

DIRECTORS' REPORT

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

The Directors have pleasure in presenting the 10th Annual report on the performance of Uttar Pradesh Power Transmission Corporation Limited for the financial year 2013-14 along with audited Statement of Accounts, Auditors' Report and Review of the Accounts by the Comptroller and Auditor General of India.

INTRODUCTION:-

The Uttar Pradesh Power Transmission Corporation Limited (UPPTCL) came into existence when in compliance to GoUP letter No. 293 dated 16.05.2006, the Name and Object Clause of the Memorandum of Association of the erstwhile Uttar Pradesh Vidyut Vyapar Nigam Limited (incorporated on 31.05.2004) was changed on 13.07.2006.

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 the transfer of the transmission activities from U.P. Power Corporation Ltd. (UPPCL), to the Uttar Pradesh Power Transmission Corporation Limited (UPPTCL), wherein the scope of the business, assets & liabilities of the UPPTCL and other incidental and consequential matters were laid down. Under the Provisional 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.

FINANCIAL RESULTS

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

PARTICULARS	₹ In Crore	
	Year ended 31.03.2014	Year ended 31.03.2013
<u>INCOME</u>		
Revenue from wheeling of power	1655.87	1308.78
Other Income	23.75	20.74
TOTAL (A)	1679.62	1329.52
<u>EXPENDITURE</u>		
Operational Expenditure :-		
Repairs & Maintenance Expenses	162.70	143.14
Employees Cost	313.01	269.84
Administrative, General & Other Expenses	23.47	6.46
TOTAL (B)	499.18	419.44
Operational Profit/(Loss) before Dep. Intt. And Prov. C=(A-B)	1180.44	910.08

Interest and Finance Charges	504.42	430.86
Depreciation	403.40	374.94
Bad debts & Provisions	(81.98)	0.00
TOTAL (D)	825.84	805.80
Profit/(Loss) Before Prior Period Income/(Exp.) and Tax	354.60	104.28
ADD : Net Prior Period Income/ (Expenditure)	(33.21)	(81.34)
Preliminary Exp.	-	-
NET PROFIT/(Loss) Before Tax	321.39	22.94
Provision for Income Tax	-	-
NET PROFIT/(Loss) After Tax	321.39	22.94

STATUS OF SHAREHOLDING AS ON 31.03.2014 :-

NAME OF SHAREHOLDER	NO. OF SHARES (NOMINAL VALUE ₹1000/- EACH)
HON'BLE GOVERNOR OF GOVERNMENT OF U.P.	3,18,91,748
UTTAR PRADESH POWER CORPORATION LTD. (EXCLUDING PROMOTERS' SHARE)	2,21,32,752
DIRECTORS OF UPPTCL	600
TOTAL	5,40,25,100

The outstanding government loan up to 31.03.2014 of ₹99.71 crore and ₹494.40 Crore has been converted into Equity vide the Government of Uttar Pradesh G.O. No. 97/2700/24-1-14-1041 (Budget)/2013 dt. 17.12.2014. The G.O. has been complied with and accounted for by debiting Capital Head (Equity) and crediting Capital head as Loan receipt from State Budget of FY 2014-15.

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

Even though there is Net Profit After Tax to the tune of ₹321.39 crores during the FY 2013-14 but in view of the fact that company has accumulated losses to the tune of ₹802.46 crores upto the year under review, hence, no amount is proposed to be transferred to any reserve.

DIVIDEND

Although there is Net Profit After Tax to the tune of ₹321.39 crores during the year, however, the Directors could not recommend any dividend during the year under review, as the company has cumulative losses to the tune of ₹802.46 crores as on 31.03.2014.

PHYSICAL ACHIEVEMENTS

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

A. Lines

(i)	765 KV Lines	NIL	CKT Kms
(ii)	400 KV Lines	518.312	CKT Kms
(iii)	220 KV Lines	84.434	CKT Kms
(iv)	132 KV Lines	351.167	CKT Kms

B (i) Sub Stations

Voltage	New Commissioned		Capacity Augmented	
	Nos. of S/Ss	Capacity (MVA)	Nos. of S/Ss	Capacity (MVA)
765 KV	-	-	1	1000
400 KV	-	-	1	185
220 KV	4	1000	8	520
132 KV	13	740	51	1473

B (ii) Capacitors

A. 132KV - 40 MVAR

B. 33KV - 110 MVAR

B (iii) Bay (Energized)

1. 400 KV - 01 Nos.
2. 220 KV - 02 Nos.
3. 132 KV - 12 Nos.
4. 33 KV - 26 Nos.

C The energy transmitted during the year 2013-14 stood at 77760.692478 MU (million units) as against 73897.657156 MU during the Previous Year 2012-13, registering an increase of 3863.035322 MU.

HIGHLIGHTS OF REVENUE ACCOUNTS FOR THE FINANCIAL YEAR 2013-14

(i) Though there was an increase in volume of energy wheeled by 3863.035322 MU (i.e. 77760.692478 MU - 73897.657156 MU) but due to decrease in rate of wheeling charges by ₹0.039/Kwh (₹0.1740 - ₹0.1350), the revenue was supposed to decline, however, there was an overall increase in revenue by ₹345.13 crores which is mainly due to revision of tariff in the final order against True-up petition by Hon'ble UPERC vide its order dt. 01.10.2014 for the years 2008-09 to 2011-12 causing an increase in revenue to the tune of ₹581.18 crores during the financial year.

(ii) The company has earned net profit of ₹321.39 crores.

- (iii) An accounting on deferred Tax Asset has not been considered in account on prudent basis as the company is not certain about substantial income in near future due to unabsorbed accumulated losses of ₹802.46 crores. It includes the accumulated loss amounting to ₹967.27 crores which has been transferred by UPPCL under the Provisional Transfer Scheme and ₹57.88 crores accumulated losses pertaining to prior to Transfer Scheme has been debited in FY 2011-12. The transfer of 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.

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 have been no material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year of the company to which the balance sheet relates and the date of report.

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 ₹ 60 Lakh per annum (or ₹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. 2013-14)	
			Appointment	Retirement / Cessation (As on 31.03.2014)
1	Shri Alok Kumar	Chairman & Managing Director	08.02.2013	01.06.2013
2	Shri Kamran Rizvi	Chairman & Managing	11.06.2013	Working

		Director		
3	Shri Sanjiv Mittal	Prin.Secy.(Energy) & Director	22.04.2013	17.05.2013
4	Shri Sanjay Agarwal	Prin.Secy.(Energy) & Director	17.05.2013	Working
5	Shri A.P.Mishra	MD,UPPCL & Director	22.04.2013	Working
6	Shri S.K.Agarwal	Director(Finance)	09.01.2009	Working
7	Shri Neel Ratan Kumar	Director	06.10.2010	Working
8	Shri S.K.Gupta	Director	07.06.2011	Working
9	Shri Ravi Shanker Panday	Director(Personnel & Management)	21.11.2011	30.06.2013
10	Shri Ashok Kumar Singh	Director(Operation)	21.11.2011	26.09.2013
11	Shri Sunil Kumar Garg	Director(Work & Project)	21.11.2011	Working
12	Shri Sunil Kumar Garg	Director(Personnel & Management) Additional Charge	27.09.2013	06.12.2013
13	Shri Om Prakash Jain	Director(Commercial)	25.11.2011	04.11.2013
14	Shri Pramod Gopalrao Khandalkar	Director(Commercial)	17.01.2014	Working
15	Shri Shatanshu Agrawal	Director(Operation)	06.12.2013	Working
16	Shri Ram Vishal Pandey	Director(Personnel & Management)	06.12.2013	Working
17	Ms. Neerja Krishna	Director	20.03.2014	Working
18	Shri Prabhakar Singh	Director	11.12.2012	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 adhered to, except few cases which are in consonance with the provisions laid down in Electricity (Supply)(Annual Accounts) Rules, 1985 alongwith adequate disclosure thereof through Notes to 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, 2014 and of the profit and loss for the said Financial Year under review.
- (iii) The depreciation has been provided on Straight Line Method at the rates prescribed in Schedule-XIV of the Companies Act, 1956. Depreciation on additions/deductions has been provided on pro-rata basis.
- (iv) Proper and sufficient care has been taken for the maintenance of adequate Accounting Records in accordance with the provisions of The 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 noticed by the

management and also those, which have been pointed out, by the Statutory Auditors and the C&AG shall be given cognizance and if required will be accounted for in the ensuing years.

- (v) There are certain fresh directives issued by Hon'ble UPERC vide order dated 01.10.2014 for timely compliance, against which necessary steps / measures are being taken by the offices of respective functional directors. The directives issued by Hon'ble UPERC is summarized as below:-

(A) Fresh directives issued for the FY 2000-01 to FY 2007-08 by the Commission against the pending/ non-compliance of earlier issued directives vide Order dated 21st May, 2013

Directive	Compliance status submitted by the Petitioner	Fresh Directive
The Commission directs the Petitioner to provide the break-up and details of each item booked under prior period expenses with respect to the financial year to which they pertain failing which no claims under this head would be considered.	The Petitioner submitted that the details of for FY 2011-12 have been submitted vide its letter dated 9 th May, 2014 in replies to datagaps.	The Petitioner is directed to file a separate Petition for approval of prior period expenses / incomes. The Petition should clearly indicate the head wise and year wise bifurcation of prior period expenses / incomes clearly indicating the impact of such expenses / incomes on various ARR components and such impact should not exceed the normative expenses for any particular year.
The Petitioner is directed to provide the details pertaining to the accumulated regulatory depreciation claimed on each class of asset.	The Petitioner submitted that the it has filed Petition for true up for FY 2011-12	The Petitioner is directed to provide the details pertaining to the accumulated regulatory depreciation claimed on each class of asset reconciling the same with the accumulated depreciation as per the Fixed Asset Register.

(B) Fresh directives issued for the FY 2013-14 by the Commission against the pending/ non-compliance of earlier issued directives vide Order dated 31st May, 2013

Directive	Compliance status submitted by the Petitioner	Fresh Directive
The Commission directs UPPTCL to submit the Fresh Actuarial Valuation Study Report in respect to employee expenses.	The Petitioner submitted that it had attempted to appoint an actuary but there was no response from the established players. The Petitioner submitted that till the date the actuarial valuation study is completed, the pension and gratuity contribution may be allowed at the levels prayed for in the Petition.	The Commission directs UPPTCL to submit the fresh Actuarial Valuation Study Report in respect to employee expenses.
The Commission reiterates its direction to the UPPTCL to ensure proper maintenance of detailed fixed assets registers as specified in the Transmission Tariff Regulations. As the fixed asset registers are pending since FY 2007-08, the Commission directs	The Petitioner submitted that appropriate instructions have been issued to the field units to prepare fixed asset registers. However, here are two practical difficulties in the preparation of fixed asset registers. They are: (a) Finalisation	The Commission reiterates its direction to UPPTCL to ensure proper maintenance of detailed Fixed Assets Register as specified in the Transmission Tariff

<p>the UPPTCL to submit a status report and provide the proposed timelines / milestones for clearing them backlog. The Commission understands that clearing the backlog would take substantive time. In order to ensure that fixed asset registers are timely and regularly prepared going forward, the Commission directs the UPPTCL to prepare the fixed asset registers duly accounting for the yearly capitalisations from FY 2012-13 onwards. The capitalisation for the period before that may be shown on gross level basis. This dispensation is merely to ensure that the proper asset registers capturing all necessary details of the asset, including the costs incurred, date of commissioning, location of asset, and all other technical details are maintained for the ensuing years. However, the Licensee would also be required to clear the backlog in a time bound manner. Upon finalisation of the Transfer Scheme and clearing of backlog, the licensee may update the fixed asset registers appropriately by passing necessary adjustments.</p>	<p>of unit levels subsequent to transfer scheme is still pending. (b) Huge backlog from FY 2007-08. The Petitioner prayed that the direction to prepare fixed asset registers may be waived for FY 2014- 15 and about a year's time may be provided to prepare the fixed asset registers from FY 2007-08 onwards.</p>	<p>Regulations. In order to ensure that Fixed Asset Register is timely and regularly prepared going forward, the Commission directs UPPTCL to prepare the Fixed Asset Register duly accounting for the yearly capitalisations from FY 2012-13 onwards. The capitalisation for the period before that may be shown on gross level basis. This dispensation is merely to ensure that the proper asset registers capturing all necessary details of the asset, including the costs incurred, date of commissioning, location of asset, and all other technical details are maintained for the ensuing years. However, the Petitioner would also be required to clear the backlog in a time bound manner. Upon finalization of the Transfer Scheme and clearing of backlog, the Petitioner may update the Fixed Asset Register appropriately by passing necessary adjustments.</p>
<p>The Commission redirects the UPPTCL / SLDC that the ARR / budget for SLDC should be submitted separately along with the ARR submission of TRANSCO. The costs have to be separately identified and not embedded in the TRANSCO ARR.</p>	<p>The Petitioner submitted that ARR of SLDC has not been submitted separately in FY 2014-15. It has been estimated as 2% of Transco ARR.</p>	<p>The Commission redirects UPPTCL / SLDC that the ARR / budget for SLDC should be submitted separately along with the ARR submission of TRANSCO. The costs have to be separately identified and not embedded in the TRANSCO ARR.</p>
<p>The Commission directs UPPTCL to formalise the capacity of transmission system in use by long-term open access customers (Distribution Licensees or generating companies) in accordance with the principle laid down under Clause 3.11 of Transmission Tariff Regulations and based on existing PPAs / MoU's signed by them for purchase or sale of electricity.</p>	<p>The Petitioner submitted that it would take suitable steps to abide by the MYT Regulations for the Transmission business about to be notified by the Commission.</p>	<p>The Commission directs UPPTCL to formalise the capacity of transmission system in use by long-term open access customers (Distribution Licensees or generating companies) in accordance with the principle laid down under Tariff Regulations and based on existing PPAs / MoU's signed by them for purchase or sale of electricity.</p>
<p>The Commission directs UPPTCL to initiate the process of signing of BPTA with Distribution Licensees who are the existing long-term customers and submit the status on execution of BPTA of the same.</p>	<p>The Petitioner submitted that PTA of 270 MW with NPCL has been signed on 27th March, 2014 and is under process of signing BPTA with other Distribution Licensees.</p>	<p>The Commission directs UPPTCL to initiate the process of signing of BPTA with Distribution Licensees who are the existing longterm customers and submit the status on execution of BPTA of the same.</p>
<p>The Commission directs SLDC to</p>	<p>The Petitioner submitted that the</p>	<p>The Commission directs the</p>

submit organizational structure of SLDC and status of implementation of the same in view of its creation on 24 th January, 2011 by a notification of the State Govt.	organizational structure of SLDC has been sent to GoUP for approval.	Petitioner to expedite the matter with GoUP for obtaining the approval.
The Commission directs the UPPTCL to submit a long term business plan in accordance with Clause 2.1.6 of the Transmission Tariff Regulations. The UPPTCL in such business plan shall identify capex projects for the ensuing year and subsequent four years and submit detailed capital investment plan along with a financing plan for undertaking the identified projects in order to meet the requirement of load growth, refurbishment and replacement of equipment, reduction in transmission losses, improvement of voltage profile, improvement in quality of supply, system reliability, metering, communication and computerization, etc.	The Petitioner submitted that it would take suitable steps to abide by the MYT Regulations for the Transmission business about to be notified by the Commission	The Commission directs the Petitioner to claim the capital investment plan henceforth, strictly in accordance with applicable Tariff Regulations for the Petitioner.
The Commission directs the UPPTCL to conduct benchmarking studies to determine the desired performance standards in accordance with Clause 2.1.7 of the Transmission Tariff Regulations.	The Petitioner submitted that the Commission has indicated the scope of work for the benchmarking studies vide its letter dated 3rd February, 2014. The Petitioner submitted that the Terms of Reference for the benchmarking studies would be finalized and an independent consultant would be appointed to undertake such studies.	The Commission directs UPPTCL to conduct benchmarking studies to determine the desired performance standards and submit the report to the Commission.
The Commission directs the UPPTCL to conduct proper loss estimate studies under its supervision so that the Commission may set the base line losses in accordance with Clause 3.3.5 and Clause 3.3.6 of the Transmission Tariff Regulations and submit the report to the Commission.	The Petitioner submitted that it would take suitable steps to abide by the MYT Regulations for the Transmission business about to be notified by the Commission.	The Commission directs UPPTCL to conduct proper loss estimate studies under its supervision and submit the report to the Commission.
The Commission directs the UPPTCL to submit completion report in respect of all capital projects which have achieved the Commercial Operation Date during FY 2011-12 in accordance with Clause 3.6.7 of the Transmission Tariff Regulations.	The Petitioner submitted that the information has been submitted vide its letter dated 9th May 2014	The Commission directs UPPTCL to submit completion report in respect of all capital projects which have achieved the Commercial Operation Date during for each year in accordance with Clause 3.6.7 of the Transmission Tariff Regulations.
The Commission directs the UPPTCL to exclude the transmission charges approved by CERC towards transmission lines connecting two States from the overall transmission charges claimed in the next ARR filing for UPPTCL	The Petitioner submitted that ERC has still not approved the transmission charges for the transmission lines connecting two States for FY 2013-14.	The Commission directs UPPTCL to exclude the transmission charges approved by CERC towards transmission lines connecting two States from the overall transmission charges claimed in the next ARR filing for UPPTCL
The Commission directs the Licensee to pressingly pursue the GoUP for finalisation of the Transfer Scheme and submit a copy of the same.	The Petitioner submitted that the same is pending at the end of the GoUP.	The Commission directs the Petitioner to urgently pursue with the GoUP for finalisation of the Transfer Scheme and submit a copy of the same.

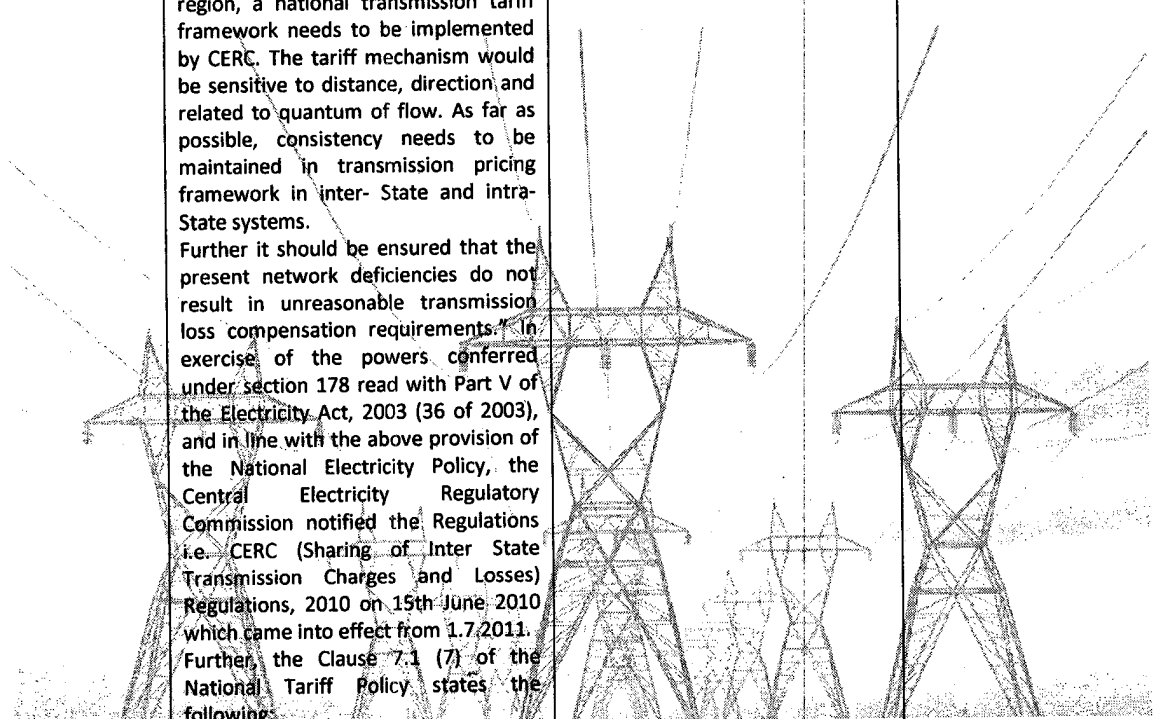
Clause 5.3.5 of the National Electricity Policy states the following: "To facilitate orderly growth and development of the power sector and also for secure and reliable operation of the grid, adequate margins in transmission system should be created. The transmission capacity would be planned and built to cater to both the redundancy levels and margins keeping in view international standards and practices. A well planned and strong transmission system will ensure not only optimal utilization of transmission capacities but also of generation facilities and would facilitate achieving ultimate objective of cost effective delivery of power. To facilitate cost effective transmission of power across the region, a national transmission tariff framework needs to be implemented by CERC. The tariff mechanism would be sensitive to distance, direction, and related to quantum of flow. As far as possible, consistency needs to be maintained in transmission pricing framework in inter- State and intra-State systems.

Further it should be ensured that the present network deficiencies do not result in unreasonable transmission loss compensation requirements." In exercise of the powers conferred under section 178 read with Part V of the Electricity Act, 2003 (36 of 2003), and in line with the above provision of the National Electricity Policy, the Central Electricity Regulatory Commission notified the Regulations i.e. CERC (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010 on 15th June 2010 which came into effect from 1.7.2011. Further, the Clause 7.1 (7) of the National Tariff Policy states the following:

"After the implementation of the proposed framework for the inter-State transmission, a similar approach should be implemented by SERCs in next two years for the intra-State transmission, duly considering factors like voltage, distance, direction and quantum of flow." The National Tariff Policy requires the states to adopt the mechanism similar to the one adopted at the Central level within two years of its implementation at the central level. Hence, the transmission pricing mechanism in line with the PoC mechanism has to be implemented at the state level by June 2013. The Commission directs the UPPTCL to submit load flow studies along with the assessment of various options with regards to transmission pricing, their relative advantages and disadvantages

The Petitioner submitted that CERC had initiated studies in respect of PoC mechanism and subsequently approved the PoC Regulations. The Petitioner submitted that it would be appropriate that the Commission initiate such studies and approve a framework for transmission pricing in the State.

The Commission directs the UPPTCL to submit load flow studies along with the assessment of various options with regards to transmission pricing, their relative advantages and disadvantages and suitability for adoption in Uttar Pradesh



and suitability for adoption in Uttar Pradesh.

- (vi) The directors had prepared Annual Account for the Financial Year ended 31st March, 2014 on 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:-

Managing Director UPPTCL	-	Chairman
Joint Secretary (Finance), U.P. Govt. & Part Time Director UPPTCL	-	Member
GM(T&D) REC Ltd. & Part Time Director	-	Member
Director (Finance), UPPTCL	-	Presenter
Company Secretary		Coordinator

The Audit Committee has reviewed the duly approved Annual Financial Statement.

AUDITORS

M/s S. Srivastava & Co., Chartered Accountants, were appointed as Statutory Auditors of the Company for the financial year 2013-14 by C&AG of India. The Statutory Auditors have audited the accounts of the company for the year ended on 31st March 2014. 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 2014 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 Board of Directors gratefully acknowledge the co-operation and continued support extended by various Central and State Govt. Departments, U.P. Electricity Regulatory Commission, CERC, Central power Utilities, PFC, REC, Banks and other Financial Institutions.

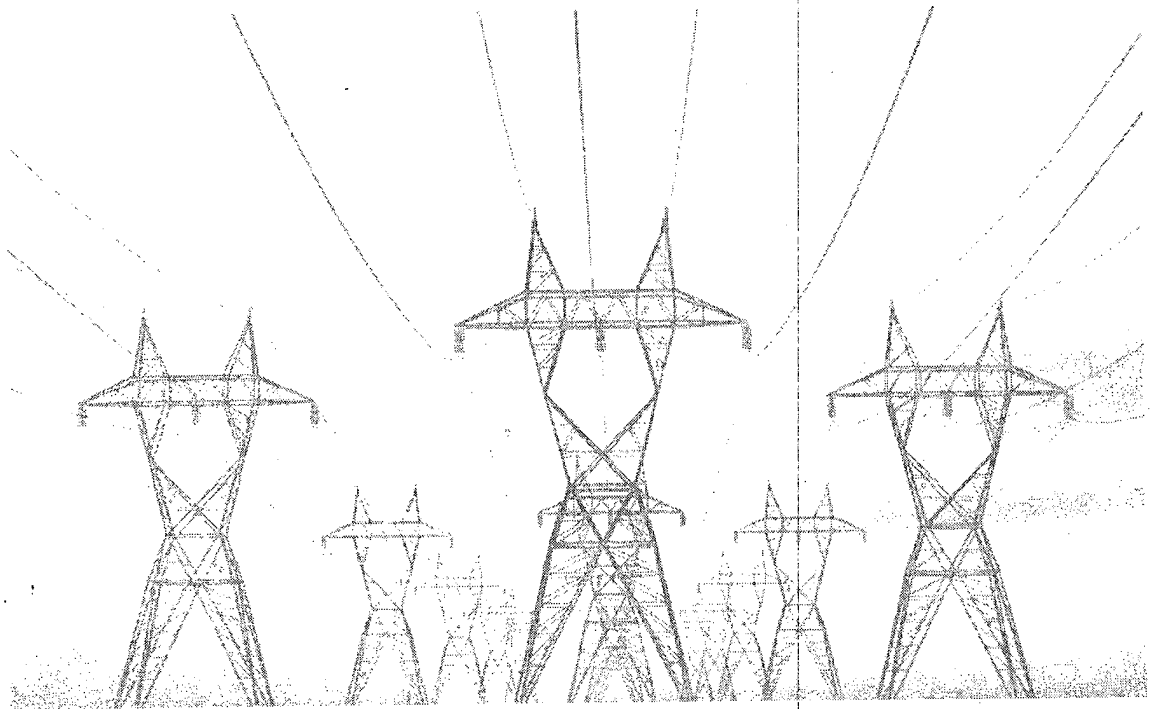
The Directors also appreciated the constructive suggestions and co-operation of Statutory Auditors M/s S. Srivastava & Co., Chartered Accountants, various Branch Auditors and the office of the C&AG.

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

Date: 27.7.15
Place: Lucknow


(Sanjay Agarwal)
Chairman



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:**

UPPTCL developed in the year 2010, Sub-Station Automation System (SAS) of distributed type (Kiosks consisting bays to switchyard) to control and monitor all the sub-station equipment from Remote Control Centre (RCC) as well as local control center. Gateways are provided for State Load Dispatch Centers to communicate with existing SCADA network. Dedicated Bay Control Units (BCUs) are provided for various Bays of 220KV, 132 KV & 33KV. The system thus, developed is user friendly and already 4 nos. 220KV substations and 13 nos. 132 KV substations as follows have been successfully commissioned and in operation :-

LIST OF SAS BASED SUBSTATIONS COMMISSIONED AND IN OPERATRIION			
220 KV SUBSTATIONS		132 KV SUBSTATIONS	
1	S/S KUSRI ROAD, LUCKNOW	1	S/S KANHA UPVAN
2	S/S BEHAT	2	S/S GARWARA
3	S/S ROBERTSGANJ	3	S/S PURA
4	S/S SAIFAI	4	S/S RAMRAJ
		5	S/S MOHADDIPUR
		6	S/S SAHARA CITY, LUCKNOW
		7	S/S TELA MOR
		8	S/S JAWAHARPURAM
		9	S/S KHURJA- II
		10	S/S ANOOPSAHAR
		11	S/S AFZALGARH
		12	S/S ATTARRA
		13	S/S DLW

2. **Benefits derived as result of the above efforts:**

- (i) The system incorporates the control, monitoring and protection functions specified, self monitoring, signaling and testing facilities, measuring as well as memory functions event recording and evaluation of disturbance_recorder through the use of HMI (Human Machine Interface).
- (ii) Self monitoring components, modules and communication to increase the availability and reliability of equipments and minimum disturbance. This is also available through HMI in the control room.
- (iii) Reduction in manpower as against conventional system and connectivity in groups.

3. **Imported Technology:**

Polymer insulators in high voltage transmission lines were introduced in the year 2007 and since then are being used in 400KV, 220 KV and 132 KV transmission lines. The introduction of these insulators has considerably reduced tripping of lines due to failure of porcelain insulators and associated failures of pins and caps. The introduction of polymer insulators has also reduced the incidence of tripping caused due to foggy conditions. This is a technology which is widely used world over and has proved to be beneficial in maintaining grid stability particularly in Northern India where the incidence of snowfall and fog are quite common.

C. **FOREIGN EXCHANGE EARNING AND OUTGO:**

(i) Earnings in foreign exchange: NIL
(ii) Foreign exchange outgo: 222313 (USD)

For and on behalf of the Board of Directors


(Sanjay Agarwal)
Chairman



UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED



BALANCE SHEET AS AT 31.03.2014

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**PROFIT & LOSS STATEMENT FOR
THE YEAR ENDED 31.03.2014**

Registered Office :- 14, Ashok Marg, Shakti Bhawan, Lucknow - 226001.

CIN : U40101UP2004SGC028687

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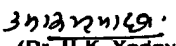
UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED
14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.


BALANCE SHEET AS AT 31st MARCH, 2014

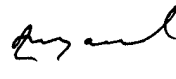
(Amount in ₹)

Particulars	Note No.	As at 31st March 2014	As at 31st March 2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	1	54,025,100,000	45,755,100,000
(b) Reserves and surplus	2	(1,916,042,656)	(5,935,512,282)
(c) Money received against share warrants			-
(2) Share application money pending allotment			
	3	12,340,766,000	6,670,000,000
(3) Non-current liabilities			
(a) Long-term borrowings	4	62,580,855,316	59,551,147,782
(b) Deferred Tax Liabilities (Net)			-
(c) Other Long-Term Liabilities	5	2,519,812,806	2,589,783,517
(d) Long Term Provisions			-
(4) Current liabilities			
(a) Short Term Borrowings			-
(b) Trade Payables			-
(c) Other Current liabilities	6	35,783,619,529	33,242,621,523
(d) Short-Term Provisions			-
Total		165,334,110,995	141,873,140,540
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible Assets	7	56,982,785,757	48,656,330,732
(ii) Intangible Assets	8	8,209,542	10,544,929
(iii) Capital Work-in-Progress	9	23,952,862,459	24,165,409,202
(iv) Intangible Assets under Development		-	-
(b) Non-Current Investments		-	-
(c) Deferred Tax Assets (Net)		-	-
(d) Long-Term Loans and Advances	10	35,628,714,487	28,760,400,642
(e) Other Non-Current Assets		-	-
(2) Current assets			
(a) Current Investments		-	-
(b) Inventories (Stores & Spares)	11	7,358,262,717	7,278,181,112
(c) Trade Receivables	12	31,065,722,647	27,675,597,987
(d) Cash and Cash Equivalents	13	9,285,367,744	3,609,200,754
(e) Short-Term Loans and Advances	14	563,050,808	457,640,102
(f) Other Current Assets	15	489,134,834	1,259,835,080
Significant Accounting Policies	25		
Notes on Accounts	26		
Note 1 to 26 form Integral Part of Accounts			
Total		165,334,110,995	141,873,140,540


(Abha Sethi Tandon)
Acting Company Secretary


(Dr. U.K. Yadav)
Dy. GM (Accounts)


(A.K. Gupta)
GM (Accounts)


(S.K. Agarwal)
Director (Finance)


(Sanjay Prasad)
Managing Director

Subject to our report of even date
For S. SRIVASTAVA & CO.
Chartered Accountants


(Sudarshan Kumar Vij)
PARTNER
M.No. : 007859
F.R.N.: 04570C

PLACE: LUCKNOW
DATE :

17 MAR 2015



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

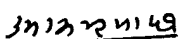
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2014

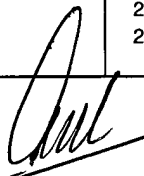
(Amount in ₹)

Particulars	Note No.	For the year ended 31st March 2014	For the year ended 31st March 2013
(I) Revenue from Operations (Gross)	16	16,558,718,578	13,087,774,944
(II) Other income	17	237,508,729	207,420,722
(III) TOTAL REVENUE (I+II)		16,796,227,307	13,295,195,666
EXPENSES			
1 Cost of Materials Consumed		-	-
2 Purchase of Stock-in-Trade		-	-
3 Changes in Inventories of Finished Goods, Works in Progress and Stock-in-Trade		-	-
4 Employee Benefits Expenses	18	3,130,139,493	2,698,362,929
5 Finance costs	19	5,044,236,771	4,308,618,648
6 Depreciation and Amortization Expenses	20	4,034,034,384	3,749,394,428
7 Other Expenses			
a) Administrative, General & Other Expenses	21	234,647,833	64,571,685
b) Repairs & Maintenance Expenses	22	1,626,971,039	1,431,365,493
c) Bad Debts & Provisions	23	(819,777,814)	-
(IV) TOTAL EXPENSES		13,250,251,706	12,252,313,183
V Profit /(Loss) before Prior Period Income/(Expenditure), Exceptional and Extraordinary Items and Tax (III-IV)		3,545,975,601	1,042,882,483
VI Prior Period Income/(Expenditure)	24	(332,065,251)	(813,458,439)
VII Exceptional Items		-	-
VIII Profit /(Loss) before Extraordinary Items and Tax (V-VI-VII)		3,213,910,350	229,424,044
IX Extraordinary Items		-	-
X Profit / (Loss) before Tax (VIII-IX)		3,213,910,350	229,424,044
XI Tax expenses:			
a) Current Tax		-	-
b) Deferred Tax		-	-
XII Profit / (Loss) for the Period from Continuing Operations (X-XI)		3,213,910,350	229,424,044
XIII Profit / (Loss) from Discontinuing Operations		-	-
XIV Tax Expense of Discontinuing Operations		-	-
XV Profit / (Loss) from Discontinuing Operations (After Tax) (XIII-XIV)		-	-
XVI Profit / (Loss) for the Period (XII+XV)		3,213,910,350	229,424,044
XVII Earnings per Equity Share:			
(a) Basic EPS ¹		63.54	8.05
(b) Diluted EPS ¹		57.30	4.85
Significant Accounting Policies	25		
Notes on Accounts	26		
Note 1 to 26 form Integral Part of Accounts			

Disclosure:- 1) Refer Note No.26.10


(Abha Sethi Tandon)
Acting Company Secretary


(Dr. U.K. Yadav)
Dy. GM (Accounts)


(A.K. Gupta)
GM (Accounts)


(S.K. Agarwal)
Director (Finance)


(Sanjay Prasad)
Managing Director

Subject to our report of even date
For S. SRIVASTAVA & CO.
Chartered Accountants


(Sudarshan Kumar Vij)
PARTNER
M.No. : 007859
F.R.N.: 04570C

PLACE: LUCKNOW
DATE: 17 MAR 2015



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

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in ₹)

Particulars	As at 31.03.2014	As at 31.03.2013
NOTE '1' - SHARE CAPITAL		
(A) Authorised Capital		
100000000 Equity Shares of par value ₹ 1000 each (Previous year 100000000 Equity share of par value ₹ 1000 each)	100,000,000,000	100,000,000,000
(B) Issued, Subscribed and Paid-up Capital		
54025100 Equity Shares of par value ₹ 1000 each issued for cash (Previous year 45755100 Equity Shares of par value ₹ 1000 each)	54,025,100,000	45,755,100,000
Total	54,025,100,000	45,755,100,000

(A) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013	As at 31.03.2013
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	45,755,100	45,755,100,000	4,335,500	4,335,500,000
Shares Issued during the year- Fresh Issue	8,270,000	8,270,000,000	41,419,600	41,419,600,000
Shares outstanding at the end of the year	54,025,100	54,025,100,000	45,755,100	45,755,100,000

(B) Terms / Rights attached to Equity Shares

- (i) The Company has only one class of Equity Shares having a par value of ₹ 1000/- per share.
(ii) During the year ended 31st March 2014, the company has issued 8270000 shares.
(iii) During the year ended 31st March 2014, no dividend has been declared by board due to heavy accumulated losses.

(C) Details of shares held by each shareholder holding more than 5% shares:

	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013	As at 31.03.2013
Name of Shareholder	No. of Shares	% Holding	No. of Shares	% Holding
Hon'ble Governor of Government of U.P.	31,891,748	59.03%	23,621,748	51.63%
Uttar Pradesh Power Corporation Ltd.	22,132,752	40.97%	22,132,752	48.37%

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

(Amount in ₹)

Particulars	As at 31.03.2014	As at 31.03.2013
-------------	------------------	------------------

NOTE '2' - RESERVES & SURPLUS

(a) Capital Reserve

Consumer Contribution towards Capital Works

Balance as per last Balance Sheet	3,495,812,247	3,370,083,372
Add: Addition during the year	982,245,583	305,428,309
Less: Deduction during the year	176,686,307	179,699,434
Closing Balance	4,301,371,523	3,495,812,247

(b) Restructuring Reserve

Balance as per last Balance Sheet	1,807,231,000	1,807,231,000
Add: Addition during the year	-	-
Less: Deduction during the year	-	-
Closing Balance	1,807,231,000	1,807,231,000

(c) Surplus in Profit & Loss Statement

Balance as per last Balance Sheet	(11,238,555,529)	(11,467,979,573)
Add : Trf. from Statement of Profit & Loss	3,213,910,350	229,424,044
Closing Balance	(8,024,645,179)	(11,238,555,529)

Total	(1,916,042,656)	(5,935,512,282)
--------------	------------------------	------------------------

Note:- The Restructuring account amounting to ₹180.72 crores (Previous year ₹180.72 crores) 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.

NOTE '3' - SHARE APPLICATION MONEY

Share Application Money pending for allotment	12,340,766,000	6,670,000,000
Total	12,340,766,000	6,670,000,000

Reconciliation of Share Application Money

Share Application Money as on 31.03.2013	Received during the year	Allotted during the year	Share Application Money as on 31.03.2014
6,670,000,000	13,940,766,000	8,270,000,000	12,340,766,000

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

(Amount in ₹)

Particulars	As at 31.03.2014	As at 31.03.2013
<u>NOTE '4' - LONG TERM BORROWINGS</u>		
<u>Secured Loans</u>		
Term loans		
From Others	61,317,796,995	56,072,376,565
(Secured by exclusive charge on asset created under the PFC & REC Scheme)		
<u>Unsecured Loans</u>		
Term loans		
From Government of U.P.	997,146,000	997,146,000
From Others	4,871,847,617	5,890,196,103
(All the above loans are guaranteed by Govt of U.P.)		
Sub-Total of Secured & Unsecured Loans	67,186,790,612	62,959,718,668
Less: Current Maturity of Long Term Borrowings (Refer Annexure A)	4,605,935,296	3,408,570,886
Total	62,580,855,316	59,551,147,782

- 1) Detail of terms etc. of borrowings have been annexed with Annexure-A.
 2) Detail of default in debt servicing have been annexed with Annexure-B.

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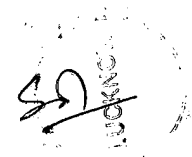


UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED
14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.
DISCLOSURES OF TERMS ETC. OF BORROWINGS AS REQUIRED IN SCHEDULE-VI

Annexure A to Note 4
(Amount in ₹)

Loans	Security & Guarantee Details	Interest Rate	Repayment Terms	Balance as on 31.03.2013 (A)	* Current Maturity for Long term debt (F.Y. 12-13) (B)	Long term borrowing as on 31.03.2013 C=(A-B)	Loan received during the year (F.Y. 13-14) (D)	Loan repaid during the year (F.Y. 13-14) (E)	Balance as on 31.03.2014 F=(A+D-E)	* Current Maturity for Long term debt (F.Y. 13-14) (G)	Long term borrowing as on 31.03.2014 H=(F-G)
(A) Secured (i) Power Finance Corporation Ltd (Hypo)	Secured by hypothecation of Lines & Substations under the PFC scheme	9.00% to 13.25%	Forty to sixty equal quarterly installments.	17041117018	1317327279	15723789739	3041824949	1298453902	18784489065	1462815233	17321672832
(ii) Rural Electrification Corporation Ltd (Transmission)	Secured by hypothecation of Lines & Substations under the REC scheme	11% to 13%	One hundred twenty equal monthly installments Total (A)	39031259547 56072376565	772571961 208989240	38256687586 53982477325	4274621352 7316446301	772571969 2071025871	42533308930 61317796995	1757822385 3220637618	4075486545 58097159377
(B) Unsecured (i) Power Finance Corporation Ltd (Govt Guarantee)	Guaranteed by Govt. of U.P.	9.00% to 13.25%	Forty equal quarterly installments	2891238532	569114211	2322124321	0	569114213	2322124319	558863333	1763260986
(ii) Rural Electrification Corporation Ltd (Reschedule)	Guaranteed by Govt. of U.P.	10.11%	One hundred eighty equal monthly installments (EMI)	558847587	102714789	456132798	0	93771786	465075801	113115299	351960502
(iii) Rural Electrification Corporation Ltd (Transmission)	Guaranteed by Govt. of U.P.	11% to 13%	One hundred twenty equal monthly installments	635340720	90762960	544577760	0	90762960	544577760	90762960	453814800
(iv) Rural Electrification Corporation Ltd (UPPCL)	Guaranteed by Govt. of U.P.	11% to 12.50%	One hundred twenty equal monthly installments Total (i+ii+iii+iv)	1804769284 5890196103	288763128 1051355088	1518006136 4838841015	0 0	284689527 1018348486	1540069737 4871847617	288763128 1051504720	1251306609 3820342897
(v) Govt of U.P.		13.5% to 15.25%	Ten equal annually installments to thirty semi-annual installments Total (v) Total (B)	997146000 997146000 6887342103	267316558 267316558 1318671646	729829442 729829442 5568670457	0 0 0	0 0 1018348486	997146000 997146000 5868993617	333792958 333792958 1385297678	663353042 663353042 4483695939
Grand Total (A + B)				6295971868	3408570886	59551147782	7316446301	3089374357	67186790612	4605935296	62580855316

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UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED
14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.
DISCLOSURES OF DEFAULT IN DEBT SERVICING AS REQUIRED IN SCHEDULE-VI

Annexure-B to Note 4
(Amount in ₹)

Loans	Repayment Terms				Default as on 31.03.2013			Default as on 31.03.2014				
	Date of Restructuring	Installments	Repayment Due from	Rate of Interest(%)	Principal	Interest	Principal Default w.e.f	Interest Default w.e.f	Principal	Interest	Principal Default w.e.f	Interest Default w.e.f
<u>Unsecured</u>												
(i) Govt of U.P.	2003-04	180 (monthly)	2010-11	13.5% to 15.25%	200840157	4798530352	2011-12	2007-08	267316558	4943959744	2011-12	2007-08
(ii) Rural Electrification Corporation Ltd (Reschedule)	2001-02	180 (monthly)	2007-08	10.11%	-	63537178	-	2012-13	8943004	94689747	2013-14	2012-13
(iii) Rural Electrification Corporation Ltd (PCL)	2002-03	120 (monthly)	2007-08 (Jan-08)	11% to 12.50%	-	-	-	-	24063594	19715972	2013-14	2013-14
Total					200840157	4862067530			300323156	5058365463		

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

(Amount in ₹)

Particulars	As at 31.03.2014	As at 31.03.2013
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NOTE '5' - OTHER LONG-TERM LIABILITIES

Interest accrued but not due on REC	2,519,812,806	2,589,783,517
Total	2,519,812,806	2,589,783,517

NOTE '6' - OTHER CURRENT LIABILITIES

Current Maturities of Long-term Debt	4,605,935,296	3,408,570,886
Interest accrued & due on borrowings		
Govt. of U.P.	4,943,959,744	4,798,530,352
REC	114,405,719	63,537,178
Interest accrued but not due on borrowings	668,414,902	616,802,764
Liability for Capital Supplies/Works	7,111,479,730	8,842,986,059
Liability for O & M Supplies/Works	528,476,836	585,401,775
Staff Related Liabilities	1,197,014,554	1,479,279,884
Deposit & Retentions from Suppliers & Others	3,664,408,631	3,788,977,440
Deposit Works for DISCOMS	1,153,310,940	-
Deposit for Electrification Works	8,302,127,492	7,109,842,770
Inter-Corporation Balances¹		
UPPCL	409,222,129	157,134,268
KESCO	108,240,392	23,840,420
Dakshinanchal VVNL	31,187,990	68,811,636
Madhyanchal VVNL	246,338,566	232,501,481
Paschimanchal VVNL	15,645,199	13,032,807
Poorvanchal VVNL	36,197,830	35,922,837
Inter-Unit Transfers ²	4,655,840	-
Sundry Liabilities	882,519,419	126,833,276
Liabilities for Expenses	49,995,221	45,180,326
Liabilities towards UP Power Sector Employee Trust		
Provident Fund Liabilities	602,021,595	811,457,362
Add : Interest provision ³	264,565,360	-
	866,586,955	811,457,362
Pension & Gratuity Liability	690,951,147	891,821,718
	1,557,538,102	1,703,279,080
Liabilities towards UPPCL CPF Trust		
CPF Liability	122,007,008	142,143,576
Add : Interest provision ³	30,525,281	-
	152,532,289	142,143,576
Balance with Government Authorities:		
Fringe Benefit Tax - Provision	12,183,959	12,183,959
Less: Advance Tax	12,171,251	12,171,251
	12,708	12,708
Total	35,783,619,529	33,242,621,523

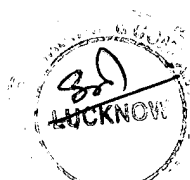
Note:-Details of Current Maturity of Long Term Borrowings (Refer Annexure A) is annexed with Note No. 4

Disclosure:- 1) Inter-Corporations Transactions: These have been exhibited by netting of Receivable & Payable. The Reconciliation of balance of Inter-Corporations Transactions of ₹ 84.68 crores (credit) shown in the Balance Sheet (Previous year credit balance of ₹ 53.12 crores) is in process and effect of reconciliation, if any, will be accounted for in the accounts of subsequent years.

Name of the Corporation	Payable	Receivable	Net Payable
UPPCL	1047123035	637900906	409222129
KESCO	111113565	2873173	108240392
Dakshinanchal VVNL	61062511	29874521	31187990
Madhyanchal VVNL	309241846	62903280	246338566
Paschimanchal VVNL	87905629	72260430	15645199
Poorvanchal VVNL	59584492	23386662	36197830
Total	1676031078	829198972	846832106

Disclosure:- 2) Inter Unit Transactions: The Reconciliation of balance of Inter Unit Transactions of ₹ 0.47 crores appearing in the Balance Sheet (Previous year debit balance of ₹ 97.53 crores) is in process and effect of reconciliation, if any, will be accounted for in the accounts of subsequent years.

Disclosure:- 3) Refer disclosure to Note no. 21 (Disclosure no.2) for details.



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

NOTE OF TANGIBLE ASSETS AS AT 31.03.2014

NOTE - 07
(Amount in ₹)

Particulars	GROSS BLOCK			DEPRECIATION AND AMORTISATION				NET CARRYING VALUE	
	As at 01.04.2013	Addition	Deduction/ Adjustment	As at 31.03.2014	As at 01.04.2013	Addition	Deduction/ Adjustment	As at 31.03.2014	Balance as at 31.03.2013
Land & Land Rights									
(i) Land Owned under full title	317,701,762	4,380,703	-	322,082,465	-	-	-	-	317,701,762
(ii) Land Owned under Lease	532,054	-	-	532,054	-	-	-	532,054	532,054
Total (i+ii)	318,233,816	4,380,703	-	322,614,519	-	-	-	322,614,519	318,233,816
Buildings	3,036,154,612	1,232,750,179	-	4,268,904,791	1,013,890,648	120,935,929	80,576	1,134,746,001	2,022,263,964
Other Civil Works	442,945,422	37,971,743	-	480,917,165	180,862,045	4,728,399	-	185,590,444	262,083,377
Plant & Machinery	46,932,875,192	6,258,974,944	975,991,826	52,215,858,310	17,468,766,649	2,352,099,073	373,680,409	19,447,185,313	29,464,108,543
Lines, Cables Network etc.	34,906,518,105	5,631,440,187	36,814,575	40,501,143,717	18,701,014,909	1,703,614,369	10,375,319	20,394,253,959	16,205,503,196
Vehicles	34,946,204	-	151,027	34,795,177	30,600,513	1,489,748	99,026	31,991,235	4,345,691
Furniture & Fixtures	15,518,972	10,210,454	8,387	25,721,039	7,692,399	1,652,386	7,548	9,337,237	7,826,573
Office Equipments	39,088,756	2,947,869	60,090	41,976,535	20,096,551	5,641,512	-	25,738,063	18,992,205
Other assets	703,477,356	138,581	-	703,615,937	350,503,989	33,415,192	-	383,919,181	352,973,367
Total	86,429,758,435	13,178,814,660	1,013,025,905	98,595,547,190	37,773,427,703	4,223,576,608	384,242,878	41,612,761,433	48,656,330,732
Previous Year	81,851,344,359	5,563,073,576	984,659,500	86,429,758,435	34,176,318,707	3,994,082,634	336,973,638	37,773,427,703	48,656,330,732

NOTE OF INTANGIBLE ASSETS AS AT 31.03.2014

NOTE - 08
(Amount in ₹)

Particulars	GROSS BLOCK			DEPRECIATION AND AMORTISATION				NET CARRYING VALUE	
	As at 01.04.2013	Addition	Deduction/ Adjustment	As at 31.03.2014	As at 01.04.2013	Addition	Deduction/ Adjustment	As at 31.03.2014	Balance as at 31.03.2013
Intangible Asset Software	13,082,095	104,895	-	13,186,990	2,537,166	2,440,282	-	4,977,448	10,544,929
Total	13,082,095	104,895	-	13,186,990	2,537,166	2,440,282	-	4,977,448	10,544,929
Previous Year	554,445	12,527,650	-	13,082,095	14,774	2,522,392	-	2,537,166	599,671

Previous Year 554,445 12,527,650 13,082,095 14,774 2,522,392 2,537,166 10,544,929 599,671

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

(Amount in ₹)

Particulars	As at 31.03.2014		As at 31.03.2013	
Note '9' - Capital Work In Progress				
Capital Work in Progress *		18,771,450,245		19,998,147,292
Revenue Expenses pending for Capitalisation upto Previous Year **	4,167,261,910		2,215,777,614	
Add: Addition during the year	3,277,206,000		2,618,955,000	
Less: Capitalisation during the year	2,263,055,696	5,181,412,214	667,470,704	4,167,261,910
Total		23,952,862,459		24,165,409,202

Notes:-

* It includes Establishment and Administration & General Cost

** It includes Borrowing Cost only related to works

Note '10' - Long Term Loan & Advances

Advances to Suppliers/Contractors		35,669,039,478		29,577,130,504
Less: Provision for Doubtful Advances against Capital Works ¹	40,324,991	35,628,714,487	816,729,862	28,760,400,642
Total		35,628,714,487		28,760,400,642

Disclosure :- 1) Refer disclosure (a) to note no. 23 for details.

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

(Amount in ₹)

Particulars	As at 31.03.2014	As at 31.03.2013
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NOTE '11' - INVENTORY

Stores & Spares

(a) Stock of Materials-Capital Works	7,418,626,813	7,197,521,925
(b) Stock of Materials-O&M	115,183,317	277,382,160
(c) Other Materials*	229,599,571	208,689,696
	<u>7,763,409,701</u>	<u>7,683,593,781</u>
Sub Total	7,763,409,701	7,683,593,781
Less: Provision for Obsolete /Unserviceable /Shortage/Loss of Stores	405,146,984	405,412,669
Total	7,358,262,717	7,278,181,112

Note(*) -Other Material include material issued to fabricators, obsolete material, scrap, transformers sent for repair store, excess/ shortage pending for investigation and material in transit.

NOTE '12' - TRADE RECEIVABLES

Unsecured, Considered Good

a) Outstanding for a period exceeding six months from the date they are due for payment	20,265,248,243	21,539,557,981
b) Other Debts	10,800,474,404	6,136,040,006
Total	31,065,722,647	27,675,597,987

Details of Trade Receivables :-

Madh. V.V.N.L.	5,647,986,132	5,034,607,978
Pur. V.V.N.L.	6,803,031,546	6,074,487,050
Pash. V.V.N.L.	9,862,922,442	8,825,813,554
Daksh. V.V.N.L.	7,127,316,235	6,333,885,997
KESCO	1,398,229,181	1,245,264,045
Others	226,237,111	161,539,363
	<u>31,065,722,647</u>	<u>27,675,597,987</u>

NOTE '13' - CASH AND CASH EQUIVALENTS

(a) Cash in Hand (including Stamps in Hand)	688,999	638,205
(b) Balance with Banks		
In Current & Other Account	4,338,666,435	1,694,477,263
In Fixed Deposit Account ¹	4,946,012,310	1,914,085,286
Total	9,285,367,744	3,609,200,754

Disclosure:- 1) For details refer note 23 disclosure (b)

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

(Amount in ₹)

Particulars	As at 31.03.2014	As at 31.03.2013
NOTE '14' - SHORT TERM LOANS AND ADVANCES		
Unsecured, Considered Good		
Advances to Employees (Adjustable/recoverable from salary)	2,639,491	2,787,468
Tax Deducted at Source	48,238,630	40,689,722
Advances to Suppliers/Contractors	518,409,189	454,080,767
Less: Provision for Doubtful loan & Advances ¹	6,236,502	39,917,855
Total	563,050,808	457,640,102

Disclosure:- 1) For details refer note 23 disclosure (a)

NOTE '15' - OTHER CURRENT ASSETS

Unsecured, Considered Good

Inter Corporation Balances :

UPRVUNL	29,396,128	150,077,086
UPJVNL	3,434,784	3,434,784

Receivables :

Employees	38,460,959	37,253,952
Others	437,799,216	124,353,338
Total	476,260,175	161,607,290
Less: Provision for Doubtful Receivables ¹	22,572,243	32,263,833

Inter-Unit Transfers ²	-	975,337,722
Interest accrued but not due on F.D.	2,522,496	249,548
Prepaid Expenses	93,494	1,392,483
Theft of Fixed Assets pending investigation	1,130,636	1,130,636
Less: Provision for Estimated Losses	1,130,636	1,130,636

Total	489,134,834	1,259,835,080
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Disclosure:- 1) For details refer note 23 disclosure (b)

Disclosure:- 2) For details refer disclosure 3 to Note-6

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

(Amount in ₹)

Particulars	For the year ended 31.03.2014	For the year ended 31.03.2013
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NOTE '16' - REVENUE FROM OPERATIONS

Sale of Services

Transmission Charges ¹	16,309,493,484	12,858,192,345
Open Access Charges	223,864,432	209,647,377
SLDC Charges ²	25,360,662	19,935,222

Revenue from operations (Gross)	16,558,718,578	13,087,774,944
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Less: Excise Duty/Service Tax Recovered

Revenue from Operation (Net)	16,558,718,578	13,087,774,944
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Disclosure:- 1) The transmission charges related to DISCOMs, KESCO, NPCL and intra-state transmission of energy had been accounted for on the basis of tariff approved by the UPERC i.e. ₹ 0.1350/kwh in the tariff order dt. 31st May, 2013. However, in light of revised tariff on trued up basis for the year 2008-09 to 2011-12 as provided in Hon'ble UPERC order dt. 01.10.2014, necessary accounting / provision having effect of increase /enhancement of transmission revenue to the tune of Rs. 581.18 Crores has been incorporated. Energy transmitted/wheeled during the year was 77760.692478 MU. (Previous year- 73897.657156 MU).

Disclosure:- 2) As a part of separate function of SLDC, the company is maintaining separate account for SLDC. The break-up of charges relating to SLDC is given below.

Annual Charges	7,682,208	8,000,000
Application fee/Concurrence fee	3,600,000	2,185,000
Misc.Income	349,320	72,156
SLDC Charges	10,434,000	9,678,066
SLDC Fee	3,270,000	-
Late Fee Charges	25,134	-
Total	25,360,662	19,935,222

NOTE '17' - OTHER INCOME

Interest Income on :

Fixed Deposits	55,132,467	25,405,465
Loans to Staff	25,169	31,790
Others	25,162,460	80,320,096
	<u>80,320,096</u>	<u>5,996,636</u>
		31,433,891

Maintenance & Shutdown Charges	85,763,165	98,200,961
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Other Non-Operating Income

Income from Contractors/Suppliers	64,782,640	61,152,088
Rental From Staff	525,916	728,953
Miscellaneous Receipts	6,116,912	15,904,829
Subsidies and Grants Received (against loss on account of flood,fire,cyclone etc.)		

Total	237,508,729	207,420,722
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UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED
14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

(Amount in ₹)

Particulars	For the year ended 31.03.2014	For the year ended 31.03.2013
NOTE '18' - EMPLOYEE BENEFIT EXPENSES		
Salaries & Allowances	1,581,027,387	1,502,269,489
Dearness Allowance	1,245,663,417	1,000,159,208
Bonus/ Ex-gratia	19,324,300	21,456,864
Other Allowances	112,011,215	107,427,233
Pension & Gratuity ¹	402,926,514	389,337,546
Medical Expenses(Re-imburement)	20,606,944	11,487,724
Leave Travel Assistance	77,653	17,468
Earned Leave Encashment ²	260,376,032	149,548,061
Compensation	-	2,463,754
Contribution to Provident & Other Funds	68,147,599	47,562,534
Expenditure on Trust	4,284,677	4,156,759
Staff Welfare Expenses	1,716,086	2,005,139
Common Expenditure(Charged by UPPCL)	236,593,827	211,716,355
Sub Total	3,952,755,651	3,449,608,134
Less: Expenses Capitalised	822,616,158	751,245,205
Total	3,130,139,493	2,698,362,929

Disclosure :- 1) 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.

Disclosure :- 2) Leave encashment, medical benefits and LTC are accounted for on the basis of claims received and approved during the year.

NOTE '19' - FINANCE COSTS

(A) Interest expenses

Long term loans

Government of UP	145,429,392		145,429,392	
PFC	2,597,629,309		2,326,389,805	
NCRPB	-		5,896,661	
REC	5,549,643,715	8,292,702,416	4,420,207,670	6,897,923,528

(B) Other Borrowings Cost

Guarantee Charges	28,487,919		29,232,343	
Bank Charges	252,436		417,777	

Sub Total	8,321,442,771	6,927,573,648
Less: Interest Capitalised ¹	3,277,206,000	2,618,955,000
Total	5,044,236,771	4,308,618,648

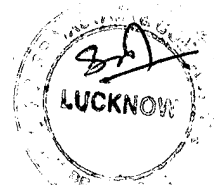
Disclosure :- 1) Borrowings cost during construction stage of capital assets are apportioned on the average balance of capital work in progress for the year. The determination of amount of borrowing cost attributable to capital works are capitalized as per the computation method given in the Electricity (Supply) (Annual Accounts) Rules 1985.

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

(Amount in ₹)

Particulars	For the year ended 31.03.2014	For the year ended 31.03.2013
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NOTE '20' - DEPRECIATION & AMORTIZATION EXPENSES

Depreciation & Amortization on Fixed Assets :

Buildings	112,089,908	88,893,662	
Other Civil Works	8,652,634	7,673,635	
Plant & Machinery	2,671,082,334	2,159,862,660	
Lines, Cable Network etc.	1,370,325,399	1,615,605,550	
Vehicles	1,499,024	1,933,558	
Furniture & Fixtures	1,659,924	937,027	
Softwares	2,440,281	1,726,023	
Office Equipments	5,825,544	3,811,794	
Other Assets	33,415,193	33,395,720	3,913,839,629
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		172,955,857	164,445,201
Total	4,034,034,384	3,749,394,428	

Disclosure :- 1) (a) Depreciation has been 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. (c) Depreciation on borrowing costs apportioned, allocated and capitalised (Buildings, Plant & Machinery and Cables, Lines & Network) has been charged at prescribed rates for full year on opening balance and for half year on additions during the year.

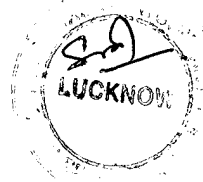
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UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED
14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

(Amount in ₹)

Particulars	For the year ended 31.03.2014		For the year ended 31.03.2013	
NOTE '21' - ADMINISTRATIVE, GENERAL & OTHER EXPENSES				
Payment to Auditor ¹				
(a) Audit fee	1,150,678		666,182	
(b) Reimbursement of Out of Pocket Expenses	708,338	1,859,016	576,125	1,242,307
Advertisement Expenses		16,684,276		8,815,243
Communication Charges		19,732,141		16,851,921
Consultancy Charges		1,083,588		119,207
Electricity Expenses		6,956,430		8,418,024
Entertainment		5,000		7,500
Expenditure on Trust		205,578		187,858
Insurance		475,261		300,728
Interest on GPF & CPF Balance ²		90,939,257		-
Legal Charges		6,204,292		5,283,917
Loss on theft of fixed assets				84,964
Miscellaneous Expenses		68,544,086		45,266,577
Printing & Stationery		6,918,192		6,719,074
Rates & Taxes		8,262,546		5,411,715
Rent		2,775,849		1,554,571
Technical Fees & Professional Charges		3,573,615		4,117,103
Travelling & Conveyance		44,985,489		41,316,912
Water Charges		21,026		2,578,824
Common Expenditure(Charged by UPPCL)		10,768,634		12,049,799
Sub Total		289,994,276		160,326,244
Less: Expenses Capitalised		55,628,668		95,754,645
Sub Total		234,365,608		64,571,599
Compensation(Other than staff)				
Other losses		282,225		86
Total		234,647,833		64,571,685

Disclosure:- 1) Auditor Remuneration

Statutory Auditors :-

As Audit fee(Inclusive of Service Tax wherever applicable)

F.Y. 2012-13 -Fee revision Differential	242,248		666,182	
F.Y. 2013-14	908,430	1,150,678		666,182
Reimbursement of Out of Pocket Exps.		708,338		576,125
(Audit fee revised in F.Y. 2014-15 w.e.f. from F.Y. 2012-13)				
Total		1,859,016		1,242,307

Disclosure:- 2) In compliance to A.G. Audit Observation, Provision for interest on outstanding balances of GPF & CPF w.e.f. 2007-08 to 2013-14 to the tune of ₹29.51 crores (₹26.46 crores on GPF & ₹3.05 crores on CPF) has been made during F.Y. 2013-14 out of which ₹9.09 crores (₹7.78 crores on GPF and ₹1.31 crores on CPF) pertaining to 2013-14 has been charged to current year expense and ₹20.42 crores for the period 2007-08 to 2012-13 has been debited to prior period expenses (sub head : Administrative & General Expenses) which would otherwise have an impact of decrease in both loss before tax and current liability by ₹29.51 crores.

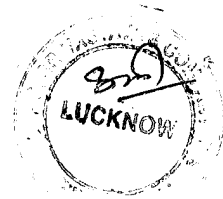
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UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED
14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

(Amount in ₹)

Particulars	For the year ended 31.03.2014	For the year ended 31.03.2013
NOTE '22' - REPAIRS & MAINTENANCE EXPENSES		
Plant & Machinery	1,318,001,287	1,191,503,667
Buildings	72,008,439	56,111,488
Other Civil Works	22,791	1,396,683
Lines, Cables Networks etc.	233,598,230	179,746,167
Vehicles-Expenditure	52,613,143	42,855,262
Less: Transferred to Different Capital & O&M Works/Administrative Exp.	<u>52,613,143</u>	<u>42,855,262</u>
Expenditure on Contractual Manpower *	98,653,571	3,666,914
Less: Transferred to Different Capital & O&M Works/Administrative Exp.	<u>98,653,571</u>	<u>3,666,914</u>
Furniture & Fixtures	1,750	65,020
Softwares	2,253,720	1,746,470
Office Equipments	1,084,822	795,998
Total	1,626,971,039	1,431,365,493

* Has been regrouped for disclosure of expenditure on contractual manpower.

NOTE '23' - BAD DEBTS & PROVISIONS

Doubtful advances(Suppliers/Contractor)	(33,681,353)	-
Doubtful other Current Assets(Receivables)	(9,691,590)	-
Doubtful advances against Capital works	(776,404,871)	-
Total	(819,777,814)	-

Disclosure:- (a) In light of A.G. Audit observation on Annual Accounts of the company for F.Y.2012-13 on discontinuation of practice for making provision for doubtful loans and advances, the provision made during the period from 2007-08 to 2011-12 has been withdrawn which would otherwise have an impact of increase in loss and decrease in "Advances given to Suppliers/Contractors" by ₹ 81.01 crores (on Capital Adv. ₹77.64 crores and O&M Adv. ₹3.37 crores). The value of provision taken in opening balances on 01/04/2007 i.e. ₹ 4.65 crores (on Capital Adv. ₹4.03 crores and O&M Adv. ₹0.62 crores) for which the similar effect, if required, will be given on finalization of transfer scheme.

(b) In light of point no.(a) as above Provision for "Doubtful Receivables against Employees & Others" appearing under the head "Other Current Assets" has been withdrawn which would otherwise have an impact of increase in loss and decrease in "Other Current Assets" by ₹ 0.97 crores which excludes opening balances as on 01.04.07 i.e. ₹ 0.39 crores for which effect will be given on finalization of transfer scheme and balances thereof. The balance in provision includes ₹1.86 crores in ETLEU, Varanasi where 100% provision has been made in the earlier year.

NOTE '24' - NET PRIOR PERIOD INCOME/(EXPENDITURE)

(a)Income		
Other Income	754,733	(783,321,972)
Other Excess Provisions	-	40,000
Sub Total (A)	754,733	(783,281,972)
(b)Expenditure		
O&M Expenses	285,330	3,528,121
Employee Cost	24,496,013	6,543,401
Interest & Finance Charges	1,603,006	9,219,016
Administrative & General Exp ¹	291,139,437	3,374,766
Depreciation under/excess provided	15,296,198	7,511,163
Sub Total (B)	332,819,984	30,176,467
Net Amount (A-B)	(332,065,251)	(813,458,439)

Disclosure 1) Includes ₹ 20.42 crores on account of interest on unremitted balance of GPF & CPF (refer disclosure 2 to note 21)





UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED

NOTE NO. 25

SIGNIFICANT ACCOUNTING POLICIES

25.1). 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 on 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.

25.2). FIXED ASSETS

(a) Fixed Assets are shown at historical cost less accumulated depreciation. Revaluation of Fixed Assets is not permitted in light of the provisions contained in Annexure III - Basic Accounting Policies of The Electricity (Supply)(Annual Accounts) Rules, 1985.

(b) All costs relating to the acquisition and installation of fixed assets till the date of commissioning are capitalized.

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

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

(e) Due to multiplicity of functional units as well as multiplicity of function at particular unit, employee cost and general & administration expenses are capitalized on the basis of amount of total expenditure of Capital works as follows:

In case of Capital Transmission works

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

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


(f) Borrowings 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.

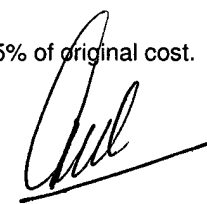
25.3). DEPRECIATION

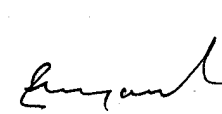
(a) Depreciation is charged on Straight Line Method at the rates specified in Schedule XIV of the Companies Act 1956.

(b) Depreciation on additions to / deductions from fixed assets during the year is charged on Pro rata basis.

(c) The fixed assets are depreciated upto 95% of original cost.

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25.4). 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.

25.5). 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 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.

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

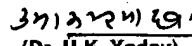
25.7). EMPLOYEE BENEFITS

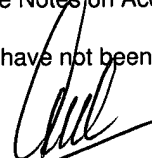
- (a) Liability for Pension and Gratuity in respect of employees has been determined on the basis of actuarial valuation and has been accounted for on accrual basis.
- (b) Leave encashment, medical benefits and LTC are accounted for on the basis of claims received and approved during the year.

25.8). 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 obligation.
- (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)
Acting Company Secretary

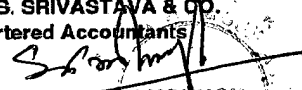

(Dr. U.K. Yadav)
Dy. GM (Accounts)


(A.K. Gupta)
GM (Accounts)


(S.K. Agarwal)
Director (Finance)


(Sanjay Prasad)
Managing Director

Subject to our report of even date
For S. SRIVASTAVA & CO.
Chartered Accountants


(Sudarshan Kumar Vij)
PARTNER
M.No. : 007859
F.R.N.: 04570C

PLACE: LUCKNOW
DATE :

17 MAR 2015



UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED

NOTE NO. 26

**NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT
31.03.2014 AND PROFIT & LOSS STATEMENT FOR THE YEAR ENDED ON THAT DATE**

26.1) (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 the transfer of the transmission activities from U.P. Power Corporation Ltd. (UPPCL), to the Uttar Pradesh Power Transmission Corporation Limited (UPPTCL), wherein the scope of the business, assets & liabilities of the UPPTCL and other incidental and consequential matters were laid down. Under the Provisional 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.

26.2) Where historical cost of a discarded/retired/obsolete fixed assets is not available, the estimated value of such asset and depreciation, thereon, has been adjusted and accounted for.

26.3) On the overall basis the assets other than fixed assets 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.

26.4) Earning/Expenditure in foreign currency :-

Particulars	For the year ended 31.03.2014	For the year ended 31.03.2013
(a) CIF value of Imports	NIL	NIL
(b) Earning in Foreign Currency	NIL	NIL
(c) Any Expenditure In Foreign Currency		
Travelling Expenses(USD)		892
Consultation Charges(USD)	222,313	-
Total	222,313	892

26.5) 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 disclosure to Note 16.

26.6) Contingent Liabilities and Capital Commitments(to the extent ascertainable and not provided for)

(₹ in Crores)

Particulars	As at 31.03.2014	As at 31.03.2013
(i) Estimated amount of contracts remaining to be executed on capital accounts and not provided	982.22	1098.82
(ii) Other claims against company not acknowledged as debts	30.85	21.14
Total	1013.07	1119.96

Other than as stated above, liabilities, if any, arising out of cases/claims filed by employees as well as parties against corporation are unascertainable as such the same shall be met on arising thereof.

ASJ *31/03/2014* *[Signature]* *[Signature]* *[Signature]*



26.7) Nothing adverse regarding compliance of the provisions in respect of units covered under the MSMED Act 2006, regarding the amount of unpaid liabilities and interest thereon as required u/s 22 of the said Act has been reported either by the Zonal units of UPPTCL or the concerned parties covered under the Act.

26.8) RELATED PARTY INFORMATION :-

As per AS-18 issued by the Institute of Chartered Accountants of India, the Company's related party are as under:

a) List of Related Parties(key management personnel):

i. Key management personnel & their relatives:

Name	Designation	Working Period (for F.Y. 2013-14)	
		Appointment	Retirement/ Cessation as on 31.03.2014
Shri Alok Kumar	Chairman & Managing Director	08.02.2013	01.06.2013
Shri Kamran Rizvi	Chairman & Managing Director	11.06.2013	Working
Shri Sanjiv Mittal	Prin.Secy.(Energy) & Director	22.04.2013	17.05.2013
Shri Sanjay Agarwal	Prin.Secy.(Energy) & Director	17.05.2013	Working
Shri A.P.Mishra	MD;UPPCL & Director	22.04.2013	Working
Shri S.K.Agarwal	Director(Finance)	09.01.2009	Working
Shri Neel Ratan Kumar	Director	06.10.2010	Working
Shri S.K.Gupta	Director	07.06.2011	Working
Shri Ravi Shanker Panday	Director(Personnel & Management)	21.11.2011	30.06.2013
Shri Ashok Kumar Singh	Director(Operation)	21.11.2011	26.09.2013
Shri Sunil Kumar Garg	Director(Work & Project)	21.11.2011	Working
Shri Sunil Kumar Garg	Director(Personnel & Management) Additional Charge	27.09.2013	06.12.2013
Shri Om Prakash Jain	Director(Commercial)	25.11.2011	04.11.2013
Shri Pramod Gopalrao Khandalkar	Director(Commercial)	17.01.2014	Working
Shri Shatanshu Agrawal	Director(Operation)	06.12.2013	Working
Shri Ram Vishal Pandey	Director(Personnel & Management)	06.12.2013	Working
Shri Neerja Krishna	Director	20.03.2014	Working
Shri Prabhakar Singh	Director	11.12.2012	Working

b) Transactions

(Amount in ₹)

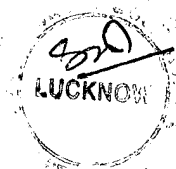
Particulars	2013-14	2012-13
	Referred in (a) (i)	Referred in (a) (i)
Salary & Allowances	4695918	5977764
Contribution to Gratuity/Pension/PF	179299	209117
Debts due from Directors	Nil	Nil

(c) The Chairman, Managing Director and other Directors who have been appointed/posted by the Govt. of U.P. for the UPPCL and have the additional charge of the company also, have drawn their remuneration from the UPPCL as per their entitlement.

(d) The company has no related party enterprises other than state owned enterprises, detail/transactions of which have not been disclosed in view of Para '9' of AS-18 "Related Party Disclosures" which exempts State Controlled Enterprises from making any disclosure pertaining for their transactions with other related parties which are also State Controlled.

26.9) An accounting of Deferred Tax Assets has not been considered in accounts on prudent basis as the company is not certain about substantial income in near future due to unabsorbed accumulated losses of ₹ 802.46 crore. It includes the accumulated loss amounting to ₹ 976.27 crore which has been transferred by the UPPCL under the Provisional transfer scheme and ₹ 57.88 crore accumulated losses pertaining to prior to transfer scheme has been debited in financial year 2011-12. 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.

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26.10 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. Numbers used for calculating diluted earnings per equity share includes the amount of equity share money (pending for allotment).

(Amount in ₹)

Particulars	For the year ended 31.03.2014	For the year ended 31.03.2013
(I) Basic EPS		
Profit after Tax as per Profit & Loss A/c (A)	3,213,910,350	229,424,044
Weighted Average Number of Equity Shares (B)	50579267	28496933
Basic Earning Per Share (A/B)	63.54	8.05
Face Value per share	1000	1000
(II) Diluted EPS		
Profit after Tax as per Profit & Loss A/c (A)	3,213,910,350	229,424,044
Weighted Average Number of Equity Shares (B)	56086831	47330933
Diluted Earning Per Share (A/B)	57.30	4.85
Face Value per share	1000	1000

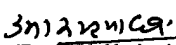
26.11) Disclosure as per AS-29 is as under :-


Particulars	Movement of Provisions			
	Balance as on 01.04.2013	Provision made during the year	Provision adjusted during the year	Balance as on 31.03.2014
	₹	₹	₹	₹
(i) Provision for doubtful advances against capital works	816,729,862	-	776,404,871	40,324,991
(ii) Provision for obsolete /unserviceable/shortage/loss of stores	405,412,669	-	265,685	405,146,984
(iii) Provision for doubtful receivables	32,263,833	-	9,691,590	22,572,243
(iv) Provision for losses due to theft of fixed assets	1,130,636	-	-	1,130,636
(v) Provision for doubtful advances against O&M works	39,917,855	-	33,681,353	6,236,502
Total	1,295,454,855	-	820,043,499	475,411,356

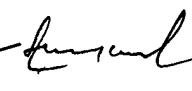
26.12) Previous year figures have been regrouped/ reclassified/recasted wherever considered necessary.

26.13) The figures as shown in the Balance Sheet, Profit & Loss Statement and Notes to accounts have been rounded up/down to the nearest rupee.


(Abha Sethi Tandon)
Acting Company Secretary


(Dr. U.K. Yadav)
Dy. GM (Accounts)

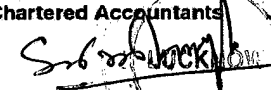

(A.K. Gupta)
GM (Accounts)


(S.K. Agarwal)
Director (Finance)


(Sanjay Prasad)
Managing Director

Subject to our report of even date

For S. SRIVASTAVA & CO.
Chartered Accountants


(Sudarshan Kumar Vij)
PARTNER
M.No. : 007859
F.R.N.: 04570C

PLACE: LUCKNOW
DATE: 17 MAR 2015



UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2014

(Amount in ₹)

S.No.	Particulars	For the year ended 31st March 2014	For the year ended 31st March 2013
A)	Cash Flow from Operating Activities		
	Net Profit/(Loss) before Prior Period Income/(Exp),Tax but after Extraordinary Item	3,545,975,601	1,042,882,483
	Add:Loss on theft of fixed assets	-	84,964
	Net Profit/(Loss) before Prior Period Income/(Exp),Tax and Extraordinary Item	3,545,975,601	1,042,967,447
	Adjustment for :-		
a)	Depreciation	4,226,016,889	3,936,605,026
b)	Interest & Finance Charges	5,044,236,771	4,308,618,648
c)	Provision for Bad & Doubtful Debts	(819,777,814)	-
d)	Provision for Bad & Doubtful Debts written back(Trade Receivables)	-	-
e)	Provision for obsolete/unserviceable/shortage/loss of stores adjusted	(265,685)	(3,167)
f)	Provision for Estimated Losses	-	84,964
g)	Interest Income	(80,320,096)	(31,433,891)
h)	Prior Period Expenditure (Net)	(332,065,251)	(813,458,439)
	Operating Profit Before Working Capital Changes	11,583,800,415	8,443,380,588
	Adjustment for :-		
a)	Decrease/(Increase) in Inventories (Stores & Spares)	(79,815,919)	(859,659,013)
b)	Decrease/(Increase) in Trade Receivables	(3,390,124,661)	(11,749,902,685)
c)	Decrease/(Increase) in Other Current Assets	780,391,836	(1,032,197,430)
d)	Decrease/(Increase) in Short-Term Loans & Advances	(71,729,353)	(68,659,659)
e)	Increase/(Decrease) in Short-Term Borrowing	-	(2,000,000,000)
f)	Increase/(Decrease) in Other Current Liabilities	2,540,998,006	3,802,924,950
	Cash Generated from Operations	11,363,520,324	(3,464,113,249)
	Taxes paid	-	-
	Cash Flow before Extraordinary Item	11,363,520,324	(3,464,113,249)
	Less:Loss on theft of fixed assets	-	84,964
	Net cash (used)/flow from Operating Activities (A)	11,363,520,324	(3,464,198,213)
B)	Cash Flow from Investing Activities		
a)	Decrease/(Increase) in Tangible Assets	(13,178,814,660)	(5,563,073,576)
a(i)	Tangible Assets adjusted/deducted	1,013,025,905	984,659,500
a(ii)	Depreciation Reserve adjusted/deducted	(384,242,877)	(336,973,638)
b)	Decrease/(Increase) in Intangible Assets	(104,895)	(12,527,650)
b(i)	Intangible Assets adjusted/deducted	-	-
b(ii)	Depreciation Reserve adjusted/deducted	-	-
c)	Decrease/(Increase) in Work-in-Progress	212,546,743	(5,603,184,510)
d)	Decrease/(Increase) in Long Term Loans & Advances	(6,091,908,974)	(6,919,277,871)
e)	Interest received	80,320,096	31,433,891
	Net cash used in Investing Activities (B)	(18,349,178,662)	(17,418,943,854)
C)	Cash Flow from Financing Activities		
a)	Proceeds from Borrowings(Net)	3,029,707,534	16,414,347,197
b)	Proceeds from Share Capital	8,270,000,000	41,419,600,000
c)	Proceeds from Share Application Money	5,670,766,000	(33,419,600,000)
d)	Other Long-term Liabilities	(69,970,711)	(63,537,178)
e)	Proceeds from Consumers Contribution & Go Up Capital Subsidy	982,245,583	305,428,309
e(i)	Amount amortized	(176,686,307)	(179,699,434)
f)	Interest & Financial Charges	(5,044,236,771)	(4,308,618,648)
	Net cash flow from Financing Activities (C)	12,661,825,328	20,167,920,246
	Net Increase/(Decrease) in cash & cash equivalents (A+B+C)	5,676,166,990	(715,221,821)
	Cash & cash equivalents as at beginning of the year	3,609,200,754	4,324,422,575
	Cash & cash equivalents as at end of the year	9,285,367,744	3,609,200,754

AS

31/3/2014

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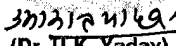



UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED
14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.


Notes to the Cash flow Statement:

(i) Cash & cash equivalents as at end of the year:		
Cash in hand	688,999	638,205
Balances with banks		
In Current & Other Account	4,338,666,435	1,694,477,263
In Fixed Deposit Account	4,946,012,310	1,914,085,286
Total	9,285,367,744	3,609,200,754
(ii) This statement has been prepared under indirect method as prescribed in AS-3.		
(iii) Adjustment for depreciation reserve as per Note-7 of balance sheet includes the depreciation charged for prior period amounting to ₹ 19,026,648 (Previous year ₹ 22,765,396)		
(iv) Cash and cash equivalents consists of cash in hand, bank balances in current & other account and fixed deposits with banks.		
(v) The figures in this statement have been rounded off to the nearest rupee.		
(vi) Previous year figures have been regrouped/reclassified/recast wherever considered necessary.		


(Abha Sethi Tandon)
Acting Company Secretary

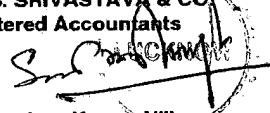

(Dr. U.K. Yadav)
Dy. GM (Accounts)


(A.K. Gupta)
GM (Accounts)


(S.K. Agarwal)
Director (Finance)


(Sanjay Prasad)
Managing Director

Subject to our report of even date
For S. SRIVASTAVA & CO
Chartered Accountants


(Sudarshan Kumar Vij)
PARTNER
M.No. : 007859
F.R.N.: 04570C

PLACE: LUCKNOW
DATE : 17 MAR 2015





S. SRIVASTAVA & CO.
CHARTERED ACCOUNTANTS

2/165, Vijay Khand,
Gomti Nagar, Lucknow - 226 010
Phone : 8960533533, 9839101533
E-mail : ss_fca@rediffmail.com
ssandco.ca@gmail.com

Independent Auditor's Report

The Members of
Uttar Pradesh Power Transmission Corporation Limited
Shanti Bhawan 14, Ashok Marg,
LUCKNOW

Report on the Financial Statements

1. We have audited the attached financial statements of **UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED, LUCKNOW**, as at 31st March 2014, and the related Statement of Profit and Loss for the year ended on that date annexed thereto, which we have signed under reference to this report, in which, are incorporated the Accounts of Loans & Funds Unit audited by us & four transmission zones of the Company audited by the respective Branch Auditors. These Financial Statements are the responsibilities of the Company's Management. Our Responsibility is to express an opinion on these Financial Statements based on our Audit.

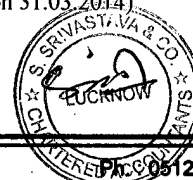
Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section 3(C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. These Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of

(Statutory Audit Report of U.P. Power Transmission Corporation Limited for the Year ending on 31.03.2014)



Offices : (1) 104-105, S. M. Palace, 37/19 (1) The Mall, Opp. RBI., Kanpur
(2) Shop No. 8, Gokul Regency-II, Thakur Complex, Kandivali (E), Mumbai-400101
(3) Flat No. 7, Hotel Hillway, Rajpur Road, Dehradun-248001

Ph. : 0512-2354933
Ph. : 022-28700358
Ph. : 896000533

5. the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedure that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

7. We further report that:-

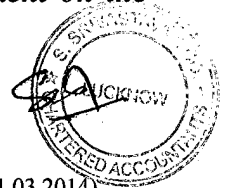
- (a) Reserves & surplus includes a balance of **Rs. 180.72 crores as restructuring account** as at the year end. This relates to the difference between the unit wise balances of assets and liabilities as per books of accounts as on 01.04.2007 and the consolidated balances appearing in the provisional 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 since long and during the year no significant progress were made, which may change the position of balances of assets and liabilities as appearing in the financial statements. (Refer Disclosure of Note no.2 of Balance Sheet).

- (b) The transmission revenue income during the financial year 2013-14 recognized on the basis of tariff of Re. 0.1350 kwh approved by UPERC for Intra state transmission of Energy. In addition it includes **Rs 581.18 Crores**, credited during the current financial year, based on revised tariff for the years **2008-09 to 2011-12** as approved by Hon'ble UPERC order dt. 01-10-2014, on tone up basis.

The said income recognition is as per accounting policy, note no. 25.5.(a) .. (Refer Disclosure-1 of Note no.16 of Balance Sheet)

- (c) *The various details of balances under current assets, current loans & advances, Trade Receivables, Other Current Assets, unsecured loans, current and non-current liabilities (including the balances of UPPCL, DISCOMS etc), stores & spares, material-in-transit / under inspection/lying with contractors/fabricators etc are subject to confirmation, verification, reconciliation and consequential adjustments, if any. In the absence of adequate information, we are unable to comment on the authenticity, its reliability or otherwise of these balances.*



(d) *The total expenses of the Corporation is understated on account of reversal of Provision made for bad and doubtful debts debited during the earlier years 2007-08 to 2011-12 of Rs. 81.98 Crores.*

The said reversal of provision for doubtful loan and advances has been made and discontinued the practice of making provision @10% on "Advances given to Suppliers / Contractors (Capital O & M Works) and Other Receivables. (Refer disclosure Note no 23(a) and 23(b).

(e) *The Credit balance of Rs. 0.47 Crores shown as 'Inter Unit Transfer' under the head "Other current liabilities" represent the un-reconciled balance of inter unit transactions. Corporation has not done reconciliation on regular basis as nature of difference and reconciliation sheets was not made available to us for verification. (Refer disclosure no. 2 of Note 6 of balance sheet)*

(f) *The credit balance of Inter corporate balances of UPPCL & DISCOM's amounting to Rs. 84.68 crores (Previous Year Rs. 53.12 Crores) shown under the head "Other current liabilities" were not reconciled. The nature of differences and reconciliation sheets were not made available to us for verification. (Refer Disclosure-1 Note 6 of balance sheet)*

(g) *It was observed that the system of maintaining party-wise subsidiary ledgers and its matching with primary books of account is not effective.*

(h) *As per notes of account, there were no unpaid liabilities towards Micro, Small and Medium Enterprises as defined under MSMED Act, 2006 and no interest is claimed by these enterprises. (Refer para 26.7 of Note no. 26)*

(i) *Movement of provision of Rs. 47.54 Crores as on 31.03.2014 as per details provided in para 26.11 of Note no. 26 were provided by the management and relied upon by us.*

j) The documentary evidences in respect of ownership / title of land, land rights and buildings as whole are kept at unit level falling under respective zones, hence have been relied upon by us on Zonal Auditor's verification, The Allahabad Zone Auditor have reported for non availability of suitable documents in this regard.

k) The TDS has been deducted by all the banks on the interest whereas deduction of TDS is exempted u/s 194A of Income Tax act 1961 in case of 100% Govt. holding Company



(l) *In case of Transmission zone Allahabad (East):*

- (i) The detail of Advance to Suppliers (Capital), Advance to Suppliers (O&M) Liability for Capital Supply & Work and Liability for O & M Supply & Work were not made available. Balances in Trial Balance have been arrived by adding/subtracting the net amount of transaction during the year without scrutiny.
- (ii) Quantitative details along with valuation of Inventories which also includes scrap were not made available to us. The Balances in Trial Balance has been arrived by adding to opening balance the amount of purchases and deducting the value of materials issued at estimated cost in certain cases. Difference between the issue price and actual cost has also not been accounted for in the book of account.
- (iii) Provision for Pension and Gratuity @ 16.7% and 2.38% has been made in the accounts instead of actual/actuary valuation.
- (iv) The Cash and Bank Balances (Note No. 13 "Cash & Cash Equivalents" of Balance Sheet) includes Rs. 80000:00 Fixed Deposit with bank in ETLEU unit for which no FDR certificate could be produced before the statutory auditors of the East Zone Allahabad and for which no provision of accrued interest has been made by the corporation.

8. **Non- Compliance of Accounting Standards:**

- (a) *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 Standards (AS) 9 'Revenue Recognition' (Refer Accounting Policy no.25.5 (b) of Note no. 25)*
- (b) *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.25.7(b) of Note no. 25 and Disclosure-1Note-18 of Balance Sheet). The provision for pension and gratuity in respect of employees has been made on the basis of actuarial valuation dated 09.11.2000. Also the valuation report dated 09.11.2000 was valid only for 3 years but the same report is being used for the purpose of making provision till 2014. (Refer Accounting Policy no.25.7 (b) of Note no. 25 and Disclosure-1Note-18 of Balance Sheet).*



These employee benefits have not been accounted for in accordance with the treatment prescribed in the Accounting Standard (AS) 15, 'Employee Benefits (revised 2005)'

(c) The company has not complied with the requirements of section 383 A of Companies Act, 1956. As per the requirement of Section 383- A of Companies Act and according to Rule 2 of Companies (Appointment & Qualifications 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. This comment is being reported by C & AG since F.Y. 2010-11 but no corrective action has yet been taken by the Company.

(d) In view of the disclosure made by the Company in respect of impact of availability and continuity of the substantial income in the near future as such the accounting of deferred tax as per AS-22 'Accounting for Taxes on Income' has not been done by the management.

(e) The company has not complied with the requirements of Accounting Standards (AS) 28 'Impairment of Assets'. As informed by the management, the provisions contained in "Annexure III- Basic Accounting Principles & Policies Electricity Rules, 1985 require that Fixed Assets' shall be recorded at historical cost and no revaluation of fixed assets shall be done to adjust them to replacement cost or current cost etc. (Refer Accounting policy para 25.2.a of Note 25).

9. For want of complete information, the cumulative impact of our observations in paras 6 & 7 above and in Annexure to this report, on the accounts of the company is not ascertained.

10. The Financial Statements of the Company have been prepared by incorporating the Audited Trial Balances of Zonal Accounts offices. We have placed reliance on the Branch Auditor's Report of respective Transmission Zones with reference to compliance of requirements of the Revised Schedule VI of the Companies Act, 1956, to express our opinion / comment on the financial statements of the Company.

11. The branch auditor has expressed opinion and submitted the audit report on the Trial Balance as at 31st March, 2014 of the Zonal Accounts Offices.



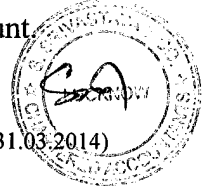
12. In our opinion proper returns adequate for the purpose of our audit have been received from branches not visited by us. The branch auditor's reports have been forwarded to us and the same have been appropriately dealt by us in framing our report.
13. In view of department of Company affairs' circular no. 8/2002, the provisions of disqualifications of directors as per section 274 (1)(1g) of the Companies Act, 1956 are not applicable to the company.

Opinion

- a) In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- b) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014
- c) In the case of the Statement of Profit & Loss, the profit for the year ended on that date; and
- d) In the case of the Cash flow Statement, of the cash flows for the year ended on that date.

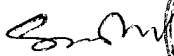

Report on Other Legal and Regulatory Requirements

14. As required by the Companies (Auditor's Report) Order, 2003 ("The Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
15. As required by section 227(3) of the Act, we report that:
- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 examinations of those books.
- c. The Balance Sheet, Statement of Profit & Loss, and Cash Flow statement dealt with by this Report are in agreement with the books of account.



- d. Except for the effects / possible effects of matters described on the basis of Qualified opinion Para 7 of audit report, in our opinion, the Balance Sheet, Statement of Profit & Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act,1956.
- e. In our opinion and on the basis of information & explanations given to us, the requirement of obtaining written representations from the nominated Directors of the Government Corporation, for their disqualification from being appointed as Director under clause (g) of sub section (i) of section 274 of the Companies Act, 1956 is not applicable.

**FOR S. SRIVASTAVA & CO.
CHARTERED ACCOUNTANTS**

(Sudershan Kumar
(PARTNER)
M.No 007859
FRNo. 004570C

LUCKNOW
DATE:17.03.2015



(AN ISO 9001 : 2008 Certified CA Firm)

S. SRIVASTAVA & CO.
CHARTERED ACCOUNTANTS

2/165, Vijay Khand,
Gomti Nagar, Lucknow - 226 010
Phone : 8960533533, 9839101533
E-mail : ss_fca@rediffmail.com
ssandco.ca@gmail.com

Uttar Pradesh Power Transmission Corporation Limited
Annexure Annexed to Auditors Report on the Accounts of the Corporation for the year
ended 31st March, 2014.

(Annexure referred to in para 13 of the Auditors report of even date to the Members of Uttar Pradesh Power Transmission Corporation Limited on the Annual Accounts of the Corporation for the year ended 31st March, 2014)

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 (Loans & Funds) and the Auditors Report of four transmission zones audited by branch auditors, we report as under:-

- (i) (a) *The company has not maintained proper records showing full particulars including quantitative details and situation of fixed assets.*
- (b) *The company has not carried out physical verifications of the fixed assets hence we are unable to comment whether any material discrepancy was noticed as such or not.*
- (c) The Company has not disposed off substantial part of the fixed assets during the year.
- (d) *As per the branch audit report of Transmission West (Meerut), the transfer of capital work in progress has been made to the fixed assets when put to use on commercial use at unit level.*
- (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.
- (b) The procedures for the physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the company and the nature of its business *except at Transmission East (Allahabad), where the same requires further strengthening.* Further, the materials discrepancies, wherever noticed on physical verification, have been properly dealt with in the books of accounts.
- (c) In our opinion, the company is maintaining proper records of inventory (Stores & Spares).

(Statutory Audit Report of U.P. Power Transmission Corporation Limited for the Year ending on 31.03.2014)

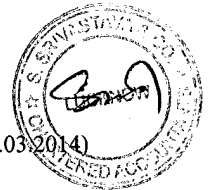
Page 8 of 11



- (iii) (a) As explained to us by the management, the company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) In view of the (iii) (a) above, para nos. (iii) (b), (c) and (d) of the Order, 2003 are not applicable.
- (c) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register 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) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory (Stores & Spares), fixed assets and also for the sale of services *except at Transmission East (Allahabad) in respect of internal control procedure purchase of inventories and fixed assets need to be strengthened in order to make commensurate with the size of the units/zone and nature of business. and in respect of payment of loan installments to Power Finance Corporation on due dates there is delay on few occasions.* Further we have not come across continuing failures to correct major weaknesses in internal controls.
- (v) (a) According to the information and explanations given to us and the records examined, there are no contracts or arrangements the particulars whereof are required to be entered in the register required to be maintained under Section 301 of the Companies Act, 1956.
- (b) In view of (v) (a) above the para (v) (b) of the Order is not applicable.
- vi) Based on our examination of the company's records and according to the information and explanations given to us, in our opinion, the Company has not accepted any loans or deposits from the public.
- vii) The Company has an internal audit system for its field units by the firms of Chartered Accountants. *However, no internal audit for the financial year 2013-14 has been conducted at any of the zones as well as at the Head Office.*
- viii) The cost records prescribed under Section 209 (1) (d) of the Companies Act, 1956 have been maintained by the company during the year under audit *except Zonal Level.*

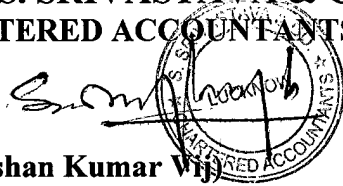


- ix) According to the information and explanation given to us, the Company is generally regular in depositing undisputed statutory dues including Employees State Insurance, Income Tax, Service Tax, Custom Duty, Cess and any other statutory dues with the appropriate authorities, however a sum of Rs. 12708.00 pertaining to Fringe Benefit Tax is undisputed for more than six months as on the Balance Sheet date.
- (x) The company has been registered for more than 5 years, its accumulated losses are not 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 proceeding such financial year.
- (xi) As per the information and explanations given to us, the company has defaulted in the repayment of principal & interest amounting to Rs. 535.87 crores in Govt. of U.P. Loan & REC, the details of which have been disclosed in Annexure B to Note 4 of Balance Sheet.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a chit fund or a nidhi / mutual benefit fund/ society; hence para (xiii) of the Order not applicable.
- (xiv) The company is not dealing or trading in shares, securities, debentures and other investments; hence para (xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- (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.
- (xvii) *We are unable to comment whether the funds received on short term basis have been utilized for long term purpose, as the accounts are not maintained in such manner which identify the immediate nexus for ultimate usage of loan funds.* However as per explanations given by the management the loan funds were applied for the purpose for which the loans were obtained..
- (xviii) The Company has not made preferential allotment of shares to parties covered under Section 301 of the Companies Act, 1956.



- (xix) The Company has not issued any debentures hence para (xix) of the Order is not applicable.
- (xx) The Company has not raised any money by public issues hence para (xix) of the order is not applicable.
- (xxi) As per the information and explanations given to us, no fraud has been done by the Company or on the company during the year.

**FOR S. SRIVASTAVA & CO.
CHARTERED ACCOUNTANTS**



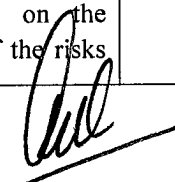
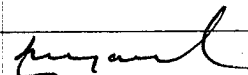
(Sudershan Kumar Vij)
(PARTNER)
M.No 007859
FRNo. 004570C

LUCKNOW
DATE:17.03.2015

**MANAGEMENT'S REPLY TO STATUTORY AUDITOR'S REPORT ON THE
ACCOUNTS OF UTTAR PRADESH POWER TRANSMISSION
CORPORATION LIMITED FOR THE YEAR ENDED ON 31-03-2014**

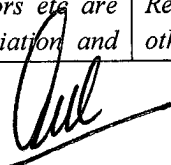
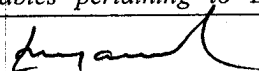
AUDITORS' REPORT	MANAGEMENT REPLY
<p>The Members of Uttar Pradesh Power Transmission Corporation Limited, Shakti Bhawan, 14Ashok Marg, LUCKNOW</p> <p>Report on the Financial Statements</p> <p>1. We have audited the attached financial statements of UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED, LUCKNOW, as at 31st March 2014, and the related Statement of Profit and Loss for the year ended on that date annexed thereto, which we have signed under reference to this report, in which, are incorporated the Accounts of Loans & Funds Unit audited by us & four transmission zones of the Company audited by the respective Branch Auditors. These Financial Statements are the responsibilities of the Company's Management. Our Responsibility is to express an opinion on these Financial Statements based on our Audit.</p>	<i>No comment</i>
<p>Management's Responsibility for the Financial Statements</p> <p>2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section 3(C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.</p>	<i>No comment</i>
<p>Auditor's Responsibility</p> <p>3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. These Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.</p>	<i>No comment</i>
<p>4. An audit involves performing to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks</p>	<i>No comment</i>

31/3/2014
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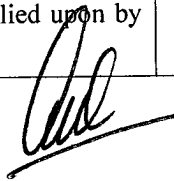
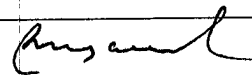
<p>of material misstatement of</p> <p>5. the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedure that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.</p>		
<p>6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.</p>		<p><i>No comment</i></p>
<p>7. We further report that:-</p> <p>(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 unit wise balances of assets and liabilities as per books of accounts as on 01.04.2007 and the consolidated balances appearing in the provisional transfer scheme notified by the Government of Uttar Pradesh vide gazette notification no. 2974 / XXIV - P - 2 - 2010 dated December 23, 2010. <i>The said provisional transfer scheme is pending for finalization since lang and during the year no significant progress were made, which may change the position of balances of assets and liabilities as appearing in the financial statements (Refer disclosure of Note no. 2 of Balance Sheet).</i></p>		<p><i>After finalization of transfer Scheme by the Govt. of U.P. necessary adjustments, if required, shall be made in the accounts accordingly</i></p>
<p>(b) The Transmission revenue income during the Financial Year 2013-14 recognized on the basis of tariff of Re.0.1350/kwh approved by UPERC for Intra-state transmission of energy. In addition it includes Rs.581.18 crores, credited during current financial year, based on revised tariff for the years 2008-09 to 2011-12 as approved by Hon'ble UPERC order dt. 01.10.2014, on trued up basis.</p> <p><i>The said income recognition is as per accounting policy, note no. 25.5(a), (Refer disclosure 1of Note no. 16 of balance sheet.</i></p>		<p><i>No comment</i></p>
<p>(c) <i>The various details of balances under current assets, current loans & advances, Trade Receivables, Other Current Assets, unsecured loans, current and non-current liabilities (including the balances of UPPCL, DISCOMS etc), stores & spares, material-in-transit / under inspection / lying with contractors / fabricators etc are subject to confirmation, verification, reconciliation and</i></p>		<p><i>Since, balances are under continuous process of reconciliation, as such, consequential adjustment is made in accounts, as and when required except to that extent balances are confirmed and verified. So far as reliability of the balances relating to Trade Receivable, Inter-Corporation transfer as well as other receivables pertaining to DISCOMS and</i></p>

31/03/2015
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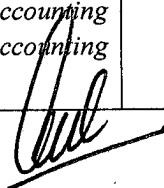
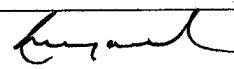
<p>consequential adjustments, if any. In the absence of adequate information, we are unable to comment on the authenticity, its reliability or otherwise of these balances.</p>	<p>UPPCL is concerned, these are the State Govt. undertakings, as such, there is no doubt on the reliability as well as realisability or otherwise of these balances. Balances with other parties are covered under contractual obligations / Bills / retention as such they are also realizable or adjustable.</p>
<p>(d) The total Expenses of the corporation is understated on account of reversal of provision made for bad & doubtful debts debited during the earlier years 2007-08 to 2011-12 of Rs.81.98 crores.</p> <p>The said reversal of provision for doubtful Loans & Advances has been made and discontinued the practice of making provision @10% on "Advances given to Suppliers/ Contractors (Capital O&M Works) and Other Receivables. (Refer disclosure Note No. 23 (a) and 23(b).</p>	<p style="text-align: center;">No comment</p>
<p>(e) The credit balance of Rs. 0.47 Crores shown as 'Inter Unit Transfer' (under the head "Other Current Liabilities" represent the un-reconciled balance of inter unit transactions. Corporation has not done reconciliation on regular basis as nature of difference and reconciliation sheets was not made available to us for verification (Refer disclosure no.2 of Note -6 of Balance Sheet).</p>	<p>The balance under the head 'Inter-Unit Transfer' has reduced considerably in comparison to earlier years, however, efforts are being made for further improvement.</p>
<p>(f) The credit balance of Inter corporate balances of UPPCL & DISCOM's amounting to Rs. 84.68 crores (Previous Year Rs. 53.12 Crores) shown under the head "Other current liabilities" were not reconciled. The nature of difference and reconciliation sheets were not made available to us for verification (Refer disclosure no.1 of Note -6 of Balance Sheet).</p>	<p style="text-align: center;">No comment</p>
<p>(g) It was observed that the system of maintaining party-wise subsidiary ledgers and its matching with primary books of account is not effective.</p>	<p>There are instructions/provisions in vogue which are to be followed by all the units to maintain subsidiary records such as contractors' ledger, suppliers' ledger etc. in accordance with the primary records such as cash book, measurement book, stock accounts etc. However, in the unit where such types of discrepancies are noticed, the instructions for making necessary rectifications/corrections are issued and compliance is ensured.</p>
<p>(h) As per Notes on Accounts, there were no unpaid liabilities towards Micro, Small and Medium Enterprises as defined under MSMED Act, 2006 and no interest is claimed by these enterprises. (Refer para 26.7 of Note no. 26)</p>	<p style="text-align: center;">No comment</p>
<p>(i) Movement of provision of Rs. 47.54 Crores as on 31.03.2014 as per details provided in Para 26.11 of Note no. 26 were provided by management and relied upon by us.</p>	<p style="text-align: center;">No comment</p>

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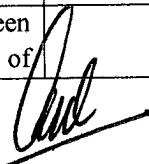
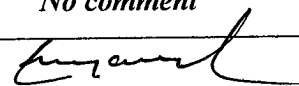
<p>(j) The documentary evidences in respect of ownership/ title of Land, Land rights and Buildings as whole are kept at unit level falling under respective Zones, hence, have been relied upon by us on Zonal Auditor's verification. The Allahabad Zone Auditor have reported for non-availability of suitable documents in this regard.</p>	<p><i>No comment</i></p>
<p>(k) The TDS has been deducted by all the banks on the interest whereas deduction of TDS is exempted u/s 194A of Income Tax Act, 1961 in case of 100% government holding company.</p>	<p>The TDS on interest u/s194A has been duly accounted for and the same is subject to adjustment/ refund against Tax on income of the corporation, however, during FY 2014-15 on the basis of opinion of Tax consultant, the banks have been instructed accordingly.</p>
<p>(l) In case of Transmission Zone Allahabad (East): (i) The detail of Advance to Suppliers (Capital), Advance to Supplier (O&M) Liability for Capital Supply and work and liability for O&M supply and work were not named available. Balances in Trial Balance have been arrived by adding /subtracting the net amount of transaction during the year without scrutiny.</p>	<p>Instructions have been issued to respective Zones to prepare firm wise details of advances and liability for capital and O&M supply & works. It has also been instructed that the details must be put up before the Branch Auditor during the course of audit for the year 2014-15.</p>
<p>(ii) Quantitative details along with valuation of inventories which also includes scraps were not made available to us. The balances in Trial Balance has been arrived by adding to opening balance the amount of purchases and deducting the value of material issued at estimated cost in certain cases. Difference between the issue price and actual cost has also not been accounted for in the book of account.</p>	<p>Stores and spares kept in the corporation are specific and used to a particular item of fixed asset. In fact, the items of stores and spares cannot be used generally for various items of fixed assets.</p>
<p>(iii) Provision for pension and gratuity @ 16.70% and 2.38 % has been made in the accounts instead of actual / actuary valuation.</p>	<p>Employees Benefit Expenses is 'Based on actuarial valuation report dated 09.11.2000 (adopted by BOD of UPPCL) provisions for accrued liability on account of pension and gratuity has been made @ of 16.70% & 2.38% respectively on amount of Basic Pay and Grade Pay plus DA</p>
<p>(iv) The Cash & Bank balances (Note no.13 "Cash & Cash Equivalents" of Balance Sheet) includes Rs.80,000/- Fixed deposit with Bank in ETLEU unit for which no FDR certificate could be produced before the Statutory Auditors of the East Zone Allahabad and for which no provision of accrued interest has been made by the Corporation.</p>	<p>The matter is lying pending for decision with the माननीय न्यायालय जिला उपभोक्ता विवाद प्रतिष्ठान फोरम, वाराणसी against the Punjab National Bank, Varanasi Due to uncertainty of the recovery, the question of making provision for interest does not arise. The unit concerned has been instructed to ensure effective action in the matter.</p>
<p><u>Non- Compliance of Accounting Standards:</u> (a) <i>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 Standards (AS) 9 'Revenue Recognition' (Refer Accounting Policy no. 25.5(b) of Note no. 25)</i></p>	<p><i>No comment</i></p>

31/12/14
20/6/15

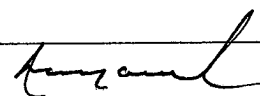
<p>(b) Leave encashment is accounted for on the basis of claims received and approved during the year and not on the basis of actuarial valuation (Refer Accounting Policy no. 25.7(b) of Note no. 25 and Disclosure-1 Note-18 of balance sheet). The provision for pension and gratuity in respect of employees has been made on the basis of actuarial valuation dated 09.11.2000. Also the valuation report dated 09.11.2000 was valid only for 3 years but the same report is being used for the purpose of making provision till 2014. (Refer Accounting Policy No, 25.7 (b) of Note No. 25 and Disclosure-1 Note-18 of balance sheet).</p> <p>These employee benefits have not been 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. Accounting policy No.25.7 (b) regarding Retirement Benefit clearly says that leave encashment, medical benefits and LTC are accounted for on the basis of claims received and approved during the year. Likewise, the Provision for pension and Gratuity has also been made on the basis of actuarial valuation carried out by UPPCL as disclosed in notes on accounts at Disclosure-1 Note-18 of balance sheet. The very purpose of the provisions made in Accounting Standard-15 is fulfilled by the policy adopted by corporation.</p>
<p>(c) The company has not complied with the requirements of section 383 A of Companies Act, 1956. As per the requirement of Section 383- A of Companies Act and according to Rule 2 of Companies (Appointment & Qualifications 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. This comment is being reported by C & AG since F.Y. 2010-11 but no corrective action has yet been taken by the Company.</p>	<p>The appointment of Full-time Company Secretary is under process.</p>
<p>(d) In view of the disclosure made by the Company in respect of impact of availability and continuity of the substantial income in the near future as such the accounting of deferred tax as per AS-22 'Accounting for Taxes on Income' has not been done by the management.</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. 802.46 crore.</p>
<p>(e) The company has not complied with the requirements of Accounting Standards (AS) 28 'Impairment of Assets'. As informed by the management, the provisions contained in "Annexure III- Basic Accounting Principles & Policies Electricity Rules, 1985 require that Fixed Assets' shall be recorded at historical cost and no revaluation of fixed assets shall be done to adjust them to replacement cost or current cost etc. (Refer accounting policy para 25.2(a) of Note 25).</p>	<p>No comment</p>
<p>9. For want of complete information, the cumulative impact of our observations in paras 6 & 7 above and in Annexure to this report, on the accounts of the company is not ascertained.</p>	<p>No comment</p>
<p>10. The Financial Statements of the Company have been prepared by incorporating the Audited Trial Balances of</p>	<p>No comment</p>

37/2/2015
20/6/15

Zonal Accounts offices. We have placed reliance on the Branch Auditor's Report of respective Transmission Zones with reference to compliance of requirements of the Revised Schedule VI of the Companies Act, 1956, to express our opinion / comment on the financial statements of the Company.		
11. The branch auditor has expressed opinion and submitted the audit report on the Trial Balance as at 31st March, 2014 of the Zonal Accounts Offices.		<i>No comment</i>
12. 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.		<i>No comment</i>
13. In view of department of Company affairs' circular no. 8/2002, the provisions of disqualifications of directors as per section 274 (1)(1g) of the Companies Act, 1956 are not applicable to the company.		<i>No comment</i>
Opinion		
a) In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:		<i>No comment</i>
b) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014		<i>No comment</i>
c) In the case of the Statement of Profit & Loss, the profit for the year ended on that date; and		<i>No comment</i>
d) In the case of the Cash flow Statement, of the cash flows for the year ended on that date.		<i>No comment</i>
Report on Other Legal and Regulatory Requirements		
14. As required by the Companies (Auditor's Report) Order, 2003 ("The Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.		<i>No comment</i>
15. As required by section 227(3) of the Act, we report that:		
a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.		<i>No comment</i>
b) In our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examinations of those books.		<i>No comment</i>

31/03/2015
20/6/15

c) The Balance Sheet, Statement of Profit & Loss, and Cash Flow statement dealt with by this Report are in agreement with the books of account.		<i>No comment</i>
d) Except for the effects / possible effects of matters described on the basis of Qualified opinion para 7 of audit report, in our opinion, the Balance Sheet, Statement of Profit & Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act,1956.		<i>No comment</i>
e) In our opinion and on the basis of information & explanations given to us, the requirement of obtaining written representations from the nominated Directors of the Government Corporation, for their disqualification from being appointed as Director under clause (g) of sub section (i) of section 274 of the Companies Act, 1956 is not applicable.		<i>No comment</i>

31/07/2016
20/6/15
(Dr. U. K. Yadav)

Dy. General Manager (Accounts)

(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 ON 31-03-2014**

ANNEXURE TO AUDITORS' REPORT		MANAGEMENT REPLY
<p>(Annexure referred to in Para 13 of the Auditors report of even date to the members of Uttar Pradesh Power Transmission Corporation Limited on the Annual Accounts of the Corporation for the year ended on 31st March 2014)</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 (Loans & Funds) and the Auditors Report of four transmission zones audited by Branch auditors, we report as under:</p>		
(i)	(a) <i>The company has not maintained proper records showing full particulars including quantitative details and situation of fixed assets.</i>	<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>
	(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>	<i>Necessary instructions regarding physical verification have been issued to concern zone.</i>
	(c) <i>The Company has not disposed off substantial part of the fixed assets during the year.</i>	<i>No comment</i>
	(d) <i>As per the branch audit report of Transmission West (Meerut), the transfer of capital work in progress has been made to the fixed assets when put to use on commercial use at unit level.</i>	<i>No comment</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>	<i>No comment</i>
	(b) <i>The procedures for the physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the company and the nature of its business except at Transmission East (Allahabad), where the same requires further strengthening.</i>	<i>Instructions in this regard have been issued to concerned zone.</i>

34/7/2014
20/6/15

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		Further, the materials discrepancies, wherever noticed on physical verification, have been properly dealt with in the books of accounts.	
	(c)	In our opinion, the company is maintaining proper records of inventory (Stores & Spares).	
(iii)	(a)	As explained to us by the management, the company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.	No comment
	(b)	In view of the (iii) (a) above, para nos. (iii) (b), (c) and (d) of the Order, 2003 are not applicable.	No comment
	(c)	The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.	No comment
	(d)	In view of (iii) (c) above, the para nos. (iii) (f) and (g) of the Order, 2003 are not applicable.	No comment
(iv)		In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory (Stores & Spares), fixed assets and also for the sale of services <i>except at Transmission East (Allahabad) in respect of internal control procedure purchase of inventory and fixed assets need to be strengthen in order to make commensurate with the size of the units/ zones and nature of business and in respect of payment of loan installments to Power Finance Corporation on due dates there is delay on few occasions.</i> Further, we have not come across continuing failures to correct major weaknesses in internal controls.	<i>Necessary instructions have been issued to the concerned zone.</i>
(v)	(a)	According to the information and explanations given to us and the records examined, there are no contracts or arrangements the particulars whereof are required to be entered in the register required to be maintained under Section 301 of the Companies Act, 1956.	No comment
	(b)	In view of (v) (a) above the para (v) (b) of the Order is not applicable.	No comment

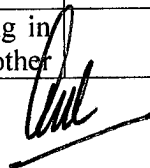
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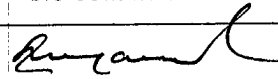
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(vi)	Based on our examination of the company's records and according to the information and explanations given to us, in our opinion, the Company has not accepted any loans or deposits from the public.	No comment
(vii)	The Company has an internal audit system for its field units by the firms of Chartered Accountants. However, no internal audit for the financial year 2013-14 has been conducted at any of the zones as well as at the Head Office.	No comment
(viii)	The cost records prescribed under Section 209 (1)(d) of the Companies Act, 1956 have been maintained by the company during the year under audit except Zonal level.	Records are maintained and have been audited by cost auditor.
(ix)	According to the information and explanation 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 a sum of Rs. 12708.00 pertaining to Fringe Benefit Tax is undisputed for more than six months as on the Balance Sheet date.	No comment
(x)	The company has been registered for more than 5 years, its accumulated losses are not 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 proceeding such financial year.	No comment
(xi)	As per the information and explanations given to us, the company has defaulted in the repayment of principal & interest amounting to Rs. 535.87 crores in Govt. of U.P. Loan and REC, the details of which have been disclosed in Annexure B to Note 4 of Balance Sheet.	No comment
(xii)	The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.	No comment
(xiii)	The company is not a chit fund or a nidhi / mutual benefit fund/ society; hence para (xiii) of the Order not applicable.	No comment
(xiv)	The company is not dealing or trading in shares, securities, debentures and other	No comment

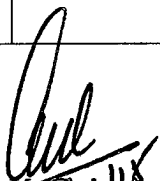
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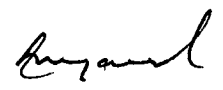


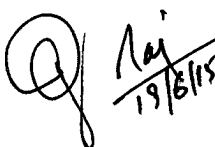
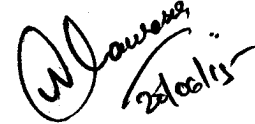


		investments; hence para (xiv) of the Order is not applicable.	
(xv)		According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.	No comment
(xvi)		We are unable to comment whether loan funds were applied for the purpose for which the loan were obtained as the accounts are not maintained in such manner which could identify the immediate nexus for ultimate usage of loan funds. However as per the explanation given by the management the loan funds were applied for the purpose for which the loans were obtained.	No comment
(xvii)		We are unable to comment whether the funds received on short term basis have been utilized for long term purpose, as the accounts are not maintained in such manner which identify the immediate nexus for ultimate usage of loan funds. However as per explanations given by the management the loan funds were applied for the purpose for which the loans were obtained.	Short term funds were utilized for the purpose for which they were received during the year 2012-13
(xviii)		The Company has not made preferential allotment of shares to parties covered under Section 301 of the Companies Act, 1956.	The funds received on short term basis have not been utilized for long term purpose.
(xix)		The Company has not issued any debentures hence para (xix) of the Order is not applicable.	No comment
(xx)		The Company has not raised any money by public issues hence para (xix) of the order is not applicable.	No comment
(xxi)		As per the information and explanations given to us, no fraud has been done by the Company or on the company during the year.	No comment

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 (Dr. U. K. Yadav) 20/6/15
 Dy. General Manager (Accounts)


 (A.K. Gupta) 20/6/15
 General Manager (Accounts)


 (S.K. Agarwal)
 Director (Finance)

 Raj
 19/6/15
 W. Lawrence
 20/6/15

भारतीय लेखा एवं लेखापरीक्षा विभाग
कार्यालय महालेखाकार
(आर्थिक एवं राजस्व लेखापरीक्षा), उ०प्र०
छठा तल, केन्द्रीय भवन, सेक्टर 'एच', अलीगंज
लखनऊ-226 024



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

पत्रांक: म.ले.(इ. एण्ड आर.एस.ए)/इ.एस-11/लेखा/यू.पी.पा.ट्रांस.का.लि./2013-14/ 88
दिनांक: 10.06.15

सेवा में,

प्रबन्ध निदेशक,
उ०प्र० पावर ट्रांसमिशन कारपोरेशन लिमिटेड
शक्ति भवन, 14-अशोक मार्ग,
लखनऊ, उत्तर प्रदेश।

महोदय,

एतत्सह कम्पनी अधिनियम, 1956 की धारा 619(4) के अधीन उ०प्र० पावर ट्रांसमिशन कारपोरेशन लिमिटेड के 31 मार्च 2014 को समाप्त वर्ष के लेखों पर भारत के नियंत्रक-महालेखापरीक्षक की टीका-टिप्पणियाँ कम्पनी अधिनियम, 1956 की धारा 619(5) के निबन्धनों के अनुसरण में कम्पनी की वार्षिक सामान्य बैठक के समक्ष प्रस्तुत करने हेतु 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 भेजें।

8821 CMD/UPPTCL
No. 11/06/15
Dt. 11/06/15

G.M.(FM)

सहपत्र-यथोपरि

1727-PSDF/15

12/06/2015

प्रबन्ध निदेशक
उ० प्र० पा० ट्रा० का० लि०

No. 4010 IGM(F)
Date 16/6
Dy. G.M. (A/cs) Trans.
Dy. C.A.O. (F)
Dy. C.A.O. (A/cs) Trans.
S.A.O. (F)

G.M. (F)

भवदीया
विनीता मिश्रा

(विनीता मिश्रा)
महालेखाकार

AO I.

31/05/15
16/6/15

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 2014.

The preparation of the Financial Statement of the Uttar Pradesh Power Transmission Corporation Limited, Lucknow for the year ended 31 March 2014 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 17 March 2015.

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 2014. 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

Other Current Liabilities (Note -6)

1. Staff Related Liabilities ₹ 119.70 crore

As per Note no. 25.7 (b) of Significant Accounting Policies of the Corporation "Leave Encashment, Medical Benefits and LTC are accounted for on the basis of claims received and approved during the year."

This is against the Accounting Standard-15 regarding Retirement Benefits in the Financial Statements of Employers issued by the Institute of Chartered Accountant of India. According to the Accounting Standard, the liability for leave encashment amount to be paid to the employees at the time of retirement should be provided every year on accrual basis. The Liability of Leave encashment in respect of 209 numbers of employees of the Corporation worked out to ₹ 10.72 crore.

Non-creation of the provision for leave encashment resulted in understatement of Other Current liabilities and overstatement of Profit for the year by ₹ 10.72 crore.

General

(i) Non-Reconciliation of inter-company balances.

Due to non reconciliation of the inter-company balances of Current Liabilities vis-a-vis Current Assets, a difference of ₹ 22.64 crore could not be taken in to account by the Company. This was also not disclosed in Notes on the Accounts.

Despite the comment of the Comptroller and Auditor General of India on the accounts of the Company for the year 2010-11 and 2012-13, no corrective action has been taken.

(ii) The Government of Uttar Pradesh vide order dated 17 December 2014 ordered that the outstanding loan and interest accrued thereon as on 31 March 2014 of ₹ 99.71 crore and ₹ 494.40 crore has been converted in to Equity. The necessary adjustments were made out of State Budget by the GoUP during the year 2014-15. This important event has not been disclosed in the accounts as per requirement of Accounting Standard-4.

Place: Lucknow
Date: 10.06.15

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

Harita Mehra
Accountant General

REPLY ON 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 2014

COMMENTS	MANAGEMENT REPLY
<p>The preparation of the Financial Statement of the Uttar Pradesh Power Transmission Corporation Limited, Lucknow for the year ended 31 March 2014 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 17th March, 2015.</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 2014. 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 align="center">No Comment</p>
<p>Balance Sheet Other Current Liabilities (Note-6) 1. Staff related liabilities ₹ 119.70 crore As per Note no. 25.7(b) of Significant Accounting Policies of the Corporation "Leave Encashment, Medical Benefits and LTC are accounted for on the basis of claims received and approved during the year." This is against the Accounting Standard-15 regarding Retirement Benefits in the Financial Statements of Employers issued by the Institute of Chartered Accountants of India. According to the Accounting Standard, the liability for leave</p>	<p>At the Draft Comments stage itself, it has already been replied that Note no. 25.7 (b) of Notes forming part of Balance Sheet i.e. Significant Accounting Policy where it has been mentioned that "Leave Encashment, Medical Benefits and LTC are accounted for on the basis of claims received and approved during the year". It is also to clarify that the Transfer Scheme of UPPTCL is yet to be finalized, hence, the personnel working in UPPCL/UPPTCL are still working in a</p>

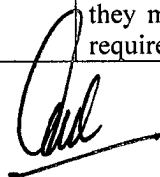
31/03/2015
20/6/15

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<p>encashment amount to be paid to the employees at the time of retirement should be provided every year on accrual basis. The Liability of Leave Encashment in respect of 209 numbers of employees of the Corporation worked out to ₹10.72 crore.</p> <p>Non-creation of the provision for leave encashment resulted in understatement of Other Current liabilities and overstatement of Profit for the year by ₹10.72 crore.</p>	<p>common capacity and it is not possible to ascertain the Earned Leave credited in the leave account of personnel to whom UPPTCL is finally liable to make payment on superannuation/retirement or otherwise.</p>
<p>General (i) Non-Reconciliation of inter-company balances: Due to non reconciliation of the inter-company balances of Current Liabilities vis-a-vis Current Assets, a difference of ₹22.64 crore could not be taken in to account by the Company. This was also not disclosed in Notes on the Accounts.</p> <p>Despite the comment of the Comptroller and Auditor General of India on the accounts of the Company for the year 2011-12 and 2012-13, no corrective action has been taken.</p>	<p>Inter-company balances of current liabilities vis-à-vis current Assets is reconciled each and every year and where ever difference is found the same is rectified by passing necessary accounting entries. Trade receivable in the books of UPPTCL and trade payable in the books of Discoms and KESCO appears same. Since, the presentation of inter-corporation transfers in the books of accounts of UPPTCL and Discoms are not similar, hence, the comparison between two sets of Accounts does not reflect correct position of differences. However, the efforts are being made to reconcile the balances on account of transactions relating to inter-corporation transfers.</p>
<p>(ii) The Government of Uttar Pradesh vide order dated 17 December, 2014 ordered that the outstanding loan and interest accrued thereon as on 31 March 2014 of ₹99.71 crore and ₹494.40 crore has been converted into Equity. The necessary adjustments were made out of State Budget by the GoUP during the year 2014-15.</p> <p>This important event has not been disclosed in the accounts as per requirement of Accounting Standard-4.</p>	<p>At the Draft Comments stage itself, it has already been replied that as per G.O. No. 97/2700/24-1-14-1041 (Budget)/2013 dt. 17.12.2014, the outstanding government loan up to 31.03.2014 of ₹99.71 crore and ₹494.40 Crore has been converted into Equity. The G.O. has been issued by debiting Capital Head (Equity) and crediting Capital head as Loan receipt from State Budget of FY 2014-15. Thus, the effective date of conversion of outstanding loans into equity is 01.04.2014 and the effects of this transaction have been accounted for in the same year 2014-15 which is in consonance with the provision laid down in AS-4.</p> <p>Point no. 8 of the “Accounting Standard (AS) 4* (Revised 1995) Contingencies and Events Occurring After the Balance Sheet Date” deals with the disclosure requirement for “Events Occurring after the Balance Sheet Date” where relevant point 8.4 provides as follows :- “Events occurring after the balance sheet date which do not affect the figures stated in the financial statements would not normally require disclosure in the financial statements although they may be of such significance that they may require a disclosure in the report of the approving</p>


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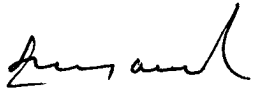






authority to enable users of financial statements to make proper evaluations and decisions.”
Hence, in view of above, specific disclosure of said event in the financial statements was not required

शुभाकर निवासी
(Dr. U. K. Yadav) 20/6/15
Dy. General Manager (Accounts)


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


(S.K. Agarwal)
Director (Finance)

 20/6/15
 20/6/15