

DIRECTORS' REPORT

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

The Directors have pleasure in presenting the 6th Annual report on the performance of your company for the financial year ended on 31st March 2010 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 31.03.2010	Year ended 31.03.2009
INCOME		
Revenue from wheeling of power	762.26	758.17
Other Income	30.14	22.78
TOTAL (A)	792.40	780.95
EXPENDITURE		
Operational Expenditure :-		
Repairs & Maintenance Expenses	83.77	64.12
Employees Cost	256.60	256.10
Administrative, General & Other Expenses	8.26	7.03
TOTAL (B)	348.63	327.25
Operational Profit/(Loss) before Dep. intt. and Prov. C=(A-B)	443.77	453.70
Interest and Finance Charges	178.13	161.41
Depreciation	301.94	278.27
Bad debts & Provisions	9.82	8.45
TOTAL (D)	489.89	448.13
Profit/(Loss) Before Prior Period Income/(Exp.) and Tax	(46.12)	5.57
ADD :Net Prior Period Income/ (Expenditure)	13.51	(15.38)
Preliminary Exp.	-	0.01
NET PROFIT/(Loss) Before Tax	(32.61)	(9.80)
Provision for Fringe Benefit Tax	-	0.32
NET PROFIT/(Loss) After Tax	(32.61)	(10.12)

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 Govt. UP, 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 Kms
(ii) 220 KV Lines	91.593 CKT Kms
(iii) 132 KV Lines	589.400 CKT Kms

B (i) Sub Stations

Voltage	New Commissioned		Capacity Augmented	
	No of S/Ss	Capacity (MVA)	No of S/Ss	Capacity (MVA)
400KV	-	-	5	855
220 KV	3	660	8	580
132 KV	16	580	29	726

B (ii) Capacitors

- NIL

B (iii) Bay (Energized)

1. 400 KV - NIL
2. 220 KV - NIL
3. 132 KV - 13 Nos.
4. 33 KV - 3 Nos.

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.

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.

No Such change has occurred.

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. 2009-10)	
			Appointment	Retirement/ Cessation(As on 31.03.2010)
1	Shri Navneet Sehgal	Chairman	07.01.09	Working
2	Shri Narendra Bhushan	Managing Director	16.03.2009	Working
3	Shri S.K.Agarwal	Director Finance	09.01.09	Working
4	Shri Rama Raman	Director	22.09.2008	Working
5	Shri Ganesh Singh	Director	16.12.08	Working
6	Shri Man Mohan	Director	31.03.2009	31.12.2009

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, 2010 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, 2010 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. & Part Time Director UPPTCL	-	Member
GM (T & D), REC & Part Time Director UPPTCL	-	Member
Director (Finance), UPPTCL	-	Presentor
Company Secretary	-	Coordinator

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

AUDITORS

M/s R.M.LALL & Co., Chartered Accountants, were appointed as Statutory Auditors of the Company for the financial year 2009-10 by C&AG of India. The Statutory Auditors have audited the accounts of the company for the year ended on 31st March 2010. 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 2010 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 acknowledge 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 R.M.LALL & 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


(Kamran Rizvi)

Chairman & Managing Director

Date: 19.9.2013

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: Not applicable
(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:**

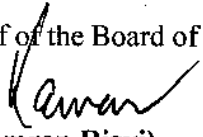
Polymer insulators in high voltage transmission lines were introduced and there were noticeable reduction in line tripping during foggy conditions. This technology is being used worldwide in the developed countries.

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


(Kamran Rizvi)

Chairman & Managing Director

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

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

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Sl.No.	Particulars
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2	Profit & Loss Account
3	Schedule (1 - 20)
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5	Business Profile
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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.

BALANCE SHEET AS AT 31.3.2010

PARTICULARS	SCHEDULE	(Amount in Rs.)	
		AS AT 31 MARCH 2010	AS AT 31 MARCH 2009
SOURCES OF FUNDS			
Shareholders funds :			
Share Capital	(1)	4335500000	50000000
Share Application Money	(1A)	30999052000	26368852000
Reserve & Surplus	(2)	3896413807	3221295402
Loan Funds	(3)	28217431617	29640147402
TOTAL		67448397424	53466202692
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	(4)	70857997074	64229313967
Less - Accumulated Depreciation		27576359122	24765865731
Net Block		43281637952	39463448236
Capital Work in Progress	(5)	11382808797	9794572848
Current Assets, Loans and Advances		54664446749	49258021084
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 Schedules 1 to 21 form an integral part of Accounts.	(21)		
TOTAL		67448397424	53466202692

(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
FRN No. 000932C



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

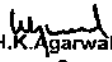
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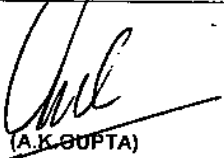
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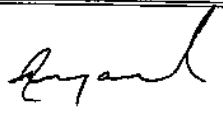
14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

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
INCOME			
Revenue from Transmission of power & related activities	(12)	7622580721	7581735277
Other Income	(13)	301373686	227787906
TOTAL		7923954407	7809523183
EXPENDITURE			
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
TOTAL		8385234698	7753761004
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
Profit/(Loss) after Tax		(326115905)	(101293252)
Accumulated loss B/F		(10012074709)	(9910781457)
Loss Carried Over to Balance Sheet		(10338190614)	(10012074709)
Earning Per Share (EPS) :			
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	(21)		
Schedules 1 to 21 form an integral part of Accounts.			


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


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


(S.K. Agarwal)
Director (Finance)


(Dheeraj Sahu)
Managing Director.

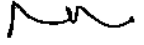
Place : Lucknow

Date : 6/15 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.

SCHEDULE - 1

SHARE CAPITAL

(Amount in Rs.)

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

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
TOTAL		30999052000	26368852000

SCHEDULE - 2

RESERVES AND SURPLUS

(Amount in Rs.)

PARTICULARS	AS AT 31.3.2009		DEDUCTIONS	AS AT 31.3.2010
		ADDITONS		
A Capital Reserves				
Consumer's Contribution towards Capital Works	1414064402	764073499	88955094	2089182807
B Restructuring A/c	1807231000	0	0	1807231000
TOTAL	3221295402	764073499	88955094	3896413807

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UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED

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14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

SCHEDULE - 3

LOAN FUNDS

(Amount in Rs.)

PARTICULARS	AS AT 31.3.2010	AS AT 31.3.2009
A. SECURED LOANS -		
TERM LOANS :		
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. UNSECURED LOANS -		
TERM LOANS :		
<u>Govt. of UP</u>		
Loan	997146000	997146000
Interest accrued & due	4426105774	4259388516
FINANCIAL INSTITUTIONS		
<u>Rural Electrification Corporation Ltd.</u> (Guaranteed by Govt. of UP)		
Loan	4470390448	4721210530
Interest accrued & due	2326869913	2326869913
<u>Power Finance Corporation Ltd.</u>		
MISCELLANEOUS INSTITUTIONS		
<u>National Capital Region Planning Board</u> (Guaranteed by Govt. of UP)		
	272350000	364775000
HUDCO		
(Guaranteed by Govt. of UP)	864818185	1512322240
GRAND TOTAL	28217431617	23826055290

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UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED

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SCHEDULE - 4

FIXED ASSETS

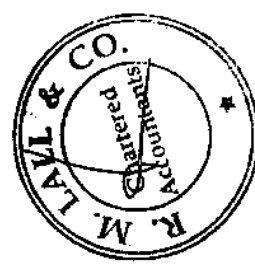
Particulars	(Amount in Rs.)											
	Gross Block					Depreciation					Net Block	
	As AT 31.3.2009	Additions	Deductions / Adjustments	As AT 31.3.2010	As AT 31.3.2009	Additions	Deductions / Adjustments	As AT 31.3.2010	As AT 31.3.2010	As AT 31.3.2009	As AT 31.3.2010	
Land & Land Rights												
i) Land owned under full title	256,398,097	14,012,882	0	270,410,979	0	0	0	0	270,410,979	256,398,097	532,054	
ii) Land owned under lease	532,054	0	0	532,054	0	0	0	0	1,468,434,585	1,097,410,830	1,468,434,585	
Buildings	1,808,339,338	432,146,696	514,978	2,239,971,056	710,928,508	60,801,497	193,634	771,536,371	270,224,402	250,892,280	270,224,402	
Other Civil Works	402,095,980	26,353,792	0	428,449,752	151,203,680	7,021,670	0	158,225,350	24,306,768,946	21,252,653,091	24,306,768,946	
Plant & Machinery	32,383,737,757	4,916,001,144	615,551,775	36,683,187,126	11,131,094,688	1,601,838,477	358,504,963	12,376,418,180	16,649,361,703	16,376,346,276	16,649,361,703	
Lines, Cable Network etc.	28,983,765,446	1,729,214,078	47,069,833	30,665,909,691	12,807,419,170	1,416,830,026	7,701,208	14,016,547,988	13,303,541	16,533,682	13,303,541	
Vehicles	36,205,399	623,416	597,963	36,230,852	19,671,717	3,872,088	616,494	22,927,311	6,906,337	6,917,592	6,906,337	
Furniture & Fixtures	11,341,167	718,465	254	12,059,378	4,423,575	729,695	229	5,153,041	10,320,066	11,915,490	10,320,066	
Office Equipments	20,070,318	1,703,044	18,100	21,755,262	8,154,828	3,284,898	4,530	11,435,196	285,375,239	193,848,844	285,375,239	
Others Assets	326,828,431	172,662,493	0	499,490,924	132,979,587	81,136,098	0	214,115,685	43,281,637,952	39,463,448,236	43,281,637,952	
GRAND TOTAL	64,229,313,967	7,292,436,010	663,752,903	70,857,997,074	24,765,865,731	3,175,514,449	365,021,058	27,576,359,122	39,463,448,236	35,937,981,618	39,463,448,236	
Previous Year	57,862,781,847	6,834,719,595	468,197,475	64,229,313,967	21,924,810,229	3,011,618,612	170,563,110	24,765,865,731	39,463,448,236	35,937,981,618	39,463,448,236	

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UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED
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 14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

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	<u>1047330000</u>	<u>923171000</u>
Less - Capitalisation during the year	510675000	412496000
SUB TOTAL (A)	<u>6246436097</u>	<u>6490723105</u>
Advances to Suppliers/Contractors	5275770331	3350473292
Less : - Provision for doubtful Advances against Capital Works	139397631	46623549
SUB TOTAL (B)	<u>5136372700</u>	<u>3303849743</u>
GRAND TOTAL	<u>11382808797</u>	<u>9794572848</u>

Notes :

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

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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 - 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
SUB TOTAL	4295862988	3894630001
Less - Provision for Obsolete/Unserviceable/Shortage/Loss of Stores	405624787	407020740
TOTAL	3890238201	3487609261

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 31.3.2010	AS AT 31.3.2009
Sundry Debtors - Transmission Charges & other related activities	6310886035	3551426014
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	3551009271
	6310886035	3551426014
Less - Provision for Bad & Doubtful Debts	177571300	177571300
TOTAL	6133314735	3373854714

SCHEDULE - 8

CASH AND BANK BALANCES

(Amount in Rs.)

PARTICULARS	AS AT 31.3.2010	AS AT 31.3.2009
CASH IN HAND		
Cash in Hand (Including Stamps in hand)	504055	417950
Balances with Scheduled Banks		
In Current & Other account	2100584427	246810708
In Fixed Deposit accounts	4153986665	80000
TOTAL	6255075147	247308658

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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 - 9

OTHER CURRENT ASSETS

(Amount in Rs.)

PARTICULARS	AS AT 31.3.2010	AS AT 31.3.2009
Income Accrued but not Due		23018671
<u>Receivables</u>		
UPRVUNL	38046356	38062294
UPJVNL	2027004	40073360
		2027004
Employees	37721880	37969018
Others	95818420	40927618
Total	133540300	78896636
Less - Provision for Doubtful Receivables	30148300	103392000
		24683933
Prepaid Expenses		81936
Theft of Fixed Assets Pending Investigation	1045672	1045672
Less - Provision for estimated losses	1045672	0
		1045672
Total	166565967	94399784

SCHEDULE - 10

LOANS AND ADVANCES

(Amount in Rs.)

PARTICULARS	AS AT 31.3.2010	AS AT 31.3.2009
A. Loans / Advances (Secured/considered good)		
Employees (including advances) (Adjustable / recoverable from salary)		1311387
		1555014
ADVANCES (Unsecured)		
Suppliers / Contractors	348963140	427189291
Less - Provision for doubtful Loan & Advances	34896314	314066826
Tax Deducted at Source		9490506
Advance Fringe benefit tax		12171251
		42718929
TOTAL	337039970	405475429

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UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED

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

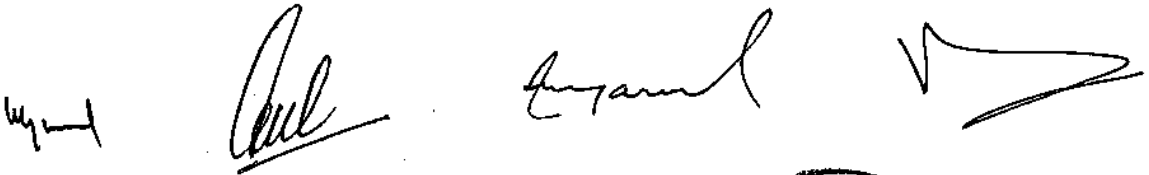
14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

SCHEDULE - 11

CURRENT LIABILITIES AND PROVISIONS

(Amount in Rs.)

PARTICULARS	AS AT 31.3.2010	AS AT 31.3.2009	
<u>CURRENT LIABILITIES</u>			
Liability for Capital Supplies/ Works	5069340850	4781393517	
Liability for O & M Supplies / Works	366739903	372624537	
Staff Related Liabilities	1876796409	1698700418	
Deposits & Retentions from Suppliers & Others	581407390	608683065	
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	480612281
Sundry Liabilities	23138397	14790329	
Liabilities for Expenses	60102104	71863366	
Inter Unit Transfers	229208047	-143308416	
<u>Liabilities towards UP Power Sector Employee Trust</u>			
Provident Fund Liabilities	333224905	166930843	
Pension and Gratuity Liability	440114352	314608051	481538894
CPF Liability	11578824	5670585	
Interest Accrued but not Due on Borrowings	253698543	231048165	
<u>Provisions :</u>			
Fringe benefit tax	12183959	12183959	
TOTAL	14336473959	13412540947	





UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED

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

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

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
TOTAL	7622580721	7581735277

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
TOTAL	301373686	227787906

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 & O&M Works/Administrative Exp.</u>	<u>27304403</u>	<u>26998978</u>
Furniture & Fixtures	43985	56735
Office Equipments	150779	211286
TOTAL	837722654	641180002

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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 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-imbusement)	30486648	28296255
Leave Travel Assistance	27333	7296
Earned 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
Sub Total	3119468592	3280085205
LESS - Expenses Capitalised	553470536	719039266
TOTAL	2565998056	2561045939

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	15835263
Legal Charges	6618553	3908159
Statutory Auditors		
Audit Fee	727980	797332
Travelling Expenses	553638	519612
Consultancy Charges	1281618	1316944
Technical Fees & Professional Charges	882980	1976965
Travelling and Conveyance	3948064	3750001
Printing and Stationery	29752110	31290866
Advertisement Expenses	5575288	5425410
Electricity Charges	12525795	5920403
Water Charges	4429930	5497309
Entertainment	26369	24648
Expenditure on Trust	246145	654238
Miscellaneous Expenses	119030	185367
Miscellaneous Expenses	25961192	18923690
SUB TOTAL	112139306	97190071
LESS - Expenses Capitalised	29532823	26859758
SUB TOTAL	82606483	70330313
OTHER EXPENSES		
Other Losses	9820	4189
TOTAL	52616303	70334502



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
SUB-TOTAL		2317945432		2124718584
LESS - Interest Capitalised		536655000		510675000
GRAND TOTAL		1781290432		1614043584

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
GRAND TOTAL		3019368804		2782641137

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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 19

BAD DEBTS & PROVISIONS

(Amount in Rs.)


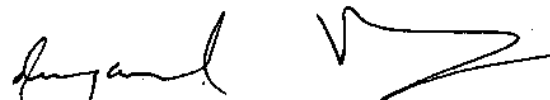

PARTICULARS	For the year ended on 31.3.2010	For the year ended on 31.3.2009
PROVISIONS		
Doubtful Debts (Transmission of Power)	0	62632621
Doubtful advances (Suppliers/Contractor)	0	15806423
Doubtful other Current Assets (Receivables)	5464367	1815294
Doubtful Advances against Capital Works	92774082	4261502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

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
A INCOME		
a Income (Transmission of Power)	211232475	0
b Other Excess Provisions	32757623	2692827
SUB TOTAL	243990098	2692827
B EXPENDITURE		
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
SUB TOTAL	108825712	156461552
NET AMOUNT	-135164386	153768725

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

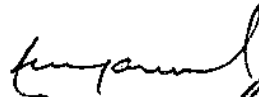
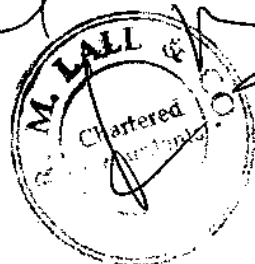
- (a) Fixed Assets are shown at historical cost less accumulated depreciation.
- (b) All costs relating to the acquisition and installation of fixed assets till the date of commissioning are capitalized.
- (c) Consumers Contribution received towards cost of capital assets are treated initially as capital 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 %.

- (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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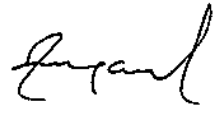



8. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

- (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)


(Dhirej Sahu)
Managing Director

Place :- Lucknow
Date :-

6th 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

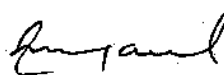
B- NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31-03-2010 AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

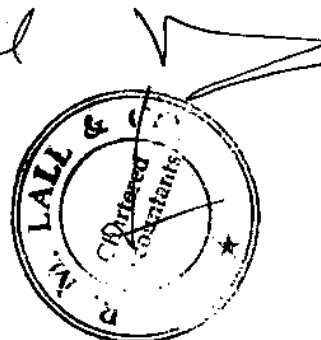
1. (a) The Uttar Pradesh Power Transmission Corporation Limited (UPPTCL) came into existence when in compliance to GO UP letter No.293 dated 16.05.2006, the Name and Object Clause of the Memorandum of Association of the erstwhile Uttar Pradesh Vidyut Vyapar Nigam Limited (incorporated on 31.05.2004) 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.

Report



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.

Key



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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>4899000</u>	<u>1325000</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).


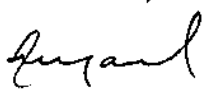

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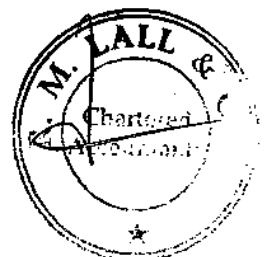


(Amount in Rs.)

<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).

Wgmd   



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)

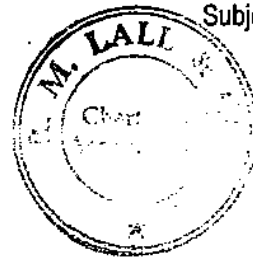

(A.K. Gupta)
General Manager
(Accounts)


(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
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.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**1 Registration details**

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

2 Capital raised during the year

(Amount in Rupees Thousands)

Public Issue :	NIL	Bonus Issue	NIL
Rights Issue	NIL	Private Placement	NIL

3 Position of Mobilisation and Development of Funds

(Amount in Rupees Thousands)

Total Liabilities	67448397	Total Assets	67448397
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Sources of Funds :

Paid Up Capital	4335500	Reserves & Surplus	3896414
Share App. Money pending for allotment	30999052	Unsecured Loans	17964813
Secured Loans	10252619		

Applications of Funds :

Net Fixed Assets	54664447	Miscellaneous Expenditure	0
Accumulated Losses	10338191	Net Current Assets	2445760
		Investments	0

4 Performance of the Company

(Amount in Rupees Thousands)

Turnover (Gross Revenue)	7923954	Total Expenditure	8250070
(+/-)Profit/Loss before Tax	-326116	(+/-)Profit/Loss after Tax	-326116
Earning per Share (in Rupees)	-90.06	Dividend rate in %	NIL

Product/Service description

Item code No.

Transmission of Electricity

NA

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

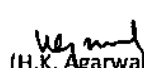
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2010

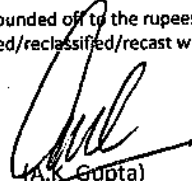
Rs. In crores

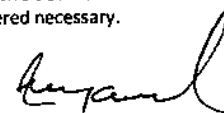
For the year ended March 31,		2009-10	2008-09
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit/ Loss Before Prior Period Income & Expenditure And Tax	(46.13)	5.58
	Adjustment for :-		
a	Depreciation	317.55	301.16
b	Interest & Financial Charges	178.13	161.40
c	Provision for bad & doubtful debts	9.82	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	510.13	455.30
	Operating Profit Before Working Capital Charges	464.00	460.88
	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	(223.94)	125.54
	NET CASH FROM OPERATING ACTIVITIES (A)	240.06	586.42
B	CASH FLOW FROM INVESTING ACTIVITIES		
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
	NET CASH GENERATED FROM INVESTING ACTIVITIES (B)	(859.37)	(835.22)
C	CASH FLOW FROM FINANCING ACTIVITIES		
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)
	NET CASH GENERATED FROM FINANCING ACTIVITIES (C)	1220.09	222.41
	NET INCREASE (DECREASE) IN CASE & CASH EQUIVALENTS (A+B+C+)	600.78	(26.39)
	CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	24.73	51.12
	CASH & CASH EQUIVALENTS AT THE END OF THE YEAR	625.51	24.73


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

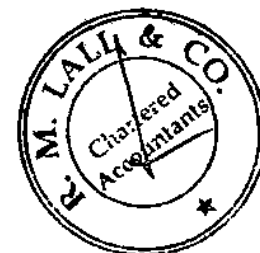
Date :- 6th February 2013

Subject to our report of even date
for R.M.LALL & 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 31st 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:

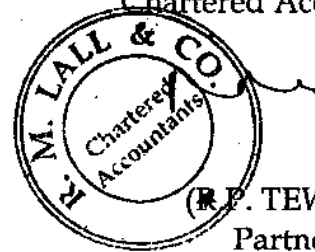
- a. In the case of Balance Sheet, the state of affairs of the Company as on 31st March 2010;
- b. In the case of the Profit and Loss Account, the loss for the year ended on that date; and
- c. In the case of Cash Flow Statement, the cash flows for the year ended on that date.

Place: Lucknow

Date: 6th 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 31st 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)	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.
	(b)	In view of (v) (a) above the para (v) (b) of the Order is not applicable.
(vi)		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.
(vii)		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>
(viii)		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.
(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, 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>
	(b)	As informed to us, there are no dues that have not been deposited on account of dispute.



(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. However as per the explanation given by the management the loan funds were applied for the purpose for which the loans were obtained.</i>
(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: 6th February 2013

For R. M. LALL & CO.
Chartered Accountants



(R. P. TEWARI)
Partner

M. No. 071448
FRN No. 000932C

**MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE ACCOUNTS OF
THE UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED FOR THE YEAR
ENDED 31.03.2010**

AUDITOR'S REPORT	MANAGEMENT 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 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 transmissions 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.</p>	<p align="center">No Comment</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 misstatements. 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.</p>	<p align="center">No Comment</p>
<p>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 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.</p>	<p>The annual accounts for the financial year 2008-09 have been placed before the share holders annual general meeting held on date. 09.04.2013 and the same are approved and adopted.</p>
<p>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</p>	<p align="center">No Comment</p>



<p>1956, we enclose in the annexure a statement on the matter specified in para 4 and 5 of the said Order.</p>	
<p>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).</p>	<p>As per finalization of transfer Scheme by the Govt. of U.P. necessary adjustments as required shall be made in the accounts accordingly.</p>
<p>(b). As per accounting policy no.5 of Schedule 21 A, 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 recognized 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.</p>	<p>No comment</p>
<p>(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 21B.</p>	<p>Balances are under reconciliation. Necessary instructions have been issued in this regard.</p>



<p>(d). Current Liabilities & Provisions include Rs.22.92 crores as 'Inter Unit Transfer' which represent the un-reconciled balance of inter unit transaction. As informed by the management reconciliation of inter unit account is in process.</p>	<p>The reconciliation is under process.</p>
<p>(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).</p>	<p>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.</p>
<p>(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.</p>	<p>Matter of fixed deposit in bank amounting to Rs.80,000/- is under investigation, provision/adjustment as required after investigation shall be ensured in next year.</p>
<p>(g). It was observed that the system of maintaining party-wise subsidiary ledgers and its matching with primary books of accounts is not effective.</p>	<p>Necessary instructions have been issued to maintain party wise subsidiary ledgers duly matched with primary books of accounts.</p>
<p>(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.</p>	<p>No Comment</p>
<p>(i). As per the branch audit report of Allahabad zone (Transmission East), title deed of land at Basti divisions was not made available for verification to the branch auditors.</p>	<p>Instructions have been issued to put up required record to next audit.</p>
<p>(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.</p>	<p>Instructions have been issued to put up the record required by audit.</p>
<p>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).</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 provision of AS-2.</p>

Aud

(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.

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, employees cost and Administrative & General Expenses are capitalized at the rates considered appropriate to be allocated on the capital works.

(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.

The Provision for pension and Gratuity has been made on the basis of actuarial valuation as disclosed in notes on accounts at point No. 13(a). However it is to inform that the actuarial valuation work was entrusted to m/s LIC of india. Since LIC have not so far submitted their valuation report, We have therefore, invited EOI from independent certified actuary.

(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.

As per preamble of AS-16, it has been mentioned that whatever 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 judgment is required and it has been difficult to identify the assets/group of assets on which borrowed amount is invested, there of the corporation has capitalized the borrowing cost in accordance with the provisions of the electricity (supply) (Annual Accounts) Rules 1985.

(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".


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.1001.21 crore.

(f). Opinion of the management regarding Impairment of

As regards the impairment of assets, no



assets is not supported by relevant information, hence we are unable to comment on the compliance with the provisions of Accounting Standard (AS) 28 as per the note no. 18 of schedule 21 B.	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 as their historical cost and most of them are very old where the impairment of assets is very unlikely.
(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 provisions, i.e., additional provisions made, amount used and unused amount reversed during the period etc.	Management has taken cognizance of auditors remark and action shall be taken accordingly in future.
7). For want of complete information, the cumulative impact of our observation in paras 5 and 6 and in annexure to this report, on the account of the company is not ascertained.	No Comment
8). The final accounts of the company have been complied by the management on the basis of trial balances of the branches (zones) of the company audited by the branch auditors.	No Comment
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 report have been forwarded to us and the same have been appropriately dealt by us in framing our report.	No Comment
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.	No Comment
11). Subject to our observations given in paragraphs 3,5 to 8 above and in Annexure referred to in para 4, we report that:	No Comment
(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.	No Comment
(b). In our opinion proper books of accounts as requires	No Comment




by law have been kept by the company so far as appears from our examination of books.	
(c). The balance Sheet, profit & 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.	No Comment
(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.	No Comment
(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:	No Comment
(a). In the case of Balance Sheet, the state of affairs of the Company as on 31st March 2010.	No Comment
(b). In the case of the Profit & Loss Account, the loss for the year ended on that date; and	No Comment
(c). In the case of Cash Flow Statement, the cash flows for the year ended on that date.	No Comment



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



(S.K.Agarwal)
Director (Finance)

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04/7/13

**MANAGEMENT'S REPLY TO THE ANNEXURE OF STATUTORY AUDITOR'S REPORT FOR
THE YEAR ENDED 31.03.2010**

ANNEXURE OF STATUTORY AUDITOR'S REPORT	MANAGEMENT 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 2010).</p> <p>On the basis of such test as we considered appropriate to apply, the information and explanation rendered to us by the management during the courses of the audit of head office and the Auditors Report of four transmission zones audited by other auditors, we report as under:</p> <p>(i)(a) The company has not maintained proper records showing full particulars including quantitative details and situations of fixed assets.</p>	<p>Necessary Instructions regarding maintaining and updating of fixed assets register showing full particulars including quantitative details and situations of fixed assets have been issued to the concerned zones.</p>
<p>(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.</p>	<p>Necessary instructions regarding physical verification have been issued to concern zone.</p>
<p>(c) In our opinion, the company has not disposed of substantial part of the fixed assets during the year.</p>	<p align="center">No Comment</p>
<p>(d) As per the branch audit report of Meerut division, the transfer of capital work in progress has been made to fixed assets without obtaining final Certificate of completion from the units.</p>	<p>Necessary instructions in this regard have been issued to concern zones.</p>
<p>(ii)(a) As per informations 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.</p>	<p align="center">No Comment</p>
<p>(b) The Procedure 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.</p>	<p>Instructions have been issued to concern zone in this regard.</p>
<p>(c) 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.</p>	<p>Instructions have been issued to concern zone in this regard.</p>
<p>(iii)(a) 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.</p>	<p align="center">No Comment</p>
<p>(b) In view of the (iii) (a) above, the para nos. (iii) (b), (c) and (d) of the Order, are not applicable.</p>	<p align="center">No Comment</p>



(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 Companies Act, 1956.	No Comment
(d) In view of (iii) (c) above, the para nos. (iii) (f) and (g) of the companies (Auditors Reports) Order, 2003 are not applicable.	No Comment
<p>(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 that:</p> <p>(1) 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.</p> <p>(2) Inspection/verification of inventories, adjustment of advances and receipt of materials at transmission (East) Allahabad.</p> <p>Subject to the above, we have not come across continuing failures to correct major weakness in internal controls.</p>	Necessary instructions have been issued to the concerned zones.
(v)(a) 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 are required to be maintained under section 301 of the Companies Act, 1956.	No Comment
(d) In view of (v) (a) above, the para (v) (b) of the Order is not applicable.	No Comment
(vi) 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.	No Comment
(vii) The company has an internal audit system for its field units by the firms of chartered Accountants 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.	Management has taken cognizance of auditors remarks and necessary action will be taken in due course of time.
(viii) 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.	No Comment
(ix)(a) According to the information and explanations given to us, the company is generally regular in depositing undisputed statutory dues including Employee's State Insurance, Income-Tax, Service-Tax Custom Duty, Cess and any other statutory dues with the appropriate authorities. However, it	Provident Fund Contribution to U.P. Power Sector Employees Trust is being made on the basis of monthly deposition w.e.f. March 2010.



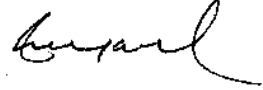
was observed that provident fund and contributions to the U.P. Power sector Employee's Trust are made on lump sum basis as against the monthly depositions. Further, deduction and deposition of income tax at source and trade tax at source were not properly complied at Transmission (West) and Transmission (South).	Necessary instructions have been issued to the concerned zones.
(b) As informed to us, there are no dues that have not been deposited on account of dispute.	No Comment
(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.	No Comment
(xi) As per informations or explanations given to us, the company has not defaulted in repayment of dues of a financial institution or bank or debenture holders.	No Comment
(xii) The company has not granted any loans and advance on the basis security by way of pledge of shares, debentures and other securities.	No Comment
(xiii) The company is not chit fund/ nidhi/mutual benefit fund/societies; hence para (xiii) of the Order is not applicable.	No Comment
(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.	No Comment
(xv) As informed to us the company has not given any guarantee for loans taken by others from banks or financial institutions.	No Comment
(xvi) 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. However as per the explanation given by 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 explanations given to us, the funds received on short term basis have not been used for long term purpose.	No Comment
(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.	No Comment
(xix) The company has not issued any denbentures hence para (xix) of the Order is not applicable.	No Comment



(xx) The company has not raised any money by public issue; hence clause (xx) of the Order is not applicable.	No Comment
(xxi) As per information and explanations given to us, no fraud has been done by the company or on the company during the year.	No Comment




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



(S.K.Agarwal)
Director (Finance)

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 31/07/13
04/7/13

कार्यालय महालेखाकार
(आर्थिक व राजस्व लेखापरीक्षा), उ० प्र०
छठा तल, केंद्रीय भवन, सेक्टर 'एच', अलीगंज
लखनऊ-226 024



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

स्पीड पोस्ट/गोपनीय

पत्रांक: म.ले.(इ. एण्ड आर.एस.ए)/इ.एस-11/लेखा/यू.पी.पा.ट्रां.का.लि./2009-10/502
दिनांक: 28/5/13

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 2010 को समाप्त होने वाले वर्ष के लेखों पर भारत के नियंत्रक-महालेखापरीक्षक की टीका-टिप्पणियाँ कम्पनी अधिनियम, 1956 की धारा 619(5) के निबन्धनों के अनुसरण में कम्पनी की वार्षिक सामान्य बैठक के समक्ष प्रस्तुत करने हेतु अग्रोषित 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 (Economic & Revenue Sector 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।

1671 PS
No. CMO/UPPSहपत्र-येथोपरि
Director (Finance)

30-5-13

Dy CAO (Trans)
साक्षात् 28/5/13
अधीन 1 28/5/13

No. 3542-PSDF/13
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Gm (FM)
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भवदीया
No. 4211 G.M. (F) (डॉ० स्मिता एस० चौधरी)
Date 28/5/13 महालेखाकार
Dy. C.A.O. (G) / F-II
Dy. C.A.O. (A/Cs/Trans.)
AO. (F)

G.M. (Tax)
G.M. (F)
28/5/13

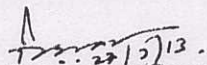
COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2010.

The preparation of the Financial Statement of the Uttar Pradesh Power Transmission Corporation Limited, Lucknow for the year ended 31 March 2010 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 06 February 2013.

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 2010. 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:

General

1. Due to non-reconciliation of the inter company balances of Current Assets verses Current Liabilities, a difference of ₹ 25.72 crore could not be taken in to account by the company.


Accountant General

Comments on the accounts of Uttar Pradesh Power Transmission Corporation Limited for the year ended 31 March 2010

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 U.P. POWER TRANSMISSION CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2010.

COMMENTS	MANAGEMENT'S REPLY
<p>The preparation of the Financial Statement of the Uttar Pradesh Power Transmission Corporation Limited, Lucknow for the year ended 31 March 2010 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 06 February 2013.</p>	<p align="center">No Comment</p>
<p>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 2010. 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</p>	<p align="center">No Comment</p>

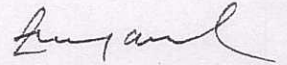


the related Audit Report	
<p>General</p> <p>1. Due to non-reconciliation of the inter company balances of Current Assets verses Current Liabilities, a difference of Rs. 25.72 crore could not be taken in to account by the company.</p>	<p>2. The reconciliation of receivable/payable with U.P.P.C.L. and other corporations is a regular process and the balances under the relevant head of Accounts are subject to reconciliation and subsequent adjustment.</p>



(A.K.Gupta)

General Manager(Accounts)



(S.K.Agarwal)

Director (Finance)

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