

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 2011 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 31.03.2011 | Year ended 31.03.2010 |
| INCOME | | |
| Revenue from wheeling of power | 869.95 | 762.26 |
| Other Income | 33.52 | 30.14 |
| TOTAL (A) | 903.47 | 792.40 |
| EXPENDITURE | | |
| Operational Expenditure :- | | |
| Repairs & Maintenance Expenses | 98.06 | 83.77 |
| Employees Cost | 277.72 | 256.60 |
| Administrative, General & Other Expenses | 10.58 | 8.26 |
| TOTAL (B) | 386.36 | 348.63 |
| Operational Profit/(Loss) before Dep. intt. and Prov. C=(A-B) | 517.11 | 443.77 |
| Interest and Finance Charges | 200.78 | 178.13 |
| Depreciation | 326.20 | 301.94 |
| Bad debts & Provisions | 26.34 | 9.82 |
| TOTAL (D) | 553.32 | 489.89 |
| Profit/(Loss) Before Prior Period Income/(Exp.) and Tax | (36.21) | (46.12) |
| ADD : Net Prior Period Income/ (Expenditure) | 33.80 | 13.51 |
| Preliminary Exp. | - | - |
| NET PROFIT/(Loss) Before Tax | (2.41) | (32.61) |
| Provision for Fringe Benefit Tax | - | - |
| NET PROFIT/(Loss) After Tax | (2.41) | (32.61) |

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 | 391.442 CKT Kms |
| (iii) 132 KV Lines | 445.714 CKT Kms |

B (i) Sub Stations

| Voltage | New Commissioned | | Capacity Augmented | |
|---------|------------------|----------------|--------------------|----------------|
| | No of S/Ss | Capacity (MVA) | No of S/Ss | Capacity (MVA) |
| 400KV | - | - | - | - |
| 220 KV | 6 | 1240 | 17 | 1030 |
| 132 KV | 9 | 340 | 66 | 1479 |

B (ii) Capacitors

- A. 132KV-40 MVAR
- B. 33KV-260 MVAR

B (iii) Bay (Energized)

- 1. 400 KV - NIL
- 2. 220 KV - 1 Nos
- 3. 132 KV - 6 Nos.
- 4. 33 KV - 36 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. 2010-11) | |
|-------|------------------------|------------------------------|-----------------------------------|--|
| | | | Appointment | Retirement/ Cessation (As on 31.03.2011) |
| 1 | Shri. Navneet Sehgal | Chairman | 07.01.2009 | 12.09.2010 |
| | Shri. Navneet Sehgal | Chairman & Managing Director | 13.09.2010 | Working |
| 2 | Shri. Narendra Bhushan | Managing Director | 16.03.2009 | 12.09.2010 |
| 3 | Shri. S.K.Agarwal | Director Finance | 09.01.2009 | Working |
| 4 | Shri. Rama Raman | Director | 22.09.2008 | 02.04.2010 |
| 5 | Shri. P.J.Thakkar | Director | 19.05.2010 | Working |
| 6 | Shri. Ganesh Singh | Director | 16.12.2008 | Working |
| 7 | Shri. Neel Ratan Kumar | Director | 06.10.2010 | working |

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, 2011 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, 2011 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 2010-11 by C&AG of India. The Statutory Auditors have audited the accounts of the company for the year ended on 31st March 2011. 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 2011 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

31.03.2011

&

PROFIT & LOSS ACCOUNT

FOR THE PERIOD FROM

01.04.2010

TO

31.03.2011

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

CONTENTS

| Sl.No. | Particulars |
|--------|---|
| 1 | Balance Sheet |
| 2 | Profit & Loss Account |
| 3 | Schedule (1 - 20) |
| 4 | Significant Accounting Policies & Notes on Accounts (Schedule 21) |
| 5 | Business Profile |
| 6 | Cash Flow |

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 31.3.2011

| PARTICULARS | SCHEDULE | (Amount in Rs.) | |
|--|----------|---------------------|---------------------|
| | | AS AT 31 MARCH 2011 | AS AT 31 MARCH 2010 |
| SOURCES OF FUNDS | | | |
| Shareholders funds : | | | |
| Share Capital | (1) | 4335500000 | 4335500000 |
| Share Application Money | (1A) | 35999052000 | 30999052000 |
| Reserve & Surplus | (2) | 4089666054 | 44424218054 |
| Loan Funds | (3) | | 3896413807 |
| | | 34634087241 | 39230965807 |
| TOTAL | | 79058305295 | 67448397424 |
| APPLICATION OF FUNDS | | | |
| Fixed Assets | | | |
| Gross Block | (4) | 75129503917 | 70857997074 |
| Less - Accumulated Depreciation | | 30682888393 | 27576359122 |
| Net Block | | 44446615524 | 43281637952 |
| Capital Work in Progress | (5) | 21283290307 | 65729905831 |
| Current Assets, Loans and Advances | | | 11382808797 |
| Stores & Spares | (6) | 4738745189 | 54664446749 |
| Sundry Debtors | (7) | 11324858818 | 3890238201 |
| Cash and Bank Balances | (8) | 3532057245 | 6133314735 |
| Other Current Assets | (9) | 213082786 | 6255075147 |
| Loans & Advances | (10) | 385927891 | 168565987 |
| | | 20194672029 | 337039970 |
| | | 17228635200 | 16782234020 |
| Less : Current Liabilities and Provisions | (11) | | 14335473959 |
| Net Current Assets | | | 2966036829 |
| Profit & Loss Account (Debit Balance) | | | 10362362635 |
| Significant Accounting Policy & Notes on accounts | (21) | | 2445760081 |
| Schedules 1 to 21 form an integral part of Accounts. | | | 10338190514 |
| TOTAL | | 79058305295 | 67448397424 |

Abha Sethi Tandon

(Abha Sethi Tandon)
Company Secretary
(Part Time)

(A.K.GUPTA)

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

(S.K.Agarwal)

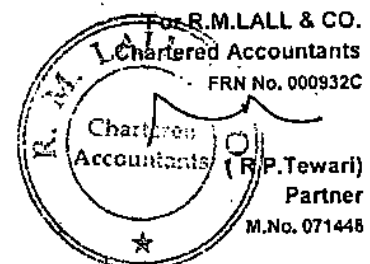
(S.K.Agarwal)
Director (Finance)

(Alok Kumar)

(Alok Kumar)
Chairman & Managing Director.

Place : Lucknow
Date : 3/4/13

Subject to our report of even date



UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED

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

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31.3.2011

| PARTICULARS | SCHEDULE | (Amount in Rs.) | |
|---|----------|-----------------------|-----------------------|
| | | Year Ended 31.03.2011 | Year Ended 31.03.2010 |
| INCOME | | | |
| Revenue from Transmission of power & related activities | (12) | 8699459374 | 7622580721 |
| Other Income | (13) | 335172385 | 301373686 |
| TOTAL | | 9034631759 | 7923954407 |
| EXPENDITURE | | | |
| Repairs & Maintenance Expenses | (14) | 980585892 | 837722654 |
| Employees Cost | (15) | 2777224274 | 2565998056 |
| Administrative, General & Other Expenses | (16) | 105799198 | 82616303 |
| Interest and Finance Charges | (17) | 2007806669 | 1781290432 |
| Depreciation | (18) | 3261980035 | 3019368804 |
| Bad debts & Provisions | (19) | 263424265 | 98238449 |
| TOTAL | | 9396820333 | 8385234698 |
| Profit/(Loss) before Prior Period Income/(Exp.) & Tax | | (362188574) | (461280291) |
| Prior Period Income/(Expenditure) (Net) | (20) | 338016553 | 135164386 |
| Profit/(Loss) before Tax | | (24172021) | (326115905) |
| Profit/(Loss) after Tax | | (24172021) | (326115905) |
| Accumulated loss B/F | | (10338190614) | (10012074709) |
| Loss Carried Over to Balance Sheet | | (10362362635) | (10338190614) |
| Earning Per Share (EPS) : | | | |
| Numerator | | (24172021) | (326115905) |
| Denominator | | 4335500 | 3621250 |
| Nominal Value of Shares | | Rs.1000/- each | Rs.1000/- each |
| Basic EPS | | (5.58) | (90.06) |
| Numerator | | (24172021) | (326115905) |
| Denominator | | 37501219 | 31186275 |
| Diluted EPS | | (0.64) | (10.46) |
| Significant Accounting Policies & Notes on accounts | (21) | | |
| Schedules 1 to 21 form an integral part of Accounts. | | | |

Abha Sethi Tandon
(Abha Sethi Tandon)
Company Secretary
(Part Time)

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

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

(Alok Kumar)
(Alok Kumar)
Chairman & Managing Director.

Place : Lucknow
Date : 31/1/11

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 31.3.2011 | | AS AT 31.3.2010 |
|--|-----------------|--------------|-----------------|
| | | | |
| A. AUTHORISED: 100000000 (100000000) Equity Share of Rs.1000/-each fully paid up | | 100000000000 | 100000000000 |
| B. ISSUED SUBSCRIBED AND PAID UP 4335500 (4335500) Equity Share of Rs.1000/-each fully paid up | | 4335500000 | 4335500000 |
| TOTAL | | 4335500000 | 4335500000 |

SCHEDULE - 1A

SHARE APPLICATION MONEY

(Amount In Rs.)

| PARTICULARS | AS AT 31.3.2011 | | AS AT 31.3.2010 |
|--|-----------------|-------------|-----------------|
| | | | |
| SHARE APPLICATION MONEY Pending for allotment | | 35999052000 | 30999052000 |
| TOTAL | | 35999052000 | 30999052000 |

SCHEDULE - 2

RESERVES AND SURPLUS

(Amount in Rs.)

| PARTICULARS | AS AT 31.3.2010 | | DEDUCTIONS | AS AT 31.3.2011 |
|---|-----------------|-----------|------------|-----------------|
| | | ADDITONS | | |
| A Capital Reserves | | | | |
| Consumer's Contribution towards Capital Works | 2089182807 | 304856193 | 111603946 | 2282435054 |
| B Restructuring A/c | 1807231000 | 0 | 0 | 1807231000 |
| TOTAL | 3896413807 | 304856193 | 111603946 | 4089666054 |

Abha Lata Pandey

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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 - 3

LOAN FUNDS

(Amount In Rs.)

| PARTICULARS | AS AT 31.3.2011 | AS AT 31.3.2010 |
|---|--------------------|--------------------|
| A. SECURED LOANS - | | |
| TERM LOANS : | | |
| Power Finance Corporation Ltd. | 8746889044 | 6196927559 |
| (Secured by hypothecation of Lines & Substations under the PFC scheme.) | | |
| Rural Electrification Corporation Ltd. | 9250299545 | 4055691832 |
| (Secured by hypothecation of Lines & Substations under the REC scheme.) | | |
| B. UNSECURED LOANS - | | |
| TERM LOANS : | | |
| Govt. of UP | | |
| Loan | 997146000 | 997146000 |
| Interest accrued & due | 4592823032 | 4426105774 |
| FINANCIAL INSTITUTIONS | | |
| Rural Electrification Corporation Ltd. | | |
| (Guaranteed by Govt. of UP) | | |
| Loan | 4143896770 | 4470390448 |
| Interest accrued & due | 2326869913 | 2326869913 |
| Power Finance Corporation Ltd. | 4062557937 | 4607131906 |
| MISCELLANEOUS INSTITUTIONS | | |
| National Capital Region Planning Board | 179925000 | 272350000 |
| (Guaranteed by Govt. of UP) | | |
| HUDCO | 333680000 | 864818185 |
| (Guaranteed by Govt. of UP) | | |
| GRAND TOTAL | 34634087241 | 28217431617 |

Abha Sethi Pandey

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UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED

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

14-AASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

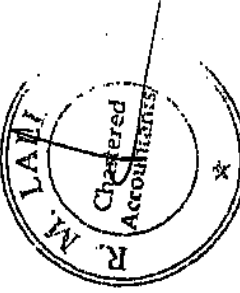
SCHEDULE - 4

FIXED ASSETS

| Particulars | Gross Block | | Depreciation | | Net Block | |
|--------------------------------|-----------------------|----------------------|--------------------------|-----------------------|----------------------|-----------------------|
| | As AT 31.3.2010 | Additions | Deductions / Adjustments | As AT 31.3.2011 | As AT 31.3.2010 | As AT 31.3.2011 |
| Land & Land Rights | | | | | | |
| i) Land owned under full title | 270,410,979 | 41,661,364 | 0 | 312,072,343 | 0 | 312,072,343 |
| ii) Land owned under lease | 532,054 | 0 | 0 | 532,054 | 0 | 532,054 |
| Buildings | 2,239,871,056 | 245,031,859 | 0 | 2,485,002,715 | 771,536,371 | 1,640,828,711 |
| Other Civil Works | 428,449,752 | 4,492,073 | 0 | 432,941,825 | 72,837,633 | 844,374,004 |
| Plant & Machinery | 36,683,187,126 | 3,315,808,044 | 712,316,040 | 39,286,679,930 | 158,225,350 | 1,468,434,685 |
| Lines, Cable Network etc. | 30,665,909,691 | 1,263,860,245 | 5,859,067 | 31,923,910,869 | 12,376,418,180 | 270,224,402 |
| Vehicles | 36,230,852 | 424,335 | 840,712 | 35,814,475 | 1,779,532,427 | 25,423,318,541 |
| Furniture & Fixtures | 12,059,378 | 1,587,446 | 28,327 | 13,618,497 | 1,470,981,519 | 16,648,381,703 |
| Office Equipments | 21,755,262 | 1,311,391 | 290,833 | 22,775,820 | 4,096,238 | 13,303,541 |
| Others Assets | 489,490,924 | 116,664,465 | 0 | 616,155,389 | 670,172 | 9,461,098 |
| | | | | | 5,929,894 | 7,688,603 |
| | | | | | 3,611,444 | 7,729,180 |
| | | | | | 64,266,685 | 337,753,019 |
| | | | | | 278,402,370 | 285,375,239 |
| GRAND TOTAL | 70,857,997,074 | 4,990,841,822 | 719,334,979 | 75,129,503,917 | 3,403,590,269 | 44,446,615,524 |
| Previous Year | 64,229,313,967 | 7,292,436,010 | 563,752,903 | 70,857,997,074 | 24,765,665,731 | 43,281,637,952 |
| | | | | | 365,021,058 | 39,463,448,236 |

Asha Letti Chandan

A



UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED
 (Formerly Known As Uttar Pradesh Vidyut Vyapar Nigam Ltd.)
 14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

SCHEDULE - 5

CAPITAL WORKS IN PROGRESS

(Amount in Rs.)

| PARTICULARS | AS AT 31.3.2011 | AS AT 31.3.2010 |
|---|--------------------|--------------------|
| Capital Work In Progress * | 10400568704 | 5709781097 |
| Revenue Expenses pending for Capitalisation ** | | |
| Upto Previous Year | 536655000 | 510875000 |
| Addition during the year | 786487000 | 536655000 |
| Sub Total | 1323142000 | 1047330000 |
| Less - Capitalisation during the year | 414508258 | 510875000 |
| SUB TOTAL (A) | 11309202446 | 6246436097 |
| Advances to Suppliers/Contractors | 10371090538 | 5275770331 |
| Less : - Provision for doubtful Advances against Capital Works | 397002677 | 139397631 |
| SUB TOTAL (B) | 9974087861 | 5136372700 |
| GRAND TOTAL | 21283290307 | 11382808797 |

Notes :

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

Abhe Sethi (auditor)

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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 31.3.2011 | AS AT 31.3.2010 |
|---|-------------------|-------------------|
| Stock of Materials - Capital Works | 4830879148 | 3656907263 |
| Stock of materials - O & M | 223933064 | 580933324 |
| Other Materials | 89430849 | 58022401 |
| SUB TOTAL | 5144243061 | 4295862988 |
| Less - Provision for Obsolete/Unserviceable/Shortage/Loss of Stores | 405497872 | 405624787 |
| TOTAL | 4738745189 | 3890238201 |

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 31.3.2011 | AS AT 31.3.2010 |
|--|--------------------|-------------------|
| Sundry Debtors - Transmission Charges & other related activities | 11502430118 | 6310886035 |
| Debts outstanding for period exceeding six months | | |
| Secured & Considered good | 0 | 0 |
| Unsecured & Considered good | 7666479880 | 2865591332 |
| Considered doubtful | 0 | 0 |
| Other Debts | | |
| Unsecured & Considered good | 3835950238 | 3445294703 |
| | 11502430118 | 6310886035 |
| Less - Provision for Bad & Doubtful Debts | 177571300 | 177571300 |
| TOTAL | 11324858618 | 6133314735 |

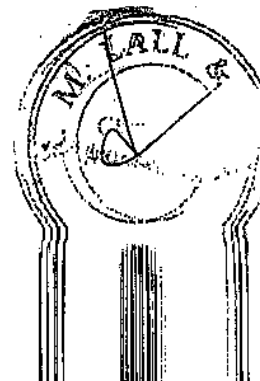
SCHEDULE - 8

CASH AND BANK BALANCES

(Amount in Rs.)

| PARTICULARS | AS AT 31.3.2011 | AS AT 31.3.2010 |
|---|-------------------|-------------------|
| CASH IN HAND | | |
| Cash In Hand (Including Stamps in hand) | 578265 | 504055 |
| Balances with Scheduled Banks | | |
| In Current & Other account | 2299091928 | 2100584427 |
| In Fixed Deposit accounts | 1232387054 | 4153986665 |
| TOTAL | 3532057245 | 6255075147 |

Abha Smita Pandey



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

| PARTICULARS | (Amount in Rs.) | |
|---|-----------------|-----------------|
| | AS AT 31.3.2011 | AS AT 31.3.2010 |
| Income Accrued but not Due | 718919 | 23018671 |
| <u>Receivables</u> | | |
| UPRVUNL | 92937035 | 38046356 |
| UPJVNL | 2034239 | 2027004 |
| | 94971274 | 40073360 |
| Employees | 39124342 | 37721880 |
| Others | 109869946 | 95818420 |
| Total | 148994288 | 133540300 |
| Less - Provision for Doubtful Receivables | 31693699 | 30148300 |
| | 117300589 | 103392000 |
| Prepaid Expenses | 92004 | 81936 |
| Theft of Fixed Assets Pending Investigation | 1045672 | 1045672 |
| Less - Provision for estimated losses | 1045672 | 0 |
| | 0 | 0 |
| Total | 213082786 | 166565967 |

SCHEDULE - 10

LOANS AND ADVANCES

| PARTICULARS | (Amount in Rs.) | |
|--|-----------------|-----------------|
| | AS AT 31.3.2011 | AS AT 31.3.2010 |
| A. Loans / Advances (Secured/considered good) | | |
| Employees (including advances) | 1476119 | 1311387 |
| (Adjustable / recoverable from salary) | | |
| ADVANCES (Unsecured) | | |
| Suppliers / Contractors | 391701342 | 348963140 |
| Less - Provision for doubtful Loan & Advances | 39170134 | 34896314 |
| Tax Deducted at Source | 352531208 | 314068826 |
| Advance Fringe benefit tax | 19749413 | 9490506 |
| | 12171251 | 12171251 |
| TOTAL | 365927991 | 337039970 |

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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 31.3.2011 | AS AT 31.3.2010 |
|--|--------------------|--------------------|
| <u>CURRENT LIABILITIES</u> | | |
| Liability for Capital Supplies/ Works | 6201833542 | 5069340850 |
| Liability for O & M Supplies / Works | 379011269 | 366739903 |
| Staff Related Liabilities | 1768097127 | 1876796409 |
| Deposits & Retentions from Suppliers & Others | 1205307864 | 581407390 |
| Deposit for Electrification works | 5847085600 | 4804848611 |
| Net Payable to - | | |
| UPPCL | 151190925 | 290137974 |
| KESCO | 17416643 | 15962778 |
| Dakshinanchal VVNL | 34322066 | 31328143 |
| Madhyanchal VVNL | 92353694 | 82681056 |
| Paschimanchal VVNL | 16048404 | 14863157 |
| Poorvanchal VVNL | 40295579 | 39118557 |
| Sundry Liabilities | 54424731 | 23138397 |
| Liabilities for Expenses | 47050491 | 60102104 |
| Inter Unit Transfers | 181085141 | 229208047 |
| <u>Liabilities towards UP Power Sector Employee Trust</u> | | |
| Provident Fund Liabilities | 369917362 | 333224905 |
| Pension and Gratuity Liability | 486385886 | 440114352 |
| CPF Liability | 22930071 | 11578824 |
| Interest Accrued but not Due on Borrowings | 301694846 | 253698543 |
| <u>Provisions :</u> | | |
| Fringe benefit tax | 12183959 | 12183959 |
| TOTAL | 17228635200 | 14336473959 |

Abha Sethi Pandey






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 31.3.2011 | For the year ended on 31.3.2010 |
|----------------------|---------------------------------|---------------------------------|
| Transmission Charges | 7977278418 | 7285246877 |
| Open Access Charges | 708435757 | 332434844 |
| SLDC Charges | 13745199 | 4899000 |
| TOTAL | 8699459374 | 7622580721 |

SCHEDULE 13

OTHER INCOME

(Amount in Rs.)

| PARTICULARS | For the year ended on 31.3.2011 | For the year ended on 31.3.2010 |
|---|---------------------------------|---------------------------------|
| <u>Interest from:</u> | | |
| Loans to Staff | 133357 | 131121 |
| Fixed Deposits | 109944511 | 80902456 |
| Others | 85823 | 4807 |
| Income from Contractors/Suppliers | 110163691 | 81038384 |
| Rental from Staff | 169953492 | 200334658 |
| Miscellaneous Receipts | 556348 | 493577 |
| Excess found on physical verification of Stores | 54498854 | 16955456 |
| | 0 | 2551813 |
| TOTAL | 335172385 | 301373686 |

SCHEDULE 14

REPAIRS AND MAINTENANCE

(Amount in Rs.)

| PARTICULARS | For the year ended on 31.3.2011 | For the year ended on 31.3.2010 |
|--|---------------------------------|---------------------------------|
| Plant & Machinery | 838037787 | 697011685 |
| Buildings | 51512677 | 44667910 |
| Other Civil Works | 20147 | 750 |
| Lines, Cables Networks etc. | 90185839 | 95847545 |
| Vehicles - Expenditure | 30898487 | 27304403 |
| <u>Less - Transferred to different Capital & O&M Works/Administrative Exp.</u> | <u>30898487</u> | <u>27304403</u> |
| | 0 | 0 |
| Furniture & Fixtures | 41210 | 43985 |
| Office Equipments | 788232 | 150779 |
| TOTAL | 980585892 | 837722654 |

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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 31.3.2011 | For the year ended on 31.3.2010 |
|------------------------------------|---------------------------------|---------------------------------|
| Salaries & Allowances | 1932885375 | 1895778972 |
| Dearness Allowance | 731229369 | 476901068 |
| Other Allowances | 132544732 | 135342053 |
| Bonus/ Ex-gratia | 18621262 | 162452 |
| Medical Expenses (Re-imburement) | 25473277 | 30486648 |
| Leave Travel Assistance | 1001372 | 27333 |
| Earned Leave Encashment | 242330905 | 157359388 |
| Compensation | 258373 | 1421153 |
| Staff Welfare Expenses | 2965218 | 2727479 |
| Pension & Gratuity | 417801004 | 387133065 |
| Other Terminal Benefits | 36989535 | 29523955 |
| Expenditure on Trust | 2582857 | 2605026 |
| Sub Total | 3544683279 | 3119488592 |
| LESS - Expenses Capitalised | 787459005 | 553470536 |
| TOTAL | 2777224274 | 2565988056 |

SCHEDULE 16

ADMINISTRATIVE, GENERAL & OTHER EXPENSES

(Amount In Rs.)

| PARTICULARS | For the year ended on 31.3.2011 | For the year ended on 31.3.2010 |
|---------------------------------------|---------------------------------|---------------------------------|
| Rent | 2125920 | 2274427 |
| Rates and Taxes | 580425 | 161501 |
| Insurance | 2372388 | 671287 |
| Communication Charges | 17319726 | 17865017 |
| Legal Charges | 13386439 | 6618553 |
| <u>Statutory Auditors</u> | | |
| Audit Fee | 566182 | 727980 |
| Travelling Expenses | 566826 | 553638 |
| Consultancy Charges | 1233008 | 1281618 |
| Technical Fees & Professional Charges | 1328959 | 682980 |
| Travelling and Conveyance | 6236749 | 3948064 |
| Printing and Stationery | 28002204 | 29752110 |
| Advertisement Expenses | 6294067 | 5575288 |
| Electricity Charges | 12814335 | 12525795 |
| Water Charges | 4494294 | 4429930 |
| Entertainment | 22822 | 26369 |
| Expenditure on Trust | 271226 | 248145 |
| Miscellaneous Expenses | 146602 | 119030 |
| SUB TOTAL | 49484407 | 25961192 |
| LESS - Expenses Capitalised | 146093571 | 112139306 |
| SUB TOTAL | 40419373 | 29532823 |
| OTHER EXPENSES | | |
| Compensation (Other than staff) | 105674198 | 82608483 |
| Other Losses | 125000 | 0 |
| | 0 | 9820 |
| TOTAL | 105799198 | 82618303 |

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UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED

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

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

SCHEDULE 17

INTEREST AND FINANCE CHARGES

(Amount In Rs.)

| PARTICULARS | For the year ended on 31.3.2011 | For the year ended on 31.3.2010 |
|-----------------------------|---------------------------------|---------------------------------|
| Interest on Loans | | |
| Government of UP | 166717258 | 166717258 |
| PFC | 1374680922 | 1203924693 |
| HUDCO | 31655638 | 154050532 |
| NCRPB | 18347742 | 24586399 |
| REC | <u>1163607501</u> | <u>721221834</u> |
| Guarantee Charges | 37787247 | 45549141 |
| Bank Charges | 1413499 | 1895575 |
| Discount to consumers | 83862 | 0 |
| SUB-TOTAL | 2794293669 | 2317945432 |
| LESS - Interest Capitalised | 786487000 | 536655000 |
| GRAND TOTAL | 2007806669 | 1781290432 |

Schedule 18

DEPRECIATION

(Amount In Rs.)

| PARTICULARS | For the year ended on 31.3.2011 | For the year ended on 31.3.2010 |
|--|---------------------------------|---------------------------------|
| Depreciation on Fixed Assets - | | |
| Buildings | 72881155 | 60389474 |
| Other Civil Works | 7419457 | 7021391 |
| Plant & Machinery | 1778466429 | 1599631440 |
| Lines, Cable Network etc. | 1470785426 | 1414847024 |
| Vehicles | 3830888 | 3866116 |
| Furniture & Fixtures | 777252 | 729695 |
| Office Equipments | 3611444 | 3284898 |
| Other Assets | 29164997 | 15524350 |
| | <u>3366937046</u> | <u>3105294388</u> |
| 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 | 104957011 | 85925584 |
| GRAND TOTAL | 3281980035 | 3019368804 |

Alpha Setti (auditor)

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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 31.3.2011 | For the year ended on 31.3.2010 |
|---|---------------------------------|---------------------------------|
| PROVISIONS | | |
| Doubtful advances (Suppliers/Contractor) | 4273820 | 0 |
| Doubtful other Current Assets (Receivables) | 1545399 | 5464367 |
| Doubtful Advances against Capital Works | 257605048 | 92774082 |
| TOTAL | 263424265 | 98238449 |

Schedule 20

NET PRIOR PERIOD INCOME/EXPENDITURE

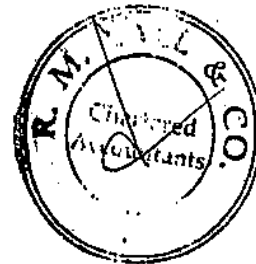
(Amount in Rs.)

| PARTICULARS | For the year ended on 31.3.2011 | For the year ended on 31.3.2010 |
|--------------------------------------|---------------------------------|---------------------------------|
| A INCOME | | |
| a Income (Transmission of Power) | 38122388 | 211232475 |
| b Other Excess Provisions | 350847051 | 32757623 |
| SUB TOTAL | 388969439 | 243990098 |
| B EXPENDITURE | | |
| a O & M Expenses | 64774 | -3314269 |
| b Employee Cost | 21869998 | 44242522 |
| c Interest & Finance Charges | -730555 | 0 |
| d Administrative & General Exp | -257618 | 706909 |
| e Depreciation Under/Excess Provided | 30006287 | 67190550 |
| SUB TOTAL | 50952886 | 108825712 |
| NET AMOUNT | -338016553 | -135164386 |

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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 %.

Alpha Lethi Pandey



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

3. DEPRECIATION

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

4. STORES & SPARES

- (a) Stores & Spares are valued at cost.
- (b) Steel scrap is valued at realizable value and scrap other than steel is accounted for in the accounts as and when sold.
- (c) Any shortage /excess of material found during the year end are shown as "material short/excess pending investigation" till the finalization of investigation.

5. REVENUE RECOGNITION

- (a) Transmission revenue is incorporated in the accounts on the basis of 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 recognized/accounted for on cash basis at the 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.

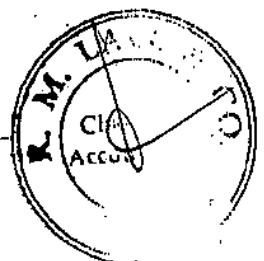
Abha Sethi Pandey

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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.

Abha Sethi Tandon
(Abha Sethi Tandon)
Company Secretary
(Part Time)

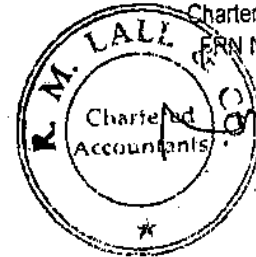
(A.K. Gupta)
General Manager
(Accounts)

(S.K. Agarwal)
Director (Finance)

(Alok Kumar)
Chairman & Managing Director

Place :- Lucknow
Date :- 3/4/13

Subject to our report of even date
For R. M. LALL & CO.
Chartered Accounts
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 31-03-2011 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.

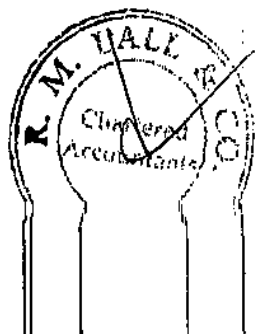
2. Share application money (pending for allotment) amounting to Rs. 3599.91 crore (Previous year Rs. 3099.91 crore) includes share capital of Rs. 1263.97 crore and share application money Rs.579 crore transferred under the Provisional Transfer Scheme. The balance amount of Rs. 1756.94 crore was received towards equity.

Abha Sethi Pandey









3. (a) The provision for bad and doubtful debts on debtors related to the revenue from transmission of power has not been made .
- (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. 18.11 Crores (credit) shown in the schedule-11(Previous year credit balance of Rs.22.92 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.

Abha Letti Pandey



8. (a) 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.
(b) In case of open access, accounting policy No.5(b) has been further clarified but there is no financial impact in the accounts due to this clarification.
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>2010-11</u> | <u>2009-10</u> |
|-------------------------------------|-----------------|----------------|
| Annual Charges | 4900000 | 400000 |
| Application Fee/ Concurrence fee | 635000 | 975000 |
| SLDC Charges | <u>8210199</u> | <u>3524000</u> |
| | <u>13745199</u> | <u>4899000</u> |

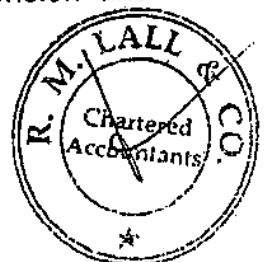
10. **Earning/Expenditure in foreign currency**
(a) Earning-NIL (Previous Year NIL)
(b) Travelling Expenses in foreign currency
(i) 2475 (USD)
(ii) 12264 (RMB)
(Previous Year NIL)

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.

Abha Sethi Pandey



- (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 9.

15. Disclosure as per AS-18:

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

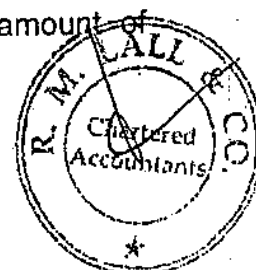
| S. No | Name | Designation | Working Period (for F.Y. 2010-11) | |
|-------|------------------------|------------------------------|-----------------------------------|---|
| | | | Appointment | Retirement/ Cessation(As on 31.03.2010) |
| 1 | Shri. Navneet Sehgal | Chairman | 07.01.2009 | 12.09.2010 |
| | Shri. Navneet Sehgal | Chairman & Managing Director | 13.09.2010 | Working |
| 2 | Shri. Narendra Bhushan | Managing Director | 16.03.2009 | 12.09.2010 |
| 3 | Shri. S.K.Agarwal | Director Finance | 09.01.2009 | Working |
| 4 | Shri. Rama Raman | Director | 22.09.2008 | 02.04.2010 |
| 5 | Shri. P.J.Thakkar | Director | 19.05.2010 | Working |
| 6 | Shri. Ganesh Singh | Director | 16.12.2008 | Working |
| 7 | Shri. Neel Ratan Kumar | Director | 06.10.2010 | working |

- (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).

Abha Sethi Pandey



(Amount in Rs.)

| <u>Earning per share:</u> | <u>31.03.2011</u> | <u>31.03.2010</u> |
|--|-------------------|-------------------|
| (a) Net loss after tax(enumerator used for calculation) | 24172021 | 326115905 |
| (b) Weighted average number of Equity Shares (denominator for calculating Basic EPS) | 4335500 | 3621250 |
| (c) Weighted average number of Equity Shares (denominator for calculating Diluted EPS) | 37501219 | 31186275 |
| (d) Basic earnings per share of Rs. 1000/- each | (5.58) | (90.06) |
| (e) Diluted earnings per share of Rs. 1000/- each | (0.64) | (10.46) |

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. 1036.24 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 62268.448189 MU.
(Previous year-56745.601 MU)
20. (a) Estimated amount of contracts remaining to be executed on capital accounts and not provided for as at 31-03-2011 is Rs. 222.52 crores (previous year Rs 356.49 crores).
- (b) Contingent liabilities:
Other claims against company not acknowledged as debts is Rs 26.66 crores (previous year Rs 25.77 crores).

Abha Sethi Pandey



21. Disclosure as per AS-29 is as under :-

| S. NO. | PARTICULARS | Movement OF PROVISIONS | | | |
|--------|--|----------------------------------|--------------------------------|------------------------------------|-------------------|
| | | OPENING BALANCE AS ON 01.04.2010 | PROVISION MADE DURING THE YEAR | PROVISION ADJUSTED DURING THE YEAR | CLOSING BALANCE |
| 1 | Provision for doubtful Advances against capital work | 13,93,97,631 | 25,76,05,046 | | 39,70,02,677 |
| 2 | Provision for absolute/unserviceable/shortage/Loss of stores | 40,56,24,787 | - | 126,915 | 40,54,97,872 |
| 3 | Provision for bad & doubtful debts | 17,75,71,300 | - | - | 17,75,71,300 |
| 4 | Provision for doubtful Receivables | 301,48,300 | 15,45,399 | - | 3,16,93,699 |
| 5 | Provision for Losses due to theft of fixed Assets | 10,45,672 | - | - | 10,45,672 |
| 6 | Provision for doubtful advances against O&M works | 348,96,314 | 42,73,820 | - | 391,70,134 |
| | Total | 7886,84,004 | 26,34,24,265 | 126915 | 1051981354 |

22. The figures as shown in the Balance Sheet, Profit & Loss Account and schedules have been rounded off to the nearest rupee.

23. Previous year figures have been regrouped/reclassified/recast wherever considered necessary.

Abha Sethi Tandon
(Abha Sethi Tandon)
Company Secretary
(Part Time)

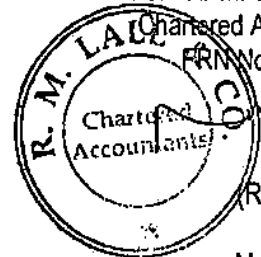
(A.K. Gupta)
General Manager
(Accounts)

(S.K. Agarwal)
Director (Finance)

(Alok Kumar)
Chairman & Managing Director

Place :- Lucknow
Date :- 3/4/13

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. - State Code
Balance Sheet Date
Date Month Year

2 Capital raised during the year

(Amount in Rupees Thousands)

Public Issue :

Rights Issue

Bonus Issue

Private Placement

3 Position of Mobilisation and Development of Funds

(Amount in Rupees Thousands)

Total Liabilities

Sources of Funds :

Paid Up Capital

Share App. Money pending for allotment

Secured Loans

Applications of Funds :

Net Fixed Assets

Accumulated Losses

Total Assets

Reserves & Surplus

Unsecured Loans

Miscellaneous Expenditure

Net Current Assets

Investments

4 Performance of the Company

(Amount in Rupees Thousands)

Turnover (Gross Revenue)

(+/-)Profit/Loss before Tax

Earning per Share (in Rupees)

Total Expenditure

(+/-)Profit/Loss after Tax

Dividend rate in %

Product/Service description

Transmission of Electricity

Item code No.

NA

Abha Sethi Tandan



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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2011

| | | Rs. In crores | |
|------------------------------|--|------------------|-----------------|
| | | 2010-11 | 2009-10 |
| For the year ended March 31, | | | |
| A | CASH FLOW FROM OPERATING ACTIVITIES | | |
| | Net Profit/ Loss Before Prior Period Income & Expenditure And Tax | (36.22) | (46.13) |
| | Adjustment for :- | | |
| a | Depreciation | 340.36 | 317.55 |
| b | Interest & Financial Charges | 200.78 | 178.13 |
| c | Provision for bad & doubtful debts | 26.34 | 9.82 |
| d | Provision for bad & doubtful debts written back (Loans & Advances) | - | (0.78) |
| e | Interest Income | (11.02) | (8.10) |
| f | Prior Period Expenditure (Net) | 33.80 | 13.51 |
| | Sub Total | 590.26 | 510.13 |
| | Operating Profit Before Working Capital Charges | 554.04 | 464.00 |
| | Adjustment for: | | |
| a | Stores & Spares | (84.85) | (40.26) |
| b | Sundry Debtors | (519.16) | (275.95) |
| c | Other Current Assets | (4.80) | (7.76) |
| d | Loans & Advances | (5.32) | 7.63 |
| e | Current Liabilities & Provisions | 289.21 | 92.40 |
| | Sub Total | (324.92) | (223.94) |
| | NET CASH FROM OPERATING ACTIVITIES (A) | 229.12 | 240.06 |
| B | CASH FLOW FROM INVESTING ACTIVITIES | | |
| a | Decrease (Increase) in Fixed Assets | (499.08) | (729.24) |
| a (i) | Fixed Assets adjusted/deducted | 71.93 | 66.37 |
| a(ii) | Depreciation Reserve adjusted/deducted | (29.71) | (36.50) |
| b | Decrease (Increase) in Work In Progress | (1015.79) | (168.10) |
| c | Interest Income | 11.02 | 8.10 |
| | NET CASH GENERATED FROM INVESTING ACTIVITIES (B) | (1461.63) | (859.37) |
| C | CASH FLOW FROM FINANCING ACTIVITIES | | |
| a | Proceeds from Borrowing (Net) | 641.67 | 439.14 |
| b | Proceeds from Share Capital | - | 428.55 |
| c | Proceeds from share application money | 500.00 | 453.02 |
| d | Proceeds from consumers contribution & Go Up capital subsidy (Reserve & Surplus) | 30.48 | 76.41 |
| d (i) | Amount amortized | (11.16) | (8.90) |
| e | Interest & Financial Charges | (200.78) | (178.13) |
| | NET CASH GENERATED FROM FINANCING ACTIVITIES (C) | 960.21 | 1220.09 |
| | NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C+) | (272.90) | 600.78 |
| | CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 625.51 | 24.73 |
| | CASH & CASH EQUIVALENTS AT THE END OF THE YEAR | 353.21 | 625.51 |

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.3.57 crore (previous year Rs.7.02 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.

Abha Sethi Tandon

(Abha Sethi Tandon)
Company Secretary
(Part Time)

A.K. Gupta

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

S.K. Agarwal

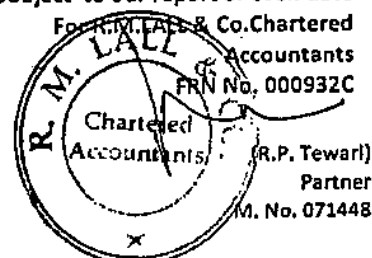
(S.K. Agarwal)
Director (Finance)

Alok Kumar

(Alok Kumar)
Chairman & Managing Director

Place :- Lucknow
Date :- 31/4/13

Subject to our report of even date



R.M. LALL & CO.
CHARTERED ACCOUNTANTS

Head Office:
4/10, Vishal Khand
Gomti Nagar
Lucknow
India

Tel.: +91-522-4043793
+91-522-230417
e-mail: rmlallco@rmlallco.com

AUDITORS' 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 2011, 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 for the financial year 2008-09 and 2009-10 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, auditor's report on the accounts for 2010-11 is being issued pending approval/adoption of previous years' 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 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.

Further, difference in transmission tariff stated above as approved by UPERC and 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 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. 18.11 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) It was observed that the system of maintaining party-wise subsidiary ledgers and its matching with primary books of accounts is not adequate and effective.

(g) Contingent liabilities stated in note nos. 20 (a) and 20 (b) of schedule 21 B are as per details provided by the company and which have been relied upon by us.



(h) As per branch audit report of Transmission East (Allahabad)-

(i) Rs. 2,18,65,120.50 in code 28.108 includes Rs.1,22,00,800 and Rs. 24,70,720 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.

(ii) Capital work in progress (Code 14) includes a blocked sum of Rs.6, 28, 17,411.69 pertaining to ETLU (Defunct Unit since long). As per the information given by the management the matter is under reconciliation.

(iii) Title deeds of lands purchased by Electricity Transmission Division-II, does not indicate the name of the purchaser ie. Uttar Pradesh Power Corporation Ltd. Further mutation in land revenue is yet to be done.

(iv) Cash and Bank Balances (Schedule 8) includes Rs.80000/-Fixed deposit with bank 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.

(i) In the books of the Company, balance with Uttar Pradesh Power Corporation Limited as on 31st March, 2011 is Rs.15.12 crores (shown in Schedule-11 Current Liabilities & Provisions) whereas as per the audited accounts of Uttar Pradesh Power Corporation Limited the balance of receivable from Uttar Pradesh Transmission Corporation Limited is Rs.49.63 crores (shown in Schedule-10 Other Current Assets). The difference is of Rs.34.51 crores, which is subject to reconciliation and consequential adjustments.

(j) During the year provision aggregating to Rs.35.08 crores made in earlier years towards leave encashment has been written back in Transmission East (Allahabad), which is done in accordance with Accounting policy no.7(b) of Schedule 21A.

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).

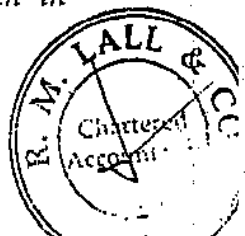
(b) The recognition of revenue in case of Inter State Transmission, from transmission of energy/open access is on cash basis which is not in accordance with Accounting Standard (AS) 9 'Revenue Recognition' (Refer Accounting policy no.5(b) of Schedule 21 A).

(c) 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'.

- (d) Leave encashment is accounted for on the basis of claims received and approved during the year and not on the basis of actuarial valuation [Refer Accounting policy no. 7(b) of Schedule 21A and note no.13(b) of Schedule 21B). Further the provision for pension and gratuity in respect of employees has been made on the basis of actuarial valuation dated 09.11.2000 (Refer Accounting policy no. 7(a) of Schedule 21A and note no. 13(a) of Schedule 21B). These employee benefits are not accounted for in accordance with the treatment prescribed in the Accounting Standard (AS) 15, 'Employee Benefits (revised 2005)'.
- (e) Borrowing cost during construction stage of capital assets are apportioned on the average balance of capital work in progress for the year. (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.
- (f) 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 Taxes on Income'.
- (g) 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 (Refer note no. 18 of Schedule 21 B).
- 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 accounts 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. The Balance Sheet and Profit and Loss Account are not prepared at the branch level which is in contravention to the Section 209 of the Companies Act, 1956.
- 9) In our opinion proper returns adequate for the purpose of our audit have been received from branches not visited by us. The branch auditor's 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) Read with our comments in para 3 and subject to our observations given in paragraphs 5 to 8 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 Schedules 21A and 21B, 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 2011;
- 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: 03.04.2013

For R. M. LALL & CO.
Chartered Accountants




(R.P. TEWARI)
Partner
M. No. 071448
FRN No. 000932C

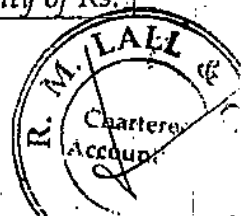
(Annexure referred to in our report of even date to the members of Uttar Pradesh Power Transmission Corporation Limited on the accounts for the year ended on 31st March 2011)

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>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 Transmission West (Meerut), 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 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 its business except at transmission (East) Allahabad, where the same require 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 by the management, 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) | In view of the (iii) (a) above, the para nos. (iii) (b), (c) and (d) of the Order, are not applicable. |
| | (c) | The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the registers maintained under section 301 of the Companies Act, 1956. |
| | (d) | In view of (iii) (c) above the para nos. (iii) (f) and (g) of the Order, 2003 are not applicable. |
| (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>Accounting 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 by us, 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 a system of internal audit by the firm of Chartered Accounts for its field units. <i>There is no internal audit system at the Head Office. Further, increase in the sample size 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 to the internal audit reports of Transmission (East) and Transmission (South) were not produced.</i> |
| (viii) | | <i>The cost records prescribed under section 209(1) (d) of the Companies Act, 1956 have not been maintained by the company during the year under audit.</i> |
| (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, there is an undisputed liability of Rs.</i> |



**MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE ACCOUNTS OF
THE UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED FOR THE YEAR
ENDED 31.03.2011**

| AUDITOR'S REPORT | MANAGEMENT'S REPLY |
|--|--|
| <p>To, The Members of, Uttar Pradesh Power Transmission Corporation Limited (Formerly known as Uttar Pradesh Vidyut Vyapar Nigam Ltd.) Lucknow</p> <p>1). We have audited the attached Balance Sheet of Uttar Pradesh Power Transmission Corporation Limited as at 31st March 2011, 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.</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 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.</p> | <p align="center">No Comment</p> |
| <p>(3). The annual accounts for the financial year 2008-09 and 2009-10 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, auditor's report on the accounts for 2010-11 is being issued pending approval/adoption of previous years' 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 1956, we enclose in the annexure a statement on the matter specified in para 4 and 5 of the said Order.</p> | <p align="center">No Comment</p> |

Sharma

Chell

| | |
|--|--|
| <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 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 required shall be made in the accounts accordingly</p> |
| <p>(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. Further, difference in transmission tariff stated above as approved by UPERC and 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 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 21 B.</p> | <p>Balances are under reconciliation. Necessary instructions have already been issued in this regard.</p> |
| <p>(d) Current Liabilities & Provisions include Rs. 18.11 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.</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> |

3/12/2014



| | |
|--|---|
| (f) It was observed that the system of maintaining party-wise subsidiary ledgers and its matching with primary books of accounts is not adequate and effective. | Necessary instructions have been issued to maintain party wise subsidiary ledgers duly matched with primary books of accounts |
| (g) Contingent liabilities stated in note nos. 20 (a) and 20 (b) of schedule 21 B are as per details provided by the company and which have been relied upon by us. | No Comment |
| (h) As per branch audit report of Transmission East (Allahabad)- | |
| (i) Rs. 2,18,65,120.50 in code 28.108 includes Rs.1,22,00,800 and Rs. 24,70,720 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. | Agreement shall be made available to next audit in confirmation of the point. |
| (ii) Capital work in progress (Code 14) includes a blocked sum of Rs.6, 28, 17,411.69 pertaining to ETLEU (Defunct Unit since long). As per the information given by the management the matter is under reconciliation. | After reconciliation necessary accountal has been made in the account of 2011-12 |
| (iii) Title deeds of lands purchased by Electricity Transmission Division-II, does not indicate the name of the purchaser ie. Uttar Pradesh Power Corporation Ltd. Further mutation in land revenue is yet to be done. | Necessary instructions have already been issued to zone concerned to take necessary action in the matter. |
| (iv) Cash and Bank Balances (Schedule 8) includes Rs.80000/-Fixed deposit with bank 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. | 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. |
| (i) In the books of the Company, balance with Uttar Pradesh Power Corporation Limited as on 31st March, 2011 is Rs.15.12 crores (shown in Schedule-11 Current Liabilities & Provisions) whereas as per the audited accounts of Uttar Pradesh Power Corporation Limited the balance of receivable from Uttar Pradesh Power Transmission Corporation Limited is Rs.49.63 crores (shown in Schedule-10 Other Current Assets). The difference is of Rs.34.51 crores, which is subject to reconciliation and consequential adjustments. | Reconciliation of the balances is under process and necessary accountal shall be made in the coming year account. |

3/12/2014




| | |
|---|---|
| <p>(j) During the year provision aggregating to Rs.35.08 crores made in earlier years towards leave encashment has been written back in Transmission East (Allahabad), which is done in accordance with Accounting policy no.7(b) of Schedule 21A.</p> | <p>No Comment</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> |
| <p>(b) The recognition of revenue in case of Inter State Transmission, from transmission of energy/open access is on cash basis which is not in accordance with Accounting Standard (AS) 9 'Revenue Recognition' (Refer Accounting policy no.5(b) of Schedule 21 A).</p> | <p>As stated by audit the recognition of revenue in case of Inter State Transmission, from transmission of energy/ open access has been done on cash basis in accordance with our policy No. 5(b).</p> |
| <p>(c) 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'.</p> | <p>As narrated at point no. 2(e) of 'Significant Accounting Policies' that due to multiplicity of functional units as well as multiplicity of function at particular unit, employees cost and Administrative & General Expenses are capitalized at the rates considered appropriate to be allocated on the capital works.</p> |
| <p>(d) Leave encashment is accounted for on the basis of claims received and approved during the year and not on the basis of actuarial valuation [Refer Accounting policy no. 7(b) of Schedule 21A and note no.13(b) of Schedule 21B). Further the provision for pension and gratuity in respect of employees has been made on the basis of actuarial valuation dated 09.11.2000 (Refer Accounting policy no. 7(a) of Schedule 21A and note no. 13(a) of Schedule 21B). These employee benefits are not accounted for in accordance with the treatment prescribed in the Accounting Standard (AS) 15, 'Employee Benefits (revised 2005)'.</p> | <p>Leave encashment is accounted for as per our policy. 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..</p> |
| <p>(e) Borrowing cost during construction stage of capital assets are apportioned on the average balance of capital work in progress for the year. (Refer accounting policy no. 2(f) of schedule 21 A). Further, interest is also capitalized on certain assets</p> | <p>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</p> |

37/12/2010

[Handwritten Signature]

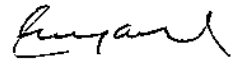
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| <p>which may not be qualifying assets as they do not take substantial period of time to get ready. In our opinion, this method of capitalization of borrowing cost on fixed assets is not in accordance with the provisions of Accounting Standard (AS) 16.</p> | <p>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, therefore the corporation has capitalized the borrowing cost in accordance with the provisions of the Electricity (supply) (Annual Accounts) Rules 1985.</p> |
| <p>(f) 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 Taxes on Income'.</p> | <p>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.1036.24 crore.</p> |
| <p>(g) 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 (Refer note no. 18 of Schedule 21 B).</p> | <p>As regards the impairment of assets, no specific indication of impairment of any assets as on balance sheet date was noticed as envisaged by AS-28 of ICAI. Further to note, that the assets of the corporation have been accounted for at their historical cost and most of them are very old where the impairment of assets is very unlikely.</p> |
| <p>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 accounts of the company is not ascertained.</p> | <p>No Comment</p> |
| <p>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. The Balance Sheet and Profit and Loss Account are not prepared at the branch level which is in contravention to the Section 209 of the Companies Act, 1956.</p> | <p>No Comment</p> |
| <p>9) In our opinion proper returns adequate for the purpose of our audit have been received from branches not visited by us. The branch auditor's reports have been forwarded to us and the same have been appropriately dealt by us in framing our report.</p> | <p>No Comment</p> |
| <p>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.</p> | <p>No Comment</p> |
| <p>11) Read with our comments in para 3 and subject to our observations given in paragraphs 5 to 8 above and in Annexure referred to in para 4, we report that:</p> | <p>No Comment</p> |
| <p>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.</p> | <p>No Comment</p> |

31/12/2014 

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| (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. | No Comment |
| (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. | 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 Schedules 21A and 21B, 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 2011; | No Comment |
| b. In the case of the Profit and 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)

**MANAGEMENT'S REPLY TO THE ANNEXURE OF STATUTORY AUDITOR'S REPORT FOR
THE YEAR ENDED 31.03.2011**

| ANNEXURE OF STATUTORY AUDITOR'S REPORT | MANAGEMENT'S REPLY |
|---|--|
| <p><i>(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 2011)</i></p> <p>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:</p> <p><i>(i)(a) The Company has not maintained proper records showing full particulars including quantitative details and situations of fixed assets.</i></p> | <p><i>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.</i></p> |
| <p><i>(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.</i></p> | <p><i>Necessary instructions regarding physical verification have been issued to concern zone.</i></p> |
| <p><i>(c) The Company has not disposed of substantial part of the fixed assets during the year.</i></p> | <p align="center"><i>No Comment</i></p> |
| <p><i>(d) As per the branch audit report of Transmission West (Meerut), the transfer of capital work in progress has been made to fixed assets without obtaining final certificate of completion from the units.</i></p> | <p><i>Necessary instructions in this regard have been issued to concern zones.</i></p> |
| <p><i>(ii)(a) As per information 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></p> | <p align="center"><i>No Comment</i></p> |
| <p><i>(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business except at transmission (East) Allahabad, where the same require further strengthening.</i></p> | <p><i>Instructions in this regard have been issued to concern zone.</i></p> |
| <p><i>(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.</i></p> | <p><i>Instructions have been issued to concern zone in this regard.</i></p> |

31/03/2011



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| <p>(iii)(a) As explained to us by the management, 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>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>No Comment</p> |
| <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.</p> | <p>No Comment</p> |
| <p>(d) In view of (iii) (c) above the para nos. (iii) (f) and (g) of the Order, 2003 are not applicable.</p> | <p>No Comment</p> |
| <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> <ol style="list-style-type: none"> (1) Accounting of expenditure in respect of deposit work and other work done by the sub-contractors and staff for particular job at Transmission (East), Allahabad. (2) Inspection/verification of inventories, adjustment of advances and receipt of materials at transmission (East) Allahabad. <p>Subject to the above, we have not come across continuing failures to correct major weaknesses in internal controls.</p> | <p>Necessary instructions have been issued to the concerned zones.</p> |
| <p>(v)(a) According to the information and explanations given to us and the records examined by us, there are no contracts or arrangements the particulars whereof are required to be entered in the register required to be maintained under section 301 of the Companies Act 1956.</p> | <p>No Comment</p> |
| <p>(d) In view of (v) (a) above the para (v) (b) of the Order is not applicable.</p> | <p>No Comment</p> |
| <p>(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.</p> | <p>No Comment</p> |

32/12/2014



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| <p>(vii) The Company has a system of internal audit by the firm of Chartered Accountants for its field units. There is no internal audit system at the Head Office. Further, increase in the sample size 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 to the internal audit reports of Transmission (East) and Transmission (South) were not produced.</p> | <p>Management has taken cognizance of auditors remarks and necessary action will be taken in due course of time.</p> |
| <p>(viii) The cost records prescribed under section 209(1) (d) of the Companies Act, 1956 have not been maintained by the company during the year under audit.</p> | <p>Records are maintain and have been audited by cost auditor.</p> |
| <p>(ix)(a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Employees' State Insurance, Income-Tax, Service-Tax Custom Duty, Cess and any other statutory dues with the appropriate authorities, however, there is an undisputed liability of Rs. 3, 78,134 pertaining to fringe benefit tax is outstanding for more than six months as on the Balance Sheet date. It was observed that provident fund and contributions to the U. P. Power sector Employee's Trust are not made on monthly basis. Further, deduction and deposition of income tax at source and trade tax at source were not properly complied and VAT returns have not been submitted in few units as required under UPVAT Act, 2008 at Transmission (West).</p> | <p>Provident Fund Contribution to U.P. Power Sector Employees Trust is being made on the basis of monthly deposition w.e.f. March 2010. Necessary instructions have been issued to the concerned zones.</p> |
| <p>(b) As informed to us by the management, there are no dues that have not been deposited on account of dispute.</p> | <p>No Comment</p> |
| <p>(x) The Company has been registered for more than 5 years, its accumulated losses are more than 50 percent of its net worth and it has not incurred any cash losses during the current financial year and in the financial year immediately preceding such financial year.</p> | <p>No Comment</p> |
| <p>(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.</p> | <p>No Comment</p> |
| <p>(xii) The Company has not granted any loans and advance on the basis security by way of pledge of shares, debentures and other securities.</p> | <p>No Comment</p> |
| <p>(xiii) The Company is not chit fund /nidhi/mutual benefit fund/societies; hence para (xiii) of the Order is not applicable.</p> | <p>No Comment</p> |
| <p>(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.</p> | <p>No Comment</p> |
| <p>(xv) As informed to us the Company has not given any guarantee for loans taken by others from banks or financial institutions.</p> | <p>No Comment</p> |

श्रीधर रेग्मी

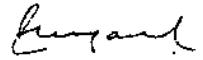
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| <p>(xvi) We are unable to comment whether loan funds were applied for the purpose for which the loan were obtained as the accounts are not maintained in such manner which could identify the immediate nexus for ultimate usage of loan funds. However as per the explanation given by the management the loan funds were applied for the purpose for which the loans were obtained.</p> | <p>No Comment</p> |
| <p>(xvii) We are unable to comment whether the funds received on short term basis have not been utilized for long term purpose as the accounts are not maintained in such manner which could identify the immediate nexus for ultimate usage of loan funds.</p> | <p>The funds received on short term basis have not been utilized for long term purpose.</p> |
| <p>(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.</p> | <p>No Comment</p> |
| <p>(xix) The company has not issued any debentures hence para (xix) of the Order is not applicable.</p> | <p>No Comment</p> |
| <p>(xx) The company has not raised any money by public issue; hence clause (xx) of the Order is not applicable.</p> | <p>No Comment</p> |
| <p>(xxi) As per information and explanations given to us, no fraud has been done by the company or on the company during the year.</p> | <p>No Comment</p> |



(A.K.Gupta)

General Manager(Accounts)



(S.K.Agarwal)

Director (Finance)

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



Office of the Accountant General
(Economic and Revenue Sector Audit), U.
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./2010-11/608
दिनांक: 1/7/13

1259

No.....CMD/UPPT में,

प्रबन्ध निदेशक

उ०प्र० पावर ट्रांसमिशन कारपोरेशन लिमिटेड
लखनऊ, उत्तर प्रदेश।

Director (F)

महोदय,

(अध्यक्ष/प्रबन्ध निदेशक)

एतत्सह कम्पनी अधिनियम, 1956 की धारा 619(4) के अधीन उ०प्र० पावर ट्रांसमिशन कारपोरेशन लिमिटेड के 31 मार्च 2011 को समाप्त होने वाले वर्ष के लेखों पर भारत के उ०प्र० पावर ट्रांसमिशन कारपोरेशन लि. लखनऊ नियंत्रक-महालेखापरीक्षक की टीका-टिप्पणियों कम्पनी अधिनियम, 1956 की धारा 619(5) के निबन्धनों के अनुसरण में कम्पनी की वार्षिक सामान्य बैठक के समक्ष प्रस्तुत करने हेतु अग्रेषित की जा रही है। कृपया वार्षिक सामान्य बैठक के समक्ष इन टीका-टिप्पणियों के प्रस्तुत किये जाने की वास्तविक तिथि की सूचना दें।

The Report has been prepared on the basis of information furnished and made available by the auditee. The Office of the Accountant General (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।

Sy. Ad.
3322-2011/12
09/7/13

सहपत्र-यथोपरि

G.M.(F)

No. 4076-PSDF/13
08/7/13

भवदीया

(डॉ० स्मिता एस० चौधरी)
महालेखाकार

Sy. Ad. (A/C) Trans.

No. 5119.....G.M.(F)
Date... 9/7
Dy. C.A.O. (G)/F-II
Dy. C.A.O. (A/C) Trans.)
AO.(F)

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED, LUCKNOW FOR THE YEAR ENDED 31 MARCH 2011.

The preparation of the Financial Statement of the Uttar Pradesh Power Transmission Corporation Limited, Lucknow for the year ended 31 March 2011 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 03 April 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 2011. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 619(4) of the Companies Act, 1956 which have come to my notice and which in my view are necessary for enabling a better understanding of the financial statement and the related Audit Report:

Balance Sheet

Application of Funds

Current Assets, Loans and Advances

Sundry Debtors (Schedule 7) ₹ 1132.48 Crore

1. Provision for Bad & Doubtful Debts: ₹ 17.76 Crore

The above provision relates to the period up to the year 2008-09 against which payments had already been cleared.

Thus, the provision of ₹ 17.76 crore earlier made by the Company should have been written back. Not writing back the above provision has resulted in understatement of prior period income and understatement of Sundry Debtors by ₹ 17.76 crore.

Profit & Loss A/c

Expenditure

2. Interest & Finance Charges (Schedule 17) ₹ 279.43 Crore
Interest on loans to REC ₹ 116.36 Crore.

The above does not include the outstanding interest amounting to ₹ 0.39 crore against the loan on REC for the period from 20-03-2011, to 31-03-2011.

Thus, non provision of outstanding interest on above said loan resulted in understatement of current liabilities & provisions and loss both by ₹ 0.39 Crore.

3. General

(a) Notes on Accounts

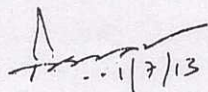
Notes on Accounts annexed to and forming part of Balance Sheet as at 31.3.2011 and Profit & Loss Account for the year ended on that date of U.P. Power Corporation Limited (UPPCL) at point no. 14 states as below:

" Due to non-formation of finance, accounts, audit headquarters and other service units in U.P. Power Transmission Corporation Limited (UPPTCL), the employees of UPPCL working in these units were entrusted the work of UPPTCL also, therefore, the services rendered by such UPPCL employees, the 25 % of the employee and administrative cost of such units have been loaded to UPPTCL during the year.

However, the same fact being material should have been disclosed by the Company in the Schedule No.21 (B) - Notes on Accounts.

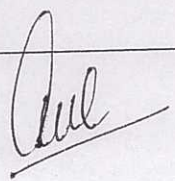
(b) As per the requirement of Section 383-A of Companies Act and according to Rule 2 of Companies (Appointment & Qualification of Secretary) Rules 1988, all Companies having paid up capital of not less than ₹ 2 crore, shall have a whole time Company Secretary. The UPPTCL, however, has not complied with the said section of the Companies Act and the Final Accounts of the Company are signed by a part time Company Secretary.

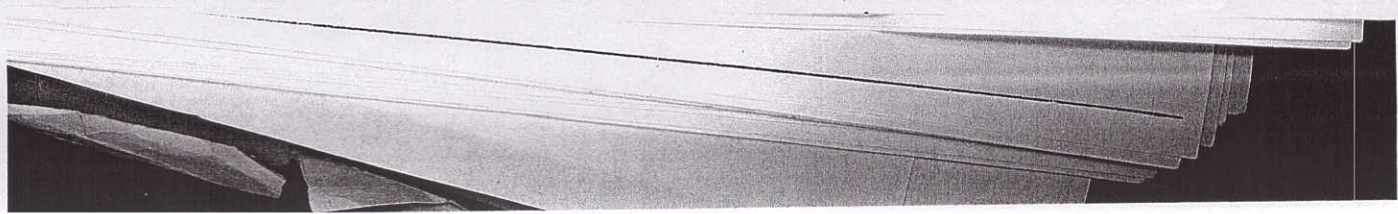
(c) Due to non-reconciliation of the inter company balances of Current Assets verses Current Liabilities, a difference of ₹ 57.11 crore could not be taken in to account by the company.


17/13
ACCOUNTANT GENERAL

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 LUCKNOW FOR THE YEAR ENDED 31 MARCH 2011.

| 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 2011 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 03 April 2013.</p> | <p>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 2011. 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 :</p> | <p>No Comment</p> |

3/13/2011 



Balance Sheet

Application of Funds

Current Assets, Loans and Advances

Sundry Debtors (Schedule 7) Rs. 1132.48 Crore

**1. Provision for Bad & Doubtful Debts :
Rs. 17.76 Crore**

The above provision relates to the period up to the year 2008-09 against which payments had already been cleared.

Thus, the provision of Rs. 17.76 crore earlier made by the Company should have been written back. Not writing back of the above provision has resulted in understatement of prior period income and understatement of Sundry Debtors by Rs. 17.76 crore.

The said Provision of Rs. 17.76 crore has been written back and accounted for in the year 2011-12.

Profit & Loss A/c

Expenditure

2. Interest & Finance Charges (Schedule 17) Rs. 279.43 crore.

Interest on Loans to REC Rs. 116.36 Crore.

The above does not include the outstanding interest amounting to Rs. 0.39 crore against the loan on REC for the period from 20-03-2011 to 31-03-2011.

Thus, non provision of outstanding on above said loan resulted in understatement of current liabilities & provisions and loss both by Rs. 0.39 Crore.

Provision of interest on Loan to REC amounting to Rs. 0.39 crore has been made in the year 2011-12.

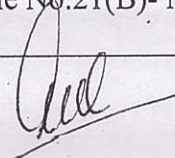
3. General

(a) Notes on Accounts

Notes on Accounts annexed to end forming part of Balance Sheet as at 31.3.2011 and Profit & Loss Account for the year ended on that date of U. P. Power Corporation Limited (UPPCL) at point no. 14 states as below:

“Due to non-formation of finance, accounts, audit, headquarters and other service units in U. P. Power Transmission Corporation Limited (UPPTCL), the employees of UPPCL working in these units were entrusted the work of UPPTCL also, therefore, the services rendered by such UPPCL employees, the 25% of the employee and administrative cost of such units have been loaded to UPPTCL during the year”. However, the same fact being material should have been disclosed by the Company in the Schedule No.21(B)- Notes on Accounts.

As advised by audit required disclosure has been made in the accounts for the year 2011-12.

31/3/2012


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| <p>(b) As per the requirement of Section 383-A of Companies Act and according to Rule 2 of Companies (Appointment & Qualification of Secretary) Rules 1988, all Companies having paid up capital of not less than Rs.2 crore, shall have a whole time Company Secretary. The UPPTCL, however, has not complied with the said section of the Companies Act and the Final Accounts of the Company are signed by a part time Company Secretary.</p> | <p>Company is in process to appoint full time Company secretary.</p> |
| <p>(c) Due to non-reconciliation of the inter company balances of Current Assets verses Current Liabilities, a difference of Rs. 57.11 crore could not be taken in to account by the company.</p> | <p>The reconciliation Inter company balances of Current Assets/Current Liabilities is in process. Instructions have been issued to reduce the balances.</p> |



(A.K.Gupta)

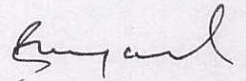
General Manager(Accounts)

of
c



32/12/13

12/7/13



(S.K.Agarwal)

Director (Finance)