

**UTTAR PRADESH POWER TRANSMISSION
CORPORATION LIMITED**

(Formerly known as UTTAR PRADESH VIDYUT VYAPAR NIGAM LIMITED)

BALANCE SHEET

AS AT

31.03.2008

&

PROFIT & LOSS ACCOUNT

FOR THE PERIOD FROM

01.04.2007

TO

31.03.2008

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

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DIRECTORS' REPORT

To,
The Members,
Uttar Pradesh Power Transmission Corporation Limited,

The Directors have pleasure in presenting the 4th Annual report on the performance of your company for the financial year ended on 31st March 2008 alongwith audited Statement of Accounts, Auditors' Report and Review of the Accounts by the Comptroller and Auditor General of India.

FINANCIAL RESULTS

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

PARTICULARS	Rs. in Crore	
	Year ended 31.03.2008	Year ended 31.03.2007
INCOME		
Revenue from wheeling of power	680.22	0.00
Other Income	11.34	0.29
TOTAL (A)	691.56	0.29
EXPENDITURE		
Operational Expenditure :-		
Repairs & Maintenance Expenses	66.53	0.00
Employees Cost	193.53	0.31
Administrative, General & Other Expenses	9.92	0.01
TOTAL (B)	269.98	0.32
Operational Profit/(Loss) before Dep. intt. and Prov. C=(A-B)	421.58	(0.03)
Interest and Finance Charges	161.89	
Depreciation	253.78	0.00
Bad debts & Provisions	13.79	0.00
TOTAL (D)	429.46	0.00
Profit/(Loss) Before Prior Period Income/(Exp.) and Tax	(7.88)	(0.03)
ADD :Net Prior Period Income/ (Expenditure)	(6.53)	0.00
Preliminary Exp.	0.01	0.01
NET PROFIT/(Loss) Before Tax	(14.42)	(0.04)
Provision for Fringe Benefit Tax	0.32	0.00
NET PROFIT/(Loss) After Tax	(14.74)	(0.04)

Note : The Current year balances are not comparable with the previous year balances as the business of Transmission/ wheeling has been transferred to the corporation w.e.f. 01.04.2007 only.

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

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





DIVIDEND

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

OPERATIONS

In terms of Transco Transfer Scheme Notification no. 2974(1)/24-P-2-2010, Dated 23 Dec 2010, issued by GoUP, the company has been carrying out the business of transmission/wheeling of power w.e.f 01.04.2007.

PHYSICAL ACHIEVEMENTS

During the year under review the following transmission works have been completed:-

A. Lines

(i) 400 KV Lines	0.000 CKT KM
(ii) 200 KV Lines	140.000 CKT KM
(iii) 132 KV Lines	581.000 CKT KM

B (i) Sub Stations

Voltage	New Commissioned		Capacity Augmented	
	No of S/Ss	Capacity (MVA)	No of S/Ss	Capacity (MVA)
400KV	-	-	-	-
220 KV	1	200	7	460
132 KV	8	260	46	1079

B (ii) Capacitors

1. 132 KV - 100 MVAR
2. 33 KV - NIL

B (iii) Bay (Energized)

1. 400 KV - 1 No.
2. 220 KV - 3 No.
3. 132 KV - 14 No.
4. 33 KV - 95 No.

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

There has been no change in the commitments between the end of financial year and the date of this report.

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ANY CHANGE WHICH HAS OCCURRED DURING THE FINANCIAL YEAR IN THE NATURE OF THE COMPANY BUSINESS, COMPANY SUBSIDIARIES OR IN THE NATURE OF THE BUSINESS CARRIED ON BY THEM AND GENERALLY IN THE CLASSES OF BUSINESS IN WHICH THE COMPANY HAS INTEREST.

The Electricity Act 2003 came into existence on 9th June, 2003. The Act required separation of transmission business from distribution and trading of electricity. A Trading Corporation was created as a subsidiary of UPPCL but later the GoUP decided that trading of electricity will be done by UPPCL and the newly created Trading Corporation be converted into the Transmission Corporation. Accordingly the name and object clauses of Trading Corporation have been changed. The change has been approved by The Registrar of Companies, UP. It has become effective from 13th July 2006. Further the object clauses of UPPCL have also been changed and the objects relating to transmission business have been amended in the Memorandum of Association of U.P. Power Corporation Ltd., UPPCL is continuing as a trading company (Bulk buying and selling of power) and UP Power Transmission Corporation will carry on Transmission business separately. It is to further clarify that the GoUP have, vide notification no. 122/U.N.N.P/24-07 dated 18.07.07 declared UPPTCL as a State Transmission Utility under the section 39 of the Electricity Act 2003. Further as per GoUP notification no. 2974(1)/24-P-2-2010, Dated 23 Dec 2010, UPPTCL has commenced the operation of the Transmission business w.e.f. 01.04.07.

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

Information in accordance with the provisions of section 217(1) (e) of the Indian Companies Act 1956 read with the Companies (Disclosures of Particulars in the report of Board of Directors) Rules 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure forming part of this report.

PARTICULARS OF THE EMPLOYEES

There was no person employed for the whole and/or part of the year in the Corporation drawing remuneration exceeding Rs. 60 Lakh per annum (or Rs. 5 Lakh per month) for the purpose of Section 217 (2A) of the companies Act 1956.

DIRECTORS

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

S. No	Name	Designation	Working Period (for F.Y. 2007-08)	
			Appointment	Retirement/ Cessation
1	Shri Ashok Kumar Khurana	Chairman & MD	26.05.06	29.04.07
2	Shri G. Pattanaik	Chairman & MD	09.06.07	24.03.08
3	Shri G. Pattanaik	Chairman	24.03.08	Working
4	Shri A. K. Awasthi	Managing Director	24.03.08	Working
5	Shri A. K. Awasthi	Director	26.05.06	21.10.07
6	Shri Rajeev Kapoor	Director	22.10.07	30.11.07
7	Shri A. K. Awasthi	Director	30.11.07	24.03.08
8	Shri S. K. Agarwal	Director	11.01.05	14.08.07
9	Shri H.C. Singh	Director	14.08.07	Working

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

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of section 217 (2AA) of the Companies Act, 1956 it is hereby confirmed that:

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed except few cases for which proper explanation has been given in the accounts.
- (ii) The Directors have selected appropriate accounting policies and applied them consistently, except that the changes mentioned separately, and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2008 and of the profit and loss for the said period.
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities. Moreover it is to inform to the shareholders that various shortcomings, which have been found by management and also those, which have been pointed out, by the Statutory Auditors and the C&AG shall be accounted for in the following years.
- (iv) The accounts for the financial year ended March 31, 2008 have been made on a going concern basis.

SUBSIDIARY COMPANIES

There is no subsidiary of the company.

AUDIT COMMITTEE

According to section 292A of the Companies Act, 1956 Board has constituted an Audit Committee consisting of the following members as on date:-

Chairman & Managing Director UPPTCL.	-	Chairman
Joint Secretary (Finance), U.P. Govt. and part time Director of UPPTCL	-	Member
General Manger (T&D) REC and part time Director of UPPTCL	-	Member
Director (Finance), UPPTCL	-	Presenter
Company Secretary	-	Coordinator

The Audit Committee has reviewed the duly approved annual financial statement.

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AUDITORS

M/s A. Sachdev & Co., Chartered Accountants, were appointed as Statutory Auditors of the Company for the financial year 2007-08 by C&AG of India. The Statutory Auditors have audited the accounts of the company for the year ended on 31st March 2008. The reports of the auditors and replies on their comments are annexed to this report.

REVIEW OF ACCOUNTS BY THE C&AG OF INDIA

The comments of Comptroller and Auditor General of India u/s 619 (4) of the Companies Act 1956 on the Annual Accounts of the Corporation for the year ended 31st March 2008 are appended to this report. The comments & reply of the management are also enclosed.

INDUSTRIAL RELATIONS

Industrial relations remained peaceful and cordial during the period under review.

ACKNOWLEDGEMENT

The Corporation acknowledges the co-operation and continued assistance extended by various Central and State Govt. Departments, U.P. Electricity Regulatory Commission, CERC, Central power Utilities, PFC, REC, Banks and other Financial Institutions.

The Directors also appreciated the constructive suggestions and co-operation of Statutory Auditors M/s A. Sachdev & Co., Chartered Accountants, various Branch Auditors and the office of the C&AG.

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

For and on behalf of the Board of Directors



(Awanish Kumar Awasthi)

Managing Director

vynd

Date:

Place: Lucknow

ANNEXURE I-TO THE DIRECTORS' REPORT

Disclosure under the Companies (Disclosure of Particulars in the Report of Board of Directors) rules 1988.

A. CONSERVATION OF ENERGY:
applicable

Not

(UPPTCL is not covered in the list of industries required to furnish the information as contained in the Schedule.)

B. TECHNOLOGY ABSORPTION:

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

No significant work has been done in R&D during the year.

(b) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

1. Efforts, made towards Technology Absorption, Adaptation and innovation in brief are as under:

Substation Automation System (SAS) Compliant 220 KV & 132 KV substations, for which design & Engineering was finalised and has been incorporated in tender specifications.

2. Benefits derived as result of the above efforts:

The above system will fetch the facility of remote monitoring and control of substation along with reduction in manpower.

3. Imported Technology:

Polymer insulators in high voltage transmission lines were introduced and there were noticeable reduction in line tripping during foggy conditions. This technology is being used worldwide in the developed countries.

C. FOREIGN EXCHANGE EARNING AND OUTGO:

(I) Earnings in foreign exchange: NIL

(II) Foreign exchange outgo: NIL

For and on behalf of the Board of Directors



(Awanish Kumar Awasthi)

Managing Director

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UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED

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

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

BALANCE SHEET AS at 31.3.2008

(Amount In Rs.)

PARTICULARS	SCHEDULE	AS at 31 MARCH 2008	AS at 31 MARCH 2007
SOURCES OF FUNDS			
Shareholders funds :			
Share Capital	(1)	50000000	50000000
Share Application Money	(1A)	22083352000	0
Reserve & Surplus	(2)	2833014422	0
Loan Funds	(3)	24966366422	50000000
		24661767511	0
TOTAL		49628133933	50000000
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	(4)	57862791847	0
Less - Accumulated Depreciation		21924810229	0
Net Block		35937981618	0
Capital Work in Progress	(5)	7983578032	0
Current Assets, Loans and Advances		43921559650	0
Stores & Spares	(6)	2901734141	0
Sundry Debtors	(7)	2183834910	0
Cash and Bank Balances	(8)	511160219	55990526
Other Current Assets	(9)	76392439	501009
Loans & Advances	(10)	251304971	0
Inter Unit Transfers		481926724	0
		6406353404	57491535
Less : Current Liabilities and Provisions	(11)	10610635178	9354942
Net Current Assets		-4204281774	49136593
Misc. Expenditure to the extent not written off or adjusted			149200
Preliminary Expenses		74600	714207
Profit & Loss Account (Debit Balance)		9910781457	
Significant Accounting Policy & Notes on Accounts	(21)		
Schedule 1 to 21 form integral part of Accounts.			
TOTAL		49628133933	50000000

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

(Signature)
(Sudhanshu Dwivedi)
Dy. General Manager
(Accounts)

(Signature)
(S.K. Agarwal)
Director (Finance)

(Signature)
(Navneet Sehgal)
Chairman & Managing Director.

Place : Lucknow

Date : 09-11-11

Subject to our report of even date

For A. Sachdev & Company
Chartered Accountants

FRN No. 001307
LUCKNOW
(Signature)
(K.G. Bansal)
Partner
M.No. 094274

UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED

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14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31.3.2008

PARTICULARS	SCHEDULE	(Amount in Rs.)	
		Year ended 31.03.2008	Year ended 31.03.2007
INCOME			
Revenue from Wheeling of power	(12)	6802217751	0
Other Income	(13)	113391333	2921807
TOTAL		6915609084	2921807
EXPENDITURE			
Repairs & Maintenance Expenses	(14)	665289915	0
Employees Cost	(15)	1935255882	3103000
Administrative, General & Other Expenses	(16)	99167040	177305
Interest and Finance Charges	(17)	1618861871	0
Depreciation	(18)	2537851012	0
Bad debts & Provisions	(19)	137945135	0
TOTAL		6994370855	3280305
Profit/(Loss) before Prior Period Income/(Exp.) & Tax		(76761771)	(358498)
Prior Period Income/(Expenditure) (Net)	(20)	(65331873)	0
Preliminary Expenses written off		74600	74600
Profit/(Loss) before Tax		(144168244)	(433098)
Provision for Fringe Benefit Tax		3198530	0
Profit/(Loss) after Tax		(147366774)	(433098)
Accumulated loss B/F		(714207)	(281109)
Accumulated loss as per Transfer Scheme		(9762700476)	
Loss Carried Over to Balance Sheet		(9910781457)	(714207)
Earning Per Share (EPS) :			
Numerator		(147366774)	(433098)
Denominator		50000	50000
Nominal Value of Shares		Rs.1000/- each	Rs.1000/- each
Basic EPS		(2947.34)	(8.66)
Numerator		(147366774)	(433098)
Denominator		20458762	50000
Diluted EPS		(7.20)	(8.66)
Significant Accounting Policy & Notes on Accounts	(21)		


(H.K. Agarwal)
Company Secretary


(Sudhanshu Dwivedi)
Dy. General Manager


(S.K. Agarwal)
Director (Finance)



(Navneet Sehgal)
Chairman & Managing Director.

Place : Lucknow

Date : 09-11-11

Subject to our report of even date

For A. Sachdev & Company
Chartered Accountants

FRN No. 001307C

G. Bansal
Partner
M.No. 094274

UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED

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14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

SCHEDULE - 1

SHARE CAPITAL

(Amount in Rs.)

PARTICULARS	AS AT 31.3.2008	AS AT 31.3.2007
A. AUTHORISED :		
100000000 Equity Share of Rs.1000/-each fully paid up	100000000000	50000000
B. ISSUED SUBSCRIBED AND PAID UP		
50000 Equity Share of Rs.1000/-each fully paid up	50000000	50000000
TOTAL	50000000	50000000

SCHEDULE - 1A

SHARE APPLICATION MONEY

(Amount in Rs.)

PARTICULARS	AS AT 31.3.2008	AS AT 31.3.2007
SHARE APPLICATION MONEY	22083352000	0
Pending for allotment		
TOTAL	22083352000	0

SCHEDULE - 2

RESERVES AND SURPLUS

(Amount in Rs.)

PARTICULARS	AS AT 31.3.2008	AS AT 31.3.2007
Capital Reserves		
i) Consumers Contributions towards Service Line and other charges	1025783422	0
B Restructuring A/c	1807231000	0
TOTAL	2833014422	0



UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED

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LOAN FUNDS

SCHEDULE - 3

(Amount in Rs.)

PARTICULARS	AS AT 31.3.2008	AS AT 31.3.2007
A. SECURED LOAN -		
TERM LOANS :		
Power Finance Corporation Ltd. (Secured against hypothecation of Line & Substation under the scheme.)	5066048154	0
B. UNSECURED LOANS -		
TERM LOANS :		
Govt. of UP	5089817258	0
FINANCIAL INSTITUTIONS		
Rural Electrification Corporation Ltd. (Guaranteed by Govt. of UP)	6621467747	0
Power Finance Corporation Ltd. (Guaranteed by Govt. of UP)	4659970352	0
(iii) MISCELLANEOUS INSTITUTION		
National Capital Region Planning Board (Guaranteed by Govt. of UP)	457200000	0
HUDCO (Guaranteed by Govt. of UP)	2767264000	0
GRAND TOTAL LOAN	24661767511	0

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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.

FIXED ASSETS

SCHEDULE - 4

Particulars	Gross Block				Depreciation				(Amount in Rs.)	
	As at 31.3.2007	Additions	Deductions / Adjustments	As at 31.3.2008	As at 31.3.2007	Additions	Deductions / Adjustments	As at 31.3.2008	As at 31.3.2008	As at 31.3.2007
Land & Land Rights										
i) Land owned under full title	0	248,668,317	0	248,668,317	0	0	0	0	248,668,317	0
Buildings	0	532,054	0	532,054	0	0	0	0	532,054	0
Other Civil Works	0	1,755,264,779	153,022	1,755,111,757	0	656,736,601	93,540	656,642,961	1,098,468,796	0
Plant & Machinery	0	383,485,424	0	383,485,424	0	144,527,017	0	144,527,017	238,958,407	0
Lines, Cable Network, etc.	0	27,975,763,401	623,383,273	27,352,380,128	0	10,007,068,457	0	9,898,791,709	17,463,588,419	0
Vehicles	0	27,937,500,754	131,996,710	27,805,504,044	0	11,093,198,641	118,276,748	11,088,394,817	16,717,109,227	0
Furniture & Fixtures	0	39,082,837	2,081,526	37,001,311	0	17,869,572	4,803,824	16,448,290	20,553,021	0
Office Equipments	0	10,979,966	61,836	10,918,030	0	3,725,001	0	3,725,001	7,193,029	0
Assets taken over from licensees pending final valuation	0	17,432,638	406,727	17,025,911	0	5,329,155	3,600	5,325,555	11,700,356	0
	0	252,164,871	0	252,164,871	0	120,954,879	0	120,954,879	131,209,992	0
GRAND TOTAL	0	58,620,875,041	758,083,194	57,862,781,847	0	22,049,409,323	124,589,094	21,924,810,229	35,937,981,618	0



UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED

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SCHEDULE - 5

CAPITAL WORKS IN PROGRESS

PARTICULARS	(Amount in Rs.)	
	AS AT 31.3.2008	AS AT 31.3.2007
Capital Work in Progress *	4462822705	0
Revenue Expenses pending for Capitalisation **	412496000	0
SUB TOTAL (A)	4875318705	0
Advances to Suppliers/Contractors	3150621374	0
Less : - Provision for doubtful Advances against Capital Works	42362047	0
SUB TOTAL (B)	3108259327	0
GRAND TOTAL	7983578032	0

Notes :

* It includes Establishment and Administration & General Cost related to works.

** It includes Borrowing Cost only related to works.



UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED

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SCHEDULE - 6

STORES & SPARES

	(Amount in Rs.)	
PARTICULARS	AS AT 31.3.2008	AS AT 31.3.2007
Stock of Materials - Capital Works	2564697632	0
Stock of materials - O & M	682501437	0
Other Materials	61555812	0
SUB TOTAL	3308754881	0
Less - Provision for Unserviceable Stores	407020740	0
TOTAL	2901734141	0

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 - 7

SUNDRY DEBTORS

	(Amount in Rs.)	
PARTICULARS	AS AT 31.3.2008	AS AT 31.3.2007
Sundry Debtors - Wheeling of Power	2298773589	0
	2298773589	0
Debts outstanding for a period exceeding six months		
Secured & Considered good	0	0
Unsecured & Considered good	0	0
Considered doubtful	0	0
Other Debts		
Unsecured & Considered good	2183834910	0
Considered doubtful	114938679	0
Less - Provision for Bad & Doubtful Debts	114938679	0
TOTAL	2183834910	0

SCHEDULE - 8

CASH AND BANK BALANCES

	(Amount in Rs.)	
PARTICULARS	AS AT 31.3.2008	AS AT 31.3.2007
CASH IN HAND		
Cash in Hand (Including Stamps in hand)	349532	0
Balances with Scheduled Banks		
In Current & Other account	510730687	0
In Fixed Deposit accounts	80000	56990526
TOTAL	511160219	56990526





UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED

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SCHEDULE - 9

OTHER CURRENT ASSETS

PARTICULARS	(Amount in Rs.)	
	AS AT 31.3.2008.	AS AT 31.3.2007
Income Accrued but not Due	501009	501009
Receivables		
UPRVUNL	36393492	0
UPJVNL	983795	0
Employees	39526157	0
Others	23041970	0
Total	62568127	0
Less - Provision for Doubtful Receivables	25194088	0
Prepaid Expenses		1140104
Theft of Fixed Assets Pending Investigation	1044249	0
Less - Provision for estimated losses	1044249	0
Total	76322439	501009

SCHEDULE - 10

LOANS AND ADVANCES

PARTICULARS	(Amount in Rs.)	
	AS AT 31.3.2008	AS AT 31.3.2007
A. LOANS (Secured/considered good)		
Employees (including advances) (Adjustable / recoverable from salary)	1251578	0
ADVANCES (Unsecured)		
Suppliers / Contractors	269125060	0
Less - Provision for Loan & Advances	26912506	0
Tax Deducted at Source		6140378
D. Deposits -		
Fringe benefit tax	10742121	
Adv. Tax	9041660	
Less -Provision		1700461
TOTAL	251304911	0



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SCHEDULE - 11

CURRENT LIABILITIES AND PROVISIONS

PARTICULARS	(Amount in Rs.)	
	AS AT 31.3.2008	AS AT 31.3.2007
CURRENT LIABILITIES		
Liability for Capital Supplies/ Works	4690525759	0
Liability for O & M Supplies / Works	328907250	0
Staff Related Liabilities	665982202	0
Deposits & Retentions from Suppliers & Others	473905549	0
Deposit for Electrification works	3512172147	0
Net Payable to -		0
UPPCL		
KESCO	277924344	8324942
Dakshinanchal VVNL	10802612	0
Madhyanchal VVNL	28027243	0
Paschimanchal VVNL	56812080	0
Poorvanchal VVNL	25174960	0
	36438228	0
Sundry Liabilities	435179467	8324942
Liabilities for Expenses	12340655	0
Liabilities towards UP Power Sector Employee Trust	50431488	30000
Provident Fund Liabilities	78582032	
Pension and Gratuity Liability	133857346	
CPF Liability	212439378	0
Interest Accrued but not Due on Borrowings	3393891	0
	225357392	0
TOTAL	10610635178	8354942

(Handwritten signatures)



UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED

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14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

SCHEDULE 12

REVENUE FROM WHEELING OF POWER

PARTICULARS	(Amount in Rs.)	
	For the year ended on 31.3.2008	For the year ended on 31.3.2007
Wheeling Charges	6802217751	0
TOTAL	6802217751	0

SCHEDULE 13

OTHER INCOME

PARTICULARS	(Amount in Rs.)	
	For the year ended on 31.3.2008	For the year ended on 31.3.2007
Interest from :		
Loans to Staff	353472	0
Fixed Deposits	1214625	2921807
Others	7142	0
Income from Contractors/Suppliers	1575239	2921807
Rental from Staff	100733419	0
Rental from Staff	1006440	0
Miscellaneous Receipts	9609061	0
Excess found on physical verification of Stores	467174	0
TOTAL	113391333	2921807

SCHEDULE 14

REPAIRS AND MAINTENANCE

PARTICULARS	(Amount in Rs.)	
	For the year ended on 31.3.2008	For the year ended on 31.3.2007
Plant & Machinery	566234440	0
Buildings	39693895	0
Other Civil Works	622406	0
Lines, Cables Networks etc.	58575135	0
Vehicles - Expenditure	24464361	0
Less - Transferred to different Capital & O&M Works/Administrative Exp.	24464361	0
Furniture & Fixtures	24325	0
Office Equipments	139714	0
TOTAL	665289915	0





UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED

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

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

SCHEDULE 15

EMPLOYEES COST

PARTICULARS	(Amount in Rs.)	
	For the year ended on 31.3.2008	For the year ended on 31.3.2007
Salaries & Allowances	1521418269	3103000
Dearness Allowance	430037866	0
Other Allowances	66616262	0
Bonus/ Ex-gratia	24736310	0
Medical Expenses (Re-imbusement)	22156796	0
Leave Travel Assistance	30384	0
Earned Leave Encashment	48931641	0
Compensation	411180	0
Staff Welfare Expenses	3375920	0
Pension & Gratuity	339221689	0
Other Terminal Benefits	13230912	0
Expenditure on Trust	1387558	0
Sub Total	2471554787	3103000
LESS - Expenses Capitalised	536298905	0
TOTAL	1935255882	3103000

SCHEDULE 16

ADMINISTRATIVE, GENERAL & OTHER EXPENSES

PARTICULARS	(Amount in Rs.)	
	For the year ended on 31.3.2008	For the year ended on 31.3.2007
Rent	2437982	0
Rates and Taxes	103736	0
Insurance	780428	0
Communication Charges	12574677	0
Legal Charges	2769503	0
Auditors Remuneration & Expenses		0
Audit Fee	466074	10000
Travelling Expenses	160958	0
Consultancy Charges	32080	10000
Technical Fees & Professional Charges	7474680	0
Travelling and Conveyance	32289939	13469
Printing and Stationery	4989655	0
Advertisement Expenses	2293433	800
Electricity Charges	4658137	0
Water Charges	30052	0
Entertainment	132624	0
Expenditure on Trust	197205	0
Miscellaneous Expenses	34806623	0
SUB TOTAL	106197786	153036
LESS - Expenses Capitalised	23835067	177305
SUB TOTAL	82362719	0
OTHER EXPENSES		177305
Compensation (Other than staff)	561112	0
Other Losses	16243209	0
TOTAL	99167040	177305

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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 31.3.2008	For the year ended on 31.3.2007
Interest on Loans		0
Government of UP	166717258	0
PFC	988159024	0
HUDCO	374337687	0
IDBI	472895	0
NCRPB	37063873	0
REC	398434841	1965185578
Bank Charges		66172293
SUB-TOTAL		2031357871
LESS - Interest Capitalised		412496000
GRAND TOTAL		1618861871

Schedule 18

DEPRECIATION

(Amount in Rs.)

PARTICULARS	For the year ended on 31.3.2008	For the year ended on 31.3.2007
Depreciation on Fixed Assets :-		
Buildings	51818563	0
Other Civil Works	6684586	0
Plant & Machinery	1196814059	0
Lines, Cable Network etc	1292185772	0
Vehicles	3870410	0
Furniture & Fixtures	552444	0
Office Equipments	1696388	0
Dep. On Computer & communication system	11517495	0
	2565139718	2565139718
Less Equivalent amount of Depreciation on Assets acquired out of the Consumer's Contribution and GoUP's Capital Subsidy		27288706
GRAND TOTAL		2537851012



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 31.3.2008	For the year ended on 31.3.2007
PROVISIONS		
Doubtful Debts (Sale of Power)	114938679	0
Doubtful advances (Suppliers/Contractor)	20676004	0
Other Current Assets (Receivables)	296396	0
Provision for doubtful Advances against Capital Works	2034056	0
TOTAL	137945135	0

Schedule 20

NET PRIOR PERIOD INCOME/EXPENDITURE

(Amount in Rs.)

PARTICULARS	For the year ended on 31.3.2008	For the year ended on 31.3.2007
A INCOME		
a Other Excess Provisions	266697	0
SUB TOTAL	266697	0
B EXPENDITURE		
a O & M Expenses	2333429	0
b Employee Cost	9945075	0
c Administrative & General Exp	19610572	0
d Depreciation Under/Excess Provided	33709494	0
SUB TOTAL	65598570	0
NET AMOUNT	65331873	0

h G f A



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 %.

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- (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 actual expenses incurred in the relevant year and a return on Equity is charged as approved by the Board of Directors from time to time. Any difference in transmission tariff approved by UPERC and the actual tariff is presented in the true-up filed before the UPERC and accounted for accordingly.
- (b) In case of Inter State transmission, revenue from transmission of energy/open access is recognised and accounted at tariff approved by NRLDC.
- (c) All prior period income & expenditure are shown in the current period as a distinct item.

6. 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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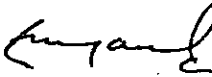



7. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

- (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)


(Sudhanshu Dwivedi)
Dy. General Manager
(Accounts)


(S.K. Agarwal)
Director (Finance)


(Navneet Sehgal)
Chairman & Managing Director.

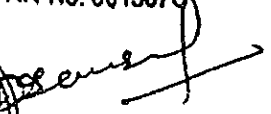
Place : Lucknow

Date : 09-11-11

Subject to our report of even date

For A. Sachdev & Company
Chartered Accountants
FRN No. 0013070




(K. G. Bansal)
Partner
M. No.094274

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 31.03.2008 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 GoUP letter no. 293 dated 16.05.2006, the Name and Object Clause of the MoA of 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 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. (UPPCL) to the Uttar Pradesh Power Transmission Corporation Limited. Under the Transfer Scheme, the effective date was defined as 01.04.2007, the date since which UPPCL and UPPTCL have started working as separate entities for purchase/sale of Bulk Power and transmission work respectively.
2. In F.Y. 2007-08, the final accounts have been prepared as per actual balances lying in the units' books as on 01.04.07 (the date of taking over of transmission business by the company). The difference between unit wise balances and the balances appearing in the provisional Transfer Scheme amounting to Rs. 180.72 crore have been shown as Restructuring A/c under the head Reserve & Surplus pending finalisation of Transfer Scheme.
3. Based on actuarial valuation report dated 9.11.2000 (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 D.A. paid to employees.
4. Share Capital provided in the Transco transfer Scheme (provisional) amounting to Rs. 1263.97 crore has been shown as 'Share Application Money Pending Allotment' in the Balance Sheet.
5. (a) The Provision for Bad & Doubtful Debts against revenue from Wheeling/transmission charges of Power has been made @ 5% of the debtors.



- (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. (Material Control A/c - Capital).
- (c) The provision for doubtful receivables against "Employees" and "Others", appearing under the head of 'Other Current Assets', has been made @ 10% except (i) Rs. 0.23 crore in ETD-I Allahabad and (ii) Rs. 1.86 crore in ETLEU, Varanasi where 100% provision has been made.
- (d) Preliminary expenses have been written off @ 20%.
- (e) Pursuant to Corporation Order No. 175/kavini & vi.pra. dated 19.02.2009 the provision of pay arrears of 6th Pay commission till 31st March 2008 amounting to Rs.51.32 crore have been made in the accounts during current year.
6. The reconciliation of balances of Inter Unit Transfers (IUTs) amounting to Rs. 48.19 Crore (Debit) is in process and effect of reconciliation, if any, will be provided for in the accounts of subsequent years.
7. (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) In case of properties transferred under Provisional Transfer Scheme 2010, the process of getting the Corporation's name substituted in the records is in progress.
- (c) The depreciation during the year has been provided on Pro rata basis which was hither to provide on opening balances of Fixed Assets only. The change in depreciation policy has resulted in increase of depreciation amounting to Rs. 10.09 crore during the year.
8. (a) Some balances appearing under the heads 'Current Assets', 'Loans & Advances', 'Unsecured Loans', 'Current Liabilities', and Material in transit/ under inspection/ lying with contractors/ fabricators are subject to confirmation/ reconciliation and subsequent adjustments as may be required.
- (b) On an overall basis the current assets, loans and advances 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.
9. Amount due to SSI units could not be ascertained and interest thereon could not be provided for want of complete information. Efforts are being made to segregate this information.



10. Interest payable on cash credit/ overdraft from banks has been accounted for as and when debited by banks.
11. The Corporation has earlier raised the transmission tariff bills @ Rs. 0.12 per unit. However, in view of accounting policy the transmission revenue has been accounted for @ Rs. 0.1317 per unit duly approved by the Board of Directors, for which the bills will be revised in due course of time.
12. Payment to Directors and Officers in foreign currency towards foreign tour was NIL.
13. Debts due from Directors were Rs. Nil.
14. Information pursuant to provision of Part I & II of Schedule-VI of Companies Act, 1956 are as under: -
- (a) Energy transmitted/wheeled during the year 51572.2353 MU.
- (b) Contingent Liabilities:

Sl. No.	Details	2007-08 Amount (Rs. in lacs)
(i)	Capital commitments	22827.75
(ii)	Other Contingencies	1425.41

15. Since the Company is principally engaged in the business of transmission & wheeling of Electricity, and there are no other reportable segments as per AS-17, hence the disclosure as per AS-17 on segment reporting is not required.
16. Disclosure as per AS-18: -
- (a) List of Related parties (key management personnel)


S. No	Name	Designation	Working Period (for F.Y. 2007-08)	
			Appointment	Retirement/ Cessation
1	Shri Ashok Kumar Khurana	Chairman & MD	26.05.06	29.04.07
2	Shri G. Pattanaik	Chairman & MD	09.06.07	24.03.08
3	Shri G. Pattanaik	Chairman	24.03.08	Working
4	Shri A. K. Awasthi	Managing Director	24.03.08	Working
5	Shri A. K. Awasthi	Director	26.05.06	21.10.07
6	Shri Rajeev Kapoor	Director	22.10.07	30.11.07
7	Shri A. K. Awasthi	Director	30.11.07	24.03.08
8	Shri S. K. Agarwal	Director	11.01.05	14.08.07
9	Shri H.C. Singh	Director	14.08.07	Working


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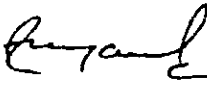


(b) Transactions with related parties- Remuneration and Benefits paid to key management personnel (Chairman, Managing Director and Directors) - NIL.

17. Due to losses/ depreciation and uncertainties to recover such losses/ depreciation in near future, accounting of deferred tax assets as required by AS-22 issued by ICAI is not made.
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. The figures as shown in the Balance Sheet, Profit & Loss Account and Schedules have been rounded off to the nearest rupee.
20. The current year balances are not comparable with the previous year balances as the business of transmission/ wheeling has been transferred to the company w.e.f. 01.04.2007 only.


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


(Sudhanshu Dwivedi)
Dy. General Manager
(Accounts)



(S.K. Agarwal)
Director (Finance)


(Navneet Sehgal)
Chairman & Managing Director.

Place : Lucknow
Date : 09-11-11

Subject to our report of even date

For A. Sachdev & Company
Chartered Accountants

FRN No. 001307C

K. G. Bansal
Partner

M. No.094274

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. - State Code
Balance Sheet Date
Date Month Year

2 Capital raised during the year

(Amount in Rupees Thousands)

Public Issue :

Rights Issue

Bonus Issue

Private Placement

3 Position of Mobilisation and Development of Funds

(Amount in Rupees Thousands)

Total Liabilities

Sources of Funds :

Paid Up Capital

Share App. Money pending for allotment

Secured Loans

Applications of Funds :

Net Fixed Assets

Accumulated Losses

Total Assets

Reserves & Surplus

Unsecured Loans

Miscellaneous Expenditure

Net Current Assets

Investments

4 Performance of the Company

(Amount in Rupees Thousands)

Turnover (Gross Revenue)

(+/-)Profit/Loss before Tax

Earning per Share (in Rupees)

Total Expenditure

(+/-)Profit/Loss after Tax

Dividend rate in %

Product/Service description

Transmission of Electricity

Item code No.

NA

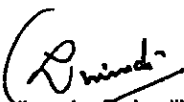


CASH FLOW STATEMENT OF UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED
(Formerly known as UTTAR PRADESH VIDYUT VYAPAR NIGAM LIMITED.)

FOR THE YEAR ENDED 31st MARCH 2008

		Rs. in crore	
		2007-08	2006-07
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Loss Before Taxation & Extraordinary items	(7.88)	(0.05)
	Adjustment For:		
a	Depreciation	253.78	-
b	Interest & Financial Charges	161.89	-
c	Bad Debts & Provision	13.79	-
d	Interest Income	(0.16)	(0.29)
e	Prior Period Expenditure (Net)	(6.53)	-
f	Fringe Benefit Tax	(0.32)	-
g	Preliminary exp written off	0.01	0.01
	Sub Total	422.46	(0.28)
	Operating Profit Before Working Capital Change	414.58	(0.33)
	Adjustment for:		
a	Stores & Spares	(290.17)	-
b	Sundry Debtors	(229.88)	-
c	Other Current Assets	(7.62)	0.12
d	Loans & Advances	(27.40)	-
e	Inter Unit Transfer	(48.19)	-
f	Current Liab. & Provision	1,060.23	0.33
	Sub Total	456.97	0.45
	NET CASH FROM OPERATING ACTIVITIES (A)	871.55	0.12
B	CASH FLOW FROM INVESTING ACTIVITIES		
a	Decrease (Increase) in Fixed Assets	(3,947.58)	-
b	Decrease (Increase) in Work in Progress	(798.36)	-
c	(Increase)/Decrease in Investments	-	-
d	Decrease/(Increase) in Restructuring A/c	-	-
e	Interest Incomes	0.16	0.29
	NET CASH GENERATED FROM INVESTING ACTIVITIES (B)	(4,645.78)	0.29
C	CASH FLOW FROM FINANCING ACTIVITIES		
a	Proceeds from Borrowing (Net)	2,466.17	-
b	Proceeds from Share Capital	2,208.34	-
c	Proceeds from consumers contribution & GoUP capital subsidy (Reserve & Surplus)	283.30	-
d	Interest & Financial Charges	(161.89)	-
e	Accumulated Loss as per Transfer Scheme	(973.27)	-
	NET CASH GENERATED FROM FINANCING ACTIVITIES (C)	3,819.65	-
	NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	45.42	0.41
	CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5.70	5.29
	CASH & CASH EQUIVALENTS AT THE END OF THE YEAR	51.12	5.70


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


(Sudhanshu Dwivedi)
Dy. General Manager
(Accounts)


(S.K. Agarwal)
Director (Finance)

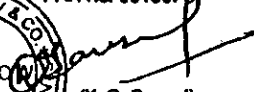

(Navneet Sehgal)
Chairman & Managing Director.

Place : Lucknow

Date: 09-11-11

Subject to our report of even date
For A. Sachdev & Company
Chartered Accountants
FRN No. 0013070




(K.G. Bansal)
Partner
M. No.094274

Auditor's Report

To,
The Members of,
Uttar Pradesh Power Transmissic.. 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 31st March 2008, the annexed Profit and Loss account and also the Cash Flow statement for the year ended on that date annexed thereto (which have been signed by us on this date with reference to this report) wherein are incorporated the accounts of 4 transmission zones audited by the respective Zonal 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 amounts 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. As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act 1956, as amended from time to time, we enclose in the Annexure, a statement on the matters specified in paragraph 4 of the said Order.
4. The accounts of the previous years' have not been placed 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 2007-08 are being certified pending approval/ adoption of previous year's accounts in the AGM.
5. Attention is invited to following notes appearing under **Schedule-21**
 - (a) As mentioned in note number '2', the accounts of transmission units have been prepared as per actual balances outstanding therein as on 01-04-2007. Pending finalisation of the final transfer scheme, the resultant difference of Rs. 180.72 Crores (Net Credit) between the notified balances in the 'Provisional transfer scheme' and 'Unit Wise balances' is reflected as 'Restructuring a/c' under 'Reserves & Surplus'.
 - (b) As referred in note no. '11', the revenue on account of 'Transmission charges' have been accounted for @ Re 0.1317 per unit pending revision of bills and its acceptance by the concerned distribution companies.

Further, the subsequent approval of the UPERC on the same has also been obtained on 02.11.2011.



6. (a) As referred in Note no. 8(a), the balances appearing 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.

(b) As referred in note no. '6', the reconciliation of Inter Unit balances of Rs. 48.19 crores (net debit) at the year end is in process. The effect of unmatched entries on the accounts is not ascertainable at this stage.

7. ACCOUNTING STANDARDS

(i) The inventories have been valued at cost and not at 'lower of cost or net realisable values' as required by AS-2 'Valuation of inventories'. {refer accounting policy no. 4}

(ii) Recognition of subsidies and grants and interest on loans to staff has been done on cash basis, which is not in accordance with AS-9 'Revenue Recognition'. {Refer Accounting policy no. 1(c)}

(iii) The employee costs and 'General & Administrative exps.' are capitalised on the basis of pre determined percentages of the total expenditure of capital works as against allocating the proportionate indirect expenses incurred during the period. This system of capitalisation of indirect expenses is not in accordance with the treatment prescribed as per AS 10 of ICAI.

(iv) Leave encashment is accounted for on the basis of claims received and accepted during the year and not on the basis of actuarial valuation as required by AS 15. Further, as stated in accounting policy number 6(a) and note no. '3' of Schedule 21, the provision for pension and gratuity in respect of employees has been made on the basis of actuarial valuation report dated 09.11.2000 instead of latest actuarial valuation.

Further, the disclosure requirements relating to 'nature of employment benefit plans', 'financial effect of the changes in the plans' & 'Present values of defined benefit obligations' etc, as envisaged by AS- 15 have not been made in the accounts.

(v) Borrowing costs on fixed assets is capitalised 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).

Further, interest is also capitalised 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 capitalisation of borrowing costs on fixed assets is not in accordance with the provisions of AS-16.

(vi) The company has not worked out details of asset-wise impairment as required by AS-28 'Impairment of Assets'. (Refer Note No.18 of Schedule-21).

8. The prescribed details as required by Part I of Schedule VI to the Companies Act, 1956 pertaining to the dues payable to Small Scale Industrial units have not been disclosed in the accounts. (Refer note no. 9 of Schedule -21)



9. Further to our comments referred to in paragraph 1 to 8 above, we report that:

- (i) We have obtained all the information and explanations, except as stated above, which to the best of our knowledge and belief were necessary for purposes of our audit.
- (ii) It was observed that the system of maintaining party-wise subsidiary ledgers and its matching with primary books of accounts is not effective. Subject to this, 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.
- (iii) In our opinion, proper returns adequate for the purposes of our audit have been received from zones not visited by us.
- (iv) The Zonal auditor's reports have been forwarded to us and the same have been appropriately dealt with by us in framing our report.
- (v) The Balance Sheet and the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts and with the audited returns received from the Zones.
- (vi) In our opinion, except for the non compliance with certain specified Accounting Standards as stated in paragraph no. 7 above, the Balance Sheet and Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of The Companies Act, 1956.
- (vii) 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.
- (viii) 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, give the information required by the Companies Act, 1956 in the manner so required and subject to our observations referred to in paragraphs '6 & 7' above, gives a true and fair view in conformity with accounting principles generally accepted in India:
 - (a) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2008;
 - (b) In the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
 - (c) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For A. Sachdev & Co.
Chartered Accountants
FRN No. 001307C



K. G. Bansal
(K. G. Bansal)
Partner
M.No. 094274
Place: Lucknow
Date: 09-11-11

(Annexure referred to in our report of even date to the members of U. P. Power Transmission Corporation Limited on the accounts for the year ended on 31st March 2008)

- (i) (a) *The Company has not maintained proper records showing full particulars including quantitative details and situations of fixed assets at most of the units.*
- (b) *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.*
- (c) The Company has not disposed of substantial part of the fixed assets during the year.
- (ii) (a) As per informations provided by the management, the stock of stores and spare parts have been physically verified by the management during the year. In our opinion, having regard to the nature and location of stocks, the frequency of physical verification is reasonable.
- (b) *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 few units of Transmission (East) Allahabad, where the same required further strengthening.*
- (c) *The company is maintaining proper records of inventory except at Transmission (East) zone) and Transmission (South) zones where inventory records were incomplete at some of the divisions. The material discrepancies, wherever noticed on physical verification, have been properly dealt with in the books of accounts.*
- (iii) (a) As informed the company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (b) In view of (iii)(a) above the clause nos. (iii)(b),(c) and (d) of the Order, are not applicable.
- (c) 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 Act.
- (d) In view of (iii)(c) above the clause nos. (iii)(f) and (g) of the Companies (Auditor's Report) Order, 2003 are not applicable.
- (iv) 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 at Transmission (East) where the same requires further strengthening. *Further, there is no continuing failure to correct major weakness in internal control system except in the areas of maintenance of proper records for fixed assets and physical verification of the same.*



- (v) (a) As informed to us there are no such contracts or arrangements the particulars whereof are required to be entered in the register required to be maintained under section 301 of the Act.
- (b) In view of (v) (a) above the clause (v) (b) of the Order, is not applicable.
- (vi) As informed to us the company has not accepted any deposits from the public, hence the directions issued by the Reserve Bank of India and the provisions of Section 58A, 58AA or any other relevant provision of the Act and the rules framed thereunder are not applicable.
- (vii) *The company has an internal audit system for its field units by the firms of Chartered Accountants. The coverage of corporate office units and 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.*
- (viii) In our opinion, the Cost Records prescribed under section 209(1)(d) of The Companies Act, 1956 have been maintained by the Company. We have however, not made a detailed examination of the records with a view to determining whether they are accurate and complete.
- (ix) (a) 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, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities. However, it was observed that Provident Fund 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 were not properly complied with at many of the units.
- (b) As informed to us, there are no dues that have not been deposited on account of dispute.
- (x) The clause regarding 'accumulated losses' is not applicable as the company has been registered for a period of less than 5 years.
- (xi) As per information or explanation given to us, the company has not defaulted in repayment of dues to a financial institution or bank or debenture holders. However, the company is not repaying the loans taken from the State Government.
- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a chit fund/nidhi/mutual benefit fund/societies, hence clause (xiii), is not applicable.
- (xiv) The company is not dealing or trading in shares, securities, debentures and other investments, hence provisions of clause (xiv) are 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) *As the loan funds received are not kept at a separate bank account and the accounts are not maintained in such manner which could identify the immediate nexus for ultimate usage of loan funds, hence we are unable to comment whether loan funds were applied for the purpose for which the loans were obtained. However as per the management the loan funds were applied for the purpose for which the loans were obtained.*
- (xvii) As per information and explanation given to us, the funds received on short term basis have not been used for long term investments.
- (xviii) The company has not made any preferential allotment of shares, hence clause (xviii) is not applicable.
- (xix) The company has not issued any debentures hence clause (xix) is not applicable.
- (xx) The company has not raised any money by public issue, hence clause (xx) is not applicable.
- (xxi) *As reported by the branch auditors, fraud on the company amounting to Rs. 10 Lacs was noticed/reported during the year in the 'Transmission (South)' zone of the corporation by preparing DDs in false name. However, the full amount had been recovered from the concerned members.*

For A. Sachdev & Co.
Chartered Accountants



(Signature)
(K. G. Bansal)
Partner
M.No. 094274

Place : Lucknow

Date : 09-11-11

**MANAGEMENT'S REPLY TO THE STATUTORY AUDITORS' REPORT ON THE ACCOUNTS OF THE
UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED FOR THE YEAR ENDED
31.03.2008**

Auditors' Report	Management's Reply
<p>To, The Members of, Uttar Pradesh Power Transmission Corporation Limited, (formerly known as Uttar Pradesh Vidyut Vyapar Nigam Ltd.) Lucknow</p> <p>1. We have audited the attached Balance Sheet of Uttar Pradesh Power Transmission Corporation Limited as at 31st March 2008, the annexed Profit and Loss account and also the Cash Flow statement for the year ended on that date annexed thereto (which have been signed by us on this date with reference to this report) wherein are incorporated the accounts of 4 Transmission Zones audited by the respective Zonal 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.</p>	<p align="center">No Comments</p>
<p>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 amounts 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.</p>	<p align="center">No Comments</p>
<p>3. As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act 1956, as amended from time to time, we enclose in the Annexure, a statement on the matters specified in paragraph 4 of the said Order.</p>	<p align="center">No Comments</p>
<p>4. The accounts of the previous years' have not been placed 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 2007-08 are being certified pending approval/ adoption of</p>	<p>C&AG issued the comments on Audited Accounts of F.Y. 2004-05, 2005-06 & 2006-07 on 08.12.2011. The adoption of these accounts in AGM is in process.</p>

Auditors' Report	Management's Reply
previous year's accounts in the AGM.	
<p>5. Attention is invited to following notes appearing under <i>Schedule-21</i></p> <p>(a) As mentioned in note numbers '2', the accounts of transmission units have been prepared as per actual balances outstanding therein as on 01-04-2007. Pending finalisation of the final transfer scheme, the resultant difference of Rs. 180.72 Crores (Net Credit) between the notified balances in the 'Provisional transfer scheme' and 'unit wise balances' is reflected as 'Restructuring a/c' under 'Reserves & Surplus'.</p>	<p>No Comments</p>
<p>(b) As referred in note no. '11', the revenue on account of 'Transmission charges' have been accounted for @ Re 0.1317 per unit pending revision of bills and its acceptance by the concerned distribution companies.</p> <p>Further, the subsequent approval of the UPERC on the same has also been obtained on 02.11.2011.</p>	<p>No comments, however revised bills have been issued to concerned distribution companies.</p>
<p>6.(a) As referred in Note no. 8(a), the balances appearing 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.</p>	<p>Reconciliation work of the balances under the head of current assets, loans and advances, unsecured loans and current liabilities etc is continuous process and necessary accountal/adjustment is made in the books of account, as may be required from time to time after reconciliation.</p>
<p>(b) As referred in note no. '6', the reconciliation of Inter Unit balances of Rs. 48.19 crores (net debit) at the year end is in process. The effect of unmatched entries on the accounts is not ascertainable at this stage.</p>	<p>The reconciliation of Inter Unit balances is a continuous process and effects of unmatched entries will be given in the accounts of the subsequent years.</p>
<p>7. ACCOUNTING STANDARDS</p> <p>(i) The inventories have been valued at cost and not at 'lower of cost or net realisable values' as required by AS-2 'Valuation of inventories'. {refer accounting policy no. 4}</p>	<p>The Corporation is maintaining the inventory only for construction and maintenance of fixed assets. The Corporation do not have any inventory of finished stock i.e. electricity. Hence the valuation of inventory does not contravene the provisions of AS-2.</p>
<p>(ii) Recognition of subsidies and grants and interest on loans to staff has been done on cash basis, which is not in accordance with AS-9 'Revenue Recognition'. {Refer Accounting policy no. 1(c)}</p>	<p>Accounting has been done as per Significant Accounting Policies of the Corporation considering the certainty of realisation in line with AS 9.</p>
<p>(iii) The employee cost and 'General & Administrative exps.' are capitalised on the basis of pre determined percentages of the total expenditure of capital works as against</p>	<p>As narrated at point no. 2(e) of 'Significant Accounting Policies' that due to multiplicity of functional units as well as multiplicity of function at particular unit, Employee Cost</p>

Auditors' Report	Management's Reply
<p>allocating the proportionate indirect expenses incurred during the period. This system of capitalisation of indirect expenses is not in accordance with the treatment prescribed as per AS 10 of ICAI.</p>	<p>and Administrative & General Expenses are capitalised at the rates considered appropriate to be allocated on the capital works..</p>
<p>(iv) Leave encashment is accounted for on the basis of claims received and accepted during the year and not on the basis of actuarial valuation as required by AS 15. Further, as stated in accounting policy number 6(a) and note no.'3' of Schedule 21, the provision for pension and gratuity in respect of employees has been made on the basis of actuarial valuation report dated 09.11.2000 instead of latest actuarial valuation.</p> <p>Further, the disclosure requirements relating to 'nature of employment benefit plans', 'financial effect of the changes in the plans' & 'Present values of defined benefit obligations' etc, as envisaged by AS-15 have not been made in the accounts.</p>	<p>The Provision for Pension and Gratuity has been made on the basis of actuarial valuation as disclosed in notes on accounts. M/s LIC has been entrusted with the work of actuarial valuation. Necessary action including disclosure requirement will be taken as soon as the said actuarial valuation report is received and adopted by BoD of the Corporation.</p>
<p>(v) Borrowing costs on fixed assets is capitalised 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).</p> <p>Further, interest is also capitalised 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 capitalisation of borrowing costs on fixed assets is not in accordance with the provisions of AS-16.</p>	<p>As per preamble of AS-16, it has been mentioned that wherever the determination of the amount of borrowing cost, directly attributable to the acquisition, construction or production of a qualified asset is difficult, in that case the exercise of judgement is required and it has been difficult to identify the assets/group of assets on which borrowed amount is invested; therefore the Corporation has capitalised the borrowing cost in accordance with the provision of The Electricity (Supply) (Annual Accounts) Rules 1985.</p>
<p>(vi) The company has not worked out details of asset-wise impairment as required by AS-28 'Impairment of Assets'. (Refer Note No.18 of Schedule-21).</p>	<p>As regards the Impairment of Assets, no specific indication of impairment of any assets as on balance sheet date was noticed as envisaged by AS- 28 of ICAI. Further to note, that the assets of the corporation have been accounted for at their historical cost and most of them are very old where the impairment of assets is very unlikely.</p>
<p>8. The prescribed details as required by Part I of Schedule VI to the Companies Act, 1956 pertaining to the dues payable to Small Scale Industrial units have not been disclosed in the accounts. (Refer note no.9 of Schedule -21)</p>	<p>Facts are narrated at point no. 9 of 'Notes on Accounts'.</p>

Auditors' Report	Management's Reply
<p>9. Further to our comments referred to in paragraph 1 to 8 above, we report that:</p> <p>(i) We have obtained all the information and explanations, except as stated above, which to the best of our knowledge and belief were necessary for purposes of our audit.</p>	No Comments
<p>(ii) It was observed that the system of maintaining party-wise subsidiary ledgers and its matching with primary books of accounts is not effective. Subject to this, 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.</p>	Necessary instructions have been issued to maintain party wise subsidiary ledgers duly matched with primary books of accounts.
<p>(iii) In our opinion, proper returns adequate for the purposes of our audit have been received from zones not visited by us.</p>	No Comments
<p>(iv) The Zonal auditor's reports have been forwarded to us and the same have been appropriately dealt with by us in framing our report.</p>	No Comments
<p>(v) The Balance Sheet and the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts and with the audited returns received from the Zones.</p>	No Comments
<p>(vi) In our opinion, except for the non compliance with certain specified Accounting Standards as stated in paragraph no. 7 above, the Balance Sheet and Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of The Companies Act, 1956.</p>	No Comments
<p>(vii) 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.</p>	No Comments
<p>(viii) 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, give the information required by the Companies Act, 1956 in the manner so required and subject to our observations referred to in paragraphs '6 & 7' above, gives a true and fair view in conformity with accounting principles generally accepted in India:</p>	No Comments

Auditors' Report:	Management's Reply
<p>(a) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2008;</p> <p>(b) In the case of the Profit and Loss Account, of the Loss for the year ended on that date; and</p> <p>(c) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.</p>	


(Sudhanshu Dwivedi)
Dy. General Manager (Accounts)


(S.K. Agarwal)
Director (Finance)

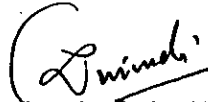
Management's reply to the Annexure of Statutory Auditors' Report


ANNEXURE OF STATUTORY AUDITORS' REPORT	MANAGEMENT'S REPLY
<p>(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 31st March 2008)</p> <p>(i) (a) <i>The Company has not maintained proper records showing full particulars including quantitative details and situations of fixed assets at most of the units.</i></p>	<p>Necessary instructions regarding maintaining & updating of fixed assets register in all units have been issued to the concerned Zones.</p>
<p>(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></p>	<p align="center">- do -</p>
<p>(c) The Company has not disposed of substantial part of the fixed assets during the year.</p>	<p align="center">No Comments</p>
<p>(ii) (a) <i>As per informations provided by the management, the stock of stores and spare parts have been physically verified by the management during the year. In our opinion, having regard to the nature and location of stocks, the frequency of physical verification is reasonable.</i></p>	<p align="center">No Comments</p>
<p>(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 few units of Transmission (East) Allahabad, where the same required further strengthening.</i></p>	<p>Necessary instructions have been issued to the concerned zone.</p>
<p>(c) <i>The company is maintaining proper records of inventory except at Transmission (East) zone and Transmission (South) zones where inventory records were incomplete at some of the divisions. The material discrepancies, wherever noticed on physical verification have been properly dealt with in the books of accounts.</i></p>	<p>Necessary instructions have been issued to the concerned zones.</p>
<p>(iii) (a) As informed the company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act.</p>	<p align="center">No Comments</p>
<p>(b) In view of (iii)(a) above the clause nos. (iii)(b),(c) and (d) of the Order, are not applicable.</p>	<p align="center">No Comments</p>

ANNEXURE OF STATUTORY AUDITORS' REPORT	MANAGEMENT'S REPLY
(c) 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 Act.	No Comments
(d) In view of (iii)(c) above the clause nos. (iii)(f) and (g) of the Companies (Auditor's Report) Order, 2003 are not applicable.	No Comments
(iv) 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 at Transmission (East) where the same requires further strengthening. Further, <i>there is no continuing failure to correct major weakness in internal control system except in the areas of maintenance of proper records for fixed assets and physical verification of the same.</i>	Necessary instructions have been issued to the concerned zone. Further all zones are duly instructed to complete the records regarding Fixed Assets as well as to conduct physical verification of Fixed Assets.
(v) (a) As informed to us there are no such contracts or arrangements the particulars whereof are required to be entered in the register required to be maintained under section 301 of the Act.	No Comments
(b) In view of (v) (a) above the clause (v) (b) of the Order, is not applicable.	No Comments
(vi) As informed to us the company has not accepted any deposits from the public, hence the directions issued by the Reserve Bank of India and the provisions of Section 58A, 58AA or any other relevant provision of the Act and the rules framed thereunder are not applicable.	No Comments
(vii) <i>The company has an internal audit system for its field units by the firms of Chartered Accountants. The coverage of corporate office units and increase in the period of test checking in field units needs to be done to make the same commensurate with the size and the nature of business of the company</i>	Management has taken cognizance of auditors' remarks and necessary action will be taken in due course of time.

ANNEXURE OF STATUTORY AUDITORS' REPORT	MANAGEMENT'S REPLY
<p>(viii) In our opinion, the Cost Records prescribed under section 209(1)(d) of The Companies Act, 1956 have been maintained by the Company. We have however, not made a detailed examination of the records with a view to determining whether they are accurate and complete.</p>	<p>No Comments</p>
<p>(ix) (a) 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, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities. However, it was observed that Provident Fund contributions to the U.P. Power Sector Employee's Trust are made on lump sum basis as against the monthly depositions.</p> <p>Further, deduction and deposition of income tax at source were not properly complied with at many of the units.</p>	<p>Provident Fund Contribution to U.P. Power Sector Employee Trust is being made on the basis of monthly deposition w.e.f. March 2010.</p> <p>Necessary instructions have been issued to concerned zones</p>
<p>(b) As informed to us, there are no dues that have not been deposited on account of dispute.</p>	<p>No Comments</p>
<p>(x) The clause regarding 'accumulated losses' is not applicable as the company has been registered for a period of less than 5 years.</p>	<p>No Comments</p>
<p>(xi) As per information or explanation given to us, the company has not defaulted in repayment of dues to a financial institution or bank or debenture holders. However, the company is not repaying the loans taken from the State Government.</p>	<p>No Comments</p>
<p>(xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.</p>	<p>No Comments</p>
<p>(xiii) The company is not a chit fund/nidhi/mutual benefit fund/societies, hence clause (xiii), is not applicable.</p>	<p>No Comments</p>
<p>(xiv) The company is not dealing or trading in shares, securities, debentures and other investments, hence provisions of clause (xiv) are not applicable.</p>	<p>No Comments</p>

ANNEXURE OF STATUTORY AUDITORS' REPORT	MANAGEMENT'S REPLY
(xv) As informed to us the company has not given any guarantee for loans taken by others from banks or financial institutions.	No Comments
(xvi) As the loan funds received are not kept at a separate bank account and the accounts are not maintained in such manner which could identify the immediate nexus for ultimate usage of loan funds, hence we are unable to comment whether loan funds were applied for the purpose for which the loans were obtained. However as per the management the loan funds were applied for the purpose for which the loans were obtained.	Loan funds were applied for the purpose for which loans were obtained.
(xvii) As per information and explanation given to us, the funds received on short term basis have not been used for long term investments.	No Comments
(xviii) The company has not made any preferential allotment of shares, hence clause (xviii) is not applicable.	No Comments
(xix) The company has not issued any debentures hence clause (xix) is not applicable.	No Comments
(xx) The company has not raised any money by public issue, hence clause (xx) is not applicable.	No Comments
(xxi) As reported by the branch auditors fraud on the company amounting to Rs.10 lacs was noticed/reported during the year in the 'Transmission (South)' zone of the corporation by preparing DDs in false name. However, the full amount had been recovered from the concerned members.	No Comments


 (Sudhanshu Dwivedi)
 Dy. General Manager (Accounts)


 (S.K. Agarwal)
 Director (Finance)

कार्यालय महालेखाकार
(वाणिज्यिक एवं प्राप्ति लेखा परीक्षा) उ.प्र.
छठा तल, केन्द्रीय भवन, सेक्टर 'एच', अलीगंज,
लखनऊ - 226 024



Office of the Accountant General
(Commercial & Receipt Audit) U.P.
6th Floor, Kendriya Bhawan Sector 'H', Aliganj,
Lucknow - 226 024

पत्रांक: म.ले.(वाणि. एवं प्रा.ले.प.)/विद्युत लेखा/179

दिनांक: 23-3-12

सेवा में,

प्रबन्ध निदेशक

उ०प्र० पावर ट्रांसमिशन कारपोरेशन लिमिटेड
लखनऊ, उत्तर प्रदेश।

महोदय,

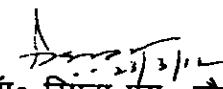
एतत्सह कम्पनी अधिनियम, 1956 की धारा 619(4) के अधीन उ०प्र० पावर ट्रांसमिशन कारपोरेशन लिमिटेड के 31 मार्च 2008 को समाप्त होने वाले वर्ष के लेखों पर भारत के नियंत्रक-महालेखापरीक्षक की टीका-टिप्पणियों कम्पनी अधिनियम, 1956 की धारा 619(5) के निबन्धनों के अनुसरण में कम्पनी की वार्षिक सामान्य बैठक के समक्ष प्रस्तुत करने हेतु अग्रेषित की जा रही है। कृपया वार्षिक सामान्य बैठक के समक्ष इन टीका-टिप्पणियों के प्रस्तुत किये जाने की वास्तविक तिथि की सूचना दें।

The Report has been prepared on the basis of information furnished and made available by the auditee. The Office of the Accountant General (Commercial & Receipt Audit), Uttar Pradesh, disclaims any responsibility for any misinformation and/or non-information on the part of auditee.

कृपया पत्र की पावती भेजने का कष्ट करें।

सहपत्र-यथोपरि

भवदीया


(डॉ० स्मिता एस० चौधरी)
महालेखाकार

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED, LUCKNOW FOR THE YEAR ENDED 31 MARCH, 2008.

The preparation of the financial statement of the Uttar Pradesh Power Transmission Corporation Limited, Lucknow for the year ended 31 March 2008 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 09 November 2011.

I, on behalf of Comptroller and Auditor General of India have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of Uttar Pradesh Power Transmission Corporation Limited, Lucknow for the year ended 31 March 2008. 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 619(4) of the Companies Act, 1956 which have come to my notice and which in my view are necessary for enabling a better understanding of the financial statement and the related Audit Report:

BALANCE SHEET

Current Assets, Loans and Advances


Stores & Spares (Schedule -6): ₹ 290.17 crore

Other Materials (₹ 6.16 crore)

1. The above included 'Shortage of Store Materials' amounting to ₹ 38.75 lakh which was pending investigation. As per prudent accounting principles, the above should have been provided for. Thus, non-provision resulted in overstatement of 'Stores and Spares' and understatement of 'Provision/Loss' by ₹ 38.75 lakh.

Other Current Assets (Schedule-9)
Receivables; Employees: ₹ 395.26 lakh

2. The Board of Directors approved (22 February 2008) write off of the miscellaneous advance of ₹ 23.25 lakh against Shri Mukhtar Ahmad, a retired ASK, which was shown as receivable from the employee. Non- adjustment thereof resulted in overstatement of "Other Current Assets" and "Provision for Doubtful Receivables" each by ₹ 23.25 lakh




For and on behalf of the
Comptroller and Auditor General of India

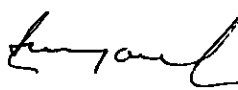

Accountant General

MANAGEMENT'S REPLY TO THE COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED, LUCKNOW FOR THE YEAR ENDED 31 MARCH 2008.

COMMENTS	MANAGEMENT'S REPLY
<p>The preparation of financial statement of Uttar Pradesh Power Transmission Corporation Limited, Lucknow for the year ended 31 March 2008 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory auditors appointed by the Comptroller and Auditor General of India under section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 09 November 2011.</p> <p>I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of Uttar Pradesh Power Transmission Corporation Limited, Lucknow for the year ended 31 March 2008. 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 619(4) of Companies act, 1956 which have come to my notice and which in my view are necessary for enabling a better understanding of the financial statement and the related Audit Report:</p>	<p>No Comments.</p>

COMMENTS	MANAGEMENT REPLY
<p>BALANCE SHEET Current Assets, Loans and Advances Stores & Spares (Schedule -6): ₹ 290.17 crore Other materials (₹ 6.16 crore)</p> <p>1. The above included 'Shortage of Store Materials' amounting to ₹ 38.75 lakh which was pending investigation. As per prudent accounting principles, the above should have been provided for. Thus, non-provision resulted in overstatement of 'Stores and Spares' and understatement of 'Provision/loss' by ₹ 38.75 lakh.</p>	<p>Materials Shortage Pending for Investigation is booked whenever shortage of materials is found. Such matter is dealt with as per guidelines on accounting prevalent in Corporation. In the guideline it is provided that:-</p> <p>(1) If any employee is found guilty for such loss/shortage, misc. advance is booked against such employee and this amount is recovered from him.</p> <p>(2) If it is found that materials shortage / loss is due to uncontrollable circumstances then this amount is booked as Loss.</p> <p>In view of above accounting procedure no provision is required as remedial measures are taken immediately and its corresponding effect is given soon in the books of accounts.</p> <p>It is to further submit that a sufficient provision of ₹ 4070.21 lakh exists against store materials which duly cover the store materials lying under the head 'Materials Shortage Pending for Investigation'. Hence this meager amount of ₹ 38.75 lakh needs no further provision.</p>
<p>Other Current Assets (Schedule-9) Receivables; Employees: ₹ 395.26 lakh</p> <p>2. The Board of Directors approved (22 February 2008) write-off of the miscellaneous advance of ₹23.25 lakh against Shri. Mukhtar Ahmad, a retired ASK, which was shown as receivable from the employee. Non-adjustment thereof resulted in overstatement of "Other Current Assets" and "Provision for Doubtful Receivables" each by ₹ 23.25 lakh.</p>	<p>The decision of Board of Directors was not in the notice of unit till finalisation of accounts. Hence accountal of writing off miscellaneous advance against Sri Mukhtar Ahmad, ASK was not done. However, a provision of ₹ 23.25 lakh has already been made in the FY 2006-07 against the referred miscellaneous advance, hence there is no overstatement of 'Other current Assets'.</p> <p>The concerned unit has been instructed to pass necessary adjustment entry in FY 2008-09.</p>


(Sudhanshu Dwivedi)
Dy. General Manager (Accounts)


(S.K. Agarwal)
Director (Finance)