within twelve months period have been classified as current. Hence, the classification of liabilities/assets into current/non-current is consistent with Ind AS 1.
b. Recognition of Insurance and other claims, refunds of Custom duty, Interest on Income Tax & trade tax, interest on loans to staff and other items of income covered by Significant Accounting Policy no. 2 (c) & 7 (b)of Note–1 has been done on cash basis. **This is not in accordance with the provisions of Ind AS 1 Presentation of Financial Statements.**	As per the accounting policy of the Company, the insurance and other claims, refunds of Custom Duty, Interest on Income tax & trade tax, and interest on loans to staff is being conservatively accounted for on receipt basis.
c. Additions during the year in Property, Plant and Equipment	Due to multiplicity of functional units as well as multiplicity of functions at particular unit,

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	include employee cost at a fixed percentage of the cost of each addition to Property, Plant and Equipment in accordance with Note-1 Significant Accounting Policy Para (3)(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 16Property, Plant and Equipment.** This has resulted in overstatement of fixed assets and depreciation and understatement of employee cost and loss.	capitalization policy for employee cost are framed to capitalize the said expenses at a pre determined rate and accordingly the treatment has been given while capitalizing the employee cost.
d.	Inventory which includes stores and spares for capital works, operation and maintenance and others is valued at cost (Refer accounting policy no. 3(VI)(a) of Note-1). Valuation of stores and spares for O & M and others **is not consistent with Ind AS2 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.**	The business of the Corporation is to purchase electricity from generation source and sell the same to distribution companies. Hence, the company do not have any trade inventory. The company maintains inventory only for internal use i.e. for construction and maintenance of fixed assets for which the company has the policy for valuation of assets for which the company has the policy for valuation of stores and spares. Hence, there is no contravention of Ind AS 2. Further, Stores issued for capital work has been shown as a part of CWIP as a normal business policy.
e.	Accounting for Employee Benefits: Actuarial Valuation of gratuity liability of the employees covered under GPF scheme has not been obtained. (Refer Para4(a) Note – 29 "Notes on Accounts"). **This is inconsistent with Ind AS 19 Employee Benefits.**	Actuarial valuation has been done every year for Gratuity for CPF employees and Leave encashment for both GPF and CPF employees as per IND AS- 19. Further in absence of the latest actuarial valuation report, the provision for Gratuity Liability of the employees covered under GPF scheme has been made on the basis of actuarial valuation report dated 09.11.2000.
f.	The company has made a provision for impairment of investment in subsidiaries and associates [Note-5 except Para II (c) & II (d)] on the basis of net worth of investee companies as on 31st March, 2020 (Refer para 28of Note – 29 "Notes on Accounts"), which **is not in accordance with Ind AS 36 Impairment of Assets.** Further assessment of the impairment of assets has not been done by the	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 assets 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.

	company, **which is inconsistent with Ind As- 36 Impairment of Assets.**	
	g. The Financial Assets (Note-5 para II (c), 6, 8, 11 and 12) have not been measured at fair value as required by **Ind AS 109 Financial Instruments** (Refer Para 6 and 9(b) of Note – 29 "Notes on Accounts") and proper disclosures as required in **Ind AS 107 Financial Instruments: Disclosures** have not been done for the same.	All the financial assets are recognised in accordance with the accounting policy no.XV and necessary disclosure has also been made in Notes to accounts.
2.	Inter unit transactions amounting Rs.15,404.70 lacs, are subject to reconciliation and consequential adjustments. (Refer Para 7 Note – 29 "Notes on Accounts")	The company has a complete system of clearance of Inter unit transactions. However, effective guidelines have already been issued for clearance of pending IUT balances.
3.	Loans and Other Financial Assets (Note-6), Trade Receivables-Others (Note-8), Financial Assets-Others - Employees, Others (Note-11), Other Current Assets - Suppliers & Contractors (Note-12), Financial Liability-Trade Payables (Note-18), Other Financial Liabilities - Liability for Capital/O&M Suppliers/Works, Deposits from Suppliers (Note-19) are subject to confirmation/reconciliation.	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.
4.	Documentary evidence in respect of ownership/title of land and land rights, building was not made available to us and hence ownership as well as accuracy of balances could not be verified. Additionally, the identity and location of Property, Plant and Equipment transferred under the various transfer schemes has also not been identified (Refer Para 5(a) of Note – 29 "Notes on Account").	Documentary evidence in respect of ownership/ title are kept at unit level. However, units have been instructed to ensure that records are put up during course of audit. Regarding identity & location, necessary instructions have been issued to complete physical verification of assets.
5.	It was observed that the maintenance of party-wise subsidiary ledgers and its reconciliation with primary books of accounts i.e., cash books and sectional journal are not proper and effective.	Proper and effective procedure for maintenance of subsidiary ledger is already prescribed in the Company. However, we are in process to implement ERP software for maintenance of party-wise subsidiary ledgers.
6.	Employee benefit expenses (Note- 23), Administrative, General & Other Expenses (Note- 26), and Repair & Maintenance Expenses (Note- 27) have been allocated among DISCOMS and other power sector companies owned by the GoUP (i.e., UPPTCL, UPRVUNL & UPJVNL) on the basis of data / information (i.e., units of power sold to discoms, no. of employees, area occupied} related to the financial year 2018-19, instead of	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.

	financial year 2019-20. (Para 27 of Note- 29 "Notes on Accounts").	
7.	Sufficient and appropriate documentary audit evidences in respect of Contingent liabilities disclosed in Para 18 of Note – 29 "Notes on Accounts" were not provided to us.	The related documents are available in the units concerned. However the units have already been instructed to maintain proper records.
8.	Revenue earned from the sale of power through Indian Energy Exchange Limited, India has not been recognised separately in the statement of Profit and Loss, but has been reduced from the cost of purchase of power aggregating to Rs. 54, 01,531.23 Lacs (Refer Note-22 Purchase of Power). Additionally, details of aggregate units sold during the year and revenue earned from such sale was not made available to us.	Purchase and sale of power through energy exchange are being accounted for in the cost of power purchase of the company and accordingly the sale bills are being issued to DISCOMs. However, the matter is under review and appropriate decision will be taken, if required.
9.	The Company has not classified trade payable outstanding from Micro and Small enterprises as required by Schedule - III of the Companies Act, 2013. Further, in the absence of adequate information, we are unable to confirm compliance with Section 22 of MSMED Act, 2006 regarding disclosures on principle amount and interest paid and/or payable to such enterprises (Refer Para 12 of Note – 29 "Notes on Accounts").	As reported by our divisions there are no outstanding balance in respect of MSME units.
10.	Records for inventories lying with the third parties are not being maintained properly at Zonal Offices/units of the Company.	Necessary instructions have been issued to units/Zones
11.	The Annual Accounts of F.Y 2017-18 and 2018-19 are yet to be adopted in Annual General Meeting (Refer Para 30 of Note - 29 "Notes on Accounts").	The Annual Accounts for the 2017-18 have been adopted in the Annual General Meeting on 30.09.2021.
12.	The Zone auditor has expressed the audit opinion on the Trial Balances as at 31st March, 2020 of the Zonal Accounts Office (Material Management) and these have been considered for the preparation of the financial statement of the company. As per existing practices, financial statement of the branch has not been prepared.	No comments
13.	**Audit observations in Zone Audit report excluding those which have been appropriately dealt with elsewhere in the report.**	
a.	**Purchase of power** The system of accounting/recording of power purchase is weak and requires further improvement to strengthen the internal control. The electricity import export &payment circle unit of zone has levied the penalty on power suppliers for non-	Necessary instructions have been issued to units/Zones.

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achievement of contracted supply of power to the company. But the amount of penalty computed is not in accordance with Power Purchase Agreement (PPA) with suppliers. The details of total amount of penalty levied on suppliers for non-achievement of contracted supply of power are not available with the unit. We, therefore unable up to which amount profit/ loss of the zone has been overstated/ understated on account of levy of penalty which is not in accordance with PPA. The details of transmission loss have not been provided. We are, therefore unable to verify whether transmission loss is within the limit specified in PPA.	
b. **Provision for Late Payment Surcharge**	
The electricity import export &payment circle unit of zone /unit # 330 is liable to pay the late payment surcharge to the suppliers on default of non-payment of supplier bills on due date. But there is no proper system to compute the late payment surcharge payable to various power suppliers. There is no control register to verify whether payment of supplier bills has been made on due date or not. However, on sample checking we observed that late payment surcharge amounting to Rs. 46,402.00 lacs payable to various suppliers was not adjusted in the books and same has been adjusted in the books after pointing out by us. This represents that there is no system to compute the liability of late payment surcharge payable to suppliers. We are, therefore unable to comment on the amount of overstated profit/ understated loss of the zone for the year 2019-20 on account of provision of late payment surcharge.	Necessary instructions have been issued to units/Zones.
c. **Accounting of Accrued Interest for Noida Power Company Limited**	
The electricity import export &payment circle unit of zone /Unit # 330 has charged interest of Rs. 1,701.00 lacs @ 14% from the Noida Power Company Limited on the total amount of Rs. 11,387.00 lacs, but no documentary evidence was made available to us to verify the accuracy of interest charged from Noida Power Company Limited. There is no debit balance in the account of Noida Power Company Limited in the books. However, there is opening debit balance of	The interest is being accrued on outstanding Loan amount recoverable from NPCL in terms of 'Agreement for supply of energy to NPCL' (dated November 1993).However, 100% provision for Bad & Doubtful Debts on loan along with interest receivable has been made.

Rs. 11,147.00 lacs in the account of accrued interest against which no amount received during the year. We are, therefore unable to comment on the recoverability of accrued interest amounting to Rs. 12,848.00 lacs outstanding in the books as at 31-03-2020.	
d. **Internal Control**	
Internal control system with regard to cash transaction, purchase transaction, maintenance of inventory, maintenance of book accounts, fixed assets register, delegation of powers to various employees etc. requires to be further strengthen.	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.
e. **Accounting for Accrued Penal Interest Income**	
The accounting policy in respect of late payment surcharge recoverable from customer for non-payment of bill on due date is as under: Late payment surcharge recoverable from subsidiaries and other bulk power purchasers are accounted for on cash basis due to uncertainty of realization. But electricity import export &payment circle unit of zone /unit # 330 have adjusted the late payment surcharge amounting to Rs. 6,967.00 lacs on accrual basis till 31st March, 2020, under the account head Penal Interest (AG code 28.805) which is not in accordance with the accounting policy of the company. Profit/loss of the company has therefore overstated/understated to the extent of Rs. 6,967.00 lacs.	The subjected Late Payment Surcharge is not related to the consumers and the power purchasers of UPPCL. It is related to the Reactive Energy Charges which is assessed by NRPC. In view of above and as per the prudent accounting practice, necessary accounting/adjustment is being made in the month in which the said bills are being verified.
f. **Interest Received Rs. 4,299.00 lacs**	
The zone has received interest amounting to Rs. 4,299.00 lacs and TDS of Rs. 365.00 lacs have been deducted there from. But the	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 orders etc. have

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amount of interest of Rs. 4,231.00 lacs (Out of Rs. 4,299.00 lacs) has been netted off in purchase cost in the books. This is not the correct accounting treatment of interest received. Purchase cost and interest income has, therefore understated to the extent of Rs. 4,231.00 lacs.	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.
14. For want of complete information, the cumulative impact of our observations in paras 1 to 14 above on assets, liabilities, income and expenditure is not ascertained.	No Comments

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

(Pankaj Kumar)
Managing Director
DIN-08095154

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, 2020.

1.	
a. The company has not maintained proper records showing full particulars including quantitative details and situation of fixed assets.	The company is in process to maintain fixed assets in ERP system. However, necessary instructions have been issued to zone/units for maintenance and updating the fixed assets register showing full particulars including quantitative details and situation of fixed assets.
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.	Necessary instructions regarding physical verification have been issued to zone/unit.
c. The title deeds of immovable properties have not been provided to us. Hence, we are unable to comment on the matter whether the title deeds of immovable properties are held in the name of the company or not.	Documentary evidence in respect of ownership/ title are kept at unit level. However, units have been instructed to ensure that records are put up during course of audit.
2. The Company has not carried out any physical verification of the inventories at periodic intervals and as such we are unable to determine whether any material discrepancies existed or not.	Zone has been instructed to conduct physical verification of stock regularly in accordance with procedure prescribed in the company
3. According to information and explanation given to us, the company has not granted any loan, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register required under section 189 of the Companies Act 2013. Accordingly, paragraph 3(iii) of the order is not applicable.	No comments
4. According to information and explanation given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013.	No comments
5. The company has not accepted any deposit from the public and therefore the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 and other relevant provisions of the Act and rules framed there under are not applicable.	No comments
6. The cost records prescribed under section	The cost records for the F.Y. 2019-20 has been

	148(1) of the Companies Act, 2013 have not been made available to us by the company.	made available to the auditor.
7.	a. According to the information and explanations given to us and examined by us, in our opinion, the company 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 and services tax, Duty of Custom, Duty of Excise, value added tax, cess and other statutory dues except Income Tax Act, 1961 amounting to Rs. 96.90 lacs, Finance Act, 1994 amounting to Rs. 0.37 lacs, UP Trade Tax Act, 1948 amounting to Rs. 0.09 lacs, Employees State Insurance Act, 1948 amounting to Rs. 0.37 lacs, and UPPCL CPF amounting to Rs. 60.61 lacs only.	No comments
	b. According to information and explanations given to us, there are no other statutory dues of Income Tax, Goods and Service Tax, Value Added Tax, Cess, Duty of Customs, Duty of Excise, which have not been deposited on account of any dispute.	No comments
8.	The company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to bond holders.	No comments
9.	As per the information given and explanations provided, money raised by the company by way of debt instrument i.e., Bonds and term loans have been applied for the purpose for which they were obtained.	No comments
10.	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, 2020.	No comments
11.	As per Notification no. GSR 463(E) dated 05th June 2015 issued by the Ministry of Corporate Affairs,	No comments

	Government of India, Section 197 relating to Managerial Remunerations is not applicable to the Government Companies. Accordingly, provision of clause 3(xi) of the Order is not applicable to the Company.	
12.	The Company is not a chit fund or a Nidhi / mutual benefit fund/ society, hence clause 3 (xii) of the order is not applicable.	No comments
13.	In our opinion and according to the information and explanation given to us, the company is in compliance with section 177 and 188 of the Companies Act, 2013 wherever applicable, for all transactions with the related party and the details of related party transactions have been disclosed in the standalone financial statements as required by the Ind AS.	No comments
14.	The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.	No comments
15.	According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them as referred to under section 192 of the Companies Act, 2013.	No comments
16.	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.	No comments

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

(Pankaj Kumar)
Managing Director
DIN-08095154

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, 2020.

Directions of Comptroller and Auditor General of India under section 143 (5) of the Companies Act, 2013.

S.No.	Directions	Reply	MANAGEMENT REPLY
1.	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts for with the financial implications, if any, may be stated	No, the Company has no system in place to process the accounting transactions through IT system. The accounting is done manually and Cash book and Sectional Journals in SJ1, SJ2, SJ3 & SJ4 are maintained but ledgers/subledgers are not maintained.	No comments
2.	Whether there is any restructuring of an existing loans or cases of waiver/write off of debts/loans/interest etc. made by lender to the Company due to the company's inability to repay the loan? If yes, the financial implant may stated.	As informed by the management, there are no 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	No comments
3.	Whether fund received/receivable for specific schemes from Central/State Agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	Funds received from State government for scheme according to budget provisions of related financial year has been released by the company to Discoms for their utilization and accounted for.	No comments

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

(Pankaj Kumar)
Managing Director
DIN-08095154

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, 2020.

Sub-Directions of Comptroller and Auditor General of India under section 143(5) of the Companies Act, 2013.

ANNEXURE III(b)OF STATUTORY AUDITORS' REPORT			MANAGEMENT REPLY
S.No.	**Sub – Directions**	**Remarks**	
1.	Adequacy of steps to prevent encroachment of idle land owned by Company may be examined. In case land of the company is encroached, under litigation, not put to use or declared surplus, details may be provided.	As informed by the management, there is no encroachment of idle land owned by Company, subject to para 4 of Annexure I of our report.	No comments
2.	Has the company entered into agreements with franchise for distribution of electricity in selected areas and revenue sharing agreements adequately protect the financial interest of the company?	Not Applicable	
3.	Whether the Company recovers and accounts, the State Electricity Regulatory Commission (SERC) approved Fuel and Power Purchase Adjustment Cost (FPPCA)?	Not Applicable	
4.	Whether the reconciliation of receivables and payables between the generation, distribution and transmission companies has been completed. The reasons for difference may be examined.	As informed by the management, the reconciliation of receivables and payables between the generation, distribution and transmission companies is in process. Therefore, we	

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ANNEXURE III(b)OF STATUTORY AUDITORS' REPORT			MANAGEMENT REPLY
		are unable to comment.	
5.	Whether the Company is supplying power to franchisees, if so, whether the Company is not supplying power to franchisees at below its average cost of purchase.	Not Applicable	

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

(Pankaj Kumar)
Managing Director
DIN-08095154

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, 2020.

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, 2020 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 the timely preparation of reliable financial information, as required under the Companies Act, 2013.	No comments
Auditors' Responsibility Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants	No comments

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	No comments

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.	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, 2020, 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 need to strengthen the existing internal audit mechanism considering the nature and scale of operations of the company and the overarching legal and regulatory framework and the audit observations reported in Annexure I and II of our audit report of even date on the Standalone Financial Statements of the Company for the year ended 31st March, 2020.	No comments

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

(Pankaj Kumar)
Managing Director
DIN-08095154

Annexure 1 (b)

Management Reply on the Statutory Audit Report of Consolidated Financial Statements for the FY 2019-20

INDEPENDENT AUDITOR'S REPORT **To,** **The Members,** **Uttar Pradesh Power Corporation Limited,** **Shakti Bhawan,** **Lucknow.** **Report on Consolidated Financial Statements** **Qualified Opinion:**	No Comment
We have audited the accompanying consolidated financial statements of Uttar Pradesh Power Corporation Limited (hereinafter referred to as the "Holding Company"), and its six subsidiaries, namely Madhyanchal Vidyut Vitran Nigam Limited, Lucknow, (MVVNL), Purvanchal Vidyut Vitran Nigam Limited, Varanasi, (PuVVNL), Paschimanchal Vidyut Vitran Nigam Limited, Meerut, (PVVNL), Dakshinanchal Vidyut Vitran Nigam Limited, Agra, (DVVNL), Kanpur Electricity Supply Company Limited, Kanpur, (KESCO) and Southern UP Power Transmission Company Limited (SUPPTCL) (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31st March, 2020, the consolidated statement of Profit and Loss (including other Comprehensive Income), the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements") In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the "Basis for Qualified Opinion" paragraph of our report, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India. a) In the case of consolidated balance sheet, of the state of affairs (Financial Position) of the Group as at March 31, 2020. b) In the case of consolidated statement of Profit and Loss, of the consolidated net loss (financial	No Comment

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, KESCO and SUPPTCL audited by other auditors. These matters in so far, as it relates to the amounts and disclosures included in respect of Holding and its Subsidiaries, are included in *'Annexure-1'*, which forms an integral part of our report, the effects of which are not ascertainable individually or in aggregate on the consolidated financial statements that constituted the basis for modifying our opinion. Our opinion on the consolidated financial statements, is qualified in respect of the matters referred to in *'Annexure-1'* to this report, to the extent applicable. We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the consolidated financial statements.	No Comment No Comment
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 Comment
Emphasis of Matter Paragraph:	

As explained in Para 42 (X) of Note 31 - " Notes on Accounts", due to the outbreak of Covid-19 globally and in India, the Company's management has made an initial assessment of likely adverse impact on business and financial risks and believes that the impact is likely to be short term in nature. The management does not see any medium to long-term risks in the company's ability to continue as a going concern and meeting its liabilities as and when they fall due. Our opinion is not modified in respect of this matter.	No Comment
Information other than the consolidated financial statements and Auditor's Report thereon: The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditor's report thereon. The above Report is expected to be made available to us after the date of this Auditor's Report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the above identified reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions necessitated by the circumstances and the applicable laws and regulations.	No Comment
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	No Comment

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,	No Comment

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.	No Comment
Other Matters: We did not audit the financial statements / financial information of subsidiaries namely MVVNL, PuVVNL, PVVNL, DVVNL, KESCO and SUPPTCL, whose financial statements / financial information reflect the Group's share of total assets, as detailed below, and the net assets as at 31st March, 2020, 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, 2020, as considered in the consolidated financial statements in respect of these subsidiaries, whose financial statements / financial information have been audited by other auditors and whose reports have been furnished to us by the Management . Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the	No Comment

other auditors. (Rs. in Lakhs)	

Name of the Companies	Total Assets as at 31.03.2020	Net Assets i.e., Total Assets minus Total Liabilities as at 31.03.2020	Total Net Profit/ (Loss) as at 31.03.2020	Net Cash in Flows/ (outflows) as at 31.03.2020
Subsidiaries:				
Madhyanchal Vidyut Vitran Nigam Limited, Lucknow, (MVVNL)	41,10,464.66	2,77,791.47	(65,999 32)	(13,262.36)
Purvanchal Vidyut Vitran Nigam Limited, Varanasi, (PuVVNL)	49,80,075.35	(1,04,485.65)	(1,20,430.19)	(24,593.91)
Paschimanchal Vidyut Vitran Nigam Limited, Meerut, (PVVNL)	28,94,843.29	(2,06,730.42)	(1,06,786.32)	(38,924.58)
Dakshinanchal Vidyut Vitran Nigam Limited, Agra, (DVVNL)	36,34,345.98	(8,71,303.66)	(62,902.58)	(21,866.93)
Kanpur Electricity Supply Company Limited, Kanpur, (KESCO)	4,61,478.60	(1,82,545.13)	(23,105.17)	(32,838.61)
Southern UP Power Transmission Company Limited (SUPPTCL)	62.75	61.83	0.92	1.06
Total	**1,60,81,270.6**	**(10,87,211.56)**	**(3,79,222.66)**	**(1,31,485.33**
CFS Adjustment	–		**88,131.18**	
Grand Total	**1,60,81,270.6**	**(10,87,211.56)**	**2,91,091.48**	

b. One subsidiary company namely, Sonbhadra Power Generation Company Limited and one associate company namely, Yamuna Power Generation Company Limited has been dissolved w.e.f. 27th March, 2019 and 25th March, 2019 respectively and their names have been struck off by the ROC-Kanpur. Hence, the financial statements of these companies have not been incorporated in the Consolidated Financial Statements (Refer *Para 29 and 30 of Note 31 "Notes on Accounts"*). Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.	No Comment
Report on Other Legal and Regulatory Requirements: 1. As required by section 143(3) of the Act, based on our audit on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph to the extent applicable, we report that:	Comments have been provided against the specific observations.

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 reports on the accounts of the subsidiaries of the company audited under section 143 (8) of the Act by the other auditors have been provided to us by the management and have been properly dealt with by us in preparing this report.

d. 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.

e. 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.

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 over financial reporting and the operating effectiveness of such controls, refer to our separate report in *"Annexure–II"*, which is based on the auditors' report of the holding company and its subsidiary companies incorporated in India. Our report expresses a qualified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of those companies, for reasons stated therein.

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, as amended in our opinion and to the best of our information and according to the explanations given to us: i. Except for the effects of the matters described in the "Basis of Qualified Opinion" paragraph, the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group; ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts. iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.	
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, 2020) 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: I. The Group has not complied with the following Ind AS notified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended):	
a. *Trade Receivable (Note-10), Financial Assets-Other (Note-12), Other Current Assets (Note-13), Trade payable (Current) (Note-19)* and *Other Financial Liabilities (Note-20)* have been classified as current assets/liabilities include balances which are outstanding for realisation/settlement since previous financial years and in the absence of adequate information/explanations regarding the realisability/settlement of such amounts within twelve months after the year end, reasons for not classifying them as non-current assets/liabilities ***is inconsistent with Ind AS-1 "Presentation of Financial Statements"***. This has resulted in over statement of respective current assets/liabilities and understatement of the corresponding non-current assets/liabilities.	In accordance with the provisions contained in Ind AS 1, the assets and liabilities are to be classified into current/non-current based upon their nature. And therefore all those liabilities/assets that are expected to be settled within twelve months period have been classified as current. Hence, the classification of liabilities/assets into current/non-current is consistent with Ind AS 1.
b. Recognition of Insurance and other claims, refunds	Considering the uncertainty of realization,

	of Custom duty, Interest on Income Tax & trade tax, license fees, interest on loans to staff and other items of income covered by *Significant Accounting Policy no. 2 (c) of Note–1* has been done on cash basis. ***This is not in accordance with the provisions of Ind AS-1 "Presentation of Financial Statements".***	income covered by accounting policy of the company is in line with Ind AS 18. And in case of License fees observation for PVVNL, due to nature of business and various external factors it is impractical to predict the actual consumption/input of energy. Thus, on the basis of previous year assessment the License fee for current year is calculated and any shortage or excess in payment is adjusted by PVVNL after completion of financial year.
c	Accounting for Employee Benefits: Actuarial Valuation of gratuity liability of the employees covered under GPF scheme has not been obtained. *(Refer Para 14 Note – 31 "Notes on Accounts").* ***This is inconsistent with Ind AS-19 "Employee Benefits".***	In absence of the latest actuarial valuation report, the provision for Gratuity Liability of the employees covered under GPF scheme has been made on the basis of actuarial valuation report dated 09.11.2000
d	Inventory which includes stores and spares for capital works, operation and maintenance and others is valued at cost *(Refer accounting policy no. 3(VII)(a) of Note-1).* 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".***	The business of the Corporation is to purchase electricity from generation source and sell the same to distribution companies. Hence, the company do not have any trade inventory. The company maintains inventory only for internal use i.e. for construction and maintenance of fixed assets for which the company has the policy for valuation of assets for which the company has the policy for valuation of stores and spares. Hence, there is no contravention of Ind AS 2. Further, Stores issued for capital work has been shown as a part of CWIP as a normal business policy.
e	As per the opinion drawn by the auditors of KESCO, according to ***Ind AS-16 "Property, Plant and Equipment"***, the carrying amount of an item of property, plant and equipment shall be derecognized on disposal or when no future economic benefits are expected from its use or disposal. There may be property, plant & equipment from which no future economic benefits are expected and the same have not been derecognized. The company has a prevalent practice of derecognizing property plant & equipment as and when it is sold as scrap which is in violation to Ind AS 16. The impact of the above is not ascertainable.	As per KESCO, the scrap sold as mentioned by the Auditors is related to the old material received during various types of repair and maintenance work. No asset has been identified for which there is no future economic benefits for which the asset is required to be derecognized.
f	"Inventories" includes obsolete stock, valued at cost, which is inconsistent ***with Ind AS-2 "Inventories"*** i.e., it should be valued at its Net Realisable Value.	The company does not have any trade inventory, however it maintains inventory only for internal use i.e. for construction and maintenance of fixed assets for which the company has the policy for valuation of stores and spares.

g	Additions during the year in Property, Plant and Equipment include employee cost at a fixed percentage of the cost of each addition to Property, Plant and Equipment in accordance with *Note-1 Significant Accounting Policy Para (3)(II)(e)*. Such employee cost to the extent not directly attributable to the acquisition and/or installation of Property, Plant and Equipment ***is inconsistent with Ind AS-16 "Property, Plant and Equipment"***. This has resulted in overstatement of fixed assets and depreciation and understatement of employee cost and loss.	Since the Company is engaged in supply of electricity, it has to comply with the provisions of Electricity Act 2003 (read with rules and regulations notified thereunder) as per section 1 (4) (d) of the Companies Act, 2013. Further, as per Electricity (Supply) Annual Accounts Rules, 1985 notified under the Electricity Act, the staff costs which are chargeable to capital works shall be allocated on an ad-valorem basis (i.e., allocation of capitalizable expenses as a percent of the capital expenditure incurred during the period on the project). Accordingly, the staff costs have been allocated on the basis on fixed percentage of the capital expenditure incurred during the period on the project which is consistent with the requirements of the Companies Act. Hence, there is no overstatement of fixed assets, depreciation and profit or understatement of employee cost.
h	The auditors of the subsidiaries reported that depreciation on fixed assets have not been provided on pro-rata basis which is ***inconsistent with Schedule – II of the Companies Act, 2013 and Ind AS-16 "Property, Plant and Equipment"*** to the extent applicable.	As per PVVNL & MVVNL, due to multiplicity of nature of capital works and difficulty in establishing the correct date of installation of assets, the depreciation on addition of fixed assets during the year has been provided on prorata basis by taking average six months period. The same is also disclosed in notes on accounts at point no. 7(e) of PVVNL.
i	Assessment of the Impairment of Assets has not been done by the Group, ***which is inconsistent 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 assets 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.
j	Right to use an asset is classified as tangible asset instead of Intangible asset by PVVNL and distribution license taken by DVVNL is not yet recognised at all by the Group which ***is inconsistent with Ind AS-38 "Intangible assets"***. This has resulted in understatement of Intangible assets and amortisation expenses.	Noted by PVVNL for compliance in the accounts in hand. As per DVVNL, no payment under nomenclature of distribution license fees has ever been paid for acquiring distribution license, thus, no question for recognition as intangible assets in the books of accounts. As such audit comment does not seem to be reasonable.
k	The *Financial Assets- Trade Receivables (Note-10),*	All the financial assets are recognised in

	Advances to Suppliers/Contractors (O&M) (Note-13), Employees (Receivables) (Note-12) and Loans (Note-7) have not been measured at fair value as required by ***Ind AS-109 "Financial Instruments"*** *(Refer Para 8 of Note-31 "Notes on Accounts")* and proper disclosures as required in ***Ind AS-107 "Financial Instruments: Disclosures"*** have not been done for the same.	accordance with the accounting policy no.XV and necessary disclosure has also been made in Notes to accounts.
l	The Borrowing Cost allocated to CWIP amounting to Rs. 21,565.30 lacs by PVVNL is not in accordance with ***Ind AS-23 "Borrowing Cost"*** as there is no system of identification of qualifying assets and interrupted projects.	As per PVVNL, 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. The total interest of Rs. 21565.30 lacs is directly attributed to the loan taken by the company specifically for construction of assets under various schemes.
m	PVVNL has not made any disclosure with respect to nature of contingent liabilities and estimate of its financial effects which is not in compliance with disclosure requirement of ***Ind AS-37 "Provisions, Contingent Liabilities and Contingent Assets"***.	As per PVVNL, the contingent liabilities consists of claim of staff & court cases for Revenue and other related liabilities, Interest on RAPDRP Loan, Statutory defaults, Statutory dues, Court cases other than Trade Revenue etc. has already been disclosed in Notes on Accounts at point no. 19(b) of PVVNL.
n	As per the opinion drawn by the auditors of KESCO, according to ***Ind AS-10 'Events after the reporting period'***, an entity shall adjust the amounts recognized in its Ind AS financial statements to reflect adjusting events after the reporting period. In this regard the company has not adjusted the liability of pending litigations as at 31st March, 2020 which have been settled till the date of approval of Ind AS financial statements by the Board of Directors. Also, no details were made available for verification. The impact of the above is not ascertainable.	As per KESCO, the observation of the auditors have been noted for future compliance, which has been complied in F.Y. 2020-21.
o	As per the opinion drawn by the auditors of PVVNL, License Fees is not accounted for on accrual basis. License Fees is paid as and when the demand is raised by UPERC and no provision is made for the amount due, which is not in adherence to the provisions of ***Ind AS-37 "Provisions, Contingent Liabilities and Contingent Assets"***. Accordingly, the impact of non-compliance of the above IND AS on the financial statements is not ascertainable.	The distribution licensee is required to pay Annual License fee in consonance with the provision of UPERC requirements/rules which is near to impossible to predict accurately. Thus, on the basis of previous year assessment the Annual License fee for current year is calculated and paid and for any shortage or excess in payment, adjustment is done after completion of financial year.

p	As per the opinion drawn by the auditors of PVVNL, ***IND AS-20 Accounting for Government*** grants is done on the basis of advice from Uttar Pradesh Power Corporation Ltd., the holding company, which is not in accordance with accrual system of accounting as required by Indian GAAP and also not in consonance with the IND AS 20. Impact of non-compliance of the above IND AS on the financial statements is not ascertainable. (Refer to 2(X) of 'Significant Accounting Policies' to the Financial Statements.	Accounting for Govt Grants is done in accordance with the accounting policy of the Company which is well in consonance with the provisions of Ind AS-20.
2.	Inter unit transactions amounting Rs. 3,20,704.16 lacs, are subject to reconciliation and consequential adjustments. *(Refer Note-13)*	The reconciliation of the Inter unit transactions is a continuous process and the effect of entries is given in the accounts on reconciliation. However, necessary instructions have been issued to zone/units for taking effective steps in this regard.
3.	*Loans (Note-7), Financial Assets - Other (Note-8), Trade Receivables Others (Note-10), Financial Assets-Others - Employees, Others (Note-12), Other Current Assets - Suppliers & Contractors (Note-13), Financial Liability-Trade Payables (Note-19), Other Financial Liabilities - Liability for Capital/O&M Suppliers/Works, Deposits from Suppliers (Note-20)* are subject to confirmation/reconciliation.	*Reconciliation and necessary confirmation of the balances of assets and liabilities is a continuous process and consequential accountal/adjustment is made in the books of accounts, as and when required*
4.	Documentary evidence in respect of ownership/title of land and land rights, building was not made available to us and hence ownership as well as accuracy of balances could not be verified. Additionally, the identity and location of Property, Plant and Equipment transferred under the various transfer schemes has also not been identified *(Refer Para 6(a) of Note – 31 "Notes on Account").*	Documentary evidence in respect of ownership/ title are kept at unit level. However, units have been instructed to ensure that records are put up during course of audit. Regarding identity & location, necessary instructions have been issued to complete physical verification of assets.
5.	It was observed that the maintenance of party-wise subsidiary ledgers and its reconciliation with primary books of accounts i.e., cash books and sectional journal are not proper and effective.	Proper and effective procedure for maintenance of subsidiary ledger are already prescribed in the Company. However, for implementing the procedure more smoothly and efficiently, necessary instructions have been issued to zone/units.
6.	Sufficient and appropriate documentary audit evidences in respect of Contingent liabilities disclosed in *Para 18(b) of Note – 31 "Notes on Accounts"* were not provided to us.	The related documents are available in the units concerned. However the units have already been instructed to maintain proper records.
7.	Revenue earned from the sale of power through Indian	The matter is under consideration and the same

	Energy Exchange Limited, India has not been recognised separately in the statement of Profit and Loss, but has been reduced from the cost of purchase of power aggregating Rs. 54,01,531.23 Lacs *(Refer Note-24 Purchase of Power)*. Additionally, details of aggregate units sold during the year and revenue earned from such sale was not made available to us.	will be recognised separately in the accounts, if required .In respect of the details of aggregate units sold during the year and revenue earned from such sale, the zone/units concerned have been instructed to provide the same in the next audit.
8.	As per the opinion drawn by the auditors of DISCOMs, Bank Reconciliation Statement (BRS) in respect of various bank accounts, have not been prepared on regular basis and these contains numerous outstanding unreconciled entries of earlier years including those of stale cheques, un-cashed cheques and other debits/credits.	Necessary instructions have been issued to units/Zones.
9.	As per the opinion drawn by the auditors of DISCOMs, Revenue collection through NEFT/RTGS and unbilled revenue have not been properly dealt in books of accounts, impact of the same on receivable from consumers is uncertainable.	Necessary instructions have been issued to units/Zones.
10.	The Group has not maintained proper records showing full particulars including quantitative details and situation of fixed assets. Further, the physical verification of the fixed assets has not been carried out. Hence, we are unable to comment whether any material discrepancy exists or not.	Preparations of Records are under process.
11.	Maintenance of records in respect to inventories is not satisfactory. The details of inventories were not provided for verification by the respective zones of Holding Company and its Subsidiaries.	Records are maintained and kept at unit level. Instruction has been issued for verification at different level.
12.	Records for inventories lying with the third parties are not being maintained properly at Zonal Offices of the Holding Company and its Subsidiaries.	Necessary instructions have been issued to units/Zones.
13.	The branch auditor has expressed the audit opinion on the Trial Balances as at 31st March, 2020 of the Zonal Accounts Office (Material Management) and these have been considered for the preparation of the financial statement of the company. As per existing practices, financial statement of the branch has not been prepared.	No Comment
14.	**Audit observations in Branch Audit report of MM Zone excluding those which have been appropriately dealt with elsewhere in the report.**	
a	**Purchase of power** The system of accounting/recording of power purchase is weak and requires further improvement to strengthen the internal control. The electricity import export &payment circle unit of zone has levied the penalty on power suppliers	It is to submit that power purchase invoice verification involves verification of energy through the Energy accounts of SLDC/ and respective Regional Energy accounts wherein each and every suppliers' bill is verified w.r.t.

	for non-achievement of contracted supply of power to the company. But the amount of penalty computed is not in accordance with Power Purchase Agreement (PPA) with suppliers. The details of total amount of penalty levied on suppliers for non-achievement of contracted supply of power are not available with the unit. We, therefore unable up to which amount profit/ loss of the zone has been overstated/ understated on account of levy of penalty which is not in accordance with PPA. The details of transmission loss have not been provided. We are, therefore unable to verify whether transmission loss is within the limit specified in PPA.	energy purchased and relevant rates as per the prevalent PPAs and regulations. As explained to audit during the course of audit, the entire amount of energy purchase cost is transferred to discoms. Penalty levied on supplier for non-achievement of contracted supply of power is adjusted as per the Invoices raised that have been submitted to audit in all the cases during the course of audit. Also all penalties have been levied as per the relevant regulations, PPA and orders in this regards. The transmission losses details are not under the purview of UPPCL.
b	**Provision for Late Payment Surcharge** The electricity import export &payment circle unit of zone /unit # 330 is liable to pay the late payment surcharge to the suppliers on default of non-payment of supplier bills on due date. But there is no proper system to compute the late payment surcharge payable to various power suppliers. There is no control register to verify whether payment of supplier bills has been made on due date or not. However, on sample checking we observed that late payment surcharge amounting to Rs. 46,402.00 lacs payable to various suppliers was not adjusted in the books and same has been adjusted in the books after pointing out by us. This represents that there is no system to compute the liability of late payment surcharge payable to suppliers. We are, therefore unable to comment on the amount of overstated profit/ understated loss of the zone for the year 2019-20 on account of provision of late payment surcharge.	It is to submit that Electricity Import Export & Payment circle (EIEPC) is entrusted with verification of Invoices for purchase of power as per the PPAs and relevant regulations. LPS claims for delay in payment to generators are being verified as per the relevant PPAs and regulations. For precisely computing the delay in number of days each and every payment amount and payment date is verified by payment department. Further each and every invoice amount and invoice presentation date are verified jointly by Import Export unit and supplier for the purpose of calculation of LPS. Also, it is to submit that all LPS claims have been accounted for in the books and accordingly there is no understatement of loss or overstatement of profit for the year 2019-20.
c	**Accounting of Accrued Interest for Noida Power Company Limited** The electricity import export &payment circle unit of zone /Unit # 330 has charged interest of Rs. 1,701.00 lacs @ 14% from the Noida Power Company Limited on the total amount of Rs. 11,387.00 lacs, but no documentary evidence was made available to us to verify the accuracy of interest charged from Noida Power Company Limited. There is no debit balance in the account of Noida Power Company Limited in the books. However, there is opening debit balance of Rs. 11,147.00 lacs in the account of accrued interest against which no amount received during the year. We are, therefore unable to comment on the recoverability of accrued interest amounting to Rs. 12,848.00 lacs outstanding in the books as at 31-03-2020.	It is to submit that the interest from Noida Power company limited is getting accounted for in accordance with agreement with NPCL on O/s balance receivable from NPCL. Further interest has been correctly calculated over the advance of Rs. 113.87 crore, that is appearing in the HQ books as on 01.04.2019 @14% as mentioned in agreement.

d	**Internal Control** Internal control system with regard to cash transaction, purchase transaction, maintenance of inventory, maintenance of book accounts, fixed assets register, delegation of powers to various employees etc. requires to be further strengthen.	Instructions are issued to units for maintenance of accounts and other subsidiary ledger to strengthen the internal control.
e	**Accounting for Accrued Penal Interest Income** The accounting policy in respect of late payment surcharge recoverable from customer for non-payment of bill on due date is as under: Late payment surcharge recoverable from subsidiaries and other bulk power purchasers are accounted for on cash basis due to uncertainty of realization. But electricity import export &payment circle unit of zone /unit # 330 have adjusted the late payment surcharge amounting to Rs. 6,967.00 lacs on accrual basis till 31st March, 2020, under the account head Penal Interest (AG code 28.805) which is not in accordance with the accounting policy of the company. Profit/loss of the company has therefore overstated/understated to the extent of Rs. 6,967.00 lacs.	Regarding audit point that Penal Income/Interest/Late Payment surcharge of Rs. 1.16 crores has been booked in contravention of company policy as the same has to be accounted for on cash basis due to uncertainty of realization, it is to mention that same has been realized by the company as NRPC is continuously making payments, however payments from NRPC cannot be segregated as earmarked for LPS receivable or other payments.
f	**Interest Received Rs. 4,299.00 lacs** The zone has received interest amounting to Rs. 4,299.00 lacs and TDS of Rs. 365.00 lacs have been deducted there from. But the amount of interest of Rs. 4,231.00 lacs (Out of Rs. 4,299.00 lacs) has been netted off in purchase cost in the books. This is not the correct accounting treatment of interest received. Purchase cost and interest income has, therefore understated to the extent of Rs. 4,231.00 lacs	Regarding audit point that Interest being netted off with purchase cost, it is to submit that interest so charged by suppliers is due to revision in AFC (Annual Fixed cost) which forms the part of purchase cost and enhances the purchase cost. Accordingly the same has been added to cost.
15.	**Audit observations in Audit Report of the Subsidiaries Companies excluding those which have been appropriately dealt elsewhere in the report are reproduced below-** (Notes referred to in the following sub paras form part of the notes on accounts to the standalone financial statements of the respective subsidiaries)	
(i) <u>DVVNL</u>		
a.	The Company has received Depreciation on Land & Land rights in earlier years through gazette notification amounting to Rs. 39, 80,597.00. No depreciation is chargeable on Land & Land Rights hence the company is required to reverse the depreciation on same and treat it as a Prior Period adjustment in Financial Statements. Despite similar comment in Statutory Audit Report for financial year 2018-19, no corrective action has been	a. These values has been received under Final Transfer Scheme, however we are reviewing this comment to pass necessary entries, if required.

taken by the Management.	
b. The following AG Code in the following zones are having credit balances:	These balances are under reconciliation.

AG CODES	ZONES	AMOUNT (In Rs.)
22.780 (Transformer sent to repairs)	JHANSI	5,36,26,075.00
	ALIGARH	1,14,39,951.00
	AGRA	6,71,83,765.59
22.791 (LED Bulb)	AGRA	2,14,70,042.00
22.660	JHANSI	55,38,06,862.09
22.662	JHANSI	2,00,37,02,251.16
22.770 (Scrap Material)	JHANSI	23,17,61,742.70
	KANPUR	1,34,97,692.47
22.810 (Stock Excess Pending for Investigation)	KANPUR	3,011.00
	JHANSI	8,20,049.72
TOTAL		**2,95,73,11,442.73**

It is impracticable as Stock value cannot be negative. Moreover these balances have been shown by deduction from inventory therefore assets have been undervalued by 2,95,73,11,442.73 and need to be reconciled.

c. As per Ind AS 20, "*A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognized in profit or loss of the period in which it becomes receivable. A government grant is not recognised until there is reasonable assurance that the entity will comply with the conditions attaching to it, and that the grant will be received.*" UDAY Scheme provides that the State Government shall take over the future losses of DISCOMs in a graded manner and shall fund the losses as follows:	As per the practice of the Company the amount of Subsidy booked on the basis of Credit Notes received from UPPCL, These booking has been made on the basis of Credit Notes provided for UDAY loss subsidy in respective Years.

F. Y.	Loss for the year (as per audited balance sheet)	Grade of Grant	Claimable Grant (a)	Credited in P & L A/c (b)	Excess/Shortage (c)=(a)-(b)	Remarks

2016-17	1,44,348.34	0% of Loss of FY 2015-16	0.00	0.00	0.00	Nil
2017-18	2,36,649.85	5% of Loss of FY 2016-17	7,217.42	12,293.80	-5,076.38	Prior Period item
2018-19	2,56,716.23	10% of Loss of FY 2017-18	23,664.99	25,649.68	-1,984.70	Prior Period item
2019-20		25% Loss of FY 2018-19	64,179.06	51,696.32	12,482.74	Revenue has been understated.

	As explained by management, the treatment of grants has been made in the books of accounts on the basis of Credit Notes provided to management by the Holding Company i.e. UPPCL. This practice has been followed by the Company since its inception. The company is not making accountal of these entries independently.	
d.	In EE Admin Head, we have observed that the company has contract with UPDESCO for annual maintenance charge amounting to **Rs (92,06,827.00 + 11,14,371.00) = 1,03,21,198.00** to be paid quarterly for Repair & Maintenance of Computer and Office Equipments but **A.G. Code 74.809**depicts expenditure amounting to **Rs.1,95,28,025.00** instead of **Rs.4,12,84,792.00 (1,03,21,198.00*4)** which leads to **understatement of loss by an amount of Rs. 2,17,56,767.00.** No Provision of balance expenditure has been done thereby violating accrual concept.	As the final liability of any bill has been arises only when the same has been verified and passed for payments at various level, the same has been accounted for as and when the same has been received at this unit.
e.	In EE Admin Head, we observed that many expenditure heads are not booked on accrual basis. Some instances are given below: 74.809 (OFFICE EQUIPMENTS {OTHERS}), 76.107 (INSURANCE), 76.112 (POSTAGE AND TELEGRAM), 76.121 (LEGAL EXPENSES), 76.153 (PRINTING AND STATIONERY), 76.155 (ADVERTISEMENT EXPENSES), 76.190 (MISC EXPENSES).	As the final liability of any bill has been arises only when the same has been verified and passed for payments at various level, the same has been accounted for as and when the same has been received at this unit.
f.	As reported in Audit Report of Jhansi Zone, various prior period bills have been found recorded in the current financial year in violation of generally accepted accounting principle-accrual accounting. Some instances are:	Due care will be made during accountal of prior period items.

DIVISION	NO. OF INSTANCES	AMOUNT (in Rs)

ESD – JHANSI	2	22,57,035.00	
EDD-I LALITPUR	5	9,01,116.00	
EDD II LALITPUR	13	17,08,410.00	
EDD – HAMIRPUR	17	33,50,043.00	
EDD RATH	2	6,12,380.00	
EDD – MAHOBA	2	15,72,147.00	
ETD – MAHOBA	4	1,27,921.00	
EDD- CHITRAKOOT	13	72,23,249.00	
ESD – BANDA	1	5,34,778.00	
EDD – II –ORAI	3	3,50,411.00	
EWD – BANDA	9	101,06,233.00	
ESWC – BANDA	3	11,44,632.00	

g.	As per Para 111 of IND AS 115," Revenue From Contracts With Customers" the company has not disclosed the total Cash flow realised from the customers, uncertainty of Revenue and timing of realization under Notes to accounts. Company has not complied with the disclosure requirement as per IND AS 115.	Due care will be made in disclosures in Future.
h.	As per sub point (c) of Para 39 of IND AS – 20, "an entity shall disclose all conditions and other contingencies attaching to government assistance that has been recognised", but the management has not disclosed about the conditions and contingencies for each government grant received. We recommend the management to comply with these disclosure requirements in their financial statements.	The Company does not receive any grants directly from the Government, Hence the conditions and other contingencies attached with such grants are not available with the company to disclose
i.	**NON - COMPLIANCE OF SCHEDULE III UNDER COMPANIES ACT,2013.**	

Sr No	Requirement as per Schedule III of Companies Act 2013	Remarks	
1	Separate disclosure with regard to Cash & Bank Balances: Repatriation restrictions, if any, in respect of cash and bank balances shall be separately stated.	*'Cash & cash equivalents at the end of the period includes FDR deposited with Honourable High court, Dehradun of Rs 1.13 crore, which is not freely available for the use of company'* is not separately disclosed in **'Cash and Bank Balance'**.	Compliance has been made in F.Y. 2020-21
2	Bonds, Debentures (along with the rate of interest and particulars of redemption or conversion, as the case may be) shall be stated in descending order of maturity or conversion, starting	The details of bonds are not properly disclosed in Balance Sheet pertaining to each individual bond like rate of interest, tenure etc. are merged for bonds subscribed by different entities. Further the classification is also not having details of names of	Disclosure has been made to the extent provided by UPPCL as the details of these Bonds are available with UPPCL only.

from farthest redemption or conversion date, as the case may be where bonds/ debentures are redeemable by instalments, the date of maturity for this purpose must be reckoned as the date on which the first instalment becomes due.	the subscribers for several categories.

j.	While scrutinizing the Zonal Trial balance it was observed that under AG Head 14(CWIP), various amounts are persisting since long for which no capitalization is made. As per management no reconciliation for the same is available. We recommend the management to reconcile the above at earliest, so that necessary adjustment can be made	Reconciliation of these unreconciled balance are undergoing and the required adjustment will be made after completion of such reconciliation.

ZONES	AG CODE	NAME	AMOUNT (In Rs.)
KANPUR	14.80	APDRP	3,87,41,087.79
	14.81	Survey & Investigation	13,386.76
	14.91	Local Bodies	2,05,000.00
	14.99	Service Collection above 11000	15,62,198.72
	14.73A	Ambedkar Village Electrification	1,81,91,280.61
AGRA	14.73B	Taj Trapezium	1,53,084.00
ALIGARH	14.72	REC Normal Work	1,38,771.00
	14.73R	Ram ManoharLohia	24,79,016.00
	14.74	RGC Works	4,06,371.00
	14.73B	RGC Works	1,11,260.30

k.	The Private Tube well {PTW} consumers are exempted from Electricity Duty. However, an amount of Rs. 10,36,03,135.57 under AG Code 23.205 is accounted for by the company with respect to it. Due to which the company has overstated its Trade Receivables (Current Assets) and Electricity Duty & other levies payable to government (Current Liabilities) by the same amount.	These are the carrying balances of previous years no debit entries has been passed under this head during the year and in F.Y. 2020-21 the same has reduced to NIL.

l.	The On scrutinising consolidated trial balance, it is found that in AG Code 23.8(REC-Theft of Power) an amount of Rs. 21,51,53,654.34(Debit) is outstanding and in AG Code 23.808(Provision for REC-Theft of Power) an amount of Rs. 8,93,763.10(Credit) is outstanding. Management is required to provide for whole amount of theft of power. Hence provision is short by Rs.21,42,59,891.24.	These are the carrying balances of previous years no debit entries has been passed under this head during the year and in F.Y. 2020-21 the same has reduced to NIL.
m.	SUNDRY LIABILITIES under NOTE-16 of accompanied Financial Statements includes an amount of Rs. 32,51,80,611.93 (Debit Balance) under AG HEAD 46.922 "SALE OF SCRAP" which should be adjusted to the Profit and Loss Account. Due to the above the liabilities and loss for the year has been understated by Rs.32,51,80,611.93.	In DVVNL sale proceedings of scrap sale were received by the Agra store centrally and the material was sold from various stores, Therefore the material cost of remaining zones has been transferred in AG 46.922 which would be cleared on receipt of ATC from Agra store
n.	While scrutinizing the Zonal Trial Balance, it has been observed that in case of Kanpur Zone under AG 28.210& 28.250 (Income Accrue and Due) and in case of Jhansi Zone under AG Code 28.210, there are opening Balance of Rs. 2,80,43,418.00 (6,00,221+2,74,43,197) and Rs. 23,64,876.00 respectively, but the amount has neither been received nor adjusted during the year and the same value is carried forward as closing balance, as on 31.03.2020. The management has not provided proper justification for the same.	These are the old balances which are under reconciliation.
o.	In AG Code 23.103(Public Lamp) of Aligarh Trial Balance, it is observed that it is a receivable head and should have a debit balance instead of credit balance of Rs. 13,64,58,749.42. Management should reconcile/adjust the same.	This is due to intra-head misclassification, which will be corrected accordingly
p.	There are unreconciled entries under AG Code22.780 (Transformers sent for repairs),AG Code - 22.770(Scrap Materials), AG code.31 to 37(Inter Unit Transfer) and AG Code 46.94 (Goods and Service Tax) as on 31st March, 2020. The unreconciled entries should be reconciled. In absence of reconciliation exact impact on the financial statement could not be worked out.	These balances are under reconciliation.
q.	Under AG Code 46.910(Stale Cheques) indicates cheques which have become time barred. Proper adjustments are recommended in this regard.	These balances are under reconciliation.
r.	There are various balances under AG Code 46.929(Service Tax Liability) amounting to Rs. 1,46,59,993.00, AG code 46.926 (Central Sales Tax) amounting to Rs. 3,52,289.00 and AG Code	These balances are under reconciliation

<table>
<tr>
<td>46.927(State Sales Tax) amounting to Rs. 1,62,02,348.49. After introduction of Central Goods State Tax Act, 2017, service tax and sale tax are no more applicable but some credit entries has been passed during the year which does not seems to be justified. Management could not provide any explanation to us.</td>
<td></td>
</tr>
<tr>
<td>s. In the following codes balance are pending since long but management is unable to explain the nature of such accounts. The balance under this head should be identified and necessary rectification entries should be passed:
<table>
<tr><th>ZONES</th><th>AG CODE</th><th>NAME</th><th>Amount (In Rs.)</th></tr>
<tr><td>Aligarh</td><td>42.2</td><td>Supply Control Account</td><td>5,20,49,047.00 Cr</td></tr>
<tr><td>Agra</td><td>22.710</td><td>Workshop Suspense Account</td><td>2,87,14,937.79 Dr</td></tr>
</table>
</td>
<td>These are the old balances which are under reconciliation.</td>
</tr>
<tr>
<td>t. Following is liability head which shows debit balance. It seems some entries from some other head have been parked in these codes which are understating Trade Payables, it needs to be reconciled and required entry must be passed.
<table>
<tr><th>ZONE</th><th>AG CODE</th><th>NAME</th><th>Amount (In Rs.)</th></tr>
<tr><td>Aligarh</td><td>47.410</td><td>Railways</td><td>16,82,89,324 Dr</td></tr>
</table>
</td>
<td>These balances are under reconciliation.</td>
</tr>
<tr>
<td>(ii) <u>KESCO</u>

a. It has been observed that inoperative debtors have been continuously billed on the basis of IDF/RDF for more than 2 billing cycles which is in contravention of the provisions of Electricity Supply Code 2005. (Impact not ascertainable)</td>
<td>a. The company has now implemented smart meters in place of IDF/ADF meters as soon as they are reported and the cases of IDF/RDF are negligible now.</td>
</tr>
<tr>
<td>b. Sale of Energy Major portion of sale comprises of sale to consumers which is recorded on the basis of processed data given by an outside agency deputed for generation of bills to such consumers. Instances were observed wherein the consumers are billed on provisional basis due to no reading, defective meter, defective reading etc.; in contravention to the provisions of Electricity Supply Code, 2005 as well as Ind AS-115 "Revenue from contracts with customers" (Impact not ascertainable). According to the information and explanations given to us the figures of sales accounted for on actual spot billing the date of which is not fixed. In the absence of billing on 31st of March, 2020, the impact of the same on revenue is not ascertainable.</td>
<td>b. The billing is made as per provision of tariff order approved by UPERC. The provisional bills are regularized at the time of actual reading obtained.
There is no non-compliance of the provisions of Electricity Act and Ind AS 18.</td>
</tr>
<tr>
<td>c. The Company has not disclosed the impact of Rs. 43.05 Crores pertaining to interest payable to Government of</td>
<td>The company has not received any demand from Govt. of UP to pay interest on</td>
</tr>
</table>

Uttar Pradesh on account of conversion of Najul land to freehold land till F.Y. 2017-18 as commented by Comptroller and Auditor General of India. The final comments of Comptroller and Auditor General of India for F.Y. 2018-19 have not been received yet and thus we are not commenting on the impact of interest for F.Y. 2018-19 & 2019-20. Hence, the deficit as at 31st March,2020is understated by Rs. 43.05 crores and other current financial liability is understated by Rs. 43.05 crores.	conversion charges due to which it is not possible to book the liability in the books of accounts. 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 without any concrete fact or evidence will lead to overstatement of loss and liability and will not reflect the correct position of the financial statements. However in compliance with the observation raised by the learned office of C&AG and matter being contingent in nature, we shall book the amount of Rs 51.96 crores along with further interest based on the calculation by the office of C&AG as a contingent liability in the financial statements of FY 2020-21
(iii) PVVNL	
a. Due to non-availability of proper and complete records of Work Completion Reports, there have been instances of non-capitalization and/or delayed capitalization of Property, Plant and Equipment, resulting delay in capitalization with corresponding impact on depreciation for the delayed period. (Refer to 2(II) and IV(b) of 'Significant Accounting Policies' to the Financial Statements.)	a. 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 Capital works are capitalized in same month. The effect on depreciation is very insignificant because the company is providing depreciation on addition of Fixed Assets on average basis. The same has also been disclosed in Notes on Accounts at point no. 7(e)
b. In case of withdrawal of an asset, its gross value and accumulated depreciation is written off on estimated basis. In the absence of sufficient and appropriate audit evidence thereof, we are not in a position to ascertain impact of the same on financial statements	b. 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 accumulated depreciation is written off on estimated used life of that asset.
c. 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. Besides depreciation on addition and capitalisation in Property, Plant & Equipment during the year has been provided on average 6-month basis instead of actual period of availability of asset for its intended use, which is in contravention to 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.	c. Due to multiplicity of nature of capital works and difficulty in establishing the correct date of installation of assets, the depreciation on addition of fixed assets during the year has been provided on average basis. The same has also been disclosed in Notes on Accounts at point no. 7(e)
d. The depreciation/amortisation on Bay (Assets not in	d. Due to multiplicity of nature of capital works

	Possession of Pashchimanchal Vidyut Vitran Nigam Ltd.) is calculated on the opening gross value of the assets with the life of 25 years on SLM basis and on addition during the year has been provided on average 6-month basis instead of actual period of availability of asset for its intended use. In the absence of complete details, we are unable to quantify the impact of the same on depreciation/amortisation and consequential impact on the financial statements. (Refer to Para 2(IV)(b) of Significant Accounting Policies)	and difficulty in establishing the correct date of installation of assets, the amortization on addition of assets not in possession of PVVNL during the year has been provided on average basis. The same has also been disclosed in Notes on Accounts at point no. 7(e)
e.	Non-current Borrowings of Rs. 10,26,875.73 lacs and Current Borrowing of Rs. 9,401.08 lacs have been shown in Note No.12 and Note No. 14 respectively to the Financial Statements. IND AS 109 requires management to classify all the financial liabilities and assets at amortized cost using effective interest rate method. Transaction cost has been netted off in borrowing upon initial recognition but the management is unable to comply with the effective interest rate method stating that, being a government company, all loans are backed by the State government guarantee or by charge on Assets. It is also stated that the loan is squared off by many ways such as conversion into bonds, equity, and subsidy by State Government. As a result of this, we are unable to comment on it.	e. Most of the loan are backed by hypothecation and guarantee of U.P Govt. The repayment liabilities of the company is limited upto the terms of repayment of loan. Being a government undertaking company, loan is written off by many ways such as: Converted into Bonds, Equity, Adjustment, Subsidy by State Government. Due to above mentioned multiple influencing factors, the method of effective interest rate method is not being followed.
f.	As per UPERC (MYT) Regulation 2013, In case the payment of any bills of Transmission charges, wheeling charges is delayed beyond the period of 60 days from the date of billing, a late payment surcharge @ 1.25% per month shall be levied by the transmission licensee. However, the company has not made any provision for liability for late payment surcharge on account of non-payment of dues in compliance of above regulation. Consequential impact of the same on the financial statements is not ascertained.	f. The PVVNL is the subsidiary of UPPCL. The Bulk Purchase of Power is made by UPPCL centrally. The liability of Transmission charges is booked on the basis of Bills received from UPPTCL and payment thereon is made by UPPCL and adjusted in Books of PVVNL through Debit Note received from UPPCL. The accountal of liability for Wheeling charges and payment thereof is only a book adjustment for PVVNL through UPPCL (The Holding Co.). Being the Government undertaking company, no such surcharge has been imposed in past years. Thus, following the past practice of company, no provision has been made during the year.
g.	Besides non-compliance of IND AS referred above, compliance status of other accounting standards are as under : IND AS-8: The management has made several adjustments/correction relating to prior period errors in the current financial year as current year's Expense/Income without restating the previous year figures, while entity ought to have corrected retrospectively in the first set of financial statements approved for issue after their discovery by restating the comparative amounts for the prior period(s) presented in which the error has occurred; or if the error occurred before the earliest prior period presented, restating the opening balances of	g. The necessary adjustment/correction as reported upto previous financial year is adjusted in current financial year as current years Expense/Income without restating the previous year figures. The necessary disclosure has been made in Notes to Accounts at point no 32. The Employee Benefits in respect of Earned Leave Encashment and Gratuity is accounted for

	Assets, Liabilities and Equity for the earliest prior period presented. Impact of non-compliance of the above IND AS on the financial statements is not ascertainable. (Refer to point no. 32 of 'Notes to Accounts'). IND AS-19: Gain due to Adjustment as per Actuarial Valuation in respect of liability for leave encashment and gratuity amounting to Rs. 905.80 lacs is not routed through other comprehensive income but routed through profit and loss account, which is deviation from IND AS-19. This has resulted in understatement of both other comprehensive income and loss for the period by Rs 905.80 lacs. (Refer to Note No. 25 of Financial Statements)	in all the units of PVVNL at fixed percentage. However, the difference in provision made by divisions and Actuarial Valuation Report has been booked centrally at HQ level.
h.	Expenses for ERP software implementation amounting Rs. 1,116.50 lacs are shown under Capital work in Progress. However, the same should be classified under the heading "Intangible assets under development" as per provisions of Schedule III of the Companies Act, 2013.	h. The accountal of ERP software has been made on the basis of Order no. 209 dated 19.05.2018 issued by UPPCL(The Holding Co.). The software will be treated as Intangible Assets and booked under Intangible Assets in AG Code 18.301. During FY 2019-20, ERP software implementation is under process and is booked under AG 14.8501 as Capital Expenditure on Software. (Copy of order is enclosed).
i.	**Significant observations of Zonal Auditors are as under:** **(A) Meerut Zone:** Repeated instances of theft of assets (transformers, cables etc) are noticed in divisions and the accumulated amount of theft assets is Rs. 24.53 crore as on 31-03 2020. Branch/divisions have not made any adequate arrangement to save their assets from such incidents. Assets of the zone are uninsured too. According to the information and explanations given to us, frauds in shape of misappropriation of cash collected from customers but not deposited amounting to Rs. 3.68 crore by Suresh Babu TG-2 (EDD, Baghpat, Meerut during 12/13 to 03/19). Also in EDD-II, Baghpat a fraud case of collecting cash Rs. 31,30,289 from customers and not depositing the amount in division is under enquiry against Mr. Sanjay Kumar, Cashier. We are informed by the management that departmental and legal proceedings are in process against the concerned staff, soon these frauds surfaced.	i. Adequate arrangements to safeguard the assets are made by the divisions through patrolling of lines/substations. However, due to scattered geographical location of the assets of the electricity industry, cases of thefts are still there. In case of theft of Assets, FIR is lodged with the Police department and necessary adjustment is carried out in the accounts of the division. There is effective system in place with respect to cash collection, however in case of EDD I Baghpat, FIR has been lodged against Mr. Suresh Babu, TG-II and departmental enquiry is also under progress against the employee/officer for supervisory lapse. In case of EDD-II Baghpat, the case is under enquiry and suitable action will be taken by the management against the involved/erring employees/officials.
	(B) <u>Moradabad Zone:</u> **<u>Theft of Cash (AG 28.744) Rs. 4,46,502.00</u>** - Two cases of cash theft, adequate provision should be made at H.O. As informed by Branch Auditor of Moradabad Zone,	B. The insurance claim is yet to be received from the Insurance company. **<u>Fraud done by employees of EDD-II Amroha</u>** : The recovery of Rs. 4.32 lacs against

during the year two frauds by the employees has been detected amounting to Rs. 40,99,849.32 out of which Rs. 2,60,000.00 is deposited by the person concerned till date. **(C) Ghaziabad Zone:** As informed by the management, Ghaziabad zone has noticed a case of fraud in its EUDD-II, EUDD-V and EUDD-VII Noida division by few bank officials. Some of ICICI bank officials wrongly credited the cheques amounting Rs. 1,72,36,919/- related to these division in some other account. Management has duly taken the matter its notice and has lodged the Police FIR with the authorities.	concerned employee has been completed on 09.10.2020 **Fraud done by employees in EDD-I Gajraula:** The matter is under consideration at Honb'le Allahabad High Court. c. FIR has already been lodged against bank. No recovery has been done yet as the matter is still under investigation.
(D) Saharanpur Zone: Fixed assets of Rs. 352.47 lakh were stolen from site during the year. FIR for the same was also lodged in police station.	d. The amount is booked at divisional level on the basis of estimate duly prepared by the concerned Junior Engineer and verified by Assistant Engineer and Executive Engineer. After this an FIR is also lodged with Police department.
(iv) PuVVNL a. The Company has categorized cost of bay construction for 33/11 KV substation under "Assets not in possession of Purvanchal Vidyut Vitran Nigam Limited" and disclosed the same under "Property, Plant & Equipment" in the Balance Sheet.	a. Since the cost of bay has been paid by the company and the bay is an asset in physical appearance, hence, the categorization of cost of bay construction for 33/11 KV sub-station under "Assets not in possession of Purvanchal Vidyut Vitran Nigam Limited" and disclosure of the same under "Property, Plant & Equipment" is correct.
b. Stock shortage/ excess pending investigation amounting to Rs.96.83 Lacs is outstanding as on 31/03/2020. In absence of proper information, we are unable to comment upon its nature and proper accounting. No movement analysis is available to categorize fast moving, slow moving, non-moving and dead stock items. No provision for obsolete, unserviceable stores and spares has been made. An old provision amounting to Rs.62.97 Crores is lying against obsolete stores since 2003 under Final Transfer Scheme.	b. The units have been instructed to investigate the balances showing under the head "stock shortages/excess pending investigation" and adjust the same in books accordingly. However out of Rs. 96.83 Lacs, Rs. 57.13 Lacs pertains to opening balances arrived under transfer scheme. The provision existing for obsolete, unserviceable stores and spares, provided in final transfer scheme 2015, amounting to Rs. 62.97 crores are sufficient to cover
c. In almost all the banks flexi fix facility is available but there are huge balances in current account and amount has not been transferred by the bank to flexi fix account which is resulting into loss of interest.	c. Units have been instructed to enable the Flexi Fix facility in Expenditure accounts. However from 1st January, 2022 onwards, centralized payment system has been introduced in Discom and available balances of unit's accounts are being transferred to the head office account. Flexi Fix facility in head office accounts are available.
d. **In Gorakhpur Zone it has been observed that:** Most of the Bank reconciliation has been prepared with opening differences, which is not correct. The bank	d. The instruction has been issued to the units to reconcile BRS and keep upto date on regular basis. Efforts are being made to

reconciliation should have been prepared after taking in to account the opening entries pending relating to earlier years in the bank reconciliation.	mitigate the differences shown in the BRS. As a result of this, these differences have been significantly decreased as compared to previous years.
(v) <u>MVVNL</u>	
a. Zonal Auditor of Bareilly zone reported that there may be difference in sundry debtors as per billing ledger and amount shown in trial balance because sales is booked on assessment basis and amount credited to sundry debtors on the basis of actual receipt basis, hence, it could not be tallied with billing ledger (Category wise). Books have been adjusted in MTB as per actual billing ledger. Balances of consumer as per consumer ledger are not in agreement with balances appearing in account books. Zonal Auditor of Devipatan zone reported that Revenue collection booked against different type of consumers on estimated basis which has resulted in negative balance in some customer group account e.g., Rs. (2505.84) lakh in code 23.106 and Rs. (7.74) lakh in 23.707 at EDD II Baharaich. Zonal auditor of Ayodhya Zone reported that, Credit Balance of Rs. 90,665.00 lakh in 22 units are appearing in some of accounts under the head receivable against supply of power. Auditor of LESA Trans Zone reported that no breakup or bifurcation of receipt made under others was furnished which was other than receipt from E-Suvidha on account of Electricity Duty & Electricity Charges. Hence, Figures of receivable against supply of power are subject to reconciliation with billing software and confirmation, impact whereof is unascertainable at this stage.	*a. Negative balances appearing in various categories of consumers is primarily due to misclassification of accounting heads which will be rectified in the current Financial Year. However, there is no impact of such misclassification on overall the debtors. We are in the process of reconciliation of Debtors appearing in the books of accounts with the balances appearing in the online billing system.*
b. We draw attention to para 3 (IV) (b) of General Information and Significant accounting policies stating that depreciation on addition to/ deduction from Property plant and equipment during the year is charged on Pro Rata basis. However, as reported by zonal auditors, capitalization of fixed assets is made at the end of financial year irrespective of actual date of Put to use and depreciation is not charged on assets capitalized during the year which is not in accordance with provisions of Companies Act and IND AS 16 resulting in understatement of Loss and depreciation for the year and overstatement of Assets. In the absence of complete details, effect of said understatement of depreciation & Loss and Overstatement of fixed assets on financial statement could not be ascertained.	*b. Due to unavailability of exact put to use date of old assets, the depreciation on such decommissioned assets is reversed on estimated basis. The company is in the process of implementing ERP project which will facilitate the company to map the actual capitalization date with the concerned assets and hence this problem will be resolved in the upcoming years.*
c. It was generally reported by Zonal Auditor that since value of capital assets on decommissioned assets is on	*c. Due to unavailability of exact put to use date*

pro rata basis/ estimated basis, closing balance of fixed assets & Accumulated depreciation shows negative/ adverse balance in some units/item. Further, there was misclassification in few items resulting in appearance of negative balance. E.g., at Ayodhya Zone, credit balances of Rs. 777.00 lakh is appearing under Fixed Assets in 4 units and debit balance of 72164 lakh appearing under the head Provision for depreciation in 24 units. Overall, property plant and equipment are appearing in note 2 – 'Property Plant & Equipment' at Gross block of Rs. 13, 45,983.49 lakh and accumulated depreciation of Rs. 1,79,960.84 lakh. 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 said deviation with Ind AS, on financial statement could not be ascertained.	*of old assets, the depreciation on such decommissioned assets is reversed on estimated basis. The company is in the process of implementing ERP project which will facilitate the company to map the actual capitalization date with the concerned assets and hence this problem will be resolved in the upcoming years. Negative balances arising due to misclassification of heads will be rectified in the current F.Y.*
d. Depreciation on computer is calculated considering their useful life as 15 years as against useful life of three years specified as per Schedule II of Companies Act. In absence of complete details, Impact of the same on financial statement is not ascertainable at this stage. Further, aspect of emergence of net block in respect of vehicles below 5 % of gross block requires reinstatement.	*d. Audit observation has been noted and required correction will be made accordingly*
e. CWIP is appearing in Financial statement at Rs. 5,20,071.31 lakh (P.Y. Rs. 6,64,934.65 lakh) including various schemes i.e. RGGY, APDRP Scheme, IDPS, Saubhagya, Uday and others schemes. Zonal auditors have generally reported that Item wise, Project-wise detail, Age-wise detail and status of completion of Capital work in progress were not available for verification. At Ayodhya Zone, devipatan Zone and LESA Trans Zone Completion certificate of Capital Work completed were not made available to auditors. In the absence of detailed information regarding status of progress, reasons for long pendency, stagnated work in progress etc. particularly in respect of various schemes i.e. RGGY, APDRP Scheme, IDPS, Saubhagya, Uday and others schemes under implementation, we are unable to comment over the timeliness of capitalization of capital work in progress, provisions required, if any, on this account and its resulting impact on Property plant & Equipment and depreciation thereon.	*e.All the relevant information relating to Capital Work in Progress have been provided to the Statutory Auditor of Financial Year 2020-21 which has been considered by them.*
f. Zonal Auditor of Devipatan Zone reported that Negative balance of Rs. 4159.36 lakh is appearing in 8 Division. Further, Stock records are not properly maintained at some units and Difference of physical stock and book stock not properly adjusted. Auditor of Bareilly Zone reported that no comment could be made upon surplus / obsolete /non-moving items of	*f.Inventory records are properly maintained at division level. Each J.E. prepares his stock account on a daily basis and submit to the concerned SDO reviews & consolidates the JE stock account and further submits to the concerned division wherein it is accounted for in the books of accounts.*

	stores, raw material, finished goods that may be lying unused at the end of last 3 years or inventory lying with third parties & assets received as gift from government or other authorities due to non-furnishing of details of such items by zone. Auditors of Lesa CISS Zone and Ayodhya Zone reported that some of the inventory accounts reflect negative balances in most of the units primarily due to misclassifications, which could potentially result in misstatement in inventory in MTB.	*Inventories held by store/workshop division has been physically verified & the same has been valued by outsourced CA firms at the end of the year and impact, if any, arising due to valuation has been duly accounted for.* *Negative balances arising due to misclassification of accounting heads will be rectified.*
g.	Provision for Unserviceable store of Rs. 41.22 crore appearing in Note 4- Inventories continues since 2012-13 despite substantial increase in level of inventory i.e., Rs. 705.43 crore in 2019-20 as compared to Rs. 229.99 crore in 2012-13. In view of various observations made by zonal auditors regarding lack of proper system of physical verification of inventory & determination of obsolete/unserviceable/ non- moving items etc., emergence of adverse balances in inventory as dealt above at (a) & (b) above and non-formulation of accounting policy for provision on unserviceable stock, stores & spare etc., adequacy of provision on this account and its impact on financial statement is not ascertainable at this stage.	*g. Provision for Unserviceable store of Rs. 41.22 crore works out to be 5.84% of Total Inventory of Rs. 705.43 crores as on 31.03.2020.* *As per the management's view, provision is already sufficient with regard to quantum of stock.* *Therefore, no further provision is made.*
h.	We were informed that Billing for sale of electricity to consumers are accounted for on the basis of report generated through Online Billing System implemented through various outsourced Agencies. However, system audit of the said billing system, if any, being dealt at UPPCL was not made available to us and as such we are unable to comment on implications, if any, arising on said account.	*h. Status of System audit of billing system is not known as the same is dealt at UPPCL level.*
i.	Zonal Auditor of Ayodhya Zone reported provision of unbilled revenue at the end of current financial year and reversal of similar provision made in previous year has not been made in accounts. Further, regulatory surcharge was withdrawn w.e.f. 12.09.2019 but the same has been charged by certain units even after this date. In the absence of complete details, the impact of the same over financial statement is not ascertainable at this stage.	*i. Audit observation has been noted and required correction will be made accordingly*
j.	Interest on security deposit by Consumers was informed to be provided as per rates prescribed by UPERC. However, Auditors of Devipatan Zone has reported that Interest on security deposit given to consumers is not booked by distribution division except Gonda DD II. Security deposit was not adjusted in books of accounts in PD cases. Waiver is not adjusted in debtor balance in PD case. Effect of non-booking of Interest and non-adjustment of security deposit is not ascertainable at this stage.	*j. Concerned distribution division has been instructed to examine & make necessary corrective actions, if required.*

k. Zonal auditor of Lucknow zone reported that security deposited by consumers was short by Rs. 367.74 lakh in Unnao Division I	*k. Concerned distribution division has been instructed to examine & make necessary corrective actions, if required.*
16. For want of complete information, the cumulative impact of our observations in *paras 1 to 16* above to this report on assets, liabilities, income and expenditure is not ascertained.	
Annexure II to Independent Auditors Report (As referred to in paragraph 1(f) under "Report on Other Legal and Regulatory Requirements" section of our audit report of even date to the members of U.P. Power Corporation Limited on the Consolidated Financial Statements of the Group for the year ended 31st March, 2020)	
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, 2020, 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 furnished 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 2020 –	
	1. The auditors of DVVNL have reported that - a. As informed and explained to us the Company is not having any licence software for accounting purpose. The Accounting entries at the unit level are done in manual manner, each unit get the account prepared in computerised format and the same is submitted to Zone level. The Zone further forwards the merged accounts of unit at Head office level, there is no	No Comment

	integration of Accounts in different hierarchy. Therefore, it can be concluded that the processing of accounting transaction through IT System is not at all robust.	
b.	During the course of audit, we observed that balance of transfer scheme are outstanding, the management could not satisfy us on the existence of asset & liabilities received in transfer scheme.	These Balances are under reconciliation.
c.	Temporary Imprest provided to staff needs to be closed at the end of financial year, while we observed in many of the cases Temporary Imprest were not closed.	Mostly Temporary Imprest provided to staff at the end of the year remains open which has been closed in subsequent year.
d.	The Books of accounts of the company has not been prepared on timely basis resulting in delayed preparation of final accounts.	No Comment
e.	Cashbook is not updated on regular basis	No Comment
f.	Measurement Book provided to Junior Engineer by the Company are not returned back on timely basis by the Junior Engineer and Measurement Book are not closed on timely basis.	No Comment
g.	The Company did not have an appropriate internal control system for obtaining external balance confirmation on periodic basis. This could potentially result in inaccurate Assets &Liabilities disclosed in the books of accounts.	Efforts are being made to obtain balance confirmation on perioding basis.
2.	**The auditors of PVVNL have reported that -**	
a.	Internal control in respect of movement of inventories during maintenance and capital works, material issued/ received to/ from third parties and material lying with sub-divisions, need to be reviewed and strengthened. Further, implementation of real time integrated ERP software is strongly recommended.	
b.	The Company did not have an appropriate internal control system to minimize electricity theft and line losses.	
c.	Reconciliation of power received and power sold during year has not been done. Billing is not raised timely and correctly.	
d.	There is lack in recovery of advances from employees, contractor and suppliers.	
	3. The auditors of MVVNL have reported that –	
a.	Zonal Auditors have reported that Billing of power is generated through IT system. However, billing system is independent of account department and reports generated from billing system require reconciliation with 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.	

	b. It was reported by Zonal Auditors and observed at HO that monthly trial balances are compiled from vouchers through outsourced software which are not under control of accounts department of zone and only printout of Monthly trial balances is available which impliedly has Risk of security of data as well as lack of mechanism to ensure correctness and completeness of report generated on timely basis.	
	c. Huge amount of Cash, Temporary Imprest and employee advances are lying with employees which should have been recovered from employees long back. In some units, Bank is having credit balances and Cash in hand balance are negative.	
	d. System of reconciliation of GST return with figure appearing in books of accounts is not in practice so as to trace any error or omission on regular basis. We were informed that details of GST are submitted by units directly to GST consultant and reconciliation is done annually at the time of filling of annual return. Further, payment of GST on reverse charge mechanism on legal charges, payment of GST to unregistered firms, timely filling of statutory returns & payment of statutory dues requires regular monitoring to ensure compliance of various statutory provisions	
	e. In Devipatan Zone, auditor has reported that measurement of disconnection dues and Corrections in electricity bills have been done by Engineers in charge only without consent of Account department. Hence, system of execution of process by joint authority not followed.	
	f. Zonal auditor of Ayodhya Zone reported that in most of the cases, internal audit reports were not available with the units and not furnished for verification. In none of the cases, the replies / action taken on points raised in internal audit report was not on records. The system of review and action on points raised in internal audit reports is not in vogue at zone.	
	g. The internal audit has been outsourced to chartered accountant firms but coverage/ scope needs to be enlarged particularly in area of reconciliation of revenue with the online billing system, collection efficiencies, status of work in progress under various schemes under implementation along with reasons for pendency, reconciliation of pending ATD/ ATC etc. for ensuring wider coverage. Further, system of timely receipt of internal audit report and compliance	

	thereof at division/ zonal level and H.O. level needs to be streamlined and strengthened for ensuring remedial action on various observations contained in such report	
	A material weakness is a deficiency or a combination of deficiencies in internal financial control over financial reporting such that there is reasonable possibility that a material misstatement of the Companies' annual or interim financial statements will not be prevented or detected on timely basis. In our opinion, except for the effects/probable effects of the material weaknesses described above and in *'Annexure I'* on the achievement of the objectives of the control criteria, the 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, 2020 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 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'*.	

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

Pankaj Kumar
(Managing Director)
DIN: - 08095154

Date:
Place: Lucknow

Annexure II

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

Office:- 7/581/10, Sector 7,
Vikas Nagar, LUCKNOW-226022
Mob:- 7355060301, 8960630345
Pan No.:- AJUPS3081N

Form No. MR-3
SECRETARIAL AUDIT REPORT
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

FOR THE FINANCIAL YEAR ENDED: 31.03.2020

TO,

THE MEMBERS
U.P POWER CORPORATION LIMITED
SHAKTI BHAWAN, ASHOK MARG,
LUCKNOW.-226001
CIN NO.:- U32201UP1999SGC024928

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

I have examined the registers, records, books and papers of the Company as required to be maintained under the Companies Act, 2013, (the Act) and the rules made there under and the provisions contained in the Memorandum and Articles of Association of the Company for the year ended March 31, 2020

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

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

MARDAN SINGH
CP No. 10705
COMPANY SECRETARY

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

Office:- 7/521/10, Sector 7,
Vikas Nagar, LUCKNOW-226022
Mob:- 7355050301, 8960530345
Pan No.:- AJUPS3081H

General Meetings;

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

I further report that:

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

OBSERVATION:-

1. *As per the provisions of section 129 read with section 96 of the Companies Act, 2013, the Audited financial statement of the company for the financial year 2018-19 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 30/09/2019. Though, by holding the Annual General Meeting on 18/09/2019, 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 2018-19 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 2018-19 in this Annual General Meeting, the company has failed to comply with the provisions of section 129 of the Companies Act, 2013.*

2. *As per the provisions of section 149 of the Companies Act, 2013 read with the Rule-(4) of the Companies (Appointment and Qualification of Directors) Rules, 2014, the company being a listed company on the Bombay Stock Exchange for the trading of its*

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

Office:- 7/581/10, Sector 7,
Vikas Nagar, LUCKNOW-226022
Mob:- 7355060301, 8960630345
Pan No.:- AIUPS3081H

Bonds issued from time to time, at least1/3rd number of Independent Directors were required to be appointed on the board of directors of the company. Further while constituting the Audit Committee under section 177 of the Companies Act, 2013, at least three directors with the independent directors forming the majority were required to be appointed. Similarly while constituting the Corporate Social Responsibility Committee under section 135 of the Act, at least one independent director was required to be appointed as the member of the CSR committee. During the audit it has been found that the company has not appointed any Independent director on the board of directors of the company and the Audit Committee and Corporate Social Responsibility Committee. Thus during the financial year ending on 31/03/2020, the company has failed to comply with the provisions of section 149, 177 and 135 of the Companies Act, 2013 and the relevant rules framed there under.

3. *As per the provisions of section 203 read with rule(8) of The Companies (Appointment and Remuneration of managerial personnel) Rules 2014, the company has to appoint three key managerial personnel namely the (1) managing director, (2) company secretary and (3) the chief finance officer.*

   During the audit it has been found that Smt. Aparna U. participated in the board meetings as managing director from 146th meeting to 151st board meeting held on 04/11/2019 and Sh. M. Devraj, participated in the board meetings as managing director from 152nd board meeting held on 27/11/2019 to 157nth board meeting held on11/03/2020. Sh. P.N. Sahay was designated as the CFO for the financial year 2019-20 and he continued as such till 156th meeting held on 05/03/2020 in which he was replaced by Sh. Anil Kumar Awasthi C.G.M. (Finance and Accounts) who was designated as the chief financial officer of the company by the board of directors. Sh. Pradeep Soni, the company secretary of U.P. Rajya Vidyut Utpadan Nigam Ltd. looked after the work of company secretary as the acting company secretary of UPPCL till 05th March when Ms. Niharika Gupta was appointed to the post of the company secretary of the company. She was also appointed as the compliance officer of the company for the purpose of the compliance of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
4. *As per the provisions of section 148 of the Companies Act, 2013 and the rule (5) of the companies (Cost records and Audit)Rules, 2014, the company is required to appoint the cost auditor within 180 days of the commencement of every financial year and as per the provisions of rule (6) of these rules, every cost auditor shall forward his report to the board of directors of the company within 180 days of the closure of the financial year to which the report relates.*

MARDAN SINGH
C.P. No.
10203
COMPANY SECRETARY

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

Office:- 7/581/10, Sector 7,
Vikas Nagar, LUCKNOW-226022
Mob:- 7355060301, 8960630345
Pan No.:- AJUPS3081N

The details of the appointment of the cost auditors of the company for the financial year 2019-20 could not be found in the minutes of the board meeting held during the financial year.

The cost audit report of the financial year 2018-19 was required to be placed before the board within 180 day of the closing of the financial yea i.e latest by 30/09/2019. As per the information based on record during audit, the cost audit report of 2018-19 has not been placed before the board of directors within the above prescribed time limit. Though the cost audit report of the company for the financial year 2017-18 was placed before the board of directors in the 148th board meeting held on 31/07/2019

5. *Due to the company being the listed company for the trading of its bonds on the Bombay Stock Exchange- the company was required to file form MGT-15 as prescribed under Rule 31 of the Companies (Management and Administration) Rules 2014 within 30 days of the holding of the20th AGM held on 18/09/2019.*
6. *Non- compliance of Rule-52 of the the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 :-*

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

   During the audit it has been found from the available record that the unaudited financial results for the half year ending on 30/09/2019 was placed for the approval of the board in its 160th meeting held on 30/09/2020and LRR report submitted by the practicing chartered accountant M/S Prakhar & Associates Chartered Accountants, Lucknow was taken on record The half yearly results of period ending 31/03/2020 were approved by the board in its 163th meeting held on 30/12/2020 and LRR report submitted by M/S Prakhar & Associates Chartered Accountants, was taken on record. The disclosure of the Debt Coverage Ratio and the Interest Service Coverage Ratio as required under the provisions of Rule 52(4)(f) and (g) was not done by the company due to delay in the compilation of six monthly financial results of the subsidiary companies.

7. *Due to the failure of the company to file its annual account of 2017-18 with the registrar of companies, the company was not allowed to file the form INC-22A during the financial year2019-20 as a result of which the company was barred from filing the FORM-DIR-12 for the appointment of directors of the company appointed during this financial year. Thus though the directors have been appointed in the company according to the provisions of its Articles of Association of the company but*

MARDAN SINGH
CS No. 10705
COMPANY SECRETARY

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

Office:- 7/581/10, Sector 7,
Vikas Nagar, LUCKNOW-226022
Mob:- 7355060301, 8960630345
Pan No.:- AJUPS3081N

their name does not appear in the list of directors(list of signatories) of the company on the site of the Ministry of Corporate Affairs.

Further for the above reason the company has also been barred from filing the form PAS-3 for change (increase) in the Paid-up capital of the company for the shares allotted in the name of the Hon'ble Governor of U.P. during the financial year 2019-20, as a result of which the increase in the paid up capital of the company due to allotment of these shares could not be recorded in the office of the Registrar of the companies by way of filing of formPAS-3 on the portal of the Ministry of Corporate Affairs, Government of India.

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

I further report that subject to the above observations, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act. - Adequate notice was given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. - Decisions at the Board Meetings, as represented by the management and recorded in minutes, were taken unanimously.

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

MARDAN SINGH
PCS No. 10705
COMPANY SECRETARY

Place: - Lucknow
Date: - 08/02/2022

(Mardan Singh)
Practicing Company Secretary
FCS 1933, C. P. No.10705
UDIN:- F001933C002436288

REPLIES OF THE MANGEMENT ON THE OBSERVATION IN THE SECRETARIAL AUDIT OF THE COMPANY FOR FY 2019-20

S.N.	OBSERVATIONS	MANAGEMENT REPLY
1.	*As per the provisions of section 129 read with section 96 of the Companies Act, 2013, the Audited financial statement of the company for the financial year 2018-19 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 30/09/2019. Though, by holding the Annual General Meeting on 18/09/2019, 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 2018-19 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 2018-19 in this Annual General Meeting, the company has failed to comply with the provisions of section 129 of the Companies Act, 2013.*	The Compliance is in process
2.	*As per the provisions of section 149 of the Companies Act, 2013 read with the Rule-(4) of the Companies (Appointment and Qualification of Directors)Rules, 2014, the company being a listed company on the Bombay Stock Exchange for the trading of its Bonds issued from time to time, at least1/3rd number of Independent Directors were required to be appointed on the board of directors of the company. Further while constituting the Audit Committee under section 177 of the Companies Act, 2013,at least three directors with the independent directors forming the majority were required to be appointed. Similarly while constituting the Corporate Social Responsibility Committee under section 135 of the Act, at least one independent director was required to be appointed as the member of the CS committee. During the audit it has been found that the company has not appointed any Independent director on the board of directors of the company and the Audit Committee and Corporate Social*	Since UPPCL is a State Government Company, Independent Directors are appointed by the Government of U.P. The necessary application has been made and the appointment is in process.

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	Responsibility. Thus during the financial year ending on 31/03/2020, the company has failed to comply with the provisions of section 149, 177and 135 of the Companies Act, 2013 and the relevant rules framed there under.	
3.	*As per the provisions of section 203 read with rule(8) of The Companies (Appointment and Remuneration of managerial personnel) Rules 2014, the company has to appoint three key managerial personnel namely the (1) managing director, (2) company secretary and (3) the chief finance officer.* *During the audit it has been found that Smt. Aparna U. participated in the board meetings as managing director from 146th meeting to151st board meeting held on 04/11/2019 and Sh. M.Devraj, participated in the board meetings as managing director from 152nd board meeting held on 27/11/2019 to157nth board meeting held on11/03/2020. Sh. P.N. Sahay was designated as the CFO for the financial year 2019-20 and he continued as such till156th meeting held on 05/03/2020 in which he was replaced by Sh. Anil Kumar Awasthi C.G.M.(Finance and Accounts) who was designated as the chief financial officer of the company by the board of directors. Sh. Pradeep Soni, the company secretary of U.P. Rajya Vidut Nigam Ltd looked after the work of company secretary as the acting company secretary of UPPCL till 05th March when Niharika Gupta was appointed to the post of the company secretary of the company. She was also appointed as the compliance officer of the company for the purpose of the compliance of* The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.	The provision has been complied with
4.	*As per the provisions of section 148 of the Companies Act, 2013 and rule (5) of the companies (Cost records and Audit)Rules, 2014, the company is required to appoint the cost auditor within 180 days of the commencement of every financial year and as per the provisions of rule (6) of these rules, every cost auditor shall forward his report to*	Noted for future compliance. However, The cost audit report of FY 2019-20 have been filed with ROC.

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	the board of directors of the company within 180 days of the closure of the financial year to which the report relates.The details of the appointment of the cost auditors of the company for the financial year 2019-20 could not be found in the minutes of the board meeting held during the financial year. *The cost audit report of the financial year 2018-19 was required to be placed before the board within 180 day of the closing of the financial yea i.e latest by 30/09/2019. As per the information based on record during audit, the cost audit report of 2018-19 has not been placed before the board of directors within the above prescribed time limit. Though the cost audit report of the company for the financial year 2017-18 was placed before the board of directors in the 148th board meeting held on 31/07/2019*	
5	*Due to the company being the listed company for the trading of its bonds on the Bombay Stock Exchange- the company was required to file form MGT-15 as prescribed under Rule 31 of the Companies (Management and Administration) Rules 2014 within 30 days of the holding of the20th AGM held on18/09/2019.*	Noted for future compliance.
6.	*Non- compliance of Rule-52 of the the Securities and Exchonge Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 :-* *As per the provisions of regulation-52(1) of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulotions, 2015 as amended from time to time .The listed entity shall prepare and submit un-audited or audited financial results on a half yearly basis in the format as specified by the Board within forty five days from the end of the half year to the recognized stock exchange(s).* *During the audit it has been found from the available record that the unaudited financial results for the half year ending on 30/09/2019 was*	The provision has been complied with

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	placed for the approval of the board in its 160th meeting held on 30/09/2020and LRR report submitted by the practicing chartered accountant M/S Prakhar &Associates Chartered Accountants, Lucknow was taken on record The half yearly results of period ending 31/03/2020 were approved by the board in its 163th meeting held on 30/12/2020 and LRR report submitted by M/S Prakhar &Associates Chartered Accountants, was taken on record. The disclosure of the Debt Coverage Ratio and the Interest Service Coverage Ratio as required under the provisions of Rule 52(4)(f) and (g) was not done by the company due to delay in the compilation of six monthly financial results of the subsidiary companies.	
7.	*Due to the failure of the company to file its annual account of 2017-18 with the registrar of companies, the company was not allowed to file the form INC-21 during the financial year2019-20 as a result of which the company was barred from filing the FORM-DIR-12 for the appointment of directors of the company appointed during this financial year. Thus though the directors have been appointed in the company according to the provisions of its Articles of Association of the company but their name does not appear in the list of directors(list of signatories) of the company on the site of the Ministry of Corporate Affairs.* *Further for the above reason the company has also been barred from filing the form PAS-3 for change (increase) in the authorised capital of the company for the shares allotted in the name of the Hon,ble Governor of U.P. during the financial year 2019-20, as a result of which the increase in the paid up capital of the company due to allotment of these shares could not be recorded in the office of the Registrar of the companies by way of filing of formPAS-3 on the portal of the Ministry of Corporate Affairs, Government of India.*	The provision has been complied with

(निधि कुमार नारंग)
निदेशक (वित्त)

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Annexure-VIII

वर्ष 2019–20 में कार्यरत अध्यक्ष एवं प्रबन्ध निदेशक, निदेशकों तथा कम्पनी सचिव के वेतन भत्ते सम्बन्धी सूचना

क्र०सं०	अधिकारी का नाम	सम्प्रेक्षा सं०	तत्कालीन पदनाम	कुल वेतन / अन्य देयता	आयकर	जी०पी०एफ०	जी० आई० एस०	मकान किराया	अन्य	विभागीय वाहन का उपयोग	कुल कटौती	शुद्ध वेतन	यात्रा व्यय	अवकाश वेतन	पेंशन	ग्रेच्युटी
			1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	आलोक कुमार	A1626	अध्यक्ष	9920.00	1970.00	0.00					1970.00	7950.00		0.00	0.00	0.00
2	अपर्णा यू	A1608	प्रबन्ध निदेशक	1673567.00	241914.00	135790.00	960.00	0.00	0.00	0.00	378664.00	1294903.00	225722.00	0.00	74188.00	0.00
3	ए० के० पुरवार	A0452	निदेशक	2351308.00	582488.00	1003437.00			20270.00	0.00	1606195.00	745113.00	0.00	0.00	367220.00	52334.00
4	ए० के० श्रीवास्तव	A0495	निदेशक	3810839.00	904280.00	504028.00			41592.00	0.00	1449900.00	2360939.00	27669.00	0.00	514590.00	73337.00
5	सुधीर आर्या	S2282	निदेशक	2104045.00	603467.00	0.00				0.00	603467.00	1500578.00	113992.00	0.00	0.00	0.00
6	विजय कुमार	V0242	निदेशक	1834601.00	379011.00	0.00		36000.00	29388.00	6000.00	450399.00	1384202.00	28793.00	0.00	20958.00	2987.00
7	विनय प्रकाश श्रीवास्तव	V0266	निदेशक	3646620.00	842564.00	424556.00			45660.00	6000.00	1318780.00	2327840.00	102920.00	0.00	512344.00	73017.00
8	सुधांशु द्विवेदी	S0828	निदेशक	586706.00	148097.00	0.00			16576.00	2000.00	166673.00	420033.00	0.00	0.00	0.00	0.00
9	सत्य प्रकाश पाण्डेय	S0760	निदेशक	386510.00	62097.00	0.00			8025.00	1500.00	71622.00	314888.00	0.00	0.00	0.00	0.00
	योग			14720629.00	3522004.00	1932021.00	0.00	36000.00	161511.00	15500.00	5667936.00	9053593.00	273374.00	0.00	1415112.00	201675.00

14.12.2020

(निधि कुमार नारंग)

ANNEXURE IV

A. CONSERVATION OF ENERGY

Uttar Pradesh is one of the largest states in the country. U.P. Power Corporation Ltd. achieved 100% target in providing connections to the consumer of state under 'SAUBHAGYA' scheme. 24x7 power supply for all has been assured under the as a flagship scheme of Central Government funded.

During the year 2019-20, COD of 660 MW of Meja Thermal Power Project has been declared, Net Energy Import was 116819 MU and max demand met was 21632 MW on dated 12.08.2019. Transmission Network at various voltage levels i.e. 132kV/220kV/400kV /765kV was extended up to total 585 Nos. of substations having 45799 ckt km lines in totality. Distribution Network comprises total 4434 Nos. of substations at 66kV/33kV level, with 55685 ckt km lines. 100% electrification of villages has been carried out. Revenue collection increased by 0.56% as compared to previous financial year amounting to Rs. 44005.45 crore. Different schemes i.e. Saubhagya Yojna, Uday Yojna, Ujala Yojna and Power For All have been implemented during the year with the support of State and Central Governments.

B TECHNOLOGY ABSORPTION

Research and Development (R&D) -No Significant work has specifically been done in R&D during the year

1. Efforts, made towards Technology Absorption, Adaptation and Innovation are as under (brief description) :
   - (i) Installation of electronic meters of updated technology as per the need of system.
   - (ii) Installation of Capacitor banks at 33 kv S/Ss.
   - (iii) LT less distribution system in rural areas.
   - (iv) Feeder separation work.
2. Benefits derived as a result of the above efforts:
   - (i) Accurate Metering.
   - (ii) Sustained Accuracy.
   - (iii) Reduction in Distribution losses AT & C Losses.
   - (iv) Reduction in theft and line losses.
   - (v) Improved quality in supply of Power.
3. Imported Technology - None

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

The foreign exchange earnings and outgo is nil during the FY 2019-20.

(निधि कुमार नारंग)

Annexure V

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 2020

Part A:- Subsidiaries

1. Sl. No.	1	2	3	4	5	6
2. Name of the subsidiary	MVVNL, Lucknow	PurVVNL, Varanasi	PVVNL, Meerut	DVVNL, Agra	KESCo, Kanpur	Southern UPPTCL
3. The date since when subsidiary was acquired	12.08.2003	12.08.2003	12.08.2003	12.08.2003	15.01.2000	08.08.2013
4. Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	N/A	N/A	N/A	N/A	N/A	N/A
5. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	N/A	N/A	N/A	N/A	N/A	N/A
6. Share capital	1744046.21	1921278.97	1504856.90	1895569.21	195584.42	221.63
7. Reserves and surplus	(769174.89)	(1193469.42)	(1042605.00)	(1545644.20)	(190624.49)	(159.80)
8. Total assets	4110464.66	4980075.35	2894843.29	3634345.98	461478.60	62.75
9. Total Liabilities	3135593.34	4252265.80	2432551 39	3284420.87	456518.67	0.92
10. Investments	-	-	-	-	-	-
11. Turnover	1190554.18	1164141.00	1703924.73	1083165.04	261939.22	-
12. Profit/(Loss) before taxation	(65999.32)	(122299.06)	(106786.32)	(62902.58)	(23082.89)	0.92
13. Provision for taxation	-	-	-	-	-	0.32
14. Profit/(Loss) after taxation	(65999.32)	(122299.06)	(106786.32)	(62902.58)	(23082.89)	0.60
15. Proposed Dividend	-	-	-	-	-	-
14. Extent of shareholding (in percentage)	100%	100%	100%	100%	100%	100%

Annexure V

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 2020

Part B:- Associates and Joint Ventures

(₹ in Lakhs)

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

(निधि कुमार नारंग)

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Annexure VI

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

A- List of Related Parties

(a) List of Subsidiary & Associates:-

Subsidiary
MadhyanchalVidyutVitran Nigam Limited
PashchimanchalVidyutVitran Nigam Limited
PurvanchalVidyutVitran Nigam Limited
DakshinanchalVidyutVitran Nigam Limited
Kanpur Electricity Supply Company Limited
Sonebhadra Power Generation Company Limited(inoperative service dated 27.03.2019, Refer Note No. 29)
Southern-UP Power Transmission Company Limited (Refer Note No. 31)
Associates
Yamuna Power Generation Company Limited(inoperative service dated 25.03.2019, Refer Note No. 30)

(b) Key management personnel:-

S. No.	Name	Designation	Working Period (For FY 2019-20)	
			Appointm	Retirement/ Cessation
A- UPPCL (Holding Company)				
1	Shri.Alok Kumar	Chairman	20.05.2017	09.11.2019
2	Shri.Arvind Kumar	Chairman	10.11.2019	Working
3	Smt. Aparna U.	Managing Director	26.10.2017	04.11.2019
4	Shri.M.Devraj	Managing Director	05.11.2019	Working
5	Shri.SudhanshuDwivedi	Director (Finance)	30.06.2016	30.06.2019
6	Shri.SudhirArya	Director (Finance)	30.07.2019	Working
7	Shri.SatyaPrakashPandey	Director (P.M. & Admin.)	01.07.2016	02.06.2019
8	Shri. A.K Purwar	Director (P.M. & Admin.)	10.07.2019	Working
9	Shri. Vijay Kumar	Director (Distribution)	06.01.2018	Working
10	Shri. V. P. Srivastava	Director (Corporate planning)	04.01.2018	Working
11	Shri. A.K. Srivastava	Director (Commercial)	27.06.2018	Working
12	Dr.SenthilPandiyan C.	Nominee Director	10.09.2018	Working
13	Shri. Neel Ratan Kumar	Nominee Director	16.04.2013	Working
14	SmtManju Shankar	Nominee Director	10.12.2015	31.12.2019
15	Shri.PramendraNathSahay	Chief Financial Officer	14.11.2018	04.03.2020
16	Shri. Anil Kumar Awasthi	Chief Financial Officer	05.03.2020	Working
17	Shri.Pradeep Soni	Company Secretary (Additional Charge)	01.08.2017	17.03.2020
18	Ms.Niharika Gupta	Company Secretary	18.03.2020	Working
B- Subsidiary & Associates (Having Related Party Transactions)				
	I- MadhyanchalVidyutVitran Nigam Limited			
1	Shri. Alok Kumar	Chairman	20.05.2017	09.11.2019

2	Shri.Arvind Kumar	Chairman	09.11.2019	Working
3	Shri. Sanjay Goyal	Managing Director	05.04.2018	03.01.2020
4	Shri. Surya Pal Gangwar	Managing Director	03.01.2020	Working
5	Shri. Rakesh Kumar	Director (Finance)	31.12.2016	31.12.2019
6	Shri. Vibhu Prasad Mahapatra	Director (Finance)	01.01.2020	29.02.2020
7	Shri. Mahesh Chandra Pal	Director (Finance)	29.02.2020	Working
8	Shri. Subh Chand Jha	Director (PM & A)	21.06.2017	31.03.2020
9	Shri. Sudhir Kumar Singh	Director (Tech.)	03-09-2018	Working
10	Shri. Brahm Pal	Director (Comm)	29-06-2018	Working
11	Dr.Senthil Pandian C.	Nominee Director	10-09-2018	Working
12	Smt. Aparna U.	Nominee Director	26.10.2017	05.11.2019
13	Shri. M. Devraj	Nominee Director	05.11.2019	Working
14	Shri. Sudhanshu Dwivedi	Nominee Director	30.06.2016	30-06-2019
15	Shri. Sudhir Arya	Nominee Director	06.08.2019	Working
16	Dr.Umakant Yadav	CFO	05.09.2017	Working
17	Smt Neetu Arora Tandon	Company Secretary	10.09.2015	Working
	II- PashchimanchalVidyutVitran Nigam Limited			
1	Shri. Ashutosh Niranjan	Managing Director	21.12.2017	12.10.2019
2	Shri. Aravind MallappaBangari	Managing Director	14.10.2019	Working
3	Shri. YatishVatsa	Director(P&A)	24.06.2017	03.08.2019
4	Shri. Naresh Kumar Arora	Director(P&A)	06.08.2019	Working
5	Shri. Pawan Kumar Agarwal	Director(Finance)	29.12.2016	28.12.2019
6	Shri. SudhirArya	Director(Finance)	01.01.2020	29.02.2020
7	Shri. Lalit Kumar Gupta	Director(Finance)	29.02.2020	Working
8	Shri. ArvindRajvedi	Director(Commercial)	22.09.2017	29.06.2019
9	Shri. Ishwar pal Singh	Director(Comm.)	10.08.2019	Working
10	Shri. Raj Kumar Agarwal	Director(Technical)	11.10.2017	Working
11	Shri. H.K. Agarwal	CFO	16.02.2018	Working
12	Shri. S.C. Tiwari	Company Secretary (Additional Charge)	01.04.2019	Working
	III- PurvanchalVidyutVitran Nigam Limited			
1	ShriAlok Kumar, (IAS)	Chairman	20.05.2017	09.11.2019
2	ShriArvind Kumar	Chairman	09.11.2019	Working

3	Smt. Aparna Upadhyayula	Managing Director	26.10.2017	05.11.2019
4	Shri M. Devraj	Managing Director	05.11.2019	Working
5	Shri Govind Raju N.S.	Managing Director	28.08.2018	12.10.2019
6	Shri K. Balaji	Managing Director	12.10.2019	Working
7	Shri Anil Kumar Awasthi	Director (Finance)	29.12.2016	28.12.2019
8	ShriSudhirArya	Director (Finance) (Additional Charge)	03.01.2020	Working
9	Shri Anil Kumar Kohli	Director (P. & A.)	21.06.2017	Working
10	Shri Anshul Agarwal	Director (Technical)	28.06.2018	04.11.2019
11	Shri Anil Kumar Kohli	Director (Technical)	21.11.2019	01.03.2020
12	Shri Prithvi Pal Singh	Director (Technical)	01.03.2020	Working
13	Shri Om Prakash Dixit	Director (Commercial)	07.08.2018	Working
14	Shri Anil Kumar Awasthi	Chief Finance Officer	18.11.2015	28.12.2019
15	Shri Pramendra Nath Sahay	Chief Finance Officer	04.02.2020	Working
16	Shri S. C. Tiwari	Company Secretary	01.09.2015	Working
	IV-Dakshinanchal Vidyut Vitran Nigam Limited			
1	Shri.Alok Kumar	Chairman	20.05.201	09.11.2019
2	Shri.Arvind Kumar	Chairman	10.11.201	Working
3	SmtAparna Upadhyayula	Director	26.10.201	04.11.2019
4	Shri. M. Devraj	Director	05.11.201	Working
5	Shri.Sudhanshu Dwivedi	Director	30.06.201	30.06.2019
6	Shri.SudhirAarya	Director	30.07.201	Working
7	Dr.Chelliah Pandian Senthil C	Director (UPPTCL)	10.09.201	Working
8	Shri. S.K Verma	Managing Director	10.04.201	16.09.2019
9	Smt. SaumyaAgarwal	Managing Director	17.09.201	Working
10	Shri. K.C Pandey	Director (Finance)	21.06.201	30.11.2019
11	Shri.Vibhu Prasad Mahapatra	Director (Finance)	01.12.201	Working
12	Shri.Rakesh Kumar	Director (Technical)	04.01.201	Working
13	Shri. D.K Singh	Director (Commercial)	22.06.201	20.07.2019
14	Shri. S.K Gupta	Director (Commercial)	09.08.201	Working
15	Shri. Rakesh Kumar	Director (P&A)	27.06.201	Working
16	Shri. D.K Agarwal	Chief Financial Officer	06.06.201	31.05.2019
	V- Kanpur Electricity Supply Company Limited			

1	Shri. Arvind Kumar	Chairman	10.11.2019	Working
2	Shri. Alok Kumar	Chairman	20.05.2017	09.11.2019
3	Shri. M Devraj	Managing Director, UPPCL, (Nominee Director)	05.11.2019	Working
4	Smt. Aparna U	Managing Director, UPPCL, (Nominee Director)	31.08.2018	04.11.2019
5	Shri. Ajay Kumar Mathur	Managing Director	24.09.2017	Working
6	Smt. Saumya Agarwal	Managing Director	22.12.2017	16.09.2019
7	Shri. Ajay Kumar Mathur	Director (Commercial)	28.06.2018	Working
8	Shri. SudhirArya	Director (Finance), UPPCL, (Nominee Director)	25.09.2019	Working
9	Shri. Sudhanshu Dwivedi	Director (Finance), UPPCL, (Nominee Director)	31.08.2018	30.06.2019
10	Shri. Brahmdev Ram Tiwari	DM Kanpur (Nominee Director)	13.01.2020	Working as on 31.03.2020
11	Shri. Vijay Vishwas Pant	DM Kanpur (Nominee Director)	25.06.2018	13.01.2020
12	Smt. Abha SethiTandon	Company Secretary(Additional Charge)	14.03.2013	Working
	VI- Southern UP Power Transmission Company Limited			
1	Shri.Sudhanshu Dwivedi	Nominee Director of UPPCL (Nominated as MD on 16.03.2018)	23.03.2017	13.08.2019
2	Shri. Vijay Kumar	Nominee Director of UPPCL	16.03.2018	Working
3	Shri. Vinay Prakash Srivastava	Nominee Director of UPPCL	16.03.2018	Working
4	Shri. A. K. Srivastava	Nominee Director of UPPCL	14.08.2019	Working
5	Shri. S. K. Awasthi	D.G.M. (Fin & Acc.) UPPTCL/SUPPTCL	01.06.2019	Working
6	Shri. P.K. Srivastava	D.G.M. (Trans. HQ), UPPTCL/SUPPTCL	06.08.2018	31.05.2019
7	Shri. Pradeep Soni	Company Secretary(Additional Charge)	01.08.2017	Working

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

(d) Post-Employment Benefit Plan:-
1- Uttar Pradesh Power Sector Employees Trust.
2- U.P Power Corporation Limited Contributory Provident Fund.

B- Transactions with Related Partiesare as follows:

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

(₹ InLacs)

	2019-20	2018-19
Salary & Allowances	741.69	671.15
Leave Encashment	26.60	120.46
Contribution to Gratuity/ Pension/ PF	71.06	126.66

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

(₹ InLacs)

S No.	Name of The Company	Nature of Transaction	2019-20	2018-19
1	UP Power Transmission Corporation Limited	Power Transmission & Misc. Transaction	337830.38	225768.91
2	Uttar Pradesh RajyaVidyutUtpadan Nigam Limited	Power Purchase	858055.73	979893.69
3	Uttar Pradesh RajyaVidyutUtpadan Nigam Limited	Receivable (Unsecured)	269.64	48.36
4	Uttar Pradesh JalVidyut Nigam Limited	Power Purchase	8791.11	8458.81
5	UP Power Transmission Corporation Limited	Employee, Administration and Repair & Maintenance Cost	2076.72	-

		Allocation		
6	Uttar Pradesh RajyaVidyutUtpadan Nigam Limited	Employee, Administration and Repair & Maintenance Cost Allocation	231.57	-
7	Uttar Pradesh JalVidyut Nigam Limited	Employee, Administration and Repair & Maintenance Cost Allocation	44.53	-

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

(₹ InLacs)

Particulars	31st March 2020	31st March 2019
Amount Recoverable		
From Others		
➢ UPRVUNL	628.63	358.99
➢ UPPTCL	35463.73	49247.10
Amount Payable		
To Others		
➢ UPJVNL	8777.19	8826.17
➢ UPPSET	110557.35	112816.22
➢ UPPCL CPF	5189.38	2891.42

(निधि कुमार नारंग)
निदेशक (वित्त)

Annexure VII

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
(as on financial year ended on 31.03.2020)

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management &Administration) Rules, 2014

I. REGISTRATION & OTHER DETAILS:

I	CIN	U32201UP1999SGC024928
II	Registration Date	30/11/1999
III	Name of the Company	U. P. POWER CORPORATION LIMITED
IV	Category/Sub-category of the Company	Company Limited by Shares State Government Company
V	Address of the Registered office & contact details	SHAKTI BHAWANASHOK MARG LUCKNOW UTTAR PRADESH UP 226001
VI	Whether listed company	Unlisted
VII	Name , Address & contact details of the Registrar & Transfer Agent, if any.	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated

SL No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Electric Power Generation, Transmission & Distribution	D1	100

III. PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

Si. No	Name & Address of the Company	CIN/GLN	HOLDING / SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	MADHYANCHAL VIDYUT VITRAN NIGAM LIMITED	U31200UP2003SGC027459	Wholly Owned Subsidiary	100	Section 2(87)(i)
2	DAKSHINANCHAL VIDYUT VITRAN NIGAM LIMITED	U31200UP2003SGC027460	Wholly Owned Subsidiary	100	Section 2(87)(i)
3	PURVANCHAL VIDYUT VITRAN NIGAM LIMITED	U31200UP2003SGC027461	Wholly Owned Subsidiary	100	Section 2(87)(i)
4	KANPUR ELECTRICITY	U40105UP1999SGC024626	Wholly	100	Section

	SUPPLY COMPANY LIMITED		Owned Subsidiary		2(87)(i)
5	PASHCHIMANCHAL VIDYUT VITRAN NIGAM LIMITED	U31200UP2003SGC027458	Wholly Owned Subsidiary	100	Section 2(87)(i)
6	SOUTHERN-UP POWER TRANSMISSION COMPANY LIMITED	U40300UP2013SGC058892	Wholly Owned Subsidiary	100	Section 2(87)(i)

IV. SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters										
(1) Indian	0	0	0	0	0	0	0	0	0	0
a) Individual/HUF	0	0	0	0	0	0	0	0	0	0
b) Central Govt.or State Govt.	0	0	0	0	0	0	0	0	0	0
c) Bodies Corporates	0	0	0	0	0	0	0	0	0	0
d) Bank/FI	0	0	0	0	0	0	0	0	0	0
e) Any other(Hon'ble Governor of UP)	0	911861625	911861625	100	0	967620857	967620857	100	6.11%	
SUB TOTAL:(A) (1)	**0**	**911861625**	**911861625**	**100**	**0**	**967620857**	**967620857**	**100**	6.11%	
(2) Foreign										
a) NRI-Individuals	0	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0	0
e) Any other…	0	0	0	0	0	0	0	0	0	0
SUB TOTAL (A) (2)	0	0	0	0	0	0	0	0	0	0
Total Shareholding	**0**	**911861625**	**911861625**	**100**	**0**	**967620857**	**967620857**	**100**	6.11%	

of Promoter (A)= (A)(1)+(A)(2)										
B. PUBLIC SHAREHOLDING										
(1) Institutions	0	0	0	0	0	0	0	0	0	0
a) Mutual Funds	0	0	0	0	0	0	0	0	0	0
b) Banks/FI	0	0	0	0	0	0	0	0	0	0
C) Cenntralgovt	0	0	0	0	0	0	0	0	0	0
d) State Govt.	0	0	0	0	0	0	0	0	0	0
e) Venture Capital Fund	0	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0	0
g) FIIS	0	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0	0
SUB TOTAL (B)(1):	0	0	0	0	0	0	0	0	0	0
(2) Non Institutions										
a) Bodies corporates	0	0	0	0	0	0	0	0	0	0
i) Indian	0	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	0	0	0	0	0	0	0	0	0	0
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	0	0	0	0	0	0	0	0	0	0
c) Others (specify)	0	0	0	0	0	0	0	0	0	0
SUB TOTAL	0	0	0	0	0	0	0	0	0	0

(B)(2):										
Total Public Shareholding (B)= (B)(1)+(B)(2)	0	0	0	0	0	0	0	0	0	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	**0**	**911861625**	**911861625**	**100**	**0**	**967620857**	**967620857**	**100**	**6.11%**	
SUB TOTAL:(A) (1)	**0**	**911861625**	**911861625**	**100**	**0**	**967620857**	**967620857**	**100**	**6.11%**	

V. SHARE HOLDING OF PROMOTERS

Sl No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	NO of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	Hon'ble Governor of UP	911861625	100.00	0	967620857	100	0	**6.11%**
	Total	**911861625**	**100.00**	**0**	**967620857**	**100.00**	**0**	**6.11%**

VI. CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)

Sl. No.		Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the

					company
	At the beginning of the year	911861625	100	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	55759232	-	-	-
	At the end of the year	967620857	100	-	-

VII. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**Shri S.P. Pandey**				
	At the beginning of the year	1	0.00%	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year	0	-	-	-
2	**Shri Sudhanshu Dwivedi**				
	At the beginning of the year	1	0.00%	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year	0	-	-	-

3	**Shri Vijai Kumar**				
	At the beginning of the year	1	0.00%	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year	1	0.00%	-	-
4	**Smt. Aparna U.**				
	At the beginning of the year	1	0.00%	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year	0	-	-	-
5	**Shri Neel Ratan Kumar**				
	At the beginning of the year	1	0.00%	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year	1	0.00%	-	-
6	**Shri Alok Kumar**				
	At the beginning of the year	1	0.00%	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year	0	-	-	-
7	**Shri V.P. Srivastava**				

	At the beginning of the year	1	0.00%	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year	1	0.00%	-	-
8	**Shri A.K. Purwar**				
	At the beginning of the year	0	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	1	0.00%	-	-
	At the end of the year	1	0.00%	-	-
9	**Shri Sudhir Arya**				
	At the beginning of the year	0	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	1	0.00%	-	-
	At the end of the year	1	0.00%	-	-
10	**Shri M. Devaraj**				
	At the beginning of the year	0	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	1	0.00%	-	-
	At the end of the year	1	0.00%	0	-
11	**Shri Arvind Kumar**				
	At the beginning of the year	0	-	-	-

	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	1	0.00%	-	-
	At the end of the year	1	0.00%	-	-

VIII. Shareholding Pattern of top ten Shareholders:
(Other than Directors, Promoters and Holders of GDRs and ADRs)

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	NA	NA	NA	NA
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NA	NA	NA	NA
	At the end of the year	NA	NA	NA	NA

IX. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	1998870	2525497	-	4524367
ii) Interest due but not paid	0	0	-	0
iii) Interest accrued but not due	27677	27064	-	54741

Total (i+ii+iii)	2026547	2552561	-	4579108
Change in Indebtedness during the financial year				
Additions				
Reduction	71990			
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount	1926880	2775268	-	4702148
ii) Interest due but not paid	-	16963	-	16963
iii) Interest accrued but not due	26899	27807	-	54706
Total (i+ii+iii)	1953779	2820038	-	4773817

X. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

Sl.No	Particulars of Remuneration			Total Amount
1	**Gross salary (Including Others)**			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.			**1,65,65,627**
	Shri S.P. Pandey		394535	
	Shri Sudhanshu Dwivedi		603282	
	Shri Vijai Kumar		1863989	
	Smt. Aparna U.		1673567	

	Shri V.P. Srivastava		3692280	
	ShriAlok Kumar		9920	
	Shri Ajay Kumar Purwar		2371578	
	Shri Ashok Kumar Srivastava		3852431	
	Shri Sudhir Arya		2104045	
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961		NA	
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961		NA	
2	Stock option		NA	
3	Sweat Equity		NA	
4	Commission		NA	
	as % of profit		NA	
	others (specify)		NA	
5	Others, please specify		NA	
	Total (A)		**1,65,65,627**	**1,65,65,627**
	Ceiling as per the Act			

B. Remuneration to other directors:

Sl.No	**Particulars of Remuneration**	**Name of the Directors**			**Total Amount**
1	Independent Directors	NA	NA	NA	NA
	(a) Fee for attending board committee meetings			NA	NA

	(b) Commission		NA	NA	NA
	(c) Others, please specify	NA	NA	NA	NA
	Total (1)	NA	NA	NA	NA
2	Other Non Executive Directors	NA	NA	NA	NA
	(a) Fee for attending board committee meetings			NA	NA
	(b) Commission		NA	NA	NA
	(c) Others, please specify.	NA	NA	NA	NA
	Total (2)	NA	NA	NA	NA
	Total (B)=(1+2)	NA	NA	NA	NA
	Total Managerial Remuneration	NA	NA	NA	NA
	Overall Ceiling as per the Act.	NA	NA	NA	NA

C. **Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD**

Sl. No.	Key Managerial Personnel				
1	Gross Salary	CEO	Company Secretary	CFO	Total
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	NA	16000	3523114	3539114
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	NA	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	NA	-	-	-
2	Stock Option	NA	-	-	-
3	Sweat Equity	NA	-	-	-
4	Commission	NA	-	-	-
	as % of profit	NA	-	-	-
	others, specify	NA	-	-	-

5	Others, please specify	NA	-	-	-
	Total	NA	16000	3523114	**3539114**

XI. PENALTIES/PUNISHMENT/COMPPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made if any (give details)
A. COMPANY			**Not Applicable**		
Penalty					
Punishment					
Compounding					
B. DIRECTORS			**Not Applicable**		
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT			**Not Applicable**		
Penalty					
Punishment					
Compounding					

For and on behalf of the Board of Directors

Managing Director DIN-08095154

Director (Finance) DIN-03473420

Date :
Place: Lucknow

Annexure VIII

Manish Mishra & Associates

Company Secretary in Practice

Off. Address: Flat No. 1, 2, B-1/65, Classic Mansion, Sector-K, Aliganj, Lucknow 226024, Uttar Pradesh
Contact: +91 9454077716, +91 7084645555 | E-mail: fcsmanishmishra@gmail.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, 2020 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 of the Director	DIN Number	Date of Appointment in Company
1	SHRI ALOK KUMAR	06517942	22.04.2013
2	SMT APARNA UPADHYAYULA	06523278	26.10.2017
3	SHRI CHELLIAH SENTHIL PANDIAN	08235586	10.09.2018
4	SHRI NEEL RATAN KUMAR	03616458	16.04.2013

5	SMT MANJU SHANKAR	03547276	10.12.2015
6	SHRI SATYA PRAKASH PANDEY	07581307	01.07.2016
7	SHRI VINAY PRAKASH SRIVASTAVA	08051823	04.01.2018
8	SHRI VIJAI KUMAR	08051813	06.01.2018
9	SHRI ASHOK KUMAR SRIVASTAVA	08189765	27.06.2018
10	SHRI SUDHANSHU DWIVEDI	06533235	30.06.2016
11	SHRI SUDHIR ARYA	5135780	30.07.2019
12	SHRI M. DEVRAJ	8677754	05.11.2019
13	SHRI ARVIND KUMAR	1634887	10.11.2019
14	SHRI A.K. PURWAR	8544396	10.07.2019

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

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

Sukhmendra Kumar
Partner
ACS No: 37552 CP No: 21707
Lucknow, 29.03.2023
UDIN: A037552D003336980

Annexure IX

Manish Mishra & Associates

Company Secretary in Practice

Off. Address: Flat No. G 2, B 1/65, Classic Mansion, Sector-K, Aliganj, Lucknow - 226024, Uttar Pradesh
Contact: +91 9454077716, +91 7084615555 | E-mail: [illegible]@gmail.com

PRACTISING COMPANY SECRETARIES' 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, 2020, 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, 2020. 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

Sukhmendra Kumar
Partner
ACS No: 37552 CP No: 21707
Lucknow
Date: 29.03.2023
UDIN- A037552D003337035

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 2020 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.

Date:
Place: Lucknow

Nitin Nijhawan
CFO

Pankaj Kumar
Managing Director
DIN : 08095154

REPLY OF FINAL COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b)OF THE COMPANIES ACT, 2013 ON THE STANDALONE FINANCIAL STATEMENTS OF U.P. POWER CORPORATION LIMITED FOR THE YEAR ENDED ON 31 MARCH 2020.

Auditor's Comment	Management Reply
The preparation of financial statements of U.P. Power Corporation Limited (UPPCL) for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is 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 27 September 2021. I, on behalf of the Comptroller and Auditor General of India (CAG), have conducted a supplementary audit of the financial statements of U.P. Power Corporation Limited for the year ended 31 March 2020 under section 143 (6)(a) of the Act. This supplementary audit has been carried out independently without access to 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) of the Act which have come to my attention and which in my view are necessary for enabling better understanding of the financial statements and the related audit report.	Audit comment is informative.

A. COMMENTS ON PROFITABILITY	
Statement of profit and loss **Current Liabilities** **Borrowings (Note 17) Rs. 75417.11 Lakh** The New Okhla Industrial Development Authority (NOIDA) had advanced a loan of ₹ 450 crore (₹ 200 crore on 15.06.2012 and ₹ 250 crore on 02.05.2013) to the Company. No interest was to be paid on the loan amount upto 30.09.2013 and thereafter UPPCL was liable to pay interest on balance amount of Loan. The total accumulated interest payable to the NOIDA up to 31 March 2020 was ₹ 96.42 crore which includes the amount of ₹ 10.38 crore pertaining to the current year 2019-20. However, interest payable to NOIDA has not been accounted. This resulted in understatement of Finance Cost by ₹ 10.38 crore, Current Liabilities by ₹ 96.42 crore and Other Equity- Prior Period Adjustment (negative balance) by ₹ 86.04 crore. Further, Loss for the year has also been understated by ₹ 10.38 crore.	The NOIDA Authority had provided Rs. 450 crore as a special Assistance for the uninterrupted supply of Electricity in U.P State on the recommendation of Government of Uttar Pradesh. Out of above assistance Rs. 200 crore were repaid in the F.Y. 2013-14, balance amount Rs. 250 crore were repaid in F.Y. 2015-16, 2016-17 & 2020-21. The amount drawn from NOIDA Authority was on behalf of government to provide immediate cash support to UPPCL and no such agreement were executed between UPPCL & NOIDA Authority while some conditions were attached considering urgent requirement raised by the Corporation. However, after several communication NOIDA authority regarding the interest servicing, they communicated vide their office letter dated 17.12.2020 and their Executive Board has directed that "the various Govt Institutions who have raised loan from NOIDA Authority are required to serve interest equivalent to the interest rate of the year wise securities issued by Govt, since disbursement on simple interest basis without compound/penal Interest." Accordingly, the company had decided, vide its Board Resolution dated21.06.2021, to

	pay the interest due amounting to Rs103.94 crore. Since the accountsof the company for the FY 2019-20 were closed before the above date,the accounting of the interest payable could not be done in that year.However, necessary accounting of interest payable of Rs 103.94 crore has been done in the accounts for the FY 2020-21.

B. COMMENTS ON FINANCIAL POSITION

Current Assets

Financial Assets- Other (Note -11): ₹ 29,547.17 crore

2. As per clause 1.2(i) of the tripartite MoU executed between Ministry of Power, GOI, Government of Uttar Pradesh and UPPCL, the Government of Uttar Pradesh (GoUP) was to 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 and 25 *per cent* loss of 2018-19 was to be taken over by the GoUP in the years 2017-18, 2018-19 and 2019-20 respectively.

The net loss of the DISCOMs for the years 2016-17, 2017-18 and 2018-19 is depicted as under:

(₹ in crore)

DISCOM	Net Loss 2016-17	Net Loss 2017-18	Net Loss 2018-19
MVVNL	722.80	431.71	805.98
PuVVNL	867.32	832.56	988.89
PVVNL	468.00	1516.95	1290.50
DVVNL	1443.48	2366.50	2378.07
KESCO	Profit	Profit	448.21
Total loss (A)	**3501.60**	**5147.72**	**5911.65**

There is a provision in the Tripartite Memorandum of Understanding dated 30.01.2016 executed amongst Ministry of Power, Govt. of India, Govt. of Uttar Pradesh and UPPCL on behalf of the UP DISCOMs that GoUP shall take over the future losses of the DISCOMs in a graded manner and shall fund the losses as follows:

Year	Percentage
2015-16	0% of 2014-15
2016-17	0% of 2015-16
2017-18	5% of 2016-17
2018-19	10% of 2017-18
2019-20	25% of 2018-19
2020-21	50% of 2019-20

The company has correctly calculated the Loss on the basis of Gross Operational Funding Requirement (GOFR) of Discoms as per the mythology indicated in the above MoU.

Impact of previous Audit Comment on loss (B)	**0**	**0**	**481.17**[1]
Loss after including the impact of audit comment (A+B)	**3501.60**	**5147.72**	**6392.82**
Losses of previous year to be taken over in subsequent year as given below:			
	2017-18	**2018-19**	**2019-20**
Percentage of loss to be taken over by GoUP	5 *per cent* of losses of 2016-17 taken over in 2017-18	10 *per cent* of losses of 2017-18 taken over in 2018-19	25 *per cent* of losses of 2018-19 taken over in 2019-20
Loss to be funded by GoUP in UDAY scheme **(P)**	175.08	514.77	1598.21
Actual amount booked as other income on account of Govt. grant for operational loss**(Q)**	409.93	761.09	2399.99
Excess income booked (Q-P)	**234.85**	**246.32**	**801.78**

1 Excess Income booked during 2017-18 and 2018-19 (₹234.17crore +₹246.32crore = ₹481.17crore)

Thus, it may be seen from the above that total excess net loss of ₹1,282.95crore (₹ 234.85 crore + ₹ 246.32 crore + ₹ 801.78 crore) was claimed/received by the company from the GoUP in the years 2017-18, 2018-19 and 2019-20. This should have been shown in the books of the accounts as liability payable to GoUP. This resulted in understatement of 'Other Financial Liabilities' and 'Financial Assets-Other (Current)' by ₹1,282.95crore, each. Despite similar comment of the CAG on the accounts for the year 2018-19, no corrective action has been taken by the Management.	
Current Liabilities **Other Financial Liabilities (Note-19): ₹ 6,687.59 crore** 3. The above does not include ₹ 28.08 crore and ₹ 0.57 crore being interest payable on account of delayed deposit/non-deposit of General Provident Fund (GPF) and Pension and Gratuity as worked out and accounted for in the Financial Statements of Uttar Pradesh Power Sector Employees Trust for the year 2014-15. This resulted in understatement of Current Liabilities and Other Equity (negative balance) by ₹ 28.65 crore. Despite similar comment of the CAG on the Accounts for the years 2012-13 to 2018-19, no corrective action has been taken by the Management.	As per audited accounts of the company for the F.Y 2012-13 to 2020-21, liability towards GPF contribution is showing the debit balance. Since there has been always debit balance during the period 2012-13 to 2020-21, 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 the employees on pension and gratuity as in the case of GPF. Hence, provision of interest on Pension and gratuity not required. The company is also in process of reconciliation with the GPF trust.
C. COMMENT ON DISCLOSURE **Notes to Accounts** 4. Para 27 of above Notes provides that UPPCL has decided, vide Board's Meeting dated 14-08-2020, to allocate common expenditure and facility cost to	The company had decided to allocate the common expenditure from the year 2019-20 and accordingly, the common expenses have

subsidiaries and power sector companies owned by Go UP with effect from the year 2019-20. Accordingly, in accounts allocation of ₹209.74 crore out of total ₹ 340.24 crore in the heads Employee Cost, Administrative, General & Other Expense & Repair & Maintenance of F.Y. 2019-20 has been made. The aforesaid allocation of common expenditure and facility cost to the subsidiaries is a change in accounting policy as per Para 19 (b) of Ind AS 8 which requires application of the changed policy retrospectively along with disclosures to be made as required under Para 29 of Ind AS 8. Thus, the accounting policy followed by UPPCL is in contravention to the provision of Ind AS 8. Further, disclosures made in the notes to Account are also deficient to the above extent.	been allocated to Discoms and other related companies. The necessary disclosures regarding amount of allocation of expenditure has been made in note no.23, 26, and 27 of financial statement for the F.Y.2019-20. However, the same will be further elaborated in the ensuing accounts in hand.

(NitinNijhawan)
Chief Financial officer

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

FINAL COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(B) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF UTTAR PRADESH POWER CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2020

AUDITOR'S COMMENTS	MANAGEMENT'S REPLY
The preparation of consolidated financial statements of Uttar Pradesh Power Corporation Limited for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller & Auditor General of India under section 139 (5) read with section 129 (4) of the Act is responsible for expressing opinion on the financial statements under section 143 read with section 129 (4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 4 October 2021.	No Comments
I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of Uttar Pradesh Power Corporation Limited for the year ended 31 March 2020, under section 143 (6) (a) read with section 129 (4) of the Act. We conducted a supplementary audit of the financial statements of parent company Uttar Pradesh Power Corporation Limited (UPPCL), subsidiary companies- PurvanchalVidyutVitran Nigam Limited (PuVVNL), PaschimanchalVidyutVitran Nigam Limited (PVVNL), Madhyanchal VidyutVitran Nigam Limited (MVVNL), DakshinanchalVidyutVitran Nigam Limited (DVVNL), Kanpur Electricity Supply Company Limited (KESCO), Southern UP Power Transmission Company Limited(SuUPPTCL) for the year ended 31 March 2020. 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:	No Comment

1. COMMENTS ON CONSOLIDATED PROFITABILITY	
Statement of Profit and Loss	
Revenue from Operations (Note-22) ₹ 54038.00 Crore	
1. The above includes unbilled revenue of Rs. 36.22 crore which has been wrongly booked twice by DVVNL against the bulk supply of power to Torrent Power Ltd. This resulted in overstatement of 'Revenue from Operations' and 'Trade Receivables' by ₹36.22 crore. Consequently, 'Loss' for the year is also understated to the same extent.	The impact of unbilled revenue provision has been adjusted in accounts of Financial Year 2020-21.
2. The above includes revenue against bulk supply to Torrent Power Ltd. of ₹ 61.52 crore by DVVNL pertaining to prior period i.e. 2018-19. As per requirement of Ind AS 8, prior period adjustment should be made by restating the comparative amounts under Other Equity instead of booking as current year (2019-20) revenue from operations. This resulted in overstatement of 'Revenue from Operations' and Other Equity (being negative balance). Consequently, 'Loss' for the year was understated by ₹ 61.52 crore.	Accounts of F.Y. 2019-20 was finalized on 29/01/2021 & Audit of F.Y. 2018-19 was conducted by the AG office in the month of Feb-2021. Hence the observation made during the audit of FY 2018-19 could not be adjusted in FY 2019-20 as a prior period item. However, the same has been accounted for in F.Y. 2019-20 on the basis of bills issued during the year.
3. Unbilled revenue for Railway Traction amounting to ₹ 5.94 crore was accounted for by EUDD-II Ghaziabad of PVVNL in 2019-20. However, there was no Railway Traction billing in the Division. This resulted in overstatement of 'Revenue from Operations' and 'Trade Receivables' by ₹ 5.94 crore. Consequently, 'Loss' for the year was also understated to the same extent.	The necessary correction has been made by the concerned unit in FY 2020-21.
Other Income (Note-23): ₹ 13939.61 crore	
4. The above includes additional subsidy received from the GoUP against previous year losses under UDAY scheme amounting to ₹ 2,399.99 crore[1]. Clause 1.2(i) of	With reference to the tripartite MOU signed among Ministry of Power (Government of India), Government of Uttar Pradesh (GoUP) and Uttar

[1]PuVVNL:`780.02 crore,MVVNL:`447.36 crore, PVVNL:`655.65 crore and DVVNL:`516.96 crore

tripartite MOU executed between Ministry of Power, GOI, Government of Uttar Pradesh (GoUP) and UPPCL provides that GoUP shall take over the future losses of the DISCOMs in a graded manner w.e.f. 30.01.2016. Accordingly, 25 per cent of loss of 2018-19 was to be taken over by the GoUP in the year 2019-20. As per Ind-AS 20, government grant for losses already incurred should be recognised in the statement of profit and loss for the year in which it becomes receivable. The amount receivable against losses of 2018-19 was ₹ 1,578.78 crore[2]. Thus, the Company has accounted for the additional subsidy in excess by ₹ 821.21 crore which has resulted in overstatement of 'Other Income' and 'Other Current Assets' by ₹ 821.21 crore with consequent understatement of Loss for the year to the same extent.	Pradesh Power Corporation Limited (on behalf of all DISCOMs) for implementation of UDAY scheme, It is to submit that, subsidy on the basis of certain percentage of loss amount of previous year is being provided by state government. According to the provisions of Agreement, the loss would be calculated on the basis of Gross Operational Funding Requirement (G.O.F.R.) instead of actual amount of loss of Discoms as per the methodology indicated in the MOU In relation to the above, the company received Rs 2400 Cr. from state govt. in the FY 2019-20 and the same has been allocated to Discoms. Though the amount receivable from State Govt. was Rs 4209.86 being 25% of losses of Discoms for FY 2018-19, as per audited financial statements of Discoms, but the accounting has been done on the basis of certainty/actual amount of Subsidy given by the Govt. Further, the subsidy has been recognized on the above mentioned basis and the same is less than the amount as calculated above. Thus there is no overstatement of other income and understatement of other equity (negative balance) and net understatement of non-current liability/ other financial liability.
5. As per the scheme guideline of SAUBHAGYA Yojna, any interest earned on capital subsidy/grant shall be remitted to Ministry of Power. The PVVNL earned interest amounting to ₹ 10.55 crore during the year 2019-20 on mobilisation advance given to the Contractor. Instead of remitting the interest amount to Ministry of Power, PVVNL booked the same as other	The matter pertains to SAUBHAGYA Yojna, the interest on mobilization advance amounting to Rs. 10.55 crore payable to Ministry of Power was inadvertently booked as Interest Income during FY 2019-20. The correction entry has been incorporated in FY 2021-22.

[2]PuVVNL: `275.99 crore, MVVNL: `222.63 crore, PVVNL: `322.63 crore, DVVNL: `645.48 crore and KESCO: `112.05 crore

income. This resulted in overstatement of Other Income and understatement of Current Liability by ₹ 10.55 crore. Consequently, Loss for the year was also understated to the same extent.	
6. The PVVNL, during the year 2019-20, made an adjustment entry in the Other Income head amounting to (-) ₹ 130.37 crore for rectification of error pertaining to the year 2017-18 in contravention to provisions of Ind AS-8. As per Ind AS-8, adjustment in the books of accounts should have been made by restating the comparative amounts for the prior period i.e. year 2017-18. This has resulted in understatement of Other Income and Other Equity (being negative balance) by ₹ 130.37 crore. Consequently, Loss for the year was also overstated to the same extent.	The Late Payment Surcharge is accounted for on cash basis. But in some divisions of Moradabad Zone, it was accounted for on Accrual basis in AG 23.707 along with Debtors against PD, Miscellaneous Revenue, etc. The necessary correction has been made in Financial Year 2019-20 without restating the comparative amounts as prior period item. The overall impact on Reserve and Surplus as on 31.03.2020 is NIL. Presently, the company is passing adjustment/correction entry pertaining to earlier years through prior period items.
Purchase of Stock in Trade (Power Purchased) (Note-24): ₹57388.86 crore	
7. Significant accounting policy No. IX (d) provides that transmission charges are accounted for on accrual basis on bills raised by the UP Power Transmission Corporation Limited (UPPTCL) at the rates approved by UPERC. In contravention to the above policy, the transmission charges of ₹ 548.10 crore (MVVNL:₹ 245.38 crore and PuVVNL:₹ 302.72 crore) have been accounted for in the year 2019-20 for which the bills were issued by UPPTCL in December 2020. This resulted in overstatement of Cost of Power Purchased and Current Liabilities by ₹ 548.10 crore each. Further, Loss for the year was also overstated to the same extent.	The bills for transmission charges against true up of tariff for earlier years are raised by UPPTCL and the accounting for the same is done in the books in the financial year whose accounts are not yet closed. Accordingly, the same has been booked in the FY 2019-20 considering the provisions of Ind As 10 Para 3 "events after the reporting period" Events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are approved by the Board of Directors in case of a company, and, by the corresponding approving authority in case of any other entity for issue. Two types of events can be identified:

	(a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and (b) those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).
Finance Cost (Note-26) Rs.5179.86 Crores	
8. Para 22 of the Ind-AS 23 provides that "an entity shall cease capitalising borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete." Asall the projects under R-APDRP were already completed and closure of the projects had already been sent to PFC till June 2018, no interest amount on R-APDRP should have been capitalized during the year 2019-20.However, interest amounting to ₹ 227.96 crore (PuVVNL: ₹ 115.54 and PVVNL: ₹ 112.42 crore) has been capitalised in the year 2019-20. This resulted in understatement of Finance Cost and overstatement of Capital Work in Progress by ₹ 227.96 crore. Consequently, Loss for year was understated by the same extent.	Necessary correction entry regarding interest of R-APDRP of ₹ 115.54 crore has been done during FY 2020-21 by PuVVNL. Further, in respect of PVVNL, it is submitted that the total interest capitalized during the year is in relation to the loan taken for construction of capital assets and has been accordingly capitalized.
9. The above does not include interest amounting to ₹ 409.86 crore (₹ 96.17 crore for the year 2019-20 and ₹ 313.69 crore for previous years i.e. 2009-10 to 2018-19) on R-APDRP loan given by Power Finance Corporation (PFC) to PVVNL. PFC has been regularly raising demand notices for payment of interest related to loan given under R-APDRP. The PVVNL did not make any payment towards interest up to 2019-20 to PFC and considered the same as Contingent Liability instead of booking it as Finance Cost. This resulted in understatement of Finance Cost by ₹ 96.17 crore, Other Equity (being negative balance) by ₹313.69 crore and Current Liabilities by ₹ 409.86 crore. Consequently, Loss for the year was also understated by	Whenever a Loan from Government got converted into Grant, it's Interest and other charges have also been converted into/treated as Grant. Power Finance Corporation vide letter no. 065598 dated 26.09.2019 has confirmed that a procedure for conversion of RAPDRP Part-B loans into Grant is under consideration at MoP. In view of the above and in anticipation of conversion of loans into Grant, PVVNL has not included the same in Finance Cost.

₹ 96.17 crore.	
10. The New Okhla Industrial Development Authority (NOIDA) had advanced a loan of ₹ 450 crore (₹ 200 crore on 15.06.2012 and ₹ 250 crore on 02.05.2013) to the Company. No interest was to be paid on the loan amount upto 30.09.2013 and thereafter UPPCL was liable to pay interest on balance amount of Loan. The total accumulated interest payable to the NOIDA up to 31 March 2020 was ₹ 96.42 crore which includes the amount of ₹ 10.38 crore pertaining to the current year 2019-20. However, interest payable to NOIDA has not been accounted. This resulted in understatement of Finance Cost by ₹ 10.38 crore, Current Liabilities by ₹ 96.42 crore and Other Equity- Prior Period Adjustment (negative balance) by ₹ 86.04 crore. Further, Loss for the year has also been understated by ₹ 10.38 crore.	The NOIDA Authority had provided Rs. 450 crore as a Special Assistance for the uninterrupted supply of Electricity in U.P. State on the recommendation of Government of Uttar Pradesh. Out of above assistance Rs. 200 crores were repaid in the F.Y 2013-14 , balance amount Rs. 250 crore were repaid in FY 2015-16, 2016-17 & 2020-21. The amount drawn from NOIDA Authority was on behalf of government to provide immediate cash support to UPPCL and no such agreement were executed between UPPCL & NOIDA Authority while some conditions were attached considering the urgent requirement raised by the Corporation. However, after several communication with NOIDA authority regarding the interest servicing, they communicated vide their office letter dated 17-12-2020 that their Executive Board has directed that "the various Govt. institution who have raised loan form NOIDA authority are required to serve interest equivalent to the interest rate of the year wise securities issued by Govt. since disbursement on simple interest basis without compound/penal interest." Accordingly, UPPCL vide Board resolution dated 21-06-2021 had successfully served the interest of Rs. 103.94 crore during the period May, 2021 to August, 2021. Since Account for FY 2019-20 had already been submitted on dated 03.07.2020 by the fund unit for timely completion of DISCOM's accounts/Consolidated Financial Statements. Therefore, necessary adjustments for interest servicing were made in the accounts for FY

	2020-21.
11. The above does not include interest amounting to ₹ 43.82 crore on Loan provided for R-APDRP scheme by Power Finance Corporation (PFC) to the MVVNL. This resulted in understatement of Finance Cost and Current Liabilities by ₹ 43.82 crore. Further, Loss for the year was also understated by the same amount.	Whenever a Loan from Government got converted into Grant, it's Interest and other charges also converted into /treated as Grant. Power Finance Corporation vide letter no. 065598 dated 26.09.2019 has confirmed that a procedure for conversion of RAPDRP Part-B loans into Grant in under consideration at MoP. In view of the above and in anticipation of conversion of loans into Grant, MVVNL has not included the same in Finance Cost.
12.The above includes an expenditure of ₹ 3.03 crore which actually pertained to Project Management Unit and advertisement expenditure of SAUBHAGYA scheme implemented by PuVVNL. As the expenditure incurred under SAUBHAGYA scheme relates to Project, it should have been capitalized. This resulted in overstatement of Finance Cost and understatement of Capital Work in Progress by ₹ 3.03 crore each. Further, Loss for the year has also been overstated to the same extent.	This has been accounted for in the books of accounts as revenue expenditure. Since such expenditure is of revenue and recurring in nature 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.
Depreciation and Amortization expenses (Note-27) Rs.1264.24 Crores	
13. The above does not include depreciation amounting to ₹ 58.44 crore on the assets capitalized by MVVNL under RGGVY 11th and 12th Plan schemes. As all the works of both schemes had already been completed by March 2019, the depreciation for the whole year during the period 2019-20 should have been provided in accounts. This resulted in understatement of the Depreciation & Amortization Expenses and overstatement of Property Plant & Equipment by ₹ 58.44 crore each. Consequently, Loss for the year was also understated by the same	MVVNL has stated that the related compliances towards scheme closure were completed in the financial year 2021-22. Hence, all the CWIP pertaining to RGGVY scheme have been transferred to Property, Plant & Equipment during the financial year 2021-22.

extent.	
Administrative, General & Other Expenses (Note-28) **Electricity Charges:₹ 810.13 crore**	
14. The above includes energy internally consumed in Gorakhpur zone of the PuVVNL amounting to ₹ 50.04 crore against the actual amount of ₹ 2.39 crore. This resulted in overstatement of Administrative, General & Other Expenses and understatement of Trade Receivables by ₹ 47.65 crore. Consequently, Loss for the year was also overstated to the same extent.	As pointed out by the audit, energy internally consumed in Gorakhpur zone of ₹ 47.65 crore was wrongly booked in FY 2019-20 (except for EDD Hata). The same has been adjusted during FY 2020-21 in the month of April-2021.
Repair and Maintenance Expenses (Note - 29): ₹ 2,495.89 crore	
15. The above includes ₹ 176.05 crore being cost of energy internally consumed which has been wrongly booked as Repair and maintenance expenses by PuVVNL instead of Electricity Charges. This resulted in overstatement of Repair and Maintenance Expenses and understatement of Electricity charges by ₹ 176.05 crore each.	It is to submit that electricity internally consumed in sub-stations is charged under Repair and Maintenance expenses (AG 74.138) and electricity consumed in the administrative and other offices is charged under Administrative and General Expenses (AG 76.158). Thus proper accounting has been made in the accounts and there is no impact on profitability of the company.
B. Comments on Consolidated Financial Position **Consolidated Balance Sheet** **Non-Current Assets** **Property, Plant and Equipment (Note-2) ₹ 54,628.75 crore**	
16. The above includes interest on projects under R-APDRP of PVVNL amounting to ₹ 114.27 crore which has been incurred after completion of all the projects under R-ADRP and closure report was also sent to Power Finance Corporation (PFC) by March 2018. However, the Company capitalised the aforesaid interest amounting to ₹ 114.27 crore after March 2018 instead of charging itas Expenditure. This resulted in overstatement of Property, Plant and Equipment and understatement of Other Equity (being negative balance) by ₹ 114.27 crore each. Despite similar comment of the CAG on the accounts for	The matter will be examined and necessary accounting will be done in the F.Y. 2022-23, if required.

the year 2018-19, no corrective action has been taken by the Management.	
Capital-Work-in-Progress (Note-03) ₹ 11,009.27 crore	
17. The above includes interest of ₹ 89.19 crore relating to projects under R-APDRP which were already completed. As per requirement of Ind AS-23, entity shall charge interest as revenue expenditure on completion of Assets. However, the DVVNL has capitalized interest of ₹ 89.19 crore in prior period i.e. during the year 2018-19 instead of booking it as Finance Cost. This resulted in overstatement of Capital Work-in-Progress and understatement of 'Other Equity' (being negative balance) by ₹ 89.19 crore each.	With reference to the Audit comment, it is to submit that DVVNL has notcapitalized the interest from FY 2019-20 and onwards in compliance of the comment issued by the Audit.
18.The above includes balance of ₹ 5.98 crore related to APDRP works of DVVNL and MVVNL. Since APDRP scheme works were completed in June 2008, the same should have been capitalized. Non-capitalization of the above works has resulted in overstatement of Capital Work-in-Progress and understatement of Property, Plant and Equipment by ₹ 5.98 crore.	The necessary correction has been made by MVVNL in annual accounts of FY 2019-20. CWIP under APDRP scheme has been capitalized by DVVNL during the FY 2020-21.
19. The above does not include ₹ 150.33 crore paid by PVVNL to contractors/consultants for works/consultancy service for execution of works under SAUBHAGYA (scheme). The works under SAUBHAGYA are of the capital nature and are still under progress. However, the aforesaid amount was wrongly booked under Administrative, General & Other Expenses during the year 2018-19. This resulted in the understatement of Capital Work in progress and overstatement of 'Other Equity' (negative balance) by ₹150.33 crore.	The payment of PMA under SAUBHAGYA scheme was wrongly booked under Consultancy charges (AG 76A.125) instead of capitalizing the same with the Fixed Assets during FY 2018-19 by S.E.(HQ) unit of this company. The same has been corrected in FY 2020-21 by transferring value of capital expense to concerned division through IUT.
20. The above includes ₹1,182.79 crore pertaining to	In this regard, it is submitted that although works

different works of SAUBHAGYA and RGGVY (10^{th}, 11^{th} and 12^{th} plan) schemes implemented by MVVNL. As these works have already been completed till December 2018, the same should have been capitalised under the Property Plant and Equipment. This resulted in overstatement of Capital Work in Progress and understatement of Property, Plant and Equipment by ₹ 1,182.79 crore. Further, the Depreciation and Loss for the year were also understated by ₹ 44.95 crore.	of scheme have been completed but the transfer of amount from Capital Work In Progress to Fixed Assets was under process during FY 2019-20. All the concerned have been instructed to ensure the capitalization in the accounts F.Y. 2022-23
Trade Receivables (Note-10) ₹ 78,152.47 crore	
21. The Private Tube Well (PTW) consumers are exempted from Electricity Duty (ED). However, ₹10.88 crore (DVVNL: ₹ 10.36 crore and KESCO: ₹ 0.52 crore) has been accounted for in 2019-20 as ED receivable from PTW consumers. This resulted in overstatement of Trade Receivables' as well as Other Current Liabilities by ₹10.88 crore.	Compliance has been made by DVVNL in F.Y. 2020-21 by reversal of entire amount outstanding in Trade Receivable against ED on PTW consumers. Kesco has been instructed to examine the matter and take the necessary action in this regard.
Cash and Cash Equivalents (Note-11-A) ₹ 4,056.42 crore	
22. The above includes ₹ 79.75[3] crore being the amount of cheques/RTGS slip received against sale of power pertaining to six unitsof PuVVNL. These cheques/RTGS were either became time barred or could not be traced/encashed till 31 March 2020. Therefore, the amount of these cheques/RTGS should have been reduced from Bank balances by debiting the respective party account. This resulted in overstatement of 'Cash and Cash Equivalent' and understatement of 'Trade Receivables' by ₹ 79.75 crore each.	As replied by PuVVNL, Out of uncashed cheques amounting to ₹ 79.75 crore relating to FY 2019-20, ₹41.92 crore (₹0.06 crore of EDD 1 Ghazipur, ₹ 0.13 crore of EDD-2 Ghazipur, ₹0.67 crore of EDD Dumariyaganj, ₹7.45 crore crore of EDD 1 Chandauli, ₹31.29 crore of EDD 2 Pipri and ₹ 2.32 Crore of EDD 2 Mirzapur) has been adjusted by the concerned units upto March 2022. In case of EDD 2 Mirzapur, list of uncashed cheque as per BRS of 31.03.2020 reflects ₹38.24 crore out of which ₹35.61 crore pertains to RTGS/NEFT for which reconciliation is under process. For balance ₹0.31 crore, unit has been instructed to

[3]EDD-I Ghazipur- ` 6.26 lakh; EDD-II Ghazipur` 0.13 crore; EDD-Dumariyaganj- ` 0.67 crore; EDD-I Chandauli - ` 7.45crore; EDD-IIPipri-` 31.29 crore andEDD – II Mirzapur -` 40.15crore

	reconcile/adjust the same.
Equity and Liabilities **Equity** **Other Equity (Note-15): (-) ₹ 63,760.00 crore**	
23. The DVVNL has obtained loan from Power Finance Corporation (PFC) under R-APDRP scheme. However, no payment towards principal and interest due up to 2018-19 against the loan has been made. During the year 2018-19, the PFC imposed ₹ 8.52 crore as interest and penal interest for non-payment of the due amount. This resulted in understatement of 'Other Equity' (negative balance) and Current Liabilities by ₹ 8.52 crore.	The aforesaid loan was under process of conversion in to Grant during the year under consideration as per the terms of R-APDRP scheme. This has been converted during the F.Y. 2022-23 into grant by PFC. Therefore, it is not prudent to account for Interest and Penal Interest on overdue amounting to Rs. 8.52 crore. However, the liability towards interest and penal interest on overdue as per last demand letter has been shown under Contingent Liabilities in F.Y. 2020-21.
24. The above includes ₹ 2.35 crore on account of third-party inspection fee, testing fees etc., paid during 2018-19 under RGGVY, DDUGJY and SAUBHAGYA schemes which were not closed till 31 March 2019. However, the DVVNL has wrongly booked above expenditure under 'Administrative, General & Other Expenses during 2018-19 instead of capitalising the same. This resulted in overstatement of 'Other Equity' (negative balance) and understatement of Capital Work in Progress by ₹ 2.35 crore by each.	Amount paid for third party inspection fee, PMA fees, testing fees etc. couldn't be segregated into capital & revenue expense and scheme wise due to various reason i.e. single bill for both type of expenses, expenses which cannot be directly related to any specific item or scheme etc., hence the same has been treated as revenue expenditure and booked as expenses in Profit & Loss Account.
25. The DVVNL is required to pay Annual License fees on the amount of Revenue billed/to be billed in terms of provisions of UPERC (Fees and Fines) Regulations 2010. Total outstanding license fee payable by the Company as on 31 March 2020 was ₹ 5.79 crore, out of which ₹ 0.10 crore pertains to 2019-20 and remaining amount of ₹ 5.69 crore pertains to earlier years, which was not accounted for in the respective years. This resulted in understatement of 'Other Equity' (negative balance) by ₹ 5.69 crore, Loss for the year by ₹ 0.10 crore and Other Current Liabilities by ₹ 5.79 crore each.	The difference in the license fee paid and due, is due to timing difference. Fee paid was calculated on the basis of previous years' revenue and fee due has been calculated by the UPERC at the time of True-up on the basis of revenue of related year. Accounting of such differences has been done in the year when the same has been demanded by the UPERC.

Liabilities **Current Liabilities** **Other Financial Liabilities (Note 20):₹ 33,666.99 crore**	
26. The above does not include ₹ 28.08 crore and ₹ 0.57 crore being interest payable on account of delayed deposit/non-deposit of General Provident Fund (GPF) and Pension and Gratuity as worked out and accounted for in the Financial Statements of Uttar Pradesh Power Sector Employees Trust for the year 2014-15. This resulted in understatement of Current Liabilities and Other Equity (negative balance) by ₹ 28.65 crore. Despite similar comment of the CAG on the accounts for the years 2012-13 to 2018-19, no corrective action has been taken by the Management.	As per audited accounts of the company for the F.Y 2012-13 to 2020-21,liability towards GPF contribution is showing a debit balance. Since there has always been a debit balance during the period 2012-13 to 2020-21, no provision for interest has been made. As regards accounting of interest on liability towards pension and gratuity, it is stated that regular interest is not payable to the employees on pension and gratuity as in the case of GPF. Hence, provision of interest on Pension and gratuity is not required. The company is also in process of reconciliation with the GPF Trust.
COMMENTS ON DISCLOSURE **Notes to Accounts: Note No 31**	
27. Para 38 of above Notesprovides that UPPCL has decided, vide Board's Meeting dated 14-08-2020, to allocate common expenditure and facility cost to subsidiaries and power sector companies owned by GoUP with effect from the year 2019-20. Accordingly in accounts allocation of ₹ 209.74 crore out of total ₹ 340.24 crore in the heads Employee Cost, Administrative, General & Other Expense & Repair & Maintenance of F.Y. 2019-20 has been made. The aforesaid allocation of common expenditure and facility cost to the subsidiaries is a change in accounting policy as per Para 19 (b) of Ind AS 8 which requires application of the changed policy retrospectively along with disclosures to be made as required under Para 29 of Ind AS 8. Thus, the accounting policy followed by the company is	The necessary disclosures regarding amount of allocation of expenditure has been disclosed in note no.23, 26, and 27 of balance sheet for the F.Y. 2019-20 and 2020-21 of Standalone Financial Statements. Also, the same has been disclosed in Para 38 & 41 of Note No. 31 "Notes on Accounts" of Consolidated Financial Statement for the FY 2019-20. It is worth mentioning here that these transactions have no impact on the consolidated financial statements of UPPCL including all the Discoms. Separate disclosure of these transactions are not required as the effect of the same has been eliminated in consolidation.

in contravention to the provision of Ind AS 8. Further, disclosures made in the notes to Account are also deficient to the above extent.	
28. A provision of ₹ 78.09 crore for obsolete stores was made by DVVNL in the year 2016-17 when value of Inventory was ₹ 1,019.67 crore. The value of inventory increased to ₹ 1,312.34 crore as on 31 March 2019, which further decreased to ₹ 1,157.38 crore as on 31 March 2020. However, provision for obsolete stores remained unchanged at ₹ 78.09 crore in the absence of any accounting policy in this regard. Despite the comment of the CAG on the accounts for the year 2018-19, no corrective action has been taken by the Management.	DISCOMs concerned have been directed to review the status of provision for obsolete/unserviceable stores and take necessary action in FY 2022-23.
29. Contingent Liabilities does not include the claim of M/s Rosa Power Supply Company of Energy bills amounting to ₹ 247.91 crore for the period April 2015 to March 2019, which was under consideration of the Appellate Tribunal of Electricity (APTEL) during 2018-19. Despite similar comment of the CAG on the accounts for the year 2018-19, no corrective action has been taken by the Management.	Bill of LPS date 04.01.2019 was received from M/s Rosa for Rs. 129.78 Cr. which was later subjected to Pettion No. 1437/2019 under UPERC. Accordingly, a contingent liability of Rs. 129.78 Cr. was shown in F.Y 2019-20. However, M/s Rosa again submitted revised invoice amounting Rs. 247.91 Cr. which was returned in original to supplier as the same was not claimed as per UPERC' order. Hence, it has not been shown as contingent liability.
30. Uttar Pradesh Jal Vidyut Nigam Limited (UPJVNL) has been supplying electricity to Staff and other consumers at Pipri, Sonbadhra on behalf of UPPCL since January 2000. Due to non-transfer of consumers to concerned Discom and non-remittance of collected amount to UPPCL/Discom a liability towards UPPCL amounting to ₹ 80.73 crore has been shown in the books of UPJVNL for 2018-19. Further, the reduction in the above liability on account of cost of power sold to	This matter pertains to PuVVNL and UPJVNL. The authorities concerned of both the companies have been requested to take final decision and accordingly ensure necessary compliance in its books of accounts.

UPPCL is still undetermined by UPJVNL. This material fact has not been disclosed by the UPPCL in the Financial Statements. Despite similar comment of CAG on the accounts for the years 2016-17 to 2018-19, no corrective action has been taken by the Management.	

(Nitin Nijhawan)
Chief Financial Officer

Nidhi Kumar Narang
Director (Finance)

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

BALANCE SHEET AS AT 31st MARCH 2020

(Amount in lakh ₹)

PARTICULAR	Note No.	As at 31st March, 2020	As at 31st March, 2019
I. ASSETS			
1 Non-Current Assets			
a) Property, Plant and Equipment	2	6197.44	6070.97
b) Capital Work-In-Progress	3	32.97	2.73
c) Intangible Assets	4	249.10	287.82
d) Financial Assets			
(i) Investments	5	527173.62	499682.68
(ii) Loans & Other Financial Assets	6	1532694.28	2785093.26
2 Current Assets			
a) Inventories	7	228.85	156.54
b) Financial Assets			
(i)Trade receivables	8	3564945.10	2954413.10
(ii) Cash and Cash Equivalents	9	79439.73	162528.11
(iii) Bank balance other than (ii) above	10	176861.88	43257.11
(iv)Other	11	2954717.34	1984412.64
c) Other Current Assets	12	51190.09	50299.09
Total		8893730.40	8486204.05
II. EQUITY AND LIABILITIES			
Equity			
a) Equity Share Capital	13	9676208.64	9118616.32
b) Other Equity	14	(8977618.70)	(8486691.30)
Liabilities			
1 Non-Current Liabilities			
a) Financial Liabilities			
i)Borrowings	15	4228931.58	4835817.74
ii)Other Financial Liabilities	16	7592.19	6774.85
2 Current Liabilties			
a) Financial Liabilities			
i)Borrowings	17	75417.11	114350.06
ii)Trade Payables	18	3214441.04	2543827.38
iii)Other Financial Liabilities	19	668758.54	353509.00
Total		8893730.40	8486204.05

Company information & Significant accounting policies 1

Notes on Accounts 29

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

(Dr. Jyoti Arora)	(A.K.Awasthi)	(A. K. Purwar)	(Pankaj Kumar)
Company Secretary	Chief General Manager & CFO	Director	Managing Director
		DIN - 08544396	DIN - 08095154

Place : Lucknow

Date 31/08/2021

U.P. Power Corporation Limited

Subject to our report of even date

For R.M. Lall & Co.

Chartered Accountants

FRN No. 000932C

R.M. LALL & CO. CHARTERED ACCOUNTANTS

27/08/2021

(Vikas C Srivastava)

Partner

M. No. 401216

UDIN : 21401216AAAABP2002

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31st MARCH 2020

(Amount in lakh ₹)

	PARTICULAR	NOTE	For the year ended 31st March 2020	For the year ended 31st March 2019
I	Revenue from Operations	20	5401531.23	5378644.24
II	Other Income	21	15556.74	10787.76
III	TOTAL REVENUE (I+II)		5417087.97	5389432.00
IV	**EXPENSES**			
	Purchase of Stock in trade(Power Purchased)	22	5401531.23	5378644.24
	Employee benefits expense	23	7035.92	18925.66
	Finance cost	24	5.43	4.98
	Depreciation and Amortization expense	25	464.61	394.33
	Other Expenses			
	a) Administrative, General & Other Expense	26	4795.65	8296.49
	b) Repair & Maintenance	27	1219.22	1852.59
	c) Bad Debts & Provisions	28	317928.09	806256.24
	TOTAL EXPENSES (IV)		**5732980.15**	**6214374.53**
V	Profit / (loss) before exceptional items and tax (III-IV)		(315892.18)	(824942.53)
VI	Exceptional Items			
VII	Profit/ (loss) before tax (V+VI)		(315892.18)	(824942.53)
VIII	Tax Expense :			
	(1) Current Tax		0.00	0.00
	(2) Deferred tax		0.00	0.00
IX	Profit/(Loss) for the period From continuing operations (VII+VIII)		(315892.18)	(824942.53)
X	Profit/(loss) from discontiniuing operations			
XI	Tax Expense of discontiniuing operations			
XII	Profit/(loss) from discontinuing operations (after tax) (X-XI)			
XIII	Profit/(Loss) for the period (IX+XII)		(315892.18)	(824942.53)
	Other Comprehensive Income			
XIV	A- (i) Items that will not be reclassified to profit or loss			
	Acturial Gain or (Loss)		(171.93)	(112.23)
	(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)		(316064.11)	(825054.76)
XVI	Earning per equity share (for continuing operation) :			
	(1) Basic (₹)		(33.26)	(95.32)
	(2) Diluted (₹)		(33.26)	(95.32)
XVII	Earning per equity share (for discontinuing operation) :			
	(1) Basic (₹)			
	(2) Diluted (₹)			
XVIII	Earning per equity share (for continuing and discontinuing operation) :			
	(1) Basic (₹)		(33.26)	(95.32)
	(2) Diluted (₹)		(33.26)	(95.32)

Company information & Significant accounting policies 1
Notes on Accounts 29
The accompanying notes form an integral part of the financial statements.

(Dr. Jyoti Arora)	(A.K.Awasthi)	(A. K. Purwar)	(Pankaj Kumar)
Company Secretary	Chief General Manager & CFO	Director	Managing Director
		DIN - 08544396	DIN - 08095154

Place : Lucknow
Date 31/08/2021

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

27/09/21

(Vikas C Srivastava)
Partner
M. No. 401216

UDIN : 21401216AAAABP2002

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

STATEMENT OF CHANGES IN EQUITY

Equity Share Capital

Particulars	(Amount in lakh ₹)
Balance as at 1ST April 2018	8040073.81
Changes during the year	1078542.51
Balance as at 1ST April 2019	9118616.32
Changes during the year	557592.32
Balance as at 31ST March 2020	9676208.64

OTHER EQUITY

(Amount in lakh ₹)

Particulars	For the year ended 31 march 2020				
	Share application money pending allotment	Capital Reserve	Restructuring Reserve	Retained Earning	Total
Balance at the beginning of the reporting period	214010.08	19595.12	55076.00	(8775372.50)	(8486691.30)
Changes in accounting policy or prior period items	0.00	0.00	0.00	0.00	0.00
Restated balance at the beginning of the reporting period	214010.08	19595.12	55076.00	(8775372.50)	(8486691.30)
Changes in Restructuring Reserve	0.00	0.00	(1045.44)	0.00	(1045.44)
Total comprehensive income for the year	0.00	0.00	0.00	(316064.11)	(316064.11)
Share application money received	383774.47	0.00	0.00	0.00	383774.47
Share alloted against application money	557592.32	0.00	0.00	0.00	557592.32
Balance at the end of the reporting period	40192.23	19595.12	54030.56	(9091436.61)	(8977618.70)

Particulars	For the year ended 31 march 2019				
	Share application money pending allotment	Capital Reserve	Restructuring Reserve	Retained Earning	Total
Balance at the beginning of the reporting period	259075.02	19595.12	55076.00	(7950329.25)	(7616583.11)
Changes in accounting policy or prior period items	0.00	0.00	0.00	11.51	11.51
Restated balance at the beginning of the reporting period	259075.02	19595.12	55076.00	(7950317.74)	(7616571.60)
Total comprehensive Income for the year	0.00	0.00	0.00	(825054.76)	(825054.76)
Share application money received	1033477.57	0.00	0.00	0.00	1033477.57
Share alloted against application money	1078542.51	0.00	0.00	0.00	1078542.51
Balance at the end of the reporting period	214010.08	19595.12	55076.00	(8775372.50)	(8486691.30)

(Dr. Jyoti Arora)	(A.K.Awasthi)	(A. K. Purwar)	(Pankaj Kumar)
Company Secretary	Chief General Manager & CFO	Director	Managing Director
		DIN - 08544396	DIN - 08095154

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

27/08/21

(Vikas C Srivastava)
Partner
M. No. 401216

Place : Lucknow
Date : 31/08/2021

UDIN : 21401216AAAABP2002

U.P. POWER CORPORATION LIMITED

CIN - U32201UP1999SGC024928

NOTE NO. 1

COMPANY INFORMATION & SIGNIFICANT ACCOUNTING POLICIES OF STANDALONE 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 on behalf of Govt. of U.P. The address of the Company's registered office is Shakti Bhawan, 14, Ashok Marg, Lucknow, Uttar Pradesh-226001. The Company is primarily involved in the purchase and sale/supply of power.

2. **GENERAL/BASIS OF PREPARATION**

(a) The standalone 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 persuance of Ind AS, and on accounting assumption of going concern.

(c) Insurance and Other Claims, Refund of Custom Duty, Interest on Income Tax & Trade Tax and Interest on loans to staff is accounted for on receipt basis after the recovery of principal in full.

(d) **Statement of compliance**

These standalone 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 31.08.2021

(e) **Functional and presentation currency**

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

R.M. LALL & CO. CHARTERED ACCOUNTANTS

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 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.

3. 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.

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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

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).

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

IV- DEPRECIATION

(a) Depreciation is charged on Straight Line Method as per Schedule II of the Companies Act 2013.

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

(c) Property, Plant and Equipment are depreciated up to 95% of original cost except in case of temporary erections/constructions where 100% depreciation is charged.

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 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.

VII- REVENUE/ EXPENDITURE RECOGNITION

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

...LALL & CO. CHARTERED ACCOUNTANTS

(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 management.

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 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.

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**

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 subsequesntly 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.

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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 acuisition 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(Finanicial Instruments).

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.

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,

R.M. LALL & CO. CHARTERED ACCOUNTANTS

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.

(Dr. Jyoti Arora)	(A. K. Awasthi)	(A.K. Purwar)	(Pankaj ~~kumar~~)
Company Secretary	Chief General Manager & CFO	Director	Managing Director
		DIN - 08544396	DIN – 08095154

Place: Lucknow

Date: 31/08/2021

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

27/09/21
(Vikas C Srivastava)
Partner
M.No.401216

UDIN : 21401216AAAABP2002

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NOTE - 2

PROPERTY PLANT AND EQUIPMENT
2019-20

(Amount in lakh ₹)

Particulars	Gross Block				Depreciation				Net Block
	As at 01.04.2019	Additions	Deductions / Adjustments*	As at 31.03.2020	As at 01.04.2019	Additions	Deductions / Adjustments*	As at 31.03.2020	As at 31.03.2020
Land & Land Rights	470.45	0.00	0.00	**470.45**	0.00	0.00	0.00	**0.00**	470.45
Buildings	4821.97	49.70	0.00	**4871.67**	1493.66	100.38	0.00	**1594.04**	3277.63
Other Civil Works	674.42	0.00	0.00	**674.42**	398.60	15.35	0.00	**413.95**	260.47
Plant & Machinery	974.52	8.99	0.00	**983.51**	410.09	60.84	0.00	**470.93**	512.58
Lines, Cable Network etc.	0.00	5.51	0.00	**5.51**	0.00	0.10	0.00	**0.10**	5.41
Vehicles	214.85	0.00	0.00	**214.85**	101.43	11.95	0.00	**113.38**	101.47
Furniture & Fixtures	585.29	61.84	0.00	**647.13**	130.80	36.56	0.00	**167.36**	479.77
Office Equipments	1964.75	402.68	12.72	**2354.71**	1100.70	175.66	11.31	**1265.05**	1089.66
TOTAL	**9706.25**	**528.72**	**12.72**	**10222.25**	**3635.28**	**400.84**	**11.31**	**4024.81**	**6197.44**
Previous Year	**9075.40**	**645.77**	**14.92**	**9706.25**	**3284.51**	**360.96**	**10.19**	**3635.28**	**6070.97**

*Deduction/Adjustment made during the year under Gross Block & Depreciation represents obselete assets which were written off during the year.

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NOTE - 3

CAPITAL WORKS IN PROGRESS

(Amount in lakh ₹)

PARTICULARS	As at 01.04.2019	Additions	(Deduction)/ Adjustments	Capitalised	As at 31.03.2020
Capital Work in Progress *	2.73	583.99	(25.03)	528.72	32.97
GRAND TOTAL	**2.73**	**583.99**	**(25.03)**	**528.72**	**32.97**
Previous Year	**613.45**	**874.33**	**-839.26**	**645.78**	**2.73**

* It includes Employee cost related to works.

NOTE - 4

INTANGIBLE ASSETS

2019-20

(Amount in lakh ₹)

Particulars	Gross Block				Amortization				Net Block
	As at 01.04.2019	Additions	Deductions / Adjustments	As at 31.03.2020	As at 01.04.2019	Additions	Deductions / Adjustments	As at 31.03.2020	As at 31.03.2020
Software	339.37	25.05	0.00	**364.42**	51.55	63.77	0.00	**115.32**	249.10
TOTAL	**339.37**	**25.05**	**0.00**	**364.42**	**51.55**	**63.77**	**0.00**	**115.32**	**249.10**
Previous Year	**115.17**	**224.20**	**0.00**	**339.37**	**18.18**	**33.37**	**0.00**	**51.55**	**287.82**

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NOTE - 5

FINANCIAL ASSETS - INVESTMENTS (NON-CURRENT)

(Amount in lakh ₹)

Particulars	As at 31.03.2020		As at 31.03.2019	
LONG TERM INVESTMENT IN EQUITY INSTRUMENT AT COST (Unquoted)				
TRADE INVESTMENTS				
I Subsidiaries				
(a) KESCO				
1955844200 Equity Shares of ₹10/- each Fully paid up.	195584.42		165583.48	
(1655834800) Equity Shares of ₹10/- each Fully paid up.)				
From this 60000000 shares are alloted for consideration other than cash persuant to KESA Zone EDU scheme 2000				
Share Application Money pending for allotment	1836.81		30000.93	
	197421.23		195584.41	
Less - Provision for impairment in Investment	197421.22	0.01	195584.41	0.00
(b) Dakshinanchal VVNL				
189556431 Equity shares of ₹ 1000/- each fully paid up	1895564.31		1688095.00	
(168809500)Equity Shares of ₹1000/- each Fully paid up.)				
Share Application Money pending for allotment	26994.08		153168.01	
	1922558.39		1841263.01	
Less - Provision for impairment in investment	1922558.38	0.01	1841263.01	0.00
(c) Madhyanchal VVNL				
174404121 Equity shares of ₹ 1000/- each fully paid up	1744041.21		1255325.16	
(125532516) Equity Shares of ₹1000/- each Fully paid up.)				
Share Application Money pending for allotment	85517.35		488716.06	
	1829558.56		1744041.22	
Less - Provision for impairment in investment	1551767.83	277790.73	1475318.68	268722.54
(d) Paschimanchal VVNL				
150489190 Equity shares of ₹ 1000/- each fully paid up	1504891.90		1439773.14	
(143977314) Equity Shares of ₹1000/- each Fully paid up.)				
Share Application Money pending for allotment	17827.15		28158.29	
	1522719.05		1467931.43	
Less - Provision for impairment in investment	1522719.05	0.00	1487931.43	0.00
(e) Purvanchal VVNL				
192127397 Equity shares of ₹ 1000/- each fully paid up	1921273.97		1599074.91	
(159907491)Equity Shares of ₹1000/- each Fully paid up.)				
Share Application Money pending for allotment	34471.25		270769.27	
	1955745.22		1869844.18	
Less - Provision for impairment in investment	1955745.21	0.01	1889844.18	0.00
***(f) Southern U.P.Power Transmission Co. Ltd.**	221.63		221.63	
2216300 Equity Shares of ₹10/- each Fully paid up.)				
(2216300) Equity Shares of ₹10/- each Fully paid up.)				
Less - Provision for impairment in investment	159.80	61.83	160.72	60.91
II Others				
***(a) Sonebhadra PGCL**				
62023 Equity shares of ₹ 1000/- each fully paid up	620.23		620.23	
(62023) Equity Shares of ₹1000/- each Fully paid up.)				
Less - Impairment/Provision for impairment in investment	620.23	0.00	620.23	0.00
***(b) Yamuna Power generation Co. Ltd.**	66.01		66.01	
660111 Equity shares of ₹ 10/- each fully paid up				
(660111) Equity Shares of ₹10/- each Fully paid up.)				
Less - Impairment/Provision for impairment in investment	66.01	0.00	66.01	0.00
(c) UPPTCL				
22133352 Equity shares of ₹ 1000/- each fully paid up	221333.52		221333.52	
(22133352) Equity Shares of ₹1000/- each Fully paid up.)				
from this 18429700 shares are alloted for consideration other than cash.				
Share Application Money pending for allotment	18072.31		18072.31	
	239405.83		239405.83	
Less - Provision for impairment in investment	12384.80	227021.03	30808.60	208599.23
(d) BONDS				
i) 7.75% PFC Bonds		17400.00		17400.00
ii) 7.59% HUDCO Bonds		4900.00		4900.00
TOTAL		**527173.62**		**499682.68**

1 Aggregate amount of unquoted investment in equity shares & Share Application Money as on 31.03.2020 is ₹ 7668316.15 lakhs) (Previous year ₹ 7358977.95 lakhs)

2 Aggregate amount of provision for impairment made upto 31.03.2020 are ₹ 7163442.53 (Previous year ₹ 6881595.26 lakhs)

3 Considering the accumulated losses of Discoms / UPPTCL & Southern PTCL a Provision for impairment has been made during the year are ₹ 281847.27 lakhs) (Previous year ₹ 756577.00 lakhs)

* The amount of provision for impairment is based on net worth calculated on the basis of balance sheets of DISCOMS,Southern PTCL and UPPTCL for F.Y. 2019 -20 .

Refer Note 29 (Point 34,35,36)

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U.P.POWER CORPORATION LIMITED
14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.
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NOTE - 6

FINANCIAL ASSETS - LOANS (NON - CURRENT)

(Amount in lakh ₹)

Particulars	As at 31.03.2020		As at 31.03.2019	
A LOANS (Unsecured/Considered Doubtful)				
NPCL (Licencee)	568.43		568.43	
Interest Accrued & Due	12519.41		10818.83	
	13087.84		11387.26	
Less - Provision for Bad & Doubtful Debts Loan & interest	13087.84	0.00	11387.26	0.00
B Receivables on account of Loan				
(Unsecured and Considered good)				
Madhyanchal VVNL	297100.93		552188.84	
Paschimanchal VVNL	285860.72		475657.89	
Dakshinanchal VVNL	502115.52		897614.59	
Purvanchal VVNL	358538.08		723949.30	
KESCO	89064.76	1532680.01	135668.37	2785078.99
Advances to Capital Suppliers / Contractors				
Secured and Considered Good	14.27		14.27	
Considered Doubtful	1.59		1.59	
	15.86		15.86	
Less - Provision for Doubtful Advances	1.59	14.27	1.59	14.27
TOTAL		**1532694.28**		**2785093.26**

NOTE - 7

INVENTORIES

(Amount in ₹)

Particulars	As at 31.03.2020		As at 31.03.2019	
A Stores and Spares				
Stock of Materials - Capital Works	173.81		99.54	
Stock of materials - O & M	67.74	241.55	69.70	169.24
B Others		0.65		0.65
SUB TOTAL		242.20		169.89
Less - Provision for Unserviceable Stores		13.35		13.35
TOTAL		**228.85**		**156.54**

Inventories are valued at cost.

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NOTE - 8

FINANCIAL ASSETS - TRADE RECEIVABLES (CURRENT)

(Amount in lakh ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
A Subsidiary		
Kanpur Electricity Supply Compny	101372.91	104956.53
Dakshinanchal Vidyut Vitran Nigam Ltd.	805436.88	591702.56
Madhyanchal Vidyut Vitran Nigam Ltd.	801695.64	615118.89
Paschimanchal Vidyut Vitran Nigam Ltd.	223972.58	237343.14
Purvanchal Vidyut Vitran Nigam Ltd.	1796861.16	1449421.62
Unbilled revenue	0.00	88131.18
B Others	52297.94	52297.94
SUB TOTAL	3781637.11	3138971.86
Secured/Unsecured & considered Good &		
A Secured	-	-
B Unsecured & Considered Good	3564945.10	2954413.10
C Unsecured & Considered Doubtfull	216692.01	184558.76
SUB TOTAL	3781637.11	3138971.86
Less - Provision for Bad & Doubtful Debts	216692.01	184558.76
TOTAL	**3564945.10**	**2954413.10**

FINANCIAL ASSETS - TRADE RECEIVABLES (CURRENT)

(Amount in lakh ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
Trade Receivables		
A Receivable Outstanding for a period Exceeding Six Months	2008539.28	1178022.79
B Receivable Outstanding for a period Less than Six Months	1773097.84	1960949.07
TOTAL	**3781637.11**	**3138971.86**

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NOTE - 9

Financial Assets - CASH AND CASH EQUIVALENTS (CURRENT)

(Amount in lakh ₹)

Particulars	As at 31.03.2020		As at 31.03.2019	
A **Balances with Banks**				
In Current & Other account	79428.85		162434.05	
In Fixed Deposit accounts	3.42	79432.27	91.00	162525.05
B **Cash on Hand**				
Cash in Hand (Including Stamps in hand)	2.01		1.45	
Cash Imprest with Staff	5.45	7.46	1.61	3.06
TOTAL		**79439.73**		**162528.11**

Refer note no. 14

NOTE - 10

Financial Assets - Bank Balances other than above (Current)

(Amount in lakh ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
Deposits having maturity more than 3 months but not more than 12 months	176861.88	43257.11
TOTAL	**176861.88**	**43257.11**

Refer note no. 14

R.M. LALL & CO. CHARTERED ACCOUNTANTS

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NOTE - 11

Financial Assets - OTHER (CURRENT)

(Amount in lakh ₹)

Particulars	As at 31.03.2020		As at 31.03.2019	
Receivables (Unsecured) -				
UPRVUNL	524.91		255.27	
UPPTCL	15298.02		13928.78	
Receivable from IREDA	1147.68		0.00	
Receivable from UPNEDA	(1655.78)		0.00	
Sub Total	15314.83		14184.05	
Subsidiaries (Unsecured) -				
KESCO	3023.64		1829.38	
Dakshinanchal VVNL	13312.13		8112.77	
Madhyanchal VVNL	14223.24		9201.49	
Paschimanchal VVNL	19372.82		12596.60	
Purvanchal VVNL	14612.33		8579.71	
Sub Total	64544.16		40319.95	
Employees	0.32		0.22	
Others	62231.27		66502.92	
Total	142090.58		121007.14	
Less - Provision for Doubtful Receivables	14209.06	127881.52	12100.71	108906.43
Receivables on account of Loan (Unsecured)				
Madhyanchal VVNL	692625.52		485789.88	
Less - Liabilities against Loan	87190.50	605435.02	91626.67	394163.21
Paschimanchal VVNL	561510.63		383208.71	
Less - Liabilities against Loan	107261.14	454249.49	110977.59	272231.12
Dakshinanchal VVNL	954143.23		733115.65	
Less - Liabilities against Loan	93309.33	860833.90	97613.60	635502.05
Purvanchal VVNL	930822.18		650239.45	
Less - Liabilities against Loan	109896.43	820925.75	114237.98	536001.47
KESCO	85757.25		37650.95	
Less - Liabilities against Loan	365.59	85391.66	42.59	37608.36
Total		**2954717.34**		**1984412.64**

Liabilities against loan shown as deduction from Receivables on account of loan relates to grant received from GOUP and misc. receipts from departments of GOUP on behalf of the subsidiaries.

NOTE - 12

OTHER CURRENT ASSETS

(Amount in lakh ₹)

Particulars	As at 31.03.2020		As at 31.03.2019	
UP Power Sector Employee Trust				
*Provident Fund	17831.16		17669.14	
Pension and Gratuity Liability	(648.32)	17182.84	(621.00)	17048.14
ADVANCES (Unsecured/Considered Good)				
Suppliers / Contractors	17546.76		16160.53	
Less - Provision for Doubtful Advances	1754.68	15792.08	1616.05	14544.48
Tax deducted at source		1544.69		1558.88
Advance Income Tax		13.28		13.28
Fringe Benefit Tax - Advance Tax	52.78		52.78	
Less - Provision	41.03	11.75	41.03	11.75
Income Accured & Due		533.44		504.53
Income Accrued but not Due		691.36		827.61
Prepaid Expenses		15.96		349.67
Inter Unit Trasactions		15404.69		15440.75
Total		**51190.09**		**50299.09**

* It includes Rs.160.58 Crore ac receivable from U.P.Power SectorEmployees Trust on account of settlement of amount payable by UPPSET to Uttrakhand Power Corporation Ltd. (Refer Note29-2(c).

R.M. LALL & CO. CHARTERED ACCOUNTANTS

U.P.POWER CORPORATION LIMITED

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NOTE - 13

EQUITY SHARE CAPITAL

Amount in lakh ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
(A) AUTHORISED :		
1250000000 Equity shares of par value of ₹1000/- each (previous year 1250000000 Equity shares of par value ₹1000/- each)	12500000.00	12500000.00
(B) ISSUED SUBSCRIBED AND FULLY PAID UP		
967620864 Equity shares of par value ₹1000/- each (previous year 911861632 Equity shares of par value ₹1000/- each) (of the above shares 36113400 were alloted as fully paid up pursuant to UP Power Sector Reform Scheme for consideration other than cash)	9676208.64	9118616.32
TOTAL	9676208.64	9118616.32

a) During the year, the Company has issued 55759232 Equity shares of ₹1000 each only and has not bought back any shares.

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

c) During the year ended 31st March 2020,no dividend has been declared by board due to heavy accumulated losses.

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

Shareholder's Name	As at 31.03.2020		As at 31.03.2019	
	No. of shares	%age holding	No. of shares	%age holding
Government of UP	967620864	100%	911861632	100%

e) Reconciliation of No. of Shares

No. of Shares as on 31.03.2019	Issued during the year	Buyback during the year	No. of Shares as on 31.03.2020
911861632	55759232	-	967620864

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NOTE - 14

OTHER EQUITY

(Amount in lakh ₹)

(A) Reserves and Surplus

Particulars	As at 31.03.2020		As at 31.03.2019	
A **Capital Reserves***				
Others		19595.12		19595.12
B **Other Reserves**				
Restructuring Reserve*				
As per last financial statement	55076.00		55076.00	
Change during the year**	(1045.44)	54030.56	0.00	55076.00
Surplus				
As per last financial statement	(8775372.50)		(7950329.25)	
Change in Accounting Policy or Prior Period items	0.00		11.51	
Restated Balance	(8775372.50)		(7950317.74)	
Add:- Profit/(Loss) for the year as per statement of Profit & Loss	(316064.11)	(9091436.61)	(825054.76)	(8775372.50)
SUB TOTAL		**(9017810.93)**		**(8700701.38)**

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

** It relates to the amount paid to the Indian Audit & Account Department (Economic & Revenue Sector Audit), U.P., Lucknow on dated 12.04.2019 towards audit fee for the Year 1994-95 to 1999-20 (for the earstwile UPSEB period.)

(Amount in lakh ₹)

(B) Share Application Money

Particulars	As at 31.03.2020	As at 31.03.2019
Share Application Money (Pending for allotment to the Govt. of UP)	40192.23	214010.08
SUB TOTAL	**40192.23**	**214010.08**
GRAND TOTAL	**(8977618.70)**	**(8486691.30)**

(Amount in lakh ₹)

Reconciliation of Share Application Money

Share Application Money as on 31.03.2019	Received during the year	Allotted during the year	Share Application Money as on 31.03.2020
214010.08	383774.47	557592.32	40192.23

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NOTE - 15

FINANCIAL LIABILITIES - BORROWINGS (NON CURRENT)

(Amount in lakh ₹)

PARTICULARS	As at 31.03.2020		As at 31.03.2019	
BONDS/LOANS RELATE TO DISCOMS				
(a) **Dakshinanchal VVNL**				
SECURED				
Non Convertible Bonds	549116.55		634614.71	
UNSECURED				
Non Convertibile Bonds	401529.67		402294.59	
REC	115732.10		117359.53	
PFC	198823.74		188677.14	
UP GOVERNMENT				
UDAY SCHEME	0.00		166899.16	
OTHER	16976.63	1282178.69	18862.93	1528708.06
(b) **Madhyanchal VVNL**				
SECURED				
Non Convertibile Bonds	357010.80		412479.12	
UNSECURED				
Non Convertibile Bonds	192860.68		193338.84	
REC	132587.38		121084.71	
PFC	189072.41		164821.20	
UP GOVERNMENT				
UDAY SCHEME	0.00		94675.44	
OTHER	10612.27	882143.54	11791.41	998190.72
(c) **Paschimanchal VVNL**				
SECURED				
Non Convertibile Bonds	179238.61		207700.29	
UNSECURED				
Non Convertibile Bonds	144991.46		145457.89	
REC	225539.93		200700.29	
PFC	197782.61		172559.58	
UP GOVERNMENT				
UDAY SCHEME	0.00		94320.04	
OTHER	10351.93	757904.54	11502.15	832240.24
(d) **Purvanchal VVNL**				
SECURED				
Non Convertibile Bonds	530804.03		613355.88	
UNSECURED				
Non Convertibile Bonds	238969.20		239599.30	
REC	129842.02		141706.00	
PFC	225022.65		185760.06	
UP GOVERNMENT				
UDAY SCHEME	0.00		107421.58	
OTHER	13984.44	1138622.34	15538.27	1303381.09
(e) **Kesco**				
SECURED				
Non Convertibile Bonds	50340.00		58730.00	
UNSECURED				
Non Convertibile Bonds	56782.24		56938.37	
REC	5495.00		7510.81	
PFC	52000.00		20412.41	
UP GOVERNMENT				
UDAY SCHEME	0.00		25855.78	
OTHER	3465.23	168082.47	3850.26	173297.63
GRAND TOTAL		4228931.58		4835817.74

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

R.M. LALL & CO. CHARTERED ACCOUNTANTS

Annexure to Note - 15

Name of Bank	Repayment Terms: Drawl Date	Install-ment (Months)	Repay-ment Due From	ROI (%)	Guaranteed By	Outstanding as on 31.03.2020: Principal	Interest	Total	Default as on 31.03.2020: Principal	Interest	Principal Default w.e.f.	Interest Default w.e.f.	Aggregate Amount of Guaranteed Loans	Secured
Long Term Borrowing														
SECURED														
BONDS														
MVVNL	17.02.17/ 27.03.17/ 05.12.17/ 27.03.18	28/24 Quaterly	Jul-19	8.97%/8.48%/9.75%/10.15%		412479.12		412479.12	-	-	-	-	412479.12	Secured against Receivables of UPPCL and Govt Guarantee
PoorVVNL						613355.88		613355.88	-	-	-	-	613355.88	
PasVVNL						207700.29		207700.29	-	-	-	-	207700.29	
DVVNL						634614.72		634614.72	-	-	-	-	634614.72	
KESCO						58730.00		58730.00	-	-	-	-	58730.00	
Total - Secured						**1926880.01**	**0.00**	**1926880.01**	**0.00**	**0.00**	**0.00**	**0.00**	**1926880.01**	
Less-CM						260370.00		260370.00						
Total						**1666510.01**	**0.00**	**1666510.01**						
UNSECURED														
BONDS-														
MVVNL	04.07.16/ 28.09.16/30.03.17	20/24 Half yearly	Sep-20	9.70%		193338.84		193338.84	-	-	-	-	193338.84	Government Guarantee
PoorVVNL						239599.30		239599.30	-	-	-	-	239599.30	
PasVVNL						145457.89		145457.89	-	-	-	-	145457.89	
DVVNL						402294.59		402294.59	-	-	-	-	402294.59	
KESCO						56938.37		56938.37	-	-	-	-	56938.37	
Sub Total						**1037628.99**	**0.00**	**1037628.99**	**0.00**	**0.00**	**0.00**	**0.00**	**1037628.99**	
Less-CM						2495.75		2495.75						
Total						**1035133.24**	**0.00**	**1035133.24**						
REC														
MVVNL	Sep-15	18 MI 24/84 EMI & 12/ 17/28/32 QTY	Jun-16	10.25% to 11.80%		162164.00	3877.72	166041.72	-	-	-	-	166041.72	Govt. Guarantee
PoorVVNL						165935.82	3653.23	169589.05	-	-	-	-	169589.05	
PasVVNL						269516.00	6314.52	275830.52	-	-	-	-	275830.52	
DVVNL						147444.18	3061.01	150505.19	-	-	-	-	150505.19	
Kesco						7587.06	56.57	7643.63	-	-	-	-	7643.63	
	Sub Total				**Sub Total**	**752647.06**	**16963.05**	**769610.11**	**0.00**	**0.00**	**0.00**	**0.00**	**769610.11**	
	Less-CM				**Less-CM**	143450.63	0.00	143450.63						
	Total				**Total**	**609196.43**	**16963.05**	**626159.48**						
PFC														
MVVNL		60,84,72 EMI & 12/17/20/28 QTY	Jun-16	10.10% to 11.89%		212062.71		212062.71	-	-	-	-	212062.71	Govt. Guarantee
PoorVVNL						252149.29		252149.29	-	-	-	-	252149.29	
PasVVNL						219209.71		219209.71	-	-	-	-	219209.71	
DVVNL						232158.13		232158.13	-	-	-	-	232158.13	
Kesco						54412.41		54412.41	-	-	-	-	54412.41	
Sub Total						**969992.25**		**969992.25**	**0.00**	**0.00**	**0.00**	**0.00**	**969992.25**	
Less-CM						107290.85		107290.85						
Total						**862701.40**		**862701.40**						
Unsecured GoUP Interest bearing Loan														
MVVNL	Mar- 16 / Oct- 18	20 HY	Apr-19	0.115		10612.27		10612.27	-	-	-	-		
PoorVVNL						13984.44		13984.44	-	-	-	-		
PasVVNL						10351.93		10351.93	-	-	-	-		
DVVNL						16976.63		16976.63	-	-	-	-		
Kesco						3465.23		3465.23	-	-	-	-		
Sub Total						**55390.50**	**0.00**	**55390.50**					**0.00**	
Total - Unsecured						**2562421.57**	**16963.05**	**2562421.57**						
Grand Total - Secured & Unsecured related to DISCOMs						**4228931.58**	**16963.05**	**4228931.58**						
Note: All the borrowings which have been guaranteed is guaranted by GoUP.														
Short Term Borrowing														
NOIDA Loan (STL)				Interest Free										
MVVNL						3202.75		3202.75	-	-	-	-		
PoorVVNL						4299.45		4299.45	-	-	-	-		
PasVVNL						2942.75		2942.75	-	-	-	-		
DVVNL						3500.25		3500.25	-	-	-	-		
Kesco						1054.80		1054.80	-	-	-	-		
Sub Total						**15000.00**	**0.00**	**15000.00**						
Less-CM								**0.00**						
Total						**15000.00**	**0.00**	**15000.00**						

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NOTE- 16

FINANCIAL LIABILITIES - OTHERS (NON CURRENT)

(Amount in lakh ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
Leave Encashment	6738.75	6231.50
Gratuity	853.44	543.35
TOTAL	7592.19	6774.85

NOTE- 17

FINANCIAL LIABILITIES - BORROWINGS (CURRENT)

(Amount in lakh ₹)

Particulars	As at 31.03.2020		As at 31.03.2019	
Overdraft from Banks				
Central Bank of India	382.24		53.82	
(Pari Passu charge on Receivables and Other Current Assets of Corporation)				
Punjab National Bank	2932.52		1106.89	
(Pari Passu charge on Receivables of Corporation)				
Punjab National Bank MID	28568.33		27933.71	
(Pari Passu charge on Receivables of Corporation)				
Allahabad Bank	10.88		28.22	
(Pari Passu charge on Receivables of Corporation)				
ICICI Bank	225.50		20793.52	
(Charge on Stock.Receivables & Other Current Assets)				
Bank of India	28297.64		49433.90	
(Pari Passu charge on Receivables of DISCOMS)		60417.11		99350.06
Loans relates to DISCOMS (Unsecured)				
(a) **Dakshinanchal VVNL**				
New Okhla Industrial Dev. authority	3500.25		3500.25	
(b) **Madhyanchal VVNL**				
New Okhla Industrial Dev. authority	3202.75		3202.75	
(c) **Paschimanchal VVNL**				
New Okhla Industrial Dev. authority	2942.75		2942.75	
(d) **Purvanchal VVNL**				
New Okhla Industrial Dev. authority	4299.45		4299.45	
(e) **Kesco**				
New Okhla Industrial Dev. authority	1054.80	15000.00	1054.80	15000.00
TOTAL		75417.11		114350.06

Note - The Loans of New Okhla Industries Dev.Authority are guaranteed by GoUP.

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NOTE-18

FINANCIAL LIABILITIES -TRADE PAYABLE (CURRENT)

(Amount in lakh ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
Liabilitiy for Purchase of Power	3214441.04	2543827.38
TOTAL	3214441.04	2543827.38

NOTE- 19

Other Financial Liabilities (CURRENT)

(Amount in lakh ₹)

Particulars	As at 31.03.2020	As at 31.03.2019
Interest accrued & due	16963.05 *	0
Current Maturity of Long Term Borrowings	513607.24	224265.91
Liability for Capital Supplies/ Works	57.73	71.03
Liability for O & M Supplies / Works	165.39	162.09
Deposits & Retentions from Suppliers & Others	40871.98	40885.51
** Liabilities towards UPPCL CPF Trust	60.61	42.89
Interest Accrued but not Due on Borrowings	54706.15	54741.10
Staff Related Liabilities	5505.32	6044.17
Sundry Liabilities	26630.94	17147.92
Payable to UPJVNL	8790.84	8839.81
Liabilities for Expenses	1399.29	1308.57
TOTAL	668758.54	353509.00

Note:- Details of Current Maturity of Long Term Borrowings is annexed with this Note. (Refer Annexure to Note - 19)

* Moratorium from REC as per RBI Circular DOR.No. BP.BC.47/21.04.048/2019-20 dated 27.03.2020 has been obtained.

** Includes interest on CPF

R.M. LALL & CO. CHARTERED ACCOUNTANTS

Annexure to Note -19

Statement of Current Maturity of Long-Term Borrowings

(Amount in lakh ₹)

F.Y. 2019-20					
I	Loans Relate to Discoms				
Sl. No.	Name of the Discom	Bonds	REC	PFC	Total
1	MVVNL	55946.48	29576.62	22990.32	108513.42
2	PoorVVNL	83181.95	36093.81	27126.64	146402.40
3	PasVVNL	28928.11	43976.07	21427.10	94331.28
4	DVVNL	86263.07	31712.08	33334.39	151309.54
5	KESCO	8546.13	2092.06	2412.41	13050.60
	Total	262865.74	**143450.64**	**107290.86**	**513607.24**
	Total Current Maturity of Long-Term Borrowings				**513607.24**

F.Y. 2018-19					
I	Loans Relate to Discoms				
Sl. No.	Name of the Discom	Bonds	REC	PFC	Total
1	Madhyanchal VVNL	16390.88	10704.29	13623.34	**40718.51**
2	Purvanchal VVNL	24724.12	25638.72	16109.31	**66472.15**
3	Paschimanchal VVNL	6859.71	13376.96	11254.16	**31490.83**
4	Dakshinanchal VVNL	24015.29	27832.00	27404.38	**79251.67**
5	KESCO	0.00	3277.87	3054.88	**6332.75**
	Total	**71990.00**	**80829.84**	**71446.07**	**224265.91**
	Total Current Maturity of Long-Term Borrowings				**224265.91**

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NOTE - 20

REVENUE FROM OPERATIONS (GROSS)

(Amount in lakh ₹)

Particulars	For the Year ended on 31.03.2020		For the Year ended on 31.03.2019	
SALE OF POWER				
Subsidiaries				
Dakshinanchal VVNL	1034860.87		1162242.96	
Madhyanchal VVNL	1153708.32		1119978.80	
Paschimanchal VVNL	1724778.41		1591015.32	
Purvanchal VVNL	1270354.04		1194093.54	
KESCO	217829.59		229547.01	
Unbilled amount of Sale of Power	0.00	5401531.23	81766.61	5378644.24
TOTAL		**5401531.23**		**5378644.24**

NOTE - 21

OTHER INCOME

(Amount in lakh ₹)

Particulars	For the Year ended on 31.03.2020		For the Year ended on 31.03.2019	
a **Interest from :**				
Loans to Staff	1.68		1.63	
Loans to NPCL (Licencee)	1700.59		1479.62	
Fixed Deposits	10890.11		6606.60	
Bonds	1712.25		1712.25	
Others	145.81	14450.44	317.84	10117.94
b **Other non operating income**				
Income from Contractors/Suppliers	55.29		37.00	
Rental from Staff	29.32		41.42	
School Fee/Recruitment Examination Fee	987.05		568.29	
Miscellaneous Receipts	34.64	1106.30	23.11	669.82
TOTAL		**15556.74**		**10787.76**

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NOTE - 22

PURCHASE OF POWER

(Amount in lakh ₹)

Particulars	For the Year ended on 31.03.2020	For the Year ended on 31.03.2019
Power Purchased from Generators & Traders	4802491.19	4884763.56
Surcharge	144588.52	115949.05
Unscheduled Interchange & Reactive Energy Charges	16407.60	12385.89
Inter-state Transmission & Related Charges	466322.88	408403.77
TOTAL - Purchase of Power	**5429810.19**	**5421502.27**
Less - Rebate/Subsidy against Power Purchase	28278.96	42858.03
TOTAL	**5401531.23**	**5378644.24**

Note- Rebate against Power Purchase includes the Subsidyof Rs.19925.97 lakh for 2019-20 and Rs.27051.39 lakh for 2018-19 received from Central Government for Solar Power.

NOTE - 23

Employee benefits expense

(Amount in lakh ₹)

Particulars	For the Year ended on 31.03.2020		For the Year ended on 31.03.2019	
Salaries & Allowances		22045.29		16722.93
Staff Welfare Expenses		292.79		179.33
Pension & Gratuity		2206.02		1748.60
Other Terminal Benefits		586.84		339.15
Expenditure on Trust		16.81		11.68
SUB TOTAL		**25147.75**		**19001.69**
LESS - Expenses Capitalised		50.67		76.03
TOTAL		**25097.08**		**18925.66**
LESS - Employees Cost Allocated to DISCOMs and Others				
KESCO	842.97		0.00	
Madhyanchal VVNL	3523.17		0.00	
Purvanchal VVNL	4245.02		0.00	
Pashchimanchal VVNL	4032.25		0.00	
Dakshinanchal VVNL	3404.14		0.00	
UPRVUNL	68.15		0.00	
UPJVNL	23.07		0.00	
UPPTCL	1922.39	18061.16	0.00	0.00
		7035.92		**18925.66**

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NOTE - 24

FINANCE COSTS

(Amount in lakh ₹)

Particulars	For the Year ended on 31.03.2020	For the Year ended on 31.03.2019
Bank Charges	0.06	0.93
Interest to CPF Trust	5.37	4.05
GRAND TOTAL	**5.43**	**4.98**

NOTE - 25

DEPRECIATION AND AMORTIZATION EXPENSE

(Amount in lakh ₹)

Particulars	For the Year ended on 31.03.2020		For the Year ended on 31.03.2019	
Depreciation on -				
Buildings	100.38		99.16	
Other Civil Works	15.35		15.35	
Plant & Machinery	60.84		69.13	
Lines, Cable Network etc.	0.10		0.00	
Vehicles	11.95		11.80	
Furniture & Fixtures	36.56		33.96	
Office Equipments	175.66		131.56	
Intangible Assets	63.77	464.61	33.37	394.33
GRAND TOTAL		**464.61**		**394.33**

R.M. LALL & CO. CHARTERED ACCOUNTANTS

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN - U32201UP1999SGC024928

NOTE - 26

ADMINISTRATIVE,GENERAL & OTHER EXPENSES

(Amount in lakh ₹)

Particulars	For the Year ended on 31.03.2020		For the Year ended on 31.03.2019	
Rent		1.67		1.75
Insurance		5.25		5.82
Communication Charges		131.04		83.17
Legal Charges		1249.74		761.80
Auditors Remuneration & Expenses				
Audit Fee	5.00		5.00	
GST/Service Tax	0.90	5.90	0.90	5.90
Consultancy Charges		1293.47		1297.80
Technical Fees & Professional Charges		1113.40		3077.19
Travelling and Conveyance		597.01		478.29
Printing and Stationery		220.97		164.85
Advertisement Expenses		165.90		144.16
Electricity Charges		496.93		289.64
Entertainment		11.92		12.91
Expenditure on Trust		5.78		1.19
Miscellaneous Expenses		1832.55		1972.02
Loss on sale of Assets Scrapped		0.83		0.00
TOTAL		**7132.36**		**8296.49**
LESS - Administrative ,General & Other Expenses Allocated to DISCOMs and Others				
KESCO	80.05		0.00	
Madhyanchal VVNL	447.95		0.00	
Purvanchal VVNL	560.97		0.00	
Pashchimanchal VVNL	659.54		0.00	
Dakshinanchal VVNL	480.24		0.00	
UPRVUNL	52.86		0.00	
UPJVNL	6.29		0.00	
UPPTCL	48.81	2336.71	0.00	0.00
		4795.65		**8296.49**

R.M. LALL & CO. CHARTERED ACCOUNTANTS

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

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NOTE - 27

REPAIRS AND MAINTENANCE

(Amount in lakh ₹)

Particulars	For the Year ended on 31.03.2020		For the Year ended on 31.03.2019	
Plant & Machinery		144.37		266.83
Buildings		1274.05		1235.08
Other Civil Works		1.50		4.23
Vehicles - Expenditure	419.21		400.34	
Less - Transferred to different Capital & O&M Works/Administrative Exp.	419.21	0.00	400.34	0.00
Furniture & Fixtures		1.36		2.51
Office Equipments		374.20		343.94
TOTAL		**1795.48**		**1852.59**
LESS - Repairs and Maintenance Cost Allocated to DISCOMs and Others				
KESCO	11.40		0	
Madhyanchal VVNL	68.24		0	
Purvanchal VVNL	83.21		0	
Pashchimanchal VVNL	105.32		0	
Dakshinanchal VVNL	76.84		0	
UPRVUNL	110.56		0	
UPJVNL	15.17		0	
UPPTCL	105.52	576.26	0	0
		1219.22		**1852.59**

NOTE - 28

BAD DEBTS & PROVISIONS

(Amount in lakh ₹)

Particulars	For the Year ended on 31.03.2020	For the Year ended on 31.03.2019
Bad Debts written off - Others	0.00	3203.67
PROVISIONS		
Doubtful Debts (Sale of Power)	32133.26	46396.69
Doubtful Debts (Advance to Suppliers/Contractors)	138.62	459.67
Doubtful Debts (Loans to NPCL)	1700.59	1479.62
* Doubtful Debts (Other Receivables)	2108.35	(1860.41)
Impairment in investment	281847.27	756577.00
TOTAL	**317928.09**	**806256.24**

* **Except Receivables on account of Loan**

R.M. LALL & CO. CHARTERED ACCOUNTANTS

U.P. POWER CORPORATION LIMITED

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NOTE NO. 29

NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2020 AND STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON THAT DATE

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

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

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

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

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

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

1(d) and 1(e) above.

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

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

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

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

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

(b) As required by IND AS 19 (Employee Benefits), the company has measured its liabilities arising from Gratuity for the employees covered under CPF Scheme on the basis of Actuarial Valuation Report dated 20.08.2020 for the F.Y. 2019-20.

(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 for the F.Y. 2019-20.

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

S.No	Defined benefit plans:- (Amount ₹ in Lacs)	Gratuity		Leave Encashment	
		As on 31/03/2020	As on 31/03/2019	As on 31/03/2020	As on 31/03/2019
1	**Assumptions**				
	Discount Rate	6.88%	7.77%	6.60%	7.43%

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	Rate of increase in Compensation levels	4.00%	4.00%	4.00%	4.00%
	Rate of return on Plan assets	Not Applicable	Not Applicable	Not Applicable	Not Applicable
	Average future service (in Years)	25.56 Years	25.76 Years	15.61 Years	14.88 Years
2	**Service Cost**				
	Current Service Cost	96.92	64.55	98.90	72.08
	Past Service Cost (including curtailment Gains/ Losses)	0	0	0	0
	Gains or losses on Non Routine settlements	0	0	0	0
3	**Net Interest Cost**				
	Interest Cost on Defined Benefit Obligation	44.10	29.02	522.89	492.97
	Interest Income on Plan Assets	0	0	0	0
	Net Interest Cost (Income)	**44.10**	**29.02**	**522.89**	**492.97**
4	**Change in present value of obligations**			0	
	Opening of defined benefit obligations	567.61	367.82	7037.51	6410.48
	Interest cost	44.10	29.02	522.89	492.97
	Service Cost	96.92	64.55	98.90	72.08
	Benefits Paid	(12.04)	(6.01)	(723.57)	(1052.74)
	Actuarial (gain)/Loss on total liabilities	**171.93**	**112.23**	**592.15**	**1114.72**
	due to change in financial assumptions	111.69	80.30	359.09	459.86
	due to change in demographic assumptions	0	0	0	0
	due to experience Changes	60.24	31.93	233.05	654.86
	Closing of defined benefit obligation	**868.53**	**567.61**	**7527.88**	**7037.51**
5	**Change in the fair value of plan assets**				
	Opening Fair value of plan assets	0	0	0	0
	Actual return on plan assets	0	0	0	0
	Employer Contribution	12.04	6.01	723.57	1052.74
	Benefits paid	(12.04)	(6.01)	(723.57)	(1052.74)
	Closing Fair value of plan assets	0	0	0	0
6	**Actuarial (Gain)/Loss on Plan Asset**				
	Expected Interest Income	0	0	0	0
	Actual Income on Plan Assets	0	0	0	0
	Actuarial gain/(loss) on Assets	0	0	0	0
7	**Other Comprehensive Income**				
	Opening amount recognized in OCI outside P&L account	0	0	N/A	N/A
	Actuarial gain/(loss) on liabilities	(171.93)	(112.23)	N/A	N/A

R.K. LALL & CO. CHARTERED ACCOUNTANTS

	Actuarial gain/(loss) on assets	0	0	N/A	N/A
	Closing amount recognized in OCI outside P&L account	**(171.93)**	**(112.23)**	N/A	N/A
8	**The amounts to be recognized in the Balance Sheet Statement**				
	Present value of obligations	868.53	567.61	7527.88	7037.51
	Fair value of plan assets	0	0	0	0
	Net Obligations	868.53	567.61	7527.88	7037.51
	Amount not recognized due to assets limit	0	0	0	0
	Net defined benefit liability/(assets) recognized in balance sheet	**868.53**	**567.61**	**7527.88**	**7037.51**
9	**Expenses recognized in Statement of Profit & loss**				
	Service cost	96.92	64.55	98.90	72.08
	Net Interest cost	44.10	29.02	522.89	492.97
	Net actuarial (gain)/loss			592.15	1114.72
	Expenses recognized in statement of Profit & Loss	**141.03**	**93.57**	**1213.93**	**1679.77**
10	**Change in Net Defined Obligations**				
	Opening of Net defined benefit liability	567.61	367.82	7037.51	6410.48
	Service Cost	96.92	64.55	98.90	72.08
	Net Interest Cost	44.10	29.02	522.89	492.97
	Re-measurements	171.93	112.23	592.15	1114.72
	Contributions paid to fund	(12.04)	(6.01)	(723.57)	(1052.74)
	Closing of Net defined benefit liability	**868.53**	**567.61**	**7527.88**	**7037.51**
11	**Sensitivity analysis**				
	Item	**As on 31/03/2020**	**Impact**	**As on 31/03/2020**	**Impact**
	Base liability	868.53		7527.88	
	Increase in Discount rate by 0.50%	803.22	(65.30)	7306.91	(220.97)
	Decrease in Discount rate by 0.50%	941.12	72.65	7764.23	236.36
	Increase in salary inflation by 1%	1017.67	(149.15)	7993.85	465.97
	Decrease in salary inflation by 1%	745.24	(123.29)	7113.00	(413.88)
	Increase withdrawal rate by 0.5%	895.99	27.46	7579.28	51.41
	Decrease withdrawal rate by 0.5%	838.86	(29.66)	7473.23	(54.65)

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

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

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

(d) Depreciation on Computers and peripherals and software has been provided on the basis of the useful life notified in the UPERC (Multi Year Distribution tariff) Regulation, 2014.

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

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

(i) Provision to the extent of 10% on the balances of suppliers/ contractors has been made under Note no. 12 (Other Current Assets).
(ii) Provision @ 100% on interest accrued and due during the year on loan of NPCL has been made under the Note No. 06 (Loans & Other financial assets-Non Current).

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

7. Reconciliation of balances of IUT amounting to Rs. 15404.69 lacs is in under progress (refer note no. 12).

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

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

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

10 In accordance with the provision of INDAS 08 (accounting policies, changes in accounting estimates and errors), prior period(s) errors/omission have been corrected retrospectively by restating the comparative amounts for the prior periods 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, opening balance of the assets, liabilities and the equity of the comparative period presented have been restated. Statement

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showing the details of correction and restatement are given below:-

A- Statement of Profit& Loss

₹ in Lacs

S No.	Particulars	Note	Audited figures for the year ended 31.03.2019	Adjustment of Prior Period Errors			Restated figures for the Year ended 31.03.2019	Equity (Reserve & Surplus) restated for the period ended 31.03.2018 and earlier year
				Related to the Year ended 31.03.2019	Related to the Year ended 31.03.2018 and earlier year	Total		
I	Revenue From Operations	20	5378644.24	0.00	0.00	0.00	5378644.24	0.00
II	Other Income	21	10774.03	13.73	11.51	25.24	10787.76	11.51
III	Total Income (I+II)		5389418.27	13.73	11.51	25.24	5389432.00	11.51
IV	**EXPENSES**							
	Purchases of Stock-in-Trade (Power Purchased)	22	5378644.24	0.00	0.00	0.00	5378644.24	0.00
	Employee benefits expense	23	18896.15	29.51	0.00	29.51	18925.66	0.00
	Finance costs	24	4.98	0.00	0	0.00	4.98	0.00
	Depreciation and amortization expenses	25	394.33	0.00	0	0.00	394.33	0.00
	Other expenses							
	Adminstration, General & Other Expense	26	8273.31	23.18	0	23.18	8296.49	0.00
	Repair and Maintenance	27	1852.59	0.00	0	0.00	1852.59	0.00
	Bad Debts & Provisions	28	806256.24	0	0	0.00	806256.24	0.00
	Total expenses (IV)		6214321.84	52.69	0.00	52.69	6214374.53	0.00
V	Profit/(Loss) before exceptional items and tax (III-IV)		(824903.57)	(38.96)	11.51	(27.45)	(824942.53)	11.51
VI	Exceptional Items							
VII	Profit/(Loss) before tax (V(+/-)VI)		(824903.57)	(38.96)	11.51	(27.45)	(824942.53)	11.51
VIII	Tax expense:							
	(1) Current tax							
	(2) Deferred tax							
IX	Profit (Loss) for the period from continuing operations (VII-VIII)		(824,903.57)	(38.96)	11.51	(27.45)	(824,942.53)	11.51

R.M. LALL & CO. CHARTERED ACCOUNTANTS

X	Profit/(Loss) from discontiniuing operations							
XI	Tax expense of discontiniuing operations							
XII	Profit/(Loss) from discontiniuing operations (after tax) (X-XI)							
XIII	Profit/(Loss) for the period (IX+XII)		(824,903.57)	(38.96)	11.51	(27.45)	(824,942.53)	11.51
XIV	Other Comprehensive Income							
	A (i) Items that will not be reclassified to profit or loss-Remeasurement of Defined Benefit Plans (Acturial Gain or Loss)		(112.23)	0.00	0.00	0.00	(112.23)	0.00
	(ii) Income tax relating to items that will not be reclassified to profit or loss							
	B (i) Items that will be reclassified to profit or loss							
	(ii) Income tax relating to items that will be reclassified to profit or loss							
XV	Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit/(Loss) and Other Comprehensive Income for the period)		(825,015.80)	(38.96)	11.51	(27.45)	(825,054.76)	11.51
	Basic & Diluted EPS		95.31				95.32	

R.M. LALL & CO. CHARTERED ACCOUNTANTS

B- Balance Sheet						₹ in Lacs
S No.	Particulars	Note	Audited figures as on 31.03.2019	Adjustment	Restated figures as on 31.03.2019	Remarks
I	ASSETS					
1	Non-current assets					
	(a) Property, Plant and Equipment	2	6070.97	0.00	6070.97	
	(b) Capital work-in-progress	3	2.73	0.00	2.73	
	(c) Intangible assets	4	287.82	0.00	287.82	
	(d) Financial Assets					
	(i) Investments	5	499682.68	0.00	499682.68	
	(ii) Loans & Other Financial Assets	6	2785093.26	0.00	2785093.26	
	(iii) Others	7				
2	Current assets					
	(a) Inventories	7	156.54	0.00	156.54	
	(b) Financial Assets					
	(i) Trade receivables	8	2954413.10	0.00	2954413.10	
	(ii) Cash and cash equivalents	9	162508.87	19.24	162528.11	
	(iii) Bank balances other than (ii) above	10	43257.11	0.00	43257.11	
	(iv) Others	11	1984412.64	0.00	1984412.64	
	(c) Other Current Assets	12	50293.09	6.00	50299.09	PPE Adjustment
	Total Assets		8486178.81	25.24	8486204.05	
II	EQUITY AND LIABILITIES					
	Equity					
	(a) Equity Share Capital	13	9118616.32	0.00	9118616.32	
	(b) Other Equity	14	(8486663.85)	(27.45)	(8486691.30)	PPE Adjustment
	LIABILITIES					
1	Non-current liabilities					
	(a) Financial liabilities					
	(i) Borrowings	15	4835817.74	0.00	4835817.74	
	(b) Other financial liabilities	16	6774.85	0.00	6774.85	
2	Current liabilities					
	(a) Financial liabilities					
	(i) Borrowings	17	114350.06	0.00	114350.06	
	(ii) Trade payables	18	2543827.38	0.00	2543827.38	
	(iii) Other financial liabilities	19	353456.31	52.69	353509.00	PPE Adjustment
	Total Equity and Liabilities		8486178.81	25.24	8486204.05	

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

	Earnings per share:	**31.03.2020**	**31.03.2019**
(a)	Net loss after tax (numerator used for calculation) ₹ in Lacs	(316064.11)	(825054.76)
(b)	Weighted average number of Equity Shares* (denominator for calculating Basic EPS)	950370812	865587585
(c)	Weighted average number of Equity Shares* (denominator for calculating Diluted EPS)	954085912	876062221
(d)	Basic earnings per share of ₹ 1000/- each in ₹	(33.26)	(95.32)
(e)	Diluted earnings per share of ₹1000/- each in ₹	(33.26)	(95.32)

(As per para 43 of Ind AS-33 (Earning Per Share) 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.

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

13. As per Ministry of Power, Govt of India ,order no.11/16/2020-Th-II dated 15.05.2020 and order no 11/16/2020-Th-II(C.No. 252648)dated 16.05.2020 a sum of Rs 3432643984 (Rupees Three Hundred Forty Three Crores Twenty Six Lakhs Forty Three Thousand Nine Hundred Eighty Four Only) has been received as one time rebate on account of lockdown due to covid-19 pandemic from various central sector generators. The aforementioned amount has been accounted for in the financial Year 2020-21 as it is a non –adjusting event arising in financial year 2020-21in accordance with the provisions given in Ind AS-10(Events after the reporting period).The part period of the above pertains to financial year 2019-20.(i.e. 25.03.2020 to 31.03.2020)

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14. The amount appropriated for repayment/liquidation of Rated, Listed and Secured Bonds liabilities is parked in Debt Service Reserve Fund Account / Bond Service Accounts earmarked for bond servicing. The balance in these accounts as on 31.03.2020 is ₹1369.69 crore.

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

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

17. Quantitative Details of Energy purchased and sold:-

S. No.	Details	2019-20	2018-19
(I)	Total number of Units purchased	118140.93 MU	115435.51 MU
(II)	Total number of units sold	112224.924 MU	108338.881 MU
(III)	% of Loss	5.01	6.15

18. Contingent Liabilities/Assets :-

S. No.	Details	2019-20 Amount (₹. in lacs)	2018-19 Amount (₹. in lacs)
(i)	Capital commitments	-	-
(ii)	Income Tax	-	-
(iii)	Power Purchase	1317934.36	1010143.82
(iv)	Other Contingencies	1344.82	1317.09

Contingent liabilities have been disclosed to the extent ascertainable.

Contingent Assets:- ₹481.55 Lacs

19. As per requirement of section 135 and schedule VII of the Companies Act, 2013 read with companies (Corporate Social Responsibility Policy) Rules 2014, the company has incurred losses during the three immediately preceding financial years, no amount has been spent on CSR.

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

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21. **Disclosure as per Ind AS-24 (Related Party): -**
A- List of Related Parties

(a) List of Subsidiary & Associates:-

Subsidiary
Madhyanchal Vidyut Vitran Nigam Limited
Pashchimanchal Vidyut Vitran Nigam Limited
Purvanchal Vidyut Vitran Nigam Limited
Dakshinanchal Vidyut Vitran Nigam Limited
Kanpur Electricity Supply Company Limited
Southern U.P Power Transmission Company Limited
*Sonebhadra Power Generation Company Limited (inoperative service dated 27.03.2019)
Southern U.P Power Transmission Company Limited
Associates
**Yamuna Power Generation Company Limited (inoperative service dated 25.03.2019)

* Refer Note no.34.
** Refer Note no.35.

(b) Key management personnel:-

S. No.	Name	Designation	Working Period (For FY 2019-20)	
			Appointment	Retirement/ Cessation
1	Shri Alok Kumar	Chairman	20.05.2017	09.11.2019
2	Shri Arvind Kumar	Chairman	10.11.2019	Working
3	Smt. Aparna U.	Managing Director	26.10.2017	04.11.2019
4	Shri M.Devraj	Managing Director	05.11.2019	Working
5	Shri Sudhanshu Dwivedi	Director (Finance)	30.06.2016	30.06.2019
6	Shri Sudhir Arya	Director (Finance)	30.07.2019	Working
7	Shri Satya Prakash Pandey	Director (P.M. & Admin.)	01.07.2016	02.06.2019
8	Shri A.K Purwar	Director (P.M. & Admin.)	10.07.2019	Working
9	Shri Vijay Kumar	Director (Distribution)	06.01.2018	Working
10	Shri V. P. Srivastava	Director (Corporate planning)	04.01.2018	Working
11	Shri A.K. Srivastava	Director (Commercial)	27.06.2018	Working
12	Dr. Senthil Pandiyan C. (M.D of UPPTCL)	Nominee Director	10.09.2018	Working
13	Shri Neel Ratan Kumar (Special Secretary-Finance)	Nominee Director	16.04.2013	Working
14	Smt Manju Shankar (Department of Public Enterprises)	Nominee Director	10.12.2015	31.12.2019
15	Shri Pramendra Nath Sahay	Chief Financial Officer	14.11.2018	04.03.2020
16	Shri Anil Kumar Awasthi	Chief Financial Officer	05.03.2020	Working
17	Shri Pradeep Soni	Company Secretary (Additional charge)	01.08.2017	17.03.2020
18	Ms.Niharika Gupta	Company Secretary	18.03.2020	Working

(c) The Company is a State Public Sector Undertaking (SPSU) controlled by State Government by holding majority of shares. Pursuant to Paragraph 25 & 26 of Ind AS 24 (Related Party Disclosures), entities over which the same government has control or joint control, or significant influence, then the reporting entity and

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other entities shall be regarded as related parties. However, in view of the exemption available for Government related entities the Company has made limited disclosures in the financial statements. Such entities which company has significant transactions includes, but not limited to, are as follows:-

(i) UP Power Transmission Corporation Limited,
(ii) Uttar Pradesh Rajya Utpadan Nigam Limited
(iii) Uttar Pradesh Jal Vidyut Nigam Limited.

(d) Post-Employment Benefit Plan:-

1- Uttar Pradesh Power Sector Employees Trust.
2- U.P. Power Corporation Limited Contributory Provident Fund.

B- Transactions with Related Parties are as follows:

(a) Transaction with Subsidiaries and Associates:-

(Amount ₹ in Lacs)

Particulars	Subsidiaries		Associates	
	2019-20	2018-19	2019-20	2018-19
(i) Sales	5401531.23	5378644.24	-	-
(ii) Purchase	-	-	-	-
(iii) Dividend received	-	-	-	-
(iv) Equity Contribution made	309338.18	918958.37	-	64.76
(v) Loans (Net Increase/ (Decrease))*	(301069.37)	(71748.87)	-	-
(vi) Amount Recoverable Other than Loan	666889.46	1174561.32	-	-
(vii) Receivable-Others (Net Increase/(Decrease))	-	(830.21)	-	(63.76)
(viii) Employee cost allocation	16047.55	-	-	-
(ix) Administrative, General & other exp allocation	2228.75	-	-	-
(x) Repair & maintenance exp allocation	345.01	-	-	-

**Loans have been arranged by UPPCL on behalf of Discoms and the same has been routed through the accounts of the company. The figures of Loans have been shown after adjustments of liabilities against loans i.e. grants received from Government and miscellaneous receipts from Governments's Department.*

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

(Amount ₹ in Lacs)

	2019-20	2018-19
Salary & Allowances	175.91	154.93
Leave Encashment	0	72.38
Contribution to Gratuity/ Pension/ PF	16.17	22.43

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

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

(Amount ₹ in Lacs)

S. No	Name of The Company	Nature of Transaction	2019-20	2018-19
1	UP Power Transmission Corporation Limited	Misc. Transactions (Net)	1,369.24	2612.50
2	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	Power Purchase	858055.73	979893.69
3	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	Receivables (Unsecured)	269.64	48.36
4	Uttar Pradesh Jal Vidyut Nigam Limited	Power Purchase	8791.11	8458.81
5.	UP Power Transmission Corporation Limited	Employee, Administrative & Repair & maintenance cost allocation	2076.72	-
6.	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	Employee, Administrative & Repair & maintenance cost allocation	231.57	-
7.	Uttar Pradesh Jal Vidyut Nigam Limited	Employee, Administrative & Repair & maintenance cost allocation	44.53	-

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

(Amount ₹ in Lacs)

Particulars	31st March 2020	31st March 2019
Amount recoverable towards loans		
From Subsidiaries		
➢ MVVNL	989726.45	1037978.72
➢ PVVNL	847371.35	858866.60
➢ PurVVNL	1289360.26	1374188.75
➢ DVVNL	1456258.75	1630730.24
➢ Kesco	174822.01	173319.32
Amount recoverable other than loans		
From Subsidiaries		
➢ MVVNL	815918.88	643144.91
➢ PVVNL	243345.40	278082.15
➢ PurVVNL	1811473.49	1478729.11
➢ DVVNL	818749.01	616697.57
➢ Kesco	104396.55	110340.13
From Others		
➢ UPPSET	17182.84	17048.14
➢ UPRVUNL	524.91	255.27
➢ UPPTCL	15298.02	13928.78
Amount Payable towards loan		
To Subsidiaries		
➢ MVVNL	87190.50	91626.67

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➢ PVVNL	107261.14	110977.59
➢ PurVVNL	109896.43	114237.98
➢ DVVNL	93309.33	97613.60
➢ Kesco	365.59	42.59
Amount Payable other than loan		
To Others		
➢ UPJVNL	8790.84	8839.81
➢ UPPCLCPF	60.61	42.89

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

23. As on beginning and end of FY 2019-20 the government guarantee issued by GoUP in favour of various Banks, FI's and bond security stood at ₹ 53,728.65 crore and ₹ 56,453.65 crore respectively. During the FY 2019-20 Govt. guarantee of ₹3,975.00 crore were issued and ₹1,250.00 crore were discharged.

24(a). **The status of Bonds issued by the Company for the Discoms (Subsidiaries) as on 31.03.2020 is as under:-**

(Amount ₹ in Lacs)

S. No	Details of Bonds	Amount of Bonds	No. of Bonds	Date of Issue	Face Value	Maturity date	Rate of Interest	Previous due date of Interest payment	Paid / or not	Next date of Interest payment	Amount of interest payable on next date	Next due date of Principal payment	Principal Amount payable on next due date	Security	Outstanding as at 31.03.2020	Outstanding as at 31.03.2019
								Listed								
1	UPPCL Bond series II/2017-18	549100.00	54910	27-Mar-2018	10	Jan-2028	10.15%	20-Jan-2020	Paid	20-Apr-20	13042.14	20-Apr-2020	16150.00	Govt Guranteed and Hypothicated for receivables	516800.00	549100.00
2	UPPCL Bond series I/2017-18	449820.00	44982	05-Dec-2017	10	October-2027	9.75%	20-Jan-2020	Paid	20-Apr-2020	9942.29	20-Apr-2020	13230.00		410130.00	449820.00
3	UPPCL Bond series IV/2016-17	348950.00	34895	27-Mar-2017	10	Mar-2027	8.48%	16-Mar-2020	Paid	15-Jun-2020	7438.16	15-Jun-2020	12482.50		348950.00	348950.00
4	UPPCL Bond series III/2016-17	651000.00	65100	17-Feb-2017	10	Feb-2027	8.97%	15-Feb-2020	Paid	15-May-2020	14359.35	15-May-2020	23250.00		651000.00	651000.00
								Unlisted								
1	U.P Power Corporation Ltd - 2032	29949	29949	30-Mar-2017	1	Mar-2032	9.70%	30-Mar-2020	Paid	30-Sep-2020	1460.46	30-Sep-2020	1247.97	Govt Guranteed	29949.00	29949.00
2	U.P Power Corporation Ltd - 2031	469998	469998	28-Sep-2018	1	Sep-2031	9.70%	28-Mar-2020	Paid	28-Sep-2020	22919.47	28-Mar-2022	23499.90		469998.00	469998.00
3	U.P Power Corporation Ltd - 2031	537682	537682	04-Jul-2016	1	July-2031	9.70%	06-Jan-2020	Paid	06-Jul-2020	25935.08	04-Jan-2022	26884.10		537682.00	537682.00
		3036499.00	1237518								95096.96		116724.47		2964509.00	3036499.00

Payment of Principal amount is started from 19.07.2019.

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

The following debentures issued by the Company as on February 17,2017, March 27, 2017, December 05, 2017 & March 27, 2018 are secured as per the details:-

ISIN	Scrip Code	Maturity	Secured by way of	Amount (₹ In Lacs.)	Date of Creation of Security
INE540P07046, INE540P07053, INE540P07061, INE540P07079, INE540P07087, INE540P07095, INE540P07103	955766, 955767, 955768, 955769, 955770, 955771, 955772	15-02-2027	Hypothecation on Receivable	651000.00	16-02-2017
INE540P07111, INE540P07129, INE540P07137, INE540P07145, INE540P07152, INE540P07160, INE540P07178	956144, 956145, 956146, 956147, 956148, 956149, 956150	13-03-2027	Hypothecation on Receivable	348950.00	30-03-2017
INE540P07186, INE540P07194, INE540P07202, INE540P07210, INE540P07228, INE540P07236, INE540P07244, INE540P07251, INE540P07269	957201, 957202, 957203, 957204, 957205, 957206, 957207, 957208, 957209	20-10-2027	Hypothecation on Receivable	449820.00	06-12-2017
INE540P07277, INE540P07285, INE540P07293, INE540P07301, INE540P07319, INE540P07327, INE540P07335, INE540P07343, INE540P07350	957800 957802 957803, 957804, 957806, 957807, 957808, 957809, 957810	20-01-2028	Hypothecation on Receivable	549100.00	24-03-2018

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

All the above rated listed bonds are fully secured upto1.1 times of the outstanding balance of bonds upon receivables of UPPCL and the bonds are also guaranteed by Government of Uttar Pradesh.

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

Settlement Date	Security	Valuation date	Original Maturity date	Residual maturity year	FIMMDA Yield as on 31.03.2020	Price	No. of bonds	Total amount/clean price
27.03.2017	7.59% Hudco bonds series G(21.06.2020)	31.03.2020	21.06.2020	0.22	Month FIMMDA valuation	100.37	240	240876006
27.03.2017	7.59% Hudco bonds series G(21.06.2020)	31.03.2020	21.06.2020	0.22	Month FIMMDA valuation	100.37	250	250912506
13.04.2017	7.59% Hudco bonds series G(21.06.2020)	31.03.2020	21.06.2020	0.22	Month FIMMDA valuation	100.37	510	511861512
27.03.2017	7.75% PFC Bonds Series-164(22.03.2027)	31.03.2020	22.03.2027	7	6.92	105.17	250	262933971
27.03.2017	7.75% PFC Bonds Series-164(22.03.2027)	31.03.2020	22.03.2027	7	6.92	105.17	250	262933971
27.03.2017	7.75% PFC Bonds Series-164(22.03.2027)	31.03.2020	22.03.2027	7	6.92	105.17	250	262933971
27.03.2017	7.75% PFC Bonds Series-164(22.03.2027)	31.03.2020	22.03.2027	7	6.92	105.17	250	262933971
11.05.2017	7.75% PFC Bonds Series-164(22.03.2027)	31.03.2020	22.03.2027	7	6.92	105.17	230	241899254
Total							2230	2297285162

26. Due to heavy unabsorbed losses i.e. ₹ 9091436.61 Lacs as on 31.03.2020 and uncertainties to recover such losses in near future, the deferred tax assets have not been recognized in accordance with Para 34 of Ind AS-12 (Income Taxes) issued by ICAI.

27. The Company has decided, vide Board's Meeting dated 14-08-2020, to allocate common expenditure and facility cost to subsidiaries and power sector companies owned by Go UP 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 of F.Y. 2019-20(Note no.23, 26 &27).

28. In the opinion of management, there is no specific indication of impairment of assets except Investment in Subsidiaries & Associates as on balance sheet date as envisaged by Ind AS-36 (Impairment of Assets). 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 as on 31.03.2020.

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

(Amount ₹ in Lacs)

S. NO.	PARTICULARS	MOVEMENT OF PROVISIONS			
		OPENING BALANCE AS ON 01.04.2019	PROVISION MADE DURING THE YEAR	WITHDRAWL / ADJUSTMENT OF PROVISION DURING THE YEAR	CLOSING BALANCE AS ON 31.03.2020
1	Provision for impairment in Investment	6,881,595.26	281,847.27		7,163,442.53
2	Provision for Doubtful debts on Sundry Debtors (Sale of power)	184,558.76	32,133.26		216,692.02
3	Provision for Bad & doubtful debts Other current assets.	1,616.05	138.62		1,754.67
4	Provision for Bad & doubtful debts Financial Assets -Loans (Non-Current)	11,387.26	1,700.59		13,087.85
5	Provision for Bad & doubtful debts Financial Assets-other (Current)	12,100.71	2,108.35		14,209.06
6	Provision for Bad & doubtful debts Advance to capital supplier	1.59			1.59
7	Provision for unservisable stores	13.35			13.35
	Total	7,091,272.98	317,928.09	0.00	7,409,201.07

30. The Annual Accounts of F.Y. 2017-18 & 2018-19 are yet to be adopted in Annual General Meeting.

31. **Financial Risk Management**

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

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

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

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

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

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

(Amount ₹ in Lacs)

Particulars	**31.03.2020**	**31.03.2019**
Financial Assets		
Fixed Interest Rate Instruments-Deposits with Bank	0.00	0.00
Variable Interest Rate Instruments-Deposits with Bank	176865.30	43348.11
Total	176865.30	43348.11
Financial Liabilities		
Fixed Interest Rate Instruments-Financial Instrument Loans	0.00	0.00
Variable Interest Rate Instruments-Cash Credit from Banks	0.00	0.00

Fair value sensitivity analysis for fixed-rate instruments

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

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

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

32. **Capital Management**

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

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

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

33. Revenue from Operation

The Company earns revenue primarily from bulk supply of power to its wholly owned subsidiary companies (Discoms). The Company procures the power from various sources on behalf of Discoms and to supply the same to its Discoms.

The Company has applied Ind AS 115, Revenue from Contracts with Customers, using the cumulative catch up transition method, applied to contracts with customers.

Revenue from sale of power is recognized on satisfaction of performance obligation upon supply of power to its Discoms at an amount that reflects the consideration the Company expects to receive in exchange for those supplied power.

34. Sonbhadra Power Generation Company Limited(inoperative service dated 27.03.2019) was incorporated as per directives of GoUP No. 609/ऊ0(नि0नि0)प्र0/24&60 dated 13.11.2006. As per guidelines issued by Ministry of Power, Government of India for the implementation/development of project, the Company initiated the preparatory activities such as process of land acquisition, arrangement for coal linkage, arrangement of water resources and environmental clearance etc. but Ministry of Coal, GOI did not communicate about allotment of coal to the project, due to resistance from land owners land acquisition process has abandoned, Ministry of Environment & Forest, GOI, finding Singraulli region as critically polluted declared Moratorium on establishing new projects in this area, the concerned department did not communicate regarding allocation of water to the project.

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

Energy Task Force, Government of UP also recommended to abandon the project with dissolution of this Company and further directed to get the approval by Hon'ble Cabinet, Govt. of UP. The Govt of UP vide its letter no 432/24-ऊ0नि0नि0प्र0/18–20(प्रकोष्ठ) 14 dated 02.07.2018 conveyed its decision to dissolve Sonbhadra Power Generation Company Limited. The Company has been closed with effect from 27.03.2019 in accordance with the provision of section 248(2) of the Companied Act 2013. Subsequently, the company has been strike off w.e.f. 18.08.2020 from the register of the Companies and the said company is dissolved. Resulting to this the treatment of balances of Sonbhadra Power Generation Company Limited has been done as below:

A. Sonbhadra Power Generation Company Limited has issued its equity share in the name of UP Power Corporation Limited for the amount of Rs. 613.58 Lacs in consideration of converting Sundry Payables to the Company during FY 2018-19. Correspondingly UP Power Corporation Limited has shown this equity shares under the head of Investments and the provision for impairment of the same has been made since the subsidiary company is no more in existence.

B. An amount of Rupees one lakh under the head of Sundry Receivables, arisen after the issuance of Equity Shares mentioned in point No.1 above, from Sonbhadra Power Generation Company Limited has been written off during FY 2018-19 in accordance with approval of Board of Directors dated 22nd March, 2019.

C. Sonbhadra Power Generation Company Limited has transferred the closing balance of Bank Account Rs. 0.42 Lacs, as on the date of closure, to the Company. The Company has taken over the Statutory or Other Expenses/Dues to that extent of this Company in compliance of the decision of Board of Directors taken in the 146th meeting dated 22nd March, 2019.

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

35. Yamuna Power Generation Company Limited (inoperative service dated 25.03.2019) was incorporated on 20-04-2010 as a Government Company by the Company, Greater NOIDA Industrial Development Authority, New Okhla Industrial Development Authority and Yamuna Expressway Industrial Development Authority as per directives of Government of U.P. vide G.O. no. 2133/24-1-09-1794/09 dated 2nd July, 2009. The Company was formed with the objective to meet out growing demand of electricity during 12th five year plan and was given to perform initial project preparation activities such as acquisition of land, arrangement for fuel linkage, water resources and environmental clearance etc.

Due to non-availability of required land and uncertainty of allocation of fuel (coal/gas) for the project, ultimately lead Energy Task Force (ETF) Govt. of U.P, come to conclusion to abandon the project in its meeting dated 07-05-2012. Subsequently on the recommendation of the said Task Force, Govt. of UP took the decision to abandon the project and wind up the company and conveyed its decision on 05.05.2015. Company has been closed with effect from 25.03.2019 in accordance to the provisions of sec. 248(2) of The Companies Act 2013. Subsequently, the Company has been strike off w.e.f. 28.08.2020 from the register of the companies and the said company is dissolved. Resulting to this the treatment of balances of Yamuna Power Generation Company Limited has been done as below:

A. Yamuna Power Generation Company Limited has issued its equity share in the name of the Company for the amount of Rs. 64.76 Lacs in consideration of converting Sundry Payables to the Company during FY 2018-19. Correspondingly UP Power Corporation Limited has shown this equity shares under the head of Investments and the provision for impairment of the same has been made since the subsidiary company is no more in existence.

B. Yamuna Power Generation Company Limited has transferred the closing balance of Bank Account Rs. 1.39 Lacs, as on the date of closure, to the Company. The Company has taken over the Statutory or Other

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

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

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

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

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

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

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

38. 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.

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

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

(Dr. Jyoti Arora) **Company Secretary**	**(A. K. Awasthi)** **Chief General Manager & CFO**	**(A.K. Purwar)** **Director** **DIN - 08544396**	**(Pankaj Kumar)** **Managing Director** **DIN - 08095154**

Place: Lucknow

Date: 31/08/2021

Subject to our report of even date

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

27/09/21

(Vikas C Srivastava)
Partner
M.No.401216

UDIN : 21401216AAAABP200

STATEMENT OF CASH FLOW FOR THE YEAR ENDED ON 31st MARCH 2020

(₹ in Lakhs)

			2019-20	2018-19
A		**CASH FLOW FROM OPERATING ACTIVITIES**		
		Net Loss Before Taxation & Extraordinary items	(315,892.18)	(824,942.53)
		Adjustment For:		
	a	Depreciation	464.61	394.33
	b	Interest & Financial Charges	5.43	4.98
	c	Bad Debts & Provision	317,928.09	806,256.24
	d	Interest Income	(14,450.44)	(10,117.94)
		Sub Total	**303,947.69**	**796,537.61**
		Operating Profit Before Working Capital Change	**(11,944.49)**	**(28,404.92)**
		Adjustment for:		
	a	Inventories	(72.31)	-
	b	Trade Receivable	(642,665.26)	(927,933.75)
	c	Other Current Assets	(1,029.62)	(20,153.11)
	d	Financial assets-others	(972,413.05)	(939,270.74)
	e	Other financial Liab.	315,077.61	96,221.29
	f	Financial Liabilities-Borrowings	(38,932.95)	(38,552.12)
	g	Trade Payable	670,613.66	815,273.31
	h	Bank balance other than cash	(133,604.77)	11,905.47
		Sub Total	**(803,026.69)**	**(1,002,509.65)**
		NET CASH FROM OPERATING ACTIVITIES (A)	**(814,971.18)**	**(1,030,914.57)**
B		**CASH FLOW FROM INVESTING ACTIVITIES**		
	a	Decrease (Increase) in Property,Plant & Equipment	(557.55)	(30.32)
	b	(Increase)/Decrease in Investments	(309,338.21)	(919,023.11)
	c	Decrease/(Increase) in Loans & Other financial assets Non-current Assets	1,250,698.39	1,024,940.38
	d	Interest Incomes	14,450.44	10,117.94
	e	Decrease (Increase) in Intangible assets	(25.05)	(224.20)
		NET CASH GENERATED FROM INVESTING ACTIVITIES (B)	**955,228.02**	**115,780.69**
C		**CASH FLOW FROM FINANCING ACITIVITIES**		
	a	Proceeds from Borrowing	(606,886.16)	(104,392.90)
	b	Proceeds from Share Capital	383,774.47	1,033,477.57
	c	Proceed from other equity	(1,045.44)	11.51
	d	Other long term liabilities	817.34	696.35
	e	Interest & Financial Charges	(5.43)	(4.98)
		NET CASH GENERATED FROM FINANCING ACTIVITIES (C)	**(223,345.22)**	**929,787.55**
NET INCREASE/ (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)			**(83,088.38)**	**14,653.67**
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR			**162,528.11**	**147,874.44**
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR (Refer Note no.09)			**79,439.73**	**162,528.11**

Notes to the Cash-Flow Statement

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

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

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

(Dr. Jyoti Arora)
Company Secretary

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

(A.K. Purwar)
Director
DIN - 08544396

(Pankaj ~~kumar~~)
Managing Director
DIN - 08095154

Place : Lucknow
Date : 31/08/2021

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

R.M. LALL & CO. CHARTERED ACCOUNTANTS

27/09/2

(Vikas C Srivastava)
Partner
M.No.401216

UDIN: 21401216AAAABP2

R.M. LALL & CO.
CHARTERED ACCOUNTANTS

Head Office:
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INDEPENDENT AUDITOR'S REPORT

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

Report on Standalone Financial Statements

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, 2020, 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, 2020, and the loss, including other comprehensive income, its cash flows and changes in equity for the year ended on that date.

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.

R.M. LALL & CO. CHARTERED ACCOUNTANTS

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, and in forming our opinion thereon, and we do not provide a separate opinion on these matters except for the matters described in Annexure I to the "Basis for Qualified Opinion" section. We have determined that there are no other key audit matters to communicate in our report.

Emphasis of Matter Paragraph:

As explained in Para 37 of Note – 29 "Notes on Accounts", due to the outbreak of COVID -19 globally and in India, the Company's management has made an initial assessment of likely adverse impact on business and financial risks and believes that the impact is likely to be short term in nature. The management does not see any medium to long-term risks in the company's ability to continue as a going concern and meeting its liabilities as and when they fall due. Our opinion is not modified in respect of this matter.

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.

Management's Responsibility for the Standalone Financial Statements:

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

R.M. LALL & CO. CHARTERED ACCOUNTANTS

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.

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.

R.M. LALL & CO. CHARTERED ACCOUNTANTS

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.

Other Matters:

We did not audit the financial statements/ information of Zone included in the Standalone Financial Statements of the Company. The financial statements/ information of the Zone has been audited by the Zone auditor whose report have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of Zone, is based solely on the report of such auditor.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 ("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.

R.M. LALL & CO. CHARTERED ACCOUNTANTS

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 Cash Flow Statement 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 5[th]June, 2015 issued by Ministry of Corporate Affairs, Government of India; provisions of sub-section (2) of section 164 of the Act, regarding disqualification of the directors are not applicable to the Company.

g. With respect to the adequacy of the internal financial controls system in place and the operating effectiveness of such controls, refer to our report in "Annexure–IV".

h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. Except for the effects of the matters described in the "Basis for Qualified Opinion" section, the Company has disclosed the impact of pending litigations on its financial position in its financial statement;

ii. The Company did not have any long-term contracts including derivative contracts entailing any material foreseeable losses.

iii. There were no amounts, which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

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

UDIN: 21401216AAAABP2002

Place: Lucknow
Date: 27/09/2021

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, 2020.

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. 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-Trade Receivable (Note-8), Financial Assets-Other (Note-11), Other Current Assets (Note-12), Financial Liabilities-Trade payable (Note-18) and Other Financial Liabilities (Note-19) have been classified as current assets/liabilities include balances which are outstanding for realisation/settlement since previous financial years and in the absence of adequate information/explanations regarding the realisability/settlement of such amounts within twelve months after the year end, reasons for not classifying them as non-current assets/liabilities **is inconsistent with Ind AS 1 Presentation of Financial Statements.** This has resulted in over statement of respective current assets/liabilities and understatement of the corresponding non-current assets/liabilities.

    b. Recognition of Insurance and other claims, refunds of Custom duty, Interest on Income Tax & trade tax, interest on loans to staff and other items of income covered by Significant Accounting Policy no. 2 (c) & 7 (b)of Note–1 has been done on cash basis. **This is not in accordance with the provisions of Ind AS 1 Presentation of Financial Statements.**

    c. Additions during the year in Property, Plant and Equipment include employee cost at a fixed percentage of the cost of each addition to Property, Plant and Equipment in accordance with Note-1 Significant Accounting Policy Para (3)(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 16Property, Plant and Equipment.** This has resulted in overstatement of fixed assets and depreciation and understatement of employee cost and loss.

    d. Inventory which includes stores and spares for capital works, operation and maintenance and others is valued at cost (Refer accounting policy no. 3(VI)(a) of Note-1). Valuation of stores and spares for O & M and others **is not consistent with Ind AS2 Inventories** i.e., valuation at lower of cost and net realizable value. Further, the stores and spares for capital work should be classified as part of Property, Plant and Equipment and recognised, measured and disclosed in accordance with **Ind AS 16 Property, Plant and Equipment.**

    e. Accounting for Employee Benefits: Actuarial Valuation of gratuity liability of the employees covered under GPF scheme has not been obtained. (Refer Para4(a) Note – 29 "Notes on Accounts"). **This is inconsistent with Ind AS 19 Employee Benefits.**

    f. The company has made a provision for impairment of investment in subsidiaries and associates [Note-5 except Para II (c) & II (d)] on the basis of net worth of investee companies as on 31st March, 2020 (Refer para 28of Note – 29 "Notes on Accounts"), which **is not in accordance with Ind AS 36 Impairment of Assets.** Further assessment of the impairment of assets has not been done by the company, **which is inconsistent with Ind As- 36 Impairment of Assets.**

R.M. LALL & CO. CHARTERED ACCOUNTANTS

g. The Financial Assets (Note-5 para II ©, 6, 8, 11 and 12) have not been measured at fair value as required by **Ind AS 109 Financial Instruments** (Refer Para 6 and 9(b) of Note – 29 "Notes on Accounts") and proper disclosures as required in **Ind AS 107 Financial Instruments: Disclosures** have not been done for the same.

2. Inter unit transactions amounting Rs.15,404.70 lacs, are subject to reconciliation and consequential adjustments. (Refer Para 7 Note – 29 "Notes on Accounts")

3. Loans and Other Financial Assets (Note-6), Trade Receivables-Others (Note-8), Financial Assets-Others - Employees, Others (Note-11), Other Current Assets - Suppliers & Contractors (Note-12), Financial Liability-Trade Payables (Note-18), Other Financial Liabilities - Liability for Capital/O&M Suppliers/Works, Deposits from Suppliers (Note-19) are subject to confirmation/reconciliation.

4. Documentary evidence in respect of ownership/title of land and land rights, building was not made available to us and hence ownership as well as accuracy of balances could not be verified. Additionally, the identity and location of Property, Plant and Equipment transferred under the various transfer schemes has also not been identified (Refer Para 5(a) of Note – 29 "Notes on Account").

5. It was observed that the maintenance of party-wise subsidiary ledgers and its reconciliation with primary books of accounts i.e., cash books and sectional journal are not proper and effective.

6. Employee benefit expenses (Note- 23), Administrative, General & Other Expenses (Note- 26), and Repair & Maintenance Expenses (Note- 27) have been allocated among DISCOMS and other power sector companies owned by the GoUP (i.e., UPPTCL, UPRVUNL & UPJVNL) on the basis of data / information (i.e., units of power sold to discoms, no. of employees, area occupied) related to the financial year 2018-19, instead of financial year 2019-20. (Para 27 of Note- 29 "Notes on Accounts").

7. Sufficient and appropriate documentary audit evidences in respect of Contingent liabilities disclosed in Para 18 of Note – 29 "Notes on Accounts" were not provided to us.

8. Revenue earned from the sale of power through Indian Energy Exchange Limited, India has not been recognised separately in the statement of Profit and Loss, but has been reduced from the cost of purchase of power aggregating to Rs. 54, 01,531.23 Lacs (Refer Note-22 Purchase of Power). Additionally, details of aggregate units sold during the year and revenue earned from such sale was not made available to us.

9. The Company has not classified trade payable outstanding from Micro and Small enterprises as required by Schedule - III of the Companies Act, 2013. Further, in the absence of adequate information, we are unable to confirm compliance with Section 22 of MSMED Act, 2006 regarding disclosures on principle amount and interest paid and/or payable to such enterprises (Refer Para 12 of Note – 29 "Notes on Accounts").

10. Records for inventories lying with the third parties are not being maintained properly at Zonal Offices/units of the Company.

11. The Annual Accounts of F.Y 2017-18 and 2018-19 are yet to be adopted in Annual General Meeting (Refer Para 30 of Note - 29 "Notes on Accounts").

12. The Zone auditor has expressed the audit opinion on the Trial Balances as at 31st March, 2020 of the Zonal Accounts Office (Material Management) and these have been considered for the

R.M. LALL & CO. CHARTERED ACCOUNTANTS

preparation of the financial statement of the company. As per existing practices, financial statement of the branch has not been prepared.

13. **Audit observations in Zone Audit report excluding those which have been appropriately dealt with elsewhere in the report.**

a. **Purchase of power**

The system of accounting/recording of power purchase is weak and requires further improvement to strengthen the internal control. The electricity import export &payment circle unit of zone has levied the penalty on power suppliers for non-achievement of contracted supply of power to the company. But the amount of penalty computed is not in accordance with Power Purchase Agreement (PPA) with suppliers. The details of total amount of penalty levied on suppliers for non-achievement of contracted supply of power are not available with the unit. We, therefore unable up to which amount profit/ loss of the zone has been overstated/ understated on account of levy of penalty which is not in accordance with PPA. The details of transmission loss have not been provided. We are, therefore unable to verify whether transmission loss is within the limit specified in PPA.

b. **Provision for Late Payment Surcharge**

The electricity import export &payment circle unit of zone /unit # 330 is liable to pay the late payment surcharge to the suppliers on default of non-payment of supplier bills on due date. But there is no proper system to compute the late payment surcharge payable to various power suppliers. There is no control register to verify whether payment of supplier bills has been made on due date or not. However, on sample checking we observed that late payment surcharge amounting to Rs. 46,402.00 lacs payable to various suppliers was not adjusted in the books and same has been adjusted in the books after pointing out by us. This represents that there is no system to compute the liability of late payment surcharge payable to suppliers. We are, therefore unable to comment on the amount of overstated profit/ understated loss of the zone for the year 2019-20 on account of provision of late payment surcharge.

c. **Accounting of Accrued Interest for Noida Power Company Limited**

The electricity import export &payment circle unit of zone /Unit # 330 has charged interest of Rs. 1,701.00 lacs @ 14% from the Noida Power Company Limited on the total amount of Rs. 11,387.00 lacs, but no documentary evidence was made available to us to verify the accuracy of interest charged from Noida Power Company Limited. There is no debit balance in the account of Noida Power Company Limited in the books. However, there is opening debit balance of Rs. 11,147.00 lacs in the account of accrued interest against which no amount received during the year. We are, therefore unable to comment on the recoverability of accrued interest amounting to Rs. 12,848.00 lacs outstanding in the books as at 31-03-2020.

d. **Internal Control**

Internal control system with regard to cash transaction, purchase transaction, maintenance of inventory, maintenance of book accounts, fixed assets register, delegation of powers to various employees etc. requires to be further strengthen.

e. **Accounting for Accrued Penal Interest Income**

The accounting policy in respect of late payment surcharge recoverable from customer for non-payment of bill on due date is as under:
Late payment surcharge recoverable from subsidiaries and other bulk power purchasers are accounted for on cash basis due to uncertainty of realization. But electricity import export &payment circle unit of zone /unit # 330 have adjusted the late payment surcharge amounting

R.M. LALL & CO. CHARTERED ACCOUNTANTS

to Rs. 6,967.00 lacs on accrual basis till 31st March, 2020, under the account head Penal Interest (AG code 28.805) which is not in accordance with the accounting policy of the company. Profit/loss of the company has therefore overstated/understated to the extent of Rs. 6,967.00 lacs.

f. **Interest Received Rs. 4,299.00 lacs**

The zone has received interest amounting to Rs. 4,299.00 lacs and TDS of Rs. 365.00 lacs have been deducted there from. But the amount of interest of Rs. 4,231.00 lacs (Out of Rs. 4,299.00 lacs) has been netted off in purchase cost in the books. This is not the correct accounting treatment of interest received. Purchase cost and interest income has, therefore understated to the extent of Rs. 4,231.00 lacs

14. For want of complete information, the cumulative impact of our observations in paras 1to 14above on assets, liabilities, income and expenditure is not ascertained.

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

R.M. LALL & CO. CHARTERED ACCOUNTANTS

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

UDIN: 21401216AAAABP2002

Place: Lucknow
Date: 27/09/2021

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Annexure II

As referred to in, and forming part of, our audit report of even date to the members of U.P. Power Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31stMarch, 2020.

1. (a) The company has not maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   (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) The title deeds of immovable properties have not been provided to us. Hence, we are unable to comment on the matter whether the title deeds of immovable properties are held in the name of the company or not.

2. The Company has not carried out any physical verification of the inventories at periodic intervals and as such we are unable to determine whether any material discrepancies existed or not.

3. According to information and explanation given to us, the company has not granted any loan, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register required under section 189 of the Companies Act 2013. Accordingly, paragraph 3(iii) of the order is not applicable.

4. According to information and explanation given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013.

5. The company has not accepted any deposit from the public and therefore the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 and other relevant provisions of the Act and rules framed there under are not applicable.

6. The cost records prescribed under section 148(1) of the Companies Act, 2013 have not been made available to us by the company.

7 (a). According to the information and explanations given to us and examined by us, in our opinion, the company 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 and services tax, Duty of Custom, Duty of Excise, value added tax, cess and other statutory dues except Income Tax Act, 1961 amounting to Rs. 96.90 lacs, Finance Act, 1994 amounting to Rs. 0.37 lacs, UP Trade Tax Act, 1948 amounting to Rs. 0.09 lacs, Employees State Insurance Act, 1948 amounting to Rs. 0.37 lacs, and UPPCL CPF amounting to Rs. 60.61 lacs only.

   b) According to information and explanations given to us, there are no other statutory dues of Income Tax, Goods and Service Tax, Value Added Tax, Cess, Duty of Customs, Duty of Excise, which have not been deposited on account of any dispute.

8. The company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to bond holders.

9. As per the information given and explanations provided, money raised by the company by way of debt instrument i.e., Bonds and term loans have been applied for the purpose for which they were obtained.

R.M. LALL & CO. CHARTERED ACCOUNTANTS

10. 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, 2020.

11. As per Notification no. GSR 463(E) dated 05th June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 relating to Managerial Remunerations is not applicable to the Government Companies. Accordingly, provision of clause 3(xi) of the Order is not applicable to the Company.

12. The Company is not a chit fund or a Nidhi / mutual benefit fund/ society, hence clause3(xii) of the order is not applicable.

13. In our opinion and according to the information and explanation given to us, the company is in compliance with section 177 and 188 of the Companies Act, 2013 wherever applicable, for all transactions with the related party and the details of related party transactions have been disclosed in the standalone financial statements as required by the Ind AS.

14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

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. 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.

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

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

UDIN: 21401216AAAABP2002

Place: Lucknow
Date: 27/09/2021

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, 2020.

Directions of Comptroller and Auditor General of India under section 143 (5) of the Companies Act, 2013.

S.No.	Directions	Reply
1.	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts for with the financial implications, if any, may be stated	No, the Company has no system in place to process the accounting transactions through IT system. The accounting is done manually and Cash book and Sectional Journals in SJ1, SJ2, SJ3, & SJ4 are maintained but ledgers/sub ledgers are not maintained.
2.	Whether there is any restructuring of an existing loans or cases of waiver/write off of debts/loans/interest etc. made by lender to the Company due to the company's inability to repay the loan? If yes, the financial implant may stated.	As informed by the management, there are no cases of restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by lender to the Company due to the company's inability to repay the loan
3.	Whether fund received/receivable for specific schemes from Central/State Agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	Funds received from State government for scheme according to budget provisions of related financial year has been released by the company to DISCOMS for their utilization and accounted for.

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

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

UDIN: 21401216AAAABP2002

Place: Lucknow
Date: 27/09/2021

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, 2020.

Sub-Directions of Comptroller and Auditor General of India under section 143 (5) of the Companies Act, 2013.

S.No.	Sub – Directions	Remarks
1.	Adequacy of steps to prevent encroachment of idle land owned by Company may be examined. In case land of the company is encroached, under litigation, not put to use or declared surplus, details may be provided.	As informed by the management, there is no encroachment of idle land owned by Company, subject to para 4 of Annexure I of our report.
2.	Has the company entered into agreements with franchise for distribution of electricity in selected areas and revenue sharing agreements adequately protect the financial interest of the company?	Not Applicable
3.	Whether the Company recovers and accounts, the State Electricity Regulatory Commission (SERC) approved Fuel and Power Purchase Adjustment Cost (FPPCA)?	Not Applicable
4.	Whether the reconciliation of receivables and payables between the generation, distribution and transmission companies has been completed. The reasons for difference may be examined.	As informed by the management, the reconciliation of receivables and payables between the generation, distribution and transmission companies is in process. Therefore, we are unable to comment.
5.	Whether the Company is supplying power to franchisees, if so, whether the Company is not supplying power to franchisees at below its average cost of purchase.	Not Applicable

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

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

UDIN: 21401216AAAABP2002

Place: Lucknow
Date: 27/09/2021

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, 2020.

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, 2020 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

R.M. LALL & CO. CHARTERED ACCOUNTANTS

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, 2020, 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 need to strengthen the existing internal audit mechanism considering the nature and scale of operations of the company and the overarching legal and regulatory framework and the audit observations reported in Annexure I and II of our audit report of even date on the Standalone Financial Statements of the Company for the year ended 31st March, 2020.

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

R.M. LALL & CO. CHARTERED ACCOUNTANTS

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

UDIN: 21401216AAAABP2002

Place: Lucknow
Date: 27/09/2021

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2020

AUDITOR'S REPORT	MANAGEMENT REPLY
To, **The Members,** **Uttar Pradesh Power Corporation Limited,** **Shakti Bhawan,** **Lucknow.** **Report on Standalone Financial Statements** **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, 2020, 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.	No Comments
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, 2020, and the loss, including other comprehensive income, its cash flows and changes in equity for the year ended on that date.	No Comments
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	No Comments

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AUDITOR'S REPORT	MANAGEMENT REPLY
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.	
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, and in forming our opinion thereon, and we do not provide a separate opinion on these matters except for the matters described in Annexure 1 to the "Basis for Qualified Opinion" section. We have determined that there are no other key audit matters to communicate in our report.	No Comments
Emphasis of Matter Paragraph: As explained in Para 37 of Note-29 "Notes on Accounts", due to the outbreak of COVID-19 globally and in India, the Company's management has made an initial assessment of likely adverse impact on business and financial risks and believes that the impact is likely to be short term in nature. The management does not see any medium to long-term risks in the company's ability to continue as a going concern and meeting its liabilities as and when they fall due. Our opinion is not modified in respect of this matter.	No Comments
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	No Comments

AUDITOR'S REPORT	MANAGEMENT REPLY
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.	
Management's Responsibility for the Standalone Financial Statements: The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.	No Comments

AUDITOR'S REPORT	MANAGEMENT REPLY
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.	
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	No Comments

AUDITOR'S REPORT	MANAGEMENT REPLY
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	

AUDITOR'S REPORT	MANAGEMENT REPLY
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.	
Other Matters: We did not audit the financial statements/ information of Zone included in the Standalone Financial Statements of the Company. The financial statements/ information of the Zone has been audited by the Zone auditor whose report have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of Zone, is based solely on the report of such auditor.	No comments
Report on Other Legal and Regulatory Requirements: 1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure-II", a statement on the matters specified in the paragraphs 3 and 4 of the said Order, to the extent applicable.	No comments
2. As required by directions issued by the Comptroller & Auditor General of India under section 143(5) of the Act, we give in "Annexure - III (a) and III (b)", a statement on the matters specified in the directions and sub-directions.	No comments
3. As per Notification No. GSR 463(E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India, and Section 197 of the Act is not applicable to the Government Companies. Accordingly, reporting in accordance with requirement of provisions of section 197(16) of the Act is not applicable on the Company.	No comments
4 As required by section 143(3) of the Act, based on our audit, we report that:	No comments

AUDITOR'S REPORT	MANAGEMENT REPLY
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.	No comments
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
d. The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement 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.	No comments
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.**	No comments
f. Being a Government Company, pursuant to the Notification No. GSR 463(E) dated 5thJune, 2015 issued by Ministry of Corporate Affairs, Government of India; provisions of sub-section (2) of section 164 of the Act, regarding disqualification of the directors are not applicable to the Company.	No comments
g. With respect to the adequacy of the internal financial controls system in place and the operating effectiveness of such controls, refer to our report in "Annexure-IV".	No comments
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	No comments

AUDITOR'S REPORT	MANAGEMENT REPLY
for Qualified Opinion" section, the Company has disclosed the impact of pending litigations on its financial position in its financial statement; ii. The Company did not have any long-term contracts including derivative contracts entailing any material foreseeable losses. iii. There were no amounts, which were required to be transferred to the Investor Education and Protection Fund by the Company.	

(Nitin Nijhawan)
Chief Financial officer

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

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, 2020.

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. 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-Trade Receivable (Note-8), Financial Assets-Other (Note-11), Other Current Assets (Note-12), Financial Liabilities-Trade payable (Note-18) and Other Financial Liabilities (Note-19) have been classified as current assets/liabilities include balances which are outstanding for realisation/settlement since previous financial years and in the absence of adequate information/explanations regarding the realisability/settlement of such amounts within twelve months after the year end, reasons for not classifying them as non-current assets/liabilities is **inconsistent with Ind AS 1 Presentation of Financial Statements**. This has resulted in over statement of respective current assets/liabilities and understatement of the corresponding non-current assets/liabilities.	In accordance with the provisions contained in Ind AS 1, the assets and liabilities are to be classified into current/non-current based upon their nature. And therefore all those liabilities/assets that are expected to be settled within twelve months period have been classified as current. Hence, the classification of liabilities/assets into current/non-current is consistent with Ind AS 1.
b. Recognition of Insurance and other claims, refunds of Custom duty, Interest on Income Tax & trade tax, interest on loans to staff and other items of income covered by Significant Accounting Policy no. 2 (c) & 7 (b)of Note-1 has been done on cash basis. **This is not in accordance with the provisions of Ind AS 1 Presentation of Financial Statements.**	**As per the accounting policy of the** Company, the insurance and other claims, refunds of Custom Duty, Interest on Income tax & trade tax, and interest on loans to staff is being conservatively accounted for on receipt basis.
c. Additions during the year in Property, Plant and Equipment	Due to multiplicity of functional units as well as multiplicity of functions at particular unit,

	include employee cost at a fixed percentage of the cost of each addition to Property, Plant and Equipment in accordance with Note-1 Significant Accounting Policy Para (3)(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 and loss.	capitalization policy for employee cost are framed to capitalize the said expenses at a pre determined rate and accordingly the treatment has been given while capitalizing the employee cost.
d.	Inventory which includes stores and spares for capital works, operation and maintenance and others is valued at cost (Refer accounting policy no. 3(VI)(a) of Note-1). Valuation of stores and spares for O & M and others **is not consistent with Ind AS2 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**.	The business of the Corporation is to purchase electricity from generation source and sell the same to distribution companies. Hence, the company do not have any trade inventory. The company maintains inventory only for internal use i.e. for construction and maintenance of fixed assets for which the company has the policy for valuation of assets for which the company has the policy for valuation of stores and spares. Hence, there is no contravention of Ind AS 2. Further, Stores issued for capital work has been shown as a part of CWIP as a normal business policy.
e.	Accounting for Employee Benefits: Actuarial Valuation of gratuity liability of the employees covered under GPF scheme has not been obtained. (Refer Para4(a) Note – 29 "Notes on Accounts"). **This is inconsistent with Ind AS 19 Employee Benefits.**	Actuarial valuation has been done every year for Gratuity for CPF employees and Leave encashment for both GPF and CPF employees as per IND AS- 19. Further in absence of the latest actuarial valuation report, the provision for Gratuity Liability of the employees covered under GPF scheme has been made on the basis of actuarial valuation report dated 09.11.2000.
f.	The company has made a provision for impairment of investment in subsidiaries and associates [Note-5 except Para II (c) & II (d)] on the basis of net worth of investee companies as on 31st March, 2020 (Refer para 28of Note – 29 "Notes on Accounts"), which **is not in accordance with Ind AS 36 Impairment of Assets.** Further assessment of the impairment of assets has not been done by the	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 assets 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.

	company, **which is inconsistent with Ind As- 36 Impairment of Assets.**	
	g. The Financial Assets (Note-5 para II (c), 6, 8, 11 and 12) have not been measured at fair value as required by **Ind AS 109 Financial Instruments** (Refer Para 6 and 9(b) of Note – 29 "Notes on Accounts") and proper disclosures as required in **Ind AS 107 Financial Instruments: Disclosures** have not been done for the same.	All the financial assets are recognised in accordance with the accounting policy no.XV and necessary disclosure has also been made in Notes to accounts.
2.	Inter unit transactions amounting Rs.15,404.70 lacs, are subject to reconciliation and consequential adjustments. (Refer Para 7 Note – 29 "Notes on Accounts")	The company has a complete system of clearance of Inter unit transactions. However, effective guidelines have already been issued for clearance of pending IUT balances.
3.	Loans and Other Financial Assets (Note-6), Trade Receivables-Others (Note-8), Financial Assets-Others - Employees, Others (Note-11), Other Current Assets - Suppliers & Contractors (Note-12), Financial Liability-Trade Payables (Note-18), Other Financial Liabilities - Liability for Capital/O&M Suppliers/Works, Deposits from Suppliers (Note-19) are subject to confirmation/reconciliation.	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.
4.	Documentary evidence in respect of ownership/title of land and land rights, building was not made available to us and hence ownership as well as accuracy of balances could not be verified. Additionally, the identity and location of Property, Plant and Equipment transferred under the various transfer schemes has also not been identified (Refer Para 5(a) of Note – 29 "Notes on Account").	Documentary evidence in respect of ownership/ title are kept at unit level. However, units have been instructed to ensure that records are put up during course of audit. Regarding identity & location, necessary instructions have been issued to complete physical verification of assets.
5.	It was observed that the maintenance of party-wise subsidiary ledgers and its reconciliation with primary books of accounts i.e., cash books and sectional journal are not proper and effective.	Proper and effective procedure for maintenance of subsidiary ledger is already prescribed in the Company. However, we are in process to implement ERP software for maintenance of party-wise subsidiary ledgers.
6.	Employee benefit expenses (Note- 23), Administrative, General & Other Expenses (Note- 26), and Repair & Maintenance Expenses (Note- 27) have been allocated among DISCOMS and other power sector companies owned by the GoUP (i.e., UPPTCL, UPRVUNL & UPJVNL) on the basis of data / information (i.e., units of power sold to discoms, no. of employees, area occupied} related to the financial year 2018-19, instead of	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.

	financial year 2019-20. (Para 27 of Note- 29 "Notes on Accounts").	
7.	Sufficient and appropriate documentary audit evidences in respect of Contingent liabilities disclosed in Para 18 of Note – 29 "Notes on Accounts" were not provided to us.	The related documents are available in the units concerned. However the units have already been instructed to maintain proper records.
8.	Revenue earned from the sale of power through Indian Energy Exchange Limited, India has not been recognised separately in the statement of Profit and Loss, but has been reduced from the cost of purchase of power aggregating to Rs. 54, 01,531.23 Lacs (Refer Note-22 Purchase of Power). Additionally, details of aggregate units sold during the year and revenue earned from such sale was not made available to us.	Purchase and sale of power through energy exchange are being accounted for in the cost of power purchase of the company and accordingly the sale bills are being issued to DISCOMs. However, the matter is under review and appropriate decision will be taken, if required.
9.	The Company has not classified trade payable outstanding from Micro and Small enterprises as required by Schedule - III of the Companies Act, 2013. Further, in the absence of adequate information, we are unable to confirm compliance with Section 22 of MSMED Act, 2006 regarding disclosures on principle amount and interest paid and/or payable to such enterprises (Refer Para 12 of Note – 29 "Notes on Accounts").	As reported by our divisions there are no outstanding balance in respect of MSME units.
10.	Records for inventories lying with the third parties are not being maintained properly at Zonal Offices/units of the Company.	Necessary instructions have been issued to units/Zones
11.	The Annual Accounts of F.Y 2017-18 and 2018-19 are yet to be adopted in Annual General Meeting (Refer Para 30 of Note - 29 "Notes on Accounts").	The Annual Accounts for the 2017-18 have been adopted in the Annual General Meeting on 30.09.2021.
12.	The Zone auditor has expressed the audit opinion on the Trial Balances as at 31st March, 2020 of the Zonal Accounts Office (Material Management) and these have been considered for the preparation of the financial statement of the company. As per existing practices, financial statement of the branch has not been prepared.	No comments
13.	**Audit observations in Zone Audit report excluding those which have been appropriately dealt with elsewhere in the report.**	
a.	**Purchase of power** The system of accounting/recording of power purchase is weak and requires further improvement to strengthen the internal control. The electricity import export &payment circle unit of zone has levied the penalty on power suppliers for non-	Necessary instructions have been issued to units/Zones.

achievement of contracted supply of power to the company. But the amount of penalty computed is not in accordance with Power Purchase Agreement (PPA) with suppliers. The details of total amount of penalty levied on suppliers for non-achievement of contracted supply of power are not available with the unit. We, therefore unable up to which amount profit/ loss of the zone has been overstated/ understated on account of levy of penalty which is not in accordance with PPA. The details of transmission loss have not been provided. We are, therefore unable to verify whether transmission loss is within the limit specified in PPA.	
b. **Provision for Late Payment Surcharge**	
The electricity import export &payment circle unit of zone /unit # 330 is liable to pay the late payment surcharge to the suppliers on default of non-payment of supplier bills on due date. But there is no proper system to compute the late payment surcharge payable to various power suppliers. There is no control register to verify whether payment of supplier bills has been made on due date or not. However, on sample checking we observed that late payment surcharge amounting to Rs. 46,402.00 lacs payable to various suppliers was not adjusted in the books and same has been adjusted in the books after pointing out by us. This represents that there is no system to compute the liability of late payment surcharge payable to suppliers. We are, therefore unable to comment on the amount of overstated profit/ understated loss of the zone for the year 2019-20 on account of provision of late payment surcharge.	Necessary instructions have been issued to units/Zones.
c. **Accounting of Accrued Interest for Noida Power Company Limited**	
The electricity import export &payment circle unit of zone /Unit # 330 has charged interest of Rs. 1,701.00 lacs @ 14% from the Noida Power Company Limited on the total amount of Rs. 11,387.00 lacs, but no documentary evidence was made available to us to verify the accuracy of interest charged from Noida Power Company Limited. There is no debit balance in the account of Noida Power Company Limited in the books. However, there is opening debit balance of	The interest is being accrued on outstanding Loan amount recoverable from NPCL in terms of 'Agreement for supply of energy to NPCL' (dated November 1993).However, 100% provision for Bad & Doubtful Debts on loan along with interest receivable has been made.

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Rs. 11,147.00 lacs in the account of accrued interest against which no amount received during the year. We are, therefore unable to comment on the recoverability of accrued interest amounting to Rs. 12,848.00 lacs outstanding in the books as at 31-03-2020.	
d. **Internal Control**	
Internal control system with regard to cash transaction, purchase transaction, maintenance of inventory, maintenance of book accounts, fixed assets register, delegation of powers to various employees etc. requires to be further strengthen.	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.
e. **Accounting for Accrued Penal Interest Income**	
The accounting policy in respect of late payment surcharge recoverable from customer for non-payment of bill on due date is as under: Late payment surcharge recoverable from subsidiaries and other bulk power purchasers are accounted for on cash basis due to uncertainty of realization. But electricity import export &payment circle unit of zone /unit # 330 have adjusted the late payment surcharge amounting to Rs. 6,967.00 lacs on accrual basis till 31st March, 2020, under the account head Penal Interest (AG code 28.805) which is not in accordance with the accounting policy of the company. Profit/loss of the company has therefore overstated/understated to the extent of Rs. 6,967.00 lacs.	The subjected Late Payment Surcharge is not related to the consumers and the power purchasers of UPPCL. It is related to the Reactive Energy Charges which is assessed by NRPC. In view of above and as per the prudent accounting practice, necessary accounting/adjustment is being made in the month in which the said bills are being verified.
f. **Interest Received Rs. 4,299.00 lacs**	
The zone has received interest amounting to Rs. 4,299.00 lacs and TDS of Rs. 365.00 lacs have been deducted there from. But the	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 orders etc. have

amount of interest of Rs. 4,231.00 lacs (Out of Rs. 4,299.00 lacs) has been netted off in purchase cost in the books. This is not the correct accounting treatment of interest received. Purchase cost and interest income has, therefore understated to the extent of Rs. 4,231.00 lacs.	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.
14. For want of complete information, the cumulative impact of our observations in paras 1 to 14 above on assets, liabilities, income and expenditure is not ascertained.	No Comments

(Nitin Nijhawan)
Chief Financial officer

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

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, 2020.

1.	
a. The company has not maintained proper records showing full particulars including quantitative details and situation of fixed assets.	The company is in process to maintain fixed assets in ERP system. However, necessary instructions have been issued to zone/units for maintenance and updating the fixed assets register showing full particulars including quantitative details and situation of fixed assets.
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.	Necessary instructions regarding physical verification have been issued to zone/unit.
c. The title deeds of immovable properties have not been provided to us. Hence, we are unable to comment on the matter whether the title deeds of immovable properties are held in the name of the company or not.	Documentary evidence in respect of ownership/ title are kept at unit level. However, units have been instructed to ensure that records are put up during course of audit.
2. The Company has not carried out any physical verification of the inventories at periodic intervals and as such we are unable to determine whether any material discrepancies existed or not.	Zone has been instructed to conduct physical verification of stock regularly in accordance with procedure prescribed in the company
3. According to information and explanation given to us, the company has not granted any loan, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register required under section 189 of the Companies Act 2013. Accordingly, paragraph 3(iii) of the order is not applicable.	No comments
4. According to information and explanation given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013.	No comments

5.	The company has not accepted any deposit from the public and therefore the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 and other relevant provisions of the Act and rules framed there under are not applicable.	No comments
6.	The cost records prescribed under section 148(1) of the Companies Act, 2013 have not been made available to us by the company.	The cost records for the F.Y. 2019-20 has been made available to the auditor.
7.		
a.	According to the information and explanations given to us and examined by us, in our opinion, the company 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 and services tax, Duty of Custom, Duty of Excise, value added tax, cess and other statutory dues except Income Tax Act, 1961 amounting to Rs. 96.90 lacs, Finance Act, 1994 amounting to Rs. 0.37 lacs, UP Trade Tax Act, 1948 amounting to Rs. 0.09 lacs, Employees State Insurance Act, 1948 amounting to Rs. 0.37 lacs, and UPPCL CPF amounting to Rs. 60.61 lacs only.	No comments
b.	According to information and explanations given to us, there are no other statutory dues of Income Tax, Goods and Service Tax, Value Added Tax, Cess, Duty of Customs, Duty of Excise, which have not been deposited on account of any dispute.	No comments
8.	The company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to bond holders.	No comments
9.	As per the information given and explanations provided, money raised by the company by way of debt instrument i.e., Bonds and term loans have been applied for the purpose for which they were obtained.	No comments
10.	To the best of our knowledge and according to the information and explanations given to us by the Management, no fraud by the company	No comments

or no material fraud on the company by its officers or employees have been noticed or reported for the year ended 31st March, 2020.	
11. As per Notification no. GSR 463(E) dated 05th June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 relating to Managerial Remunerations is not applicable to the Government Companies. Accordingly, provision of clause 3(xi) of the Order is not applicable to the Company.	No comments
12. The Company is not a chit fund or a Nidhi / mutual benefit fund/ society, hence clause 3 (xii) of the order is not applicable.	No comments
13. In our opinion and according to the information and explanation given to us, the company is in compliance with section 177 and 188 of the Companies Act, 2013 wherever applicable, for all transactions with the related party and the details of related party transactions have been disclosed in the standalone financial statements as required by the Ind AS.	No comments
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.	No comments
15. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them as referred to under section 192 of the Companies Act, 2013.	No comments
16. 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.	No comments

(Nitin Nijhawan)
Chief Financial officer

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

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, 2020.

Directions of Comptroller and Auditor General of India under section 143 (5) of the Companies Act, 2013.

S.No.	Directions	Reply	MANAGEMENT REPLY
1.	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts for with the financial implications, if any, may be stated	No, the Company has no system in place to process the accounting transactions through IT system. The accounting is done manually and Cash book and Sectional Journals in SJ1, SJ2, SJ3 & SJ4 are maintained but ledgers/subledgers are not maintained.	No comments
2.	Whether there is any restructuring of an existing loans or cases of waiver/write off of debts/loans/interest etc. made by lender to the Company due to the company's inability to repay the loan? If yes, the financial implant may stated.	As informed by the management, there are no 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	No comments
3.	Whether fund received/receivable for specific schemes from Central/State Agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	Funds received from State government for scheme according to budget provisions of related financial year has been released by the company to Discoms for their utilization and accounted for.	No comments

(Nitin Nijhawan)
Chief Financial officer

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

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, 2020.

Sub-Directions of Comptroller and Auditor General of India under section 143(5) of the Companies Act, 2013.

ANNEXURE III(b)OF STATUTORY AUDITORS' REPORT			MANAGEMENT REPLY
S.No.	**Sub – Directions**	**Remarks**	
1.	Adequacy of steps to prevent encroachment of idle land owned by Company may be examined. In case land of the company is encroached, under litigation, not put to use or declared surplus, details may be provided.	As informed by the management, there is no encroachment of idle land owned by Company, subject to para 4 of Annexure I of our report.	
2.	Has the company entered into agreements with franchise for distribution of electricity in selected areas and revenue sharing agreements adequately protect the financial interest of the company?	Not Applicable	
3.	Whether the Company recovers and accounts, the State Electricity Regulatory Commission (SERC) approved Fuel and Power Purchase Adjustment Cost (FPPCA)?	Not Applicable	No comments
4.	Whether the reconciliation of receivables and payables between the generation, distribution and transmission companies has been completed. The reasons for difference may be examined.	As informed by the management, the reconciliation of receivables and payables between the generation, distribution and transmission companies is in process. Therefore, we	

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ANNEXURE III(b)OF STATUTORY AUDITORS' REPORT			MANAGEMENT REPLY
		are unable to comment.	
5.	Whether the Company is supplying power to franchisees, if so, whether the Company is not supplying power to franchisees at below its average cost of purchase.	Not Applicable	

(Nitin Nijhawan)
Chief Financial officer

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

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, 2020.

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, 2020 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 the timely preparation of reliable financial information, as required under the Companies Act, 2013.	No comments
Auditors' Responsibility Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants	No comments

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	No comments

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.	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, 2020, 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 need to strengthen the existing internal audit mechanism considering the nature and scale of operations of the company and the overarching legal and regulatory framework and the audit observations reported in Annexure I and II of our audit report of even date on the Standalone Financial Statements of the Company for the year ended 31st March, 2020.	No comments

(Nitin Nijhawan)
Chief Financial officer

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

REPLY OF FINAL COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b)OF THE COMPANIES ACT, 2013 ON THE STANDALONE FINANCIAL STATEMENTS OF U.P. POWER CORPORATION LIMITED FOR THE YEAR ENDED ON 31 MARCH 2020.

Auditor's Comment	Management Reply
The preparation of financial statements of U.P. Power Corporation Limited (UPPCL) for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is 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 27 September 2021. I, on behalf of the Comptroller and Auditor General of India (CAG), have conducted a supplementary audit of the financial statements of U.P. Power Corporation Limited for the year ended 31 March 2020 under section 143 (6)(a) of the Act. This supplementary audit has been carried out independently without access to 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) of the Act which have come to my attention and which in my view are necessary for enabling better understanding of the financial statements and the related audit report.	Audit comment is informative.

A. COMMENTS ON PROFITABILITY	
Statement of profit and loss **Current Liabilities** **Borrowings (Note 17) Rs. 75417.11 Lakh** The New Okhla Industrial Development Authority (NOIDA) had advanced a loan of ₹ 450 crore (₹ 200 crore on 15.06.2012 and ₹ 250 crore on 02.05.2013) to the Company. No interest was to be paid on the loan amount upto 30.09.2013 and thereafter UPPCL was liable to pay interest on balance amount of Loan. The total accumulated interest payable to the NOIDA up to 31 March 2020 was ₹ 96.42 crore which includes the amount of ₹ 10.38 crore pertaining to the current year 2019-20. However, interest payable to NOIDA has not been accounted. This resulted in understatement of Finance Cost by ₹ 10.38 crore, Current Liabilities by ₹ 96.42 crore and Other Equity- Prior Period Adjustment (negative balance) by ₹ 86.04 crore. Further, Loss for the year has also been understated by ₹ 10.38 crore.	The NOIDA Authority had provided Rs. 450 crore as a special Assistance for the uninterrupted supply of Electricity in U.P State on the recommendation of Government of Uttar Pradesh. Out of above assistance Rs. 200 crore were repaid in the F.Y. 2013-14, balance amount Rs. 250 crore were repaid in F.Y. 2015-16, 2016-17 & 2020-21. The amount drawn from NOIDA Authority was on behalf of government to provide immediate cash support to UPPCL and no such agreement were executed between UPPCL & NOIDA Authority while some conditions were attached considering urgent requirement raised by the Corporation. However, after several communication NOIDA authority regarding the interest servicing, they communicated vide their office letter dated 17.12.2020 and their Executive Board has directed that "the various Govt Institutions who have raised loan from NOIDA Authority are required to serve interest equivalent to the interest rate of the year wise securities issued by Govt, since disbursement on simple interest basis without compound/penal Interest." Accordingly, the company had decided, vide its Board Resolution dated21.06.2021, to

pay the interest due amounting to Rs103.94 crore. Since the accountsof the company for the FY 2019-20 were closed before the above date,the accounting of the interest payable could not be done in that year.However, necessary accounting of interest payable of Rs 103.94 crore has been done in the accounts for the FY 2020-21.

B. COMMENTS ON FINANCIAL POSITION

Current Assets

Financial Assets- Other (Note -11): ₹ 29,547.17 crore

2. As per clause 1.2(i) of the tripartite MoU executed between Ministry of Power, GOI, Government of Uttar Pradesh and UPPCL, the Government of Uttar Pradesh (GoUP) was to 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 and 25 *per cent* loss of 2018-19 was to be taken over by the GoUP in the years 2017-18, 2018-19 and 2019-20 respectively.

The net loss of the DISCOMs for the years 2016-17, 2017-18 and 2018-19 is depicted as under:

(₹ in crore)

DISCOM	Net Loss 2016-17	Net Loss 2017-18	Net Loss 2018-19
MVVNL	722.80	431.71	805.98
PuVVNL	867.32	832.56	988.89
PVVNL	468.00	1516.95	1290.50
DVVNL	1443.48	2366.50	2378.07
KESCO	Profit	Profit	448.21
Total loss (A)	**3501.60**	**5147.72**	**5911.65**

There is a provision in the Tripartite Memorandum of Understanding dated 30.01.2016 executed amongst Ministry of Power, Govt. of India, Govt. of Uttar Pradesh and UPPCL on behalf of the UP DISCOMs that GoUP shall take over the future losses of the DISCOMs in a graded manner and shall fund the losses as follows:

Year	Percentage
2015-16	0% of 2014-15
2016-17	0% of 2015-16
2017-18	5% of 2016-17
2018-19	10% of 2017-18
2019-20	25% of 2018-19
2020-21	50% of 2019-20

The company has correctly calculated the Loss on the basis of Gross Operational Funding Requirement (GOFR) of Discoms as per the mythology indicated in the above MoU.

Impact of previous Audit Comment on loss (B)	**0**	**0**	**481.17**[1]
Loss after including the impact of audit comment (A+B)	**3501.60**	**5147.72**	**6392.82**
Losses of previous year to be taken over in subsequent year as given below:			
	2017-18	**2018-19**	**2019-20**
Percentage of loss to be taken over by GoUP	5 *per cent* of losses of 2016-17 taken over in 2017-18	10 *per cent* of losses of 2017-18 taken over in 2018-19	25 *per cent* of losses of 2018-19 taken over in 2019-20
Loss to be funded by GoUP in UDAY scheme **(P)**	175.08	514.77	1598.21
Actual amount booked as other income on account of Govt. grant for operational loss**(Q)**	409.93	761.09	2399.99
Excess income booked (Q-P)	**234.85**	**246.32**	**801.78**

1Excess Income booked during 2017-18 and 2018-19 (₹234.17crore +₹246.32crore = ₹481.17crore)

Thus, it may be seen from the above that total excess net loss of ₹1,282.95crore (₹ 234.85 crore + ₹ 246.32 crore + ₹ 801.78 crore) was claimed/received by the company from the GoUP in the years 2017-18, 2018-19 and 2019-20. This should have been shown in the books of the accounts as liability payable to GoUP. This resulted in understatement of 'Other Financial Liabilities' and 'Financial Assets-Other (Current)' by ₹1,282.95crore, each. Despite similar comment of the CAG on the accounts for the year 2018-19, no corrective action has been taken by the Management.	
Current Liabilities **Other Financial Liabilities (Note-19): ₹ 6,687.59 crore** 3. The above does not include ₹ 28.08 crore and ₹ 0.57 crore being interest payable on account of delayed deposit/non-deposit of General Provident Fund (GPF) and Pension and Gratuity as worked out and accounted for in the Financial Statements of Uttar Pradesh Power Sector Employees Trust for the year 2014-15. This resulted in understatement of Current Liabilities and Other Equity (negative balance) by ₹ 28.65 crore. Despite similar comment of the CAG on the Accounts for the years 2012-13 to 2018-19, no corrective action has been taken by the Management.	As per audited accounts of the company for the F.Y 2012-13 to 2020-21, liability towards GPF contribution is showing the debit balance. Since there has been always debit balance during the period 2012-13 to 2020-21, 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 the employees on pension and gratuity as in the case of GPF. Hence, provision of interest on Pension and gratuity not required. The company is also in process of reconciliation with the GPF trust.
C. COMMENT ON DISCLOSURE **Notes to Accounts** 4. Para 27 of above Notes provides that UPPCL has decided, vide Board's Meeting dated 14-08-2020, to allocate common expenditure and facility cost to	The company had decided to allocate the common expenditure from the year 2019-20 and accordingly, the common expenses have

subsidiaries and power sector companies owned by Go UP with effect from the year 2019-20. Accordingly, in accounts allocation of ₹209.74 crore out of total ₹ 340.24 crore in the heads Employee Cost, Administrative, General & Other Expense & Repair & Maintenance of F.Y. 2019-20 has been made. The aforesaid allocation of common expenditure and facility cost to the subsidiaries is a change in accounting policy as per Para 19 (b) of Ind AS 8 which requires application of the changed policy retrospectively along with disclosures to be made as required under Para 29 of Ind AS 8. Thus, the accounting policy followed by UPPCL is in contravention to the provision of Ind AS 8. Further, disclosures made in the notes to Account are also deficient to the above extent.	been allocated to Discoms and other related companies. The necessary disclosures regarding amount of allocation of expenditure has been made in note no.23, 26, and 27 of financial statement for the F.Y.2019-20. However, the same will be further elaborated in the ensuing accounts in hand.

(NitinNijhawan)
Chief Financial officer

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

R.M. LALL & 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 (hereinafter referred to as the "Holding Company"), and its six subsidiaries, namely Madhyanchal Vidyut Vitran Nigam Limited, Lucknow, (MVVNL), Purvanchal Vidyut Vitran Nigam Limited, Varanasi, (PuVVNL), Paschimanchal Vidyut Vitran Nigam Limited, Meerut, (PVVNL), Dakshinanchal Vidyut Vitran Nigam Limited, Agra, (DVVNL), Kanpur Electricity Supply Company Limited, Kanpur, (KESCO) and Southern UP Power Transmission Company Limited (SUPPTCL) (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31st March, 2020, the consolidated statement of Profit and Loss (including other Comprehensive Income), the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements")

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

a) In the case of consolidated balance sheet, of the state of affairs (Financial Position) of the Group as at March 31, 2020.
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.

Basis for Qualified Opinion:

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

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

Key Audit Matters:

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

Emphasis of Matter Paragraph:

As explained in Para 42 (X) of Note 31 - " Notes on Accounts", due to the outbreak of Covid-19 globally and in India, the Company's management has made an initial assessment of likely adverse impact on business and financial risks and believes that the impact is likely to be short term in nature. The management does not see any medium to long-term risks in the company's ability to continue as a going concern and meeting its liabilities as and when they fall due. Our opinion is not modified in respect of this matter.

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

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

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

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

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

Management's responsibility for the consolidated financial statements:

The Holding company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section

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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

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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, KESCO and SUPPTCL, whose financial statements / financial information reflect the Group's share of total assets, as detailed below, and the net assets as at 31st March, 2020, 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, 2020, as considered in the consolidated financial statements in respect of these subsidiaries, whose financial statements / financial information have been audited by other auditors and whose reports have been furnished to us by the Management . Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

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(Rs. in Lakhs)

Name of the Companies	Total Assets as at 31.03.2020	Net Assets i.e., Total Assets minus Total Liabilities as at 31.03.2020	Total Net Profit/ (Loss) as at 31.03.2020	Net Cash in Flows/ (outflows) as at 31.03.2020
Subsidiaries:				
Madhyanchal Vidyut Vitran Nigam Limited, Lucknow, (MVVNL)	41,10,464.66	2,77,791.47	(65,999.32)	**(13,262.36)**
Purvanchal Vidyut Vitran Nigam Limited, Varanasi, (PuVVNL)	49,80,075.35	(1,04,485.65)	(1,20,430.19)	**(24,593.91)**
Paschimanchal Vidyut Vitran Nigam Limited, Meerut, (PVVNL)	28,94,843.29	(2,06,730.42)	(1,06,786.32)	**(38,924.58)**
Dakshinanchal Vidyut Vitran Nigam Limited, Agra, (DVVNL)	36,34,345.98	(8,71,303.66)	(62,902.58)	**(21,866.93)**
Kanpur Electricity Supply Company Limited, Kanpur, (KESCO)	4,61,478.60	(1,82,545.13)	(23,105.17)	**(32,838.61)**
Southern UP Power Transmission Company Limited (SUPPTCL)	62.75	61.83	0.92	**1.06**
Total	**1,60,81,270.6**	**(10,87,211.56)**	**(3,79,222.66)**	**(1,31,485.33)**
CFS Adjustment	--		**88,131.18**	
Grand Total	**1,60,81,270.6**	**(10,87,211.56)**	**2,91,091.48**	

b. One subsidiary company namely, Sonbhadra Power Generation Company Limited and one associate company namely, Yamuna Power Generation Company Limited has been dissolved w.e.f. 27th March, 2019 and 25th March, 2019 respectively and their names have been struck off by the ROC-Kanpur. Hence, the financial statements of these companies have not been incorporated in the Consolidated Financial Statements (Refer *Para 29 and 30 of Note 31 "Notes on Accounts"*).

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

Report on Other Legal and Regulatory Requirements:

1. As required by section 143(3) of the Act, based on our audit on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph to the extent applicable, we report that:

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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 reports on the accounts of the subsidiaries of the company audited under section 143 (8) of the Act by the other auditors have been provided to us by the management and have been properly dealt with by us in preparing this report.

d. 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.

e. 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.

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 over financial reporting and the operating effectiveness of such controls, refer to our separate report in *"Annexure–II"*, which is based on the auditors' report of the holding company and its subsidiary companies incorporated in India. Our report expresses a qualified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of those companies, for reasons stated therein.

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, as amended in our opinion and to the best of our information and according to the explanations given to us:

   i. Except for the effects of the matters described in the "Basis of Qualified Opinion" paragraph, the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;

   ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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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, 2020)

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

1. The Group has not complied with the following Ind AS notified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended):

   a. *Trade Receivable (Note-10), Financial Assets-Other (Note-12), Other Current Assets (Note-13), Trade payable (Current) (Note-19) and Other Financial Liabilities (Note-20)* have been classified as current assets/liabilities include balances which are outstanding for realisation/settlement since previous financial years and in the absence of adequate information/explanations regarding the realisability/settlement of such amounts within twelve months after the year end, reasons for not classifying them as non-current assets/liabilities ***is inconsistent with Ind AS-1 "Presentation of Financial Statements"***. This has resulted in over statement of respective current assets/liabilities and understatement of the corresponding non-current assets/liabilities.

   b. Recognition of Insurance and other claims, refunds of Custom duty, Interest on Income Tax & trade tax, license fees, interest on loans to staff and other items of income covered by *Significant Accounting Policy no. 2 (c) of Note–1* has been done on cash basis. ***This is not in accordance with the provisions of Ind AS-1 "Presentation of Financial Statements".***

   c. Accounting for Employee Benefits: Actuarial Valuation of gratuity liability of the employees covered under GPF scheme has not been obtained. *(Refer Para 14 Note – 31 "Notes on Accounts").* ***This is inconsistent with Ind AS-19 "Employee Benefits".***

   d. Inventory which includes stores and spares for capital works, operation and maintenance and others is valued at cost (*Refer accounting policy no. 3(VII)(a) of Note-1)*. Valuation of stores and spares for O & M and others ***is not consistent with Ind AS-2 "Inventories" i.e., valuation at*** lower of cost and net realizable value. Further, the stores and spares for capital work should be classified as part of Property, Plant and Equipment and recognised, measured and disclosed in accordance with ***Ind AS-16 "Property, Plant and Equipment".***

   e. As per the opinion drawn by the auditors of KESCO, according to ***Ind AS-16 "Property, Plant and Equipment"***, the carrying amount of an item of property, plant and equipment shall be derecognized on disposal or when no future economic benefits are expected from its use or disposal. There may be property, plant & equipment from which no future economic benefits are expected and the same have not been derecognized. The company has a prevalent practice of derecognizing property plant & equipment as and when it is sold as scrap which is in violation to Ind AS 16. The impact of the above is not ascertainable.

   f. "Inventories" includes obsolete stock, valued at cost, which is inconsistent ***with Ind AS-2 "Inventories"*** i.e., it should be valued at its Net Realisable Value.

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g. Additions during the year in Property, Plant and Equipment include employee cost at a fixed percentage of the cost of each addition to Property, Plant and Equipment in accordance with *Note-1 Significant Accounting Policy Para (3)(II)(e)*. Such employee cost to the extent not directly attributable to the acquisition and/or installation of Property, Plant and Equipment ***is inconsistent with Ind AS-16 "Property, Plant and Equipment"***. This has resulted in overstatement of fixed assets and depreciation and understatement of employee cost and loss.

h. The auditors of the subsidiaries reported that depreciation on fixed assets have not been provided on pro-rata basis which is ***inconsistent with Schedule – II of the Companies Act, 2013 and Ind AS-16 "Property, Plant and Equipment"*** to the extent applicable.

i. Assessment of the Impairment of Assets has not been done by the Group, ***which is inconsistent with Ind AS-36 "Impairment of Assets"***.

j. Right to use an asset is classified as tangible asset instead of Intangible asset by PVVNL and distribution license taken by DVVNL is not yet recognised at all by the Group which ***is inconsistent with Ind AS-38 "Intangible assets"***. This has resulted in understatement of Intangible assets and amortisation expenses.

k. The *Financial Assets- Trade Receivables (Note-10), Advances to Suppliers/Contractors (O&M) (Note- 13), Employees (Receivables) (Note-12) and Loans (Note-7)* have not been measured at fair value as required by ***Ind AS-109 "Financial Instruments"*** *(Refer Para 8 of Note-31 "Notes on Accounts")* and proper disclosures as required in ***Ind AS-107 "Financial Instruments: Disclosures"*** have not been done for the same.

l. The Borrowing Cost allocated to CWIP amounting to Rs. 21,565.30 lacs by PVVNL is not in accordance with ***Ind AS-23 "Borrowing Cost"*** as there is no system of identification of qualifying assets and interrupted projects.

m. PVVNL has not made any disclosure with respect to nature of contingent liabilities and estimate of its financial effects which is not in compliance with disclosure requirement of ***Ind AS-37 "Provisions, Contingent Liabilities and Contingent Assets"***.

n. As per the opinion drawn by the auditors of KESCO, according to ***Ind AS-10 'Events after the reporting period'***, an entity shall adjust the amounts recognized in its Ind AS financial statements to reflect adjusting events after the reporting period. In this regard the company has not adjusted the liability of pending litigations as at 31st March, 2020 which have been settled till the date of approval of Ind AS financial statements by the Board of Directors. Also, no details were made available for verification. The impact of the above is not ascertainable.

o. As per the opinion drawn by the auditors of PVVNL, License Fees is not accounted for on accrual basis. License Fees is paid as and when the demand is raised by UPERC and no provision is made for the amount due, which is not in adherence to the provisions of ***Ind AS-37 "Provisions, Contingent Liabilities and Contingent Assets"***. Accordingly, the impact of non-compliance of the above IND AS on the financial statements is not ascertainable.

p. As per the opinion drawn by the auditors of PVVNL, ***IND AS-20 Accounting for Government*** grants is done on the basis of advice from Uttar Pradesh Power Corporation Ltd., the holding company, which is not in accordance with accrual system of accounting as required by Indian GAAP and also not in consonance with the IND AS 20. Impact of non-compliance of the above IND AS on the financial statements is not ascertainable. (Refer to 2(X) of 'Significant Accounting Policies' to the Financial Statements.

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2. Inter unit transactions amounting Rs. 3,20,704.16 lacs, are subject to reconciliation and consequential adjustments. *(Refer Note-13)*

3. *Loans (Note-7), Financial Assets - Other (Note-8), Trade Receivables Others (Note-10), Financial Assets-Others - Employees, Others (Note-12), Other Current Assets - Suppliers & Contractors (Note-13), Financial Liability-Trade Payables (Note-19), Other Financial Liabilities - Liability for Capital/O&M Suppliers/Works, Deposits from Suppliers (Note-20)* are subject to confirmation/reconciliation.

4. Documentary evidence in respect of ownership/title of land and land rights, building was not made available to us and hence ownership as well as accuracy of balances could not be verified. Additionally, the identity and location of Property, Plant and Equipment transferred under the various transfer schemes has also not been identified *(Refer Para 6(a) of Note – 31 "Notes on Account")*.

5. It was observed that the maintenance of party-wise subsidiary ledgers and its reconciliation with primary books of accounts i.e., cash books and sectional journal are not proper and effective.

6. Sufficient and appropriate documentary audit evidences in respect of Contingent liabilities disclosed in *Para 18(b) of Note – 31 "Notes on Accounts"* were not provided to us.

7. Revenue earned from the sale of power through Indian Energy Exchange Limited, India has not been recognised separately in the statement of Profit and Loss, but has been reduced from the cost of purchase of power aggregating Rs. 54,01,531.23 Lacs *(Refer Note-24 Purchase of Power)*. Additionally, details of aggregate units sold during the year and revenue earned from such sale was not made available to us.

8. As per the opinion drawn by the auditors of DISCOMs, Bank Reconciliation Statement (BRS) in respect of various bank accounts, have not been prepared on regular basis and these contains numerous outstanding unreconciled entries of earlier years including those of stale cheques, un-cashed cheques and other debits/credits.

9. As per the opinion drawn by the auditors of DISCOMs, Revenue collection through NEFT/RTGS and unbilled revenue have not been properly dealt in books of accounts, impact of the same on receivable from consumers is uncertainable.

10. The Group has not maintained proper records showing full particulars including quantitative details and situation of fixed assets. Further, the physical verification of the fixed assets has not been carried out. Hence, we are unable to comment whether any material discrepancy exists or not.

11. Maintenance of records in respect to inventories is not satisfactory. The details of inventories were not provided for verification by the respective zones of Holding Company and its Subsidiaries.

12. Records for inventories lying with the third parties are not being maintained properly at Zonal Offices of the Holding Company and its Subsidiaries.

13. The branch auditor has expressed the audit opinion on the Trial Balances as at 31st March, 2020 of the Zonal Accounts Office (Material Management) and these have been considered for the preparation of the financial statement of the company. As per existing practices, financial statement of the branch has not been prepared.

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

a. **Purchase of power**
The system of accounting/recording of power purchase is weak and requires further improvement to strengthen the internal control. The electricity import export &payment circle unit of zone has levied the penalty on power suppliers for non-achievement of contracted supply of power to the company. But the amount of penalty computed is not in accordance with Power Purchase Agreement (PPA) with suppliers. The details of total amount of penalty levied on suppliers for non-achievement of contracted supply of power are not available with the unit. We, therefore unable up to which amount profit/ loss of the zone has been overstated/ understated on account of levy of penalty which is not in accordance with PPA. The details of transmission loss have not been provided. We are, therefore unable to verify whether transmission loss is within the limit specified in PPA.

b. **Provision for Late Payment Surcharge**
The electricity import export &payment circle unit of zone /unit # 330 is liable to pay the late payment surcharge to the suppliers on default of non-payment of supplier bills on due date. But there is no proper system to compute the late payment surcharge payable to various power suppliers. There is no control register to verify whether payment of supplier bills has been made on due date or not. However, on sample checking we observed that late payment surcharge amounting to Rs. 46,402.00 lacs payable to various suppliers was not adjusted in the books and same has been adjusted in the books after pointing out by us. This represents that there is no system to compute the liability of late payment surcharge payable to suppliers. We are, therefore unable to comment on the amount of overstated profit/ understated loss of the zone for the year 2019-20 on account of provision of late payment surcharge.

c. **Accounting of Accrued Interest for Noida Power Company Limited**
The electricity import export &payment circle unit of zone /Unit # 330 has charged interest of Rs. 1,701.00 lacs @ 14% from the Noida Power Company Limited on the total amount of Rs. 11,387.00 lacs, but no documentary evidence was made available to us to verify the accuracy of interest charged from Noida Power Company Limited. There is no debit balance in the account of Noida Power Company Limited in the books. However, there is opening debit balance of Rs. 11,147.00 lacs in the account of accrued interest against which no amount received during the year. We are, therefore unable to comment on the recoverability of accrued interest amounting to Rs. 12,848.00 lacs outstanding in the books as at 31-03-2020.

d. **Internal Control**
Internal control system with regard to cash transaction, purchase transaction, maintenance of inventory, maintenance of book accounts, fixed assets register, delegation of powers to various employees etc. requires to be further strengthen.

e. **Accounting for Accrued Penal Interest Income**
The accounting policy in respect of late payment surcharge recoverable from customer for non-payment of bill on due date is as under:

Late payment surcharge recoverable from subsidiaries and other bulk power purchasers are accounted for on cash basis due to uncertainty of realization. But electricity import export &payment circle unit of zone /unit # 330 have adjusted the late payment surcharge amounting to Rs. 6,967.00 lacs on accrual basis till 31st March, 2020, under the account head Penal Interest (AG code 28.805) which is not in accordance with the accounting policy of the company. Profit/loss of the company has therefore overstated/understated to the extent of Rs. 6,967.00 lacs.

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f. **Interest Received Rs. 4,299.00 lacs**
The zone has received interest amounting to Rs. 4,299.00 lacs and TDS of Rs. 365.00 lacs have been deducted there from. But the amount of interest of Rs. 4,231.00 lacs (Out of Rs. 4,299.00 lacs) has been netted off in purchase cost in the books. This is not the correct accounting treatment of interest received. Purchase cost and interest income has, therefore understated to the extent of Rs. 4,231.00 lacs

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

(i) <u>DVVNL</u>

a. The Company has received Depreciation on Land & Land rights in earlier years through gazette notification amounting to Rs. 39, 80,597.00. No depreciation is chargeable on Land & Land Rights hence the company is required to reverse the depreciation on same and treat it as a Prior Period adjustment in Financial Statements. Despite similar comment in Statutory Audit Report for financial year 2018-19, no corrective action has been taken by the Management.

b. The following AG Code in the following zones are having credit balances:

AG CODES	ZONES	AMOUNT (In Rs.)
22.780 (Transformer sent to repairs)	JHANSI	5,36,26,075.00
	ALIGARH	1,14,39,951.00
	AGRA	6,71,83,765.59
22.791 (LED Bulb)	AGRA	2,14,70,042.00
22.660	JHANSI	55,38,06,862.09
22.662	JHANSI	2,00,37,02,251.16
22.770 (Scrap Material)	JHANSI	23,17,61,742.70
	KANPUR	1,34,97,692.47
22.810 (Stock Excess Pending for Investigation)	KANPUR	3,011.00
	JHANSI	8,20,049.72
TOTAL		**2,95,73,11,442.73**

It is impracticable as Stock value cannot be negative. Moreover these balances have been shown by deduction from inventory therefore assets have been undervalued by 2,95,73,11,442.73 and need to be reconciled.

c. As per Ind AS 20, "*A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognized in profit or loss of the period in which it becomes receivable. A government grant is not recognised until there is reasonable assurance that the entity will comply with the conditions attaching*

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to it, and that the grant will be received." UDAY Scheme provides that the State Government shall take over the future losses of DISCOMs in a graded manner and shall fund the losses as follows:

F. Y.	Loss for the year (as per audited balance sheet)	Grade of Grant	Claimable Grant (a)	Credited in P & L A/c (b)	Excess/Short age (c)=(a)-(b)	Remarks
2016-17	1,44,348.34	0% of Loss of FY 2015-16	0.00	0.00	0.00	Nil
2017-18	2,36,649.85	5% of Loss of FY 2016-17	7,217.42	12,293.80	-5,076.38	Prior Period item
2018-19	2,56,716.23	10% of Loss of FY 2017-18	23,664.99	25,649.68	-1,984.70	Prior Period item
2019-20		25% Loss of FY 2018-19	64,179.06	51,696.32	12,482.74	Revenue has been understated.

As explained by management, the treatment of grants has been made in the books of accounts on the basis of Credit Notes provided to management by the Holding Company i.e. UPPCL. This practice has been followed by the Company since its inception. The company is not making accountal of these entries independently.

d. In EE Admin Head, we have observed that the company has contract with UPDESCO for annual maintenance charge amounting to **Rs (92,06,827.00 + 11,14,371.00) = 1,03,21,198.00** to be paid quarterly for Repair & Maintenance of Computer and Office Equipments but **A.G. Code 74.809**depicts expenditure amounting to **Rs.1,95,28,025.00** instead of **Rs.4,12,84,792.00 (1,03,21,198.00*4)** which leads to **understatement of loss by an amount of Rs. 2,17,56,767.00.** No Provision of balance expenditure has been done thereby violating accrual concept.

e. In EE Admin Head, we observed that many expenditure heads are not booked on accrual basis. Some instances are given below: 74.809 (OFFICE EQUIPMENTS {OTHERS}), 76.107 (INSURANCE), 76.112 (POSTAGE AND TELEGRAM), 76.121 (LEGAL EXPENSES), 76.153 (PRINTING AND STATIONERY), 76.155 (ADVERTISEMENT EXPENSES), 76.190 (MISC EXPENSES).

f. As reported in Audit Report of Jhansi Zone, various prior period bills have been found recorded in the current financial year in violation of generally accepted accounting principle-accrual accounting. Some instances are:

DIVISION	NO. OF INSTANCES	AMOUNT (in Rs)
ESD – JHANSI	2	22,57,035.00
EDD-I LALITPUR	5	9,01,116.00
EDD II LALITPUR	13	17,08,410.00
EDD – HAMIRPUR	17	33,50,043.00
EDD RATH	2	6,12,380.00
EDD – MAHOBA	2	15,72,147.00
ETD – MAHOBA	4	1,27,921.00

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DIVISION	NO. OF INSTANCES	AMOUNT (in Rs)
EDD- CHITRAKOOT	13	72,23,249.00
ESD – BANDA	1	5,34,778.00
EDD – II –ORAI	3	3,50,411.00
EWD – BANDA	9	101,06,233.00
ESWC – BANDA	3	11,44,632.00

g. As per Para 111 of IND AS 115," Revenue From Contracts With Customers" the company has not disclosed the total Cash flow realised from the customers, uncertainty of Revenue and timing of realization under Notes to accounts. Company has not complied with the disclosure requirement as per IND AS 115.

h. As per sub point (c) of Para 39 of IND AS – 20, "an entity shall disclose all conditions and other contingencies attaching to government assistance that has been recognised", but the management has not disclosed about the conditions and contingencies for each government grant received. We recommend the management to comply with these disclosure requirements in their financial statements.

i. **NON - COMPLIANCE OF SCHEDULE III UNDER COMPANIES ACT,2013.**

Sr No	Requirement as per Schedule III of Companies Act 2013	Remarks
1	Separate disclosure with regard to Cash & Bank Balances: Repatriation restrictions, if any, in respect of cash and bank balances shall be separately stated.	*'Cash & cash equivalents at the end of the period includes FDR deposited with Honourable High court, Dehradun of Rs 1.13 crore, which is not freely available for the use of company'* is not separately disclosed in **'Cash and Bank Balance'**.
2)	Bonds, Debentures (along with the rate of interest and particulars of redemption or conversion, as the case may be) shall be stated in descending order of maturity or conversion, starting from farthest redemption or conversion date, as the case may be where bonds/ debentures are redeemable by instalments, the date of maturity for this purpose must be reckoned as the date on which the first instalment becomes due.	The details of bonds are not properly disclosed in Balance Sheet pertaining to each individual bond like rate of interest, tenure etc. are merged for bonds subscribed by different entities. Further the classification is also not having details of names of the subscribers for several categories.

j. While scrutinizing the Zonal Trial balance it was observed that under AG Head 14(CWIP), various amounts are persisting since long for which no capitalization is made. As per management no reconciliation for the same is available. We recommend the management to reconcile the above at earliest, so that necessary adjustment can be made.

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ZONES	AG CODE	NAME	AMOUNT (In Rs.)
KANPUR	14.80	APDRP	3,87,41,087.79
	14.81	Survey & Investigation	13,386.76
	14.91	Local Bodies	2,05,000.00
	14.99	Service Collection above 11000	15,62,198.72
	14.73A	Ambedkar Village Electrification	1,81,91,280.61
AGRA	14.73B	Taj Trapezium	1,53,084.00
ALIGARH	14.72	REC Normal Work	1,38,771.00
	14.73R	Ram ManoharLohia	24,79,016.00
	14.74	RGC Works	4,06,371.00
	14.73B	RGC Works	1,11,260.30

k. The Private Tube well {PTW} consumers are exempted from Electricity Duty. However, an amount of Rs. 10,36,03,135.57 under AG Code 23.205 is accounted for by the company with respect to it. Due to which the company has overstated its Trade Receivables (Current Assets) and Electricity Duty & other levies payable to government (Current Liabilities) by the same amount.

l. On scrutinising consolidated trial balance, it is found that in AG Code 23.8(REC-Theft of Power) an amount of Rs. 21,51,53,654.34(Debit) is outstanding and in AG Code 23.808(Provision for REC-Theft of Power) an amount of Rs. 8,93,763.10(Credit) is outstanding. Management is required to provide for whole amount of theft of power. Hence provision is short by Rs.21,42,59,891.24.

m. SUNDRY LIABILITIES under NOTE-16 of accompanied Financial Statements includes an amount of Rs. 32,51,80,611.93 (Debit Balance) under AG HEAD 46.922 "SALE OF SCRAP" which should be adjusted to the Profit and Loss Account. Due to the above the liabilities and loss for the year has been understated by Rs.32,51,80,611.93.

n. While scrutinizing the Zonal Trial Balance, it has been observed that in case of Kanpur Zone under AG 28.210& 28.250 (Income Accrue and Due) and in case of Jhansi Zone under AG Code 28.210, there are opening Balance of Rs. 2,80,43,418.00 (6,00,221+2,74,43,197) and Rs. 23,64,876.00 respectively, but the amount has neither been received nor adjusted during the year and the same value is carried forward as closing balance, as on 31.03.2020. The management has not provided proper justification for the same.

o. In AG Code 23.103(Public Lamp) of Aligarh Trial Balance, it is observed that it is a receivable head and should have a debit balance instead of credit balance of Rs. 13,64,58,749.42. Management should reconcile/adjust the same.

p. There are unreconciled entries under AG Code22.780 (Transformers sent for repairs),AG Code - 22.770(Scrap Materials), AG code.31 to 37(Inter Unit Transfer) and AG Code 46.94 (Goods and Service Tax) as on 31st March, 2020. The

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unreconciled entries should be reconciled. In absence of reconciliation exact impact on the financial statement could not be worked out.

q. Under AG Code 46.910(Stale Cheques) indicates cheques which have become time barred. Proper adjustments are recommended in this regard.

r. There are various balances under AG Code 46.929(Service Tax Liability) amounting to Rs. 1,46,59,993.00, AG code 46.926 (Central Sales Tax) amounting to Rs. 3,52,289.00 and AG Code 46.927(State Sales Tax) amounting to Rs. 1,62,02,348.49. After introduction of Central Goods State Tax Act, 2017, service tax and sale tax are no more applicable but some credit entries has been passed during the year which does not seems to be justified. Management could not provide any explanation to us.

s. In the following codes balance are pending since long but management is unable to explain the nature of such accounts. The balance under this head should be identified and necessary rectification entries should be passed:

ZONES	AG CODE	NAME	Amount (In Rs.)
Aligarh	42.2	Supply Control Account	5,20,49,047.00 Cr
Agra	22.710	Workshop Suspense Account	2,87,14,937.79 Dr

t. Following is liability head which shows debit balance. It seems some entries from some other head have been parked in these codes which are understating Trade Payables, it needs to be reconciled and required entry must be passed.

ZONE	AG CODE	NAME	Amount (In Rs.)
Aligarh	47.410	Railways	16,82,89,324 Dr

(ii) **KESCO**

a. It has been observed that inoperative debtors have been continuously billed on the basis of IDF/RDF for more than 2 billing cycles which is in contravention of the provisions of Electricity Supply Code 2005. (Impact not ascertainable)

b. Sale of Energy Major portion of sale comprises of sale to consumers which is recorded on the basis of processed data given by an outside agency deputed for generation of bills to such consumers. Instances were observed wherein the consumers are billed on provisional basis due to no reading, defective meter, defective reading etc.; in contravention to the provisions of Electricity Supply Code, 2005 as well as Ind AS-115 "Revenue from contracts with customers" (Impact not ascertainable). According to the information and explanations given to us the figures of sales accounted for on actual spot billing the date of which is not fixed. In the absence of billing on 31st of March, 2020, the impact of the same on revenue is not ascertainable.

c. The Company has not disclosed the impact of Rs. 43.05 Crores pertaining to interest payable to Government of Uttar Pradesh on account of conversion of Najul land to freehold land till F.Y. 2017-18 as commented by Comptroller and Auditor General of India. The final comments of Comptroller and Auditor General of India for F.Y. 2018-19 have not been received yet and thus we are not commenting on the impact of interest for F.Y. 2018-19 & 2019-20. Hence, the deficit as at 31st March,2020is understated by Rs. 43.05 crores and other current financial liability is understated by Rs. 43.05 crores.

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(iii) PVVNL

a. Due to non-availability of proper and complete records of Work Completion Reports, there have been instances of non-capitalization and/or delayed capitalization of Property, Plant and Equipment, resulting delay in capitalization with corresponding impact on depreciation for the delayed period. (Refer to 2(II) and IV(b) of 'Significant Accounting Policies' to the Financial Statements.)

b. In case of withdrawal of an asset, its gross value and accumulated depreciation is written off on estimated basis. In the absence of sufficient and appropriate audit evidence thereof, we are not in a position to ascertain impact of the same on financial statements

c. 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. Besides depreciation on addition and capitalisation in Property, Plant & Equipment during the year has been provided on average 6-month basis instead of actual period of availability of asset for its intended use, which is in contravention to 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.

d. The depreciation/amortisation on Bay (Assets not in Possession of Pashchimanchal Vidyut Vitran Nigam Ltd.) is calculated on the opening gross value of the assets with the life of 25 years on SLM basis and on addition during the year has been provided on average 6-month basis instead of actual period of availability of asset for its intended use. In the absence of complete details, we are unable to quantify the impact of the same on depreciation/amortisation and consequential impact on the financial statements. (Refer to Para 2(IV)(b) of Significant Accounting Policies)

e. Non-current Borrowings of Rs. 10,26,875.73 lacs and Current Borrowing of Rs. 9,401.08 lacs have been shown in Note No.12 and Note No. 14 respectively to the Financial Statements. IND AS 109 requires management to classify all the financial liabilities and assets at amortized cost using effective interest rate method. Transaction cost has been netted off in borrowing upon initial recognition but the management is unable to comply with the effective interest rate method stating that, being a government company, all loans are backed by the State government guarantee or by charge on Assets. It is also stated that the loan is squared off by many ways such as conversion into bonds, equity, and subsidy by State Government. As a result of this, we are unable to comment on it.

f. As per UPERC (MYT) Regulation 2013, In case the payment of any bills of Transmission charges, wheeling charges is delayed beyond the period of 60 days from the date of billing, a late payment surcharge @ 1.25% per month shall be levied by the transmission licensee. However, the company has not made any provision for liability for late payment surcharge on account of non-payment of dues in compliance of above regulation. Consequential impact of the same on the financial statements is not ascertained.

g. Besides non-compliance of IND AS referred above, compliance status of other accounting standards are as under :

IND AS-8: The management has made several adjustments/correction relating to prior period errors in the current financial year as current year's Expense/Income without

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restating the previous year figures, while entity ought to have corrected retrospectively in the first set of financial statements approved for issue after their discovery by restating the comparative amounts for the prior period(s) presented in which the error has occurred; or if the error occurred before the earliest prior period presented, restating the opening balances of Assets, Liabilities and Equity for the earliest prior period presented. Impact of non-compliance of the above IND AS on the financial statements is not ascertainable. (Refer to point no. 32 of 'Notes to Accounts').

IND AS-19: Gain due to Adjustment as per Actuarial Valuation in respect of liability for leave encashment and gratuity amounting to Rs. 905.80 lacs is not routed through other comprehensive income but routed through profit and loss account, which is deviation from IND AS-19. This has resulted in understatement of both other comprehensive income and loss for the period by Rs 905.80 lacs. (Refer to Note No. 25 of Financial Statements)

h. Expenses for ERP software implementation amounting Rs. 1,116.50 lacs are shown under Capital work in Progress. However, the same should be classified under the heading "Intangible assets under development" as per provisions of Schedule III of the Companies Act, 2013.

i. **Significant observations of Zonal Auditors are as under:**

(A) Meerut Zone:
Repeated instances of theft of assets (transformers, cables etc) are noticed in divisions and the accumulated amount of theft assets is Rs. 24.53 crore as on 31-03 2020. Branch/divisions have not made any adequate arrangement to save their assets from such incidents. Assets of the zone are uninsured too.

According to the information and explanations given to us, frauds in shape of misappropriation of cash collected from customers but not deposited amounting to Rs. 3.68 crore by Suresh Babu TG-2 (EDD, Baghpat, Meerut during 12/13 to 03/19). Also in EDD-II, Baghpat a fraud case of collecting cash Rs. 31,30,289 from customers and not depositing the amount in division is under enquiry against Mr. Sanjay Kumar, Cashier. We are informed by the management that departmental and legal proceedings are in process against the concerned staff, soon these frauds surfaced.

(B) Moradabad Zone:
Theft of Cash (AG 28.744) Rs. 4,46,502.00 - Two cases of cash theft, adequate provision should be made at H.O.

As informed by Branch Auditor of Moradabad Zone, during the year two frauds by the employees has been detected amounting to Rs. 40,99,849.32 out of which Rs. 2,60,000.00 is deposited by the person concerned till date.

(C) Ghaziabad Zone:
As informed by the management, Ghaziabad zone has noticed a case of fraud in its EUDD-II, EUDD-V and EUDD-VII Noida division by few bank officials. Some of ICICI bank officials wrongly credited the cheques amounting Rs. 1,72,36,919/- related to these division in some other account. Management has duly taken the matter its notice and has lodged the Police FIR with the authorities.

(D) Saharanpur Zone:
Fixed assets of Rs. 352.47 lakh were stolen from site during the year. FIR for the same was also lodged in police station.

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(iv) PuVVNL

a. The Company has categorized cost of bay construction for 33/11 KV substation under "Assets not in possession of Purvanchal Vidyut Vitran Nigam Limited" and disclosed the same under "Property, Plant & Equipment" in the Balance Sheet.

b. Stock shortage/ excess pending investigation amounting to Rs.96.83 Lacs is outstanding as on 31/03/2020. In absence of proper information, we are unable to comment upon its nature and proper accounting. No movement analysis is available to categorize fast moving, slow moving, non-moving and dead stock items. No provision for obsolete, unserviceable stores and spares has been made. An old provision amounting to Rs.62.97 Crores is lying against obsolete stores since 2003 under Final Transfer Scheme.

c. In almost all the banks flexi fix facility is available but there are huge balances in current account and amount has not been transferred by the bank to flexi fix account which is resulting into loss of interest.

d. **In Gorakhpur Zone it has been observed that:**
Most of the Bank reconciliation has been prepared with opening differences, which is not correct. The bank reconciliation should have been prepared after taking in to account the opening entries pending relating to earlier years in the bank reconciliation.

(v) MVVNL

a. Zonal Auditor of Bareilly zone reported that there may be difference in sundry debtors as per billing ledger and amount shown in trial balance because sales is booked on assessment basis and amount credited to sundry debtors on the basis of actual receipt basis, hence, it could not be tallied with billing ledger (Category wise). Books have been adjusted in MTB as per actual billing ledger. Balances of consumer as per consumer ledger are not in agreement with balances appearing in account books. Zonal Auditor of Devipatan zone reported that Revenue collection booked against different type of consumers on estimated basis which has resulted in negative balance in some customer group account e.g., Rs. (2505.84) lakh in code 23.106 and Rs. (7.74) lakh in 23.707 at EDD II Baharaich. Zonal auditor of Ayodhya Zone reported that, Credit Balance of Rs. 90,665.00 lakh in 22 units are appearing in some of accounts under the head receivable against supply of power. Auditor of LESA Trans Zone reported that no breakup or bifurcation of receipt made under others was furnished which was other than receipt from E-Suvidha on account of Electricity Duty & Electricity Charges. Hence, Figures of receivable against supply of power are subject to reconciliation with billing software and confirmation, impact whereof is unascertainable at this stage.

b. We draw attention to para 3 (IV) (b) of General Information and Significant accounting policies stating that depreciation on addition to/ deduction from Property plant and equipment during the year is charged on Pro Rata basis. However, as reported by zonal auditors, capitalization of fixed assets is made at the end of financial year irrespective of actual date of Put to use and depreciation is not charged on assets capitalized during the year which is not in accordance with provisions of Companies Act and IND AS 16 resulting in understatement of Loss and depreciation for the year and overstatement of Assets. In the absence of complete details, effect of said understatement of depreciation & Loss and Overstatement of fixed assets on financial statement could not be ascertained.

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c. It was generally reported by Zonal Auditor that since value of capital assets on decommissioned assets is on pro rata basis/ estimated basis, closing balance of fixed assets & Accumulated depreciation shows negative/ adverse balance in some units/item. Further, there was misclassification in few items resulting in appearance of negative balance. E.g., at Ayodhya Zone, credit balances of Rs. 777.00 lakh is appearing under Fixed Assets in 4 units and debit balance of 72164 lakh appearing under the head Provision for depreciation in 24 units. Overall, property plant and equipment are appearing in note 2 – 'Property Plant & Equipment' at Gross block of Rs. 13, 45,983.49 lakh and accumulated depreciation of Rs. 1,79,960.84 lakh. 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 said deviation with Ind AS, on financial statement could not be ascertained.

d. Depreciation on computer is calculated considering their useful life as 15 years as against useful life of three years specified as per Schedule II of Companies Act. In absence of complete details, Impact of the same on financial statement is not ascertainable at this stage. Further, aspect of emergence of net block in respect of vehicles below 5 % of gross block requires reinstatement.

e. CWIP is appearing in Financial statement at Rs. 5,20,071.31 lakh (P.Y. Rs. 6,64,934.65 lakh) including various schemes i.e. RGGY, APDRP Scheme, IDPS, Saubhagya, Uday and others schemes. Zonal auditors have generally reported that Item wise, Project-wise detail, Age-wise detail and status of completion of Capital work in progress were not available for verification. At Ayodhya Zone, devipatan Zone and LESA Trans Zone Completion certificate of Capital Work completed were not made available to auditors. In the absence of detailed information regarding status of progress, reasons for long pendency, stagnated work in progress etc. particularly in respect of various schemes i.e. RGGY, APDRP Scheme, IDPS, Saubhagya, Uday and others schemes under implementation, we are unable to comment over the timeliness of capitalization of capital work in progress, provisions required, if any, on this account and its resulting impact on Property plant & Equipment and depreciation thereon.

f. Zonal Auditor of Devipatan Zone reported that Negative balance of Rs. 4159.36 lakh is appearing in 8 Division. Further, Stock records are not properly maintained at some units and Difference of physical stock and book stock not properly adjusted. Auditor of Bareilly Zone reported that no comment could be made upon surplus / obsolete /non-moving items of stores, raw material, finished goods that may be lying unused at the end of last 3 years or inventory lying with third parties & assets received as gift from government or other authorities due to non-furnishing of details of such items by zone. Auditors of Lesa CISS Zone and Ayodhya Zone reported that some of the inventory accounts reflect negative balances in most of the units primarily due to misclassifications, which could potentially result in misstatement in inventory in MTB.

g. Provision for Unserviceable store of Rs. 41.22 crore appearing in Note 4- Inventories continues since 2012-13 despite substantial increase in level of inventory i.e., Rs. 705.43 crore in 2019-20 as compared to Rs. 229.99 crore in 2012-13. In view of various observations made by zonal auditors regarding lack of proper system of physical verification of inventory & determination of obsolete/unserviceable/ non- moving items etc., emergence of adverse balances in inventory as dealt above at (a) & (b) above and non-formulation of accounting policy for provision on unserviceable stock, stores & spare etc., adequacy of provision on this account and its impact on financial statement is not ascertainable at this stage.

h. We were informed that Billing for sale of electricity to consumers are accounted for on the basis of report generated through Online Billing System implemented through various outsourced Agencies. However, system audit of the said billing system, if any,

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being dealt at UPPCL was not made available to us and as such we are unable to comment on implications, if any, arising on said account.

i. Zonal Auditor of Ayodhya Zone reported provision of unbilled revenue at the end of current financial year and reversal of similar provision made in previous year has not been made in accounts. Further, regulatory surcharge was withdrawn w.e.f. 12.09.2019 but the same has been charged by certain units even after this date. In the absence of complete details, the impact of the same over financial statement is not ascertainable at this stage.

j. Interest on security deposit by Consumers was informed to be provided as per rates prescribed by UPERC. However, Auditors of Devipatan Zone has reported that Interest on security deposit given to consumers is not booked by distribution division except Gonda DD II. Security deposit was not adjusted in books of accounts in PD cases. Waiver is not adjusted in debtor balance in PD case. Effect of non-booking of Interest and non-adjustment of security deposit is not ascertainable at this stage.

k. Zonal auditor of Lucknow zone reported that security deposited by consumers was short by Rs. 367.74 lakh in Unnao Division I.

16. For want of complete information, the cumulative impact of our observations in *paras 1 to 16* above to this report on assets, liabilities, income and expenditure is not ascertained.

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

(CA Vikas C Srivastava)
Partner
M.No.401216
UDIN: 21401216AAAABR1173

Place: Lucknow
Date: 4th October, 2021

Annexure II to Independent Auditors Report

(As referred to in paragraph 1(f) under "Report on Other Legal and Regulatory Requirements" section of our audit report of even date to the members of U.P. Power Corporation Limited on the Consolidated Financial Statements of the Group for the year ended 31st March, 2020)

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, 2020, 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.

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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 furnished 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 2020 –

1. The auditors of DVVNL have reported that -

a. As informed and explained to us the Company is not having any licence software for accounting purpose. The Accounting entries at the unit level are done in manual manner, each unit get the account prepared in computerised format and the same is submitted to Zone level. The Zone further forwards the merged accounts of unit at Head office level, there is no integration of Accounts in different hierarchy. Therefore, it can be concluded that the processing of accounting transaction through IT System is not at all robust.

b. During the course of audit, we observed that balance of transfer scheme are outstanding, the management could not satisfy us on the existence of asset & liabilities received in transfer scheme.

c. Temporary Imprest provided to staff needs to be closed at the end of financial year, while we observed in many of the cases Temporary Imprest were not closed.

d. The Books of accounts of the company has not been prepared on timely basis resulting in delayed preparation of final accounts.

R.M. LALL & CO. CHARTERED ACCOUNTANTS

e. Cashbook is not updated on regular basis.

f. Measurement Book provided to Junior Engineer by the Company are not returned back on timely basis by the Junior Engineer and Measurement Book are not closed on timely basis.

g. The Company did not have an appropriate internal control system for obtaining external balance confirmation on periodic basis. This could potentially result in inaccurate Assets &Liabilities disclosed in the books of accounts.

2. The auditors of PVVNL have reported that -

a. Internal control in respect of movement of inventories during maintenance and capital works, material issued/ received to/ from third parties and material lying with sub-divisions, need to be reviewed and strengthened. Further, implementation of real time integrated ERP software is strongly recommended.

b. The Company did not have an appropriate internal control system to minimize electricity theft and line losses.

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

d. There is lack in recovery of advances from employees, contractor and suppliers.

3. The auditors of MVVNL have reported that –

a. Zonal Auditors have reported that Billing of power is generated through IT system. However, billing system is independent of account department and reports generated from billing system require reconciliation with 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.

b. It was reported by Zonal Auditors and observed at HO that monthly trial balances are compiled from vouchers through outsourced software which are not under control of accounts department of zone and only printout of Monthly trial balances is available which impliedly has Risk of security of data as well as lack of mechanism to ensure correctness and completeness of report generated on timely basis.

c. Huge amount of Cash, Temporary Imprest and employee advances are lying with employees which should have been recovered from employees long back. In some units, Bank is having credit balances and Cash in hand balance are negative.

d. System of reconciliation of GST return with figure appearing in books of accounts is not in practice so as to trace any error or omission on regular basis. We were informed that details of GST are submitted by units directly to GST consultant and reconciliation is done annually at the time of filling of annual return. Further, payment of GST on reverse charge mechanism on legal charges, payment of GST to unregistered firms, timely filling of statutory returns & payment of statutory dues requires regular monitoring to ensure compliance of various statutory provisions.

e. In Devipatan Zone, auditor has reported that measurement of disconnection dues and Corrections in electricity bills have been done by Engineers in charge only without consent of Account department. Hence, system of execution of process by joint authority not followed.

R.M. LALL & CO. CHARTERED ACCOUNTANTS

f. Zonal auditor of Ayodhya Zone reported that in most of the cases, internal audit reports were not available with the units and not furnished for verification. In none of the cases, the replies / action taken on points raised in internal audit report was not on records. The system of review and action on points raised in internal audit reports is not in vogue at zone.

g. The internal audit has been outsourced to chartered accountant firms but coverage/ scope needs to be enlarged particularly in area of reconciliation of revenue with the online billing system, collection efficiencies, status of work in progress under various schemes under implementation along with reasons for pendency, reconciliation of pending ATD/ ATC etc. for ensuring wider coverage. Further, system of timely receipt of internal audit report and compliance thereof at division/ zonal level and H.O. level needs to be streamlined and strengthened for ensuring remedial action on various observations contained in such report

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

In our opinion, except for the effects/probable effects of the material weaknesses described above and in *'Annexure I'* on the achievement of the objectives of the control criteria, the 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, 2020 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 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 R.M. LALL & CO.,
Chartered Accountants
(FRN: 000932C)

R.M. LALL & CO. * CHARTERED ACCOUNTANTS *

(CA Vikas C Srivastava)
Partner
M.No.401216
UDIN: 21401216AAAABR1173

Place: Lucknow
Date: 4th October, 2021

1

U.P.POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.
CIN: U32201UP1999SGC024928
CONSOLIDATED FINANCIAL STATEMENT

CONSOLIDATED BALANCE SHEET AS AT 31.03.2020

(₹ in Lakhs)

Particulars	Note No.	As At 31.03.2020	As At 31.03.202019
(I) ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	2	5462874.78	3951780.38
(b) Capital work-in-progress	3	1100927.38	2077281.55
(c) Assets not in Possession	4	13363.77	12978.10
(d) Intangible assets	5	249.10	287.82
(e) Financial Assets			
(i) Investments	6	249321.03	230899.23
(ii) Loans	7	14.27	14.27
(iii) Others	8	743.97	744.20
(2) Current assets			
(a) Inventories	9	318486.81	349039.17
(b) Financial Assets			
(i) Trade receivables	10	7815246.98	6840135.96
(ii) Cash and cash equivalents	11-A	405641.93	599883.82
(iii) Bank balances other than (ii) above	11-B	184680.20	52956.90
(iv) Others	12	287067.74	283618.21
(c) Other Current Assets	13	348653.71	565864.54
Total Assets		16187271.65	14945481.95
(II) EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	14	9678228.64	9118636.32
(b) Other Equity	15	(8378000.36)	(8347974.35)
LIABILITIES			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	5245614.83	5610978.92
(b) Other financial liabilities	17	421083.80	353182.93
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	81875.44	143725.06
(ii) Trade payables	19	3771769.74	2961907.40
(iii) Other financial liabilities	20	3365898.64	3105044.94
(b) Provisions	21	0.92	0.73
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		16187271.65	14945481.95

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

(Dr. Jyoti Arora)	(A.K.Awasthi)	(A.K.Purwar)	(Pankaj Kumar)
Company Secretary	Chief General Manager & CFO	Director	Managing Director
		DIN - 08544396	DIN - 08095154

Place : Lucknow
Date : 31/08/2021

U.P. Power Corporation Limited

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

R.M. LALL & CO. ★ CHARTERED

04/10/21
(Vikas C Srivastava)
Partner
M. No. 401216
UDIN : 21401216AAAABR1173

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

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31.03.2020

(₹ in Lakhs)

	Particulars	Note No.	For the Year ended 31.03.2020	For the Year ended 31.03.2019
I	Revenue From Operations	22	5403799.50	5005868.92
II	Other Income	23	1393961.46	1331648.29
III	Total Income (I+II)		6797760.96	6337517.21
IV	EXPENSES			
	1 Cost of materials consumed			
	2 Purchases of Stock-in-Trade (Power Purchased)	24	5738886.48	5602449.64
	3 Changes in inventories of finished goods, Stock-in-Trade and work-in-progress			
	4 Employee benefits expense	25	165591.12	141982.91
	5 Finance costs	26	517986.41	471057.38
	6 Depreciation and amortization expenses	27	126424.17	93753.20
	7 Adminstration, Gerenral & Other Expense	28	236190.20	198088.71
	8 Repair and Maintenance	29	249588.61	222991.45
	9 Bad Debts & Provisions	30	370077.31	868290.72
	10 Other expenses			
IV	Total expenses (IV)		7404744.30	7598614.01
V	Profit/(Loss) before exceptional items and tax (III-IV)		(606983.34)	(1261096.80)
VI	Exceptional items			0.12
VII	Profit/(Loss) before tax (V(+/-)VI)		(606983.34)	(1261096.92)
VIII	Tax expense:			
	(1) Current tax		0.32	0.13
	(2) Deferred tax			
IX	Profit (Loss) for the period from continuing operations (VII-VIII)		(606983.66)	(1261097.05)
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)		(606983.66)	(1261097.05)
XIV	Other Comprehensive Income			
	A (i) Items that will not be reclassified to profit or loss- Remeasurement of Defined Benefit Plans (Acturial Gain aor Loss)		(2018.52)	(1062.72)
	(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)		(609002.18)	(1262159.77)
XVI	Earnings per equity share (continuing operation) :			
	(1) Basic		64.08	145.81
	(2) Diluted		64.08	145.81
XVII	Earnings per equity share (for discontinued operation) :			
	(1) Basic			
	(2) Diluted			
XVIII	Earnings per equity share (for discontinued & continuing operations)			
	(1) Basic		64.08	145.81
	(2) Diluted		64.08	145.81
	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.

(Dr. Jyoti Arora)	(A.K.Awasthi)	(A.K.Purwar)	(Pankaj Kumar)
Company Secretary	Chief General Manager & CFO	Director	Managing Director
		DIN - 08544396	DIN - 08095154

Place : Lucknow
Date : 31-08-2021

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

R.M. LALL & CO. CHARTERED ACCOUNTANTS

04/10/21

(Vikas C Srivastava)
Partner
M. No. 401216

UDIN : 21401216AAAABR1173

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(₹ In Lakhs)

A. EQUITY SHARE CAPITAL AS AT 31.03.2020

Balance at the beginning of the reporting period	Changes in Equity Share Capital during the year	Balance at the end of the reporting period
9118636.32	557592.32	9676228.64

B. OTHER EQUITY AS AT 31.03.2020

Particulars	Share application money pending allotment	Capital / Other Reserve	Retained Earnings	Total
Balance at the beginning of the reporting period	214010.08	3427430.48	(16997893.35)	(13356452.79)
Changes in accounting policy or prior period errors	-	-	-	-
Adjustment as per Point no. 37 of Note 31	-	-	88131.18	88131.18
Restated balance at the beginning of the reporting period	214010.08	3427430.48	(16909762.17)	(13268321.61)
Total Comprehensive Income for the year (without Adj of Point no. 37 of Note 31)	-	-	(697133.36)	(697133.36)
Addition during the Year	-	498292.26	-	498292.26
Reduction during the Year	-	78315.94	-	78315.94
Share Application Money Received	383774.47	-	-	383774.47
Share Allotted against Appliation Money	557592.32	-	-	557592.32
Changes in accounting policy or Prior Period Items	-	-	-	-
Balance at the end of the reporting period	40192.23	3847406.80	(17606695.53)	(13719296.50)
Adjustment of Reversed Provision on Investments				7150371.49
Adjustment of Reversed Provision on UPPCL Debtors				186466.95
Adjustment of Reversed Provision on Financial Assets-Other Current- Subsidiaries (Unsecured)				6457.70
Net Balance at the end of the reporting period				(6376000.36)

(₹ In Lakhs)

A. EQUITY SHARE CAPITAL AS AT 31.03.2019

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

B. OTHER EQUITY AS AT 31.03.2019

Particulars	Share application money pending allotment	Capital / Other Reserve	Retained Earnings	Total
Balance at the beginning of the reporting period	259075.02	2847734.16	(15775616.22)	(12668807.04)
Changes in accounting policy or prior period errors	-	(31328.30)	39882.64	8554.34
Adjustment as per Point no. 37 of Note 31	-	-	154059.60	154059.60
Restated balance at the beginning of the reporting period	259075.02	2816405.86	(15561673.98)	(12506193.10)
Total Comprehensive Income for the year (without Adj of Point no. 37 of Note 31)	-	-	(1416219.37)	(1416219.37)
Addition during the Year	-	677660.83	-	677660.83
Reduction during the Year	-	47385.98	-	47385.98
Share Application Money Received	1033477.57	-	-	1033477.57
Share Allotted against Appliation Money	1078542.51	-	-	1076542.51
Changes in accounting policy or Prior Period Items	-	(19250.24)	-	(19250.24)
Balance at the end of the reporting period	214010.08	3427430.47	(16997893.35)	(13356452.80)
Adjustment of Reversed Provision on Investments				6850102.43
Adjustment of Reversed Provision on UPPCL Debtors				154333.70
Adjustment of Reversed Provision on Financial Assets-Other Current- Subsidiaries (Unsecured)				4042.32
Net Balance at the end of the reporting period				(6347974.35)

(Dr. Jyoti Arora)	(A.K.Awasthi)	(A.K. Purwar)	(Pankaj Kumar)
Company Secretary	Chief General Manager & CFO	Director	Managing Director
		DIN - 08544396	DIN - 08095154

Place : Lucknow
Date : 31.08.2021

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

R.M. LALL & CO. CHARTERED ACCOUNTANTS

04/10/21

(Vikas C Srivastava)
Partner
M. No. 401216

UDIN: 21401216AAAABR1173

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 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 ElectricityAct, 2003 to the extent applicable.

These financial statements were authorized for issue by Board of Directors on 31-08-2021

(e) **Functional and presentation currency**

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

R.M. LALL & CO. CHARTERED ACCOUNTANTS

(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 theIndian 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.

R.M. LALL & CO. CHARTERED ACCOUNTANTS

(b) Principles of consolidation:

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

i) The financial statements of the company and its Subsidiaries are combined on a line basis by adding together the like items of the assets, liabilities, income and expenses after eliminating intra-group balances, intra-group transactions, unrealized profits or losses.

ii) The consolidated financial statements include the investment in Associates, which has been accounted for using the method of accounting by diminution/impairment in investment in associates.

iii) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumatances and are presented to the extent possible, in the same manner as the Company's separate financial statements except as otherwise stated in the significant accounting policies/Notes on accounts.

II- Property, Plant and Equipment

(a) Property, Plant and Equipmentare shown at historical cost less accumulated depreciation.

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

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

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

(e) Due to multiplicity of functional units as well as multiplicity of function at particular unit, Employees cost to capital works are capitalized @ 15% on deposit works, 13.50% on Distribution works and @ 9.5% on other works on the amount of total expenditure.

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

III- Capital Work-In-Progress

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

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

IV- INTANGIBLE ASSETS

Intangible assets are measured on initial recognition at cost. Subsequently the intangible assets are carried at cost less accumulated amortization/accumulated

R.M. LALL & CO. CHARTERED ACCOUNTANTS

impairment losses. The amortization has been charged over its useful life in accordance with Ind AS-38.

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

V- DEPRECIATION

(a) Depreciation is charged on Straight Line Method as per Schedule II of the Companies Act 2013.

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

(c) Property, Plant and Equipment are depreciated up to 95% of original cost except in case of temporary erections/constructions where 100% depreciation is charged.

VI- INVESTMENTS

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

VII- STORES & SPARES

(a) Stores and Spares are valued at cost.

(b) As per practice consistently following by the 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) Sale of energy is accounted for based on tariff rates approved by U.P. Electricity Regulatory Commission.

(d) In case of detection of theft of energy, the consumer is billed on laid down norms as specified in Electricity Supply Code.

(e) Penal interest, over due interest, commitment charges, restructuring charges and incentive/rebates on loans are accounted for on cash basis after final ascertainment.

IX- POWER PURCHASE

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

R.M. LALL & CO. CHARTERED ACCOUNTANTS

(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

R.M. LALL & CO. CHARTERED ACCOUNTANTS

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 ofCash 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, borrowingsand 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, thereforethe 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.

R.M. LALL & CO. CHARTERED ACCOUNTANTS

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.

(Dr. Jyoti Arora) **Company Secretary**	**(A. K. Awasthi)** **Chief General Manager** **& CFO**	**(A.K.Purwar)** **Director** **DIN - 08544396**	**(Pankaj kumar)** **Managing Director** **DIN - 08095154**

Place :Lucknow
Date :

Subject to our report of even date

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

04/10/21

(Vikas C Srivastava)
Partner
M.No.401216

UDIN: 21401216AAAABR1173

PROPERTY, PLANT & EQUIPMENT

NOTE-2

(₹ in Lakhs)

Particulars	Gross Block				Depreciation				Net Block	
	As at 31.03.2019	Addition	Adjustment/ Deletion	As at 31.03.2020	As at 31.03.2019	Addition	Adjustment/ Deletion	As at 31.03.2020	As at 31.03.2020	As at 31.03.2019
Land & Land Rights	1072.76	-	-	1072.76	147.77	-	-	924.99	924.99	924.99
Buildings	98818.85	21276.69	0.60	120094.94	27733.16	2,103.20	0.06	90258.65	90258.65	71085.69
Plant & Pipe Lines	94.98	-	-	94.98	85.53	4.71	-	4.74	4.74	9.45
Other Civil Works	4075.47	-	-	4075.47	2669.13	79.92	-	1326.42	1326.42	1406.34
Plant & Machinery	1879701.71	774167.16	263575.52	2390293.35	155498.98	76,115.55	52222.57	2210901.40	2210901.40	1724202.73
Lines, Cable Networks etc.	2951385.93	1133483.61	16576.50	4068293.04	807202.01	1,21,677.92	5746.79	3145159.90	3145159.90	2144183.92
Vehicles	1729.28	-	2.52	1726.76	1415.87	23.64	2.32	289.58	289.58	313.41
Furniture & Fixtures	4946.19	389.28	0.51	5334.96	1712.55	301.50	0.47	3321.40	3321.40	3233.64
Office Equipments	18031.02	7027.36	51.91	25006.47	11610.81	2,722.27	14.31	10687.69	10687.69	6420.21
Total	4959856.19	1936344.10	280207.56	6615992.73	1008075.81	203028.71	57986.52	5462874.78	5462874.78	3951780.38

PROPERTY, PLANT & EQUIPMENT

NOTE-2

(₹ in Lakhs)

Particulars	Gross Block				Depreciation				Net Block	
	As at 31.03.2018	Addition	Adjustment/ Deletion	As at 31.03.2019	As at 31.03.2018	Addition	Adjustment/ Deletion	As at 31.03.2019	As at 31.03.2019	As at 31.03.2018
Land & Land Rights	1072.76	-	-	1072.76	102.17	-	(45.60)	147.77	924.99	1032.87
Buildings	91241.70	7577.32	0.17	98818.85	25886.68	1,846.77	0.29	27733.16	71085.69	65292.75
Plant & Pipe Lines	94.98	-	-	94.98	79.51	6.02	-	85.53	9.45	15.47
Other Civil Works	4075.47	-	-	4075.47	2589.21	79.92	-	2669.13	1406.34	1486.26
Plant & Machinery	1584053.15	552307.36	256658.80	1879701.71	142261.11	60,995.12	47757.25	155498.98	1724202.73	1441792.20
Lines, Cable Networks etc.	2376807.87	587978.10	13400.04	2951385.93	720935.50	94,744.97	8478.46	807202.01	2144183.92	1655938.06
Vehicles	1784.74	(41.04)	14.42	1729.28	1352.96	74.37	11.45	1415.87	313.41	431.77
Furniture & Fixtures	3725.05	1223.12	1.98	4946.19	1493.06	221.05	1.56	1712.55	3233.64	2231.99
Office Equipments	16312.42	1719.10	0.50	18031.02	9775.25	1,839.64	4.08	11610.81	6420.21	6537.17
Total	4079168.14	1150763.96	270075.91	4959856.19	904475.45	159807.86	56207.50	1008075.81	3951780.38	3174758.54

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Note-3

CAPITAL WORKS IN PROGRESS

(₹ in Lakhs)

Particulars	As at 01.04.2019	Additions	Deductions/ Adjustments	Capitalised During the Year	As at 31.03.2020
Capital Work in Progress	915786.59	1594431.13	5096.98	(804816.22)	1710498.48
PPE Adjustment of C.W.P	(8085.61)	583.99	-	(1936344.08)	(1943845.70)
Advance to Supplier/Contractor	1169580.57	164694.03	-	-	1334274.60
	2077281.55	1759709.15	5096.98	(2741160.30)	1100927.38

Note-3

CAPITAL WORKS IN PROGRESS

(₹ in Lakhs)

Particulars	As at 01.04.2018	Additions	Deductions/ Adjustments	Capitalised During the Year	As at 31.03.2019
Capital Work in Progress	645305.04	1432690.48	(11805.33)	(1150763.95)	915426.24
PPE Adjustment of C.W.P	(7585.31)	-	(139.94)	-	(7725.25)
Advance to Supplier/Contractor	828784.92	646311.21	(305515.57)	-	1169580.56
	1466504.65	2079001.69	(317460.84)	(1150763.95)	2077281.55

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Note-4

ASSETS NOT IN POSSESSION

(₹ in Lakhs)

Particulars	As At 31.03.2020	As At 31.03.2019
Lines, Cable Networks etc.	13363.77	12978.10
Total	**13363.77**	**12978.10**

Note-5

INTANGIBLE ASSETS

Particulars	As At 31.03.2020	As At 31.03.2019
Intangible Assets	249.10	287.82
Total	**249.10**	**287.82**

Note-6

FINANCIAL ASSETS - INVESTMENTS (NON-CURRENT)

(₹ in Lakhs)

Particulars	As At 31.03.2020		As At 31.03.2019	
UPPTCL-Investment in Share Capital	221333.52		221333.52	
Share Application Money	18072.31		18072.31	
Provision for Impairment	(12384.80)	227021.03	(30806.60)	208599.23
Sonebhadra PGCL	620.23		620.23	
Impairment/Provision for Impairment	(620.23)		(620.23)	
Yamuna PGCL	66.01		66.01	
Impairment/Provision for Impairment	(66.01)	-	(66.01)	-
Other Investments-				
(a) 7.75% PFC Bonds	17400.00		17400.00	
(b) 7.59% HUDCO Bonds	4900.00	22300.00	4900.00	22300.00
Total		**249321.03**		**230899.23**

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Note-7

FINANCIAL ASSETS - LOANS (NON-CURRENT)

(₹ In Lakhs)

Particulars	As At 31.03.2020		As At 31.03.2019	
Capital Advances				
NPCL LOAN	568.43		568.43	
Interest Accrued and Due	12519.41		10818.83	
Provision for B/D Loan & Interest	(13087.84)	-	(11387.26)	-
Advance to Capital Suppliers/ Contractors				
Secured and Considered Goods	14.27		14.27	
Condiered Dobtful	1.59		1.59	
	15.86		15.86	
Less Provision for Doubtful Advances	(1.59)	14.27	(1.59)	14.27
Total		**14.27**		**14.27**

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Note-8

FINANCIAL ASSETS - OTHERS (NON-CURRENT)

(₹ In Lakhs)

Particulars	As At 31.03.2020	As At 31.03.2019
Advance paid to State Govt. for freehold title of Land	743.87	743.87
TDS F.Y. 2013-14	0.10	0.10
TDS F.Y. 2016-17	-	0.06
TDS F.Y. 2018-19	-	0.17
Total	743.97	744.20

Note-9

INVENTORIES

(₹ In Lakhs)

Particulars	As At 31.03.2020		As At 31.03.2019	
(a) Stores and Spares				
Stock of Materials - Capital Works	192658.55		213021.56	
Stock of Materials - O&M	112756.63	305415.18	128294.00	341315.56
(b) Others		37220.05		32424.10
		342635.23		373739.66
Provision for Unserviceable Stores		(24148.42)		(24700.49)
Total		318486.81		349039.17

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Note-10

FINANCIAL ASSETS - TRADE RECEIVABLES (CURRENT)

(₹ In Lakhs)

Particulars	As At 31.03.2020		As At 31.03.2019	
Sundry Debtors		52297.94		52297.94
Trade Receivables outstanding from Customers on account of Sale of Power for a period exceeding six month from the date they are due for payment				
Secured & Considered goods	299155.7		247288.88	
Unsecured & considered good	5862229.58		5602666.51	
Unsecured & Considered doubtful	688857.74	6850243.02	659860.16	6509815.55
Trade Receivables outstanding from Customers on account of Sale of Power for a period Less than six month from the date they are due for payment				
Secured & considered good	22688.62		38022.85	
Unsecured & considered good	905943.8		347735.59	
Considered doubtful	58292.14	986924.56	33458.48	419216.92
Trade Receivables outstanding from Customers on account of Eletricity Duty for a period exceeding six month from the date they are due for payment				
Secured & Considered goods	20742.48		19780.86	
Unsecured & considered good	494767.56		509302.85	
Unsecured & Considered doubtful	49944.11	565454.15	57181.27	586264.98
Trade Receivables outstanding from Customers on account of Electricity Duty for a period Less than six month from the date they are due for payment				
Secured & considered good	1336.93		6065.25	
Unsecured & considered good	186234.1		51127.32	
Considered doubtful	9903.05	197474.08	5177.45	62370.02
Debtors-Sale of Power (subsidiary)				
Debtors Unbilled revenue	-		88131.18	
Adjustment as per Point no. 37 of Note 31	75.33		(88131.18)	
Add/Less: PPE Adjustment		75.33	(3927.01)	(3927.01)
Sub-Total		**8652469.08**		**7626038.40**
Allowance for Bad & Doubtful Debts		(837222.12)		(785902.44)
Total		**7815246.96**		**6840135.96**

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Note-11-A

FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS (CURRENT)

(₹ In Lakhs)

Particulars	As At 31.03.2020		As At 31.03.2019	
(a) Balance with Banks				
In Current & Other Account	394920.41		549183.87	
Dep. with original maturity upto 3 months	2959.01	397879.42	1179.93	550363.8
(b) Cash In Hand				
Cash in Hand (Including Stamps in Hands)	6864.11		47892	
Cheque/Drafts in Hand	221.52		613.66	
Cash imprest with Staff	676.88	7762.51	1014.16	49519.82
Total		**405641.93**		**599883.62**

Note-11-B

FINANCIAL ASSETS - BANK BALANCES OTHER THAN ABOVE (CURRENT)

(₹ In Lakhs)

Particulars	As At 31.03.2020	As At 31.03.2019
Deposit with original maturity of more than 3 months but less than 12 months	184680.2	52956.90
Total	**184680.2**	**52956.90**

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Note-12

FINANCIAL ASSETS - OTHERS (CURRENT)

(₹ in Lakhs)

Particulars	As At 31.03.2020		As At 31.03.2019	
Receivables (unsecured)				
Uttar Pradesh Government		113502.99		115549.38
Receivable from IREDA		1147.68		-
Receivable from UPNEDA		(1655.78)		-
Utttaranchal PCL				
Receivable	(15.29)		1.41	
Payable	-	(15.29)	(16.70)	(15.29)
UPRVUNL				
Receivable	688.50		423.92	
Payable	(59.87)	628.63	(64.93)	358.99
UPPTCL				
Receivable	51030.37		49515.72	
Payable	(268.62)	50761.75	(268.62)	49247.10
Employees (Receivables)		25307.20		24768.09
Provision for Doubtful receivables from Employees		(889.51)		(990.87)
Others		111791.83		88175.10
Prov. For Doubtful Receivables		(13511.76)		(13476.29)
PPE Adjustment of Others				
Theft of Fixed Assets Pending Investigation	15984.90		15,094.74	
Prov. For estimated Losses	(15984.90)	-	(15094.74)	-
Total		287067.74		263616.21

Note-13

OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As At 31.03.2020		As At 31.03.2019	
Advances (Unsecured/Considered Good)				
Suppliers/Contractors	22524.87		21657.78	
Provision for Doubtful Advances	(2412.23)	20112.64	(2379.56)	19278.22
Tax Deducted at source	2881.20		3564.80	
TDS- Other Receipts	1544.97	4426.17	-	3564.80
Advance Income Tax		13.28		13.28
Fringe Benefit Tax Advance Tax	52.78		52.78	
Provision	(41.03)	11.75	(41.03)	11.75
Advances recoverable in Cash or in kind of value to be received				
Unsecured Considered Good	135.78		68.15	
Unsecured Considered Doubtful	297.23		263.37	
Provision for Doubtful Loans & Advances	(297.23)	135.78	(263.37)	68.15
Misc. Recovery				
Unsecured Considered Good	109.23		64.85	
Unsecured Considered Doubtful	372.65		372.65	
Provision for Doubtful Loans & Advances	-372.65	109.23	(372.65)	64.85
Income Accrued & Due		1332.92		1517.80
Income Accrued & but not Due		1705.37		2158.58
Prepaid Expenses		102.41		400.23
Inter Unit Transfers		320704.16		538786.88
Total		348653.71		565864.54

Note: PVVNL has shown Rs. 119904.82 Lacs (Prev Yr. Rs. 11674.71) as Receivable/Payable to UPPCL but that amount is related to IUT. Hence, the same has been incorporated in IUT after confirmation from PVVNL.

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NOTE-14

EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
(A) AUTHORISED : 1250000000 (Previous Year 1250000000 respectively) Equity shares of par value of Rs. 1000/- each	12500000.00	12500000.00
(B) ISSUED SUBSCRIBED AND FULLY PAID UP 967622864 (Previous Year 911863632) Equity shares of par value Rs. 1000/- each	9676228.64	9118636.32
(of the above shares 36113400 were allotted as fully paid up pursuant to UP Power Sector Reform Scheme for consideration other than cash) (It includes 2000 shares of 1000/- each of Promoter's Share of Discom)		
Total	9676228.64	9118636.32

a) During the year, The Company has issued 55759232 Equity Shares of Rs. 1000 each only and has not bought back any shares.
b) The Company has only one class of equity shares having a par value Rs. 1000/- per share.
c) During the year ended 31st March 2020, 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 31.03.2020		As at 31.03.2019	
	No. of Shares	% of Holdings	No. of Shares	% of Holdings
Government of UP	967622864	100	911863632	100

e) Reconciliation of No. of Shares

No. of Shares as on 01.04.2019	Issued During the Year	Buy Back during the Year	
911863632	55759232	0	967622864

NOTE-15

OTHER EQUITY

(₹ in Lakhs)

Particulars	As At 31.03.2020			As At 31.03.2019		
A. Share Application Money (Pending For Allotment)			40192.23			214010.08
B. Capital Reserve						
(i) Consumers Contributions towards Service Line and other charges		849546.29			803715.98	
(ii) Subsidies towards Cost of Capital Assets.		2769559.31			2420203.28	
(iii) APDRP Grant/Other Grants		-			749.66	
(iv) Resturcturing Reserve		55476.24			56521.66	
(v) Uday Grant		153229.84			126644.75	
(vi) Others		19595.12	3847406.80		19595.12	3427430.47
C. Surplus in Statement of P&L						
Opening Balance		(16997893.35)			(15775616.22)	
PPE Adjustment for year 2017-18 of before					44846.71	
Add: Impact of Ind AS adjustment to retained earnings		-			(4499.69)	
Add: Profit/(Loss) for the year	(697133.36)			(1416219.37)		
Adjustment as per Point no. 37 of Note 31	88131.18	(609002.18)		1,54,059.60	(1262159.77)	
Less: Prior Period Expenditure/(Income)		-	(17606895.53)		(464.36)	(16997893.35)
Add: Provision for Impairment of Subsidiaries Reversed			7150371.49			6850102.43
Add: Provision on UPPCL Debtors Reversed			1,86,466.95			1,54,333.70
Add: Provision on Financial Assets-Other Current- Subsidiaries (Unsecured)			8457.70			4042.32
Total			(8376000.36)			(8347974.35)

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Note-16

FINANCIAL LIABILITIES - BORROWINGS (NON-CURRENT)

(₹ In Lakhs)

Particulars	As At 31.03.2020		As At 31.03.2019	
(A)SECURED LOANS				
TERM LOANS				
Rural Electrification Corporation Ltd.	132786.61		109320.77	
R-APDRP(PFC)	167350.01		167740.03	
R-APDRP Part-B	35315.18		35315.18	
R-APDRP(REC)	153110.92		174269.50	
REC(Kesco)	1750		16250.00	
Sub Station Loan (REC)	2107.18		2458.38	
RAPDRP SCADA Part- B	31108.46		35552.46	
Subhagya (REC)	61129.28		46500.00	
DDUGGY	42700		38501.00	
IPDS (PFC)	11375.17		5600.00	
AB CABLE	60019.31		-	
WORKING CAPITAL LOANS				
Rural Electrification Corporation Ltd.(SAUBHAGYA)	66482.2		10633.52	
Rural Electrification Corporation Ltd.(Non-SAUBHAGYA)	4000		-	
Power Finance Corporation ltd (DDUGJY)	33166		-	
Power Finance Corporation Ltd.(IPDS)	68048.47		28473.09	
REC(DDUGJY)	48360	918808.79	32240.00	702853.93
(B) UNSECURED LOANS				
9.70 % UDAY Bond / Bonds	1035133.25		1037628.99	
REC	609196.43		588361.34	
PFC	862701.41		732230.39	
U.P. State Industrial Development Corporation Ltd.	0.54		0.54	
Housing Development Finance Corporation Ltd.	0.07		0.07	
UP GOVERNMENT LOAN (OTHERS)	34948.64	2541980.34	23293.55	2381514.88
(C) BONDS/ LOANS RELATE TO DISCOMS(Secured)				
Non Convrtible Bond	179238.61		207700.29	
9.68% Non Convertible Bonds	272417.14		317820.00	
8.97% Rated Listed Bond	301380.00		351610.00	
10.15% Rated Listed Bonds	429676.46		491058.83	
9.75% Rated Listed Bonds	309952.06		355870.88	
8.68% /8.48% Rated Listed Bonds	173845.71	1666509.98	202820.00	1926880.00
(D) Interest free Loans (UDAY LOAN) (Unsecured)		-		489172.00
(E) Loan from State Government for payment of FRP Bonds		20441.86		38251.46
(E) Other than Bank				
PFC	97873.86	97873.86	72306.65	72306.65
Total		5245614.83		5610978.92

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Note-17

FINANCIAL LIABILITIES - OTHERS (NON-CURRENT)

(₹ in Lakhs)

Particulars	As At 31.03.2020	As At 31.03.2019
Security Deposits From Consumers	337969.48	305534.74
Liability/Provision for Leave Encashment	52291.27	27129.38
Liability for Gratuity on CPF Employees	25918.41	11644.77
Provision VII Pay Commission	-	6178.78
Staff related Liabilities	4904.64	2675.26
Total	**421083.80**	**353162.93**

Note-18

FINANCIAL LIABILITIES - BORROWINGS (CURRENT)

(₹ in Lakhs)

Particulars	As At 31.03.2020		As At 31.03.2019	
Secured Loan				
Overdraft from Banks				
(Paripassu charge on Reeivables on Corporation)				
Central Bank of India	382.24		53.82	
Punjab National Bank	2932.52		1106.89	
Punjab National Bank (MID)	28568.33		27933.71	
Allahabad Bank	10.88		28.22	
ICICI Bank	225.5		20793.52	
Bank of India	28297.64	60417.11	49433.90	99350.06
Rural Electrification Corporation		6458.33		29375.00
NOIDA Loan		15000.00		15000.00
Total		**81875.44**		**143725.06**

Note-19

FINANCIAL LIABILITIES - TRADE PAYABLE (CURRENT)

(₹ in Lakhs)

Particulars	As At 31.03.2020		As At 31.03.2019	
Liabilitiy for Purchase of Power	3214441.04		2543827.38	
Liability for Power Purchase from Others	1276.21		418.78	
Liabilitiy for Wheeling charges	556006.54		417628.83	
UHBVN Ltd.	45.95	3771769.74	32.41	2961907.4
Total		**3771769.74**		**2961907.40**

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Note-20

OTHER FINANACIAL LIABILITIES(CURRENT)

(₹ In Lakhs)

Particulars	As At 31.03.2020		As At 31.03.2019	
Interest accured & due (Loans through PCL)	16963.05		-	
Interest accured & due on borrowings	11029.97	27993.02	20940.90	20940.90
Current Maturity of Long Term Borrowings (Other)	41025.15		31216.21	
Current Maturity of Long Term Borrowings through UPPCL	513607.24	554632.39	224265.92	255482.13
Liability for Capital Supplies/works	789385.88		929342.79	
Liability for O&M Supplies/works	99650.01		97989.82	
PPE Adjustment of Liability For O&M Supplies/works	-	889035.89	19.23	1027351.84
Deposits & Retentions from Suppliers & others	541074.82		505559.20	
PPE Adjustment	-	541074.82	531.15	506090.35
Electricity Duty & other levies payable to govt.	692600.19		704545.49	
PPE Adjustment	0	692600.19	(4897.94)	699647.55
Deposit for Electrification works	129810.37		111290.60	
Deposit Works	4515.04	134325.41	3803.01	115093.61
Liabilties towards UPPCL CPF Trust	5189.38		2882.77	
PPE Adjustment	-	5189.38	8.65	2891.42
Liabilities for Gratuity on CPF Employees	207.17		227.22	
Liability for Leave Encashment	2385.19	2592.36	1999.48	2226.70
Interest Accrued but not Due on Borrowings	96322.70		78472.48	
Staff related liabilities	145937.35		155560.82	
Add PPE Adjustment	-	242260.05	(11924.88)	222108.42
Sundry Liabilities	99307.91		61691.49	
Less- PPE Adjustment	-		778.09	
Liabilities for GST	30.17	99338.08	46.93	82716.51
Payable to UPJVNL				
Payable	8790.97		8839.95	
Receivable	(13.78)		(13.78)	
Liabilities for Expenses	21197.89	29975.08	17634.45	26460.62
Liabilties towards UP Power Sector Employees Trust				
Provident Fund	70451.48		66119.89	
Provision for Interest on GPF Liability	7310.88		6590.92	
PPE Adjustment	-		7.06	
Pension & Gratuity Liability	32795.12	110557.48	40098.35	112816.22
Provision VII Pay Commission		7501.08		4456.21
Interest on Security Deposit from Consumer	29623.41		28639.40	
Less- PPE Adjustment	-	29623.41	123.06	28762.48
Total		**3366698.64**		**3105044.94**

Note-21

PROVISIONS (CURRENT)

(₹ In Lakhs)

Particulars	As At 31.03.2020	As At 31.03.2019
Legal & Professional Charges	0.6	0.60
Provision for Income Tax	0.32	0.13
Total	**0.92**	**0.73**

R.M. LALL & CO. CHARTERED ACCOUNTANTS

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Note-22

REVENUE FROM OPERATIONS (GROSS)

(₹ In Lakhs)

Particulars	For the Year ended 31.03.2020		For the Year ended 31.03.2019	
Supply in Bulk				
Torrent Power Ltd.	102780.75		84590.13	
Unbilled amount of Sale of Power	-		81766.61	
Adjustment as per Point no. 37 of Note 31	75.33	102856.08	(81766.61)	84590.13
Large Supply Consumer				
Industrial	1214999.34		1123384.97	
Traction	7125.36		39113.11	
PPE Adjustment	-		354.80	
Irrigation	58549.26		59337.17	
Public Water Works	126432.11	1407106.07	120420.35	1342610.40
Small & Other Consumers				
Domestic	2034301.62		1753923.45	
PPE Adjustment	-		899.51	
Commercial	623481.21		642824.28	
Industrial Low & Medium Voltage	244003.61		237107.24	
Public Lighting	66794.86		74149.12	
STW & Pump Canals	288831.2		214094.24	
PTW & Sewage Pumping	211719.75		181936.66	
Institution	7635.8		5857.27	
Small Power (LMV VI)	28415.03		27290.69	
Water Work (LMV VII)	12306.82		11206.86	
Temp Connection (LMV IX)	215.73		2350.59	
Prepaid	933.71		-	
Large & Heavy (HV I)	22338.65		21519.99	
Large & Heavy (HV II)	46387.51		43503.95	
Miscelleneous Charges form Consumers	187010.06		263074.75	
Energy Internally Consumed	118006.41		94586.77	
Electricity Duty	309891.05	4202273.02	305177.16	3879502.53
Other Operating Revenue				
Extra State Consumer	-		2270.45	
PPE Adjustment	1455.38	1455.38	(22.80)	2247.65
		5713690.55		5308950.71
Less- Electricity Duty		(309891.05)		(303081.79)
Total		5403799.50		5005868.92

R.M. LALL & CO. CHARTERED ACCOUNTANTS

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Note-23

OTHER INCOME

(₹ In Lakhs)

Particulars	For the Year ended 31.03.2020		For the Year ended 31.03.2019	
From U.P. Govt.				
RE Subsidy from Govt. of U.P.	120000		170000.00	
Revenue Subsidy from Govt. of U.P.	892000		837021.00	
Subsidy for Operational Losses	110301.58		29621.54	
Subsidy Against Loan/Interest	3102.81		15200.16	
Subsidy for repayment of interest on loan	5646.59		3672.39	
Cross Subsidy	63.75		273.41	
Subsidy from Govt.	5541.98		2961.40	
Additional Subsidy as per UDAY Loss	129698.41		46487.46	
Subsidy against UDAY/Govt. Guaranee Loan	6167.77	1272522.89	14498.92	1119736.28
(a) Interest from :				
Loans to Staff	1.64		1.78	
Loans to NPCL (licencee)	1700.59		1479.62	
Fixed Deposits	16094.63		11306.16	
PPE Adjustment of Interest	-		26.38	
Banks (Other than on Fixed Deposits)	703.14		804.09	
Add: PPE Adjustment (Bank Other than on FD)	-		34.95	
Bonds	1712.25		1712.25	
Others	1293.02	21505.27	1297.45	16662.68
(b) Other non operating income				
Delayed Payment Charges	89308.21		188374.30	
Income from Contractors/Suppliers	3297.84		3753.60	
PPE Adjustment	-		(699.05)	
Rental from Staff	115.11		102.74	
Miscellenous Income/ Receipts	7183.96		3697.91	
PPE Adjustment exam fee	-		(1.30)	
PPE Adjustment Misc. Receipt	-		(0.76)	
Excess found on Verification of Stores	0.53		1.18	
Balance Write/off	9.72		0.00	
Sale of Tender Forms	17.98	99933.3	20.71	195249.33
Total		**1393961.46**		**1331648.29**

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Note-24

PURCHASE OF POWER

(₹ In Lakhs)

Particulars	For the Year ended 31.03.2020		For the Year ended 31.03.2019	
Transmission Charges	336461.14		223156.41	
UHBVN Ltd.	36.67		30.21	
PURCHASE FROM OTHERS	857.44	337355.25	616.78	223805.40
Generating Units		4802491.19		4884763.56
Surcharge		144588.52		115949.05
Unsheduled Interchange & Reactive Energy Charges		16407.6		12385.89
Inter-state Transmission & Related Charges		466322.88		408403.77
Sub Total		5767165.44		5645307.67
Rebate against Power Purchase		(28278.96)		(42858.03)
Total		5738886.48		5602449.64

Note: Rebate against Power Purchase includes the Subsidy of Rs. 19925.97 Lacs for 2019-20 and Rs. 27051.39 Lacs for 2018-19 received from Central Government for Solar Power.

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Note-25

EMPLOYEE BENEFIT EXPENSES

(₹ In Lakhs)

Particulars	For the Year ended 31.03.2020	For the Year ended 31.03.2019
Salaries & Allowances	196599.25	170487.31
PPE Adjustment	0.00	523.05
Dearness Alloance	25049.86	15885.82
Other Allowances	11722.69	8881.79
Bonus/Ex.Gratia	1067.25	1268.36
Medical Expenses (Reimbursement)	4112.99	4087.76
Leave Travel Assistance	0.30	6.06
Earned Leave Encashment	17227.24	26831.70
Compensation	82.90	172.73
Staff Welfare Expenses	497.13	306.87
Pension & Gratuity	28585.81	22169.59
Other Comprehensive income of Gratuity	-1868.87	(950.49)
Other Terminal Benefits	4112.54	5781.23
Interest on GPF	5846.30	5615.32
Gratuity (CPF)	3114.32	940.72
Other Terminal Benefit (CPF)	7701.12	1834.45
Expenditure on Trust	16.81	80.47
Contributions to provident and other funds	361.64	274.71
PPE Adjustment	-	41.02
Others	-	81.00
Others/ compensation	411.15	-
Expenses allocated by UPPCL	7447.77	-
Sub Total	312088.2	264319.49
Expense Capitalised	(128435.92)	(122336.58)
Expenses Allocated to Discoms & Others	(18061.16)	-
Total	165591.12	141982.91

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Note-26

FINANCE COST

(₹ In Lakhs)

Particulars	For the Year ended 31.03.2020		For the Year ended 31.03.2019	
(a) Interest on Loans				
Working Capital	4172.33		4919.75	
Interest expenses on Borrowings	15863.78		17031.73	
Less- Rebate of Timely Payment of Interest	(10.75)	20025.36	-	21951.48
(b) other borrowing costs				
Finance Charges/Cost of Raising Fund	5324.63		5463.50	
Bank Charges	648.22		588.60	
Service fees	-		0.01	
Guarantee Charges	0.15	5973.00	0.34	6052.45
(c)Interest on Loans				
Interest on Govt Loan	2774.00		1395.73	
Interest on Bonds	272936.38		279299.74	
PFC	109189.01		77353.49	
R-APDRP	11241.75		11579.85	
REC	114496.04		78312.19	
PPE Adjustment	-		9871.07	
Bank Loan	-		606.67	
Interest on CPF	5.37		4.05	
Interest to Consumers	19352.57		15498.42	
Provision of Int. on ED/Liecence Fee/GPF	787.81		928.83	
Interest on Secured Loan	25198.07		18304.69	
PPE Adjustment of interest on Secured Loan	-	5,55,981.00	(442.40)	492712.33
Sub Total		581979.36		520716.26
Interest Capitalised		(63992.95)		(49658.88)
Total		517986.41		471057.38

R.M. LALL & CO. ★ CHARTERED ACCOUNTANTS ★

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Note-27

DEPRECIATION AND AMORTIZATION EXPENSE

(₹ in Lakhs)

Particulars	For the Year ended 31.03.2020		For the Year ended 31.03.2019	
Depreciation on -				
Buildings	2,072.31		1,830.44	
Other Civil Works	115.52		102.07	
Plant & Machinary	1,14,417.93		91,316.93	
Lines Cables Networks etc.	83,375.54		64,416.81	
Vehicles	23.64		74.37	
Furnitures & Fixtures	301.50		221.05	
Office Equipments	2,722.27		1,805.75	
Intangible Assets	63.77		33.37	
Prior Period Adjustment for Depreciation	-		6.55	
Equivalent amount of dep. on assets aquired out of the consumer's contribution & GoUP subsidy	(77270.48)		(47385.98)	
Add: PPE Adjustment of Amortization		125822.00	(19216.35)	93205.01
Capital Expenditure Assets not pertains to Corporation/Nigam		602.17		548.19
Total		126424.17		93753.20

R.M. LALL & CO. CHARTERED ACCOUNTANTS

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Note-28

ADMINISTRATIVE, GENERAL & OTHER EXPENSES

(₹ In Lakhs)

Particulars	For the Year ended 31.03.2020	For the Year ended 31.03.2019
Interest Expense on Electricity duty	7352.44	6438.20
Rent	318.53	399.70
Rates & Taxes	322.50	403.36
Insurance	369.38	435.30
Communication Charges	3930.86	2332.18
Prior Period Adjustment	-	(0.01)
Legal Charges	2788.31	2820.99
Auditors Remuneration & Expenses	213.46	280.68
Consultancy Charges	5370.68	31588.46
Licence Fees	1234.56	4020.10
Technical Fees & Professional Charges	1623.84	3497.59
Travelling & Conveyance	4128.63	3235.31
Printing & Stationary	2045.20	1834.86
Prior Period Adjustment	-	4.19
Advertisement Expenses	1717.53	1532.26
PPE Adjustment of Advertisement expenses	107.25	(108.51)
Electricity Charges	81012.95	71294.46
PPE Adjustment	-	899.51
Water Charges	71.14	12.29
Entertainment	12.00	12.91
Expenditure on Trust	78.11	128.35
Intentive Amount(Incentive Scheme to prevent the Theft of Electricity)	43.30	-
Miscellaenous Expenses	13585.83	12891.92
PPE Adjustment of Miscellaneous expenses	-	229.76
Expenses incurred for Revenue Realisation	17553.61	7561.34
Compensation	928.79	749.89
Compensation(Other than Staff)	3428.83	2673.47
Vehicle Expenses	1655.47	219.30
Fees & Subscription	357.76	1352.12
Online, Spot Billing & Camp Charges	22684.51	15590.48
Loss on sale of Assets Scraped	0.83	-
Security charges	1685.87	1495.67
Rebate to consumer	932.18	1619.01
Payment to Contractual Persons	19241.91	12108.40
Honrariams	27.66	84.37
Professional Charges	192.04	93.93
Revenue Expenses	41368.67	10356.87
Expenses allocated by UPPCL	2142.28	-
Sub Total	**238526.91**	**198088.71**
Expenses Allocated to Discoms & Others	(2336.71)	-
Total	**236190.2**	**198088.71**

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Note-29

REPAIRS AND MAINTENANCE

(₹ in Lakhs)

Particulars	For the Year ended 31.03.2020		For the Year ended 31.03.2019	
Plant & Machinary	95161.19		88546.17	
PPE Adjustment	-		(1910.45)	
Buildings	4044.54		9158.10	
Other Civil Works	642.79		286.89	
Lines, Cables Networks etc.	128985.15		125363.96	
Prior Period Adjustment	-		(184.96)	
Energy Internally Consumed	20426.66		-	
Vehicles - Expenditure	27746.90		19599.79	
Less: Transferred to different Capital & O&M Works/ Administrative Exp.	(27746.90)	249260.33	(19599.79)	221259.71
Furnitures & Fixtures	25.44		20.84	
Office Equipments	627.48		1710.90	
Payment to Contractual Persons	13275.27		9574.65	
Transferred to different Capital & O&M Works/ Administrative Exp.	(13275.27)		(9574.65)	
Expenses allocated by UPPCL	251.62	904.54	-	1731.74
Sub Total		250164.87		222991.45
Expenses Allocated to Discoms & Others		(576.26)		-
Total		2,49,588.61		2,22,991.45

Note-30

BAD DEBTS & PROVISIONS

(₹ in Lakhs)

Particulars	For the Year ended 31.03.2020		For the Year ended 31.03.2019	
Bad Debts written off-Others	-		3203.67	
PROVISIONS				
Doubtful Debts (Sale of Power)	83452.93		106552.82	
Doubtful Loans and Advances			-	
Other Current Assets	1239.47		569.79	
Loans (Non Current)	1700.59		1479.62	
Short Term	(129.56)		38.47	
Long Term	-		-	
Doubtful Advances	-		536.04	
Bad and Doubtful Debts	63.48		-	
Provision (Other)/Loss in Land acquisition process	(552.07)		(396.42)	
Adjuntment of Provision as per Actuarial Valuation Report	(905.80)	84869.04	-	111983.99
Doubtful Advances(Suppliers/ Contractor)				
Doubtful Other Current Assets (Receivables)	338.89		301.12	
Doubtful Financial Assets (Others)	2108.35		(1860.41)	
Provision For Impairment of Assets	281847.27		756577.00	
Loss of Materials	-		(253.91)	
Advances to Supplier/Contrator	23.6		(1.95)	
Provision for Theft of Fixed Assets/Estimated Losses(Fixed Assets)	890.16	285208.27	1544.88	756306.73
Total		370077.31		868290.72

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Note No.31

Notes to Accounts forming part of Consolidated Financial Statements for the F.Y 2019-20

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

S No.	Name of Company	Status	Proportion (in %) of Shareholding as on*	
			31-03-2020	31-03-2019
1	U.P Power Corporation Limited	Holding	NA	NA
2	PurvanchalVidyutVitran Nigam Limited**	Subsidiary	100	100
3	PashchimanchalVidyutVitran Nigam Limited**	Subsidiary	100	100
4	MadhyanchalVidyutVitran Nigam Limited**	Subsidiary	100	100
5	DakshinanchalVidyutVitran Nigam Limited**	Subsidiary	100	100
6	Kanpur Electricity Supply Company Limited**	Subsidiary	100	100
7	Sonebhadra Power Generation Company Limited*** (inoperative service dated 27.03.2019)	Subsidiary	0	0
8	Southern-UP Power Transmission Company Limited	Subsidiary	100	100
9	Yamuna Power Generation Company Limited*** (inoperative service dated 25.03.2019)	Associate	0	0

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

** It represents the Distribution Companies (DISCOMs).

*** Sonebhadra Power Generation Company Limited and Yamuna Power Generation Company Limited areinoperative w.e.f. the date as cited above.As per order of the Registrar of Companies (MCA), Kanpur, U.P. dated 18.08.2020 and 28.08.2020 Sonebhadra Power Generation Company Ltd. and Yamuna Power Generation Company Ltd. respectively have been struck off from the Register of Companies and the same have been dissolved. (Refer Point no. 29 & 30)

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

3. The loan taken by the Subsidiary Companies during the financial year 2019-20 amounting to₹ 686967.86Lacs. ₹380000.00Lacsreceived from the Holding Company

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i.e. UPPCL (The UPPCL takes loan from financial institution for and on behalf of Discoms) as per details given below:-

(₹ InLacs)

Sl. No.	Particulars	DVVNL	PuVVNL	PVVNL	MVNNL	Kesco	UPPCL	Total
1	REC	18526.00	37036.00	44109.07	56147.20		137500.00	293318.36
2	PFC	74300.00	29653.60	13559.60	25814.30		242500.00	385827.50
3	PFC Loan (IPDS)					7822.00		7822.00
	Total	92826.00	66689.69	57668.67	81961.50	7822.00	380000.00	686967.86

4. The Board of Directors of Discoms have escrowed all the Revenue receipt accounts in favour of U.P. Power Corporation Limited, Lucknow.The Holding Company has been further authorized to these escrow revenue accounts for raising or borrowing the funds for & on behalf of distribution companies for all necessary present and future financial needs including Power Purchase obligation.

5. Accounting entries after reconciliation (IUT) have been incorporated in the current year. Reconciliation of outstanding balances of IUT is under progress and will be accounted for in coming years.

6. (a) The Property, Plant & Equipment including Land remained with the company after notification of final transfer scheme are inherited from erstwhile UPSEB which had been the title holder of such Non-Current Assets. The title deeds of new Property, Plant & Equipment created/purchased after incorporation of the company, are held in the respective units where such assets were created/purchased.

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

   (c) In terms of powers conferred by the Notification no. GSR 627(E) dated 29 August 2014 of Ministry of Corporate Affairs, Govt. of India. the depreciation/amortization on Property, Plant &Equipment/Intangible Assetshave been calculated taking into consideration the useful life of assets as approved in the orders of UPERC (Multi Year Distribution tariff) Regulations, 2014.

   (d) Depreciation on Computers and peripherals and Software has been provided on the basis of the useful life notified in the UPERC (Multi Year Distribution tariff) Regulations, 2014.

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

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(b) Borrowing cost capitalized during the year is 63992.95Lacs(31[st]March 2019 ₹ 49658.88Lacs).

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

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

(i)Provision to the extent of 10% on the balances of suppliers/ contractors has been made by UP Power Corporation Limited,PurvanchalVidyutVitran Nigam Limited, PashchimanchalVidyutVitran Nigam Limited as shown and clubbed in the Note no. 13 (in Rs. 2412.23 Lacs)and an amount of ₹1198.09 Lacs by Kanpur Electricity Supply Company Limited against the unadjusted advances for more than two year (Net off shown in Note no. 3).

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

(c) A provision for doubtful receivables to the extent of 10% on the balances appearing under the different heads of "Financial Assets-Other- Current" Note no. 12by UP Power Corporation LimitedandPashchimanchalVidyutVitran Nigam Limited. 10% Provision on Receivable from Employees by PurvanchalVidyutVitran Nigam Limitedand an amount of ₹ 97.25 Lacs reduced by Kanpur Electricity Supply Company Limited against the doubtful receivables from Employees shown in"Financial Assets-Other- Current" Note no. 12 .

(d) The provision for unserviceable store (Note no. 09) has been made @10% of closing balanceby PashchimanchalVidyutVitran 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 byDiscoms.

9. Transmission charges are accounted for as per the bills raised by UPPTCL.

10. Government dues in respect of Electricity Duty and other Levies amounting to Rs. 692600.19Lacsshownin Note-20 includeRs. 107349.97Lacs on account of Other Levies realized from consumers.

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

12. (a) Some balances appearing under the heads 'Financial Assets-Other (Current)', Financial Assets- Loans (Non-Current)', 'Other Current Assets', 'Other Financial Liabilities (Current)' and Financial Liabilities- Trade Payables (Current)' Material in transit/ under inspection/lying with contractors are subject to confirmation/ reconciliation and subsequent adjustments, as may be required.

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

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13. 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 Lacs)

		31.03.2020	31.03.2019
	Earning per share:		
(a)	Net loss after tax (numerator used for calculation)	(609002.18)	(1262159.77)
(b)	Weighted average number of Equity Shares* (denominator for calculating Basic EPS)	950370812	865587585
(c)	Weighted average number of Equity Shares* (denominator for calculating Diluted EPS)	954085912	876062221
(d)	Basic earnings per share of Rs. 1000/- each (EPS Amount in Rupees)	(64.08)	(145.81)
(e)	Diluted earnings per share of Rs. 1000/- each (EPS Amount in Rupees)	(64.08)	(145.81)

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

14. (a) Basedon 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 employeeshas 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 company has measured its liabilities arising from Gratuity for the employees covered under CPF Scheme & Leave encashment of all employees and stated the same in Balance Sheet and Statement of P&L in the financial year 2019-20.

15. Amountdue to Micro, Small and medium enterprises (under the MSMED Act 2006) could not be ascertained and therefore, interest thereon,has not been provided for want of sufficient related information. However, the company is in the process to obtain the complete information in this regard.

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

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

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18. AdditionalInformation 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 2019-20 (Units in MU)	F.Y 2018-19 (Units in MU)
(i)	Total number of units purchased	118140.93	115435.51
(ii)	Total number of units sold	91486.05	88095.25
(iii)	Distribution Losses	26654.88	27340.26

(b) Contingent Liabilities and Commitments:–

Sl. No.	Details	Amount (₹ In Lacs)	
		F.Y 2019-20	F.Y 2018-19
1	Estimated amount of contracts remaining to be executed on capital	13893.06	9002.44
2	Power Purchase	1317934.36	1010143.82
3	Interest on RAPDRP Loan	40985.58	31368.62
4	Amount involved in court cases	10827.57	9138.19
5	Statutory Dues	594.40	503.57
6	Others Contingencies	21228.45	20362.74
	Total	**1405463.42**	**1080519.38**

Contingent Assets:-Rs. 481.55 Lacs

(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 31.03.2020		Share in Profit or Loss for the Year 2019-20		Share in other comprehensive income for the Year 2019-20		Share in Total Comprehensive income for the Year 2019-20	
		As % of Consolidated Net Assets	Amount (₹ in Lakhs)	As % of Consolidated Profit or Loss	Amount (₹ in Lakhs)	As % of Consolidated other comprehensive income	Amount (₹ in Lakhs)	As % of Consolidated Total Comprehensive income	Amount (₹ in Lakhs)
	Parent								

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	UPPCL	(110.31)	570258.11	52.04	(315892.17)	8.52	(171.93)	51.90	(316064.10)
B	**Subsidiaries**								
	MVVNL	(53.74)	277791.47	10.87	(65999.32)	0.00	0.00	10.84	(65999.32)
	PuVVNL	20.21	(104485.65)	19.84	(120430.19)	92.59	(1868.87)	20.08	(122299.06)
	PVVNL	39.99	(206730.42)	17.59	(106786.32)	0.00	0.00	17.53	(106786.32)
	DVVNL	168.55	(871303.66)	10.36	(62902.58)	0.00	0.00	10.33	(62902.58)
	Kesco	35.31	(182545.13)	3.81	(23105.17)	(1.10)	22.28	3.79	(23082.89)
	Southern Power Transmission Corporation Ltd., Lucknow	(0.01)	61.83	(0.00)	0.92	0.00	0.00	(0.00)	0.92
C	**CFS Adj**								
	Adjustment as per Point no. 37 of Note 31	-	-	(14.52)	88131.18	0.00	0.00	-14.47	88131.18
	Total	**100.00**	**(516953.45)**	**100.00**	**(606983.65)**	**100.00**	**(2018.52)**	**100.00**	**(609002.17)**

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

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

A- List of Related Parties

(a) List of Subsidiary & Associates:-

Subsidiary
MadhyanchalVidyutVitran Nigam Limited
PashchimanchalVidyutVitran Nigam Limited
PurvanchalVidyutVitran Nigam Limited
DakshinanchalVidyutVitran Nigam Limited
Kanpur Electricity Supply Company Limited
Sonebhadra Power Generation Company Limited(inoperative service dated 27.03.2019, Refer Note No. 29)
Southern-UP Power Transmission Company Limited (Refer Note No. 31)
Associates
Yamuna Power Generation Company Limited(inoperative service dated 25.03.2019, Refer Note No. 30)

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(b) Key management personnel:-

S. No.	Name	Designation	Working Period (For FY 2019-20)	
			Appointm	Retirement/ Cessation
	A- UPPCL (Holding Company)			
1	Shri.Alok Kumar	Chairman	20.05.2017	09.11.2019
2	Shri.Arvind Kumar	Chairman	10.11.2019	Working
3	Smt. Aparna U.	Managing Director	26.10.2017	04.11.2019
4	Shri.M.Devraj	Managing Director	05.11.2019	Working
5	Shri.SudhanshuDwivedi	Director (Finance)	30.06.2016	30.06.2019
6	Shri.SudhirArya	Director (Finance)	30.07.2019	Working
7	Shri.SatyaPrakashPandey	Director (P.M. & Admin.)	01.07.2016	02.06.2019
8	Shri. A.K Purwar	Director (P.M. & Admin.)	10.07.2019	Working
9	Shri. Vijay Kumar	Director (Distribution)	06.01.2018	Working
10	Shri. V. P. Srivastava	Director (Corporate planning)	04.01.2018	Working
11	Shri. A.K. Srivastava	Director (Commercial)	27.06.2018	Working
12	Dr.SenthilPandiyan C.	Nominee Director	10.09.2018	Working
13	Shri. Neel Ratan Kumar	Nominee Director	16.04.2013	Working
14	SmtManju Shankar	Nominee Director	10.12.2015	31.12.2019
15	Shri.PramendraNathSahay	Chief Financial Officer	14.11.2018	04.03.2020
16	Shri. Anil Kumar Awasthi	Chief Financial Officer	05.03.2020	Working
17	Shri.Pradeep Soni	Company Secretary (Additional Charge)	01.08.2017	17.03.2020
18	Ms.Niharika Gupta	Company Secretary	18.03.2020	Working
	B- Subsidiary & Associates (Having Related Party Transactions)			
	I- MadhyanchalVidyutVitran Nigam Limited			
1	Shri. Alok Kumar	Chairman	20.05.2017	09.11.2019

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2	Shri.Arvind Kumar	Chairman	09.11.2019	Working
3	Shri. Sanjay Goyal	Managing Director	05.04.2018	03.01.2020
4	Shri. Surya Pal Gangwar	Managing Director	03.01.2020	Working
5	Shri. Rakesh Kumar	Director (Finance)	31.12.2016	31.12.2019
6	Shri. Vibhu Prasad Mahapatra	Director (Finance)	01.01.2020	29.02.2020
7	Shri. Mahesh Chandra Pal	Director (Finance)	29.02.2020	Working
8	Shri. Subh Chand Jha	Director (PM & A)	21.06.2017	31.03.2020
9	Shri. Sudhir Kumar Singh	Director (Tech.)	03-09-2018	Working
10	Shri. Brahm Pal	Director (Comm)	29-06-2018	Working
11	Dr.Senthil Pandian C.	Nominee Director	10-09-2018	Working
12	Smt. Aparna U.	Nominee Director	26.10.2017	05.11.2019
13	Shri. M. Devraj	Nominee Director	05.11.2019	Working
14	Shri. Sudhanshu Dwivedi	Nominee Director	30.06.2016	30-06-2019
15	Shri. Sudhir Arya	Nominee Director	06.08.2019	Working
16	Dr.Umakant Yadav	CFO	05.09.2017	Working
17	Smt Neetu Arora Tandon	Company Secretary	10.09.2015	Working
	II- PashchimanchalVidyutVitran Nigam Limited			
1	Shri. Ashutosh Niranjan	Managing Director	21.12.2017	12.10.2019
2	Shri. Aravind MallappaBangari	Managing Director	14.10.2019	Working
3	Shri. YatishVatsa	Director(P&A)	24.06.2017	03.08.2019
4	Shri. Naresh Kumar Arora	Director(P&A)	06.08.2019	Working
5	Shri. Pawan Kumar Agarwal	Director(Finance)	29.12.2016	28.12.2019
6	Shri. SudhirArya	Director(Finance)	01.01.2020	29.02.2020
7	Shri. Lalit Kumar Gupta	Director(Finance)	29.02.2020	Working
8	Shri. ArvindRajvedi	Director(Commercial)	22.09.2017	29.06.2019
9	Shri. Ishwar pal Singh	Director(Comm.)	10.08.2019	Working
10	Shri. Raj Kumar Agarwal	Director(Technical)	11.10.2017	Working
11	Shri. H.K. Agarwal	CFO	16.02.2018	Working
12	Shri. S.C. Tiwari	Company Secretary (Additional Charge)	01.04.2019	Working
	III- PurvanchalVidyutVitran Nigam Limited			
1	ShriAlok Kumar, (IAS)	Chairman	20.05.2017	09.11.2019
2	ShriArvind Kumar	Chairman	09.11.2019	Working

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3	Smt. Aparna Upadhyayula	Managing Director	26.10.2017	05.11.2019
4	Shri M. Devraj	Managing Director	05.11.2019	Working
5	Shri Govind Raju N.S.	Managing Director	28.08.2018	12.10.2019
6	Shri K. Balaji	Managing Director	12.10.2019	Working
7	Shri Anil Kumar Awasthi	Director (Finance)	29.12.2016	28.12.2019
8	ShriSudhirArya	Director (Finance) (Additional Charge)	03.01.2020	Working
9	Shri Anil Kumar Kohli	Director (P. & A.)	21.06.2017	Working
10	Shri Anshul Agarwal	Director (Technical)	28.06.2018	04.11.2019
11	Shri Anil Kumar Kohli	Director (Technical)	21.11.2019	01.03.2020
12	Shri Prithvi Pal Singh	Director (Technical)	01.03.2020	Working
13	Shri Om Prakash Dixit	Director (Commercial)	07.08.2018	Working
14	Shri Anil Kumar Awasthi	Chief Finance Officer	18.11.2015	28.12.2019
15	Shri Pramendra Nath Sahay	Chief Finance Officer	04.02.2020	Working
16	Shri S. C. Tiwari	Company Secretary	01.09.2015	Working
	IV- Dakshinanchal Vidyut Vitran Nigam Limited			
1	Shri.Alok Kumar	Chairman	20.05.201	09.11.2019
2	Shri.Arvind Kumar	Chairman	10.11.201	Working
3	SmtAparna Upadhyayula	Director	26.10.201	04.11.2019
4	Shri. M. Devraj	Director	05.11.201	Working
5	Shri.Sudhanshu Dwivedi	Director	30.06.201	30.06.2019
6	Shri.SudhirAarya	Director	30.07.201	Working
7	Dr.Chelliah Pandian Senthil C	Director (UPPTCL)	10.09.201	Working
8	Shri. S.K Verma	Managing Director	10.04.201	16.09.2019
9	Smt. SaumyaAgarwal	Managing Director	17.09.201	Working
10	Shri. K.C Pandey	Director (Finance)	21.06.201	30.11.2019
11	Shri.Vibhu Prasad Mahapatra	Director (Finance)	01.12.201	Working
12	Shri.Rakesh Kumar	Director (Technical)	04.01.201	Working
13	Shri. D.K Singh	Director (Commercial)	22.06.201	20.07.2019
14	Shri. S.K Gupta	Director (Commercial)	09.08.201	Working
15	Shri. Rakesh Kumar	Director (P&A)	27.06.201	Working
16	Shri. D.K Agarwal	Chief Financial Officer	06.06.201	31.05.2019
	V- Kanpur Electricity Supply Company Limited			

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1	Shri. Arvind Kumar	Chairman	10.11.2019	Working
2	Shri. Alok Kumar	Chairman	20.05.2017	09.11.2019
3	Shri. M Devraj	Managing Director, UPPCL, (Nominee Director)	05.11.2019	Working
4	Smt. Aparna U	Managing Director, UPPCL, (Nominee Director)	31.08.2018	04.11.2019
5	Shri. Ajay Kumar Mathur	Managing Director	24.09.2017	Working
6	Smt. Saumya Agarwal	Managing Director	22.12.2017	16.09.2019
7	Shri. Ajay Kumar Mathur	Director (Commercial)	28.06.2018	Working
8	Shri. SudhirArya	Director (Finance), UPPCL, (Nominee Director)	25.09.2019	Working
9	Shri. Sudhanshu Dwivedi	Director (Finance), UPPCL, (Nominee Director)	31.08.2018	30.06.2019
10	Shri. Brahmdev Ram Tiwari	DM Kanpur (Nominee Director)	13.01.2020	Working as on 31.03.2020
11	Shri. Vijay Vishwas Pant	DM Kanpur (Nominee Director)	25.06.2018	13.01.2020
12	Smt. Abha SethiTandon	Company Secretary(Additional Charge)	14.03.2013	Working
	VI- Southern UP Power Transmission Company Limited			
1	Shri.Sudhanshu Dwivedi	Nominee Director of UPPCL (Nominated as MD on 16.03.2018)	23.03.2017	13.08.2019
2	Shri. Vijay Kumar	Nominee Director of UPPCL	16.03.2018	Working
3	Shri. Vinay Prakash Srivastava	Nominee Director of UPPCL	16.03.2018	Working
4	Shri. A. K. Srivastava	Nominee Director of UPPCL	14.08.2019	Working
5	Shri. S. K. Awasthi	D.G.M. (Fin & Acc.) UPPTCL/SUPPTCL	01.06.2019	Working
6	Shri. P.K. Srivastava	D.G.M. (Trans. HQ), UPPTCL/SUPPTCL	06.08.2018	31.05.2019
7	Shri. Pradeep Soni	Company Secretary(Additional Charge)	01.08.2017	Working

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

(d) Post-Employment Benefit Plan:-
1- Uttar Pradesh Power Sector Employees Trust.
2- U.P Power Corporation Limited Contributory Provident Fund.

B- Transactions with Related Partiesare as follows:

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

(₹ InLacs)

	2019-20	2018-19
Salary & Allowances	741.69	671.15
Leave Encashment	26.60	120.46
Contribution to Gratuity/ Pension/ PF	71.06	126.66

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

(₹ InLacs)

S No.	Name of The Company	Nature of Transaction	2019-20	2018-19
1	UP Power Transmission Corporation Limited	Power Transmission & Misc. Transaction	337830.38	225768.91
2	Uttar Pradesh RajyaVidyutUtpadan Nigam Limited	Power Purchase	858055.73	979893.69
3	Uttar Pradesh RajyaVidyutUtpadan Nigam Limited	Receivable (Unsecured)	269.64	48.36
4	Uttar Pradesh JalVidyut Nigam Limited	Power Purchase	8791.11	8458.81
5	UP Power Transmission Corporation Limited	Employee, Administration and Repair & Maintenance Cost	2076.72	-

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		Allocation		
6	Uttar Pradesh RajyaVidyutUtpadan Nigam Limited	Employee, Administration and Repair & Maintenance Cost Allocation	231.57	-
7	Uttar Pradesh JalVidyut Nigam Limited	Employee, Administration and Repair & Maintenance Cost Allocation	44.53	-

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

(₹ InLacs)

Particulars	31st March 2020	31st March 2019
Amount Recoverable		
From Others		
➢ UPRVUNL	628.63	358.99
➢ UPPTCL	35463.73	49247.10
Amount Payable		
To Others		
➢ UPJVNL	8777.19	8826.17
➢ UPPSET	110557.35	112816.22
➢ UPPCL CPF	5189.38	2891.42

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

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

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

(a) Regulatory Risk: TheGroup's substantial operations are subject to regulatory interventions, introductions of new laws and regulations including changes in competitive framework. The rapidly changing regulatory landscape poses a risk to the Group.
Regulations are framed by State Regulatory Commission as regard to Standard of Performance for utilities, Terms & Conditions for determination of tariff, obligation of Renewable Energy purchase, grant of open Access, Deviation Settlement Mechanism, Power Market Regulations etc. Moreover, the State Government is notifying various guidelines and policy for growth of the sector. These Policies/Regulations are modified from time to time based on need and development in the sector. Hence the policy/regulation is not restricted only to

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compliance but also has implications for operational performance of utilities, return of Equity, Revenue, competitiveness, and scope of supply.

To protect the interest of utilities, State Utilities are actively participating while framing of Regulations. ARR is regularly filed to UPERCconsidering the effect of change, increase/decrease,of power purchase cost and other expenses in deciding the Tariff of Sales of Power to ultimate consumers.

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

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

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

Fair value sensitivity analysis for fixed-rate instruments

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

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

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

23. **Capital Management**

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

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

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

24. In the opinion of management, there is no specific indication of impairment of assets except Investment in UPPTCL, Sonebhadra PGCL &Yamuna PGCL as on balance sheet date as envisaged byInd AS-36 (Impairment of Assets).Further, the assetsof the corporation have been accounted for at their historical cost and most of the assets are very old where the impairment of assets is very unlikely. The Impairment on UPPTCL, Sonebhadra PGCL &Yamuna PGCL has been calculated on the basis of Net Worth of the Company as on 31-03-2020.

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

26. JawaharpurVidyutUtpadan Nigam Limited (a Subsidiary of UPPCL) was transferred to Uttar Pradesh RajyaVidyutUtpadan Nigam Limited on 16.06.2015 (Refer GoUP letter No. 836 dated 24.09.2014 read with letter No. 1029 dated 27.11.2014 and the decision of 116thBoD of UPPCL dated 03.06.2015).Thus,JawaharpurVidyutUtpadan Nigam Limited (JVUNL) was no more a subsidiary of UPPCL AS ON 31.03.2016. Hence, the balances of JVUNL have not been considered in Consolidated Financial Statementsfor the F.Y 2015-16 onwards with a corresponding effect in Previous Year.

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

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

Subsidiaries

The Group's subsidiaries at 31st March 2020 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
		31-03-20	31-03-19	31-03-20	31-03-19	
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
Southern UP Power Transmission Company Limited	India	100	100	-	-	Transmission of energy

29.Sonbhadra Power Generation Company Limited was incorporated as per directives of GoUP No. 609/ऊ0(नि0नि0)प्र0/24-60 dated 13.11.2006. As per guidelines issued by Ministry of Power, Government of India for the implementation/development of project, the Company initiated the preparatory activities such as process of land acquisition, arrangement for coal linkage, arrangement of water resources and environmental clearance etc. but Ministry of Coal, GOI did not communicate about allotment of coal to the project, due to resistance from land owners land acquisition process has abandoned, Ministry of Environment & Forest, GOI, finding Singraulli region as critically polluted declared Moratorium on establishing new projects in this area, the concerned department did not communicate regarding allocation of water to the project.

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

Energy Task Force, Government of UP also recommended to abandon the project with dissolution of this Company and further directed to get the approval by Hon'ble Cabinet, Govt. of UP. The Govt of UP vide its letter no 432/24.ऊ0नि0नि0प्र0/18-20(प्रकोष्ठ) 14 dated 02.07.2018 conveyed its decision to dissolve Sonbhadra Power Generation Company Limited. The Company has been closed with effect from 27.03.2019 in accordance with the provision of section 248(2) of the Companied Act 2013. Resulting to this the treatment of balances of Sonbhadra Power Generation Company Limited has been done as below:

A. Sonbhadra Power Generation Company Limited has issued its equity share in the name of UP Power Corporation Limited for the amount of Rs. 613.58 Lacs in consideration of converting Sundry Payables to UPPCL during FY 2018-19. Correspondingly UP Power Corporation Limited has shown this equity shares under the head of Investments and the impairment of the same has been made since the subsidiary company is no more in existence.

B. An amount of Rupees one lakh under the head of Sundry Receivables, arisen after the issuance of Equity Shares mentioned in point No.1 above, from Sonbhadra Power Generation Company Limited has been written off during FY 2018-19 in accordance with approval of Board of Directors dated 22nd March, 2019.

C. Sonbhadra Power Generation Company Limited has transferred the closing balance of Bank Account Rs. 0.42 Lacs, as on the date of closure, to UP Power Corporation Limited and UP Power Corporation Limited has taken over the Statutory or Other Expenses/Dues to that extent of this Company in compliance of the decision of Board of Directors taken in the 146th meeting dated 22nd March, 2019.

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

Since the name of the Company has been strike off by the ROC-Kanpur through order dated 18-08-2020, the financial statement of the company has not been incorporated in this Consolidated Financial Statements.

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

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

A. Yamuna Power Generation Company Limited has issued its equity share in the name of UP Power Corporation Limited for the amount of Rs. 64.76 Lacs in consideration of converting Sundry Payables to UPPCL during FY 2018-19. Correspondingly UP Power Corporation Limited has shown this equity shares under the head of Investments and the impairment of the same has been made since the subsidiary company is no more in existence.

B. Yamuna Power Generation Company Limited has transferred the closing balance of Bank Account Rs. 1.39 Lacs, as on the date of closure, to UP Power Corporation Limited and UP Power Corporation Limited has taken over the Statutory or Other Expenses/Dues to that extent of this Company in compliance of the decision of Board of Directors taken in the 146th meeting dated 22nd March, 2019.

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

Since the name of the Company has been strike off by the ROC-Kanpurthrough order dated 28-08-2020, the financial statement of the company has not been incorporated in this Consolidated Financial Statements.

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

The Board of Directors of Southern U.P. Power Transmission Company Limited in its 6th meeting held on 20th September, 2016 has decided that necessary action for the closure of the

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

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

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

32. The sale of Electricity does not include Electricity Duty payable to the State Government.

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

34.The Annual Accounts of F.Y 2017-18 and 2018-19 are yet to be adopted in Annual General meeting.

35. Consequent to the applicability of Ind-AS the financial statements for the year ended 2019-20 has been prepared as per Ind-AS. Accordingly previous year's figures have been regrouped/ rearranged wherever necessary to confirm to this year classification.

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

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

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

37. Reconciliation of Inter Company Transactions related to sale of power by the UPPCL to the DISCOMs and purchase of Power by the DISCOMs from the UPPCL for the year ended 31.03.2020.

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a. The sale of power to the subsidiaries companies (DISCOMS) amounting to ₹ 88131.18Lacscould not be billed by the UPPCL in the year 2018-19 and, therefore, the same was shown by the UPPCL as unbilled revenue in their accounts for the F.Y. 2018-19. Hence, the same was shown as un-removed amount in the note no. 15 (Other Equity) of the Consolidated 115Financial Statements for the F.Y. 2018-19. The aforesaid amount has now been adjusted in the current year's bills of sale of power raised by the UPPCL to the subsidiary companies (DISCOMS) and, therefore the same has been shown as removed item in the note no. 15 (Other Equity) of Consolidated Financial Statements for the Current Financial Year.

b. The amount of ₹75.33 Lacs related to sale of power by the UPPCL to the subsidiary companies (DISCOMS) is lying under reconciliation with the DISCOMS, hence the same has been shown as un-removed item in the note no. 10 (Trade Receivables) and note no. 22 (Revenue from Operations) of the Consolidated Financial Statements for the Current Year.

38. The Company (UPPCL) has decided, vide Board's Meeting dated 14-08-2020, to allocate common expenditure to subsidiaries and facility costs to power sector companies owned by GoUP with effect from the year 2019-20. The Company has done the allocation first time in the following heads Employee Cost, Administrative, General & Other Expense & Repair& Maintenance as at 31.03.2020 and accordingly the same has been taken by the Subsidiaryand power sector companies owned by GoUP.

39. 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:-

A- RECONCILIATION OF CONSOLIDATED BALANCE SHEET AS AT 31.03.2019

RECONCILIATION OF CONSOLIDATED BALANCE SHEET AS AT 31.03.2019

(Rs. in Lakhs)

Particulars	Note No.	Audited 2018-19	Corresponding of 2018-19 given in Audited 2019-20	Difference	Reasons
(I) **ASSETS**					
(1) **Non-current assets**					
(a) Property, Plant and Equipment	2	3951886.68	3951780.38	(106.30)	PPE Adjustment
(b) Capital work-in-progress	3	2085777.98	2077281.55	(8496.43)	PPE Adjustment
(c) Assets not in Possession	4	12978.10	12978.10	-	
(d) Intangible assets	5	287.82	287.82	-	
(e) Financial Assets					
(i) Investments	6	230899.23	230899.23	-	
(ii) Loans	7	14.27	14.27	-	
(iii) Others	8	744.03	744.20	0.17	Regrouping
(2) **Current assets**					
(a) Inventories	9	349039.17	349039.17	0.00	
(b) Financial Assets					
(i) Trade receivables	10	6844062.99	6840135.96	(3927.03)	PPE Adjustment

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8	Repair and Maintenance	29	225086.86	222991.45	(2095.41)	PPE Adjustment
9	Bad Debts & Provisions	30	868290.72	868290.72	0.00	
10	Other expenses					
IV	**Total expenses (IV)**		7608848.82	7598614.01	(10234.81)	PPE Adjustment
V	Profit/(Loss) before exceptional Items and tax (III-IV)		(1274032.44)	(1261096.80)	12935.64	PPE Adjustment
VI	Exceptional Items		0.12	0.12		
VII	Profit/(Loss) before tax (V(+/-)VI)		(1274032.56)	(1261096.92)	12935.64	PPE Adjustment
VIII	Tax expense:					
	(1) Current tax		0.13	0.13	-	
	(2) Deferred tax		-	-	-	
IX	Profit (Loss) for the period from continuing operations (VII-VIII)		(1274032.69)	(1261097.05)	12935.64	PPE Adjustment
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)		(1274032.69)	(1261097.05)	12935.64	PPE Adjustment
XIV	Other Comprehensive Income					
	A (i) Items that will not be reclassified to profit or loss- Remeasurement of Defined Benefit Plans (Acturial Gain aor Loss)		(1062.72)	(1062.72)	-	
	(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-	-	
	B (i) Items that will be reclassified to profit or loss		-	-	-	
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-	-	
XV	Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit/(Loss) and Other Comprehensive Income for the period)		(1275095.41)	(1262159.77)	12935.64	PPE Adjustment

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

41. The Expenses allocated by the U.P Power Corporation Limited for the year 2019-20 has been accounted for by all the Discoms in its Financial Statements. MadhyanchalVidyutVitran Nigam Limited&PashchimanchalVidyutVitran Nigam Limitedhave presented the expenses as a separate line item and PurvanchalVidyutVitran Nigam Limited, DakshinanchalVidyutVitran Nigam Limited and Kanpur Electricity Supply Company Limited have incorporated the same in the respective heads of expenses.

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

U.P Power Corporation Limited (Holding Company)

(I) The Disclosure of Employee Benefits is as below:

S.No	**Defined benefit plans:-** (Amount ₹ in Lacs)	Gratuity		Leave Encashment	
		As on 31/03/2020	As on 31/03/2019	As on 31/03/2020	As on 31/03/2019
1	Assumptions				

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	(ii) Cash and cash equivalents	11-A	599864.38	599883.62	19.24	PPE Adjustment
	(iii) Bank balances other than (ii) above	11-B	52956.90	52956.90		-
	(iv) Others	12	263912.47	263616.21	(296.26)	PPE Adjustment
	(c) Other Current Assets	13	565858.70	565864.54	5.84	Regrouping & PPE Adjustment
	Total Assets		**14958282.72**	**14945481.95**	**(12800.77)**	
(II)	**EQUITY AND LIABILITIES**					
	Equity					
	(a) Equity Share Capital	14	9118636.32	9118636.32	-	
	(b) Other Equity	15	(6350224.41)	(6347974.35)	2250.06	Regrouping & PPE Adjustment
	LIABILITIES					
(1)	**Non-current liabilities**					
	(a) Financial liabilities					
	(i) Borrowings	16	5610978.92	5610978.92	-	
	(b) Other financial liabilities	17	353162.93	353162.93	-	
(2)	**Current liabilities**					
	(a) Financial liabilities					
	(i) Borrowings	18	143725.06	143725.06	-	
	(ii) Trade payables	19	2961907.40	2961907.40	-	
	(iii) Other financial liabilities	20	3120095.77	3105044.94	(15050.83)	PPE Adjustment
	(b) Provisions	21	0.73	0.73	-	
	Total Equity and Liabilities		**14958282.72**	**14945481.95**	**(12800.77)**	

B- Reconciliation of Statement of Profit & Loss for the Year ended 2018-19

Reconciliation of Statement of Profit & Loss for the Year ended 2018-19

(Rs. in Lakhs)

	Particulars	Note No.	Audited 2018-19	Corresponding of 2018-19 given in Audited 2019-20	Difference	Reasons
I	Revenue From Operations	22	5002542.04	5005868.92	3,326.88	PPE Adjustment
II	Other Income	23	1332274.34	1331648.29	626.05	PPE Adjustment
III	**Total Income (I+II)**		**6334816.38**	**6337517.21**	**2700.83**	
IV	**EXPENSES**					
1	Cost of materials consumed					
2	Purchases of Stock-in-Trade (Power Purchased)	24	5602449.64	5602449.64	0.00	
3	Changes in inventories of finished goods. Stock-in-Trade and work-in-progress					
4	Employee benefits expense	25	141389.33	141982.91	593.58	PPE Adjustment
5	Finance costs	26	461628.71	471057.38	9428.67	PPE Adjustment
6	Depreciation and amortization expenses	27	112963.00	93753.20	(19209.80)	PPE Adjustment
7	Administration, Gerenral& Other expense	28	197040.56	198088.71	1048.15	PPE Adjustment

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	Discount Rate	6.88%	7.77%	6.60%	7.43%
	Rate of increase in Compensation levels	4.00%	4.00%	4.00%	4.00%
	Rate of return on Plan assets	Not Applicable	Not Applicable	Not Applicable	Not Applicable
	Average future service (in Years)	25.56 Years	25.76 Years	15.61 Years	14.88 Years
2	**Service Cost**				
	Current Service Cost	96.92	64.55	98.90	72.08
	Past Service Cost (including curtailment Gains/ Losses)	0	0	0	0
	Gains or losses on Non Routine settlements	0	0	0	0
3	**Net Interest Cost**				
	Interest Cost on Defined Benefit Obligation	44.10	29.02	522.89	492.97
	Interest Income on Plan Assets	0	0	0	0
	Net Interest Cost (Income)	**44.10**	**29.02**	**522.89**	**492.97**
4	**Change in present value of obligations**				
	Opening of defined benefit obligations	567.61	367.82	7037.51	6410.48
	Interest cost	44.10	29.02	522.89	492.97
	Service Cost	96.92	64.55	98.90	72.08
	Benefits Paid	(12.04)	(6.01)	(723.57)	(1052.74)
	Actuarial (gain)/Loss on total liabilities	**171.93**	**112.23**	**592.15**	**1114.72**
	due to change in financial assumptions	111.69	80.30	359.09	459.86
	due to change in demographic assumptions	0	0	0	0
	due to experience Changes	60.24	31.93	233.05	654.86
	Closing of defined benefit obligation	**868.53**	**567.61**	**7527.88**	**7037.51**
5	**Change in the fair value of plan assets**				
	Opening Fair value of plan assets	0	0	0	0
	Actual return on plan assets	0	0	0	0

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	Employer Contribution	12.04	6.01	723.57	1052.74
	Benefits paid	(12.04)	(6.01)	(723.57)	(1052.74)
	Closing Fair value of plan assets	0	0	0	0
6	**Actuarial (Gain)/Loss on Plan Asset**				
	Expected Interest Income	0	0	0	0
	Actual Income on Plan Assets	0	0	0	0
	Actuarial gain/(loss) on Assets	0	0	0	0
7	**Other Comprehensive Income**				
	Opening amount recognized in OCI outside P&L account	0	0	N/A	N/A
	Actuarial gain/(loss) on liabilities	(171.93)	(112.23)	N/A	N/A
	Actuarial gain/(loss) on assets	0	0	N/A	N/A
	Closing amount recognized in OCI outside P&L account	**(171.93)**	**(112.23)**	N/A	N/A
8	**The amounts to be recognized in the Balance Sheet Statement**				
	Present value of obligations	868.53	567.61	7527.88	7037.51
	Fair value of plan assets	0	0	0	0
	Net Obligations	868.53	567.61	7527.88	7037.51
	Amount not recognized due to assets limit	0	0	0	0
	Net defined benefit liability/(assets) recognized in balance sheet	**868.53**	**567.61**	**7527.88**	**7037.51**
9	**Expenses recognized in Statement of Profit & loss**				
	Service cost	96.92	64.55	98.90	72.08
	Net Interest cost	44.10	29.02	522.89	492.97
	Net actuarial (gain)/loss			592.15	1114.72
	Expensesrecognized in statement of Profit & Loss	**141.03**	**93.57**	**1213.93**	**1679.77**
10	**Change in Net Defined**				

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	Obligations				
	Opening of Net defined benefit liability	567.61	367.82	7037.51	6410.48
	Service Cost	96.92	64.55	98.90	72.08
	Net Interest Cost	44.10	29.02	522.89	492.97
	Re-measurements	171.93	112.23	592.15	1114.72
	Contributions paid to fund	(12.04)	(6.01)	(723.57)	(1052.74)
	Closing of Net defined benefit liability	**868.53**	**567.61**	**7527.88**	**7037.51**
11	**Sensitivity analysis**				
	Item	**As on 31/03/2020**	**Impact**	**As on 31/03/2020**	**Impact**
	Base liability	868.53		7527.88	
	Increase in Discount rate by 0.50%	803.22	(65.30)	7306.91	(220.97)
	Decrease in Discount rate by 0.50%	941.12	72.65	7764.23	236.36
	Increase in salary inflation by 1%	1017.67	(149.15)	7993.85	465.97
	Decrease in salary inflation by 1%	745.24	(123.29)	7113.00	(413.88)
	Increase withdrawal rate by 0.5%	895.99	27.46	7579.28	51.41
	Decrease withdrawal rate by 0.5%	838.86	(29.66)	7473.23	(54.65)

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

(III) As per Ministry of Power,Govt of India,order no.11/16/2020-Th-II dated 15.05.2020 and order no 11/16/2020-Th-II(C.No. 252648)dated 16.05.2020 a sum of Rs 3432643984 (Rupees Three Hundred Forty Three Crores Twenty Six Lakhs Forty Three Thousand Nine Hundred Eighty Four Only) has been received as one time rebate on account of lockdown due to covid-19 pandemic from various central sector generators. The aforementioned amount has been accounted for in the financial Year 2020-21 as it is a non –adjusting event arising in financial year 2020-21in accordance with the provisions given in Ind AS - 10(Events after the reporting period).The part period of the above pertains to financial year 2019-20.(i.e. 25.03.2020 to 31.03.2020).

(IV) The amount appropriated for repayment/liquidation of Rated, Listed and Secured Bonds liabilities is parked in Debt Service Reserve Fund Account / Bond Service Accounts earmarked for bond servicing. The balance in these accounts as on 31.03.2020 is ₹1369.69 crore

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(V)As per requirement of section 135 and schedule VII of the Companies Act, 2013 read with companies (Corporate Social Responsibility Policy) Rules 2014 the company has incurred losses during the three immediately preceding financial years, no amount has been spent on CSR, also no provision has been made by the company in this regard.

(VI) The receivable from Uttrakhand Power Corporation Ltd. amounting to Rs. 192.61 Crore as on 31.03.2019 has now been mutually settled and the same has been approved by the Board of Directors of the company in their meeting held on 18th December, 2019. Accordingly, the amount of Rs. 160.58 Crore payable to Uttarakhand Power Corporation Ltd. by U.P. Power Sector Employees Trust on account of GPF contribution has been adjusted against the above receivable amounting to Rs. 192.61 Crore and the same has been accounted for by the company in the ensuing account in hand i.e. 2018-19 as receivable from U.P. Power Sector Employees Trust (Ref Note-20) and the balance amount of Rs. 32.03 Crorei.e (Rs. 192.61 Crore - Rs.160.58 Crore) has finally been written off and accounted for as Bad Debts.

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

(Amount ₹ in Lacs)

S. No	Details of Bonds	Amount of Bonds	No. of Bonds	Date of issue	Face Value	Maturity date	Rate of Interest	Previous due date of interest payment	Paid / or not	Next date of Interest payment	Amount of Interest payable on next date	Next due date of Principal payment	Principal Amount payable on next due date	Security	Outstanding as at 31.03.2020	Outstanding as at 31.03.2019
	Listed															
1	UPPCL Bond series II/2017-18	549100.00	54910	27-Mar-2018	10	Jan-2028	10.15%	20-Jan-2020	Paid	20-Apr-20	13042.14	20-Apr-2020	16150.00	Govt.Guranteed and Hypothicated for receivables	516800.00	549100.00
2	UPPCL Bond series I/2017-18	449820.00	44982	05-Dec-2017	10	Oct-2027	9.75%	20-Jan-2020	Paid	20-Apr-2020	9942.29	20-Apr-2020	13230.00		410130.00	449820.00
3	UPPCL Bond series IV/2016-17	348950.00	34895	27-Mar-2017	10	Mar-2027	8.48%	16-Mar-2020	Paid	15-Jun-2020	7438.16	15-Jun-2020	12462.50		348950.00	348950.00
4	UPPCL Bond series III/2016-17	651000.00	65100	17-Feb-2017	10	Feb-2027	8.97%	15-Feb-2020	Paid	15-May-2020	14359.35	15-May-2020	23250.00		651000.00	651000.00
	Unlisted															
1	U.P. Power Corporation Ltd.- 2032	29949	29949	30-Mar-2017	1	Mar-2032	9.70%	30- Mar - 2020	Paid	30- Sep - 2020	1460.46	30-Sep-2020	1247.97	Govt. Guranteed	29949.00	29949 00
2	U.P. Power Corporation Ltd.- 2031	469998	469998	28-Sep-2016	1	Sep-2031	9.70%	28-Mar-2020	Paid	28-Sep-2020	22919.47	28-Mar-2022	23499.90		469998.00	469998.00
3	U.P. Power	537682	537682	04-Jul-	1		9.70%	06-Jan-	Paid	06-Jul-2020	25935.08	04-Jan-	26884.10		537682.00	537682 00

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	Corporation Ltd.- 2031			2016		July-2031		2020				2022				
		3036499.00	1237516								95096.96		116724.47		2964509.00	3036499.00

Payment of Principal amount is started from 19.07.2019.

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

The following debentures issued by the Company as on February 17,2017, March 27, 2017 , December 05, 2017 & March 27, 2018 are secured as per the details:-

ISIN	Scrip Code	Maturity	Secured by way of	Amount (₹ In Lacs.)	Date of Creation of Security
INE540P07046,INE540P07053, INE540P07061, INE540P07079, INE540P07087, INE540P07095, INE540P07103	955766, 955767, 955768, 955769, 955770, 955771, 955772	15-02-2027	Hypothecation on Receivable	651000.00	16-02-2017
INE540P07111, INE540P07129, INE540P07137, INE540P07145, INE540P07152, INE540P07160, INE540P07178	956144, 956145, 956146, 956147, 956148, 956149, 956150	13-03-2027	Hypothecation on Receivable	348950.00	30-03-2017
INE540P07186, INE540P07194, INE540P07202, INE540P07210, INE540P07228, INE540P07236, INE540P07244, INE540P07251, INE540P07269	957201, 957202, 957203, 957204, 957205, 957206, 957207, 957208, 957209	20-10-2027	Hypothecation on Receivable	449820.00	06-12-2017
INE540P07277, INE540P07285, INE540P07293, INE540P07301, INE540P07319, INE540P07327, INE540P07335, INE540P07343, INE540P07350	957800 957802 957803, 957804, 957806, 957807, 957808, 957809, 957810	20-01-2028	Hypothecation on Receivable	549100.00	24-03-2018

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

All the above rated listed bonds are fully secured upto1.1 times of the outstanding balance of bonds upon receivables of UPPCL and the bonds are also guaranteed by Government of Uttar Pradesh.

(VIII) The market value of Bonds shown under the head FINANCIAL ASSETS - INVESTMENTS (NON-CURRENT) at note no.06 is as under:

R.M. LALL & CO. CHARTERED ACCOUNTANTS

Settlement Date	Security	Valuation date	Original Maturity date	Residual maturity year	FIMMDA Yield as on 31.03.2020	Price	No. of bonds	Total amount/clean price
27.03.2017	7.59% Hudco bonds series G(21.06.2020)	31.03.2020	21.06.2020	0.22	Month FIMMDA valuation	100.37	240	240876006
27.03.2017	7.59% Hudco bonds series G(21.06.2020)	31.03.2020	21.06.2020	0.22	Month FIMMDA valuation	100.37	250	250912506
13.04.2017	7.59% Hudco bonds series G(21.06.2020)	31.03.2020	21.06.2020	0.22	Month FIMMDA valuation	100.37	510	511861512
27.03.2017	7.75% PFC Bonds Series-164(22.03.2027)	31.03.2020	22.03.2027	7	6.92	105.17	250	262933971
27.03.2017	7.75% PFC Bonds Series-164(22.03.2027)	31.03.2020	22.03.2027	7	6.92	105.17	250	262933971
27.03.2017	7.75% PFC Bonds Series-164(22.03.2027)	31.03.2020	22.03.2027	7	6.92	105.17	250	262933971
27.03.2017	7.75% PFC Bonds Series-164(22.03.2027)	31.03.2020	22.03.2027	7	6.92	105.17	250	262933971
11.05.2017	7.75% PFC Bonds Series-164(22.03.2027)	31.03.2020	22.03.2027	7	6.92	105.17	230	241899254
Total							2230	2297285162

(IX)As on beginning and end of FY 2019-20 the government guarantee issued by GoUP in favour of various Banks, FI's and bond security stood at ₹ 53,728.65 crore and ₹ 56,453.65 crore respectively. During the FY 2019-20 Govt. guarantee of ₹3,975.00 crore were issued and₹1,250.00 crore were discharged.

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

(XI) As per requirement of section 135 and schedule VII of the Companies Act, 2013 read with companies (Corporate Social Responsibility Policy) Rules 2014, the company has incurred losses during the three immediately preceding financial years, no amount has been spent on CSR.

<u>Pashchimanchal Vidyut Vitran Nigam Limited (Subsidiary Company)</u>

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

(II) The Security deposit collected from the consumers on the basis of 2 month average billing. On overdue of the payment of bills raised, a notice is to be served to the consumers. The Company has most of the consumers with capacity to meet their obligations and therefore the

R.M. LALL & CO. CHARTERED ACCOUNTANTS

risk of default is negligible. Further, management believes that the unimpaired amounts that are passed due are still collectable. Hence, no impairment loss has been recognised during the reporting period in respect of Trade Receivables.

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

S.NO.	Particulars	Amount (Rs. In lacs)
1	Fraud made by Mr.Sanjay Kumar, Cashier EDD-II Baghpat	31.30
2	Fraud made in EUDD-II, EUDD-V and EUDD-VII Noida division by few bank officials of ICICI Bank	172.37
3	Fraud made by employees of EUDD-II, Amroha	4.32
4	Fraud made by employees of EUDD-I, Gajraula	36.67
	Total	**244.66**

DakshinanchalVidyutVitran Nigam Limited (Subsidiary Company)

(I) As per the Provisions of DF Agreement with Torrent Power Limited, the Company has raised Bills for non-achievement of AT&C Target and AT&C Loss Incentive for the F.Y 2019-20 on 8th September, 2020, which has been accounted for as income in the year of bill raised. As per IND AS-10 the required disclosure of the same are as follows:

Nature of the event	Financial Impact
Non-Achievement of AT&C Loss Target	Rs. 528.19 Lacs
AT&C Loss Incentive	Rs. 5022.33 Lacs

(Dr. Jyoti Arora)	(A. K. Awasthi)	(A.K.Purwar)	(Pankaj kumar)
Company Secretary	Chief General Manager & CFO	Director	Managing Director
		DIN - 08544396	DIN - 08095154

Place :Lucknow
Date : 31-08-2021

Subject to our report of even date

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

04/10/21
(Vikas C Srivastava)
Partner
M.No.401216
UDIN: 21401216AAAABR1173

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

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED ON 31st MARCH 2020

		PARTICULARS	2019-20	2018-19
A		CASH FLOW FROM OPERATING ACTIVITIES		
		Net Loss Before Taxation & Extraordinary items	-609002.18	-1262159.73
		Adjustment For:		
	a	Depreciation and Amortization Expenses	138582.23	104817.36
	b	Finance Cost	537257.47	485078.27
	c	Bad Debts & Provision	354991.10	849315.43
	d	Interest Income (Other Income)	-20016.13	-16334.67
	e	Other Comprehensive Income	-	-4499.69
	f	PPE Adjustments	-	-464.36
		Sub Total	1010814.67	1417912.32
		Operating Profit Before Working Capital Change	401812.49	155752.59
		Adjustment for:		
	a	Inventories	30552.36	-30931.87
	b	Financial Assets - Trade Receivable (Current)	-1653660.83	-2107567.30
	c	Other Current Assets	77764.96	-42583.31
	d	Financial Assets - Others(Current)	-946627.94	-857937.89
	e	Financial Assets - Bank Balance other than Financial Assets - Cash and Cash Equivalent (Current)	-131723.30	26637.69
	f	Other Financial Liabilities (Current)	871164.44	388602.04
	g	Flanacial Liabilities - Borrowings(Current)	-61849.62	-66677.12
	h	Fiancial Liabilities - Trade Payable (Current)	1540583.45	1927436.27
	i	Provisions (Current)	-	-
	j	CFS Adjustment	-88131.18	-154059.60
		Sub Total	-561927.64	-917081.09
		NET CASH FROM OPERATING ACTIVITIES (A)	-160115.15	-761328.50
B		CASH FLOW FROM INVESTING ACTIVITIES		
	a	Decrease (Increase) in Property,Plant And Equipment	-1668056.49	-908268.33
	b	Decrease (Increase) in Work in Progress/Capital Advance	859017.36	-588550.33
	c	(Increase)/Decrease in Financial Assets - Investments (Non-Current)	-309336.21	-919023.11
	d	Decrease/(Increase) in Fianacial Assets - Others(Non-Current)	-	-
	e	Decrease/(Increase) in Other Non-Current Assets - Assets Not in Possession	-	-
	f	Decrease/(Increase) in Intangible assets	-25.05	-224.20
	g	Decrease/(Increase) in Financial Assets - Loans(Non-Current)	1250696.39	1024940.36
	h	Interest Incomes (Other Income)	20018.13	18334.67
		NET CASH GENERATED FROM INVESTING ACTIVITIES (B)	152312.13	-1374790.92
C		CASH FLOW FROM FINANCING ACITIVITIES		
	a	Proceeds from Fianacial Liabilities - Borrowings(Non - Current)	-939676.82	5623.49
	b	Proceeds from Share Capital	1230979.82	3229105.24
	c	Proceed from Other Equity	-124479.17	-707770.97
	d	Financial liabilities - Others(Non-Current)	183994.97	5760.89
	e	Finance Cost	-537257.47	-485078.29
	g	PPE Adjustments	-	63946.04
		NET CASH GENERATED FROM FINANCING ACTIVITIES (C)	-186438.67	2111586.40
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)			-194241.69	-24533.02
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR			599883.62	624416.64
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR (Refer Note No. 11-A)			405641.93	599883.62

Notes to the Consolidated Statement of Cash Flow

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

(Dr. Jyoti Arora)
Company Secretary

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

(A.K.Purwar)
Director
DIN - 08544396

(Pankaj Kumar)
Managing Director
DIN - 08095154

Place : Lucknow
Date : 31-08-2021

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

R.M. LALL & CO. CHARTERED ACCOUNTANTS

05/10/21

(Vikas C Srivastava)
Partner
M. No. 401216
UDIN : 21401216AAAABR1173

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 2020

Part B:- Associates and Joint Ventures

(₹ in Lakhs)

Name of Associates or Joint Ventures	
1. Latest audited Balance Sheet Date	
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	NA
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	

R.M. LALL & CO. CHARTERED ACCOUNTANTS

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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 2020

Part A:- Subsidiaries

1. Sl. No.	1	2	3	4	5	6
2. Name of the subsidiary	MVVNL, Lucknow	PurVVNL, Varanasi	PVVNL, Meerut	DVVNL, Agra	KESCo, Kanpur	Southern UPPTCL
3. The date since when subsidiary was acquired	12.08.2003	12.08.2003	12.08.2003	12.08.2003	15.01.2000	08.08.2013
4. Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	N/A	N/A	N/A	N/A	N/A	N/A
5. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	N/A	N/A	N/A	N/A	N/A	N/A
6. Share capital	1744046.21	1921278.97	1504896.90	1895569.31	195584.42	221.63
7. Reserves and surplus	(769174.89)	(1193469.42)	(1042605.00)	(1545644.20)	(190624.49)	(159.80)
8. Total assets	4110464.66	4980075.35	2894843.29	3634345.98	461478.60	62.75
9. Total Liabilities	3135593.34	4252265.80	2432551 39	3284420.87	456518.67	0.92
10. Investments	-	-	-	-	-	-
11. Turnover	1190554.18	1164141.00	1703924.73	1083165.04	261939.22	-
12. Profit/(Loss) before taxation	(65999.32)	(122299.06)	(106786.32)	(62902.58)	(23082.89)	0.92
13. Provision for taxation	-	-	-	-	-	0.32
14. Profit/(Loss) after taxation	(65999.32)	(122299.06)	(106786.32)	(62902.58)	(23082.89)	0.60
15. Proposed Dividend	-	-	-	-	-	-
16. Extent of shareholding (in percentage)	100%	100%	100%	100%	100%	100%

R.M. LALL & CO. CHARTERED ACCOUNTANTS

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Management Reply on the Statutory Audit Report of Consolidated Financial Statements for the FY 2019-20

INDEPENDENT AUDITOR'S REPORT **To,** **The Members,** **Uttar Pradesh Power Corporation Limited,** **Shakti Bhawan,** **Lucknow.** **Report on Consolidated Financial Statements** **Qualified Opinion:**	No Comment
We have audited the accompanying consolidated financial statements of Uttar Pradesh Power Corporation Limited (hereinafter referred to as the "Holding Company"), and its six subsidiaries, namely Madhyanchal Vidyut Vitran Nigam Limited, Lucknow, (MVVNL), Purvanchal Vidyut Vitran Nigam Limited, Varanasi, (PuVVNL), Paschimanchal Vidyut Vitran Nigam Limited, Meerut, (PVVNL), Dakshinanchal Vidyut Vitran Nigam Limited, Agra, (DVVNL), Kanpur Electricity Supply Company Limited, Kanpur, (KESCO) and Southern UP Power Transmission Company Limited (SUPPTCL) (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31st March, 2020, the consolidated statement of Profit and Loss (including other Comprehensive Income), the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements") In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the "Basis for Qualified Opinion" paragraph of our report, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India. a) In the case of consolidated balance sheet, of the state of affairs (Financial Position) of the Group as at March 31, 2020. b) In the case of consolidated statement of Profit and Loss, of the consolidated net loss (financial	No Comment

	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, KESCO and SUPPTCL audited by other auditors. These matters in so far, as it relates to the amounts and disclosures included in respect of Holding and its Subsidiaries, are included in *'Annexure-1'*, which forms an integral part of our report, the effects of which are not ascertainable individually or in aggregate on the consolidated financial statements that constituted the basis for modifying our opinion. Our opinion on the consolidated financial statements, is qualified in respect of the matters referred to in *'Annexure-1'* to this report, to the extent applicable. We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the consolidated financial statements.	No Comment No Comment
	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 Comment
	Emphasis of Matter Paragraph:	

As explained in Para 42 (X) of Note 31 - " Notes on Accounts", due to the outbreak of Covid-19 globally and in India, the Company's management has made an initial assessment of likely adverse impact on business and financial risks and believes that the impact is likely to be short term in nature. The management does not see any medium to long-term risks in the company's ability to continue as a going concern and meeting its liabilities as and when they fall due. Our opinion is not modified in respect of this matter.	No Comment
Information other than the consolidated financial statements and Auditor's Report thereon: The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditor's report thereon. The above Report is expected to be made available to us after the date of this Auditor's Report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the above identified reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions necessitated by the circumstances and the applicable laws and regulations.	No Comment
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	No Comment

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,	No Comment

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.	No Comment
Other Matters: We did not audit the financial statements / financial information of subsidiaries namely MVVNL, PuVVNL, PVVNL, DVVNL, KESCO and SUPPTCL, whose financial statements / financial information reflect the Group's share of total assets, as detailed below, and the net assets as at 31st March, 2020, 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, 2020, as considered in the consolidated financial statements in respect of these subsidiaries, whose financial statements / financial information have been audited by other auditors and whose reports have been furnished to us by the Management . Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the	No Comment

other auditors.	

(Rs. in Lakhs)

Name of the Companies	Total Assets as at 31.03.2020	Net Assets i.e., Total Assets minus Total Liabilities as at 31.03.2020	Total Net Profit/ (Loss) as at 31.03.2020	Net Cash in Flows/ (outflows) as at 31.03.2020
Subsidiaries:				
Madhyanchal Vidyut Vitran Nigam Limited, Lucknow, (MVVNL)	41,10,464.66	2,77,791.47	(65,999.32)	**(13,262.36)**
Purvanchal Vidyut Vitran Nigam Limited, Varanasi, (PuVVNL)	49,80,075.35	(1,04,485.65)	(1,20,430.19)	**(24,593.91)**
Paschimanchal Vidyut Vitran Nigam Limited, Meerut, (PVVNL)	28,94,843.29	(2,06,730.42)	(1,06,786.32)	**(38,924.58)**
Dakshinanchal Vidyut Vitran Nigam Limited, Agra, (DVVNL)	36,34,345.98	(8,71,303.66)	(62,902.58)	**(21,866.93)**
Kanpur Electricity Supply Company Limited, Kanpur, (KESCO)	4,61,478.60	(1,82,545.13)	(23,105.17)	**(32,838.61)**
Southern UP Power Transmission Company Limited (SUPPTCL)	62.75	61.83	0.92	**1.06**
Total	**1,60,81,270.6**	**(10,87,211.56)**	**(3,79,222.66)**	**(1,31,485.3**
CFS Adjustment	—		**88,131.18**	
Grand Total	**1,60,81,270.6**	**(10,87,211.56)**	**2,91,091.48**	

b. One subsidiary company namely, Sonbhadra Power Generation Company Limited and one associate company namely, Yamuna Power Generation Company Limited has been dissolved w.e.f. 27th March, 2019 and 25th March, 2019 respectively and their names have been struck off by the ROC-Kanpur. Hence, the financial statements of these companies have not been incorporated in the Consolidated Financial Statements (Refer *Para 29 and 30 of Note 31 "Notes on Accounts"*). Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.	No Comment
Report on Other Legal and Regulatory Requirements: 1. As required by section 143(3) of the Act, based on our audit on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph to the extent applicable, we report that:	Comments have been provided against the specific observations.

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 reports on the accounts of the subsidiaries of the company audited under section 143 (8) of the Act by the other auditors have been provided to us by the management and have been properly dealt with by us in preparing this report.

d. 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.

e. 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.

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 over financial reporting and the operating effectiveness of such controls, refer to our separate report in *"Annexure-II"*, which is based on the auditors' report of the holding company and its subsidiary companies incorporated in India. Our report expresses a qualified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of those companies, for reasons stated therein.

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, as amended in our opinion and to the best of our information and according to the explanations given to us: i. Except for the effects of the matters described in the "Basis of Qualified Opinion" paragraph, the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group; ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts. iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.	
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, 2020) Based on our audit on the consideration of our report of the Holding Company and the report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph to the extent applicable, we report that: 1. The Group has not complied with the following Ind AS notified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended):	
a. *Trade Receivable (Note-10), Financial Assets-Other (Note-12), Other Current Assets (Note-13), <u>Trade payable (Current) (Note-19)</u> and Other Financial Liabilities (Note-20)* have been classified as current assets/liabilities include balances which are outstanding for realisation/settlement since previous financial years and in the absence of adequate information/explanations regarding the realisability/settlement of such amounts within twelve months after the year end, reasons for not classifying them as non-current assets/liabilities ***is inconsistent with Ind AS-1 "Presentation of Financial Statements"***. This has resulted in over statement of respective current assets/liabilities and understatement of the corresponding non-current assets/liabilities.	In accordance with the provisions contained in Ind AS 1, the assets and liabilities are to be classified into current/non-current based upon their nature. And. therefore all those liabilities/assets that are expected to be settled within twelve months period have been classified as current. Hence, the classification of liabilities/assets into current/non-current is consistent with Ind AS 1.
b. Recognition of Insurance and other claims, refunds	Considering the uncertainty of realization,

	of Custom duty, Interest on Income Tax & trade tax, license fees, interest on loans to staff and other items of income covered by *Significant Accounting Policy no. 2 (c) of Note–1* has been done on cash basis. ***This is not in accordance with the provisions of Ind AS-1 "Presentation of Financial Statements".***	income covered by accounting policy of the company is in line with Ind AS 18. And in case of License fees observation for PVVNL, due to nature of business and various external factors it is impractical to predict the actual consumption/input of energy. Thus, on the basis of previous year assessment the License fee for current year is calculated and any shortage or excess in payment is adjusted by PVVNL after completion of financial year.
c	Accounting for Employee Benefits: Actuarial Valuation of gratuity liability of the employees covered under GPF scheme has not been obtained. *(Refer Para 14 Note – 31 "Notes on Accounts").* ***This is inconsistent with Ind AS-19 "Employee Benefits".***	In absence of the latest actuarial valuation report, the provision for Gratuity Liability of the employees covered under GPF scheme has been made on the basis of actuarial valuation report dated 09.11.2000
d	Inventory which includes stores and spares for capital works, operation and maintenance and others is valued at cost *(Refer accounting policy no. 3(VII)(a) of Note-1).* 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".***	The business of the Corporation is to purchase electricity from generation source and sell the same to distribution companies. Hence, the company do not have any trade inventory. The company maintains inventory only for internal use i.e. for construction and maintenance of fixed assets for which the company has the policy for valuation of assets for which the company has the policy for valuation of stores and spares. Hence, there is no contravention of Ind AS 2. Further, Stores issued for capital work has been shown as a part of CWIP as a normal business policy.
e	As per the opinion drawn by the auditors of KESCO, according to ***Ind AS-16 "Property, Plant and Equipment"***, the carrying amount of an item of property, plant and equipment shall be derecognized on disposal or when no future economic benefits are expected from its use or disposal. There may be property, plant & equipment from which no future economic benefits are expected and the same have not been derecognized. The company has a prevalent practice of derecognizing property plant & equipment as and when it is sold as scrap which is in violation to Ind AS 16. The impact of the above is not ascertainable.	As per KESCO, the scrap sold as mentioned by the Auditors is related to the old material received during various types of repair and maintenance work. No asset has been identified for which there is no future economic benefits for which the asset is required to be derecognized.
f	"Inventories" includes obsolete stock, valued at cost, which is inconsistent ***with Ind AS-2 "Inventories"*** i.e., it should be valued at its Net Realisable Value.	The company does not have any trade inventory, however it maintains inventory only for internal use i.e. for construction and maintenance of fixed assets for which the company has the policy for valuation of stores and spares.

g	Additions during the year in Property, Plant and Equipment include employee cost at a fixed percentage of the cost of each addition to Property, Plant and Equipment in accordance with *Note-1 Significant Accounting Policy Para (3)(II)(e)*. Such employee cost to the extent not directly attributable to the acquisition and/or installation of Property, Plant and Equipment ***is inconsistent with Ind AS-16 "Property, Plant and Equipment"***. This has resulted in overstatement of fixed assets and depreciation and understatement of employee cost and loss.	Since the Company is engaged in supply of electricity, it has to comply with the provisions of Electricity Act 2003 (read with rules and regulations notified thereunder) as per section 1 (4) (d) of the Companies Act, 2013. Further, as per Electricity (Supply) Annual Accounts Rules, 1985 notified under the Electricity Act, the staff costs which are chargeable to capital works shall be allocated on an ad-valorem basis (i.e., allocation of capitalizable expenses as a percent of the capital expenditure incurred during the period on the project). Accordingly, the staff costs have been allocated on the basis on fixed percentage of the capital expenditure incurred during the period on the project which is consistent with the requirements of the Companies Act. Hence, there is no overstatement of fixed assets, depreciation and profit or understatement of employee cost.
h	The auditors of the subsidiaries reported that depreciation on fixed assets have not been provided on pro-rata basis which is ***inconsistent with Schedule – II of the Companies Act, 2013 and Ind AS-16 "Property, Plant and Equipment"*** to the extent applicable.	As per PVVNL & MVVNL, due to multiplicity of nature of capital works and difficulty in establishing the correct date of installation of assets, the depreciation on addition of fixed assets during the year has been provided on prorata basis by taking average six months period. The same is also disclosed in notes on accounts at point no. 7(e) of PVVNL.
i	Assessment of the Impairment of Assets has not been done by the Group, ***which is inconsistent 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 assets 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.
j	Right to use an asset is classified as tangible asset instead of Intangible asset by PVVNL and distribution license taken by DVVNL is not yet recognised at all by the Group which ***is inconsistent with Ind AS-38 "Intangible assets"***. This has resulted in understatement of Intangible assets and amortisation expenses.	Noted by PVVNL for compliance in the accounts in hand. As per DVVNL, no payment under nomenclature of distribution license fees has ever been paid for acquiring distribution license, thus, no question for recognition as intangible assets in the books of accounts. As such audit comment does not seem to be reasonable.
k	The *Financial Assets- Trade Receivables (Note-10),*	All the financial assets are recognised in

	Advances to Suppliers/Contractors (O&M) (Note-13), Employees (Receivables) (Note-12) and Loans (Note-7) have not been measured at fair value as required by ***Ind AS-109 "Financial Instruments"*** *(Refer Para 8 of Note-31 "Notes on Accounts")* and proper disclosures as required in ***Ind AS-107 "Financial Instruments: Disclosures"*** have not been done for the same.	accordance with the accounting policy no.XV and necessary disclosure has also been made in Notes to accounts.
l	The Borrowing Cost allocated to CWIP amounting to Rs. 21,565.30 lacs by PVVNL is not in accordance with ***Ind AS-23 "Borrowing Cost"*** as there is no system of identification of qualifying assets and interrupted projects.	As per PVVNL, 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. The total interest of Rs. 21565.30 lacs is directly attributed to the loan taken by the company specifically for construction of assets under various schemes.
m	PVVNL has not made any disclosure with respect to nature of contingent liabilities and estimate of its financial effects which is not in compliance with disclosure requirement of ***Ind AS-37 "Provisions, Contingent Liabilities and Contingent Assets"***.	As per PVVNL, the contingent liabilities consists of claim of staff & court cases for Revenue and other related liabilities, Interest on RAPDRP Loan, Statutory defaults, Statutory dues, Court cases other than Trade Revenue etc. has already been disclosed in Notes on Accounts at point no. 19(b) of PVVNL.
n	As per the opinion drawn by the auditors of KESCO, according to ***Ind AS-10 'Events after the reporting period'***, an entity shall adjust the amounts recognized in its Ind AS financial statements to reflect adjusting events after the reporting period. In this regard the company has not adjusted the liability of pending litigations as at 31st March, 2020 which have been settled till the date of approval of Ind AS financial statements by the Board of Directors. Also, no details were made available for verification. The impact of the above is not ascertainable.	As per KESCO, the observation of the auditors have been noted for future compliance, which has been complied in F.Y. 2020-21.
o	As per the opinion drawn by the auditors of PVVNL, License Fees is not accounted for on accrual basis. License Fees is paid as and when the demand is raised by UPERC and no provision is made for the amount due, which is not in adherence to the provisions of ***Ind AS-37 "Provisions, Contingent Liabilities and Contingent Assets"***. Accordingly, the impact of non-compliance of the above IND AS on the financial statements is not ascertainable.	The distribution licensee is required to pay Annual License fee in consonance with the provision of UPERC requirements/rules which is near to impossible to predict accurately. Thus, on the basis of previous year assessment the Annual License fee for current year is calculated and paid and for any shortage or excess in payment, adjustment is done after completion of financial year.

p	As per the opinion drawn by the auditors of PVVNL, ***IND AS-20 Accounting for Government*** grants is done on the basis of advice from Uttar Pradesh Power Corporation Ltd., the holding company, which is not in accordance with accrual system of accounting as required by Indian GAAP and also not in consonance with the IND AS 20. Impact of non-compliance of the above IND AS on the financial statements is not ascertainable. (Refer to 2(X) of 'Significant Accounting Policies' to the Financial Statements.	Accounting for Govt Grants is done in accordance with the accounting policy of the Company which is well in consonance with the provisions of Ind AS-20.
2.	Inter unit transactions amounting Rs. 3,20,704.16 lacs, are subject to reconciliation and consequential adjustments. *(Refer Note-13)*	The reconciliation of the Inter unit transactions is a continuous process and the effect of entries is given in the accounts on reconciliation. However, necessary instructions have been issued to zone/units for taking effective steps in this regard.
3.	*Loans (Note-7), Financial Assets - Other (Note-8), Trade Receivables Others (Note-10), Financial Assets-Others - Employees, Others (Note-12), Other Current Assets - Suppliers & Contractors (Note-13), Financial Liability-Trade Payables (Note-19), Other Financial Liabilities - Liability for Capital/O&M Suppliers/Works, Deposits from Suppliers (Note-20)* are subject to confirmation/reconciliation.	*Reconciliation and necessary confirmation of the balances of assets and liabilities is a continuous process and consequential accountal/adjustment is made in the books of accounts, as and when required*
4.	Documentary evidence in respect of ownership/title of land and land rights, building was not made available to us and hence ownership as well as accuracy of balances could not be verified. Additionally, the identity and location of Property, Plant and Equipment transferred under the various transfer schemes has also not been identified *(Refer Para 6(a) of Note – 31 "Notes on Account").*	Documentary evidence in respect of ownership/ title are kept at unit level. However, units have been instructed to ensure that records are put up during course of audit. Regarding identity & location, necessary instructions have been issued to complete physical verification of assets.
5.	It was observed that the maintenance of party-wise subsidiary ledgers and its reconciliation with primary books of accounts i.e., cash books and sectional journal are not proper and effective.	Proper and effective procedure for maintenance of subsidiary ledger are already prescribed in the Company. However, for implementing the procedure more smoothly and efficiently, necessary instructions have been issued to zone/units.
6.	Sufficient and appropriate documentary audit evidences in respect of Contingent liabilities disclosed in *Para 18(b) of Note – 31 "Notes on Accounts"* were not provided to us.	The related documents are available in the units concerned. However the units have already been instructed to maintain proper records.
7.	Revenue earned from the sale of power through Indian	The matter is under consideration and the same

	Energy Exchange Limited, India has not been recognised separately in the statement of Profit and Loss, but has been reduced from the cost of purchase of power aggregating Rs. 54,01,531.23 Lacs *(Refer Note-24 Purchase of Power).* Additionally, details of aggregate units sold during the year and revenue earned from such sale was not made available to us.	will be recognised separately in the accounts, if required .In respect of the details of aggregate units sold during the year and revenue earned from such sale, the zone/units concerned have been instructed to provide the same in the next audit.
8.	As per the opinion drawn by the auditors of DISCOMs, Bank Reconciliation Statement (BRS) in respect of various bank accounts, have not been prepared on regular basis and these contains numerous outstanding unreconciled entries of earlier years including those of stale cheques, un-cashed cheques and other debits/credits.	Necessary instructions have been issued to units/Zones.
9.	As per the opinion drawn by the auditors of DISCOMs, Revenue collection through NEFT/RTGS and unbilled revenue have not been properly dealt in books of accounts, impact of the same on receivable from consumers is uncertainable.	Necessary instructions have been issued to units/Zones.
10.	The Group has not maintained proper records showing full particulars including quantitative details and situation of fixed assets. Further, the physical verification of the fixed assets has not been carried out. Hence, we are unable to comment whether any material discrepancy exists or not.	Preparations of Records are under process.
11.	Maintenance of records in respect to inventories is not satisfactory. The details of inventories were not provided for verification by the respective zones of Holding Company and its Subsidiaries.	Records are maintained and kept at unit level. Instruction has been issued for verification at different level.
12.	Records for inventories lying with the third parties are not being maintained properly at Zonal Offices of the Holding Company and its Subsidiaries.	Necessary instructions have been issued to units/Zones.
13.	The branch auditor has expressed the audit opinion on the Trial Balances as at 31st March, 2020 of the Zonal Accounts Office (Material Management) and these have been considered for the preparation of the financial statement of the company. As per existing practices, financial statement of the branch has not been prepared.	No Comment
14.	**Audit observations in Branch Audit report of MM Zone excluding those which have been appropriately dealt with elsewhere in the report.**	
a	**Purchase of power** The system of accounting/recording of power purchase is weak and requires further improvement to strengthen the internal control. The electricity import export &payment circle unit of zone has levied the penalty on power suppliers	It is to submit that power purchase invoice verification involves verification of energy through the Energy accounts of SLDC/ and respective Regional Energy accounts wherein each and every suppliers' bill is verified w.r.t.

	for non-achievement of contracted supply of power to the company. But the amount of penalty computed is not in accordance with Power Purchase Agreement (PPA) with suppliers. The details of total amount of penalty levied on suppliers for non-achievement of contracted supply of power are not available with the unit. We, therefore unable up to which amount profit/ loss of the zone has been overstated/ understated on account of levy of penalty which is not in accordance with PPA. The details of transmission loss have not been provided. We are, therefore unable to verify whether transmission loss is within the limit specified in PPA.	energy purchased and relevant rates as per the prevalent PPAs and regulations. As explained to audit during the course of audit, the entire amount of energy purchase cost is transferred to discoms. Penalty levied on supplier for non-achievement of contracted supply of power is adjusted as per the Invoices raised that have been submitted to audit in all the cases during the course of audit. Also all penalties have been levied as per the relevant regulations, PPA and orders in this regards. The transmission losses details are not under the purview of UPPCL.
b	**Provision for Late Payment Surcharge** The electricity import export &payment circle unit of zone /unit # 330 is liable to pay the late payment surcharge to the suppliers on default of non-payment of supplier bills on due date. But there is no proper system to compute the late payment surcharge payable to various power suppliers. There is no control register to verify whether payment of supplier bills has been made on due date or not. However, on sample checking we observed that late payment surcharge amounting to Rs. 46,402.00 lacs payable to various suppliers was not adjusted in the books and same has been adjusted in the books after pointing out by us. This represents that there is no system to compute the liability of late payment surcharge payable to suppliers. We are, therefore unable to comment on the amount of overstated profit/ understated loss of the zone for the year 2019-20 on account of provision of late payment surcharge.	It is to submit that Electricity Import Export & Payment circle (EIEPC) is entrusted with verification of Invoices for purchase of power as per the PPAs and relevant regulations. LPS claims for delay in payment to generators are being verified as per the relevant PPAs and regulations. For precisely computing the delay in number of days each and every payment amount and payment date is verified by payment department. Further each and every invoice amount and invoice presentation date are verified jointly by Import Export unit and supplier for the purpose of calculation of LPS. Also, it is to submit that all LPS claims have been accounted for in the books and accordingly there is no understatement of loss or overstatement of profit for the year 2019-20.
c	**Accounting of Accrued Interest for Noida Power Company Limited** The electricity import export &payment circle unit of zone /Unit # 330 has charged interest of Rs. 1,701.00 lacs @ 14% from the Noida Power Company Limited on the total amount of Rs. 11,387.00 lacs, but no documentary evidence was made available to us to verify the accuracy of interest charged from Noida Power Company Limited. There is no debit balance in the account of Noida Power Company Limited in the books. However, there is opening debit balance of Rs. 11,147.00 lacs in the account of accrued interest against which no amount received during the year. We are, therefore unable to comment on the recoverability of accrued interest amounting to Rs. 12,848.00 lacs outstanding in the books as at 31-03-2020.	It is to submit that the interest from Noida Power company limited is getting accounted for in accordance with agreement with NPCL on O/s balance receivable from NPCL. Further interest has been correctly calculated over the advance of Rs. 113.87 crore, that is appearing in the HQ books as on 01.04.2019 @14% as mentioned in agreement.

d	**Internal Control** Internal control system with regard to cash transaction, purchase transaction, maintenance of inventory, maintenance of book accounts, fixed assets register, delegation of powers to various employees etc. requires to be further strengthen.	Instructions are issued to units for maintenance of accounts and other subsidiary ledger to strengthen the internal control.
e	**Accounting for Accrued Penal Interest Income** The accounting policy in respect of late payment surcharge recoverable from customer for non-payment of bill on due date is as under: Late payment surcharge recoverable from subsidiaries and other bulk power purchasers are accounted for on cash basis due to uncertainty of realization. But electricity import export &payment circle unit of zone /unit # 330 have adjusted the late payment surcharge amounting to Rs. 6,967.00 lacs on accrual basis till 31st March, 2020, under the account head Penal Interest (AG code 28.805) which is not in accordance with the accounting policy of the company. Profit/loss of the company has therefore overstated/understated to the extent of Rs. 6,967.00 lacs.	Regarding audit point that Penal Income/Interest/Late Payment surcharge of Rs. 1.16 crores has been booked in contravention of company policy as the same has to be accounted for on cash basis due to uncertainty of realization, it is to mention that same has been realized by the company as NRPC is continuously making payments, however payments from NRPC cannot be segregated as earmarked for LPS receivable or other payments.
f	**Interest Received Rs. 4,299.00 lacs** The zone has received interest amounting to Rs. 4,299.00 lacs and TDS of Rs. 365.00 lacs have been deducted there from. But the amount of interest of Rs. 4,231.00 lacs (Out of Rs. 4,299.00 lacs) has been netted off in purchase cost in the books. This is not the correct accounting treatment of interest received. Purchase cost and interest income has, therefore understated to the extent of Rs. 4,231.00 lacs	Regarding audit point that Interest being netted off with purchase cost, it is to submit that interest so charged by suppliers is due to revision in AFC (Annual Fixed cost) which forms the part of purchase cost and enhances the purchase cost. Accordingly the same has been added to cost.
15.	**Audit observations in Audit Report of the Subsidiaries Companies excluding those which have been appropriately dealt elsewhere in the report are reproduced below-** (Notes referred to in the following sub paras form part of the notes on accounts to the standalone financial statements of the respective subsidiaries)	
(i) <u>DVVNL</u>		
a.	The Company has received Depreciation on Land & Land rights in earlier years through gazette notification amounting to Rs. 39, 80,597.00. No depreciation is chargeable on Land & Land Rights hence the company is required to reverse the depreciation on same and treat it as a Prior Period adjustment in Financial Statements. Despite similar comment in Statutory Audit Report for financial year 2018-19, no corrective action has been	a. These values has been received under Final Transfer Scheme, however we are reviewing this comment to pass necessary entries, if required.

taken by the Management.

b. The following AG Code in the following zones are having credit balances:

AG CODES	ZONES	AMOUNT (In Rs.)
22.780 (Transformer sent to repairs)	JHANSI	5,36,26,075.00
	ALIGARH	1,14,39,951.00
	AGRA	6,71,83,765.59
22.791 (LED Bulb)	AGRA	2,14,70,042.00
22.660	JHANSI	55,38,06,862.09
22.662	JHANSI	2,00,37,02,251.16
22.770 (Scrap Material)	JHANSI	23,17,61,742.70
	KANPUR	1,34,97,692.47
22.810 (Stock Excess Pending for Investigation)	KANPUR	3,011.00
	JHANSI	8,20,049.72
TOTAL		**2,95,73,11,442.73**

It is impracticable as Stock value cannot be negative. Moreover these balances have been shown by deduction from inventory therefore assets have been undervalued by 2,95,73,11,442.73 and need to be reconciled.

These balances are under reconciliation.

c. As per Ind AS 20, "*A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognized in profit or loss of the period in which it becomes receivable. A government grant is not recognised until there is reasonable assurance that the entity will comply with the conditions attaching to it, and that the grant will be received.*" UDAY Scheme provides that the State Government shall take over the future losses of DISCOMs in a graded manner and shall fund the losses as follows:

F. Y.	Loss for the year (as per audited balance sheet)	Grade of Grant	Claimable Grant (a)	Credited in P & L A/c (b)	Excess/Shortage (c)=(a)-(b)	Remarks

As per the practice of the Company the amount of Subsidy booked on the basis of Credit Notes received from UPPCL, These booking has been made on the basis of Credit Notes provided for UDAY loss subsidy in respective Years.

2016-17	1,44,348.34	0% of Loss of FY 2015-16	0.00	0.00	0.00	Nil
2017-18	2,36,649.85	5% of Loss of FY 2016-17	7,217.42	12,293.80	-5,076.38	Prior Period item
2018-19	2,56,716.23	10% of Loss of FY 2017-18	23,664.99	25,649.68	-1,984.70	Prior Period item
2019-20		25% Loss of FY 2018-19	64,179.06	51,696.32	12,482.74	Revenue has been understated.

As explained by management, the treatment of grants has been made in the books of accounts on the basis of Credit Notes provided to management by the Holding Company i.e. UPPCL. This practice has been followed by the Company since its inception. The company is not making accountal of these entries independently.

	Observation	Reply
d.	In EE Admin Head, we have observed that the company has contract with UPDESCO for annual maintenance charge amounting to **Rs (92,06,827.00 + 11,14,371.00) = 1,03,21,198.00** to be paid quarterly for Repair & Maintenance of Computer and Office Equipments but **A.G. Code 74.809**depicts expenditure amounting to **Rs.1,95,28,025.00** instead of **Rs.4,12,84,792.00 (1,03,21,198.00*4)** which leads to **understatement of loss by an amount of Rs. 2,17,56,767.00.** No Provision of balance expenditure has been done thereby violating accrual concept.	As the final liability of any bill has been arises only when the same has been verified and passed for payments at various level, the same has been accounted for as and when the same has been received at this unit.
e.	In EE Admin Head, we observed that many expenditure heads are not booked on accrual basis. Some instances are given below: 74.809 (OFFICE EQUIPMENTS {OTHERS}), 76.107 (INSURANCE), 76.112 (POSTAGE AND TELEGRAM), 76.121 (LEGAL EXPENSES), 76.153 (PRINTING AND STATIONERY), 76.155 (ADVERTISEMENT EXPENSES), 76.190 (MISC EXPENSES).	As the final liability of any bill has been arises only when the same has been verified and passed for payments at various level, the same has been accounted for as and when the same has been received at this unit.
f.	As reported in Audit Report of Jhansi Zone, various prior period bills have been found recorded in the current financial year in violation of generally accepted accounting principle-accrual accounting. Some instances are:	Due care will be made during accountal of prior period items.

DIVISION	NO. OF INSTANCES	AMOUNT (in Rs)

ESD – JHANSI	2	22,57,035.00
EDD-I LALITPUR	5	9,01,116.00
EDD II LALITPUR	13	17,08,410.00
EDD – HAMIRPUR	17	33,50,043.00
EDD RATH	2	6,12,380.00
EDD – MAHOBA	2	15,72,147.00
ETD – MAHOBA	4	1,27,921.00
EDD- CHITRAKOOT	13	72,23,249.00
ESD – BANDA	1	5,34,778.00
EDD – II –ORAI	3	3,50,411.00
EWD – BANDA	9	101,06,233.00
ESWC – BANDA	3	11,44,632.00

g.	As per Para 111 of IND AS 115," Revenue From Contracts With Customers" the company has not disclosed the total Cash flow realised from the customers, uncertainty of Revenue and timing of realization under Notes to accounts. Company has not complied with the disclosure requirement as per IND AS 115.	Due care will be made in disclosures in Future.
h.	As per sub point (c) of Para 39 of IND AS – 20, "an entity shall disclose all conditions and other contingencies attaching to government assistance that has been recognised", but the management has not disclosed about the conditions and contingencies for each government grant received. We recommend the management to comply with these disclosure requirements in their financial statements.	The Company does not receive any grants directly from the Government, Hence the conditions and other contingencies attached with such grants are not available with the company to disclose

i. **<u>NON - COMPLIANCE OF SCHEDULE III UNDER COMPANIES ACT,2013.</u>**

Sr No	Requirement as per Schedule III of Companies Act 2013	Remarks	
1	Separate disclosure with regard to Cash & Bank Balances: Repatriation restrictions, if any, in respect of cash and bank balances shall be separately stated.	'*Cash & cash equivalents at the end of the period includes FDR deposited with Honourable High court, Dehradun of Rs 1.13 crore, which is not freely available for the use of company*' is not separately disclosed in **'Cash and Bank Balance'**.	Compliance has been made in F.Y. 2020-21
2	Bonds, Debentures (along with the rate of interest and particulars of redemption or conversion, as the case may be) shall be stated in descending order of maturity or conversion, starting	The details of bonds are not properly disclosed in Balance Sheet pertaining to each individual bond like rate of interest, tenure etc. are merged for bonds subscribed by different entities. Further the classification is also not having details of names of	Disclosure has been made to the extent provided by UPPCL as the details of these Bonds are available with UPPCL only.

from farthest redemption or conversion date, as the case may be where bonds/ debentures are redeemable by instalments, the date of maturity for this purpose must be reckoned as the date on which the first instalment becomes due.	the subscribers for several categories.

j. While scrutinizing the Zonal Trial balance it was observed that under AG Head 14(CWIP), various amounts are persisting since long for which no capitalization is made. As per management no reconciliation for the same is available. We recommend the management to reconcile the above at earliest, so that necessary adjustment can be made

ZONES	AG CODE	NAME	AMOUNT (In Rs.)
KANPUR	14.80	APDRP	3,87,41,087.79
	14.81	Survey & Investigation	13,386.76
	14.91	Local Bodies	2,05,000.00
	14.99	Service Collection above 11000	15,62,198.72
	14.73A	Ambedkar Village Electrification	1,81,91,280.61
AGRA	14.73B	Taj Trapezium	1,53,084.00
ALIGARH	14.72	REC Normal Work	1,38,771.00
	14.73R	Ram ManoharLohia	24,79,016.00
	14.74	RGC Works	4,06,371.00
	14.73B	RGC Works	1,11,260.30

Reconciliation of these unreconciled balance are undergoing and the required adjustment will be made after completion of such reconciliation.

k. The Private Tube well {PTW} consumers are exempted from Electricity Duty. However, an amount of Rs. 10,36,03,135.57 under AG Code 23.205 is accounted for by the company with respect to it. Due to which the company has overstated its Trade Receivables (Current Assets) and Electricity Duty & other levies payable to government (Current Liabilities) by the same amount.

These are the carrying balances of previous years no debit entries has been passed under this head during the year and in F.Y. 2020-21 the same has reduced to NIL.

l. The On scrutinising consolidated trial balance, it is found that in AG Code 23.8(REC-Theft of Power) an amount of Rs. 21,51,53,654.34(Debit) is outstanding and in AG Code 23.808(Provision for REC-Theft of Power) an amount of Rs. 8,93,763.10(Credit) is outstanding. Management is required to provide for whole amount of theft of power. Hence provision is short by Rs.21,42,59,891.24.	These are the carrying balances of previous years no debit entries has been passed under this head during the year and in F.Y. 2020-21 the same has reduced to NIL.
m. SUNDRY LIABILITIES under NOTE-16 of accompanied Financial Statements includes an amount of Rs. 32,51,80,611.93 (Debit Balance) under AG HEAD 46.922 "SALE OF SCRAP" which should be adjusted to the Profit and Loss Account. Due to the above the liabilities and loss for the year has been understated by Rs.32,51,80,611.93.	In DVVNL sale proceedings of scrap sale were received by the Agra store centrally and the material was sold from various stores, Therefore the material cost of remaining zones has been transferred in AG 46.922 which would be cleared on receipt of ATC from Agra store
n. While scrutinizing the Zonal Trial Balance, it has been observed that in case of Kanpur Zone under AG 28.210& 28.250 (Income Accrue and Due) and in case of Jhansi Zone under AG Code 28.210, there are opening Balance of Rs. 2,80,43,418.00 (6,00,221+2,74,43,197) and Rs. 23,64,876.00 respectively, but the amount has neither been received nor adjusted during the year and the same value is carried forward as closing balance, as on 31.03.2020. The management has not provided proper justification for the same.	These are the old balances which are under reconciliation.
o. In AG Code 23.103(Public Lamp) of Aligarh Trial Balance, it is observed that it is a receivable head and should have a debit balance instead of credit balance of Rs. 13,64,58,749.42. Management should reconcile/adjust the same.	This is due to intra-head misclassification, which will be corrected accordingly
p. There are unreconciled entries under AG Code22.780 (Transformers sent for repairs),AG Code - 22.770(Scrap Materials), AG code.31 to 37(Inter Unit Transfer) and AG Code 46.94 (Goods and Service Tax) as on 31st March, 2020. The unreconciled entries should be reconciled. In absence of reconciliation exact impact on the financial statement could not be worked out.	These balances are under reconciliation.
q. Under AG Code 46.910(Stale Cheques) indicates cheques which have become time barred. Proper adjustments are recommended in this regard.	These balances are under reconciliation.
r. There are various balances under AG Code 46.929(Service Tax Liability) amounting to Rs. 1,46,59,993.00, AG code 46.926 (Central Sales Tax) amounting to Rs. 3,52,289.00 and AG Code	These balances are under reconciliation

46.927(State Sales Tax) amounting to Rs. 1,62,02,348.49. After introduction of Central Goods State Tax Act, 2017, service tax and sale tax are no more applicable but some credit entries has been passed during the year which does not seems to be justified. Management could not provide any explanation to us.	
s. In the following codes balance are pending since long but management is unable to explain the nature of such accounts. The balance under this head should be identified and necessary rectification entries should be passed:	These are the old balances which are under reconciliation.

ZONES	AG CODE	NAME	Amount (In Rs.)
Aligarh	42.2	Supply Control Account	5,20,49,047.00 Cr
Agra	22.710	Workshop Suspense Account	2,87,14,937.79 Dr

t. Following is liability head which shows debit balance. It seems some entries from some other head have been parked in these codes which are understating Trade Payables, it needs to be reconciled and required entry must be passed.	These balances are under reconciliation.

ZONE	AG CODE	NAME	Amount (In Rs.)
Aligarh	47.410	Railways	16,82,89,324 Dr

(ii) KESCO

a. It has been observed that inoperative debtors have been continuously billed on the basis of IDF/RDF for more than 2 billing cycles which is in contravention of the provisions of Electricity Supply Code 2005. (Impact not ascertainable)	a. The company has now implemented smart meters in place of IDF/ADF meters as soon as they are reported and the cases of IDF/RDF are negligible now.
b. Sale of Energy Major portion of sale comprises of sale to consumers which is recorded on the basis of processed data given by an outside agency deputed for generation of bills to such consumers. Instances were observed wherein the consumers are billed on provisional basis due to no reading, defective meter, defective reading etc.; in contravention to the provisions of Electricity Supply Code, 2005 as well as Ind AS-115 "Revenue from contracts with customers" (Impact not ascertainable). According to the information and explanations given to us the figures of sales accounted for on actual spot billing the date of which is not fixed. In the absence of billing on 31st of March, 2020, the impact of the same on revenue is not ascertainable.	b. The billing is made as per provision of tariff order approved by UPERC. The provisional bills are regularized at the time of actual reading obtained. There is no non-compliance of the provisions of Electricity Act and Ind AS 18.
c. The Company has not disclosed the impact of Rs. 43.05 Crores pertaining to interest payable to Government of	The company has not received any demand from Govt. of UP to pay interest on

Uttar Pradesh on account of conversion of Najul land to freehold land till F.Y. 2017-18 as commented by Comptroller and Auditor General of India. The final comments of Comptroller and Auditor General of India for F.Y. 2018-19 have not been received yet and thus we are not commenting on the impact of interest for F.Y. 2018-19 & 2019-20. Hence, the deficit as at 31st March,2020is understated by Rs. 43.05 crores and other current financial liability is understated by Rs. 43.05 crores.	conversion charges due to which it is not possible to book the liability in the books of accounts. 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 without any concrete fact or evidence will lead to overstatement of loss and liability and will not reflect the correct position of the financial statements. However in compliance with the observation raised by the learned office of C&AG and matter being contingent in nature, we shall book the amount of Rs 51.96 crores along with further interest based on the calculation by the office of C&AG as a contingent liability in the financial statements of FY 2020-21
(iii) PVVNL **a.** Due to non-availability of proper and complete records of Work Completion Reports, there have been instances of non-capitalization and/or delayed capitalization of Property, Plant and Equipment, resulting delay in capitalization with corresponding impact on depreciation for the delayed period. (Refer to 2(II) and IV(b) of 'Significant Accounting Policies' to the Financial Statements.) **b.** In case of withdrawal of an asset, its gross value and accumulated depreciation is written off on estimated basis. In the absence of sufficient and appropriate audit evidence thereof, we are not in a position to ascertain impact of the same on financial statements **c.** 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. Besides depreciation on addition and capitalisation in Property, Plant & Equipment during the year has been provided on average 6-month basis instead of actual period of availability of asset for its intended use, which is in contravention to 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. **d.** The depreciation/amortisation on Bay (Assets not in	a. 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 Capital works are capitalized in same month. The effect on depreciation is very insignificant because the company is providing depreciation on addition of Fixed Assets on average basis. The same has also been disclosed in Notes on Accounts at point no. 7(e) b. 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 accumulated depreciation is written off on estimated used life of that asset. c. Due to multiplicity of nature of capital works and difficulty in establishing the correct date of installation of assets, the depreciation on addition of fixed assets during the year has been provided on average basis. The same has also been disclosed in Notes on Accounts at point no. 7(e) d. Due to multiplicity of nature of capital works

	Possession of Pashchimanchal Vidyut Vitran Nigam Ltd.) is calculated on the opening gross value of the assets with the life of 25 years on SLM basis and on addition during the year has been provided on average 6-month basis instead of actual period of availability of asset for its intended use. In the absence of complete details, we are unable to quantify the impact of the same on depreciation/amortisation and consequential impact on the financial statements. (Refer to Para 2(IV)(b) of Significant Accounting Policies)	and difficulty in establishing the correct date of installation of assets, the amortization on addition of assets not in possession of PVVNL during the year has been provided on average basis. The same has also been disclosed in Notes on Accounts at point no. 7(e)
e.	Non-current Borrowings of Rs. 10,26,875.73 lacs and Current Borrowing of Rs. 9,401.08 lacs have been shown in Note No.12 and Note No. 14 respectively to the Financial Statements. IND AS 109 requires management to classify all the financial liabilities and assets at amortized cost using effective interest rate method. Transaction cost has been netted off in borrowing upon initial recognition but the management is unable to comply with the effective interest rate method stating that, being a government company, all loans are backed by the State government guarantee or by charge on Assets. It is also stated that the loan is squared off by many ways such as conversion into bonds, equity, and subsidy by State Government. As a result of this, we are unable to comment on it.	e. Most of the loan are backed by hypothecation and guarantee of U.P Govt. The repayment liabilities of the company is limited upto the terms of repayment of loan. Being a government undertaking company, loan is written off by many ways such as: Converted into Bonds, Equity, Adjustment, Subsidy by State Government. Due to above mentioned multiple influencing factors, the method of effective interest rate method is not being followed.
f.	As per UPERC (MYT) Regulation 2013, In case the payment of any bills of Transmission charges, wheeling charges is delayed beyond the period of 60 days from the date of billing, a late payment surcharge @ 1.25% per month shall be levied by the transmission licensee. However, the company has not made any provision for liability for late payment surcharge on account of non-payment of dues in compliance of above regulation. Consequential impact of the same on the financial statements is not ascertained.	f. The PVVNL is the subsidiary of UPPCL. The Bulk Purchase of Power is made by UPPCL centrally. The liability of Transmission charges is booked on the basis of Bills received from UPPTCL and payment thereon is made by UPPCL and adjusted in Books of PVVNL through Debit Note received from UPPCL. The accountal of liability for Wheeling charges and payment thereof is only a book adjustment for PVVNL through UPPCL (The Holding Co.). Being the Government undertaking company, no such surcharge has been imposed in past years. Thus, following the past practice of company, no provision has been made during the year.
g.	Besides non-compliance of IND AS referred above, compliance status of other accounting standards are as under : IND AS-8: The management has made several adjustments/correction relating to prior period errors in the current financial year as current year's Expense/Income without restating the previous year figures, while entity ought to have corrected retrospectively in the first set of financial statements approved for issue after their discovery by restating the comparative amounts for the prior period(s) presented in which the error has occurred; or if the error occurred before the earliest prior period presented, restating the opening balances of	g. The necessary adjustment/correction as reported upto previous financial year is adjusted in current financial year as current years Expense/Income without restating the previous year figures. The necessary disclosure has been made in Notes to Accounts at point no 32. The Employee Benefits in respect of Earned Leave Encashment and Gratuity is accounted for

	Assets, Liabilities and Equity for the earliest prior period presented. Impact of non-compliance of the above IND AS on the financial statements is not ascertainable. (Refer to point no. 32 of 'Notes to Accounts'). IND AS-19: Gain due to Adjustment as per Actuarial Valuation in respect of liability for leave encashment and gratuity amounting to Rs. 905.80 lacs is not routed through other comprehensive income but routed through profit and loss account, which is deviation from IND AS-19. This has resulted in understatement of both other comprehensive income and loss for the period by Rs 905.80 lacs. (Refer to Note No. 25 of Financial Statements)	in all the units of PVVNL at fixed percentage. However, the difference in provision made by divisions and Actuarial Valuation Report has been booked centrally at HQ level.
h.	Expenses for ERP software implementation amounting Rs. 1,116.50 lacs are shown under Capital work in Progress. However, the same should be classified under the heading "Intangible assets under development" as per provisions of Schedule III of the Companies Act, 2013.	h. The accountal of ERP software has been made on the basis of Order no. 209 dated 19.05.2018 issued by UPPCL(The Holding Co.). The software will be treated as Intangible Assets and booked under Intangible Assets in AG Code 18.301. During FY 2019-20, ERP software implementation is under process and is booked under AG 14.8501 as Capital Expenditure on Software. (Copy of order is enclosed).
i.	**Significant observations of Zonal Auditors are as under:** **(A) Meerut Zone:** Repeated instances of theft of assets (transformers, cables etc) are noticed in divisions and the accumulated amount of theft assets is Rs. 24.53 crore as on 31-03 2020. Branch/divisions have not made any adequate arrangement to save their assets from such incidents. Assets of the zone are uninsured too. According to the information and explanations given to us, frauds in shape of misappropriation of cash collected from customers but not deposited amounting to Rs. 3.68 crore by Suresh Babu TG-2 (EDD, Baghpat, Meerut during 12/13 to 03/19). Also in EDD-II, Baghpat a fraud case of collecting cash Rs. 31,30,289 from customers and not depositing the amount in division is under enquiry against Mr. Sanjay Kumar, Cashier. We are informed by the management that departmental and legal proceedings are in process against the concerned staff, soon these frauds surfaced.	i. Adequate arrangements to safeguard the assets are made by the divisions through patrolling of lines/substations. However, due to scattered geographical location of the assets of the electricity industry, cases of thefts are still there. In case of theft of Assets, FIR is lodged with the Police department and necessary adjustment is carried out in the accounts of the division. There is effective system in place with respect to cash collection, however in case of EDD I Baghpat, FIR has been lodged against Mr. Suresh Babu, TG-II and departmental enquiry is also under progress against the employee/officer for supervisory lapse. In case of EDD-II Baghpat, the case is under enquiry and suitable action will be taken by the management against the involved/erring employees/officials.
	(B) <u>Moradabad Zone:</u> **<u>Theft of Cash (AG 28.744) Rs. 4,46,502.00</u>** - Two cases of cash theft, adequate provision should be made at H.O. As informed by Branch Auditor of Moradabad Zone,	B. The insurance claim is yet to be received from the Insurance company. **<u>Fraud done by employees of EDD-II Amroha</u>** : The recovery of Rs. 4.32 lacs against

during the year two frauds by the employees has been detected amounting to Rs. 40,99,849.32 out of which Rs. 2,60,000.00 is deposited by the person concerned till date. **(C) Ghaziabad Zone:** As informed by the management, Ghaziabad zone has noticed a case of fraud in its EUDD-II, EUDD-V and EUDD-VII Noida division by few bank officials. Some of ICICI bank officials wrongly credited the cheques amounting Rs. 1,72,36,919/- related to these division in some other account. Management has duly taken the matter its notice and has lodged the Police FIR with the authorities. **(D) Saharanpur Zone:** Fixed assets of Rs. 352.47 lakh were stolen from site during the year. FIR for the same was also lodged in police station.	concerned employee has been completed on 09.10.2020 **Fraud done by employees in EDD-I Gajraula:** The matter is under consideration at Honb'le Allahabad High Court. e. FIR has already been lodged against bank. No recovery has been done yet as the matter is still under investigation. d. The amount is booked at divisional level on the basis of estimate duly prepared by the concerned Junior Engineer and verified by Assistant Engineer and Executive Engineer. After this an FIR is also lodged with Police department.
(iv) PuVVNL a. The Company has categorized cost of bay construction for 33/11 KV substation under "Assets not in possession of Purvanchal Vidyut Vitran Nigam Limited" and disclosed the same under "Property, Plant & Equipment" in the Balance Sheet. b. Stock shortage/ excess pending investigation amounting to Rs.96.83 Lacs is outstanding as on 31/03/2020. In absence of proper information, we are unable to comment upon its nature and proper accounting. No movement analysis is available to categorize fast moving, slow moving, non-moving and dead stock items. No provision for obsolete, unserviceable stores and spares has been made. An old provision amounting to Rs.62.97 Crores is lying against obsolete stores since 2003 under Final Transfer Scheme. c. In almost all the banks flexi fix facility is available but there are huge balances in current account and amount has not been transferred by the bank to flexi fix account which is resulting into loss of interest. d. **In Gorakhpur Zone it has been observed that:** Most of the Bank reconciliation has been prepared with opening differences, which is not correct. The bank	a. Since the cost of bay has been paid by the company and the bay is an asset in physical appearance, hence, the categorization of cost of bay construction for 33/11 KV sub-station under "Assets not in possession of Purvanchal Vidyut Vitran Nigam Limited" and disclosure of the same under "Property, Plant & Equipment" is correct. b. The units have been instructed to investigate the balances showing under the head "stock shortages/excess pending investigation" and adjust the same in books accordingly. However out of Rs. 96.83 Lacs, Rs. 57.13 Lacs pertains to opening balances arrived under transfer scheme. The provision existing for obsolete, unserviceable stores and spares, provided in final transfer scheme 2015, amounting to Rs. 62.97 crores are sufficient to cover c. Units have been instructed to enable the Flexi Fix facility in Expenditure accounts. However from 1st January, 2022 onwards, centralized payment system has been introduced in Discom and available balances of unit's accounts are being transferred to the head office account. Flexi Fix facility in head office accounts are available. d. The instruction has been issued to the units to reconcile BRS and keep upto date on regular basis. Efforts are being made to

reconciliation should have been prepared after taking in to account the opening entries pending relating to earlier years in the bank reconciliation.	mitigate the differences shown in the BRS. As a result of this, these differences have been significantly decreased as compared to previous years.
(v) <u>MVVNL</u>	
a. Zonal Auditor of Bareilly zone reported that there may be difference in sundry debtors as per billing ledger and amount shown in trial balance because sales is booked on assessment basis and amount credited to sundry debtors on the basis of actual receipt basis, hence, it could not be tallied with billing ledger (Category wise). Books have been adjusted in MTB as per actual billing ledger. Balances of consumer as per consumer ledger are not in agreement with balances appearing in account books. Zonal Auditor of Devipatan zone reported that Revenue collection booked against different type of consumers on estimated basis which has resulted in negative balance in some customer group account e.g., Rs. (2505.84) lakh in code 23.106 and Rs. (7.74) lakh in 23.707 at EDD II Baharaich. Zonal auditor of Ayodhya Zone reported that, Credit Balance of Rs. 90,665.00 lakh in 22 units are appearing in some of accounts under the head receivable against supply of power. Auditor of LESA Trans Zone reported that no breakup or bifurcation of receipt made under others was furnished which was other than receipt from E-Suvidha on account of Electricity Duty & Electricity Charges. Hence, Figures of receivable against supply of power are subject to reconciliation with billing software and confirmation, impact whereof is unascertainable at this stage.	*a. Negative balances appearing in various categories of consumers is primarily due to misclassification of accounting heads which will be rectified in the current Financial Year. However, there is no impact of such misclassification on overall the debtors. We are in the process of reconciliation of Debtors appearing in the books of accounts with the balances appearing in the online billing system.*
b. We draw attention to para 3 (IV) (b) of General Information and Significant accounting policies stating that depreciation on addition to/ deduction from Property plant and equipment during the year is charged on Pro Rata basis. However, as reported by zonal auditors, capitalization of fixed assets is made at the end of financial year irrespective of actual date of Put to use and depreciation is not charged on assets capitalized during the year which is not in accordance with provisions of Companies Act and IND AS 16 resulting in understatement of Loss and depreciation for the year and overstatement of Assets. In the absence of complete details, effect of said understatement of depreciation & Loss and Overstatement of fixed assets on financial statement could not be ascertained.	*b. Due to unavailability of exact put to use date of old assets, the depreciation on such decommissioned assets is reversed on estimated basis. The company is in the process of implementing ERP project which will facilitate the company to map the actual capitalization date with the concerned assets and hence this problem will be resolved in the upcoming years.*
c. It was generally reported by Zonal Auditor that since value of capital assets on decommissioned assets is on	*c. Due to unavailability of exact put to use date*

	pro rata basis/ estimated basis, closing balance of fixed assets & Accumulated depreciation shows negative/ adverse balance in some units/item. Further, there was misclassification in few items resulting in appearance of negative balance. E.g., at Ayodhya Zone, credit balances of Rs. 777.00 lakh is appearing under Fixed Assets in 4 units and debit balance of 72164 lakh appearing under the head Provision for depreciation in 24 units. Overall, property plant and equipment are appearing in note 2 – 'Property Plant & Equipment' at Gross block of Rs. 13, 45,983.49 lakh and accumulated depreciation of Rs. 1,79,960.84 lakh. 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 said deviation with Ind AS, on financial statement could not be ascertained.	*of old assets, the depreciation on such decommissioned assets is reversed on estimated basis. The company is in the process of implementing ERP project which will facilitate the company to map the actual capitalization date with the concerned assets and hence this problem will be resolved in the upcoming years. Negative balances arising due to misclassification of heads will be rectified in the current F.Y.*
d.	Depreciation on computer is calculated considering their useful life as 15 years as against useful life of three years specified as per Schedule II of Companies Act. In absence of complete details, Impact of the same on financial statement is not ascertainable at this stage. Further, aspect of emergence of net block in respect of vehicles below 5 % of gross block requires reinstatement.	*d. Audit observation has been noted and required correction will be made accordingly*
e.	CWIP is appearing in Financial statement at Rs. 5,20,071.31 lakh (P.Y. Rs. 6,64,934.65 lakh) including various schemes i.e. RGGY, APDRP Scheme, IDPS, Saubhagya, Uday and others schemes. Zonal auditors have generally reported that Item wise, Project-wise detail, Age-wise detail and status of completion of Capital work in progress were not available for verification. At Ayodhya Zone, devipatan Zone and LESA Trans Zone Completion certificate of Capital Work completed were not made available to auditors. In the absence of detailed information regarding status of progress, reasons for long pendency, stagnated work in progress etc. particularly in respect of various schemes i.e. RGGY, APDRP Scheme, IDPS, Saubhagya, Uday and others schemes under implementation, we are unable to comment over the timeliness of capitalization of capital work in progress, provisions required, if any, on this account and its resulting impact on Property plant & Equipment and depreciation thereon.	*e.All the relevant information relating to Capital Work in Progress have been provided to the Statutory Auditor of Financial Year 2020-21 which has been considered by them.*
f.	Zonal Auditor of Devipatan Zone reported that Negative balance of Rs. 4159.36 lakh is appearing in 8 Division. Further, Stock records are not properly maintained at some units and Difference of physical stock and book stock not properly adjusted. Auditor of Bareilly Zone reported that no comment could be made upon surplus / obsolete /non-moving items of	*f.Inventory records are properly maintained at division level. Each J.E. prepares his stock account on a daily basis and submit to the concerned SDO reviews & consolidates the JE stock account and further submits to the concerned division wherein it is accounted for in the books of accounts.*

	stores, raw material, finished goods that may be lying unused at the end of last 3 years or inventory lying with third parties & assets received as gift from government or other authorities due to non-furnishing of details of such items by zone. Auditors of Lesa CISS Zone and Ayodhya Zone reported that some of the inventory accounts reflect negative balances in most of the units primarily due to misclassifications, which could potentially result in misstatement in inventory in MTB.	*Inventories held by store/workshop division has been physically verified & the same has been valued by outsourced CA firms at the end of the year and impact, if any, arising due to valuation has been duly accounted for.* *Negative balances arising due to misclassification of accounting heads will be rectified.*
g.	Provision for Unserviceable store of Rs. 41.22 crore appearing in Note 4- Inventories continues since 2012-13 despite substantial increase in level of inventory i.e., Rs. 705.43 crore in 2019-20 as compared to Rs. 229.99 crore in 2012-13. In view of various observations made by zonal auditors regarding lack of proper system of physical verification of inventory & determination of obsolete/unserviceable/ non- moving items etc., emergence of adverse balances in inventory as dealt above at (a) & (b) above and non-formulation of accounting policy for provision on unserviceable stock, stores & spare etc., adequacy of provision on this account and its impact on financial statement is not ascertainable at this stage.	*g. Provision for Unserviceable store of Rs. 41.22 crore works out to be 5.84% of Total Inventory of Rs. 705.43 crores as on 31.03.2020.* *As per the management's view, provision is already sufficient with regard to quantum of stock.* *Therefore, no further provision is made.*
h.	We were informed that Billing for sale of electricity to consumers are accounted for on the basis of report generated through Online Billing System implemented through various outsourced Agencies. However, system audit of the said billing system, if any, being dealt at UPPCL was not made available to us and as such we are unable to comment on implications, if any, arising on said account.	*h. Status of System audit of billing system is not known as the same is dealt at UPPCL level.*
i.	Zonal Auditor of Ayodhya Zone reported provision of unbilled revenue at the end of current financial year and reversal of similar provision made in previous year has not been made in accounts. Further, regulatory surcharge was withdrawn w.e.f. 12.09.2019 but the same has been charged by certain units even after this date. In the absence of complete details, the impact of the same over financial statement is not ascertainable at this stage.	*i. Audit observation has been noted and required correction will be made accordingly*
j.	Interest on security deposit by Consumers was informed to be provided as per rates prescribed by UPERC. However, Auditors of Devipatan Zone has reported that Interest on security deposit given to consumers is not booked by distribution division except Gonda DD II. Security deposit was not adjusted in books of accounts in PD cases. Waiver is not adjusted in debtor balance in PD case. Effect of non-booking of Interest and non-adjustment of security deposit is not ascertainable at this stage.	*j. Concerned distribution division has been instructed to examine & make necessary corrective actions, if required.*

k. Zonal auditor of Lucknow zone reported that security deposited by consumers was short by Rs. 367.74 lakh in Unnao Division I	*k. Concerned distribution division has been instructed to examine & make necessary corrective actions, if required.*
16. For want of complete information, the cumulative impact of our observations in *paras 1 to 16* above to this report on assets, liabilities, income and expenditure is not ascertained.	
Annexure II to Independent Auditors Report (As referred to in paragraph 1(f) under "Report on Other Legal and Regulatory Requirements" section of our audit report of even date to the members of U.P. Power Corporation Limited on the Consolidated Financial Statements of the Group for the year ended 31st March, 2020)	
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, 2020, 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 furnished 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 2020 –	
1. The auditors of DVVNL have reported that - a. As informed and explained to us the Company is not having any licence software for accounting purpose. The Accounting entries at the unit level are done in manual manner, each unit get the account prepared in computerised format and the same is submitted to Zone level. The Zone further forwards the merged accounts of unit at Head office level, there is no	No Comment

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integration of Accounts in different hierarchy. Therefore, it can be concluded that the processing of accounting transaction through IT System is not at all robust.	
b. During the course of audit, we observed that balance of transfer scheme are outstanding, the management could not satisfy us on the existence of asset & liabilities received in transfer scheme.	These Balances are under reconciliation.
c. Temporary Imprest provided to staff needs to be closed at the end of financial year, while we observed in many of the cases Temporary Imprest were not closed.	Mostly Temporary Imprest provided to staff at the end of the year remains open which has been closed in subsequent year.
d. The Books of accounts of the company has not been prepared on timely basis resulting in delayed preparation of final accounts.	No Comment
e. Cashbook is not updated on regular basis	No Comment
f. Measurement Book provided to Junior Engineer by the Company are not returned back on timely basis by the Junior Engineer and Measurement Book are not closed on timely basis.	No Comment
g. The Company did not have an appropriate internal control system for obtaining external balance confirmation on periodic basis. This could potentially result in inaccurate Assets &Liabilities disclosed in the books of accounts.	Efforts are being made to obtain balance confirmation on perioding basis.
2. **The auditors of PVVNL have reported that -**	
a. Internal control in respect of movement of inventories during maintenance and capital works, material issued/ received to/ from third parties and material lying with sub-divisions, need to be reviewed and strengthened. Further, implementation of real time integrated ERP software is strongly recommended.	
b. The Company did not have an appropriate internal control system to minimize electricity theft and line losses.	
c. Reconciliation of power received and power sold during year has not been done. Billing is not raised timely and correctly.	
d. There is lack in recovery of advances from employees, contractor and suppliers.	
3. The auditors of MVVNL have reported that –	
a. Zonal Auditors have reported that Billing of power is generated through IT system. However, billing system is independent of account department and reports generated from billing system require reconciliation with 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.	

b. It was reported by Zonal Auditors and observed at HO that monthly trial balances are compiled from vouchers through outsourced software which are not under control of accounts department of zone and only printout of Monthly trial balances is available which impliedly has Risk of security of data as well as lack of mechanism to ensure correctness and completeness of report generated on timely basis.	
c. Huge amount of Cash, Temporary Imprest and employee advances are lying with employees which should have been recovered from employees long back. In some units, Bank is having credit balances and Cash in hand balance are negative.	
d. System of reconciliation of GST return with figure appearing in books of accounts is not in practice so as to trace any error or omission on regular basis. We were informed that details of GST are submitted by units directly to GST consultant and reconciliation is done annually at the time of filling of annual return. Further, payment of GST on reverse charge mechanism on legal charges, payment of GST to unregistered firms, timely filling of statutory returns & payment of statutory dues requires regular monitoring to ensure compliance of various statutory provisions	
e. In Devipatan Zone, auditor has reported that measurement of disconnection dues and Corrections in electricity bills have been done by Engineers in charge only without consent of Account department. Hence, system of execution of process by joint authority not followed.	
f. Zonal auditor of Ayodhya Zone reported that in most of the cases, internal audit reports were not available with the units and not furnished for verification. In none of the cases, the replies / action taken on points raised in internal audit report was not on records. The system of review and action on points raised in internal audit reports is not in vogue at zone.	
g. The internal audit has been outsourced to chartered accountant firms but coverage/ scope needs to be enlarged particularly in area of reconciliation of revenue with the online billing system, collection efficiencies, status of work in progress under various schemes under implementation along with reasons for pendency, reconciliation of pending ATD/ ATC etc. for ensuring wider coverage. Further, system of timely receipt of internal audit report and compliance	

thereof at division/ zonal level and H.O. level needs to be streamlined and strengthened for ensuring remedial action on various observations contained in such report	
A material weakness is a deficiency or a combination of deficiencies in internal financial control over financial reporting such that there is reasonable possibility that a material misstatement of the Companies' annual or interim financial statements will not be prevented or detected on timely basis. In our opinion, except for the effects/probable effects of the material weaknesses described above and in *'Annexure I'* on the achievement of the objectives of the control criteria, the 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, 2020 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 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'*.	

(Nitin Nijhawan)
Chief Financial officer

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

FINAL COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(B) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF UTTAR PRADESH POWER CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2020	
AUDITOR'S COMMENTS	**MANAGEMENT'S REPLY**
The preparation of consolidated financial statements of Uttar Pradesh Power Corporation Limited for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller & Auditor General of India under section 139 (5) read with section 129 (4) of the Act is responsible for expressing opinion on the financial statements under section 143 read with section 129 (4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 4 October 2021.	No Comments
I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of Uttar Pradesh Power Corporation Limited for the year ended 31 March 2020, under section 143 (6) (a) read with section 129 (4) of the Act. We conducted a supplementary audit of the financial statements of parent company Uttar Pradesh Power Corporation Limited (UPPCL), subsidiary companies- PurvanchalVidyutVitran Nigam Limited (PuVVNL), PaschimanchalVidyutVitran Nigam Limited (PVVNL), Madhyanchal VidyutVitran Nigam Limited (MVVNL), DakshinanchalVidyutVitran Nigam Limited (DVVNL), Kanpur Electricity Supply Company Limited (KESCO), Southern UP Power Transmission Company Limited(SuUPPTCL) for the year ended 31 March 2020. 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:	No Comment

1. COMMENTS ON CONSOLIDATED PROFITABILITY	
Statement of Profit and Loss	
Revenue from Operations (Note-22) ₹ 54038.00 Crore	
1. The above includes unbilled revenue of Rs. 36.22 crore which has been wrongly booked twice by DVVNL against the bulk supply of power to Torrent Power Ltd. This resulted in overstatement of 'Revenue from Operations' and 'Trade Receivables' by ₹36.22 crore. Consequently, 'Loss' for the year is also understated to the same extent.	The impact of unbilled revenue provision has been adjusted in accounts of Financial Year 2020-21.
2. The above includes revenue against bulk supply to Torrent Power Ltd. of ₹ 61.52 crore by DVVNL pertaining to prior period i.e. 2018-19. As per requirement of Ind AS 8, prior period adjustment should be made by restating the comparative amounts under Other Equity instead of booking as current year (2019-20) revenue from operations. This resulted in overstatement of 'Revenue from Operations' and Other Equity (being negative balance). Consequently, 'Loss' for the year was understated by ₹ 61.52 crore.	Accounts of F.Y. 2019-20 was finalized on 29/01/2021 & Audit of F.Y. 2018-19 was conducted by the AG office in the month of Feb-2021. Hence the observation made during the audit of FY 2018-19 could not be adjusted in FY 2019-20 as a prior period item. However, the same has been accounted for in F.Y. 2019-20 on the basis of bills issued during the year.
3. Unbilled revenue for Railway Traction amounting to ₹ 5.94 crore was accounted for by EUDD-II Ghaziabad of PVVNL in 2019-20. However, there was no Railway Traction billing in the Division. This resulted in overstatement of 'Revenue from Operations' and 'Trade Receivables' by ₹ 5.94 crore. Consequently, 'Loss' for the year was also understated to the same extent.	The necessary correction has been made by the concerned unit in FY 2020-21.
Other Income (Note-23): ₹ 13939.61 crore	
4. The above includes additional subsidy received from the GoUP against previous year losses under UDAY scheme amounting to ₹ 2,399.99 crore[1]. Clause 1.2(i) of	With reference to the tripartite MOU signed among Ministry of Power (Government of India), Government of Uttar Pradesh (GoUP) and Uttar

[1] PuVVNL:`780.02 crore,MVVNL:`447.36 crore, PVVNL:`655.65 crore and DVVNL:`516.96 crore

tripartite MOU executed between Ministry of Power, GOI, Government of Uttar Pradesh (GoUP) and UPPCL provides that GoUP shall take over the future losses of the DISCOMs in a graded manner w.e.f. 30.01.2016. Accordingly, 25 per cent of loss of 2018-19 was to be taken over by the GoUP in the year 2019-20. As per Ind-AS 20, government grant for losses already incurred should be recognised in the statement of profit and loss for the year in which it becomes receivable. The amount receivable against losses of 2018-19 was ₹ 1,578.78 crore[2]. Thus, the Company has accounted for the additional subsidy in excess by ₹ 821.21 crore which has resulted in overstatement of 'Other Income' and 'Other Current Assets' by ₹ 821.21 crore with consequent understatement of Loss for the year to the same extent.	Pradesh Power Corporation Limited (on behalf of all DISCOMs) for implementation of UDAY scheme, It is to submit that, subsidy on the basis of certain percentage of loss amount of previous year is being provided by state government. According to the provisions of Agreement, the loss would be calculated on the basis of Gross Operational Funding Requirement (G.O.F.R.) instead of actual amount of loss of Discoms as per the methodology indicated in the MOU In relation to the above, the company received Rs 2400 Cr. from state govt. in the FY 2019-20 and the same has been allocated to Discoms. Though the amount receivable from State Govt. was Rs 4209.86 being 25% of losses of Discoms for FY 2018-19, as per audited financial statements of Discoms, but the accounting has been done on the basis of certainty/actual amount of Subsidy given by the Govt. Further, the subsidy has been recognized on the above mentioned basis and the same is less than the amount as calculated above. Thus there is no overstatement of other income and understatement of other equity (negative balance) and net understatement of non-current liability/ other financial liability.
5. As per the scheme guideline of SAUBHAGYA Yojna, any interest earned on capital subsidy/grant shall be remitted to Ministry of Power. The PVVNL earned interest amounting to ₹ 10.55 crore during the year 2019-20 on mobilisation advance given to the Contractor. Instead of remitting the interest amount to Ministry of Power, PVVNL booked the same as other	The matter pertains to SAUBHAGYA Yojna, the interest on mobilization advance amounting to Rs. 10.55 crore payable to Ministry of Power was inadvertently booked as Interest Income during FY 2019-20. The correction entry has been incorporated in FY 2021-22.

[2]PuVVNL: `275.99 crore, MVVNL: `222.63 crore, PVVNL: `322.63 crore, DVVNL: `645.48 crore and KESCO: `112.05 crore

income. This resulted in overstatement of Other Income and understatement of Current Liability by ₹ 10.55 crore. Consequently, Loss for the year was also understated to the same extent.	
6. The PVVNL, during the year 2019-20, made an adjustment entry in the Other Income head amounting to (-) ₹ 130.37 crore for rectification of error pertaining to the year 2017-18 in contravention to provisions of Ind AS-8. As per Ind AS-8, adjustment in the books of accounts should have been made by restating the comparative amounts for the prior period i.e. year 2017-18. This has resulted in understatement of Other Income and Other Equity (being negative balance) by ₹ 130.37 crore. Consequently, Loss for the year was also overstated to the same extent.	The Late Payment Surcharge is accounted for on cash basis. But in some divisions of Moradabad Zone, it was accounted for on Accrual basis in AG 23.707 along with Debtors against PD, Miscellaneous Revenue, etc. The necessary correction has been made in Financial Year 2019-20 without restating the comparative amounts as prior period item. The overall impact on Reserve and Surplus as on 31.03.2020 is NIL. Presently, the company is passing adjustment/correction entry pertaining to earlier years through prior period items.
Purchase of Stock in Trade (Power Purchased) (Note-24): ₹57388.86 crore	
7. Significant accounting policy No. IX (d) provides that transmission charges are accounted for on accrual basis on bills raised by the UP Power Transmission Corporation Limited (UPPTCL) at the rates approved by UPERC. In contravention to the above policy, the transmission charges of ₹ 548.10 crore (MVVNL:₹ 245.38 crore and PuVVNL:₹ 302.72 crore) have been accounted for in the year 2019-20 for which the bills were issued by UPPTCL in December 2020. This resulted in overstatement of Cost of Power Purchased and Current Liabilities by ₹ 548.10 crore each. Further, Loss for the year was also overstated to the same extent.	The bills for transmission charges against true up of tariff for earlier years are raised by UPPTCL and the accounting for the same is done in the books in the financial year whose accounts are not yet closed. Accordingly, the same has been booked in the FY 2019-20 considering the provisions of Ind As 10 Para 3 "events after the reporting period" Events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are approved by the Board of Directors in case of a company, and, by the corresponding approving authority in case of any other entity for issue. Two types of events can be identified:

	(a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and (b) those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).
Finance Cost (Note-26) Rs.5179.86 Crores	
8. Para 22 of the Ind-AS 23 provides that "an entity shall cease capitalising borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete." Asall the projects under R-APDRP were already completed and closure of the projects had already been sent to PFC till June 2018, no interest amount on R-APDRP should have been capitalized during the year 2019-20.However, interest amounting to ₹ 227.96 crore (PuVVNL: ₹ 115.54 and PVVNL: ₹ 112.42 crore) has been capitalised in the year 2019-20. This resulted in understatement of Finance Cost and overstatement of Capital Work in Progress by ₹ 227.96 crore. Consequently, Loss for year was understated by the same extent.	Necessary correction entry regarding interest of R-APDRP of ₹ 115.54 crore has been done during FY 2020-21 by PuVVNL. Further, in respect of PVVNL, it is submitted that the total interest capitalized during the year is in relation to the loan taken for construction of capital assets and has been accordingly capitalized.
9. The above does not include interest amounting to ₹ 409.86 crore (₹ 96.17 crore for the year 2019-20 and ₹ 313.69 crore for previous years i.e. 2009-10 to 2018-19) on R-APDRP loan given by Power Finance Corporation (PFC) to PVVNL. PFC has been regularly raising demand notices for payment of interest related to loan given under R-APDRP. The PVVNL did not make any payment towards interest up to 2019-20 to PFC and considered the same as Contingent Liability instead of booking it as Finance Cost. This resulted in understatement of Finance Cost by ₹ 96.17 crore, Other Equity (being negative balance) by ₹313.69 crore and Current Liabilities by ₹ 409.86 crore. Consequently, Loss for the year was also understated by	Whenever a Loan from Government got converted into Grant, it's Interest and other charges have also been converted into/treated as Grant. Power Finance Corporation vide letter no. 065598 dated 26.09.2019 has confirmed that a procedure for conversion of RAPDRP Part-B loans into Grant is under consideration at MoP. In view of the above and in anticipation of conversion of loans into Grant, PVVNL has not included the same in Finance Cost.

₹ 96.17 crore.	
10. The New Okhla Industrial Development Authority (NOIDA) had advanced a loan of ₹ 450 crore (₹ 200 crore on 15.06.2012 and ₹ 250 crore on 02.05.2013) to the Company. No interest was to be paid on the loan amount upto 30.09.2013 and thereafter UPPCL was liable to pay interest on balance amount of Loan. The total accumulated interest payable to the NOIDA up to 31 March 2020 was ₹ 96.42 crore which includes the amount of ₹ 10.38 crore pertaining to the current year 2019-20. However, interest payable to NOIDA has not been accounted. This resulted in understatement of Finance Cost by ₹ 10.38 crore, Current Liabilities by ₹ 96.42 crore and Other Equity- Prior Period Adjustment (negative balance) by ₹ 86.04 crore. Further, Loss for the year has also been understated by ₹ 10.38 crore.	The NOIDA Authority had provided Rs. 450 crore as a Special Assistance for the uninterrupted supply of Electricity in U.P. State on the recommendation of Government of Uttar Pradesh. Out of above assistance Rs. 200 crores were repaid in the F.Y 2013-14 , balance amount Rs. 250 crore were repaid in FY 2015-16, 2016-17 & 2020-21. The amount drawn from NOIDA Authority was on behalf of government to provide immediate cash support to UPPCL and no such agreement were executed between UPPCL & NOIDA Authority while some conditions were attached considering the urgent requirement raised by the Corporation. However, after several communication with NOIDA authority regarding the interest servicing, they communicated vide their office letter dated 17-12-2020 that their Executive Board has directed that "the various Govt. institution who have raised loan form NOIDA authority are required to serve interest equivalent to the interest rate of the year wise securities issued by Govt. since disbursement on simple interest basis without compound/penal interest." Accordingly, UPPCL vide Board resolution dated 21-06-2021 had successfully served the interest of Rs. 103.94 crore during the period May, 2021 to August, 2021. Since Account for FY 2019-20 had already been submitted on dated 03.07.2020 by the fund unit for timely completion of DISCOM's accounts/Consolidated Financial Statements. Therefore, necessary adjustments for interest servicing were made in the accounts for FY

	2020-21.
11. The above does not include interest amounting to ₹ 43.82 crore on Loan provided for R-APDRP scheme by Power Finance Corporation (PFC) to the MVVNL. This resulted in understatement of Finance Cost and Current Liabilities by ₹ 43.82 crore. Further, Loss for the year was also understated by the same amount.	Whenever a Loan from Government got converted into Grant, it's Interest and other charges also converted into /treated as Grant. Power Finance Corporation vide letter no. 065598 dated 26.09.2019 has confirmed that a procedure for conversion of RAPDRP Part-B loans into Grant in under consideration at MoP. In view of the above and in anticipation of conversion of loans into Grant, MVVNL has not included the same in Finance Cost.
12.The above includes an expenditure of ₹ 3.03 crore which actually pertained to Project Management Unit and advertisement expenditure of SAUBHAGYA scheme implemented by PuVVNL. As the expenditure incurred under SAUBHAGYA scheme relates to Project, it should have been capitalized. This resulted in overstatement of Finance Cost and understatement of Capital Work in Progress by ₹ 3.03 crore each. Further, Loss for the year has also been overstated to the same extent.	This has been accounted for in the books of accounts as revenue expenditure. Since such expenditure is of revenue and recurring in nature 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.
Depreciation and Amortization expenses (Note-27) Rs.1264.24 Crores	
13. The above does not include depreciation amounting to ₹ 58.44 crore on the assets capitalized by MVVNL under RGGVY 11th and 12th Plan schemes. As all the works of both schemes had already been completed by March 2019, the depreciation for the whole year during the period 2019-20 should have been provided in accounts. This resulted in understatement of the Depreciation & Amortization Expenses and overstatement of Property Plant & Equipment by ₹ 58.44 crore each. Consequently, Loss for the year was also understated by the same	MVVNL has stated that the related compliances towards scheme closure were completed in the financial year 2021-22. Hence, all the CWIP pertaining to RGGVY scheme have been transferred to Property, Plant & Equipment during the financial year 2021-22.

extent.	
Administrative, General & Other Expenses (Note-28) **Electricity Charges:₹ 810.13 crore**	
14. The above includes energy internally consumed in Gorakhpur zone of the PuVVNL amounting to ₹ 50.04 crore against the actual amount of ₹ 2.39 crore. This resulted in overstatement of Administrative, General & Other Expenses and understatement of Trade Receivables by ₹ 47.65 crore. Consequently, Loss for the year was also overstated to the same extent.	As pointed out by the audit, energy internally consumed in Gorakhpur zone of ₹ 47.65 crore was wrongly booked in FY 2019-20 (except for EDD Hata). The same has been adjusted during FY 2020-21 in the month of April-2021.
Repair and Maintenance Expenses (Note - 29): ₹ 2,495.89 crore	
15. The above includes ₹ 176.05 crore being cost of energy internally consumed which has been wrongly booked as Repair and maintenance expenses by PuVVNL instead of Electricity Charges. This resulted in overstatement of Repair and Maintenance Expenses and understatement of Electricity charges by ₹ 176.05 crore each.	It is to submit that electricity internally consumed in sub-stations is charged under Repair and Maintenance expenses (AG 74.138) and electricity consumed in the administrative and other offices is charged under Administrative and General Expenses (AG 76.158). Thus proper accounting has been made in the accounts and there is no impact on profitability of the company.
B. Comments on Consolidated Financial Position **Consolidated Balance Sheet** **Non-Current Assets** **Property, Plant and Equipment (Note-2) ₹ 54,628.75 crore**	
16. The above includes interest on projects under R-APDRP of PVVNL amounting to ₹ 114.27 crore which has been incurred after completion of all the projects under R-ADRP and closure report was also sent to Power Finance Corporation (PFC) by March 2018. However, the Company capitalised the aforesaid interest amounting to ₹ 114.27 crore after March 2018 instead of charging itas Expenditure. This resulted in overstatement of Property, Plant and Equipment and understatement of Other Equity (being negative balance) by ₹ 114.27 crore each. Despite similar comment of the CAG on the accounts for	The matter will be examined and necessary accounting will be done in the F.Y. 2022-23, if required.

the year 2018-19, no corrective action has been taken by the Management.	
Capital-Work-in-Progress (Note-03) ₹ 11,009.27 crore	
17. The above includes interest of ₹ 89.19 crore relating to projects under R-APDRP which were already completed. As per requirement of Ind AS-23, entity shall charge interest as revenue expenditure on completion of Assets. However, the DVVNL has capitalized interest of ₹ 89.19 crore in prior period i.e. during the year 2018-19 instead of booking it as Finance Cost. This resulted in overstatement of Capital Work-in-Progress and understatement of 'Other Equity' (being negative balance) by ₹ 89.19 crore each.	With reference to the Audit comment, it is to submit that DVVNL has notcapitalized the interest from FY 2019-20 and onwards in compliance of the comment issued by the Audit.
18.The above includes balance of ₹ 5.98 crore related to APDRP works of DVVNL and MVVNL. Since APDRP scheme works were completed in June 2008, the same should have been capitalized. Non-capitalization of the above works has resulted in overstatement of Capital Work-in-Progress and understatement of Property, Plant and Equipment by ₹ 5.98 crore.	The necessary correction has been made by MVVNL in annual accounts of FY 2019-20. CWIP under APDRP scheme has been capitalized by DVVNL during the FY 2020-21.
19. The above does not include ₹ 150.33 crore paid by PVVNL to contractors/consultants for works/consultancy service for execution of works under SAUBHAGYA (scheme). The works under SAUBHAGYA are of the capital nature and are still under progress. However, the aforesaid amount was wrongly booked under Administrative, General & Other Expenses during the year 2018-19. This resulted in the understatement of Capital Work in progress and overstatement of 'Other Equity' (negative balance) by ₹150.33 crore.	The payment of PMA under SAUBHAGYA scheme was wrongly booked under Consultancy charges (AG 76A.125) instead of capitalizing the same with the Fixed Assets during FY 2018-19 by S.E.(HQ) unit of this company. The same has been corrected in FY 2020-21 by transferring value of capital expense to concerned division through IUT.
20. The above includes ₹1,182.79 crore pertaining to	In this regard, it is submitted that although works

different works of SAUBHAGYA and RGGVY (10th, 11th and 12th plan) schemes implemented by MVVNL. As these works have already been completed till December 2018, the same should have been capitalised under the Property Plant and Equipment. This resulted in overstatement of Capital Work in Progress and understatement of Property, Plant and Equipment by ₹ 1,182.79 crore. Further, the Depreciation and Loss for the year were also understated by ₹ 44.95 crore.	of scheme have been completed but the transfer of amount from Capital Work In Progress to Fixed Assets was under process during FY 2019-20. All the concerned have been instructed to ensure the capitalization in the accounts F.Y. 2022-23
Trade Receivables (Note-10) ₹ 78,152.47 crore	
21. The Private Tube Well (PTW) consumers are exempted from Electricity Duty (ED). However, ₹10.88 crore (DVVNL: ₹ 10.36 crore and KESCO: ₹ 0.52 crore) has been accounted for in 2019-20 as ED receivable from PTW consumers. This resulted in overstatement of Trade Receivables' as well as Other Current Liabilities by ₹10.88 crore.	Compliance has been made by DVVNL in F.Y. 2020-21 by reversal of entire amount outstanding in Trade Receivable against ED on PTW consumers. Kesco has been instructed to examine the matter and take the necessary action in this regard.
Cash and Cash Equivalents (Note-11-A) ₹ 4,056.42 crore	
22. The above includes ₹ 79.75[3] crore being the amount of cheques/RTGS slip received against sale of power pertaining to six unitsof PuVVNL. These cheques/RTGS were either became time barred or could not be traced/encashed till 31 March 2020. Therefore, the amount of these cheques/RTGS should have been reduced from Bank balances by debiting the respective party account. This resulted in overstatement of 'Cash and Cash Equivalent' and understatement of 'Trade Receivables' by ₹ 79.75 crore each.	As replied by PuVVNL, Out of uncashed cheques amounting to ₹ 79.75 crore relating to FY 2019-20, ₹41.92 crore (₹0.06 crore of EDD 1 Ghazipur, ₹ 0.13 crore of EDD-2 Ghazipur, ₹0.67 crore of EDD Dumariyaganj, ₹7.45 crore crore of EDD 1 Chandauli, ₹31.29 crore of EDD 2 Pipri and ₹ 2.32 Crore of EDD 2 Mirzapur) has been adjusted by the concerned units upto March 2022. In case of EDD 2 Mirzapur, list of uncashed cheque as per BRS of 31.03.2020 reflects ₹38.24 crore out of which ₹35.61 crore pertains to RTGS/NEFT for which reconciliation is under process. For balance ₹0.31 crore, unit has been instructed to

[3]EDD-I Ghazipur- ` 6.26 lakh; EDD-II Ghazipur` 0.13 crore; EDD-Dumariyaganj- ` 0.67 crore; EDD-I Chandauli - ` 7.45crore; EDD-IIPipri-` 31.29 crore andEDD – II Mirzapur -` 40.15crore

	reconcile/adjust the same.
Equity and Liabilities **Equity** **Other Equity (Note-15): (-) ₹ 63,760.00 crore**	
23. The DVVNL has obtained loan from Power Finance Corporation (PFC) under R-APDRP scheme. However, no payment towards principal and interest due up to 2018-19 against the loan has been made. During the year 2018-19, the PFC imposed ₹ 8.52 crore as interest and penal interest for non-payment of the due amount. This resulted in understatement of 'Other Equity' (negative balance) and Current Liabilities by ₹ 8.52 crore.	The aforesaid loan was under process of conversion in to Grant during the year under consideration as per the terms of R-APDRP scheme. This has been converted during the F.Y. 2022-23 into grant by PFC. Therefore, it is not prudent to account for Interest and Penal Interest on overdue amounting to Rs. 8.52 crore. However, the liability towards interest and penal interest on overdue as per last demand letter has been shown under Contingent Liabilities in F.Y. 2020-21.
24. The above includes ₹ 2.35 crore on account of third-party inspection fee, testing fees etc., paid during 2018-19 under RGGVY, DDUGJY and SAUBHAGYA schemes which were not closed till 31 March 2019. However, the DVVNL has wrongly booked above expenditure under 'Administrative, General & Other Expenses during 2018-19 instead of capitalising the same. This resulted in overstatement of 'Other Equity' (negative balance) and understatement of Capital Work in Progress by ₹ 2.35 crore by each.	Amount paid for third party inspection fee, PMA fees, testing fees etc. couldn't be segregated into capital & revenue expense and scheme wise due to various reason i.e. single bill for both type of expenses, expenses which cannot be directly related to any specific item or scheme etc., hence the same has been treated as revenue expenditure and booked as expenses in Profit & Loss Account.
25. The DVVNL is required to pay Annual License fees on the amount of Revenue billed/to be billed in terms of provisions of UPERC (Fees and Fines) Regulations 2010. Total outstanding license fee payable by the Company as on 31 March 2020 was ₹ 5.79 crore, out of which ₹ 0.10 crore pertains to 2019-20 and remaining amount of ₹ 5.69 crore pertains to earlier years, which was not accounted for in the respective years. This resulted in understatement of 'Other Equity' (negative balance) by ₹ 5.69 crore, Loss for the year by ₹ 0.10 crore and Other Current Liabilities by ₹ 5.79 crore each.	The difference in the license fee paid and due, is due to timing difference. Fee paid was calculated on the basis of previous years' revenue and fee due has been calculated by the UPERC at the time of True-up on the basis of revenue of related year. Accounting of such differences has been done in the year when the same has been demanded by the UPERC.

Liabilities **Current Liabilities** **Other Financial Liabilities (Note 20):₹ 33,666.99 crore**	
26. The above does not include ₹ 28.08 crore and ₹ 0.57 crore being interest payable on account of delayed deposit/non-deposit of General Provident Fund (GPF) and Pension and Gratuity as worked out and accounted for in the Financial Statements of Uttar Pradesh Power Sector Employees Trust for the year 2014-15. This resulted in understatement of Current Liabilities and Other Equity (negative balance) by ₹ 28.65 crore. Despite similar comment of the CAG on the accounts for the years 2012-13 to 2018-19, no corrective action has been taken by the Management.	As per audited accounts of the company for the F.Y 2012-13 to 2020-21,liability towards GPF contribution is showing a debit balance. Since there has always been a debit balance during the period 2012-13 to 2020-21, no provision for interest has been made. As regards accounting of interest on liability towards pension and gratuity, it is stated that regular interest is not payable to the employees on pension and gratuity as in the case of GPF. Hence, provision of interest on Pension and gratuity is not required. The company is also in process of reconciliation with the GPF Trust.
COMMENTS ON DISCLOSURE **Notes to Accounts: Note No 31**	
27. Para 38 of above Notesprovides that UPPCL has decided, vide Board's Meeting dated 14-08-2020, to allocate common expenditure and facility cost to subsidiaries and power sector companies owned by GoUP with effect from the year 2019-20. Accordingly in accounts allocation of ₹ 209.74 crore out of total ₹ 340.24 crore in the heads Employee Cost, Administrative, General & Other Expense & Repair & Maintenance of F.Y. 2019-20 has been made. The aforesaid allocation of common expenditure and facility cost to the subsidiaries is a change in accounting policy as per Para 19 (b) of Ind AS 8 which requires application of the changed policy retrospectively along with disclosures to be made as required under Para 29 of Ind AS 8. Thus, the accounting policy followed by the company is	The necessary disclosures regarding amount of allocation of expenditure has been disclosed in note no.23, 26, and 27 of balance sheet for the F.Y. 2019-20 and 2020-21 of Standalone Financial Statements. Also, the same has been disclosed in Para 38 & 41 of Note No. 31 "Notes on Accounts" of Consolidated Financial Statement for the FY 2019-20. It is worth mentioning here that these transactions have no impact on the consolidated financial statements of UPPCL including all the Discoms. Separate disclosure of these transactions are not required as the effect of the same has been eliminated in consolidation.

in contravention to the provision of Ind AS 8. Further, disclosures made in the notes to Account are also deficient to the above extent.	
28. A provision of ₹ 78.09 crore for obsolete stores was made by DVVNL in the year 2016-17 when value of Inventory was ₹ 1,019.67 crore. The value of inventory increased to ₹ 1,312.34 crore as on 31 March 2019, which further decreased to ₹ 1,157.38 crore as on 31 March 2020. However, provision for obsolete stores remained unchanged at ₹ 78.09 crore in the absence of any accounting policy in this regard. Despite the comment of the CAG on the accounts for the year 2018-19, no corrective action has been taken by the Management.	DISCOMs concerned have been directed to review the status of provision for obsolete/unserviceable stores and take necessary action in FY 2022-23.
29. Contingent Liabilities does not include the claim of M/s Rosa Power Supply Company of Energy bills amounting to ₹ 247.91 crore for the period April 2015 to March 2019, which was under consideration of the Appellate Tribunal of Electricity (APTEL) during 2018-19. Despite similar comment of the CAG on the accounts for the year 2018-19, no corrective action has been taken by the Management.	Bill of LPS date 04.01.2019 was received from M/s Rosa for Rs. 129.78 Cr. which was later subjected to Pettion No. 1437/2019 under UPERC. Accordingly, a contingent liability of Rs. 129.78 Cr. was shown in F.Y 2019-20. However, M/s Rosa again submitted revised invoice amounting Rs. 247.91 Cr. which was returned in original to supplier as the same was not claimed as per UPERC' order. Hence, it has not been shown as contingent liability.
30. Uttar Pradesh Jal Vidyut Nigam Limited (UPJVNL) has been supplying electricity to Staff and other consumers at Pipri, Sonbadhra on behalf of UPPCL since January 2000. Due to non-transfer of consumers to concerned Discom and non-remittance of collected amount to UPPCL/Discom a liability towards UPPCL amounting to ₹ 80.73 crore has been shown in the books of UPJVNL for 2018-19. Further, the reduction in the above liability on account of cost of power sold to	This matter pertains to PuVVNL and UPJVNL. The authorities concerned of both the companies have been requested to take final decision and accordingly ensure necessary compliance in its books of accounts.

UPPCL is still undetermined by UPJVNL. This material fact has not been disclosed by the UPPCL in the Financial Statements. Despite similar comment of CAG on the accounts for the years 2016-17 to 2018-19, no corrective action has been taken by the Management.	

(Nitin Nijhawan)
Chief Financial Officer

Nidhi Kumar Narang
Director (Finance)

ANNEXURE I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results

(Rs. In Lacs)

Statement on Impact of Audit Qualifications for the financial Year ended March 31, 2020
[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	5417087.97	5418582.97
	2	Total Expenditure	5732980.15	5730244.15
	3	Other Comprehensive Income	(171.93)	(171.93)
	4	Net Profit/(Loss)	(316064.11)	(311833.11)
	5	Earnings Per Share	(33.26)	(32.81)
	6	Total Assets	8893730.4	8890994.40
	7	Total Liabilities	8195140.46	8188173.46
	8	Net Worth	698589.94	702820.94
	9	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		

For U.P. Power Corporation Ltd.

(Nitin Nijhawan)
Chief Financial Officer

(P. Guruprasad)
Chairman of Audit Committee
& Non- Executive Director
DIN:07979258

(Pankaj Kumar)
Managing Director
DIN: 08095154

Place: Lucknow
Date: 30-03-2023

For R. M. Lall & Co
Chartered Accountants
FRN: 000932C

(Vikas C Srivastava)
Partner
M No. 401216

Annexure-A

S No.	Basis of Qualified Opinion of Statutory Audit Report for F.Y 2019-20	Frequency
	UPPCL (Stand Alone)	
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 -Trade Receivable (Note-8), Financial Assets-Other (Note-11), Other Current Assets (Note-12), Financial Liabilities -Trade payable (Note-18) and Other Financial Liabilities (Note-19)* have been classified as current assets/liabilities include balances which are outstanding for realisation/settlement since previous financial years and in the absence of adequate information/explanations regarding the realisability/settlement of such amounts within twelve months after the year end, reasons for not classifying them as non-current assets/liabilities ***is inconsistent with Ind AS 1 Presentation of Financial Statements***. This has resulted in over statement of respective current assets/liabilities and understatement of the corresponding non-current assets/liabilities.	Repetitive
	b. Recognition of Insurance and other claims, refunds of Custom duty, Interest on Income Tax & trade tax, interest on loans to staff and other items of income covered by *Significant Accounting Policy no. 2 (c) & 7 (b) 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 (3)(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 and loss.	Repetitive
	d. Inventory which includes stores and spares for capital works, operation and maintenance and others is valued at cost (*Refer accounting policy no. 3(VI)(a) of Note-1*). Valuation of stores and spares for O & M and others ***is not consistent with Ind AS 2 Inventories*** *i.e., valuation at* lower of cost and net realizable value. Further, the stores and spares for capital work should be classified as part of Property, Plant and Equipment and recognised, measured and disclosed in accordance with ***Ind AS 16 Property, Plant and Equipment.***	Repetitive
	e. Accounting for Employee Benefits: Actuarial Valuation of gratuity liability of the employees covered under GPF scheme has not been obtained. *(Refer Para 4(a) Note – 29 "Notes on Accounts")*. ***This is inconsistent with Ind AS 19 Employee Benefits.***	Repetitive
	f. The Company has made a provision for impairment of investments in subsidiaries and associates *(Note-5, except Para (II)(c) & II (d))* on the basis of net worth of investee companies as on 31st March,2020 *(Refer Para 25 Note – 29 "Notes on Accounts")*, which ***is not in accordance with Ind AS 36 Impairment of Assets.*** *Further assessment of the impairment of assets has not been done by the company, which is inconsistent with Ind AS-36 Impairment of Assets.*	Repetitive

R.M. LALL & CO. CHARTERED ACCOUNTANTS

Annexure-A

	g. The Financial Assets *(Note-5 para II (C) 6, 8, 11 and 12)* have not been measured at fair value as required by ***Ind AS 109 Financial Instruments** (Refer Para 6 and 9(b) of Note – 29 "Notes on Accounts")* and proper disclosures as required in ***Ind AS 107 Financial Instruments: Disclosures*** have not been done for the same.	Repetitive
2	Inter unit transactions amounting Rs. 15404.70 lacs, are subject to reconciliation and consequential adjustments. *(Refer para 7- 29 "Notes to Accounts")*	Repetitive
3	*Loans and Other Financial Assets (Note-6), Trade Receivables Others (Note-8), Financial Assets-Others - Employees, Others (Note-11), Other Current Assets - Suppliers & Contractors (Note-12), Financial Liability-Trade Payables (Note-18), Other Financial Liabilities - Liability for Capital/O&M Suppliers/Works, Deposits from Suppliers (Note-19)* are subject to confirmation/reconciliation.	Repetitive
4	Documentary evidence in respect of ownership/title of land and land rights, building was not made available to us and hence ownership as well as accuracy of balances could not be verified. Additionally, the identity and location of Property, Plant and Equipment transferred under the various transfer schemes has also not been identified *(Refer Para 5(a) of Note – 29 "Notes on Account").*	Repetitive
5	It was observed that the maintenance of party-wise subsidiary ledgers and its reconciliation with primary books of accounts i.e., cash books and sectional journal are not proper and effective.	Repetitive
6	Employees benefit expenses *(Refer Note-23)*, Administrative, General & Other Expenses (Note 26), and Repair & Maintenance Expenses (Note- 27) have been allocated among DISCOMS and other power sector companies owned by the GoUP (i.e. UPPTCL, UPRVUNL & UPJVNL) on the basis of data / information (i.e., units of power sold to discoms, no. Of employees, area occupied) related to the financial year 2018-19, instead of financial year 2019-20. (Para 27 of Note -29 "Notes on Accounts")	First time
7	Sufficient and appropriate documentary audit evidences in respect of Contingent liabilities disclosed in *Para 18 of Note – 29 "Notes on Accounts"* were not provided to us.	Repetitive
8	Revenue earned from the sale of power through Indian Energy Exchange Limited, India has not been recognised separately in the statement of Profit and Loss, but has been reduced from the cost of purchase of power aggregating Rs. 5401531.23 Lacs *(Refer Note-22 Purchase of Power).* Additionally, details of aggregate units sold during the year and revenue earned from such sale was not made available to us.	Repetitive
9	The Company has not classified trade payable outstanding from Micro and Small enterprises as required by Schedule - III of the Companies Act, 2013. Further, in the absence of adequate information, we are unable to confirm compliance with Section 22 of MSMED Act. 2006 regarding disclosures on principle amount and interest paid and/or payable to such enterprises *(Refer Para 12 of Note – 29 "Notes on Accounts").*	Repetitive
10	Records for inventories lying with the third parties are not being maintained properly at Zonal Offices/units of the Company.	Repetitive
11	The Annual Accounts of F.Y 2017-18 and 2018-19 are yet to be adopted in Annual General Meeting *(Refer Para 30 of Note - 29 "Notes on Accounts").*	Repetitive
12	The Zone auditor has expressed the audit opinion on the Trial Balances as at 31st March, 2020 of the Zonal Accounts Office (Material Management) and these have been considered for the	Repetitive

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CHARTERED ACCOUNTANTS & CO.

	preparation of the financial statement of the company. As per existing practices, financial statement of the branch has not been prepared.	
13	**Audit observations in Branch Audit report of MM Zone excluding those which have been appropriately dealt with elsewhere in the report.** **(a) Purchase of power** The system of accounting/recording of power purchase is weak and require further improvement to strengthen the internal control. The Electricity Import Export& Payment Circle unit of zone has levied the penalty on power suppliers for non achievement of contracted supply of power to the company. But the amount of penalty computed is not in accordance with Power Purchase Agreement (PPA) with suppliers. The details of total amount of penalty levied on suppliers for non achievement of contracted supply of power is not available with the unit. We, therefore unable up to which amount profit/ loss of the Zone has been overstated/ understated on account of levy of penalty which is not in accordance with PPA. The details of transmission loss have not been provided. Weare, therefore unable to verify whether transmission loss is within the limit specified in PPA.	Repetitive
	(b) Provision for Late Payment Surcharge The Electricity Import Export & Payment Circle Unit of the Zone/Unit # 330 is liable to pay the late payment surcharge to the suppliers on default of non-payment of supplier bills on due date. But there is no proper system to compute the late payment surcharge payable to various power suppliers. There is no control register to verify whether payment of supplier bills has been made on due date or not. However on sample checking we observed that late payment surcharge amounting to Rs. 46,402 Lacs payable to Various suppliers was not adjusted in the books and same has been adjusted in the books after pointing out by us. This represents that there is no system to compute the liability of late payment surcharge payable to suppliers. We are, therefore unable to comment on the amount of overstated profit/ understated loss of the Zone for the year 2019-20on account of provision of late payment surcharge.	First time
	(c) Accounting of Accrued Interest for Noida Power Company Limited The Electricity Import Export & Payment Circle Unit of the Zone/Unit # 330 has charged interest of Rs. 1701.00 Lacs @ 14% from the Noida Power Company Limited on the total amount of Rs. 11,387.00 Lacs, but no documentary evidence was made available to us to verify the accuracy of interest charged from Noida Power Company Limited. There is no debit balance in the account of Noida Power Company Limited in the books. However, there is opening debit balance of Rs. 11,147.00 Lacs in the account of Accrued Interest against which no amount received during the year. We are, therefore unable to comment on the recoverability of accrued interest amounting to Rs. 12,848.00 Lacs outstanding in the books as at 31-03-2020.	First time

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	(d) Internal Control Internal control system with regard to cash transaction, purchase transaction, maintenance of inventory, maintenance of books of accounts, fixed assets register, delegation of powers to various employees etc. requires to be further strengthen.	First time
	(e) Accounting for Accrued Penal Interest Income The accounting policy in respect of late payment surcharge recoverable from customer for non-payment of bill on due date is as under: **Late payment surcharge recoverable from subsidiaries and other bulk power purchasers are accounted for on cash basis due to uncertainty of realization.** But Electricity Import Export & Payment Circle Unit of the Zone/Unit # 330 have adjusted the Late payment surcharge amounting to Rs. 6967.00 Lacs on accrual basis till 31st March/2020, Under the account head PENAL INTEREST (AG code 28.805) which is not in accordance with the Accounting Policy of the company. ***Profit / loss of the company has therefore overstated/ understated to the extent of Rs. 6967.00 Lacs.*** ***<u>Management Reply</u>*** The subjected Late Payment Surcharge is not related to the consumers and the power purchasers of UPPCL. It is related to the Reactive Energy Charges which is assessed by NRPC. In view of above and as per the prudent accounting practice, necessary accounting/adjustment is being made in the month in which the said bills are being verified.	First time
	(f) **Interest Received Rs. 4299.00 Lacs** The zone has received interest amounting to Rs. 4299.00 Lacs and TDS of Rs. 365.00 Lacs have been deducted therefrom. But the amount of interest of Rs. 4231.00 Lacs (Out of Rs. 4299.00 Lacs) has been netted off in purchase cost in the books. This is not the correct accounting treatment of interest received. ***Purchase cost and interest income has, therefore understated to the extent of Rs. 4231.00 Lacs*** ***<u>Management Reply</u>*** 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 orders 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.	First time

R.M. LALL & CO. CHARTERED ACCOUNTANTS

ANNEXURE I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results

(Rs. In Lacs)

Statement on Impact of Audit Qualifications for the financial Year ended March 31, 2020				
[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	6797760.96	6806601.90
	2	Total Expenditure	7404744.62	7414587.60
	3	Exceptional Items	0	0
	4	Other Comprehensive Income	-2018.52	-1112.72
	5	Net Profit/(Loss)	-609002.18	-609098.42
	6	Earnings Per Share	-64.08	-64.09
	7	Total Assets	16187271.65	16184730.09
	8	Total Liabilities	16704225.10	16713106.05
	9	Net Worth	-516953.45	-528375.96
	10	Any other financial item(s) (as felt appropriate by the management)	---	---
II.	**Audit Qualification (each audit qualification separately)**			
		a. Details of Audit Qualification: Annexure-A		
		b. Type of qualification: Qualified Opinion		
		c. Frequency of qualification: Annexure-A		
		d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Refer Annexure-A		
		e. For Audit Qualification(s) where the impact is not quantified by the auditor:		
		(i) Management's estimation on the impact of audit qualification: NA		
		(ii) If Management is unable to estimate the impact, reasons for the same: Accounting of the Company is on Manual system and the records are maintained at different units. Hence, it is very difficult to collect the huge number of information to quantify the observations.		
		(iii)Auditor's Comments on (i) or (ii) above: NIL		

For U. P. Power Corporation Ltd.

(Nitin Nijhawan)
Chief Financial Officer

(P. Guruprasad)
Chairman of Audit Committee & Non-Executive Director
DIN: 07979258

(Pankaj Kumar)
Managing Director
DIN - 08095154

Place : Lucknow
Date : 30-03-2023

For R M Lal & Co.
Chartered Accountants
FRN No. 000932C

(Vikas C Srivastava)
Partner
M No. 401216

Basis of Qualified Opinion of Statutory Auditor Report (FY 2019-20)	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, 2020) 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. Uttar Pradesh Power Corporation Limited (UPPCL) 1. The Group 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):	Repetitive

a	*Trade Receivable (Note-10), Financial Assets-Other (Note-12), Other Current Assets (Note-13), Trade payable (Current) (Note-19) and Other Financial Liabilities (Note-20)* have been classified as current assets/liabilities include balances which are outstanding for realisation/settlement since previous financial years and in the absence of adequate information/explanations regarding the realisability/settlement of such amounts within twelve months after the year end, reasons for not classifying them as non-current assets/liabilities ***is inconsistent with Ind AS-1 "Presentation of Financial Statements"***. This has resulted in over statement of respective current assets/liabilities and understatement of the corresponding non-current assets/liabilities.
b	Recognition of Insurance and other claims, refunds of Custom duty, Interest on Income Tax & trade tax, license fees, interest on loans to staff and other items of income covered by *Significant Accounting Policy no. 2 (c) of Note-1* has been done on cash basis. ***This is not in accordance with the provisions of Ind AS-1 "Presentation of Financial Statements".***
c	Accounting for Employee Benefits: Actuarial Valuation of gratuity liability of the employees covered under GPF scheme has not been obtained. *(Refer Para 14 Note - 31 "Notes on Accounts").* ***This is inconsistent with Ind AS-19 "Employee Benefits".***
d	Inventory which includes stores and spares for capital works, operation and maintenance and others is valued at cost (*Refer accounting policy no. 3(VII)(a) of Note-1).* Valuation of stores and spares for O & M and others ***is not consistent with Ind AS-2 "Inventories"*** *i.e., valuation at* lower of cost and net realizable value. Further, the stores and spares for capital work should be classified as part of Property, Plant and Equipment and recognised, measured and disclosed in accordance with ***Ind AS-16 "Property, Plant and Equipment"***.
e	As per the opinion drawn by the auditors of KESCO, according to ***Ind AS-16 "Property, Plant and Equipment"***, the carrying amount of an item of property, plant and equipment shall be derecognized on disposal or when no future economic benefits are expected from its use or disposal. There may be property, plant & equipment from which no future economic benefits are expected and the same have not been derecognized. The company has a prevalent practice of derecognizing property plant & equipment as and when it is sold as scrap which is in violation to Ind AS 16. The impact of the above is not ascertainable.
f	"Inventories" includes obsolete stock, valued at cost, which is inconsistent ***with Ind AS-2 "Inventories"*** i.e., it should be valued at its Net Realisable Value.

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M. LALL & CO. CHARTERED ACCOUNTANTS

g	Additions during the year in Property, Plant and Equipment include employee cost at a fixed percentage of the cost of each addition to Property, Plant and Equipment in accordance with *Note-1 Significant Accounting Policy Para (3)(II)(e)*. Such employee cost to the extent not directly attributable to the acquisition and/or installation of Property, Plant and Equipment ***is inconsistent with Ind AS-16 "Property, Plant and Equipment"***. This has resulted in overstatement of fixed assets and depreciation and understatement of employee cost and loss.	
h	The auditors of the subsidiaries reported that depreciation on fixed assets have not been provided on pro-rata basis which is ***inconsistent with Schedule – II of the Companies Act, 2013 and Ind AS-16 "Property, Plant and Equipment"*** to the extent applicable.	
i	Assessment of the Impairment of Assets has not been done by the Group, ***which is inconsistent with Ind AS-36 "Impairment of Assets"***.	
j	Right to use an asset is classified as tangible asset instead of Intangible asset by PVVNL and distribution license taken by DVVNL is not yet recognised at all by the Group which ***is inconsistent with Ind AS-38 "Intangible assets"***. This has resulted in understatement of Intangible assets and amortisation expenses.	
k	The *Financial Assets-Trade Receivables (Note-10), Advances to Suppliers/Contractors (O&M) (Note- 13), Employees (Receivables) (Note-12) and Loans (Note-7)* have not been measured at fair value as required by ***Ind AS-109 "Financial Instruments"*** *(Refer Para 8 of Note-31 "Notes on Accounts")* and proper disclosures as required in ***Ind AS-107 "Financial Instruments: Disclosures"*** have not been done for the same.	
l	The Borrowing Cost allocated to CWIP amounting to Rs. 21,565.30 lacs by PVVNL is not in accordance with ***Ind AS-23 "Borrowing Cost"*** as there is no system of identification of qualifying assets and interrupted projects.	
m	PVVNL has not made any disclosure with respect to nature of contingent liabilities and estimate of its financial effects which is not in compliance with disclosure requirement of ***Ind AS-37 "Provisions, Contingent Liabilities and Contingent Assets"***.	
n	As per the opinion drawn by the auditors of KESCO, according to ***Ind AS-10 'Events after the reporting period'***, an entity shall adjust the amounts recognized in its Ind AS financial statements to reflect adjusting events after the reporting period. In this regard the company has not adjusted the liability of pending litigations as at 31st March, 2020 which have been settled till the date of approval of Ind AS financial statements by the Board of Directors. Also, no details were made available for verification. The impact of the above is not ascertainable.	
o	As per the opinion drawn by the auditors of PVVNL, License Fees is not accounted for on accrual basis. License Fees is paid as and when the demand is raised by UPERC and no provision is made for the amount due, which is not in adherence to the provisions of ***Ind AS-37 "Provisions, Contingent Liabilities and Contingent Assets"***. Accordingly, the impact of non-compliance of the above IND AS on the financial statements is not ascertainable.	
p	As per the opinion drawn by the auditors of PVVNL, ***IND AS-20 Accounting for Government*** grants is done on the basis of advice from Uttar Pradesh Power Corporation Ltd., the holding company, which is not in accordance with accrual system of accounting as required by Indian GAAP and also not in consonance with the IND AS 20. Impact of non-compliance of the above IND AS on the financial statements is not ascertainable. (Refer to 2(X) of 'Significant Accounting Policies' to the Financial Statements.	
2.	Inter unit transactions amounting Rs. 3,20,704.16lacs, are subject to reconciliation and consequential adjustments. *(Refer Note-13)*	Repetitive

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3.	*Loans(Note-7), Financial Assets - Other (Note-8), Trade Receivables Others (Note-10), Financial Assets-Others - Employees, Others (Note-12), Other Current Assets - Suppliers & Contractors (Note-13), Financial Liability-Trade Payables (Note-19), Other Financial Liabilities - Liability for Capital/O&M Suppliers/Works, Deposits from Suppliers (Note-20)* are subject to confirmation/reconciliation.	Repetitive
4.	Documentary evidence in respect of ownership/title of land and land rights, building was not made available to us and hence ownership as well as accuracy of balances could not be verified. Additionally, the identity and location of Property, Plant and Equipment transferred under the various transfer schemes has also not been identified *(Refer Para 6(a) of Note – 31 "Notes on Account").*	Repetitive
5.	It was observed that the maintenance of party-wise subsidiary ledgers and its reconciliation with primary books of accounts i.e., cash books and sectional journal are not proper and effective.	Repetitive
6.	Sufficient and appropriate documentary audit evidences in respect of Contingent liabilities disclosed in *Para 18(b) of Note – 31 "Notes on Accounts"* were not provided to us.	Repetitive
7.	Revenue earned from the sale of power through Indian Energy Exchange Limited, India has not been recognised separately in the statement of Profit and Loss, but has been reduced from the cost of purchase of power aggregating Rs. 54,01,531.23 Lacs*(Refer Note-24 Purchase of Power).* Additionally, details of aggregate units sold during the year and revenue earned from such sale was not made available to us.	Repetitive
8.	As per the opinion drawn by the auditors of DISCOMs, Bank Reconciliation Statement (BRS) in respect of various bank accounts, have not been prepared on regular basis and these contains numerous outstanding unreconciled entries of earlier years including those of stale cheques, un-cashed cheques and other debits/credits.	First time
9.	As per the opinion drawn by the auditors of DISCOMs, Revenue collection through NEFT/RTGS and unbilled revenue have not been properly dealt in books of accounts, impact of the same on receivable from consumers is uncertainable.	First time
10.	The Group has not maintained proper records showing full particulars including quantitative details and situation of fixed assets. Further, the physical verification of the fixed assets has not been carried out. Hence, we are unable to comment whether any material discrepancy exists or not.	Repetitive
11.	Maintenance of records in respect to inventories is not satisfactory. The details of inventories were not provided for verification by the respective zones of Holding Company and its Subsidiaries.	Repetitive
12.	Records for inventories lying with the third parties are not being maintained properly at Zonal Offices of the Holding Company and its Subsidiaries.	Repetitive
13.	The branch auditor has expressed the audit opinion on the Trial Balances as at 31st March, 2020 of the Zonal Accounts Office (Material Management) and these have been considered for the preparation of the financial statement of the company. As per existing practices, financial statement of the branch has not been prepared.	Repetitive
14.	**Audit observations in Branch Audit report of MM Zone excluding those which have been appropriately dealt with elsewhere in the report.**	

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a	**Purchase of power** The system of accounting/recording of power purchase is weak and requires further improvement to strengthen the internal control. The electricity import export &payment circle unit of zone has levied the penalty on power suppliers for non-achievement of contracted supply of power to the company. But the amount of penalty computed is not in accordance with Power Purchase Agreement (PPA) with suppliers. The details of total amount of penalty levied on suppliers for non-achievement of contracted supply of power are not available with the unit. We, therefore unable up to which amount profit/ loss of the zone has been overstated/ understated on account of levy of penalty which is not in accordance with PPA. The details of transmission loss have not been provided. We are, therefore unable to verify whether transmission loss is within the limit specified in PPA.	Repetitive
b	**Provision for Late Payment Surcharge** The electricity import export &payment circle unit of zone /unit # 330 is liable to pay the late payment surcharge to the suppliers on default of non-payment of supplier bills on due date. But there is no proper system to compute the late payment surcharge payable to various power suppliers. There is no control register to verify whether payment of supplier bills has been made on due date or not. However, on sample checking we observed that late payment surcharge amounting to Rs. 46,402.00 lacs payable to various suppliers was not adjusted in the books and same has been adjusted in the books after pointing out by us. This represents that there is no system to compute the liability of late payment surcharge payable to suppliers. We are, therefore unable to comment on the amount of overstated profit/ understated loss of the zone for the year 2019-20 on account of provision of late payment surcharge.	First time
c	**Accounting of Accrued Interest for Noida Power Company Limited** The electricity import export &payment circle unit of zone /Unit # 330 has charged interest of Rs. 1,701.00 lacs @ 14% from the Noida Power Company Limited on the total amount of Rs. 11,387.00 lacs, but no documentary evidence was made available to us to verify the accuracy of interest charged from Noida Power Company Limited. There is no debit balance in the account of Noida Power Company Limited in the books. However, there is opening debit balance of Rs. 11,147.00 lacs in the account of accrued interest against which no amount received during the year. We are, therefore unable to comment on the recoverability of accrued interest amounting to Rs. 12,848.00 lacs outstanding in the books as at 31-03-2020.	First Time
d	**Internal Control** Internal control system with regard to cash transaction, purchase transaction, maintenance of inventory, maintenance of book accounts, fixed assets register, delegation of powers to various employees etc. requires to be further strengthen.	First Time
e	**Accounting for Accrued Penal Interest Income** The accounting policy in respect of late payment surcharge recoverable from customer for non-payment of bill on due date is as under: Late payment surcharge recoverable from subsidiaries and other bulk power purchasers are accounted for on cash basis due to uncertainty of realization. But electricity import export &payment circle unit of zone /unit # 330 have adjusted the late payment surcharge amounting to Rs. 6,967.00 lacs on accrual basis till 31st March, 2020, under the account head Penal Interest (AG code 28.805) which is not in accordance with the accounting policy of the company. Profit/loss of the company has therefore overstated/understated to the extent of Rs. 6,967.00 lacs. **Management View:** The subjected Late Payment Surcharge is not related to the	First Time

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consumers and the power purchasers of UPPCL. It is related to the Reactive Energy Charges which is assessed by NRPC. In view of above and as per the prudent accounting practice, necessary accounting/adjustment is being made in the month in which the said bills are being verified.

f **Interest Received Rs. 4,299.00 lacs** — First Time

The zone has received interest amounting to Rs. 4,299.00 lacs and TDS of Rs. 365.00 lacs have been deducted there from. But the amount of interest of Rs. 4,231.00 lacs (Out of Rs. 4,299.00 lacs) has been netted off in purchase cost in the books. This is not the correct accounting treatment of interest received. Purchase cost and interest income has, therefore understated to the extent of Rs. 4,231.00 lacs

Management View: 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 orders 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.

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

(i) <u>DVVNL</u>

a. The Company has received Depreciation on Land & Land rights in earlier years through gazette notification amounting to Rs. 39, 80,597.00. No depreciation is chargeable on Land & Land Rights hence the company is required to reverse the depreciation on same and treat it as a Prior Period adjustment in Financial Statements. Despite similar comment in Statutory Audit Report for financial year 2018-19, no corrective action has been taken by the Management. — Repetitive

Management View: These values has been received under Final Transfer Scheme, however DISCOM is reviewing this comment to pass necessary entries, if required.

b. The following AG Code in the following zones are having credit balances: - — First Time

AG CODES	ZONES	AMOUNT (In Rs.)
22.780 (Transformer sent to repairs)	JHANSI	5,36,26,075.00
	ALIGARH	1,14,39,951.00
	AGRA	6,71,83,765.59
22.791 (LED Bulb)	AGRA	2,14,70,042.00
22.660	JHANSI	55,38,06,862.09
22.662	JHANSI	2,00,37,02,251.16
22.770 (Scrap Material)	JHANSI	23,17,61,742.70
	KANPUR	1,34,97,692.47
22.810	KANPUR	3,011.00

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(Stock Excess Pending for Investigation)	JHANSI	8,20,049.72
TOTAL		**2,95,73,11,442.73**

It is impracticable as Stock value cannot be negative. Moreover, these balances have been shown by deduction from inventory therefore assets have been undervalued by 2,95,73,11,442.73 and need to be reconciled.

Management view: These balances are under reconciliation.

c. As per Ind AS 20, "*A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognized in profit or loss of the period in which it becomes receivable. A government grant is not recognised until there is reasonable assurance that the entity will comply with the conditions attaching to it, and that the grant will be received.*"UDAY Scheme provides that the State Government shall take over the future losses of DISCOMs in a graded manner and shall fund the losses as follows: — First Time

F. Y.	Loss for the year(as per audited balance sheet)	Grade of Grant	Claimable Grant (a)	Credited in P & L A/c (b)	Excess/Shortage (c)=(a)-(b)	Remarks
2016-17	1,44,348.34	0% of Loss of FY 2015-16	0.00	0.00	0.00	Nil
2017-18	2,36,649.85	5% of Loss of FY 2016-17	7,217.42	12,293.80	-5,076.38	Prior Period item
2018-19	2,56,716.23	10% of Loss of FY 2017-18	23,664.99	25,649.68	-1,984.70	Prior Period item
2019-20		25% Loss of FY 2018-19	64,179.06	51,696.32	12,482.74	Revenue has been understated.

As explained by management, the treatment of grants has been made in the books of accounts on the basis of Credit Notes provided to management by the Holding Company i.e. UPPCL. This practice has been followed by the Company since its inception. The company is not making accountal of these entries independently.

Management View: As per the practice of the Company the amount of Subsidy booked on the basis of Credit Notes received from UPPCL, These booking has been made on the basis of Credit Notes provided for UDAY loss subsidy in respective Years.

d. In EE Admin Head, we have observed that the company has contract with UPDESCO for annual maintenance charge amounting to **Rs (92,06,827.00 + 11,14,371.00) = 1,03,21,198.00** to be paid quarterly for Repair & Maintenance of Computer and Office Equipments but **A.G. Code 74.809**depicts expenditure amounting to **Rs.1,95,28,025.00** instead of **Rs.4,12,84,792.00 (1,03,21,198.00*4)** which leads to **understatement of loss by an amount of Rs. 2,17,56,767.00.** No Provision of balance expenditure has been done thereby violating accrual concept. — First Time

Management View: As the final liability of any bill arises only when the same has been verified and passed for payments at various level, the same has been accounted for as and when the same has been received at this unit.

e. In EE Admin Head, we observed that many expenditure heads are not booked on accrual basis. Some instances are given below: 74.809 (OFFICE EQUIPMENTS {OTHERS}), 76.107 (INSURANCE), 76.112 (POSTAGE AND TELEGRAM), 76.121 (LEGAL — First Time

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	EXPENSES), 76.153 (PRINTING AND STATIONERY), 76.155 (ADVERTISEMENT EXPENSES), 76.190 (MISC EXPENSES).	
f.	As reported in Audit Report of Jhansi Zone, various prior period bills have been found recorded in the current financial year in violation of generally accepted accounting principle-accrual accounting. Some instances are:	First Time

DIVISION	NO. OF INSTANCES	AMOUNT (in Rs)
ESD - JHANSI	2	22,57,035.00
EDD-I LALITPUR	5	9,01,116.00
EDD II LALITPUR	13	17,08,410.00
EDD - HAMIRPUR	17	33,50,043.00
EDD RATH	2	6,12,380.00
EDD - MAHOBA	2	15,72,147.00
ETD - MAHOBA	4	1,27,921.00
EDD- CHITRAKOOT	13	72,23,249.00
ESD - BANDA	1	5,34,778.00
EDD - II -ORAI	3	3,50,411.00
EWD - BANDA	9	101,06,233.00
ESWC - BANDA	3	11,44,632.00

g.	As per Para 111 of IND AS 115," Revenue From Contracts With Customers" the company has not disclosed the total Cash flow realised from the customers, uncertainty of Revenue and timing of realization under Notes to accounts. Company has not complied with the disclosure requirement as per IND AS 115.	First Time
h.	As per sub point (c) of Para 39 of IND AS - 20, "an entity shall disclose all conditions and other contingencies attaching to government assistance that has been recognised", but the management has not disclosed about the conditions and contingencies for each government grant received. We recommend the management to comply with these disclosure requirements in their financial statements.	First Time
i.	**NON - COMPLIANCE OF SCHEDULE III UNDER COMPANIES ACT,2013.**	

Sr No	Requirement as per Schedule III of Companies Act 2013	Remarks	
1	Separate disclosure with regard to Cash & Bank Balances: Repatriation restrictions, if any, in respect of cash and bank balances shall be separately stated.	'*Cash & cash equivalents at the end of the period includes FDR deposited with Honourable High court, Dehradun of Rs 1.13crore, which is not freely available for the use of company*' is not separately disclosed in **'Cash and Bank Balance'**.	First Time
2	Bonds, Debentures (along with the rate of interest and particulars of redemption or conversion, as the case may be) shall be stated in descending order of maturity or conversion, starting from farthest redemption or conversion date, as the case may be where bonds/ debentures are redeemable by instalments, the date of maturity for this purpose must be reckoned as the date on which the first instalment becomes due.	The details of bonds are not properly disclosed in Balance Sheet pertaining to each individual bond like rate of interest, tenure etc. are merged for bonds subscribed by different entities. Further the classification is also not having details of names of the subscribers for several categories.	First Time

j.	While scrutinizing the Zonal Trial balance it was observed that under AG Head 14(CWIP), various amounts are persisting since long for which no capitalization is made. As per management no reconciliation for the same is available. We recommend the management to	First Time

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reconcile the above at earliest, so that necessary adjustment can be made

ZONES	AG CODE	NAME	AMOUNT (In Rs.)
KANPUR	14.80	APDRP	3,87,41,087.79
	14.81	Survey & Investigation	13,386.76
	14.91	Local Bodies	2,05,000.00
	14.99	Service Collection above 11000	15,62,198.72
	14.73A	Ambedkar Village Electrification	1,81,91,280.61
AGRA	14.73B	Taj Trapezium	1,53,084.00
ALIGARH	14.72	REC Normal Work	1,38,771.00
	14.73R	Ram ManoharLohia	24,79,016.00
	14.74	RGC Works	4,06,371.00
	14.73B	RGC Works	1,11,260.30

k. The Private Tube well {PTW} consumers are exempted from Electricity Duty. However, an amount of Rs. 10,36,03,135.57 under AG Code 23.205 is accounted for by the company with respect to it. Due to which the company has overstated its Trade Receivables (Current Assets) and Electricity Duty & other levies payable to government (Current Liabilities) by the same amount.

Repetitive

Management View: These are the carrying balances of previous years no debit entries have been passed under this head during the year and in F.Y. 2020-21 the same has reduced to NIL.

l. On scrutinising consolidated trial balance, it is found that in AG Code 23.8(REC-Theft of Power) an amount of Rs. 21,51,53,654.34(Debit) is outstanding and in AG Code 23.808(Provision for REC-Theft of Power) an amount of Rs. 8,93,763.10(Credit) is outstanding. Management is required to provide for whole amount of theft of power. Hence provision is short by Rs.21,42,59,891.24.

First Time

Management View: These are the carrying balances of previous years no debit entries have been passed under this head during the year and in F.Y. 2020-21 the same has reduced to NIL.

m. SUNDRY LIABILITIES under NOTE-16 of accompanied Financial Statements includes an amount of Rs. 32,51,80,611.93 (Debit Balance) under AG HEAD 46.922 "SALE OF SCRAP" which should be adjusted to the Profit and Loss Account. Due to the above the liabilities and loss for the year has been understated by Rs.32,51,80,611.93.

Repetitive

Management View: In DVVNL sale proceedings of scrap sale were received by the Agra store centrally and the material was sold from various stores, Therefore the material cost of remaining zones has been transferred in AG 46.922 which would be cleared on receipt of ATC from Agra store

n. While scrutinizing the Zonal Trial Balance, it has been observed that in case of Kanpur Zone under AG 28.210& 28.250 (Income Accrue and Due) and in case of Jhansi Zone under AG Code 28.210, there are opening Balance of Rs. 2,80,43,418.00 (6,00,221+2,74,43,197) and Rs. 23,64,876.00 respectively, but the amount has neither been received nor adjusted during the year and the same value is carried forward as closing balance, as on 31.03.2020. The management has not provided proper justification for the same.

First Time

o. In AG Code 23.103(Public Lamp) of Aligarh Trial Balance, it is observed that it is a receivable head and should have a debit balance instead of credit balance of Rs. 13,64,58,749.42. Management should reconcile/adjust the same.

First Time

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p. There are unreconciled entries under AG Code22.780 (Transformers sent for repairs).AG Code - 22.770(Scrap Materials), AG code.31 to 37(Inter Unit Transfer) and AG Code 46.94 (Goods and Service Tax) as on 31st March, 2020. The unreconciled entries should be reconciled. In absence of reconciliation exact impact on the financial statement could not be worked out. — First Time

q. Under AG Code 46.910(Stale Cheques) indicates cheques which have become time barred. Proper adjustments are recommended in this regard. — First Time

r. There are various balances under AG Code 46.929(Service Tax Liability) amounting to Rs. 1,46,59,993.00, AG code 46.926 (Central Sales Tax) amounting to Rs. 3,52,289.00 and AG Code 46.927(State Sales Tax) amounting to Rs. 1,62,02,348.49. After introduction of Central Goods State Tax Act, 2017, service tax and sale tax are no more applicable but some credit entries has been passed during the year which does not seems to be justified. Management could not provide any explanation to us. — First Time

s. In the following codes balance are pending since long but management is unable to explain the nature of such accounts. The balance under this head should be identified and necessary rectification entries should be passed: — First Time

ZONES	AG CODE	NAME	Amount (In Rs.)
Aligarh	42.2	Supply Control Account	5,20,49,047.00 Cr
Agra	22.710	Workshop Suspense Account	2,87,14,937.79 Dr

t. Following is liability head which shows debit balance. It seems some entries from some other head have been parked in these codes which are understating Trade Payables, it needs to be reconciled and required entry must be passed.

ZONE	AG CODE	NAME	Amount (In Rs.)
Aligarh	47.410	Railways	16,82,89,324 Dr

(ii) KESCO

a. It has been observed that inoperative debtors have been continuously billed on the basis of IDF/RDF for more than 2 billing cycles which is in contravention of the provisions of Electricity Supply Code 2005. (Impact not ascertainable) — First Time

b. Sale of Energy Major portion of sale comprises of sale to consumers which is recorded on the basis of processed data given by an outside agency deputed for generation of bills to such consumers. Instances were observed wherein the consumers are billed on provisional basis due to no reading, defective meter, defective reading etc.; in contravention to the provisions of Electricity Supply Code, 2005 as well as Ind AS-115 "Revenue from contracts with customers" (Impact not ascertainable). According to the information and explanations given to us the figures of sales accounted for on actual spot billing the date of which is not fixed. In the absence of billing on 31st of March, 2020, the impact of the same on revenue is not ascertainable. — First Time

c. The Company has not disclosed the impact of Rs. 43.05 Crores pertaining to interest payable to Government of Uttar Pradesh on account of conversion of Najul land to freehold land till F.Y. 2017-18 as commented by Comptroller and Auditor General of India. The final comments of Comptroller and Auditor General of India for F.Y. 2018-19 have not been received yet and thus we are not commenting on the impact of interest for F.Y. 2018-19 & 2019-20. Hence, the deficit as at 31st March,2020is understated by Rs. 43.05 crores and other current financial liability is understated by Rs. 43.05 crores. — First Time

Management View: The company has not received any demand from Govt. of UP to pay interest on conversion charges due to which it is not possible to book the liability in the books of accounts. 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

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booking of liability only on the basis of future assumptions without any concrete fact or evidence will lead to overstatement of loss and liability and will not reflect the correct position of the financial statements.	
(iii) PVVNL	
a. Due to non-availability of proper and complete records of Work Completion Reports, there have been instances of non-capitalization and/or delayed capitalization of Property, Plant and Equipment, resulting delay in capitalization with corresponding impact on depreciation for the delayed period. (Refer to 2(II) and IV(b) of 'Significant Accounting Policies' to the Financial Statements.)	Repetitive
b. In case of withdrawal of an asset, its gross value and accumulated depreciation is written off on estimated basis. In the absence of sufficient and appropriate audit evidence thereof, we are not in a position to ascertain impact of the same on financial statements	Repetitive
c. 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. Besides depreciation on addition and capitalisation in Property, Plant & Equipment during the year has been provided on average 6-month basis instead of actual period of availability of asset for its intended use, which is in contravention to 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
d. The depreciation/amortisation on Bay (Assets not in Possession of Pashchimanchal VidyutVitran Nigam Ltd.) is calculated on the opening gross value of the assets with the life of 25 years on SLM basis and on addition during the year has been provided on average 6-month basis instead of actual period of availability of asset for its intended use. In the absence of complete details, we are unable to quantify the impact of the same on depreciation/amortisation and consequential impact on the financial statements. (Refer to Para 2(IV)(b) of Significant Accounting Policies)	Repetitive
e. Non-current Borrowings of Rs. 10,26,875.73 lacs and Current Borrowing of Rs. 9,401.08 lacs have been shown in Note No.12 and Note No. 14 respectively to the Financial Statements. IND AS 109 requires management to classify all the financial liabilities and assets at amortized cost using effective interest rate method. Transaction cost has been netted off in borrowing upon initial recognition but the management is unable to comply with the effective interest rate method stating that, being a government company, all loans are backed by the State government guarantee or by charge on Assets. It is also stated that the loan is squared off by many ways such as conversion into bonds, equity, and subsidy by State Government. As a result of this, we are unable to comment on it.	First Time
f. As per UPERC (MYT) Regulation 2013, In case the payment of any bills of Transmission charges, wheeling charges is delayed beyond the period of 60 days from the date of billing, a late payment surcharge @ 1.25% per month shall be levied by the transmission licensee. However, the company has not made any provision for liability for late payment surcharge on account of non-payment of dues in compliance of above regulation. Consequential impact of the same on the financial statements is not ascertained.	Repetitive
g. Besides non-compliance of IND AS referred above, compliance status of other accounting standards are as under : IND AS-8: The management has made several adjustments/correction relating to prior period errors in the current financial year as current year's Expense/Income without restating the	First Time

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	previous year figures, while entity ought to have corrected retrospectively in the first set of financial statements approved for issue after their discovery by restating the comparative amounts for the prior period(s) presented in which the error has occurred; or if the error occurred before the earliest prior period presented, restating the opening balances of Assets, Liabilities and Equity for the earliest prior period presented. Impact of non-compliance of the above IND AS on the financial statements is not ascertainable. (Refer to point no. 32 of 'Notes to Accounts'). IND AS-19: Gain due to Adjustment as per Actuarial Valuation in respect of liability for leave encashment and gratuity amounting to Rs. 905.80 lacs is not routed through other comprehensive income but routed through profit and loss account, which is deviation from IND AS-19. This has resulted in understatement of both other comprehensive income and loss for the period by Rs 905.80 lacs. (Refer to Note No. 25 of Financial Statements) **Management Reply**: The Employee Benefits in respect of Earned Leave Encashment and Gratuity is accounted for in all the units of PVVNL at fixed percentage. However, the difference in provision made by divisions and Actuarial Valuation Report has been booked centrally at HQ level.	
h.	Expenses for ERP software implementation amounting Rs. 1,116.50 lacs are shown under Capital work in Progress. However, the same should be classified under the heading "Intangible assets under development" as per provisions of Schedule III of the Companies Act, 2013.	First time
i.	**Significant observations of Zonal Auditors are as under:**	
	(A) Meerut Zone: Repeated instances of theft of assets (transformers, cables etc) are noticed in divisions and the accumulated amount of theft assets is Rs. 24.53 crore as on 31-03 2020. Branch/divisions have not made any adequate arrangement to save their assets from such incidents. Assets of the zone are uninsured too. According to the information and explanations given to us, frauds in shape of misappropriation of cash collected from customers but not deposited amounting to Rs. 3.68 crore by Suresh Babu TG-2 (EDD, Baghpat, Meerut during 12/13 to 03/19). Also in EDD-II, Baghpat a fraud case of collecting cash Rs. 31,30,289 from customers and not depositing the amount in division is under enquiry against Mr. Sanjay Kumar, Cashier. We are informed by the management that departmental and legal proceedings are in process against the concerned staff, soon these frauds surfaced.	First time
	(B) <u>Moradabad Zone</u>: **<u>Theft of Cash (AG 28.744) Rs. 4,46,502.00</u>** - Two cases of cash theft, adequate provision should be made at H.O. As informed by Branch Auditor of Moradabad Zone, during the year two frauds by the employees has been detected amounting to Rs. 40,99,849.32 out of which Rs. 2,60,000.00 is deposited by the person concerned till date.	First time
	(C)<u>Ghaziabad Zone</u>: As informed by the management. Ghaziabad zone has noticed a case of fraud in its EUDD-II, EUDD-V and EUDD-VII Noida division by few bank officials. Some of ICICI bank officials wrongly credited the cheques amounting Rs. 1,72,36,919/- related to these division in some other account. Management has duly taken the matter its notice and has lodged the Police FIR with the authorities.	First time

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(D) Saharanpur Zone: Fixed assets of Rs. 352.47 lakh were stolen from site during the year. FIR for the same was also lodged in police station.	First time
(iv) PuVVNL	
a. The Company has categorized cost of bay construction for 33/11 KV substation under "Assets not in possession of Purvanchal VidyutVitran Nigam Limited" and disclosed the same under "Property, Plant & Equipment" in the Balance Sheet.	First time
b. Stock shortage/ excess pending investigation amounting to Rs.96.83 Lacsis outstanding as on 31/03/2020. In absence of proper information, we are unable to comment upon its nature and proper accounting. No movement analysis is available to categorize fast moving, slow moving, non-moving and dead stock items. No provision for obsolete, unserviceable stores and spares has been made. An old provision amounting to Rs.62.97 Crores is lying against obsolete stores since 2003 under Final Transfer Scheme.	Repetitive
c. In almost all the banks flexi fix facility is available but there are huge balances in current account and amount has not been transferred by the bank to flexi fix account which is resulting into loss of interest.	First time
d. **In Gorakhpur Zone it has been observed that:** Most of the Bank reconciliation has been prepared with opening differences, which is not correct. The bank reconciliation should have been prepared after taking in to account the opening entries pending relating to earlier years in the bank reconciliation.	
(v) MVVNL	
a. Zonal Auditor of Bareilly zone reported that there may be difference in sundry debtors as per billing ledger and amount shown in trial balance because sales is booked on assessment basis and amount credited to sundry debtors on the basis of actual receipt basis, hence, it could not be tallied with billing ledger (Category wise). Books have been adjusted in MTB as per actual billing ledger. Balances of consumer as per consumer ledger are not in agreement with balances appearing in account books. Zonal Auditor of Devipatan zone reported that Revenue collection booked against different type of consumers on estimated basis which has resulted in negative balance in some customer group account e.g., Rs. (2505.84) lakh in code 23.106 and Rs. (7.74) lakh in 23.707 at EDD II Baharaich.Zonal auditor of Ayodhya Zone reported that, Credit Balance of Rs. 90,665.00 lakh in 22 units are appearing in some of accounts under the head receivable against supply of power. Auditor of LESA Trans Zone reported that no breakup or bifurcation of receipt made under others was furnished which was other than receipt from E-Suvidha on account of Electricity Duty & Electricity Charges. Hence, Figures of receivable against supply of power are subject to reconciliation with billing software and confirmation, impact whereof is unascertainable at this stage.	First time
b. We draw attention to para 3 (IV) (b) of General Information and Significant accounting policies stating that depreciation on addition to/ deduction from Property plant and equipment during the year is charged on Pro Rata basis. However, as reported by zonal auditors, capitalization of fixed assets is made at the end of financial year irrespective of actual date of Put to use and depreciation is not charged on assets capitalized during the year which is not in accordance with provisions of Companies Act and IND AS 16 resulting in understatement of Loss and depreciation for the year and overstatement of Assets. In the absence of complete details, effect of said understatement of depreciation & Loss and Overstatement of fixed assets on financial statement could not be ascertained.	First time
c. It was generally reported by Zonal Auditor that since value of capital assets on decommissioned assets is on pro rata basis/ estimated basis, closing balance of fixed assets	First time

	& Accumulated depreciation shows negative/ adverse balance in some units/item. Further, there was misclassification in few items resulting in appearance of negative balance. E.g., at Ayodhya Zone, credit balances of Rs. 777.00 lakh is appearing under Fixed Assets in 4 units and debit balance of 72164 lakh appearing under the head Provision for depreciation in 24 units. Overall, property plant and equipment are appearing in note 2 – 'Property Plant & Equipment' at Gross block of Rs. 13, 45,983.49 lakh and accumulated depreciation of Rs. 1,79,960.84 lakh. 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 said deviation with Ind AS, on financial statement could not be ascertained.	
d.	Depreciation on computer is calculated considering their useful life as 15 years as against useful life of three years specified as per Schedule II of Companies Act. In absence of complete details, Impact of the same on financial statement is not ascertainable at this stage. Further, aspect of emergence of net block in respect of vehicles below 5 % of gross block requires reinstatement.	First time
e.	CWIP is appearing in Financial statement at Rs. 5,20,071.31 lakh (P.Y. Rs. 6,64,934.65 lakh) including various schemes i.e. RGGY, APDRP Scheme, IDPS, Saubhagya, Uday and others schemes. Zonal auditors have generally reported that Item wise, Project-wise detail, Age-wise detail and status of completion of Capital work in progress were not available for verification. At Ayodhya Zone, devipatanZone and LESA Trans Zone Completion certificate of Capital Work completed were not made available to auditors. In the absence of detailed information regarding status of progress, reasons for long pendency, stagnated work in progress etc. particularly in respect of various schemes i.e. RGGY, APDRP Scheme, IDPS, Saubhagya, Uday and others schemes under implementation, we are unable to comment over the timeliness of capitalization of capital work in progress, provisions required, if any, on this account and its resulting impact on Property plant & Equipment and depreciation thereon.	First time
f.	Zonal Auditor of Devipatan Zone reported that Negative balance of Rs. 4159.36 lakh is appearing in 8 Division. Further, Stock records are not properly maintained at some units and Difference of physical stock and book stock not properly adjusted. Auditor of Bareilly Zone reported that no comment could be made upon surplus / obsolete /non-moving items of stores, raw material, finished goods that may be lying unused at the end of last 3 years or inventory lying with third parties & assets received as gift from government or other authorities due to non-furnishing of details of such items by zone. Auditors of Lesa CISS Zone and Ayodhya Zone reported that some of the inventory accounts reflect negative balances in most of the units primarily due to misclassifications, which could potentially result in misstatement in inventory in MTB.	First time
g.	Provision for Unserviceable store of Rs. 41.22 crore appearing in Note 4- Inventories continues since 2012-13 despite substantial increase in level of inventory i.e., Rs. 705.43 crore in 2019-20 as compared to Rs. 229.99 crore in 2012-13. In view of various observations made by zonal auditors regarding lack of proper system of physical verification of inventory & determination of obsolete/unserviceable/ non- moving items etc., emergence of adverse balances in inventory as dealt above at (a) & (b) above and non-formulation of accounting policy for provision on unserviceable stock, stores & spare etc., adequacy of provision on this account and its impact on financial statement is not ascertainable at this stage.	First time
h.	We were informed that Billing for sale of electricity to consumers are accounted for on the basis of report generated through Online Billing System implemented through various outsourced Agencies. However, system audit of the said billing system, if any, being dealt at UPPCL was not made available to us and as such we are unable to comment on	First time

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	implications, if any, arising on said account.	
i.	Zonal Auditor of Ayodhya Zone reported provision of unbilled revenue at the end of current financial year and reversal of similar provision made in previous year has not been made in accounts. Further, regulatory surcharge was withdrawn w.e.f. 12.09.2019 but the same has been charged by certain units even after this date. In the absence of complete details, the impact of the same over financial statement is not ascertainable at this stage.	First time
j.	Interest on security deposit by Consumers was informed to be provided as per rates prescribed by UPERC. However, Auditors of Devipatan Zone has reported that Interest on security deposit given to consumers is not booked by distribution division except Gonda DD II. Security deposit was not adjusted in books of accounts in PD cases. Waiver is not adjusted in debtor balance in PD case. Effect of non-booking of Interest and non-adjustment of security deposit is not ascertainable at this stage.	First time
k.	Zonal auditor of Lucknow zone reported that security deposited by consumers was short by Rs. 367.74 lakh in Unnao Division I	First time
16.	For want of complete information, the cumulative impact of our observations in *paras 1 to 16* above to this report on assets, liabilities, income and expenditure is not ascertained.	First time

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