

# UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED

(Formerly known as UTTAR PRADESH VIDYUT VYAPAR NIGAM LIMITED)

## BALANCE SHEET

AS AT

31.03.2010

&

## PROFIT & LOSS ACCOUNT

FOR THE PERIOD FROM

01.04.2009

TO

31.03.2010

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Registered Office :- 14, Ashok Marg, Lucknow - 226 001.

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# CONTENTS

<b>Sl.No.</b>	<b>Particulars</b>
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2	Profit & Loss Account
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5	Business Profile
6	Cash Flow Statement

# UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED


( Formerly Known As Uttar Pradesh Vidyut Vyapar Nigam Ltd. )


14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

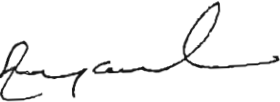
## BALANCE SHEET AS AT 31.3.2010


( Amount in Rs. )

PARTICULARS	SCHEDULE	AS AT 31 MARCH 2010	AS AT 31 MARCH 2009	
<b>SOURCES OF FUNDS</b>				
<b>Shareholders funds :</b>				
Share Capital	(1)	4335500000	50000000	
Share Application Money	(1A)	30999052000	26368852000	
Reserve & Surplus	(2)	3896413807	3221295402	29640147402
Loan Funds	(3)	28217431617	23826055290	
<b>TOTAL</b>		<b>67448397424</b>	<b>53466202692</b>	
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>				
Gross Block	(4)	70857997074	64229313967	
Less - Accumulated Depreciation		27576359122	24765865731	
Net Block		43281637952	39463448236	
Capital Work in Progress	(5)	11382808797	9794572848	49258021084
<b>Current Assets, Loans and Advances</b>				
Stores & Spares	(6)	3890238201	3487609261	
Sundry Debtors	(7)	6133314735	3373854714	
Cash and Bank Balances	(8)	6255075147	247308658	
Other Current Assets	(9)	166565967	94399784	
Loans & Advances	(10)	337039970	405475429	
		16782234020	7608647846	
Less : Current Liabilities and Provisions	(11)	14336473959	13412540947	
Net Current Assets		2445760061	-5803893101	
Profit & Loss Account ( Debit Balance)		10338190614	10012074709	
Significant Accounting Policy & Notes on accounts	(21)			
Schedules 1 to 21 form an integral part of Accounts.				
<b>TOTAL</b>		<b>67448397424</b>	<b>53466202692</b>	

  
 (H.K. Agarwal)  
 Company Secretary  
 (Part Time)

  
 (A.K. GUPTA)  
 General Manager  
 (Accounts)

  
 (S.K. Agarwal)  
 Director (Finance)


  
 (Dheeraj Sahu)  
 Managing Director.

Place : Lucknow

Date : 6<sup>th</sup> February 2013

Subject to our report of even date

For R.M.LALL & CO.

Chartered Accountants  
 FRN No. 000932C  
  
 R.P. Tewari  
 Partner  
 M.No. 071448


# UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED

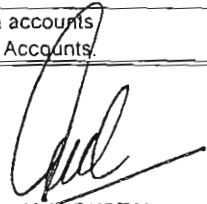
( Formerly Known As Uttar Pradesh Vidyut Vyapar Nigam Ltd. )


14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.


## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31.3.2010

PARTICULARS	SCHEDULE	( Amount in Rs. )	
		Year Ended 31.03.2010	Year Ended 31.03.2009
<b>INCOME</b>			
Revenue from Transmission of power & related activities	(12)	7622580721	7581735277
Other Income	(13)	301373686	227787906
<b>TOTAL</b>		<b>7923954407</b>	<b>7809523183</b>
<b>EXPENDITURE</b>			
Repairs & Maintenance Expenses	(14)	837722654	641180002
Employees Cost	(15)	2565998056	2561045939
Administrative, General & Other Expenses	(16)	82616303	70334502
Interest and Finance Charges	(17)	1781290432	1614043584
Depreciation	(18)	3019368804	2782641137
Bad debts & Provisions	(19)	98238449	84515840
<b>TOTAL</b>		<b>8385234698</b>	<b>7753761004</b>
Profit/(Loss) before Prior Period Income/(Exp.) & Tax		(461280291)	55762179
Prior Period Income/(Expenditure) (Net)	(20)	135164386	(153768725)
Preliminary Expenses written off		0	74600
Profit/(Loss) before Tax		(326115905)	(98081146)
Provision for Fringe Benefit Tax		0	3212106
<b>Profit/(Loss) after Tax</b>		<b>(326115905)</b>	<b>(101293252)</b>
Accumulated loss B/F		(10012074709)	(9910781457)
Loss Carried Over to Balance Sheet		(10338190614)	(10012074709)
<b>Earning Per Share (EPS) :</b>			
Numerator		(326115905)	(101293252)
Denominator		3621250	50000
Nominal Value of Shares		Rs. 1000/- each	Rs. 1000/- each
Basic EPS		(90.06)	(2025.87)
Numerator		(326115905)	(101293252)
Denominator		31186275	24630519
Diluted EPS		(10.46)	(4.11)
Significant Accounting Policies & Notes on accounts Schedules 1 to 21 form an integral part of Accounts	(21)		

  
(H.K. Agarwal)  
Company Secretary  
(Part Time)

  
(A.K. GUPTA)  
General Manager  
(Accounts)

  
(S.K. Agarwal)  
Director (Finance)

  
(Dheeraj Sahu)  
Managing Director.

Place : Lucknow

Date : 6<sup>th</sup> February 2013

Subject to our report of even date

For R.M.LALL & CO.

Chartered Accountants

FRN No. 000932C



( R.P.Tewari )

Partner

M.No. 071448

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14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

SCHEDULE - I

## SHARE CAPITAL

(Amount in Rs.)

PARTICULARS	AS AT 31.3.2010	AS AT 31.3.2009
<b>A. AUTHORISED :</b>		
100000000 (1000000000) Equity Share of Rs. 1000/-each fully paid up	100000000000	100000000000
<b>B. ISSUED SUBSCRIBED AND PAID UP</b>		
4335500 (50000) Equity Share of Rs. 1000/-each fully paid up	4335500000	50000000
<b>TOTAL</b>	<b>4335500000</b>	<b>50000000</b>

SCHEDULE - 1A

## SHARE APPLICATION MONEY

(Amount in Rs.)

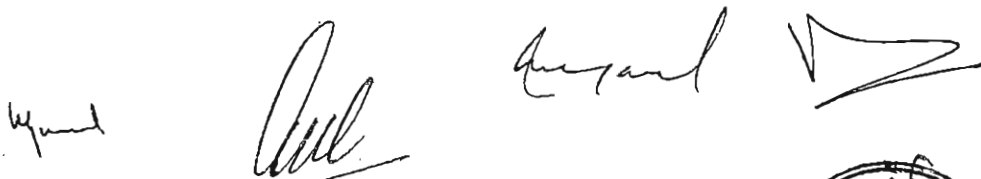
PARTICULARS	AS AT 31.3.2010	AS AT 31.3.2009
SHARE APPLICATION MONEY Pending for allotment	30999052000	26368852000
<b>TOTAL</b>	<b>30999052000</b>	<b>26368852000</b>

SCHEDULE - II

## RESERVES AND SURPLUS

(Amount in Rs.)

PARTICULARS	AS AT 31.3.2009	ADDITONS	DEDUCTIONS	AS AT 31.3.2010
<b>A Capital Reserves</b>				
Consumer's Contribution towards Capital Works	1414064402	764073499	88955094	208918280
B Restructuring A/c	1807231000	0	0	180723100
<b>TOTAL</b>	<b>3221295402</b>	<b>764073499</b>	<b>88955094</b>	<b>389641380</b>





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SCHEDULE - 3

## LOAN FUNDS

(Amount in Rs.)

PARTICULARS	AS AT 31.3.2010	AS AT 31.3.2009
<b>A. SECURED LOANS -</b>		
<b>TERM LOANS :</b>		
Power Finance Corporation Ltd. (Secured by hypothecation of Lines & Substations under the PFC scheme.)	6196927559	4518802482
Rural Electrification Corporation Ltd. (Secured by hypothecation of Lines & Substations under the REC scheme.)	4055691832	63177000
<b>B. UNSECURED LOANS -</b>		
<b>TERM LOANS :</b>		
<b>Govt. of UP</b>		
Loan	997146000	997146000
Interest accrued & due	4426105774	5423251774
<b>FINANCIAL INSTITUTIONS</b>		
<b>Rural Electrification Corporation Ltd.</b> ( Guaranteed by Govt. of UP )		
Loan	4470390448	4721210530
Interest accrued & due	2326869913	6797260361
<b>Power Finance Corporation Ltd.</b>		
	4607131906	2326869913
<b>MISCELLANEOUS INSTITUTIONS</b>		
<b>National Capital Region Planning Board</b> ( Guaranteed by Govt. of UP )		
	272350000	364775000
<b>HUDCO</b> ( Guaranteed by Govt. of UP )		
	864818185	1512322240
<b>GRAND TOTAL</b>	<b>28217431617</b>	<b>23826055290</b>

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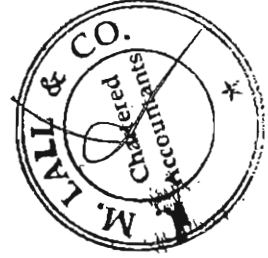
## SCHEDULE - 4

### FIXED ASSETS

Particulars	Gross Block				Depreciation		Net Block		
	As AT 31.3.2009	Additions	Deductions / Adjustments	As AT 31.3.2010	As AT 31.3.2009	Additions	Deductions / Adjustments	As AT 31.3.2010	As AT 31.3.2009
	(Amount in Rs.)								
Land & Land Rights									
i) Land owned under full title	258,398,097	14,012,882	0	270,410,979	0	0	0	270,410,979	256,398,097
ii) Land owned under lease	532,054	0	0	532,054	0	0	0	532,054	532,054
Buildings	1,808,339,338	432,146,696	514,978	2,239,971,056	710,928,508	60,801,497	193,634	1,468,434,665	1,097,410,830
Other Civil Works	402,095,960	26,353,792	0	428,449,752	151,203,880	7,021,670	0	270,224,402	250,892,280
Plant & Machinery	32,383,737,757	4,915,001,144	615,651,775	38,689,187,126	11,131,084,666	1,601,838,477	356,504,963	24,308,768,946	21,252,653,091
Lines, Cable Network etc.	28,983,765,446	1,729,214,078	47,069,833	30,685,909,691	12,607,419,170	1,416,830,028	7,701,208	16,649,361,703	16,378,346,276
Vehicles	36,205,399	623,418	597,963	36,230,852	19,671,717	3,872,068	616,494	13,303,541	16,533,682
Furniture & Fixtures	11,341,167	718,465	254	12,059,378	4,423,575	729,695	229	6,906,337	6,917,592
Office Equipments	20,070,318	1,703,044	18,100	21,755,262	8,154,828	3,284,898	4,530	10,320,066	11,915,490
Others Assets	326,828,431	172,662,493	0	499,490,924	132,979,567	81,136,098	0	285,375,239	193,648,844
<b>GRAND TOTAL</b>	<b>64,229,313,967</b>	<b>7,292,436,010</b>	<b>663,752,903</b>	<b>70,857,997,074</b>	<b>24,765,865,731</b>	<b>3,175,514,449</b>	<b>365,021,058</b>	<b>43,281,637,952</b>	<b>39,463,448,236</b>
Previous Year	57,862,791,847	6,834,719,595	466,197,475	64,229,313,967	21,924,810,229	3,011,618,612	170,563,110	39,463,448,236	35,937,981,618







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SCHEDULE - 5

## CAPITAL WORKS IN PROGRESS

(Amount in Rs.)

PARTICULARS	AS AT 31.3.2010	AS AT 31.3.2009
Capital Work in Progress *	5709781097	5980048105
Revenue Expenses pending for Capitalisation **		
Upto Previous Year	510675000	412496000
Addition during the year	536655000	510675000
Sub Total	1047330000	923171000
Less - Capitalisation during the year	510675000	412496000
SUB TOTAL ( A )	6246436097	6490723105
Advances to Suppliers/Contractors	5275770331	3350473292
Less : - Provision for doubtful Advances against Capital Works	139397631	46623549
SUB TOTAL ( B )	5136372700	3303849743
GRAND TOTAL	11382808797	9794572848

Notes :

\* It includes Establishment and Administration & General Cost

\*\* It includes Borrowing Cost only related to works.

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SCHEDULE - 6

## STORES & SPARES

(Amount in Rs.)

PARTICULARS	AS AT 31.3.2010	AS AT 31.3.2009
Stock of Materials - Capital Works	3656907263	3260181876
Stock of materials - O & M	580933324	580367815
Other Materials	58022401	54080310
	4295862988	3894630001
<b>SUB TOTAL</b>	<b>4295862988</b>	<b>3894630001</b>
Less - Provision for Obsolete/Unserviceable/Shortage/Loss of Stores	405624787	407020740
<b>TOTAL</b>	<b>3890238201</b>	<b>3487609261</b>

Note : Other materials include material issued to fabricators, obsolete material, scrap transformer sent for repair store, excess/shortage pending for investigation and material in transit

SCHEDULE -

## SUNDRY DEBTORS

(Amount in Rs.)

PARTICULARS	AS AT 31.3.2010	AS AT 31.3.2009
Sundry Debtors - Transmission Charges & other related activities	6310886035	355142601
Debts outstanding for period exceeding six months		
Secured & Considered good	0	0
Unsecured & Considered good	2865591332	416743
Considered doubtful	0	0
Other Debts		
Unsecured & Considered good	3445294703	355100927
	6310886035	355142601
Less - Provision for Bad & Doubtful Debts	177571300	17757130
<b>TOTAL</b>	<b>6133314735</b>	<b>337385471</b>

SCHEDULE -

## CASH AND BANK BALANCES

(Amount in Rs)

PARTICULARS	AS AT 31.3.2010	AS AT 31.3.2009
<b>CASH IN HAND</b>		
Cash in Hand ( Including Stamps in hand )	504055	417950
<b>Balances with Scheduled Banks</b>		
In Current & Other account	2100584427	246810708
In Fixed Deposit accounts	4153986665	80000
	6255075147	2473086
<b>TOTAL</b>	<b>6255075147</b>	<b>2473086</b>

Keyward   



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SCHEDULE - 9

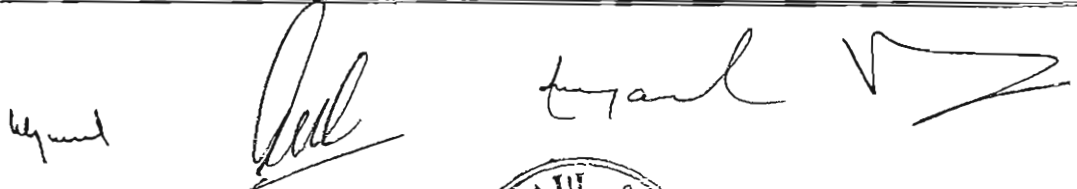
## OTHER CURRENT ASSETS

PARTICULARS	(Amount in Rs.)	
	AS AT 31.3.2010	AS AT 31.3.2009
Income Accrued but not Due	23018671	0
<u>Receivables</u>		
UPRVUNL	38046356	38062294
UPJVNL	2027004	2027004
		40089298
Employees	37721880	37969018
Others	95818420	40927618
<b>Total</b>	<b>133540300</b>	<b>78896636</b>
Less - Provision for Doubtful Receivables	30148300	103392000
		24683933
		54212703
Prepaid Expenses	81936	97783
Theft of Fixed Assets Pending Investigation	1045672	1045672
Less - Provision for estimated losses	1045672	0
		1045672
		0
<b>Total</b>	<b>166565967</b>	<b>94399784</b>

SCHEDULE - 10

## LOANS AND ADVANCES

PARTICULARS	(Amount in Rs.)	
	AS AT 31.3.2010	AS AT 31.3.2009
<u>A. Loans / Advances ( Secured/considered good )</u>		
Employees ( including advances )	1311387	155501
( Adjustable / recoverable from salary )		
<u>ADVANCES (Unsecured)</u>		
Suppliers / Contractors	348963140	427189291
Less - Provision for doubtful Loan & Advances	34896314	42718929
Tax Deducted at Source	9490506	766964
Advance Fringe benefit tax	12171251	1178040
<b>TOTAL</b>	<b>337039970</b>	<b>40547542</b>





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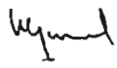

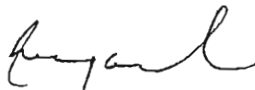

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

SCHEDULE - 11

## CURRENT LIABILITIES AND PROVISIONS

(Amount in Rs.)

PARTICULARS	AS AT 31.3.2010	AS AT 31.3.2009
<b>CURRENT LIABILITIES</b>		
Liability for Capital Supplies/ Works	5069340850	4781393517
Liability for O & M Supplies / Works	366739903	372624537
Staff Related Liabilities	1876796409	169870041E
Deposits & Retentions from Suppliers & Others	581407390	60868306E
Deposit for Electrification works	4604848611	4796740247
Net Payable to -		
UPPCL	290137974	316050487
KESCO	15962778	9397033
Dakshinanchal VVNL	31328143	33497736
Madhyanchal VVNL	82681056	64890274
Paschimanchal VVNL	14863157	20603731
Poorvanchal VVNL	39118557	36173020
Sundry Liabilities	23138397	1479032E
Liabilities for Expenses	60102104	7186336E
Inter Unit Transfers	229208047	-14330841E
<b>Liabilities towards UP Power Sector Employee Trust</b>		
Provident Fund Liabilities	333224905	166930843
Pension and Gratuity Liability	440114352	314608051
CPF Liability	11578824	567058
Interest Accrued but not Due on Borrowings	253698543	23104816
<b>Provisions :</b>		
Fringe benefit tax	12183959	1218395
<b>TOTAL</b>	<b>14336473959</b>	<b>1341254094</b>



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## SCHEDULE 12

### REVENUE FROM TRANSMISSION OF POWER & RELATED ACTIVITIES

(Amount in Rs.)

PARTICULARS	For the year ended on 31.3.2010	For the year ended on 31.3.2009
Transmission Charges	7285246877	7565197887
Open Access Charges	332434844	14882390
SLDC Charges	4899000	1655000
<b>TOTAL</b>	<b>7622580721</b>	<b>7581735277</b>

## SCHEDULE 13

### OTHER INCOME

(Amount in Rs.)

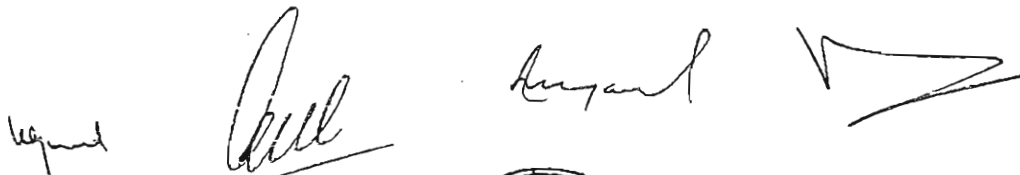
PARTICULARS	For the year ended on 31.3.2010	For the year ended on 31.3.2009
<u>Interest from :</u>		
Loans to Staff	131121	214770
Fixed Deposits	80902456	0
Others	4807	6038
Income from Contractors/Suppliers	81038384	220808
Rental from Staff	200334656	218570510
Miscellaneous Receipts	493577	1018170
Excess found on physical verification of Stores	16955456	7588529
	2551613	389889
<b>TOTAL</b>	<b>301373686</b>	<b>227787906</b>

## SCHEDULE 14

### REPAIRS AND MAINTENANCE

(Amount in Rs.)

PARTICULARS	For the year ended on 31.3.2010	For the year ended on 31.3.2009
Plant & Machinery	697011685	547825444
Buildings	44667910	46090007
Other Civil Works	750	115457
Lines, Cables Networks etc.	95847545	46881073
Vehicles - Expenditure	27304403	26998978
<u>Less - Transferred to different Capital &amp; O&amp;M Works/Administrative Exp.</u>	<u>27304403</u>	<u>26998978</u>
Furniture & Fixtures	0	0
Office Equipments	43985	56735
	150779	211286
<b>TOTAL</b>	<b>837722654</b>	<b>641180002</b>





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## SCHEDULE 15

### EMPLOYEES COST

(Amount in Rs.)

PARTICULARS	For the year ended on 31.3.2010	For the year ended on 31.3.2009
Salaries & Allowances	1895778972	1678087639
Dearness Allowance	476901068	566150066
Other Allowances	135342053	69749452
Bonus/ Ex-gratia	162452	29349434
Medical Expenses ( Re-imbursement )	30486648	28296255
Leave Travel Assistance	27333	7296
Eamed Leave Encashment	157359388	508992174
Compensation	1421153	1100340
Staff Welfare Expenses	2727479	4104878
Pension & Gratuity	387133065	372074778
Other Terminal Benefits	29523955	20518406
Expenditure on Trust	2605026	1654487
<b>Sub Total</b>	<b>3119468592</b>	<b>3280085205</b>
<b>LESS - Expenses Capitalised</b>	<b>553470536</b>	<b>719039266</b>
<b>TOTAL</b>	<b>2565998056</b>	<b>2561045939</b>

## SCHEDULE 16

### ADMINISTRATIVE, GENERAL & OTHER EXPENSES

(Amount in Rs.)

PARTICULARS	For the year ended on 31.3.2010	For the year ended on 31.3.2009
Rent	2274427	2217515
Rates and Taxes	161501	68308
Insurance	671287	394985
Communication Charges	17865017	15635263
Legal Charges	6618553	3908159
<u>Statutory Auditors</u>		
Audit Fee	727980	797332
Travelling Expenses	553638	519612
Consultancy Charges	682980	1976965
Technical Fees & Professional Charges	3948064	3750001
Travelling and Conveyance	29752110	31290866
Printing and Stationery	5575288	5425410
Advertisement Expenses	12525795	5920403
Electricity Charges	4429930	5497309
Water Charges	26369	24648
Entertainment	246145	654238
Expenditure on Trust	119030	185367
Miscellaneous Expenses	25961192	18923690
<b>SUB TOTAL</b>	<b>112139306</b>	<b>97190071</b>
<b>LESS - Expenses Capitalised</b>	<b>29532823</b>	<b>26859758</b>
<b>SUB TOTAL</b>	<b>82606483</b>	<b>70330313</b>
<b>OTHER EXPENSES</b>		
Other Losses	9620	4189
<b>TOTAL</b>	<b>62616303</b>	<b>70334502</b>

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# UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED

( Formerly Known As Uttar Pradesh Vidyut Vyapar Nigam Ltd. )

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

## SCHEDULE 17

### INTEREST AND FINANCE CHARGES

(Amount in Rs.)

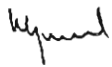



PARTICULARS	For the year ended on 31.3.2010		For the year ended on 31.3.2009	
Interest on Loans				
Government of UP	166717258		166717258	
PFC	1203924693		1087793035	
HUDCO	154050532		258346509	
NCRPB	24586399		30825047	
REC	721221834	2270500716	523250853	2066932702
Guarantee Charges		45549141		56189134
Bank Charges		1895575		1596748
<b>SUB-TOTAL</b>		<b>2317945432</b>		<b>2124718584</b>
LESS - Interest Capitalised		536655000		510675000
<b>GRAND TOTAL</b>		<b>1781290432</b>		<b>1614043584</b>

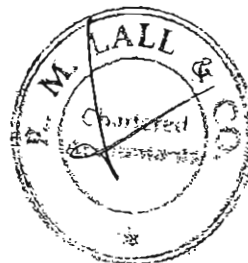
## Schedule 18

### DEPRECIATION

(Amount in Rs.)

PARTICULARS	For the year ended on 31.3.2010		For the year ended on 31.3.2009	
Depreciation on Fixed Assets -				
Buildings	60389474		54301384	
Other Civil Works	7021391		6672149	
Plant & Machinery	1599631440		1406587027	
Lines, Cable Network etc.	1414847024		1353960322	
Vehicles	3866116		3931598	
Furniture & Fixtures	729695		699417	
Office Equipments	3284898		2816567	
Others Asstes	15524350		12024708	
	3105294388	3105294388	2840993172	2840993172
Less Amount amortised in the proportion in which the dep. has been charged on Assets acquired out of the Consumer's Contribution towards capital works		85925584		58352035
<b>GRAND TOTAL</b>		<b>3019368804</b>		<b>2782641137</b>



# UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED

( Formerly Known As Uttar Pradesh Vidyut Vyapar Nigam Ltd. )

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

Schedule 19

## BAD DEBTS & PROVISIONS

(Amount in Rs.)

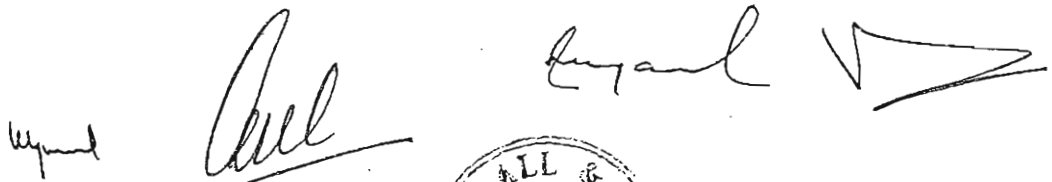
PARTICULARS	For the year ended on 31.3.2010	For the year ended on 31.3.2009
<b>PROVISIONS</b>		
Doubtful Debts ( Transmission of Power )	0	62632621
Doubtful advances ( Suppliers/Contractor )	0	15806423
Doubtful other Current Assets (Receivables)	5464367	1815294
Doubtful Advances against Capital Works	92774082	4261502
<b>TOTAL</b>	<b>98238449</b>	<b>84515840</b>

Schedule 20

## NET PRIOR PERIOD INCOME/EXPENDITURE

(Amount in Rs.)

PARTICULARS	For the year ended on 31.3.2010	For the year ended on 31.3.2009
<b>A INCOME</b>		
a Income (Transmission of Power)	211232475	0
b Other Excess Provisions	32757623	2692827
<b>SUB TOTAL</b>	<b>243990098</b>	<b>2692827</b>
<b>B EXPENDITURE</b>		
a O & M Expenses	-3314269	-21576329
b Employee Cost	44242522	7295740
c Interest & Finance Charges	0	-135052
d Administrative & General Exp	706909	585392
e Depreciation Under/Excess Provided	67190550	170291801
<b>SUB TOTAL</b>	<b>108825712</b>	<b>156461552</b>
<b>NET AMOUNT</b>	<b>-135164386</b>	<b>153768725</b>





# UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED

(Formerly known as UTTAR PRADESH VIDYUT VYAPAR NIGAM LIMITED)

## SCHEDULE NO. 21

### A- SIGNIFICANT ACCOUNTING POLICIES

#### 1. GENERAL

- (a) The financial statements are prepared in accordance with the provisions of the Companies Act, 1956. However where there is a deviation from the provisions of the Companies Act, 1956 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 and on accounting assumption of going concern.
- (c) Subsidy, Grant, Insurance and Other Claims, Refund of Custom Duty Interest on Income Tax & Trade Tax are accounted for on cash basis. Interest on loans to staff is accounted for on receipt basis after the recovery of principal in full.

#### 2. FIXED ASSETS

- (a) Fixed Assets are shown at historical cost less accumulated depreciation.
- (b) All costs relating to the acquisition and installation of fixed assets till the date of commissioning are capitalized.
- (c) Consumers Contribution 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 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, employee cost and general & administration expenses are capitalized on the basis of amount of total expenditure of Capital works as follows:-

In case of Capital Transmission works

- (i) @ 10% on 132 & 220 KV Substations and Lines,
- (ii) @ 8% on 400 KV Substations and Lines, and
- (iii) @ 6% on 765 KV Substations and Lines

In case of deposit works @ 15% and in case of other Capital Works @ 11 %.

*[Handwritten signatures and initials]*





- (f) Borrowing cost during construction stage of capital assets are apportioned on the average balance of capital work in progress for the year. The determination of amount of borrowing cost attributable to capital works are capitalized as per the computation method given in the Electricity (Supply) (Annual Accounts) Rules 1985.

### 3. DEPRECIATION

- (a) Depreciation is charged on Straight Line Method at the rates specified in Schedule XIV of the Companies Act 1956.
- (b) Depreciation on additions to / deductions from Fixed Assets during the year is charged on Pro rata basis.

### 4. STORES & SPARES

- (a) Stores & Spares are valued at cost.
- (b) Steel scrap is valued at realizable value and scrap other than steel is accounted for in the accounts 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.

### 5. REVENUE RECOGNITION

- (a) Transmission revenue is incorporated in the accounts on the basis of tariff approved by the UPERC for intra-state transmission of energy. Any difference in transmission tariff approved by the UPERC and the actual tariff presented in the true-up on the basis of audited accounts is accounted for on the decision of the UPERC on true-up petition.
- (b) In case of Inter State transmission, revenue from transmission of energy/open access is recognised and accounted at tariff approved by NRLDC.

6. All prior period income & expenditure are shown in the current period as a distinct item.

### 7. EMPLOYEE BENEFITS


- (a) Liability for Pension & Gratuity in respect of employees has been determined on the basis of actuarial valuation and has been accounted for on accrual basis.
- (b) Leave encashment, medical benefits and LTC are accounted for on the basis of claims received and approved during the year.

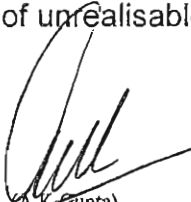
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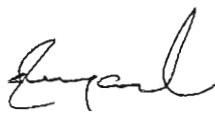


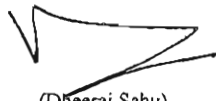
8. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

- (a) Accounting of the Provisions has been made on the basis of estimated expenditure to the extent possible as may be required to settle the present obligations.
- (b) Contingent liabilities have been disclosed in the Notes on Accounts.
- (c) The Contingent assets of unrealisable income have not been recognised.

  
(H.K. Agarwal)  
Company Secretary  
(Part Time)

  
(A.K. Gupta)  
General Manager  
(Accounts)

  
(S.K. Agarwal)  
Director (Finance)


  
(Dhircraj Sahu)  
Managing Director

Place :- Lucknow

Date :- 6<sup>th</sup> February 2013

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



  
(R.P. Tewari)  
Partner  
M. No.071448

UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED  
(Formerly known as UTTAR PRADESH VIDYUT VYAPAR NIGAM LIMITED)

SCHEDULE No.-21

B- NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF  
BALANCE SHEET AS AT 31-03-2010 AND PROFIT & LOSS  
ACCOUNT FOR THE YEAR ENDED ON THAT DATE

1. (a) The Uttar Pradesh Power Transmission Corporation Limited (UPPTCL) came into existence when in compliance to GO UP letter No.293 dated 16.05.2006, the Name and Object Clause of the Memorandum of Association of the erstwhile Uttar Pradesh Vidyut Vyapar Nigam Limited (incorporated on 31.05.2004) was changed on 13.07.2006.
- (b) The State Government through Gazette Notification No.2974(1)/24-P-2-2010 dated Dec.23, 2010, notified the Provisional Transfer Scheme for the purpose of transfer of the transmission activities from U.P. Power Corporation Ltd. (UPPCL) to the Uttar Pradesh Power Transmission Corporation Limited (UPPTCL), where in the scope of the business, assets & liabilities of the UPPTCL and other incidental & consequential matters were laid down. Under the Transfer Scheme the effective date was defined as 01.04.2007, the date since then the UPPTCL had started working as separate entity for the business of transmission and related activities. The UPPTCL is a state transmission utility in terms of section 39 of the Electricity Act 2003.

Vide notification No. 2974/XXIV-P-2-2010 dated December 23, 2010, the State Government also notified the provisional transfer scheme for the purpose of transfer of personnel and proceedings related thereto to the transmission undertaking. The finalization of the scheme for the same is in process.

- (c) The Restructuring Account amounting to Rs. 180.72 crore (Previous year Rs. 180.72 crore) was shown under the head Reserve & Surplus in the year 2007-08. It relates to the difference between unit wise balances as on 01.04.2007 and the consolidated balances appearing in the Provisional Transfer Scheme. The finalization of the scheme is in process.
2. Share application money (pending for allotment) amounting to Rs. 3099.91 crore (Previous year Rs.2636.89 crore) includes share capital of Rs. 1263.97 crore and share application money Rs.579 crore transferred under the Provisional Transfer Scheme. The balance amount of Rs. 1256.94 crore was received towards equity.

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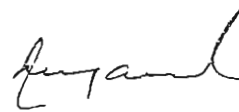






3. (a) In view of the draft comment issued by the office of the AG.U.P. on the accounts for the year 2008-09, the provision for bad and doubtful debts on debtors related to DISTCOMS (being sister concern of the company) has not been made this year.
- (b) The provision for doubtful loans & advances has been made @ 10% on the balances of suppliers/contractors appearing under the head "Loans & Advances"/ "Capital Works in Progress". However, no provision is made for the amount of material issued to contractors for capital works.
- (c) The provision for doubtful receivables against "Employees" and "Others" appearing under the head of 'Other Current Assets', has been made @ 10% except Rs. 1.86 crore in ETLEU, Varanasi where 100% provision has been made in the earlier year.
4. Inter Unit Transactions: The reconciliation of balance of Inter unit transactions of Rs.22.92 Crores shown in the schedule-11(Previous year debit balance of Rs.14.33 crore) is in process and effect of reconciliation, if any, will be accounted for in the accounts of subsequent years.
5. (a) Where historical cost of a discarded/retired/obsolete fixed asset is not available the estimated value of such asset and depreciation thereon has been adjusted and accounted for.
- (b) Depreciation on assets has been provided on straight line method at the rates prescribed in schedule XIV of Companies Act-1956. Depreciation on additions/deductions has been provided on pro-rata basis.
- (c) Formalities for transfer of title of assets (Transferred under the above Provisional Transfer Scheme) in favour of the corporation (UPPTCL) is in process.
6. On an overall basis the current assets loans and advances have a value on realization in the ordinary course of business at least equal to the amounts at which they are stated in the Balance Sheet.
7. Amount due to Micro, Small and Medium Enterprises (under the MSMED Act 2006) could not be ascertained and interest thereon could not be provided for want of sufficient related information. However the company is in process to obtain the complete information in this regard.

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8. In view of the accounting policy for this year, the transmission revenue related to intra-state transmission of energy has been accounted for on the basis of tariff approved by the UPERC i.e. Rs. 0.1260 /kwh. In the previous year, the transmission revenue was accounted for in accordance with the policy adopted for the previous year i.e. on the basis of actual expenditure tariff (Rs. 0.1435/kwh) determined on the basis of pre-audited accounts. Due to change in the accounting policy for this year, the effect to the extent as ascertainable resulted in understatement of revenue for Rs. 36.32 crore and overstatement of Loss for Rs. 36.32 crore.

9. As a part of separate function of SLDC, the company is maintaining separate account for SLDC. The break-up of charges relating to SLDC shown separately in the schedule No. 12 is given below.

(Amount in Rs.)

	<u>2009-10</u>	<u>2008-09</u>
Annual Charges	400000	300000
Application Fee/ Concurrence fee	975000	30000
SLDC Charges	<u>3524000</u>	<u>1325000</u>
	<u>4899000</u>	<u>1655000</u>

10. Earnings and Expenditure in foreign currency were NIL (Previous year NIL)

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

12. Remuneration and Benefits to Directors:

The whole time Directors (executive and key members of the Board) including Chairman and Managing Director have been appointed/posted by Govt. of U.P. for the UPPCL and have the additional charge of the company (UPPTCL) also. They have drawn their remuneration from the UPPCL, as per their entitlement.

13. (a) Based on actuarial valuation report dated 09.11.2000 (adopted by Board of Directors of UPPCL) provisions for accrued liability on account of pension and gratuity has been made @ 16.70% and 2.38% respectively on the amount of basic pay and grade pay plus DA. The company has initiated the process of getting actuarial valuation afresh for recognizing the liability for the Pension and Gratuity.



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- (b) Leave encashment, medical benefits and leave travel concessions have been accounted for on the basis of claims received and approved during the year.

14. Since the Corporation is principally engaged in the business of transmission of electricity and there is no other reportable segment as per AS-17, hence the disclosure as per AS-17 on segment reporting is not required. However the transactions of activities relating to separate function of SLDC have already been specified in Para 11 above.

15. Disclosure as per AS-18:

- (a) List of Related parties (key management personnel):


S. No	Name	Designation	Working Period (for F.Y. 2009-10)	
			Appointment	Retirement/ Cessation(As on 31.03.2010)
1	Shri. Navneet Sehgal	Chairman	07.01.2009	Working
2	Shri. Narendra Bhushan	Managing Director	16.03.2009	Working
3	Shri. S.K.Agarwal	Director Finance	09.01.2009	Working
4	Shri. Rama Raman	Director	22.09.2008	Working
5	Shri. Ganesh Singh	Director	16.12.2008	Working
6	Shri. Manmohan	Director	31.03.2009	31.12.2009

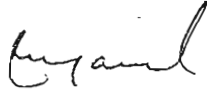
- (b) Remuneration and Benefits paid to key management personnel is (Chairman & Managing Directors and Directors)- NIL.


- (c) Transactions with related parties-The UPPTCL being a state owned enterprise, the disclosure regarding related party transactions with other state controlled enterprises as per provisions of AS-18 is not applicable.

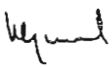
16. Basic and diluted earnings per share has been shown in the Profit & Loss Account in accordance with AS-20(EPS). Basic earnings per share have been computed by dividing net loss after tax by the weighted average number of equity shares outstanding during the year. Number used for calculating diluted earnings per equity share includes the amount of equity share money (pending for allotment).


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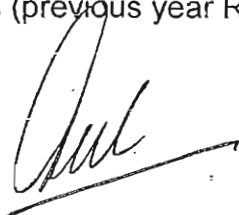
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(Amount in Rs.)

<u>Earning per share:</u>	<u>31.03.2010</u>	<u>31.03.2009</u>
(a) Net loss after tax(umerator used for calculation)	326115905	101293252
(b) Weighted average number of Equity Shares (denominator for calculating Basic EPS)	3621250	50000
(c) Weighted average number of Equity Shares (denominator for calculating Diluted EPS)	31186275	24630519
(d) Basic earnings per share of Rs. 1000/- each	(90.06)	(2025.87)
(e) Diluted earnings per share of Rs. 1000/- each	(10.46)	(4.11)

17. An accounting of Deferred Tax Assets has not been considered in accounts on prudent basis as the company is not certain about Income available in near future due to the unabsorbed accumulated losses of Rs. 1033.82 crore. It includes the accumulated loss amounting to Rs. 976.27 crore which has been transferred by the UPPCL under the transfer scheme. The transfer of the Transmission undertaking from the transferor (UPPCL) to the transferee (UPPTCL) under the above transfer scheme shall be a de-merger of the transferor within the meaning of Section 2 (19AA) of the Income Tax Act, 1961).
18. In the opinion of management, there is no specific indication of impairment of any assets as on balance sheet date as envisaged by AS 28 of ICAI. Further, the assets of the Corporation have been accounted for at their historical cost and most of the assets are very old where the impairment of assets is very unlikely.
19. Energy transmitted/wheeled during the year 56745.601 MU.  
(Previous year-52719.149 MU)
20. (a) Estimated amount of contracts remaining to be executed on capital accounts and not provided for as at 31-03-2010 is Rs. 356.49 crores (previous year Rs 233.75 crores).
- (b) Contingent liabilities:  
Other claims against company not acknowledged as debts is Rs 25.77 crores (previous year Rs 16.78 crores).


*W. S. D. S.*  


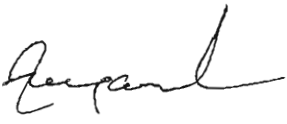


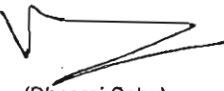


21. The figures as shown in the Balance Sheet, Profit & Loss Account and schedules have been rounded off to the nearest rupee.
22. Previous year figures have been regrouped/reclassified/recast wherever considered necessary.

  
(H.K. Agarwal)  
Company Secretary  
(Part Time)

  
(A.K. Gupta)  
General Manager  
(Accounts)

  
(S.K. Agarwal)  
Director (Finance)

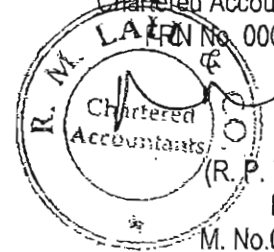
  
(Dheeraj Sahu)  
Managing Director

Place :-Lucknow

Date :-

6th February 2013

Subject to our report of even date  
For R. M. LALL & CO.  
Chartered Accountants  
LALL No. 000932C



(R. P. Tewari)  
Partner  
M. No.071448



**UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED**

( Formerly Known As Uttar Pradesh Vidyut Vyapar Nigam Ltd. )

14-Ashok Marg, Shakti Bhawan, Lucknow.

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**1 Registration details**

Registration No. -	20-28687	State Code	20
Balance Sheet Date	31	3	2010
	Date	Month	Year

**2 Capital raised during the year**

(Amount in Rupees Thousands )

Public Issue :

NIL

Rights Issue

NIL

Bonus Issue

NIL

Private Placement

NIL

**3 Position of Mobilisation and Development of Funds**

(Amount in Rupees Thousands )

Total Liabilities

67448397

Total Assets

67448397

Sources of Funds :

Paid Up Capital

4335500

Share App. Money pending for allotment

30999052

Secured Loans

10252619

Applications of Funds :

Net Fixed Assets

54664447

Accumulated Losses

10338191

Reserves & Surplus

3896414

Unsecured Loans

17964813

Miscellaneous Expenditure

0

Net Current Assets

2445760

Investments

0

**4 Performance of the Company**

(Amount in Rupees Thousands )

Turnover (Gross Revenue)

7923954

(+/-)Profit/Loss before Tax

-326116

Earning per Share (in Rupees)

-90.06

Total Expenditure

8250070

(+/-)Profit/Loss after Tax

-326116

Dividend rate in %

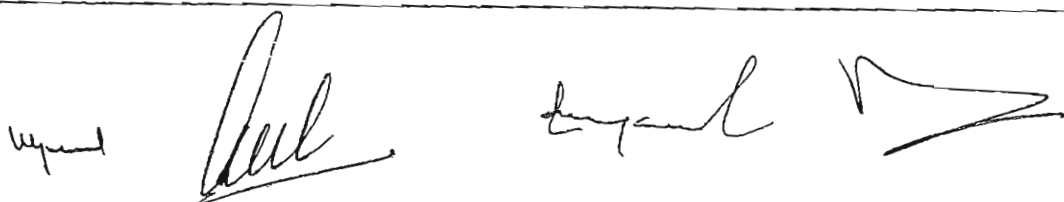
NIL

Product/Service description

Transmission of Electricity

Item code No.

NA



**UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED**  
(Formerly known as UTTAR PRADESH VIDYUT VYAPAR NIGAM LIMITED)

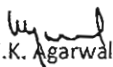
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2010**

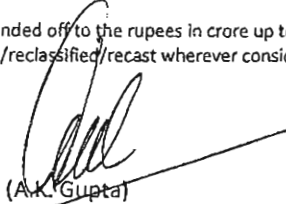
Rs. In crores

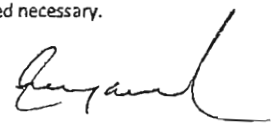
		For the year ended March 31,	2009-10	2008-09
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
	Net Profit/ Loss Before Prior Period Income & Expenditure And Tax		(46.13)	5.58
	Adjustment for :-			
	a Depreciation		317.55	301.16
	b Interest & Financial Charges		178.13	161.40
	c Provision for bad & doubtful debts		9.82	8.45
	d Provision for bad & doubtful debts written back (Loans & Advances)		(0.78)	-
	e Interest Income		(8.10)	(0.02)
	f Prior Period Expenditure (Net)		13.51	(15.38)
	g Fringe Benefit Tax		-	(0.32)
	h Preliminary exp written off		-	0.01
	Sub Total		<b>510.13</b>	<b>455.30</b>
	Operating Profit Before Working Capital Charges		<b>464.00</b>	<b>460.88</b>
	Adjustment for:			
	a Stores & Spares		(40.26)	(58.59)
	b Sundry Debtors		(275.95)	(125.27)
	c Other Current Assets		(7.76)	(1.98)
	d Loans & Advances		7.63	(16.09)
	e Current Liabilities & Provisions		92.40	327.47
	Sub Total		<b>(223.94)</b>	<b>125.54</b>
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>		<b>240.06</b>	<b>586.42</b>	
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
	a Decrease (Increase) in Fixed Assets		(729.24)	(683.47)
	a (i) Fixed Assets adjusted/deducted		66.37	46.82
	a(ii) Depreciation Reserve adjusted/deducted		(36.50)	(17.06)
	b Decrease (Increase) in Work in Progress		(168.10)	(181.53)
	c Interest Income		8.10	0.02
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES (B)</b>		<b>(859.37)</b>	<b>(835.22)</b>	
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
	a Proceeds from Borrowing (Net)		439.14	(83.57)
	b Proceeds from Share Capital		428.55	-
	c Proceeds from share application money		463.02	428.55
	d Proceeds from consumers contribution & Go Up capital subsidy (Reserve & Surplus)		76.41	44.70
	d (i) Amount amortized		(8.90)	(5.87)
	e Interest & Financial Charges		(178.13)	(161.40)
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES (C)</b>		<b>1220.09</b>	<b>222.41</b>	
<b>NET INCREASE (DECREASE) IN CASE &amp; CASH EQUIVALENTS (A+B+C+)</b>		<b>600.78</b>	<b>(26.39)</b>	
<b>CASH &amp; CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>24.73</b>	<b>51.12</b>	
<b>CASH &amp; CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>625.51</b>	<b>24.73</b>	

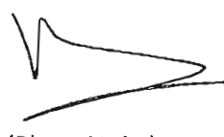
**Notes to the Cash Flow Statements.**

- (i) This statement has been prepared under indirect method as prescribed by AS-3.
- (ii) Adjustment for depreciation as per Schedule-4 of Balance Sheet includes the depreciation charged for prior period amounting to Rs.7.02 crore previous year Rs.17.06 crore).
- (iii) Cash and cash equivalent consists of cash in hand bank balances with schedule bank and fixed deposits with banks.
- (iv) The figures in this statement have been rounded off to the rupees in crore up to two decimals.
- (v) Previous year figures have been regrouped/reclassified/recast wherever considered necessary.

  
(H.K. Agarwal)  
Company Secretary  
(Part Time)

  
(A.K. Gupta)  
General Manager(Accounts)

  
(S.K. Agarwal)  
Director (Finance)

  
(Dheeraj Sahu)  
Managing Director

Place :- Lucknow

Date :-

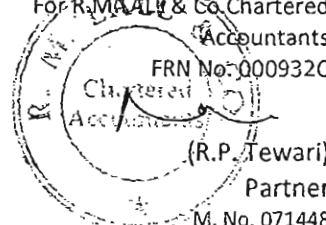
6th February 2013

Subject to our report of even date

For R. MAJUMDAR & Co Chartered

Accountants

FRN No: 000932C

  
(R.P. Tewari)  
Partner  
M. No. 071448

## AUDITOR'S REPORT

To,  
The members of,  
Uttar Pradesh power Transmission Corporation Limited  
(Formerly known as Uttar Pradesh Vidyut Vyapar Nigam Ltd.)  
Lucknow

- 1) We have audited the attached Balance Sheet of Uttar Pradesh Power Transmission Corporation Limited as at 31<sup>st</sup> March 2010, the profit and loss account and the Cash Flow statement of the company for the year ended on that date, annexed thereto wherein are incorporated the accounts of four transmission zones audited by the respective Branch auditors. These Financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on test basis evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) *The annual accounts of the financial year 2008-09 have not been placed/considered/ adopted before the Shareholders in the Annual General Meeting. However, in view of the clarification issued from the office of C&AG for clearing the pending accounts in arrears, the accounts for 2009-10 are being certified pending approval/adoption of previous year's accounts in the Annual General Meeting.*
- 4) As required by the companies (Auditors Report) order, 2003 issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act 1956, we enclose in the annexure a statement on the matter specified in para 4 and 5 of the said Order.
- 5) (a) Reserves & surplus includes a balance of Rs. 180.72 crores as restructuring account as at the year end. This relates to the difference between the aggregate division wise balances of assets and liabilities as per books as on 01.04.2007 and the balances appearing in the transfer scheme notified by the Government of Uttar Pradesh vide gazette notification no. 2974/XXIV-P-2-2010 dated December 23, 2010. *The said provisional transfer scheme is pending for finalization which may change the position of balances of assets and liabilities as appearing in the financial statements (refer note no. 1 of Schedule 21B).*



- (b) As per accounting policy no. 5 of Schedule 21A, transmission revenue for the year has been recognized on the basis of tariff of Rs. 0.126/Kwh approved by UPERC for inter-state transmission of energy. Hitherto, transmission revenue was being recognized on the basis of actual expenses incurred during the year and return on equity as approved by the Board of Directors time to time. Consequent to this change in policy for recognizing transmission revenue, loss for the year has been overstated by Rs.36.32 crores and assets (profit & loss - debit balance) are overstated by Rs. 36.32 crores (Refer note no. 8 of Schedule 21B).

*Further, difference in transmission tariff stated above as approved by UPERC and the actual tariff determined and approved on the basis of the audited accounts for the year presented to UPERC on true-up petition will be accounted for in the subsequent year/s on the basis of the decision of UPERC.*

- (c) *The balances under current assets, loans and advances, unsecured loans, current liabilities (including the balances of DISCOMs etc), material-in-transit/under inspection/lying with contractors/fabricators etc are subject to confirmation, reconciliation and consequential adjustments, if any. In the absence of adequate information, we are unable to comment on the realisability or otherwise of these balances and also the adequacy of the provisions made in accordance with note no. 3 (a), (b) and (c) of schedule 21 B.*
- (d) *Current Liabilities & Provisions include Rs. 22.92 crores as `Inter Unit Transfer` which represent the un-reconciled balance of inter unit transactions. As informed by the management reconciliation of inter unit account is in process.*
- (e) *Dues payable to Micro, Small and Medium Enterprises as defined under MSMED Act 2006 has not been disclosed in accordance with Part I of schedule VI to the Companies Act 1956 and interest due on such balances has not been recognized in the financial statement in the absence of sufficient information with the Company (refer note 7 of schedule 21B).*
- (f) *Cash and Bank Balances (Schedule 8) includes Fixed deposit with bank amounting to Rs.80,000/- details whereof are not available with the company and for which no provision has been made. As informed by the management investigation with respect to this missing Fixed Deposit is in process.*
- (g) *It was observed that the system of maintaining party-wise subsidiary ledgers and its matching with primary books of accounts is not effective.*
- (h) *Contingent liabilities stated in note nos. 20 (a) and 20 (b) of schedule 21 B are as provided by the company and has been relied upon by us.*



- (i) As per the branch audit report of Allahabad zone (Transmission East), title deed of land at Basti division was not made available for verification to the branch auditors.
- (j) As per branch audit report of Allahabad zone (Transmission East), Rs. 1,76,95,718 in code 28.108 includes Rs.24,80,800 and Rs. 59,75,916 both relating to O & M charges of PGCIL bay in Varanasi and Mau unit respectively, in respect of which the agreement/confirmation from PGCIL has not been provided to the auditors.
- 6(a) The inventories have been valued at cost and not at 'lower of cost or net realizable values' as required by Accounting Standard (AS) 2 "Valuation of inventories" (refer accounting policy no.4 of schedule 21 A)
- (b) The amount of capital work in progress has been capitalized by transferring the value of project completed. The cost of project is verified by the concerning officer/ executive engineer. Due to multiplicity of functional units as well as multiplicity of function at particular unit, employee cost and general & administration expenses are capitalized on the basis of amount of total expenditure of capital works. (Refer to accounting policy 2(e) of schedule 21 A).  
This system of capitalization of indirect expenses is not in accordance with the treatment prescribed as per Accounting Standard(AS) 10 Accounting for fixed assets.
- (c) The company has not recognized/disclosed employees benefits in accordance with the Accounting Standard(AS)15 Employees Benefits(revised 2005)[refer accounting policy no.7 (a) and 7 (b) of Schedule 21 A note no. 13 (a) and 13 (b) of the schedule 21 B of notes to accounts].  
Further, during the year payment aggregating to Rs.8.36 crores made towards leave encashment were adjusted against the provision made in earlier years in transmission East zone(Allahabad) and the same was not debited to profit & loss account.
- (d) Borrowing cost on fixed assets is capitalized on the work in progress at the beginning of the year without taking into account the actual date of commissioning or purchase of assets.(Refer accounting policy no. 2(f) of schedule 21 A). Further, interest is also capitalized on certain assets which may not be qualifying assets as they do not take substantial period of time to get ready. In our opinion, this method of capitalization of borrowing cost on fixed assets is not in accordance with the provisions of Accounting Standard (AS) 16.
- (e) In view of inadequate information with reference to note no.17 of schedule 21 B, we are unable to comment on the adequacy or otherwise on the accounting of deferred tax as per AS-22 "Accounting for tax on income".
- (f) Opinion of the management regarding Impairment of assets is not supported by relevant information, hence we are unable to comment on the compliance with the provision of Accounting Standard (AS) 28 as per the note no. 18 of schedule 21 B.



- (g) *The company has not complied with the disclosure requirement of para 66 of Accounting Standard(AS)29`Provisions,contingent assets and liabilities` of disclosing each class of provision, i.e., additional provision made, amount used and unused amount reversed during the period etc.*
- 7) *For want of complete information, the cumulative impact of our observations in paras 5 and 6 and in annexure to this report, on the account of the company is not ascertained.*
- 8) *The final accounts of the company have been compiled by the management on the basis of trial balances of the branches (zones) of the company audited by the branch auditors.*
- 9) In our opinion proper returns adequate for the purpose of our audit have been received from branches not visited by us. The branch auditors` reports have been forwarded to us and the same have been appropriately dealt by us in framing our report.
- 10) In view of department of company affairs` circular no. 8/2002, the provisions of disqualifications of directors as per section 274(1) (g) of the companies Act, 1956 are not applicable to the company.
- 11) *Subject to our observations given in paragraphs 3,5to8 above and in Annexure referred to in para 4, we report that:*
- (a) We have obtained all the information and explanations, except as stated above, which to the best of our knowledge and belief were necessary for purpose of our audit.
- (b) In our opinion proper books of accounts as required by law have been kept by the company so far as appears from our examination of books.
- (c) The balance Sheet, profit and loss account and the cash flow Statement dealt by this report are in agreement with the books of accounts and with the audited returns received from the zones.
- (d) In our opinion, the balance sheet and profit & loss Account and cash flow Statement dealt by this report comply with the accounting standards referred to in section 211 (3c) of the Companies Act, 1956.
- (e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the accounting policies and notes referred to in Schedule-21, gives the information required by the Companies Act, 1956 in the manner so required



and give a true and fair view in conformity with accounting principles generally accepted in India:

- a. In the case of Balance Sheet, the state of affairs of the Company as on 31<sup>st</sup> March 2010;
- b. In the case of the Profit and Loss Account, the loss for the year ended on that date; and
- c. In the case of Cash Flow Statement, the cash flows for the year ended on that date.

Place: Lucknow  
Date: 6<sup>th</sup> February 2013

For R. M. LALL & CO.  
Chartered Accountants



(R. P. TEWARI)  
Partner

M. No. 071448

FRN No. 000932C

(Annexure referred to in our report of even date to the members of Uttar Pradesh Power Transmission Corporation Limited on the accounts for the year ended on 31<sup>st</sup> March 2010)

On the basis of such tests as we considered appropriate to apply, the information and explanation rendered to us by the management during the course of the audit of head office and the Auditors Report of four transmission zones audited by other auditors, we report as under:

(i)	(a)	<i>The company has not maintained proper records showing full particulars including quantitative details and situations of fixed assets.</i>
	(b)	<i>The company has not carried out physical verifications of the fixed assets hence we are unable to comment whether any material discrepancy was noticed as such or not.</i>
	(c)	<i>In our opinion, the company has not disposed of substantial part of the fixed assets during the year.</i>
	(d)	<i>As per the branch audit report of Merrut division, the transfer of capital work in progress has been made to fixed assets without obtaining final certificate of completion from the units.</i>
(ii)	(a)	<i>As per information's provided by the management, the stock of store and spare parts has been physically verified by the management during the year. In our opinion having regard to the nature and location of stock, the frequency of physical verification is reasonable.</i>
	(b)	<i>The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of business except at transmission (East) Allahabad, where the same required further strengthening.</i>
	(c)	<i>In our opinion, the company is maintaining proper records of inventory except at Transmission (East) zone. The materials discrepancies, wherever noticed on physical verification, have been properly dealt with in the books of accounts except at transmission east zone.</i>
(iii)	(a)	<i>As explained to us, the company has not granted any loans secured or unsecured to companies, firms of other parties covered in the register maintained under section 301 of the Companies Act, 1956.</i>
	(b)	<i>In view of the (iii) (a) above, the para nos. (iii) (b), (c) and (d) of the Order, are not applicable.</i>
	(c)	<i>The company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the registers maintained under section 301 of the Companies Act, 1956.</i>
	(d)	<i>In view of (iii) (c) above the para nos. (iii) (f) and (g) of the companies (Auditors Reports) order, 2003 are not applicable.</i>





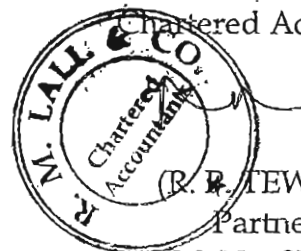
(iv)		<p>In our opinion and according to the information and explanations given to us there are adequate internal control procedure commensurate with the size of company and the nature of its business for the purchase of inventories and fixed assets and for the sale of services except that:</p> <p>(1) <i>Accountal of expenditure in respect of deposit work and other work done by the sub-contractors and staff for particular job at Transmission (East), Allahabad.</i></p> <p>(2) <i>Inspection/verification of inventories, adjustment of advances and receipt of materials at transmission (East) Allahabad.</i></p> <p>Subject to the above, we have not come across continuing failures to correct major weaknesses in internal controls.</p>
(v)	(a)	<p>According to the information and explanations given to us and the records examined, there are no contracts or arrangements the particulars whereof are required to be entered in the register required to be maintained under section 301 of the Companies Act 1956.</p>
	(b)	<p>In view of (v) (a) above the para (v) (b) of the Order is not applicable.</p>
(vi)		<p>Based on our examination of the company's records and according to the information and explanation given to us, in our opinion, the company has not accepted any loans or deposits from the public.</p>
(vii)		<p>The company, has an internal audit system for its field units by the firms of chartered Accountants <i>except at head office. Further, increase in the period of test checking in field units needs to be done to make the same commensurate with the size and nature of business of the company at Transmission (East), Allahabad. Compliance report of the internal audit of the units of Transmission (East) and Transmission (South) has not been received.</i></p>
(viii)		<p>In our opinion, the cost records prescribed under section 209(1) (d) of The Companies Act, 1956 have been maintained by the company during the year under audit.</p>
(ix)	(a)	<p>According to the information and explanations given to us, the company is generally regular in depositing undisputed statutory dues including Employees' State Insurance, Income-Tax, Service-Tax Custom Duty, Cess and any other statutory dues with the appropriate authorities. <i>However, it was observed that provident fund and contributions to the U. P. Power sector Employee's Trust are made on lump sum basis as against the monthly depositions. Further, deduction and deposition of income tax at source and trade tax at source were not properly complied at Transmission (West) and Transmission (South).</i></p>
	(b)	<p>As informed to us, there are no dues that have not been deposited on account of dispute.</p>



(x)	The para (x) of the Order regarding 'accumulated losses' is not applicable as the company has been registered for a period of less than 5 years.
(xi)	As per information's or explanation given to us, the company has not defaulted in repayment of dues of a financial institution or bank or debenture holders.
(xii)	The company has not granted any loans and advance on the basis security by way of pledge of shares, debentures and other securities.
(xiii)	The company is not chit fund /nidhi/mutual benefit fund/societies; hence para (xiii) of the Order is not applicable.
(xiv)	The company is not dealing or trading in shares, securities, debenture and other investments, hence of para (xiv) of the Order is not applicable.
(xv)	As informed to us the company has not given any guarantee for loans taken by others from banks or financial institutions.
(xvi)	<i>We are unable to comment whether loan funds were applied for the purpose for which the loan were obtained as the accounts are not maintained in such manner which could identify the immediate nexus for ultimate usage of loan funds.</i> However as per the explanation given by the management the loan funds were applied for the purpose for which the loans were obtained.
(xvii)	As per information and explanations given to us, the funds received on short term basis have not been used for long term purpose.
(xviii)	The company has not made any preferential allotment of shares to the parties covered under Sec 301, hence para (xviii) of the Order is not applicable.
(xix)	The company has not issued any debentures hence para (xix) of the Order is not applicable.
(xx)	The company has not raised any money by public issue; hence clause (xx) of the Order is not applicable.
(xxi)	As per information and explanations given to us, no fraud has been done by the company or on the company during the year.

Place: Lucknow  
Date: 6<sup>th</sup> February 2013

For R. M. LALL & CO.  
Chartered Accountants



(R. P. TEWARI)  
Partner

M. No. 071448  
FRN No. 000932C