

**25th ANNUAL REPORT
2023-24**



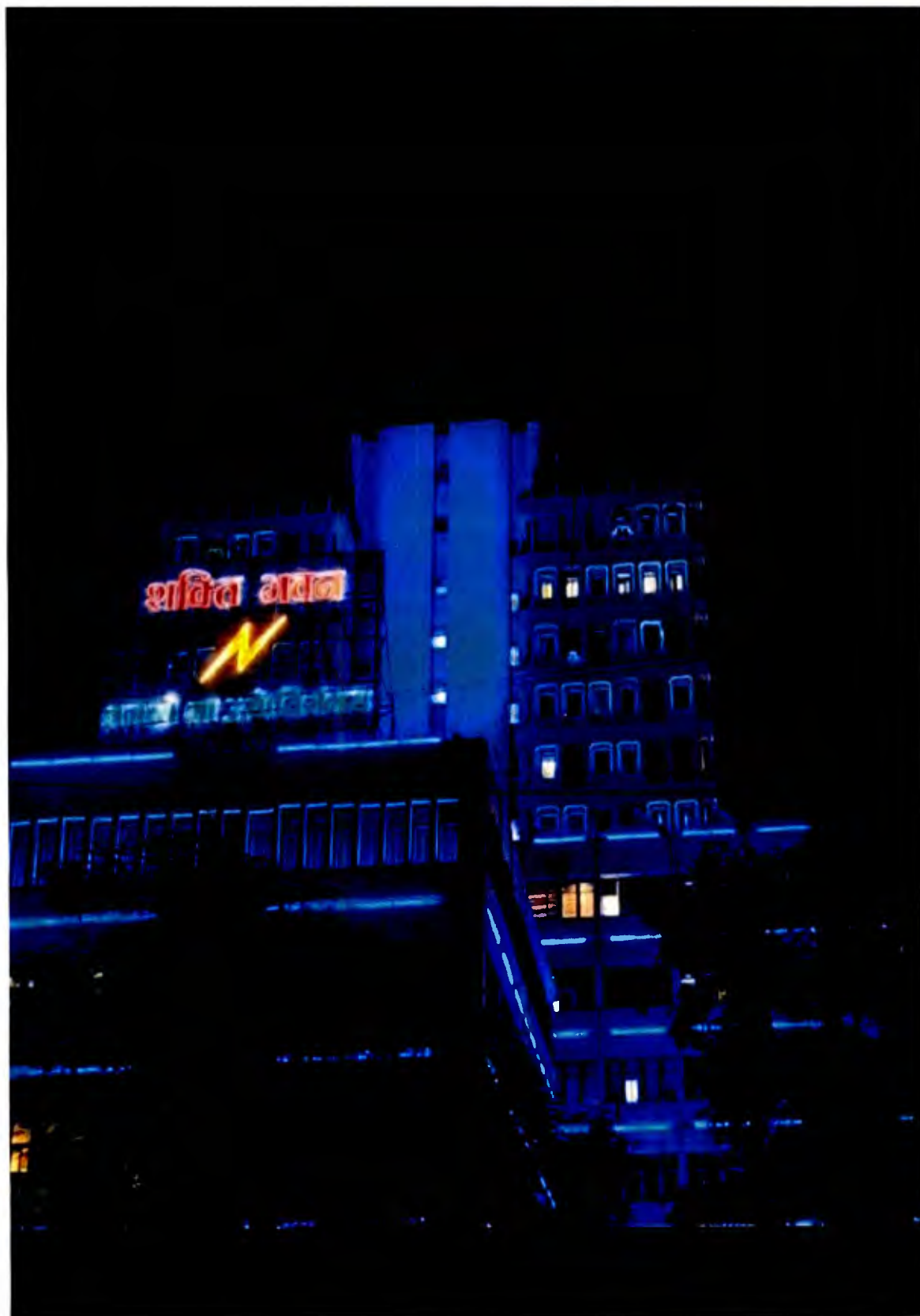
ANNUAL REPORT 2023-24



U. P. POWER CORPORATION LIMITED

CIN: U32201UP1999SGC024928

**Reg. Office: 14, Ashok Marg, Shakti Bhawan,
Hazratganj, Lucknow-226001**

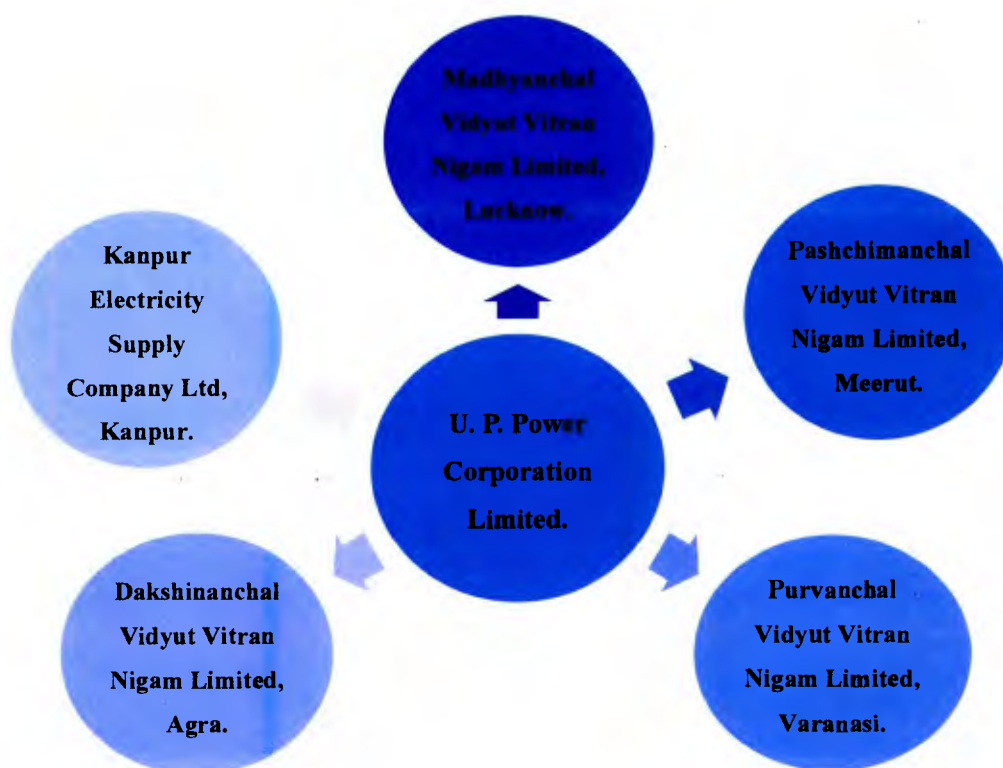




COMPANY AT A GLANCE

U.P. Power Corporation Limited was incorporated on 30 November 1999 and commenced its business w.e.f. 15 January 2000. It was formed as part of restructuring of the Uttar Pradesh State Electricity Board (UPSEB).

For Efficient Operation & Management, UPPCL has five Wholly Owned Subsidiary Companies to cater the supply of Electricity in the State of U. P.



Profit/Loss for the last three year for the company is as under:

(Rs. In Crores)

| Year | Profit/loss | Accumulated Losses |
|---------|-------------|--------------------|
| 2021-22 | (8310.50) | (81877.77) |
| 2022-23 | (14573.51) | (95139.33) |
| 2023-24 | (6129.07) | (101268.41) |



BOARD OF DIRECTORS

CHAIRMAN



Dr. Ashish Kumar Goel

Chairman

MANAGING DIRECTOR



Shri Pankaj Kumar

Managing Director



FUNCTIONAL DIRECTORS



Shri Nidhi Kumar Narang
Director (Finance)



Shri Kamalesh Bahadur Singh
*Director (Corporate Planning) / Director (PM &A)
In-Additional Charge*



Shri Sourajit Ghosh
Director (I.T.)



Shri Amit Kumar Srivastava
Director (Commercial)



Shri Gyanendra Dhar Dwivedi
Director (Distribution)



NOMINEE DIRECTORS



Shri Ranvir Prasad
Non-Executive Director



Shri Neel Ratan Kumar
Non-Executive Director



Shri Anupam Shukla
Non-Executive Director



Shri Abhishek Singh
Non-Executive Director



Shri Rameshwar Prasad Vaishnaw
Non- Executive Director



Shri Sandeep Kumar
Non- Executive Director



WOMEN DIRECTOR



Smt. Neha Sharma
Non-Executive Director



CORPORATE INFORMATION

| | |
|--|--|
| Registered Office U. P. Power Corporation Limited CIN: U32201UP1999SGC024928 14, Ashok Marg, Shakti Bhawan Hazratganj, Lucknow- 226001 Contact No. Website: | Company Secretary Shri Jitesh Grover Company Secretary, PVVNL (In-Additional Charge-UPPCL) CFO & Compliance Officer Shri Nitin Nijhawan |
| Bonds Listed at BSE Limited Scrip Code: 955766 | Secretarial Auditor M/s Manish Mishra & Associates (Practicing Company Secretaries Firm), Lucknow |
| Statutory Auditors M M/s D. Pathak & Co., Chartered Accountant, UPPCL, Lucknow-226001 | Cost Auditors M/s D. Pathak & Co., Chartered Accountant, Lucknow-226001 |
| Debenture Trustee <ul style="list-style-type: none"> Beacon Trusteeship Limited 5W, 5th Floor, The Metropolitan, Bandra Kurla Complex, Bandra (East), Mumbai- 400051 Vistra ITCL (India) Limited The Capital Building, B Wing, 5th Floor, Unit No 505 A2, Bandra Kurla Complex, Bandra (East), Mumbai- 400051 | Registrar & Share Transfer Agent <ul style="list-style-type: none"> Beetal Financial & Computer Services Pvt Ltd. Beetal House, 3rd Floor 99 Madagir, New Delhi -110062 Tel: +91-7260895871 Email: beetalrta@gmail.com RCMC, Share Registry Private Limited, B-16, Sector-2, Noida-201301 Email: rdua@rcmcdelhi.com |
| Depositories <ul style="list-style-type: none"> Central Depository Service (India) Limited Marathon Futurex, 25th Floor, NM Joshi Marg, Lower Parel (East) Mumbai-400013 National Securities Depository Limited Trade World, A wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai- 400013 | Credit Rating Agencies <ul style="list-style-type: none"> CRISIL India Ratings & Research Pvt Limited Brickwork Ratings India Pvt. Ltd |



NOTICE OF ANNUAL GENERAL MEETING

In continuation of the 25th Annual General Meeting which was held on Monday, September 30, 2024 at 5:00 P.M. (IST) and the same was Adjourned for non-presentation of the Annual Accounts of the Company for the Financial Year 2023-24, notice is hereby given that the Adjourned 25th Annual General Meeting of U. P. Power Corporation Limited will be held at Shorter Notice on Wednesday, November 13, 2024 at 01:00 P.M. at its registered office of the Company at Shakti Bhawan, 14-Ashok Marg, Lucknow, to transact the following left over business of that meeting :-

ORDINARY BUSINESS

1. **TO CONSIDER AND ADOPT AUDITED STANDALONE & CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED AT 31st MARCH, 2024, THE REPORTS OF THE BOARD OF DIRECTORS AND AUDITORS THEREON**

In this regard, to consider if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

Resolved that audited Standalone & Consolidated financial statements of the company for the financial year ended at 31st March, 2024, the reports of the board of directors and auditors thereon, as circulated to the members, be and are hereby considered and adopted.

2. **2. TO CONFIRM THE APPOINTMENT OF STATUTORY AUDITOR OF U. P. POWER CORPORATION LIMITED FOR THE FINANCIAL YEAR 2024-25 AND TO APPROVE THEIR REMUNERATION**

In this regard, to Consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution: -

“**RESOLVED THAT** pursuant to the provisions of the Section 139 of the Companies Act, 2013 and other applicable provisions if any, of the Companies Act, 2013 read with the relevant rules as amended from time to time, the consent of the Members of the Company be and is hereby accorded for the appointment of following Auditors as appointed by the CAG for conducting the Statutory Audit of the Company for the Financial year 2024-25-

| S.NO. | Name of the Auditors | Audit Fee (F.Y. 2024-25) |
|-------|--|------------------------------------|
| 1. | Central Statutory Auditor- Vinay Naveen & Company (CR28800) Flat No.SW1/105/B4,Samajwadi Lohia Enclave, Kabir Nagar Lucknow-226011,UP | 4,25,000.00 (GST payable extra) |
| 2. | Branch Statutory Auditor- Avinash K.Rastogi & Associates(CR0712), F-10a 11 Khushnuma Complex 7 RF Bahadur Marg Near State Guest House Lucknow- 226011, UP | 1,75,000.00 (GST payable extra) |
| | Total | 6,00,000.00 |

**25th ANNUAL REPORT
2023-24**



RESOLVED FURTHER THAT any Director or Company Secretary or Compliance Officer of the Company be and are hereby severally authorized to issue notice for holding General Meeting of the Shareholders for getting approval of the said resolution by the Shareholders of the Company and to do all other deeds, acts and things as may be required in relation thereto."

**By order of the Board
For U. P. Power Corporation Limited**

Date: 11-11-2024
Place: Lucknow

Jitesh Grover
Company Secretary
(In-Additional charge)
U. P. Power Corporation Limited
Regd. Office: Shakti Bhawan,
14 Ashok Marg, Lucknow-226001



NOTES:

- 1- A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the company. In order to be effective, the proxy form duly completed should be deposited at the registered office of the company not less than forty-eight hours before the scheduled time of the Annual General Meeting. Blank Proxy Form is enclosed.
- 2- Members and Proxies should bring the attendance slip duly filled for attending the meeting. Corporate members are requested to send a duly certified copy of the board resolution, pursuant to Section 113 of the Companies Act, 2013, authorizing their representative to attend and vote at the Annual General Meeting.
- 3- In line with the aforesaid MCA Circular, the Notice of this AGM is being sent to Members only through electronic mode to their emails registered with the Company.
- 4- Members are requested to notify change in address, if any, immediately to the Company.
- 5- All documents referred to in the accompanying notice are open for inspection at the registered office of the Company during the office hours on all working up to the date of the General Meeting.




Copy to the following shareholders/Directors with a request to please attend the above meeting: -

1. Hon'ble Governor of U.P through Principal Secretary (Energy), U. P. Govt., Lucknow- Shareholder
2. Dr. Ashish Kumar Goel, Chairman, UPPCL, Lucknow- Shareholder
3. Shri Pankaj Kumar, Managing Director, UPPCL, Lucknow- Shareholder
4. Shri Nidhi Kumar Narang, Director (Finance), UPPCL, Lucknow- Shareholder
5. Shri Kamalesh Bahadur Singh, Director (PM & A) (In-Additional Charge) - Shareholder
6. Shri Neel Ratan Kumar, Special Secretary (Finance)- Shareholder
7. Shri Amit Kumar Srivastava Director (Commercial)- Shareholder
8. Shri Gyanendra Dhar Dwivedi (Distribution)- Shareholder
9. M/s D. Pathak & Co., Chartered Accountant, UPPCL, Lucknow- **Statutory Auditor**
10. M/s Abhishek Mishra & Company., Cost Accountant, UPPCL, Lucknow- **Cost Auditor**

**By order of the Board
For U. P. Power Corporation Limited**

Date: 11-11-2024
Place: Lucknow


Jitesh Grover
Company Secretary
(In-Additional charge)
U. P. Power Corporation Limited
Regd. Office: Shakti Bhawan,
14 Ashok Marg, Lucknow-226001



Form No. MGT-11

Proxy Form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies
(Management and Administration) Rules, 2014]

CIN: U32201UP1999SGC024928

U. P. Power Corporation Limited

Shakti Bhawan, 14-Ashok Marg, Lucknow.

Name of the member(s):

Registered address:

E-mail Id:

Folio No/Client Id:

DP ID:

I/We, being the member (s) of shares of the above-named company, hereby appoint

1. Name:

Address:

E-mail Id:

Signature:, or failing him

2. Name:

Address:

E-mail Id:

Signature:, or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **Annual General Meeting** of the company, to be held on at at Shakti Bhawan, 14 Ashok Marg, Lucknow and at any adjournment thereof in respect of such resolution as are indicated below:

Resolution No.

1.

2.

3.

4.



Signed this day of 2024

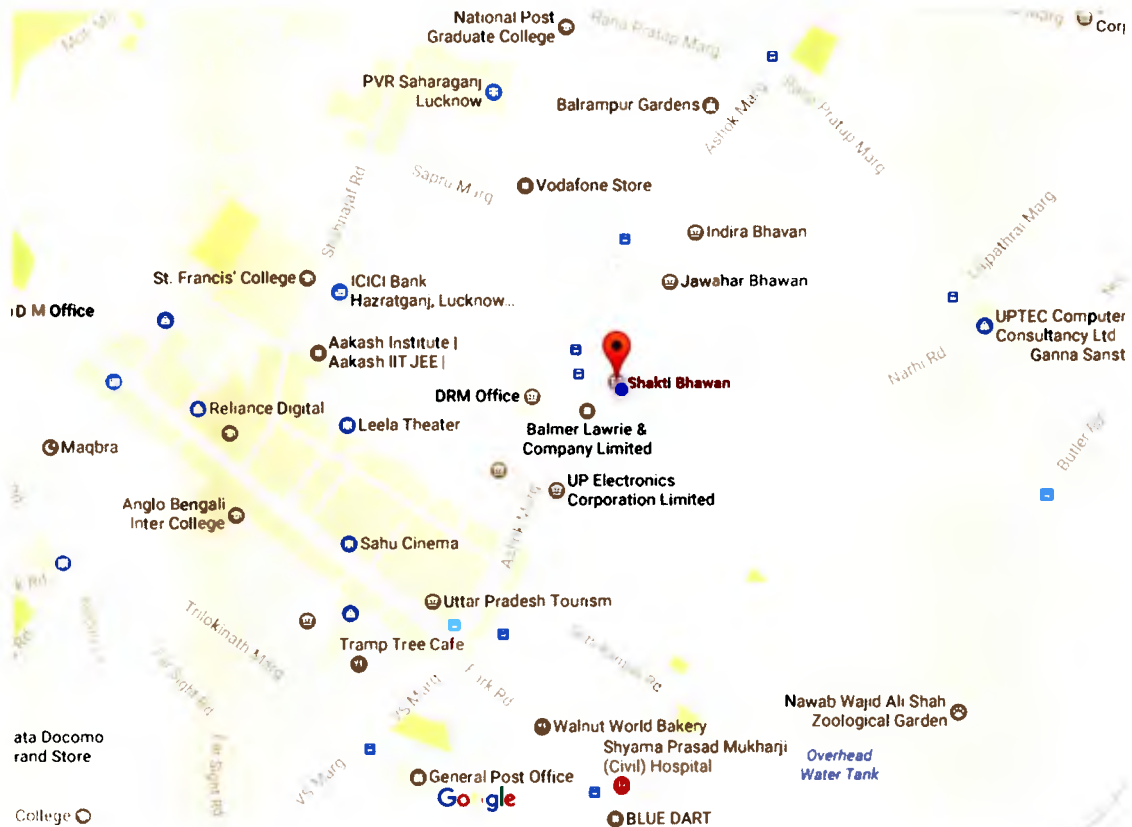
Signature of shareholder
holder(s)

Signature of Proxy



Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the company, not less than 48 hours before the commencement of the meeting.

Route Map to the AGM Venue





DIRECTOR'S BRIEF PROFILES



DR. ASHISH KUMAR GOEL

Dr. Ashish Kumar Goel, Chairman of U. P. Power Corporation Limited since July 2023, in addition to other initiatives, has ensured that the organisation has met all its targets under RDSS for F.Y. 2023-24. Earlier, he has played a crucial role in the Ministry of Rural Development as the Additional Secretary and Director General of the National Rural Infrastructure Development Agency. His responsibilities included overseeing flagship schemes for rural roads and housing. Throughout his career, he has held several pivotal roles in public service and administration

Dr. Ashish Kumar Goel is a highly accomplished individual with an impressive educational background. He holds a B.Tech in Electrical Engineering from IIT Delhi, an MA in Economics, and a Ph.D. in Economics from Dr. B R Ambedkar Agra University and M.Sc. in Public Management & Administration Governance from LSE, London.

He has held various high-profile positions, including Secretary of Rural Development in the Government of UP and Managing Director of the UP-State Road Transport Corporation. His extensive career also includes roles such as Secretary of Basic Education, Principal Staff Officer to the Chief Secretary and District Magistrate & administration; Collector in various districts of UP.

Dr. Ashish Kumar Goel achieved significant recognition during his tenure as Divisional Commissioner in Prayagraj, where he led the organization of the cleanest and safest-ever Kumbh Mela in 2019, became recipient of numerous awards and honors, including the PM Award for Excellence in Public Service in 2020 and a Guinness World Records for Swachh Kumbh. He has received the Alumnus of the Year Award by the IIT Delhi Alumni Association in 2019. He has also earned several other Guinness World Records highlighting his remarkable contributions to initiatives like Transportation Management and Paint My City, as well as achievements in tree plantation and divyang camp programs. His career embodies dedication and leadership in Public Administration and infrastructure development.



SHRI PANKAJ KUMAR

Shri Pankaj Kumar, Managing Director U. P. Power Corporation Limited having 22 years of extensive experience in various development assignments across multiple sectors, including Energy Department, Public Administration, Health, Land Revenue, Urban Development, Secondary Education, Tourism, and other service domains.

Shri Pankaj Kumar is an accomplished individual with an impressive track record. He holds Bachelor of Philosophy (Hons), St. Stephen's College, University of Delhi. He Played a pivotal role in flood relief and rehabilitation efforts in Ballia, Basti, and Sitapur, effectively distributing relief worth to the affected population and ensuring zero loss of life in any of the districts.

During his tenure he has been was posted as District Magistrate of Jalaun, Ballia, Basti, Muzaffarnagar, Sitapur, Aligarh and Agra and. as Special Secretary- Basic/ secondary education, Managing director NHM, PSO to Chief Secretary..

He has cross-functional expertise with proven ability to lead and work with multi-cultural, multi-sectoral, and multidisciplinary teams of professionals across diverse implementation programs. He is skilled in managing complex and varied governance challenges with strong communication, situational analysis, problem-solving and team management capabilities.



SHRI NIDHI KUMAR NARANG

Shri Nidhi Kumar Narang is Director (Finance) of U. P. Power Corporation Limited since June, 2022. He is B. Com (Hons), LLB and MBA (Finance) and a Gold Medalist from the Power Management Institute of NTPC. Further, he has acquired skill upgrades from Euromoney & Kellogg's School of Management, Chicago in Valuations, Mergers & Acquisitions and from UTD Dallas in Advanced International accounting in oil & gas.

He has been a finance professional in the Power and Infrastructure sectors and in a career spanning over 43 years, has diverse and varied experience in Business strategy & structuring, Corporate Finance including fund raising, business valuations, Mergers & Acquisitions, Cost Control, Systems & MIS, Direct & indirect Taxes, Electricity Tariff Regulations, Fuel Sourcing, Exploration & Production activities for oil & gas, etc.



SHRI KAMALESH BAHADUR SINGH

Shri Kamalesh Bahadur Singh Director (Corporate Planning) of U. P. Power Corporation since June, 2022. He has joined NTPC as Executive Trainee in 1985 and resigned in 2022 as Chief General Manager. He has vast and diverse experience of 39 years of power Sector.

Shri Kamalesh Bahadur Singh got an Additional Charge of Director (Distribution) & approximate 1 year he has managed the work of both Corporate Planning & Distribution. In December, 2023 he also got an additional charge of Director (P M & A). At present he is working as Director (Corporate Planning) & (P M & A).



SHRI SOURAJIT GHOSH

Shri Sourajit Ghosh is a Director (IT) of U. P. Power Corporation Limited since June, 2022. He has joined NTPC as Executive Trainee in 1985 and resigned in 2022 as General Manager (IT).

Shri Sourajit Ghosh was instrumental in business change management in the organisation in the project PRADIP (Pro Active Digital Initiatives for Paperless) in July, 2018 which was instrumental in riding through the COVID 2020. He has wide experience in the field of IT in NTPC Limited, where he headed the SAP-ERP BASIS & ASAP teams. He also was instrumental in leading Multi-Digital



Transformation initiatives at NTPC Limited.

At U. P. Power Corporation Limited, he has brought about a lot of IT initiatives like merging of 3 different Revenue Management System (RMS) Applications into a single RMS- Oracle CC&B, rolling onto a complete SD-WAN enabled network for 4000 + locations, implementation of IDAM for authentication, Adoption of SAP-ERP across all Discoms.



SHRI AMIT KUMAR SRIVASTAVA

Shri Amit Kumar Srivastava is Director (Commercial) of U. P. Power Corporation Limited having 39 years of experience in power distribution in UPPCL, specializing in commercial & technical operations of Discoms. He has proven capability to lead at the Director level, providing strategic direction and guiding initiatives aimed at improving the financial and operational health of Discoms.

He is expertise in reducing AT & C losses, narrowing ACS-ARR gaps, and implementing financial improvement strategies for Discoms. Proficient in analyzing financial and operational metrics to provide strategies insights for performance enhancement.

Shri Amit Kumar Srivastava is having strong leadership in managing social media and consumer engagement, focusing on grievance redressal and public awareness campaigns. He has coordinated with various stakeholders, including officials from the Ministry of Power and the Government of Uttar Pradesh, for the successful implementation of the UDAY scheme & submitted quarterly reports on UDAY parameters to the UP Government and provided critical insights to the Ministry of Power.



SHRI GYANENDRA DHAR DWIEVDI

Shri Gyanendra Dhar Dwivedi has joined U. P. Power Corporation Limited as Director (Distribution) on October 11, 2023. Prior to this, he worked as Chief Engineer & Superintending Engineer (Lucknow, Ghaziabad, Technical Wing, Faizabad, Lucknow Electricity Supply Administration). He has worked in major areas such as theft control in the field of electricity (Kanpur, Lucknow, Ayodhya & Ghaziabad), Maintenance of supply of electricity to the citizen of Kanpur etc.

Shri G.D. Dwivedi has vast and diverse experience of 37 years in Power Sector. He has attended various training Programme related to Power Distribution & administration, E- tendering Procedures, Administrative Methodologies for Power Engineers, Non-renewable Energy Sources, Smart Metering & E- charging Programme.





DIRECTOR'S REPORT 2023-24



Annexures to Director's Report

| | |
|-----------------------|---|
| Annexure-A | Number of Meetings of the Board, committees & Attendance |
| Annexure-I | Report of Statutory Auditor on Financial Statement for the F.Y. 2023-24 & Management Replies thereon |
| Annexure-II | Secretarial Audit Report & Management Replies thereon |
| Annexure-III | CAG's Comments on Financial Statement for the F.Y. 2023-24 & Management Replies thereon |
| Annexure-IV | AOC-1 |
| Annexure-V | Related Party Transactions |
| Annexure-VI | Certificate on Corporate Governance |
| Annexure-VII | Director's Disqualification certificate |
| Annexure -VIII | CEO & CFO Certificate |
| Annexure -IX | Achievements |



| | | |
|---|---|---|
|  | <p>U. P. Power Corporation Limited. (A Government of UP undertaking) CIN:U32201UP1999SGC024928</p> <hr/> <p>Registered address: Shakti Bhawan, 14 Ashok Marg, Lucknow-226001 Phone No. 0522-2286618, Email: companysecretary@uppcl.org</p> |  |
|---|---|---|

DIRECTORS' REPORT

To,
The Members,
Uttar Pradesh Power Corporation Limited

Your Directors are pleased to present herewith the 25th Annual Report on the business and operations of the company along with the audited standalone and consolidated financial statements of your Company for the financial year ended on 31st March, 2024.

COMPANY OVERVIEW

U. P. Power Corporation Ltd. ('Company') is primarily involved in bulk purchase of power from various generators and bulk sale of power to the subsidiary distribution companies. The company has five subsidiary distribution companies viz. Purvanchal Vidyut Vitran Nigam Ltd (PuVVNL), Madhyanchal Vidyut Vitran Nigam Ltd (MVVNL), Dakshinanchal Vidyut Vitran Nigam Ltd (DVVNL), Paschimanchal Vidyut Vitran Nigam Ltd (PVVNL) and Kanpur Electricity Supply Co. Ltd. (KESCO). These distribution companies (DISCOMs) are engaged in the distribution of electricity to consumers. DVVNL also supplies electricity to the Torrent Power Company Ltd. (franchisee) for distributing the electricity to the consumers of its specified area. The company has successfully met the peak power demand of the state during the F.Y. 2023-24. The company sold 134269.40 MU as compared to 130058.71 MU in the previous year to the DISCOMs.

The Government of U. P. has been making several efforts towards strengthening the power sector of the state whilst providing 24x7 affordable power supply. The company has emphasized on emerging technologies, new reforms and providing cost efficient good quality electricity to all categories of consumers for economic development/social upliftment of the state. The company is sensitive to its ultimate consumer's interest and strives for uninterrupted supply of power.



1. Financial Results (Standalone and Consolidated) / Performance

The summarized financial results (Standalone and Consolidated) for year ended on 31st March, 2024 are summarized below:

(₹ in Crore)

| Particulars | Standalone Results | | Consolidation Results | |
|---|--------------------|--------------------|-----------------------|-------------------|
| | F.Y. 2023-24 | F.Y. 2022-23 | F.Y. 2023-24 | F.Y. 2022-23 |
| Revenue from sale of power | 73892.75 | 68653.93 | 715779.78 | 64634.70 |
| Other Income | 1611.77 | 186.81 | 28655.63 | 23794.02 |
| Total (A) | 75504.52 | 68840.74 | 100235.41 | 88428.72 |
| Expenditure | | | | |
| Operational Expenditure :- | | | | |
| Purchase of Power | 73892.75 | 68653.93 | 77402.26 | 71955.76 |
| Employee Benefit Expenses | 78.57 | 71.64 | 2699.27 | 2407.46 |
| Repairs & Maintenance Expenses | 8.38 | 5.07 | 2442.55 | 2491.04 |
| Administrative, General & Other Expenses | 24.07 | 27.81 | 3139.36 | 2991.36 |
| Total (B) | 74003.77 | 68758.45 | 85683.44 | 79845.62 |
| Operational Profit/Loss A – B = C | 1500.75 | 82.29 | 14551.97 | 8583.10 |
| Interest and Finance Charges | | 0.05 | 7640.18 | 8062.23 |
| Depreciation | 6.37 | 6.32 | 3597.19 | 3572.50 |
| Bad Debts & Provisions | 7611.09 | 14639.28 | 10484.42 | 14561.27 |
| Total (D) | 7617.46 | 14645.65 | 21721.79 | 26196.00 |
| NET PROFIT/LOSS Before Exceptional Items/ Tax | (6116.71) | (14563.36) | (7169.82) | (17612.90) |
| Exceptional Items | 10.83 | 8.89 | (122.04) | (98.68) |
| Net Profit/Loss After Exceptional Items & Before Tax | (6127.54) | (14572.25) | (7291.86) | (17711.58) |
| Provision for Tax | - | - | | - |
| Other Comprehensive Income | (1.53) | (1.27) | (48.26) | (11.20) |
| NET PROFIT/LOSS After Tax | (6129.07) | (14,573.52) | (7340.12) | (17722.78) |



- (i) The Company has incurred net loss of ₹6129.07 Crore (Standalone) for the Financial Year 2023-24 as against net loss of ₹14573.51 Crore (Standalone) in the previous financial year. The major reason for the decrease in net loss in the current financial year is due to significant decrease in the value of provision for impairment in investment in DISCOMs.
- (ii) The consolidated net loss in the F.Y. 2023-24 was ₹7340.12 Crore (Consolidated financial statements) as against net loss of ₹ 17722.78 Crore in the previous financial year. The loss for the year has decreased by ₹ 10382.66 Crore as compared to the previous year mainly due to the following reasons:
- (a) The subsidy receivable/received from Government of U.P. has increased by ₹ 4527.56 Crore as compared to the previous year. (Total subsidy for the Financial Year 2023-24 and 2022-23 is ₹ 27156.42 Crore and ₹ 22,628.86 Crore (restated) respectively).
- (b) Bad Debts and Provision amounting to ₹10484.42 Crore and ₹ 14561.27 Crore shown for the F.Y. 2023-24 and 2022-23 respectively includes the provision for Bad and Doubtful Receivables from Consumers against Sale of Power amounting to ₹ 9771.88 Crore and ₹ 14518.47 Crore respectively for the F.Y. 2023-24 and 2022-23. There is a decrease of ₹ 4746.59 Crore in provision for Bad and Doubtful Receivables from Consumers against Sale of Power. It is based on the assessment and calculation of the Discoms on the ageing of the Trade Receivables.
- (ii) Exceptional items represent the amount of provision made against demand raised by the Contributory Provident Fund and General Provident Fund towards loss incurred by them due to investment of Funds in Diwan Housing Finance Corporation Ltd. which has been declared as insolvent. Necessary disclosure has been given on note no. 30 (39) of Standalone Financial Statements and on note no. 33 (32) of Consolidate Financial Statements of the Company.



2. Transfer to Reserve and Dividend

No profit being available for appropriation after adjustment of accumulated losses, the board is neither able to recommend payment of dividend for the year nor is proposing to carry any amount to the reserves.

3. Operations

The company is primarily involved in the business of bulk purchase and sale of power to its subsidiary distribution companies. The purchase volume of the company is as under:

| S.No. | Name of the Company | Status | FY 2023-24 Units Purchased (MU) | FY 2022-23 Units Purchased (MU) |
|--------------|-----------------------------|---------------|--|--|
| A | U.P. Power Corporation Ltd. | Holding | 141931.69 MU | 137289.92 MU |

The company sold 134269.40 MU in the financial year 2023-24 as compared to 130058.71 MU in the previous year to its own distribution subsidiary companies viz PuVVNL, MVVNL, DVVNL, PVVNL and KESCO.

The Company has also arranged power through bilateral arrangements and by putting bids in power exchange on day-to-day basis for and on behalf of the above five DISCOMs.

The sale volume of the subsidiary DISCOMs are as under:

| S.No. | Name of the DISCOMs | Status | FY 2023-24 Units Purchased (MU) | FY 2022-23 Units Purchased (MU) |
|--------------|---|---------------|--|--|
| A | Purvanchal Vidyut Vitran Nigam Ltd. | Subsidiary | 32929.61 | 31132.50 |
| B | Madhyanchal Vidyut Vitran Nigam Ltd. | Subsidiary | 28314.37 | 27347.21 |
| C | *Dakshinanchal Vidyut Vitran Nigam Ltd. | Subsidiary | 29628.43 | 28307.19 |
| D | Paschimanchal Vidyut Vitran Nigam Ltd. | Subsidiary | 39107.84 | 39043.24 |
| E | Kanpur Electricity Supply Company Ltd. | Subsidiary | 4289.15 | 4228.57 |
| | TOTAL | | 134269.40 | 130058.71 |

*DVVNL has also supplied the power to franchise (Torrent Power Ltd. Agra) in accordance with the agreement made between them.

4. Share Capital

The Government of U.P. has continued with its equity support to the Company. The Authorized Share Capital of the Company is presently Rs.200000.00 crore. The paid-up share capital of the company has increased by allotment of 108042891 equity shares of



Rs.1000 each aggregating to Rs.10804.28 crore to the Hon'ble Governor of U.P during the year 2023-24. The present paid up share capital of the company is Rs.129272.06 crore.

5. Loans and Bonds

The Funds for the subsidiary distribution companies are arranged by the company through loans and bonds. The total Long Terms Borrowings as at 31st March 2024 were Rs.45132.69 crore and short terms Borrowings on that date were Rs. 14988.59 crore.

6. Key Management Personnel, Directors, Audit Committees and Meetings

6.1 Details of Key Management Personnel (KMP) and Directors are as under:

Key Management Personnel

| S. No. | Name | Designation | Period (For FY 2023-24) | |
|--------|--|---|----------------------------|-------------------|
| | | | Date of Appointment | Date of Cessation |
| 1 | Shri M. Devaraj | Chairman | 02.02.2021 | 27.07.2023 |
| 2 | Dr. Ashish Kumar Goel | Chairman | 27.07.2023 | |
| 3 | Shri Pankaj Kumar | Managing Director | 10.03.2021 | ---- |
| 4 | Shri P. Guruprasad | Nominee Director | 23.07.2021 | 04.03.2024 |
| 5 | Shri Ranvir Prasad | Nominee Director | 04.03.2024 | |
| 6 | Shri Anupam Shukla | Nominee Director | 10.08.2022 | ---- |
| 7 | Smt. Neha Sharma | Nominee Director | 02.09.2022 | ---- |
| 8 | Shri Nidhi Kumar Narang | Director (Finance) | 01.06.2022 | ---- |
| 9 | Shri Neel Ratan Kumar | Nominee Director | 16.04.2013 | ---- |
| 10 | Shri Amit Kumar Srivastava | Director (Commercial) | 24.05.2022 | ---- |
| 11 | Shri Kamalesh Bahadur Singh | Director (Corporate Planning) | 18.06.2022 | ---- |
| 12 | Shri Sourajit Ghosh | Director (I.T.) | 18.06.2022 | ---- |
| 13 | Shri Mrugank Shekhar Dash Bhattamishra | Director (PM&A) | 12.07.2022 | 07.12.2023 |
| 14 | Shri Kamalesh Bahadur Singh | Director (PM&A) (In – Additional Charge) | 11.12.2023 | ---- |
| 15 | Shri G.D. Dwivedi | Director (Distribution) | 11.10.2023 | ---- |
| 16 | Shri Abhishek Singh | Nominee Director | 03.05.2023 | ---- |
| 17 | Shri Ali Shah | Nominee Director | 16.06.2023 | 21.02.2024 |
| 18 | Shri Sandeep Kumar | Nominee Director | 21.02.2024 | |



| | | | | |
|----|---------------------|--|------------|------|
| 19 | Shri R.P. Vaishnaw | Nominee Director | 16.06.2023 | |
| 20 | Shri Nitin Nijhawan | Chief Financial officer & Compliance Officer | 01.12.2022 | ---- |

6.2 Policy on Directors' Appointment

The Company being a Government Company, the provisions of section 134 (3)(e) of the Companies Act 2013 are not applicable in view of the Notification No. GSR-163(E) dated 05-Jun-2015 issued by the Ministry of Corporate Affairs, Government of India.

6.3 Number of Meeting of the Board & Attendance thereof

During the financial year 2023-24, nine meetings of the Board of Directors of the Company were held. The details of said meeting along with attendance thereof is annexed as **Annexure A**.

6.4 Details of Audit Committee

Audit Committee

According to section 177 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of the Board and its power), the board of the company has constituted the audit committee consisting of the following Directors as on 31st March, 2024:

| S. No. | Name of the Committee Members | Category |
|--------|-------------------------------|------------------------|
| 1. | Shri Ranvir Prasad | Non-Executive Director |
| 2. | Shri Pankaj Kumar | Executive Director |
| 3. | Shri Neel Ratan Kumar | Non-Executive Director |
| 4. | Shri Nidhi Kumar Narang | Executive Director |
| 5. | Shri Abhishek Singh | Non-Executive Director |

Number of Meeting of the Audit Committee

During the financial year 2023-24, there were total **04 Meetings** of the Audit Committee on the following dates:

| S. No. | Date of Meeting |
|--------|-----------------|
| 1. | 10.08.2023 |
| 2. | 15.09.2023 |
| 3. | 09.11.2023 |
| 4. | 08.02.2024 |



The recommendations made by the Audit Committee during the year were accepted by the Board.

7. Other Committees

7.1 Nomination and Remuneration Committee

Pursuant to the provisions of section 178 of the Companies Act, 2013 read with companies (Meetings of Board and its Power) Rules, 2014, the Board of Directors has constituted Nomination and Remuneration Committee of the Company. The Composition of the Committee as on 31.03.2024 was as under:

| S. No. | Name of the Committee Members | Category |
|---------------|--------------------------------------|------------------------|
| 1 | Shri Ranvir Prasad | Non-Executive Director |
| 2 | Shri Neel Ratan Kumar | Non-Executive Director |
| 3 | Shri Abhishek Singh | Non-Executive Director |

7.2 Corporate Social Responsibility Committee

Pursuant to the provisions section 135 of the Companies Act, 2013 read with companies (Meetings of Board and its Power) Rules, 2014, the Board of Directors has constituted Corporate Social Responsibility Committee of the Company. The Composition of the Committee as on 31.03.2024 was as under:

| S. No. | Name of the Committee Members | Category |
|---------------|--------------------------------------|------------------------|
| 1 | Shri Pankaj Kumar | Executive Director |
| 2 | Shri Kamalesh Bahadur Singh | Executive Director |
| 3 | Shri Abhishek Singh | Non-Executive Director |

7.3 Stakeholders Relationship Committee

Pursuant to the provisions of section 178 of the Companies Act, 2013, the Board of Directors as constituted Stakeholders Relationship Committee of the Company. The Composition of the Committee as on 31.03.2024 was as under:

| S. No. | Name of the Committee Members | Category |
|---------------|--------------------------------------|------------------------|
| 1 | Shri Ranvir Prasad | Non-Executive Director |
| 2 | Shri Pankaj Kumar | Executive Director |
| 3 | Shri Neel Ratan Kumar | Non-Executive Director |
| 4 | Shri Nidhi Kumar Narang | Executive Director |



7.4 Risk Management Committee

The Board of Directors of the Company has constituted Risk Management Committee of the Company. The Composition of the Committee as on 31.03.2024 was as under:

| S. No. | Name of the Committee Members | Category |
|---------------|--------------------------------------|------------------------|
| 1 | Shri Pankaj Kumar | Executive Director |
| 2 | Shri Nidhi Kumar Narang | Executive Director |
| 3 | Shri G.D. Dwivedi | Executive Director |
| 4 | Shri Abhishek Singh | Non-Executive Director |

8. Declaration by Independent Director

Being a Government Company, the power to appoint Independent Director vests with the Government of U.P and the Company vide letter dated 23.03.2023 submitted requirement proposal to administrative department of the Government of State of Uttar Pradesh for appointment of requisite number of Independent Directors on the Board of the Company.

9. Performance Evaluation of Directors

The Ministry of Corporate Affairs (MCA) vide notification dated 5th June, 2015 has exempted the Government Companies from the provisions of section 178 (2) of the Companies Act, 2013 which provides the manner of evaluation of performance of Board, its committees and Directors by the Nomination and Remuneration Committee. The requirement of mentioning the statement on the manner of formal evaluation of performance of Directors in Boards' Report as per section 134 (3) of the Act has also been done away with the Government Companies where the Directors are evaluated by the Ministry and Department of the State Government which is administratively in charge of the company, as per its own evaluation methodology. Further, MCA vide its notification dated 5th July, 2017 has made an amendment in the Schedule-IV of the Act, whereby it has exempted Government Companies from compliance with the requirement of performance evaluation by the independent directors of non-independent directors and Chairman and performance evaluation of the independent director by the Board, if the concerned department or Ministry has specified these requirements.



10. Auditors And Their Report

10.1 Statutory Auditor

The Comptroller and Auditor General of India as appointed M/s D. Pathak and Co., Chartered Accountants, Lucknow as the Statutory Auditors of the company for the F.Y. 2023-24.

The replies of management to the observations of the Statutory Auditors on the annual financial statements (Standalone as well as Consolidated) for the financial year ended on 31st March, 2024 are annexed herewith marked as **Annexure - I** of this Director Report.

10.2 Cost Auditor

In terms of the provisions of section 148 of the Companies Act, 2013 and the Companies (Cost record and Cost Audit) Rules, 2014, the Board of Directors appointed M/s. Abhishek Mishra & Company, Cost Accountants, Lucknow as Cost Auditor for the financial year 2023-24. The cost audit for the F.Y. 2023-24 has been completed.

10.3 Secretarial Auditor

In terms of provision of section 204 of the Companies Act, 2013 the company has appointed M/s Manish Mishra & Associates, Lucknow, Practicing Company Secretary for conducting Secretarial Audit for the financial year 2023-24. The Secretarial Audit Report is placed at **Annexure-II** of this Director Report along with replies of the management to the observation(s) therein.

10.4 Adoption of Annual Accounts

The Comptroller and Auditor General of India (CAG's) conducts supplementary audit u/s 143 of the Companies Act, 2013. Supplementary Audit by CAG's for the financial year 2023-24 is completed and, Management replies to the CAG Comments are enclosed herewith as **Annexure-III**.

11. Reports on Subsidiaries and Associates Company

11.1 The company has following five subsidiaries as on 31st March, 2024:

**25th ANNUAL REPORT
2023-24**



₹ In Crore

| S. No. | Name of the DISCOMs | Status | % of share held | Authorized Capital (Amount) | Paid-up Share Capital (Amount) |
|--------|---|------------|-----------------|-----------------------------|--------------------------------|
| A | Purvanchal Vidyut Vitran Nigam Ltd. (PuVVNL) (CIN-U31200UP2003SGC027461) | Subsidiary | 100% | 40000.00 | 28024.56 |
| B | Madhyanchal Vidyut Vitran Nigam Ltd. (MVVNL) (CIN-U31200UP2003SGC027459) | Subsidiary | 100% | 30000.00 | 24232.49 |
| C | Dakshinanchal Vidyut Vitran Nigam Ltd. (DVVNL) (CIN-U31200UP2003SGC027460) | Subsidiary | 100% | 30000.00 | 25862.71 |
| D | Paschimanchal Vidyut Vitran Nigam Ltd. (PasVVNL) (CIN-U31200UP2003SGC027458) | Subsidiary | 100% | 25000.00 | 19704.94 |
| E | Kanpur Electricity Supply Company Ltd. (KESCO) (CIN-U40105UP1999SGC024626) | Subsidiary | 100% | 3000.00 | 2663.42 |

Note: -

- (i) The company has no associate companies or joint ventures as on 31.03.2024.
- (ii) The company has prepared consolidated financial statements of the company and its subsidiaries.
- (iii) A separate statement containing the salient features of the financial statements of subsidiary in form AOC-1 as **Annexure – IV** forms part of Annual Report.

11.2 Financial Results of the Subsidiaries

- a. Financial results for the period ended on 31.03.2024 along with previous year figures are summarized below:

₹ In Crore

| Particulars | PuVVNL | | MVVNL | | DVVNL | | PVVNL | | KESCO | |
|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------|----------------|
| | F.Y. 2023-24 | F.Y. 2022-23 | F.Y. 2023-24 | F.Y. 2022-23 | F.Y. 2023-24 | F.Y. 2022-23 | F.Y. 2023-24 | F.Y. 2022-23 | F.Y. 2023-24 | F.Y. 2022-23 |
| Revenue from Sale of Power | 14711.83 | 13660.98 | 14580.48 | 13707.75 | 13655.32 | 12495.36 | 22731.55 | 21609.13 | 3177.70 | 3161.48 |
| Other Income | 7314.88 | 6060.27 | 8080.47 | 6532.97 | 7869.19 | 4695.05 | 5011.63 | 5878.73 | 165.16 | 440.19 |
| TOTAL (A) | 22026.71 | 19721.25 | 22660.95 | 20240.72 | 21524.51 | 17190.41 | 27743.18 | 27487.86 | 3342.86 | 3601.67 |

**25th ANNUAL REPORT
2023-24**



| | | | | | | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------|----------------|
| Expenditure | | | | | | | | | | |
| Operational Expenditure: - | | | | | | | | | | |
| Purchase of power | 16686.76 | 16030.96 | 16260.78 | 16370.06 | 16455.36 | 15210.53 | 22911.19 | 21514.20 | 2699.07 | 2465.67 |
| Employee Benefit Expenses | 658.33 | 624.38 | 659.10 | 557.81 | 435.13 | 406.60 | 725.68 | 617.07 | 142.46 | 129.96 |
| Repairs & Maintenance Expenses | 634.54 | 713.09 | 374.20 | 476.78 | 626.05 | 544.44 | 743.04 | 707.06 | 56.34 | 44.60 |
| Administrative, General & Other Expenses | 771.57 | 705.93 | 939.20 | 813.04 | 795.55 | 741.45 | 495.51 | 478.03 | 113.46 | 225.10 |
| TOTAL (B) | 18751.20 | 18074.36 | 18233.28 | 18217.69 | 18312.09 | 16903.02 | 24875.42 | 23316.36 | 3011.33 | 2865.33 |
| Operational Profit/Loss A-B=C | 3275.51 | 1646.89 | 4427.67 | 2023.03 | 3212.42 | 287.39 | 2867.76 | 4171.50 | 331.53 | 736.34 |
| Interest and Finance Charges | 2598.81 | 2744.56 | 1739.53 | 1808.45 | 1962.75 | 2070.24 | 1054.49 | 1154 | 284.6 | 284.93 |
| Depreciation | 932.04 | 1158.16 | 882.53 | 839.51 | 835.59 | 814.82 | 881.25 | 697.17 | 59.41 | 56.52 |
| Bad Debts & Provisions | 3472.98 | 5106.15 | 3136.62 | 4174.86 | 2650.65 | 2673.2 | 44.27 | 2166.72 | 526.55 | 390.79 |
| TOTAL (D) | 7003.83 | 9008.87 | 5758.68 | 6822.82 | 5448.99 | 5558.26 | 1980.01 | 4017.89 | 870.56 | 732.24 |



| | | | | | | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|-----------|---------|---------|----------|--------|
| Net Profit/Loss Before Exceptional Items/Tax | - 3728.32 | - 7361.98 | - 1331.01 | - 4799.79 | - 2236.57 | - 5270.87 | 887.75 | 153.61 | - 539.03 | 4.10 |
| Exceptional Items | -31.83 | -20.83 | -28.2 | -20.13 | -19.23 | -27.1 | - 25.01 | - 18.14 | -6.94 | - 3.59 |
| Net Profit/Loss After Exceptional Items & Before Tax | - 3760.15 | - 7382.81 | - 1359.21 | - 4819.92 | - 2255.80 | - 5297.97 | 862.74 | 135.47 | - 545.97 | 0.51 |
| Provision for Tax | - | - | - | - | - | - | - | - | - | - |
| Net Profit/Loss After Tax | - 3760.15 | - 7382.81 | - 1359.21 | - 4819.92 | - 2255.80 | - 5297.97 | 862.74 | 135.47 | - 545.97 | 0.51 |

11.5 Adoption of Annual Accounts

The Audited Accounts of the DISCOMs for the F.Y. 2023-24 along with CAG Comments have been approved by the Board of the respective DISCOMs and the same has been adopted in the Annual General Meeting of the each Discoms.

12 Compliances

12.1 Directors Responsibility Statements

Pursuant to section 134 (3) (c) of the Companies Act, 2013 the Directors to the best of their knowledge and belief state that:

- (i) In the preparation of Annual Account, the applicable accounting standards have been followed along with proper explanation relating to material departure;
- (ii) Such accounting policies have been selected and applied them consistently and made judgments and estimates are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of financial year and of the profit and loss of the company for that period;
- (iii) Proper and sufficient share has been taken for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 2013



for safeguarding the asset of the company and for preventing and directing fraud and other irregularity;

- (iv) The annual accounts have been prepared on a going concern basis; and
- (v) Proper system has been revised to ensure compliance with the provisions of all applicable laws and that such system works adequate and operating effectively.

12.2 Adequacy of Internal Control System

The company has a proper and adequate system of internal control to ensure that all assets are safeguarded and protected against loss from unauthorized use of disposition and to ensure that all transactions are authorized, recorded, and prepared correctly and adequately. All financial and audit control systems are also reviewed by the audit committee and the Board of the Directors of the Company.

12.3 Annual Return of the Company

Pursuant to the proviso inserted by the Ministry of Corporate Affairs vide the Companies (Management and Administration) Amendment Rules, 2020 dated August 28, 2020, the company shall not be required to attach the extract of the annual return with the Board's report in Form No. MGT 9, in case the web link of such annual return has been disclosed in the Board's report in accordance with sub-section (3) of Section 92 of the Companies Act, 2013. Therefore, the extract of the Annual Return is made available on the website of the company at www.upenergy.in

12.4 Particulars of Loans, Guarantees, Investment and Securities u/s 186 of Companies Act, 2013

- (i) There are no guarantees given and securities provided during the year to any other body corporate or person.
- (ii) The investment of the company in its subsidiaries DISCOMs during the year are given as under:

₹ In Crore

| S.No. | Name of the DISCOMs | Amount |
|--------------|--|----------------|
| (a) | Purvanchal Vidyut Vitran Nigam Ltd. | 2830.98 |
| (b) | Madhyanchal Vidyut Vitran Nigam Ltd. | 1448.03 |
| (c) | Dakshinanchal Vidyut Vitran Nigam Ltd. | 2400.97 |
| (d) | Paschimanchal Vidyut Vitran Nigam Ltd. | 2577.02 |
| (e) | Kanpur Electricity Supply Company Ltd. | 414.11 |
| | TOTAL | 9671.11 |



The Status of investment of funds in subsidiaries and other companies as at 31.03.2024 has been given in note no. 5 of the standalone financial statement of the company.

- (iii) Financial arrangements through loans/bonds etc. are made on behalf of subsidiaries DISCOMs and subsequently are transferred/adjusted against respective DISCOMs.

12.5 Risk Management Policy

The Company is a public sector undertaking wholly owned by the Government of Uttar Pradesh. The policy on different matters are to be followed from the directives issued by the Government of U. P. from time to time. The company has an adequate system of risk assessment and management. However, the policies are reviewed from time to time, as and when required.

12.6 Corporate Social Responsibility

The Company has incurred average losses during the three preceding financial year as per the calculation in accordance with provisions of section 198 of the Companies Act, 2013, hence no expenditure incurred by the company.

12.7 Particulars of Contract or Arrangement with Related Parties

The company's major related party transaction is generally with subsidiaries distribution companies. The details of transaction with related parties are annexed herewith marked as **Annexure V** of this audit report. Necessary disclosure of related party transactions has also been given on note no. 30(20) of the financial statements of the company.

12.8 Dividend Distribution Policy

The Directors do not recommend any dividend for the year, as the company has no profit to distribute.

12.9 Sexual Harassment of Women at Workplace

As per the sexual harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made there under, the Company has Internal Complaint Committee in place to redress complaints received regarding the sexual



harassment. During the Financial Year 2023-24, Total Three complaints on sexual harassment was received.

12.10 Reporting of Fraud

During the year under review, the Statutory Auditors nor the Secretarial Auditors has reported any instances of fraud committed against the Company by its officers or employees.

12.11 Managerial Remuneration

Particulars of remuneration paid to executive key managerial during the F.Y. 2023-24 are furnished hereunder:

| ₹ In Crore | | | | |
|--------------|-------------------------------|-------------------------------|-------------------|-------------|
| S.No. | Name | Designation | Remuneration Paid | |
| | | | 2023-24 | 2022-23 |
| 1. | Shri M. Devaraj | Chairman | 0.19 | 0.47 |
| 2. | Dr. Ashish Kumar Goel | Chairman | 0.32 | - |
| 2. | Shri Pankaj Kumar | Managing Director | 0.34 | 0.35 |
| 3. | Shri Nidhi Kumar Narang | Director (Finance) | 0.44 | 0.33 |
| 4. | Shri Amit Kumar Srivastava | Director (Commercial) | 0.26 | 0.52 |
| 6. | Shri Kamalesh Bahadur Singh | Director (Corporate Planning) | 0.44 | 0.31 |
| 7. | Shri Sourajit Ghosh | Director (IT) | 0.43 | 0.30 |
| 8. | Shri Ashwani Kumar Srivastava | Director (Distribution) | | 0.08 |
| 9. | Shri Ajay Kumar Purwar | Director (PM & A) | - | 0.07 |
| 10. | Shri Sh. G.D. Dwivedi | Director (Distribution) | 0.23 | |
| 11. | Shri Anil Kumar Awasthi | Chief Financial Officer | - | 0.65 |
| 12. | Shri Nitin Nijhawan | Chief Financial Officer | 0.28 | 0.07 |
| 13. | Dr. Jyoti Arora | Company Secretary | - | 0.09 |
| Total | | | 2.93 | 3.48 |



12.12 Significant Material Order

No significant or material order work for by the Regulators or Courts or Tribunal which impact the going concern status and company's operation.

12.13 Deposits

The Company has not accepted nor renewed any amount falling within the purview of provisions of section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules 2014 during the year under review. Hence, the details relating to deposits as also requirement for furnishing of details of deposits which are not in compliance which chapter-V of the Act may be treated as NIL.

12.14 Vigil Mechanism

The Company has a separate Vigilance Department to ensure transparency, objectivity and quality of decision making in various operations. There is also a common Vigilance Department of Government of U. P. for all Government Departments/Undertakings. Appropriate disciplinary action is initiated against the involved employees. Necessary actions are also taken for improvement of the system, wherever found necessary.

12.15 Conservation of Energy, Technology Absorption and Foreign Exchange Earnings

Since the company is involved in the business of bulk purchase and sale of power to its subsidiary distribution companies, the provisions relating to Conservation of Energy, Technology Absorption are not applicable to the company. However, brief details of energy conservations measures taken through distribution companies are given here under:

Conservation of Energy

Uttar Pradesh is one of the largest states in the country. During the year 2023-24, the company was able to meet energy and demand throughout the state with minimum possible restrictions and control measures. Necessary steps are taken by the DISCOMs from time to time. The major steps that have been taken by the DISCOMs for conservation of energy are as follows:

- (i) Distribution of LED Bulbs, Tube Lights and energy efficient fans under the UJALA Scheme.



- (ii) Installation of grid connected solar power plant at individual agriculture consumer/Private Tube well Consumer/ Krishi Upbhogta at 33KV/11KV Substations and feeder level solarization under the PM-KUSUM YOJANA.
- (iii) Installation of energy efficient equipment.
- (iv) In, house renewal and modernization.
- (v) Improving operation efficiency.
- (vi) Monitoring of supply of electricity process and analysis of regular data important for energy conservation.
- (vi) Under RSPV Regulation 2019 issued by the UPERC, Solar Power Consumers are allowed the facility of net meter and Under RSPV Regulation 2019 (First Amendment) dated 01.06.2022 facilitates Net Billing.
- (vii) 1000 Numbers of Grid Connected & Individual PTW Consumer Pumps are solarized.

Technology Absorption

- (a) Efforts made towards technology absorption, adaptation and innovation are as under:
 - (i) Installation of electronic meters/smart meters of updated technology as per the need of the system.
 - (ii) Installation of capacitor banks at 33 KV substations.
 - (iii) LT less distribution system in rural areas.
 - (iv) Feeder separation works.
 - (v) Technology up gradation in the areas of process improvement.
 - (vi) Effective energy management for technology absorption and energy conservations measures.
- (b) Benefits derived as a result of the above efforts:
 - (i) Accurate metering
 - (ii) Sustained Accuracy
 - (iii) Reduction in aggregate transmission and commercial losses.
 - (iv) Reduction in theft.
 - (v) Improved quality in supply of power.
- (c) Improvement and development activities in the electricity utility area are continued like energy efficiency of power network, power quality and power reliability, renewable energy for environmental benefits, improving customer services and safety, IT enabled applications etc.

Foreign Exchange Earnings and Out Go

During the year under review there was no foreign exchange earnings and out go.



13 Human Resources and Training

The Company has a separate Industrial Relations Department and Personnel and Administration Department. The Company takes pride in its well-trained, efficient, experienced and committed man power of Engineers, Officers, Staff and other workers. In the year 2023-24, exercise for promotions in all cadres was done. During the period under review, Our Personnel and Administration Department has been entrusted the recruitment work for the company and on behalf of the subsidiary distribution companies. The Company has also a separate Service Commission Wing for recruitment of the employees.

Communication meetings with unions and associations, workshop on transmission and distribution system, state load dispatch system etc. were conducted during the year. Both the employees and management complemented each other's efforts in furthering the interest of the company as well as stakeholders, signifying and highlighting overall harmony and cordial employ relations prevalent in the company.

The Company has a separate Training Institute at Lucknow. Newly recruited officers and employees under go company's training program. The knowledge of the engineers, officers and other employees is being updated on continuous basis both within the organizations and from outside training/refresher courses.

14. Particulars of Employees

As per provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, every listed company is required to disclose the ratio of the remuneration of each director to the median employee's remuneration and details of employees receiving remuneration exceeding limits as prescribed from time to time in the Directors' Report.

However, as per notification dated 5th June, 2015 issued by the Ministry of Corporate Affairs, Government Companies are exempted from complying with provisions of Section 197 of the Companies Act, 2013. Therefore, such particulars have not been included and do not form part of this Directors' Report.

15. Achievement in various fields by the Company.

As a Corporation, Entity has to fulfil various responsibilities towards its stakeholders, and for that kind purpose have to achieve various norms for its stakeholders. A list of various achievements made by Company during the period under review is annexed as **Annexure IX**.



16. Acknowledgement

The Directors of your company wish to place on record their deep appreciation for the continued support received from the Government of Uttar Pradesh, especially the Departments of Energy, Finance, Planning, Law and other Departments of Government of U.P. and support received from the Government of India particularly Ministry of Power, Ministry of New and Renewable Energy, Ministry of Environment, Forests and Climate Change, Ministry of Corporate Affairs, The Central Board of Direct Taxes and The Central Board of Indirect Taxes, GST Authorities and UP Electricity Regulatory Commission, Rural Electrification Corporation, Power Finance Corporation and other Financial Institutions, Central Electricity Authority, Central Electricity Regulatory Commission, Appellate Tribunal Electricity, Regional Power Committees, State Utilities and Stock Exchanges. Banks and Financial Institutions.

The Directors of your company also convey their gratitude to the electricity consumers of the state for their co-operation and confidence reposed by them in our subsidiary distribution companies.


The Directors of your company also thank Office of the Comptroller and Auditor General of India, Central Statutory Auditors, Branch Statutory Auditors, Internal Auditors, Cost Auditors and Secretarial Auditors for their constructive suggestion, guidance and co-operation.


The Directors also appreciate and value the contributions made by every member of UPPCL and its subsidiaries across the State.

For and on behalf of the Board of Directors

Date: 11-11-2024

Place: Lucknow


((Nidhi Kumar Narang)
Director Finance
DIN-03473420


(Pankaj Kumar)
Managing Director
DIN-08095154

ANNEXURE – A

- Details of Number of Meeting of Board of Directors for F.Y. 2023-24**

| S. No. | Date of Meeting | S. No. | Date of Meeting |
|--------|--|--------|--|
| 1. | 192 th Board Meeting – 16.06.2023 | 2. | 193 th Board Meeting – 10.08.2023 |
| 3. | 194 st Board Meeting – 24.08.2023 | 4. | 195 th Board Meeting – 15.09.2023 |
| 5. | 196 th Board Meeting – 09.10.2023 | 6. | 197 th Board Meeting – 09.11.2023 |
| 7. | 198 th Board Meeting – 08.02.2024 | 8. | 199 th Board Meeting – 05.03.2024 |
| 9. | 200 th Board Meeting – 28.03.2024 | | |

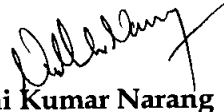
- Details of attendance of Board Members in the Meeting of the Board of Directors.**

During the financial year 2023-24, there were nine meetings of the Board of Directors of the Company. The number of meetings attended by each director during the financial year is as following:-

| S. No. | Name of the Director | No. of Meetings which were entitled to attend | No. of Meetings attended | % of Attendance |
|--------|--|---|--------------------------|-----------------|
| 1. | Shri M. Devaraj | 1 | 1 | 100 |
| 2. | Dr. Ashish Kumar Goel | 8 | 8 | 100 |
| 3. | Shri Pankaj Kumar | 9 | 9 | 100 |
| 4. | Shri P. Guruprasad | 7 | 6 | 85.71 |
| 5. | Shri Anupam Shukla | 9 | 4 | 44.44 |
| 6. | Smt. Neha Sharma | 8 | 0 | 0 |
| 7. | Shri Nidhi Kumar Narang | 9 | 9 | 100 |
| 8. | Shri Neel Ratan Kumar | 9 | 1 | 11.11 |
| 9. | Shri Amit Kumar Srivastava | 9 | 8 | 88.88 |
| 10. | Shri Kamalesh Bahadur Singh | 9 | 9 | 100 |
| 11. | Shri Sourajit Ghosh | 9 | 9 | 100 |
| 12. | Shri Mrugank Shekhar Dash Bhattamishra | 9 | 9 | 100 |
| 13. | Shri Abhishek Singh | 9 | 4 | 44.44 |
| 14. | Shri Ali Shah | 6 | 2 | 33.33 |
| 15. | Shri Gyanendra Dhar Dwivedi | 4 | 3 | 75 |
| 16. | Shri Ranvir Prasad | 2 | 2 | 100 |
| 17. | Shri Sandeep Kumar | 2 | 1 | 50 |

For and on behalf of Board of Directors

Date: 11-11-2024
Place: Lucknow


Nidhi Kumar Narang
Director (Finance)
(DIN: 03473420)


Pankaj Kumar
Managing Director
(DIN: 08095154)

MANAGEMENT'S REPLY TO THE STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF THE CORPORATION FOR THE YEAR ENDED ON 31.03.2024

| S.NO | AUDITOR'S REPORT | MANAGEMENT REPLY |
|------|--|--|
| | <p>(A) Emphasis of Matter:</p> <p>U. P. Power Corporation Ltd.</p> <p>1. Tax deducted at source Rs.168.28 crore (Note 12- Other Current Assets) includes Rs. 7.09 crore refunds pending with Income Tax Department relating to financial year 2007-08 to 2019-20 which have not been adjusted till the close of the financial year. Since, management has informed that rectification order u/s 154 of Income Tax Act for refund of amount to the extent of Rs. 5.84 crore has been issued but same is still to be received.</p> | <p>With reference to the said refund of Rs 7.09 crore, it is to be informed that regarding the refund relating to the assessment year 2011-12, 2015-16 and 2016-17, the Income Tax Department has issued letter no. ITBA/COM/F/ 17 /2023 -24 /1052528983 (1) dated 02.05.2023, orders were issued under Section 154 / 254 of the Income Tax Act 1961, accordingly a refund of Rs 5,48,67,481.00 was received in UPPCL bank account on 23.08.2024</p> <p>Further, we are in process of filing claim to the income tax department for the remaining refund of TDS of Rs. 1.61(7.09-5.48)crore.</p> |
| 2. | As per information provided to us receivable from Generators includes Rs.707.68 crore debit balance pertaining to M/s Rosa Power Company Ltd, Note-12: Other Current Assets, towards debit notes raised by the Company against which, as explained to us, stay order have been issued by Appropriate Authorities, but which have not been reversed like other cases as mentioned in Para no. 32 of Note 30: Notes to Accounts relating to M/s Lalitpur Power Generation Company. | Debit balance of Rs 135.36 crores against Rosa Power is due to debit notes amounting to Rs. 707 crores issued in the month of April, 2018 recovery of which had been stayed by the APTEL till further order. |
| 3. | As per Para No. 22 (b) of Note 30: Notes to Accounts, necessary accounting treatment regarding subsidy for Rs. 20,940.00 crore pertaining to Atmnrthar Bharat Scheme consequent upon opinion dated 01-05-2024 given by Expert Advisory Committee of ICAI are being given in the Financial Statements of DISCOMS. Considering the aforesaid opinion, Company has stated to make necessary adjustments in accounts of DISCOMS as Prior Period Adjustments. | Necessary accounting adjustment has been given in financial statements of DISCOMS as per opinion given by Expert advisory committee on 01/05/2024. |
| 4. | Sales include Rs. 224.51 crore Prior Period Adjustments which has been clubbed in current year Revenue from operation. Para No. 11 of Note 30: Note to Accounts may be referred in which Management has considered Material Prior Year Adjustment only if exceeds 1/2 percent of Revenue from operations in immediately preceding financial year. | Necessary disclosures in this regard have been made in Note no. 11 of Notes to accounts. |

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| | <p>5. Kindly refer Para No. 7 of Note 30: Notes to Accounts regarding non-provision of Bad & Doubtful debts on Trade Receivables/ Other Receivable from Subsidiaries during the year which needs review by the Management since it is not in conformity with guidelines contained in Ind AS-109 and Ind AS-107. Company has considered only past default position and not considered current status and future economic factors as envisaged in Ind AS-109 particularly not considering financial position and status of debtor's recoverability by DISCOMS. Company has also not adopted simplified approach including provision Matrix as envisaged by Ind AS- 109/107. As per provision of Ind AS 109, Provision for expected loss on Trade Receivables is to be made based on lifetime expected credit losses. Further, expected credit losses has to be measured considering (a) an unbiased and probability-weighted amount that is to be determined by evaluating a range of possible outcomes; (b) the time value of money; and (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current condition and forecasts of future economic conditions.</p> | <p>Audit observation that company has considered only past default position and not considered current status and future economic factors is not correct because while reviewing the quantum of allowance for expected credit loss, current status as well as future status of debtor's recoverability has also been checked. Audit is well versed with the fact that amount received from sale of power to consumers by DISCOM is being swept over to the bank account of UPPCL on the same day or very next day. Moreover, UPPCL works as a bridge for all the financial arrangement like receiving subsidy from government, taking bond/ loan on behalf of DISCOMs etc. This arrangement itself proves there is no probability of occurrence of credit losses in future as UPPCL enjoys the full operational right for fund management. Hence, allowance for expected credit loss has been considered as NIL.</p> <p>In reference to audit comment that Company has also not adopted simplified approach including provision Matrix as envisaged by Ind AS 109/107, it can be noted that since allowance for expected credit loss has been considered as NIL for above mentioned reasons, so question of adopting provision matrix do not arise.</p> <p>It is also worth mentioning that the company (UPPCL) has made the provision for impairment on investment on the basis of net worth of the DISCOMs and their net worth i.e. by considering their overall Profit/(Loss) which includes all the provisions made by the DISCOMs towards doubtful tradereceivables and other advances/receivables. Hence, there is no justification /logic to make further provision for doubtful trade receivables and other receivables from DISCOMs.</p> <p>As far as comment by C&AG in FY 2022-23 on the 5% incremental provision is concerned, it is again submitted that provision is a management estimate and management estimates can be changed depending on the various factors as explained above. As per Ind As 8, <i>An estimate may need revision if changes occur in the circumstances on which the estimate was</i></p> |
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| | | <p><i>based or as a result of new information or more experience. Hence, considering the experience factor as envisaged in Ind As 8, management has decided to change the estimate to NIL. Audit may also note that the disclosure requirement is given in Para 39 of Ind As 8 and the same has been taken care while giving related disclosure in notes to account (Refer Point No-7) Audit may also note that no exemption for allowance for expected credit losses has been taken on the ground that DISCOMs are Government owned entities. It's just a point of disclosure in notes to account not a base to arrive allowance for expected credit losses. The facts which have been considered while arriving the estimate for expected credit loss to NIL has been clearly mentioned in notes to account and also mentioned above.</i></p> |
| | <p>6. Accounting Policy of the Company regarding power purchases had not envisaged the method for accounting of power purchases where final approval of the tariff by the Regulatory Commission has not been granted.</p> | <p>It is already mentioned in the accounting policy of the company that power purchase from Central Generating Units and State Generating Unit is accounted for at the rate approved by Central Electricity Regulatory Commission (CERC) and UP Electricity Regulatory Commission (UPERC) respectively. Hence, it is implied that the power purchase is accounted for at the rates approved by the regulatory commission whether provisional or final.</p> |
| | <p>Material Management Zone of U. P. Power Corporation Ltd.</p> <p>7. Reasons for Deviations in power purchases by 13812.41 MU (9.71% of total power purchased) from various generators with respect to business plan for procurement of Power for 2023-24 as provided in Approval of Aggregate Revenue Requirement and Tariff for FY 2023-24 requires to be reviewed by management. In view of Branch Auditor, system of ascertaining reasons for deviations and approval thereof by competent authority requires to be streamlined / strengthened for ensuring proper and effective monitoring and control over such deviation and purchase of power.</p> | <p>The Power Purchase Agreements (PPAs) for the Generating Stations are scheduled as per load requirements of the state depending upon the demand pattern mostly in the peak hours. Furthermore, if the requirement of the state equivalent to the energy scheduled from these plants would have been taken from exchanges, then the cost of power would be higher than cost incurred from these plants. Also, there would have been chances of rostering in case of lower power clearances from exchanges. In this context, it is also pertinent to mention that</p> |

| | | <p>the scheduling of the plants is being done by SLDC Unit as per MOD based on data of Variable Cost.</p> <p>Regarding loss of energy, it is submitted that this is basically the transmission losses which are dependent on the various factors like Qty of energy purchased, distance from generator etc. It is apparent that total energy purchased has been increased by 4642 MU while the related transmission losses have increased by only 0.12 (5.39%-5.27%). Hence it is clear that the increase in transmission losses is nominal/negligible.</p> | | | | | | | | | | | | |
|--------------------------------------|--|---|------------------|------------------|--------------------------------------|-------------|-------------|----------------------------------|-------------|-------------|--------|--------|--------|------------------------------|
| | <p>8. Quantity Reconciliation: Reconciliation of Energy as accounted by unit with actual energy as per RLDC/SLDC/RPC has been done by M/s Mercados Marketing Energy Private Limited for FY 2023-24. Details of the power purchased as per the said reconciliation statement and power transferred to DISCOMSSs and loss of energy during the current year & previous year is tabulated as below :</p> <table border="1"> <thead> <tr> <th>Detail</th><th>As on 31.03.2024</th><th>As on 31.03.2023</th></tr> </thead> <tbody> <tr> <td>Total number of Units purchased (MU)</td><td>1,41,931.69</td><td>1,37,289.92</td></tr> <tr> <td>Total number of units sold (MU)</td><td>1,34,269.40</td><td>1,30,058.71</td></tr> <tr> <td>Loss %</td><td>5.39 %</td><td>5.27 %</td></tr> </tbody> </table> <p>Further, energy received free of cost from M/s Rajghat HPP, MPPMCL, is not included in the above reconciliation statement. In our view increasing trend of loss of energy during the year needs examination with a view to ensure proper monitoring and control by management on such loss in transfer of energy.</p> | Detail | As on 31.03.2024 | As on 31.03.2023 | Total number of Units purchased (MU) | 1,41,931.69 | 1,37,289.92 | Total number of units sold (MU) | 1,34,269.40 | 1,30,058.71 | Loss % | 5.39 % | 5.27 % | <p>Noted for compliance.</p> |
| Detail | As on 31.03.2024 | As on 31.03.2023 | | | | | | | | | | | | |
| Total number of Units purchased (MU) | 1,41,931.69 | 1,37,289.92 | | | | | | | | | | | | |
| Total number of units sold (MU) | 1,34,269.40 | 1,30,058.71 | | | | | | | | | | | | |
| Loss % | 5.39 % | 5.27 % | | | | | | | | | | | | |
| | <p>9. Various information as detailed below in respect of purchase of power as per directive of ARR and Tariff rate for 2023-24 by UPERC were not found to have been disclosed in the Notes to accounts.(Refer Para no. 11.2.28 &11.2.30 of UPERC order relating to ARR and tariff rate for 2023-24.)</p> <p>a. Inter & Intra Power Purchase (MUs) along with inter & intra state losses are not made part of the audited accounts henceforth.</p> <p>Our opinion is not modified on above comments.</p> | <p>Noted for compliance.</p> | | | | | | | | | | | | |
| Annexure I | <p>As referred to in and forming part of, our Audit Report of even date to the members of U.P. Power Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31st March, 2024.</p> | | | | | | | | | | | | | |

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| 1. | <p>On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:</p> <p>(a) Note 12 Other Current Assets - Other Rs.1773.42 crore include Rs 779.33 crore (Outstanding for more than 3 years) Receivable from Generators as mentioned in Para No. 26 of Note 30: Notes on Accounts for which no confirmation and reconciliations/ details are available since long. Same was reported also in previous years Audit Report for making suitable Provision.</p> <p>Considering above, we are of the opinion that Provision for Rs 779.33 crore "Receivable from Generators" should be made in accounts. Loss of the Company is understated and Other Receivable - Receivable related to Power Purchase Note No 12 Other Current Assets - Other is over stated to that extent.</p> <p>(b) Receivable from Generators also includes Debit Balance of NHPC for Rs.457.00 crore against Rs. 343.00 crore as on 31-03-2023. Reason/ Details for such increase has not been provided to us. Similarly, there are other debits raised during the year 2023-24 in the accounts of various Generators for which no explanation could be furnished to us.</p> | <p>Reconciliation of these balances is under process by dedicated outside agency. The necessary accounting/ adjustment shall be made after completion of said reconciliation.</p> |
| 2. | <p>Company has made a provision for impairment of investment in Subsidiaries, Associate and Others [Note-5 except Para II (b) Bonds] on the basis of Net worth of Investee Subsidiaries as on 31st March, 2024 which is not in accordance with Ind AS 36 Impairment of Assets.</p> | <p>As the reconciliation of difference in outstanding balances in the books of NHPC & UPPCL is under process but as per NHPC there is outstanding to be paid as on 31/03/2023 and UPPCL can't stop payment against balances of 31/03/2023 and onwards since NHPC along with other generators submits their invoice on the PRAPTI PORTAL and same has to be paid within due date to avoid implementation of regulation on UPPCL under LPS Rule, 2022. However, once reconciliation is done the appropriate accounting adjustment shall be made. Post reconciliation, if any amount is found recoverable from NHPC the same shall be recovered along with carrying cost as per Provision of PPA.</p> <p>As per Para 9 of Ind AS 36, "An entity shall assess at the end of each reporting period, whether there is any indication that an asset may be impaired. If such indication exists, the entity shall estimate the recoverable amount".</p> <p>Hence, the company has estimated the recoverable amount on the basis of net worth of the subsidiaries</p> |

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| 3. | <p>Loans and Other Financial Assets (Note 6 Non-current Financial Assets – Loans & Others), Current Financial Assets-Others (Note 11), Other Financial Liabilities - (Note 16 Non – Current Financial Liabilities - Others), includes certain old balances under various heads of assets and liabilities which are carrying over since last so many years and have not been reviewed/reconciled during the financial year. As per Note No. 12a to the Note No 30: Notes to Accounts, Company has regrouped certain old debit balances amounting Rs. 121.81 crore (including Rs. 74.05 crore IUT balances) and Rs. 6.96 crore old credit balances in Asset Migration/Liability Migration Account in Note No. 6. Non- Current Financial Assets -Loans & Other Financial Assets and Note No.16. Non- Current Financial Liabilities - Other respectively. Regrouping done by Company is in deviation with the financial reporting framework. According to which assets and liabilities needs to be disclosed in the format/classification prescribed in Schedule-III to the Companies Act.</p> | <p>The old balances which are carrying over since last so many years, are mostly related to Transfer scheme. Presently we are in the process of scrutinizing the same and necessary accounting like writing off/writing back etc shall be done after the thorough review of the same.</p> |
| 4. | <p>a) Capital Reserve: No details have been provided to us regarding Capital Reserve Rs 195.95 crore.</p> <p>b) Restructuring Reserve: A Credit balance of Rs. 540.31 crore is included in “Other Equity Note-14 as Restructuring Reserve. As confirmed to us, the balance are old and has been transferred through transfer scheme. No detail was available for aforesaid Reserves.</p> | <p>The unadjusted transfer scheme balances after due scrutiny will get transferred to separate AG code and will be adjusted in future as and when it get reconciled.</p> |
| 5. | <p>On examination of search report furnished to us, we came to know that pari-passu charges has been registered on Receivables /Current Assets of the company against borrowings sanctioned by the Bankers, while Debenture Trust Deed executed with the Trustees of the Bonds shows that there is an exclusive charge of Trustee on Current assets/ receivables of the Company including book-debts which is in contravention of the terms of the Hypothecation Deed executed with the Bankers. Company has to take up the matter suitably with the Lenders. Appropriate disclosure for the same has not been given in the Notes on Accounts.</p> | <p>Actions for harmonization of security in the issue of conflict/disconnect in security provided to different lenders etc. is under process.</p> |

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| 6. | <p>Non-Compliances of Ind-AS</p> <p>The Company has not complied with the following Ind AS notified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended):</p> | |
| | <p>(a) Financial Assets- Current Financial Assets-Other (current) (Note-11), Other Current Assets (Note-12), Financial Liabilities-Trade payable (Note-18) and Other Financial Liabilities (Note-19) have been classified as current assets/liabilities include balances which are outstanding for realisation/settlement since previous financial years and in the absence of adequate information/explanations regarding the realisability/settlement/ confirmation of balances for such amounts within twelve months after the year end, classification of same as current assets/liabilities is inconsistent with Ind AS 1 Presentation of Financial Statements. This has resulted in over statement of respective Current Assets/liabilities and understatement of the corresponding Non-Current Assets/Liabilities. Few specific instances include Unscheduled Interchanges Charges Pool a/c is Rs 514.31 crore and Reactive Energy Charges Rs 124.65 crore as on 31st March 2024 included in "Current Assets-Other" Note -11.</p> | <p>As per Ind AS-1 Presentation of Financial Statements, 'an entity shall classify an asset/ liability as current when, <i>inter alia</i>, it expects to realise/ settle the asset/ liability (respectively) within twelve months after the reporting period.'</p> <p>The Company expects Financial Assets-Other (Note-11), Other Current Assets (Note-12); and Financial Liabilities-Trade Payable (Note-18) and Other Financial Liabilities (Note-19) to be realized and settled (respectively) within twelve months after the reporting period. Hence, the aforementioned items are being classified current and not as non-current.</p> |
| | <p>(b) Recognition of Insurance and other claims, refunds of Income Tax, Interest on Income Tax & Trade Tax/GST, interest on loans to staff and other items of income covered by Significant Accounting Policy No. B (c) of Note-1 has been done on cash basis. This is not in accordance with the provisions of Ind AS 1 Presentation of Financial Statements.</p> | <p>Considering the uncertainty of realization, these incomes are accounted for on receipt basis.</p> |
| | <p>(c) Additions during the year in Property, Plant and Equipment include Employee cost at a fixed percentage of the cost of each addition to Property, Plant and Equipment in accordance with Note-1 Significant Accounting Policy Para C (1) (d). Such employee cost to the extent not directly attributable to the acquisition and/or installation of Property, Plant and Equipment is inconsistent with Ind AS 16 Property, Plant and Equipment. This has resulted in overstatement of fixed assets and depreciation and understatement of employee cost.</p> | <p>Due to multiplicity of functional units as well as multiplicity of functions at particular unit, the company has formulated a policy of accounting and capitalizing the employee related costs at fixed percentages (15% on deposit works and 9.5% on other works).</p> |

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| | However, impact is not quantifiable at this stage. | |
| | (d) Accounting for Employee Benefits: Actuarial Valuation of pension and gratuity liability of the employees covered under GPF scheme has not been obtained. (Refer Para 5 (a) Note – 30 “Notes on Accounts”). This is inconsistent with Ind AS 19 Employee Benefits. | Actuarial valuation of gratuity liability in respect of CPF employees and leave encashment liability in respect of both GPF and CPF employees has been done in accordance with the provision of IND AS-19. As regard actuarial valuation of pension and gratuity for GPF employees, it is stated that the provision has been made on the basis of actuarial valuation report dated 09.11.2000 and the same facts has also been disclosed in Notes to Account. |
| | (e) The Financial Assets (Note-6, 8 and 11) have not been measured at fair value as required by Ind AS 109 Financial Instruments and proper disclosures as required in Ind AS 107 Financial Instruments: Disclosures have not been done for the same. | As per Ind AS- 113 Fair Value Measurement, fair value means ‘the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.’ And the Company expects to realise the only respective amounts which are being accounted for in the Financial Assets and hence, has considered the same as its Fair Value. |
| | (f) Further Company has not disclosed the reasons for non- compliance of various Ind AS as required by IND AS-1 Presentation of Financial Statements. | The necessary Accounting and disclosures has been made as per Ind AS and accounting policy adopted by the company |
| 7. | Inter unit transactions amounting Rs. 78.12 crore, are subject to reconciliation and consequential adjustments. (Refer Para No. 8 Notes on Accounts). | The Inter unit transactions are under reconciliation. The reconciliation of inter unit transactions is a continuous process and the effect of the entries is given in the accounts of reconciliation. |
| 8. | Non –Compliance of C &AG comments 2022-23 (a) C &AG Audit during 2022-23 had issued comments on excess booking of subsidy in DISCOMS accounts as per summary given below: - | Necessary Disclosure in this regard has been made at Para no.22 of Note no.30 Notes to accounts. |

| Sl No. | Particulars | Amount (in Core) |
|--------|---------------------|------------------|
| 1. | UDAY Scheme | 2368.34 |
| 2. | RDSS Scheme (22-23) | 4112.25 |
| 3. | RDSS Scheme (21-22) | 5372.50 |
| | Total | 11853.09 |

As per Para No. 22 of Note No. 30 Notes to Accounts, Company has clarified that the aforesaid issue raised by C&AG was due to difference of opinion in interpretation of methodology used for computation of subsidy amount. The same methodology has also been adopted during the financial year 2023-24. Further company has taken up the matter with appropriate authorities for resolution of aforesaid issues. Pending resolution of same/ receipt of necessary clarification by appropriate authorities, impact of aforesaid comment on profitability during the year 2023-24 as well as financial position of Company as on 31.03.2024 are not being quantified by us.

(b) No Provision for interest on delayed payment, on deposit/ non deposit of GPF/ Pension Contribution/Gratuity Contribution for Rs. 28.65 crore has been made in the accounts.

As per audited accounts of the company for the financial year 2012-13 to 2023-24, liability towards GPF contribution is showing debit balance. Since there has always been a debit balance during the period 2012-13 to 23-24, no provision of interest has been made. As regards accounting of interest on liability towards pension and gratuity, it is stated that regular interest is not payable to employee on pension and gratuity as in case of GPF hence provision of interest on pension & gratuity is not required. The company is also in process of reconciliation with the GPF trust.

Necessary Disclosure in this regard has been made in Para 24a of Note No.30 Notes to Accounts.

(a) As explained in Para No. 24a of Note No. 30 Notes to Account, Bank Balances include Rs. 8.96 crore held with various Banks as on 31-3-24 which are not in name of U.P. Power Corporation Ltd. Lucknow which includes Rs. 8.80 crore pertaining to Bank Accounts in the name of various DISCOMS and Rs. 0.16 crore lying in 9 Banks accounts with Account title name in conjunction with UPPCL

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| | DISCOMS and collection agencies. | | The interest of SBI that is reflected in negative is due to the differences of interest being charged by the bank due to the pre-maturity of FDR. In this reference SBI has provided their clarification. |
| | (b) Other Income Note 21 interest from Fixed Deposit Rs. 148.26 crore includes Rs. 0.20 crore (Negative Figure) of SBI, Lucknow for which details and confirmation from Bank could not be furnished to us. In absence of details correctness of accounting treatment cannot be confirmed. | | |
| 10. | <p>Non-compliance of Accounting Policies: Company has to review certain accounting policies which are in contradiction with accounting treatment given in the financial statements. Major instances are given below:</p> <p>(a) INVESTMENTS: Provision for impairment is not being made at its Fair Value as per Ind AS-109 as mentioned in the respective accounting policy.</p> | <p>As per Para 9 of Ind AS 36, "An entity shall assess at the end of each reporting period, whether there is any indication that an asset may be impaired. If such indication exists, the entity shall estimate the recoverable amount. Hence, the company has estimated the recoverable amount as per Ind AS 109 on the basis of net worth of the subsidiaries.</p> | |
| | (b) FINANCIAL ASSETS: Financial assets on subsequent measurement are not recorded at amortized cost as per Ind AS- 109. as mentioned in respective accounting policy. Impairment on financial assets is not being made based on Expected Loss. | Necessary accounting has been made as per accounting policy and a related disclosure has been made in Notes to accounts. | |
| | (c) FINANCIAL LIABILITIES: Borrowings are not measured at Fair Value using effective rate of Interest as mentioned in the Accounting Policy. | Borrowings are measured at fair value as it represents the actual amount of liability which is to be paid off. | |
| 11. | Maintenance of Proper Books of Accounts: The Company has systems of maintaining various Sectional Journals wherein vouchers relating to day-to-day transactions are recorded in these Sectional Journals. The existing systems of balancing Cash Book on the monthly basis and posting in different Sectional Journals to summaries and from summaries to monthly Trial Balances is not adequate enough to give financial position of different account at any given time in an organized manner. It was observed | Proper and effective procedure for maintenance of monthly accounts and subsidiary ledger is already prescribed in the Company. Further, in order to strengthen the existing system through information technology, the company is in process of implementation of ERP system. | |

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| | that the maintenance of party-wise Subsidiary Ledgers and its reconciliation with primary books of accounts i.e., cash Book and Sectional Journals are not proper and effective. Further, Company has not maintained Audit Trail (Edit log facility) as reported in Para No. 6(h)(vi) of our Audit Report on Standalone Financial statements. | |
| 12. | Employee Benefit Expenses (Note- 23), Administrative, General & Other Expenses (Note- 26), and Repair & Maintenance Expenses (Note- 27) have been allocated among Subsidiaries and other Power Sector Companies owned by the Go UP (i.e., UPPTCL, UPRVUNL & UJVNL) on the basis of data / information (i.e., units of power sold to Subsidiaries DISCOMS, no. of employees, area occupied) related to the financial year 2022-23, instead of financial year 2023-24. (Para No.30 of Note 30 Notes to Accounts). | In view of many difficulties in obtaining/collecting all the base information for allocation of expenditure at the end of the year, the basis of information for allocation has been taken for the previous year. |
| 13. | Non-Disclosures in Notes to Accounts: Following disclosures have not been made in accounts: (a) Allotment date for Share Application Money placed with DISCOMS. (b) Matrix of Maturity Analysis- Borrowings and Liabilities due in Para No. 35e to Note No. 30 Notes to Accounts do not include the analysis of Trade Payables of Rs. 19,461.71 crores (Liability for Purchase of Power) as on 31-03-2024. | Management has made disclosures which is necessary and related to accounts for the FY 2023-24. |
| 14. | Major Non-Compliances of Law i) Company has not appointed any Company Secretary as required u/s 203 of Company Act 2013 during the year 2023-24. As informed by Management, new Company Secretary has joined on 07/06/2024 ii) As per Section 177 of the Companies Act 2013, following major compliances/ issues were not placed before Audit Committee as also delegated by the Board of Directors: (a) Approval or any subsequent modification of transactions of the Company with related parties. | Company has made recruitment of Company secretary who has joined the UPPCL on 07.06.2024. All related party transactions are considered and approved by the Audit Committee and placed before the Board on half yearly basis and all other stipulated matters are placed before the Audit Committee and Board as and when arise. |

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| | <p>(b) Scrutiny of Inter-Corporate Loans and Investments.</p> <p>(c) Evaluation of Internal Financial Controls and Risk Management Systems.</p> | |
| | <p>iii) Only one meeting of Risk Management Committee has been held for constitution of members instead of minimum 2 meetings in a year as per SEBI (LODR) Guidelines.</p> | The Company shall adhere to the requisite compliances. |
| 15. | <p>Major Audit observations in Material Management Zone Audit Report excluding those which have been appropriately dealt with elsewhere in the report: -</p> <p>(A) Investment</p> <p>i) During review of decision taken as per minutes of meeting held on 09.08.2018 between Principal Secretary Energy, Go MP and Principal Secretary Energy, GoUP at Lucknow in compliance to directions given by the Honble APTEL in appeal no. 59 of 2014 and IA no. 111 of 2014 and Appeal No. 120 of 2014 on 25.07.2018 it was observed that:</p> <p>a) The company has entered in to arrangement with MPPMCL for 18.15 MW share in the project of Rajghat HPP at an equity contribution of Rs 66.74 crore, which works out to 40.32% share in the total cost of capital of Rs 165.50 crore. However, the unit has not been able to identify the said equity contribution in the books of accounts of the Company.</p> <p>b) Status of Reconciliation of the power scheduled for generation from Rajghat HPP plant since inception and actual scheduled generation to U.P. required to be worked out as per clause 6 of the said minutes is not available in records for determination of compensation of the energy receivable by U.P.</p> <p>In absence of requisite details at point a) and b) above, Branch Auditors has expressed their inability to comment on the impact, if any, on the financial statements of the unit. (Unit# 330)</p> | <p>The payment of Rs. 65.50 Crores considered as equity contribution against share of UP in Rajghat HEP was done at the time of erstwhile UPSEB (during 1997-1998). The matter is under scrutiny/reconciliation and accordingly appropriate action will be taken.</p> <p>As regard, the additional amount of 1.24 Crores as UP's share towards Difference in actual capital cost of the Rajghat HEP spread over the years FY 2002-03, 2003-04 and FY 2004-05 has been set off against the interest payable to UPPCL by MPPCL in compliance of MoM dated 25.07.2018. No separate accounting has been identified as equity contribution in the books of accounts.</p> |

(B) Loans & Advances (UMPP):

- i) A sum of Rs.152.15crore (Previous Year Rs. 173.06 crore) Appearing under the head '27.8 – Loans and Advances Others' includes Rs. 126.97 crore pertains to Advances provided as for Ultra Mega Power Projects and is outstanding since long period.

| UMPP | Advance as per EIE&PC (Rs. In crore) |
|---|--------------------------------------|
| ORISSA | 69.69 |
| BANKAR – BIHAR (UMPP under Closure) | 6.00 |
| CHEYUR – TAMILNADU (UMPP under Closure) | 9.27 |
| SAKHHIGOPAL (UMPP under Closure) | 4.80 |
| TATIYA ANDHRA (UMPP under Closure) | 5.95 |
| TILAIYA | 11.55 |
| SASAN | 0.00 |
| JHARKHAND | 18.59 |
| KARANPURA | 1.12 |
| Total for UMPP | 126.97* |

* Includes Rs.12.02 crore provided as doubtful debts in the last year 2022-23 but again written back without proper disclosure in accounts.

Review of the status of above mentioned projects revealed that UPPCL has requested GoUP for requesting Energy Department, GOI for refund of the advances in respect of UMPP under closure along with carrying cost. Considering the closure of some of the projects, long pending advances, remote possibility of recoveries at this stage etc., Although, Branch Auditors have expressed their inability to

UPPCL vide e mail dated 15/05/2024 has asked the following from UMPP Nodal Agency M/s PFC India:

1. Present status of all UMPPs
 2. Status of money deposited by UPPCL as commitment advance etc
 3. Status of return of money deposited by UPPCL as commitment advance etc for all UMPPs
- In response to the above, PFCCL vide their E-mail dated 24.05.2024 has informed that in view of country making transition from Fossil Fuels towards non-fossil fuels, UMPPs are being closed and the process for closure of UMPPs is initiated and **financial position of Uttar Pradesh shall be intimated after reconciliation and adjustments.**
- In this reference, it is worthwhile to mention here that as per Ind AS 37 "A provision is recognized when the following conditions are met:
- (a) There is a present obligation (legal or constructive) that's the result of a past event
 - (b) It's likely that resources will be needed to settle the obligation
- (c) **The amount of the obligation can be reliably estimated**

Since, financial position of UP in respect of advance given to all UMPPs will be intimated after reconciliation and adjustment as mentioned above, then in such scenario quantum of provision which ought to be made cannot be reliably estimated. Hence in the absence of any reliable/best estimate, the measure/quantum of provision cannot be determined. Considering this, no provision has been made in respect of advance given to UMPPs as well as existing provision of Rs.12.02 crores has been reversed. This fact has been clearly disclosed under point 33 of Note no-30 (Notes to Account).

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| | <p>comment the impact on the financial statements of the unit owing to non-recoveries, if any, on this account, yet keeping in view the status of projects disclosed by Branch auditors, we are of the opinion that necessary provision for Projects under closure to the extent of Rs. 26.02 crore should be made in accounts and for remaining amount to the extent of Rs. 100.95 crore, necessary follow up is to be made for its expeditious settlement/recovery. Consequently, loss of the company is understated to the extent of Rs. 26.02 crore and Note No 6:-Non-current financial assets- Loans & Others is overstated to that extent.</p> <p>ii) Review of records reveals that some of the UMPP have paid interest on the above advances in earlier years whereas no such interest has been accounted for in the current financial year, which needs to be looked into with reference to respective terms of agreement, if any, on this account. Further, latest confirmation of balances is not on records and as such balances are subject to reconciliation and confirmation. Impact of the said reconciliation, if any, on financial statements is not ascertainable at this stage by Branch Auditors.</p> | <p>It is to submit that no details of utilised/unutilised fund and rate of interest is available. Hence interest is being accounted on the basis of information/details appearing in form 26AS. As per latest communication from PFCCCL vide email dated 24.05.2024, the process for closure of UMPPs is initiated and financial position of Uttar Pradesh shall be intimated after reconciliation and adjustments.</p> |
| | <p>(C) Credit balance of Rs. 16,66,25,625.34 is appearing under the head 28.6201 subsidy receivable from UPNEDA and debit Balance of Rs. 14,96,10,502.40 appearing under the head 28.6202 – Subsidy from IREDA is subject to reconciliation and confirmation. Impact of the said reconciliation and confirmation, if any, on financial statements is not ascertainable at this stage by Branch Auditors.</p> | <p>UPNEDA and IREDA is being continuously requested through letters/email to confirm balances as appearing in UPPCL books and provide their statement.</p> |
| | <p>(D) During review of bills in respect of banked energy, it was observed that banked energy lapsed for withdrawal and available for drawl is not being bifurcated as per CRE guidelines. In some cases it was observed that withdrawal of energy was made in spite unavailable banked energy, which is not in accordance with CRE guidelines. Non-bifurcation of energy in lapsed and available for drawl may</p> | <p>As the matter of encashment of Banked Energy is pending for decision at Hon'ble High Court. Currently no encashment of lapsed energy is being claimed by the Co Gens. After final outcome, the computation of lapsed/available units will be done accordingly. Meanwhile Provision for balance energy after withdrawal has been created in the books as best estimate</p> |

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| | <p>result in lack of control over supply of energy in excess of Banked energy available for drawl resulting in loss of revenue. Further, test checks of the provisions made balance of banked energy was found to be varying with the details of energy banked & drawn available in records of generators. Hence, the aspect of determination of lapsed & available energy needs reconciliation in respect of all such co-generators for ensuring proper control over the banked energy and creating provision in books of account. Hence, Impact of such reconciliation and bifurcation, if any, on provision of Rs. 32.03,51,897.50 created during the year and accumulated provision of Rs. 67,39,24,024.50 as on 31.03.2024 is unascertainable at this stage by Branch Auditors.</p> | <p>of the liability. Further, this is to inform that any excess withdrawal of energy over banked energy is to be billed by DISCOM and as such no financial impact or loss of revenue on account of the same is on the books of EIEPC.</p> <p>For the purpose of creating provision, the data of banking and withdrawal of energy has been taken from the Energy Account Issued by UPSLDC.</p> |
| | <p>(E) Deviation Settlement Charges/ (Incentive)</p> <p>i. Deviation settlement charges of Rs. (68.08) crores (Net) have been accounted for as per bills received from UPSLDC for the period up to November 2023 only. However, no provision has been made towards DSM charges / (incentive), in absence of receipt of Bill from UPSLDC and lack of reasonable basis for such estimation and as such Branch Auditors has express their inability to comment upon the impact of the same, if any, on financial statements.</p> <p>ii. Review of ledgers pertaining to DSM charges owing to change in system for accounting of deviation settlement by UPSLDC instead of UPPCL during current year 2023-24 revealed that Reconciliation with UPSLDC done for the period up to 31.03.2023 contains Rs. 73.73 crore received by UPSLDC from NPCL and Solar Producers for the period up to 30.09.2022, which is subject to reconciliation. Hence, impact of said reconciliations & its final settlement on financial statements is not ascertainable at this stage by Branch Auditors.</p> | <p>Amount of DSM charges cannot be estimated and accordingly it is being booked on the basis of receipt of bill. Hence, Provision for the same has not been accounted for.</p> <p>UPERC has not allowed for adjustment/recovery of amount for the period upto 30.09.2022, from UPSLDC. Hence this amount is still receivable from NPCL.</p> |

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| | <p>(F) Purchase of Power</p> <p>i. Aspect of recoverable amount of Rs. 13,694.00 Lakh from M/s LancoAnpara Power Project (LAPL) persistently observed in concurrent audit reports for the year 2023-24 issued by M/s Kherada& Company is explained to be under review of Management from long time. Hence, impact of the final decision taken by management in the matter on the financial statement of the company, if any, is unascertainable at this stage by Branch Auditors.</p> <p>ii. The unit has accounted for Late payment surcharge (LPSC) of Rs. 261.76 crore i.e. Rs. 254.77 crore in Account Code -70.154 and Rs. 6.98 crore in Account Code 70.402 during the year. Accounting system adopted by unit is in diversion of accepted accounting policy on accrual basis where LPS should be accrued after the specified time period as per PPA in respect of unpaid bills, whereas unit has accounted for only in respect of bills received on this account by EI&PC unit (Unit # 330). Hence, no proper system is in place where status of bill wise LPS could be determined for accounting of LPS on accrual basis. Under the circumstances, Branch Auditors has express their inability to comment upon the amount of provision of LPSC and its consequent impact on profitability and liabilities of the unit.</p> | <p>Matter is under process and necessary action shall be taken as per the final outcome.</p> <p>The unit has verified Late Payment Surcharge bills of generators as per the provision of PPA. Proper checking and computation is carried out before verification all LPS bills. In cases where LPS bills were pending for verification, appropriate provisions have been made in the books. Further, the calculation sheet on the basis of which Late Payment Surcharge is being calculated jointly signed by the generator, fund section for payment and rebate and EIE & PC for bills, so there is a proper system for the verification of the Late Payment Surcharge Bills.</p> <p>Hence, there is no understatement/overstatement of loss on account of Late Payment Surcharge at the unit level.</p> <p>Further, ERP system of Bill verification would help to strengthen internal control for computation and accounting of LPS.</p> |
| | <p>(G) Review of trial balance reveals that receivable appearing under the head '28- Sundry receivable' includes following balances continuing from old time, reconciliation of which was informed to be under process. Pending reconciliations and confirmation of such old</p> | <p>Against Total Rs. 222.70 Crores accrued Interest on Loan to NPCL under GL 28.250, 28.250A and 28.250NPC, 100% provisioning has been done.</p> |

continuing balance, Branch Auditor has express their inability to comment over the same and its impact on the financial statements.(Unit #330 EIE&PC)

| AG CODE | SUB-HEAD | AMOUNTS(INR) |
|-----------|---|-------------------|
| 28.250A | 28.250A | (6,59,22,574.00) |
| 28.250NPC | Noida | 3,30,78,000.00 |
| 28.290 | Other Income accrued & Due | 5,04,47,778.00 |
| 28.401A | Misc. Advances Other than Mater | (46402.79) |
| 28.801 | Wheeling Charges | 1,29,48,940.00 |
| 28.809 | Others | (30,79,58,906.46) |
| 28.879 | UP Power Transmission Corp Ltd. | 6,63,96,296.10 |
| 28.862 | Misc. Deposits / Receipts (Not Specified) | 2,95,25,000.00 |

Balances appearing under other AG Codes are very old and are being reviewed and accordingly necessary adjustment will be carried out in books of accounts.

(H) The Electricity Import Export & Payment Circle Unit of the Zone has accrued interest of Rs. 29,67,52,933.00 (PY Rs. 25,81,93919.00)during the Financial Year 2023-24 against advance provided to Noida Power Company Limited. Total accrued interest as on 31.03.2024 under the head 28.250 stands at Rs. 225,98,33,419.00. In this regard we were explained that no recovery has been made from NPCL since very long time and 100% provision against the same is created at HO level. Recognizing it as an income when the recovery is uncertain is in contravention to Ind AS 115. In the absence of proper details and information, Branch Auditors has express their inability to quantify the recoverable amount and its consequential impact on financial statement.(Unit#330 EIE&PC)

Total Interest accrued as on 31.03.2024 is Rs. 222.70 Crores (Total of AG 28.250, 28.250A & 28.250NPC). It is to state to audit that interest had been charged on the basis of the agreement made between NPCL and UPCL (erstwhile UPSEB). Further, since 100% provisioning has been done considering the uncertainty of recoverability of the said interest accrued,hence there is no impact on financial statement.

(I) We observed lack of proper system of review for identifying doubtful dues, especially those arising out of disputes pending before respective judicial forums and absence of regular follow ups with the respective parties for recoverability of outstanding balances. In the absence of which

The audit comment is general in nature and not a specific one. It is pertinent to mention here that cases pending before various judicial forums such as SC, HC, CERC/UPERC are

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| | Branch Auditors has express their inability to quantify the amount of provision which is required for irrecoverable or doubtful dues and its consequential impact on the financial statements.(Unit#330 – EIE&PC) | being regularly followed up by concerned units of UPPCL. |
| | <p>(J) TDS Receivables-</p> <p>i) The zone has received interest amounting to Rs. 21,24,72,170.00 and TDS receivable of Rs. 2,12,47,217.00 thereon, the amount of interest has been netted off from the purchase cost in the books. Purchase cost and interest income, therefore are understated to the said extent. (Unit#330 EIE&PC).</p> <p>ii) Zone has balances aggregating to Rs. 166,27,25,975.72 as TDS receivable appearing in the books of account of different units. In the absence of year wise breakup and status of completion of the assessment, Branch Auditor has express their inability to comment upon the genuineness of the same.</p> | <p>Interest cost or Interest receivable included in the Power Purchase Bills presented by Generators on account of adjustment/revision in compliance of UPERC/CERC regulations or orders etc. have been accounted under power purchase cost. Since, the total power purchase cost is to be transferred to DISCOMs as Power sale price, hence, there is no understatement/ overstatement of profit or loss and no impact on profitability.</p> <p>Out of the Total TDS receivable of Rs. 166,27,25,976 as per books under AG Code 27.422 and AG Code 27.425, Rs. 81,97,11,629 pertains to FY 2022-23 (refund not yet processed) and Rs. 79,04,97,667 pertains to FY 2023-24 (to be claimed in ITR of the current year). TDS receivable related to previous years prior to FY 2022-23 amounting Rs. 5,25,16,680 for which necessary follow-up is being done with tax department for releasing the same.</p> |
| | <p>(K) Liabilities for purchase of power: Review of liabilities of Rs.19461,71,57,794.39 appearing under the head 41- Liabilities for purchase of power reveals that:</p> <p>i. The Zone has booked during the year an amount of Rs. 5932,93,24,559.00 towards liability for power purchase including a sum of Rs. 9,34,13,00,694.00(PY Rs. 807,32,35,027.00), as unbilled and unverified power purchase cost and Rs. 280,15,366.00 (PY Rs.112,37,54,841.00) as unverified LPS Charges. Further, said</p> | <p>Out of accumulated provisional liability 77% pertain to current year and provisions prior to 2020-21 are being reviewed and necessary adjustment will be carried out in FY 2024-25</p> |

Liability of power purchase as on 31.03.2024 includes a sum of Rs. 76,98,45,91,817.92 (Previous year 98,63,22,74,268.11) pertaining to provisions made in respect of unbilled, unverified power purchase Bills, LPSC etc. which implies that accumulated provisions are much higher than the provisions made during the year and have also stagnated in few cases and as such requires review for determining the adequacy & correctness of such provisions continuing from long time. Pending reconciliations and confirmation of such old continuing balance. Branch Auditor have expressed their inability to comment over the same and its impact on the financial statements. (Unit #330). Aforesaid position reflects that total unverified and unbilled trade payable towards power purchase constitute approx more than 39% of the total trade payable amount. Considering above position, Branch Auditors are not in a position to confirm the veracity of trade payable including disputed trade payable as reflected in the Notes on Accounts.

ii. Details of some the non-moving and stagnated accounts aggregating to Rs. 1,07,82,91,566.75 included in aforesaid liability also require reconciliation & confirmation. Pending reconciliations and confirmation of such old continuing balance, Branch Auditors has express their inability to comment over the same and its impact on the financial statements.

| Ac | Code | Name | Opening Balance | Closing Balance |
|----|------|---------------|-----------------|-----------------|
| | | ABHINAV STEEL | | |
| | | (P) | | |
| 41 | 772 | JAU NPUR LTD, | 36,37,041.00 | 36,37,041.00 |
| | | ABHINAV STEEL | | |
| | | (P) | | |
| 41 | 872 | JAU NPUR LTD, | -44741947.00 | 4,47,41,947.00 |
| | | CHHATISHGHAT | | - |
| 41 | 119A | PP | -270669.00 | 2,70,669.00 |

Matter is under reconciliation with the concerned GenCos.

| | | | | |
|----|-----|--|------------------|-----------------|
| 41 | 404 | GEL (AP) NRLDC | -3,40,75,557.69 | - |
| 41 | 403 | GLOBAL ENERGY LIMITED | -56,24,535.00 | - |
| 41 | 711 | M/S KANNORIA CHEM.& INDS.LTD | -9,84,42,867.78 | 9,84,42,867.78 |
| 41 | 424 | M/S KNOWLEDGE I.N.S.P. LTD | -31,66,009.28 | - |
| 41 | 171 | MPPTCL | -1,84,920.00 | - |
| 41 | 271 | MPPTCL | 5.00 | 5.00 |
| 41 | 167 | POWER GRID JAWAH. FIROZ. TRANS. LD | 21,15,620.00 | 21,15,620.00 |
| 41 | 104 | PUNJAB | -9,98,62,901.00 | - |
| 41 | 103 | RAJASTHAN SHREE CEMENT LTD., NEW DELHI | -59,16,67,798.00 | 59,16,67,798.00 |
| 41 | 428 | UP SLDC CHARGES | -7,61,782.00 | - |
| 41 | 253 | USHER ECO. POWER LTD. | -203812774.00 | 20,38,12,774.00 |
| 41 | 775 | USHER ECO. POWER LTD. | -5,05,987.00 | - |
| 41 | 875 | USHER ECO. POWER LTD. | -926485.00 | - |
| | | Total | | 1,07,82,91,566. |

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| iii. | <p>Regarding the aspect of reconciliation of balances of trade payable as mentioned above, we were explained that work order for reconciliation for the period up to 2017-18 was awarded to the M/S Mercados Marketing Energy Private Limited and reconciliation for the period for 2018-19 to 2022-23 was carried out and report submitted on 04-11-2023. However, considering the need for reconciliation of accounts since inception of the account of generator, the said contract was revised for conducting the reconciliation since inception and up to 31.03.2024. In this context we were informed that reconciliation in respect of 12 generators has been completed but yet to be fully finalized in as much as adjustments arising out of such reconciliation are yet to be made in books of account. Under the circumstances, the overall reconciliation is still under process and as such impact of reconciliation & confirmation of balance of Rs. 19461,71,57,794.39 under the head '41 – Liability for Power Purchase' in respect of various generators, if any, on financial statement of the unit is unascertainable at this stage (Unit #330). Management has not provided the details of pending adjustments as referred above, hence its impact on financial statement cannot be ascertained at this stage by Branch Auditors.</p> | | | | Reconciliation is under process. |
| | <p>(L) Maintenance of Books of Account:</p> <p>i) The company is in the process of implementation of SAP/ ERP system and has commenced the maintenance of its books of accounts through SAP/ ERP. However various payments have been dealt through centralized basis on ERP system except relating to SP Vigilance Unit (UC 972) and ADG Vigilance Unit (UC 983). Further monthly/ annual trial balances of Unit #300, 640 and 970 are continued to be compiled as per the format followed in earlier years on the basis of data generated from ERP/ SAP in respect of zonal account. Company is in the process of establishing necessary controls and documentation regarding the audit trail.</p> | | | | From April 2024 onwards, all the unit are ensuring that all the transactions are recorded on SAP /ERP and we will compile the accounts from ERP/ SAP only. |

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| | <p>ii) In EIE &PC unit (330) , SP Vigilance Unit (UC 972) and ADG Vigilance Unit (UC 983) - System of maintaining various Sectional Journals wherein vouchers relating to day to day transactions are recorded in these Sectional Journals. The Existing system of balancing cash book on the monthly basis and posting transactions in different sectional journals, from journals to summaries and from summaries to monthly trial balance, which in opinion of Branch Auditors is not adequate to give the financial position of different account at any given time in an organized manner.</p> | <p>UC#972 & UC#983: From April 2024 onwards, all the unit are ensuring that all the transactions are recorded on SAP /ERP.</p> <p>UC#330: From April 2024 onwards, unit is ensuring that all the transactions are recorded on SAP /ERP and once all the payment/rebate transactions are updated on SAP, unit will be able to generate Trial Balance at any time through SAP.</p> |
| | <p>(M) Internal / Concurrent audit system: Review of the concurrent audit reports depicts various persistent observations i.e. pending recovery of Rs. 13694 lakh from M/s LancoAnpara Power Limited (LAPL), Non production of documents for verification of bills of M/s UP RajyaVidyutUtpadan Nigam Limited, non-availability of PPA/ PSA of various Co-Gen & Captive Plants, Excess expenditure in respect of O & M by M/s PPGCL, reconciliation & confirmation of old outstanding balances under various heads appearing in financial statements, submission of certificate from CAs other than statutory Auditors for verification of variable cost of various generators, submission of provisional bills by power generators in few cases etc. and as such system of compliance of various observations on regular basis needed to be streamlined & strengthened.</p> | <p>Necessary action/compliance on the observations of concurrent auditor shall be taken in ensuing year.</p> <p>Further, petition is to be filed by the company before Hon'ble UPERC for decision in respect of recovery from M/s PPGCL.</p> <p>Regarding non-availability of PPA/PSA of various Co-Gen &Captive Plants, it is to submit that all the PPA/PSA have been provided to the concurrent auditor and confirmed in writing by the concurrent auditor.</p> <p>Regarding taking certificate from Statutory Auditor, compliance has been made and the same has been acknowledge by the Concurrent Auditor.</p> <p>Regarding submission of provisional bills by power generators, it is to submit that power generators raise bills and verified by EIE&PC unit as per UPERC/CERC regulations & PPA in effect.</p> |
| | <p>(N) Payment of Lease</p> | <p>In this reference, it is submitted that the present case is not a</p> |

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| <p>i) Unit #972 (UP Vigilance Cell) and unit # 327 (Electricity Store Procurement Circle) are being maintained at rental premises. As explained to Branch Auditors the rent of Unit 972 is being deposited to Court as the ownership of the premises is sub-judice. Further, latest lease agreement and the rent receipt were not being provided to Branch Auditor for premises with Unit 327, further, Compliances of Ind AS 116 is not done at zone level.</p> <p>ii) The unit is accruing rent every year @ Rs 1 per month. The total amount accumulated in this ledger is Rs 108.00. However, no details were provided to Branch Auditors with regard to the title deed of the immovable property leased to KESCO limited was provided to us nor it was explained in which unit, the said asset is capitalized. (#Units330 – EIE&PC.)</p> <p>iii) Rental from Contractor: The unit has accounted Rental Income from Contractor M/S Prayagraj Power Generation Corporation Limited of Rs. 2,29,927.00 further as explained to us the said amount is on account of Lease of Land to the contractor, however unit did not have any information of Land is being recorded in the books of which unit. Further, Compliances of Ind AS 116 is not done at zone level. (#Units645 – Elec. Civil Const. Div-1).</p> | <p>lease agreement, it's just a normal rent agreement which has been done to use the premises. Hence, IND AS 116 will not be applicable in the instant case and accordingly no compliance of the same is required.</p> <p>Presently, due to ownership dispute the matter is subjudice in court, hence the renewal rent agreement is pending. However, liability for payment of rent is being created on monthly basis in case of Unit #327. Further, amount of monthly rent is being deposited in court in case of Unit #972.</p> <p>In terms of 'UP Transfer of KESA Zone Electricity Distribution Undertaking Scheme, 2000', no part of land belonging to UPPCL in KESA shall form part of the assets transferred under the above scheme, notwithstanding that the land was being used immediately before the appointed date exclusively or primarily for the distribution business in the KESA Zone. As per the scheme, KESCO is entitled to use such land as a licensee of UPPCL on payment of consolidated amount of Re. 1.00 per month during the period KESCO has the sanction or license to undertake the distribution business.</p> <p>As regards, the title deed of the Land being used by KESCO, KESCO have been intimated to ensure to provide related documents.</p> <p>The Land is in the name of UPPCL and unit is instructed to provide the necessary documents.</p> |
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| <p>(O) Details of Liabilities of Rs. 44,39,04,429.66 under various heads as given below in respect GPF/CPF contribution of employees payable to U.P Power Sector Employee Trust is under reconciliation. Impact of such reconciliation, if any, on financial statement is not ascertainable at this stage by Branch Auditors.</p> | | | | | | | | | |
| Unit Code | 44.610 | 44.110 | 44.120 | 44.620 | 44.621 | | | | |
| Z.A.O.(M.M.) LKO. - 300 | - 8,09,69,231.00 0 | - 91,65,860.19 7.24 | - 6,43,18,58,39,93,287.7.24 | - 24,34,657.00 0 | - | | | | |
| EIE & PC -330 | - 5,04,83,326.00 | - 86,82,850.00 | - 5,36,39,61,52,04,099.0.00 | - 38,60,380.00 0 | - | | | | |
| Z.A.O.(M.M.) LKO - 640. | - 35,13,16,139.63 | - 4,00,26,88,4.00 | - 28,06,31,53,32,82,092,12,73,547.20.00 | - 3.00 00 | - | | | | |
| Z.A.O.(M.M.) LKO. - 970 | - 37,14,39,634.03 | - 3,91,09,74,0.11 | - 27,84,35,34,30,06,252,85,82,916.93.91 | - 2.00 90 | - | | | | |
| Total Liability (A) | - 85,42,08,330.66 | - 9,69,85,33,4.30 | - 67,70,25,11,11.15 | - 8,54,85,735,61,51,500.1.00 | - 90 | | | | |
| Z.A.O.(M.M.) LKO. - 335 | - 64,22,03,097.00 | - 6,77,79,05,9.28 | - 48,06,56,141.07 | - 9,27,48,874,25,64,404.7.00 | - 00 | | | | |
| Total Payment | - 64,22,03,097.00 | - 6,77,79,05,9.28 | - 48,06,56,141.07 | - 9,27,48,874,25,64,404.7.00 | - 4.00 | | | | |

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|-----------------------|--|---|-----------------|--------------|----------------|--|--|-----------------------|-----------------|----------------|-----------------|--------------|----------------|-----------------|-----------------|--|--|---|--|--|
| | <table><tr><td>(B)</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Outstanding Liability</td><td>21,20,05,233.66</td><td>2,92,06,275.02</td><td>19,63,68,970.08</td><td>72,63,146.00</td><td>1,35,87,096.90</td></tr><tr><td>Total Liability</td><td>44,39,04,429.66</td><td></td><td></td><td>-</td><td></td></tr></table> | (B) | | | | | | Outstanding Liability | 21,20,05,233.66 | 2,92,06,275.02 | 19,63,68,970.08 | 72,63,146.00 | 1,35,87,096.90 | Total Liability | 44,39,04,429.66 | | | - | | |
| (B) | | | | | | | | | | | | | | | | | | | | |
| Outstanding Liability | 21,20,05,233.66 | 2,92,06,275.02 | 19,63,68,970.08 | 72,63,146.00 | 1,35,87,096.90 | | | | | | | | | | | | | | | |
| Total Liability | 44,39,04,429.66 | | | - | | | | | | | | | | | | | | | | |
| | <p>(P) Sale of Scrap: The Zone has sold old/unserviceable asset for Rs. 4,90,202.00 during the Financial year by considering acquisition cost of Rs. 43,73,619.00 and accumulated depreciation of Rs. 40,08,382.00 resulting in profit of Rs. 1,24,965.00. In this regard it was observed that assets being very old for which Carrying cost & residual value was not available and as such the same was computed on estimated value worked out by committee for determination of cost of asset for accounting purposes. In the absence of requisite details, Branch Auditors are unable to comment on the correctness of value of asset discarded, balances of accumulated depreciation written off and profit on sale of assets.</p> | <p>The assets sold in scrap are very old and received from erstwhile UPSEB at the time of trifurcation. Therefore, The Estimated cost as approved by the committee has been taken as the residual value of assets and necessary accounting has been done accordingly.</p> | | | | | | | | | | | | | | | | | | |
| Annexure II | As referred to in and forming part of, our Audit Report of even date to the members of U.P. Power Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31st March, 2024. | | | | | | | | | | | | | | | | | | | |
| 1. | <p>1. (a) i. The Company has not maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.</p> <p>ii. The company has not maintained proper records of Intangible Assets (Software) for Rs.1.62 crore (gross).</p> <p>(b) The company has not carried out physical verification of the Fixed Assets hence we are unable to Comment whether any material discrepancy was noticed as such or not.</p> <p>(c) As reported by Branch Auditors, title deed of Immovable Property (land) for Rs. 47.24 lakhs was not available on record. Further as reported by branch</p> | <p>The Property, Plant and Equipment register are maintained in Excel format. Units are instructed to maintain the mentioned details.</p> <p>Units are instructed to maintain the mentioned details.</p> <p>Physical verification of the assets is being carried out by the respective unit's head.</p> <p>The Unit Code 646 holding Land of Rs. 4.65 crores in its</p> | | | | | | | | | | | | | | | | | | |

| | <p>Auditors, no details were provided to them with regard to the title deed of the immovable property leased to KESCO Limited M/S Prayagraj Power Generation Corporation Limited was provided to them nor it was explained in which unit, the said asset is capitalized.</p> <p>Details of which are furnished below: BUILDING and other civil construction be considered for reporting</p> <table><tr><th colspan="5">ZONE WISE LAND DETAILS</th></tr><tr><th>Zone Code</th><th>Cost of Land as per Trial Balance (Rs. in crore)</th><th>**Title Available (Rs. crore)</th><th>Deed in Available (Rs. in crore)</th><th>Title Deed Not Available (Rs. in crore)</th></tr><tr><td>970</td><td>0.05</td><td>0.00</td><td></td><td>0.05</td></tr><tr><td>640</td><td>-</td><td>4.23</td><td></td><td>0.42</td></tr><tr><td>Total land</td><td>4.70</td><td>4.23</td><td></td><td>0.47</td></tr></table> <p>(d) As per information provided to us, Company has not revalued its Property, Plant and equipment during the year.</p> <p>(e) As per the information provided, no proceeding have been initiated or are pending against the Company for holding any Benami property under Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.</p> | ZONE WISE LAND DETAILS | | | | | Zone Code | Cost of Land as per Trial Balance (Rs. in crore) | **Title Available (Rs. crore) | Deed in Available (Rs. in crore) | Title Deed Not Available (Rs. in crore) | 970 | 0.05 | 0.00 | | 0.05 | 640 | - | 4.23 | | 0.42 | Total land | 4.70 | 4.23 | | 0.47 | <p>books has the title deed for the same. detail for the same are as follows:</p> <table><tr><td>Cost of Land</td><td>1,13,52,800.00</td></tr><tr><td>Development Charges</td><td>3,09,67,162.00</td></tr><tr><td>Total</td><td>4,23,19,962.00</td></tr></table> <p>Other misc. Development Exp. 42,28,439.00</p> <p>Total Value of Land held by unit 4,65,48,401.00</p> <p>Further, the Unit Code 982 holding Land of Rs. 4,96,250/-, has been instructed to provide the title deed for above mentioned Land.</p> <p>No Comments</p> <p>No Comments</p> | Cost of Land | 1,13,52,800.00 | Development Charges | 3,09,67,162.00 | Total | 4,23,19,962.00 |
|------------------------|--|--|----------------------------------|---|--|--|-----------|--|-------------------------------|----------------------------------|---|-----|------|------|--|------|-----|---|------|--|------|------------|------|------|--|------|--|--------------|----------------|---------------------|----------------|-------|----------------|
| ZONE WISE LAND DETAILS | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Zone Code | Cost of Land as per Trial Balance (Rs. in crore) | **Title Available (Rs. crore) | Deed in Available (Rs. in crore) | Title Deed Not Available (Rs. in crore) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 970 | 0.05 | 0.00 | | 0.05 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 640 | - | 4.23 | | 0.42 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total land | 4.70 | 4.23 | | 0.47 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cost of Land | 1,13,52,800.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Development Charges | 3,09,67,162.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 4,23,19,962.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2. | <p>(a) There is no inventory in the Standalone Financial statements as on 31.03.2024. Hence, no reporting is required on physical verification of Stores and Spares.</p> <p>(b) As per terms of sanction of credit limits for working capital sanctioned by various Banks, Company has to submit age-wise and party-wise receivable statements on quarterly basis to the Bankers. Company has not furnished party-wise & age wise book debts</p> | <p>No Comments</p> <p>It is to mention that the Receivables statement has been prepared and provided to the bank on the basis of the information available at that time.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | statement to Banks as per terms of sanction. Quarterly book debts figure as per quarterly accounts have been submitted to Banker after submission of quarterly financial results. However, 31 st March 24 book statement still has not been submitted to Banks till date. | The Receivable statement have been submitted to bank on date 06.06.2024 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--------------------------------------|--|---|---------------------------------|---|-----------------|---------|----------|------------------|---------|----------|--------------------|---------|----------|--------------------|---------|----------|-------|--------|---------|--------------------------------------|-----|-----|-------|---------|-----------|-----------------|--|---|----------|-----|---------|-------------|
| 3. | <p>Company has made investment during the year 2023-24 and the amount given as well as outstanding as on 31.03.2024 are furnished below:</p> <p>(a) i. Subsidiaries</p> <table> <tr> <th>Name of Subsidiaries</th><th>Investment made during the year</th><th>Amount outstanding as on date(before provision for impairment)-(in crore)</th></tr> <tr> <td>Purvanchal VVNL</td><td>2830.98</td><td>28024.56</td></tr> <tr> <td>Madhyanchal VVNL</td><td>1448.03</td><td>24232.49</td></tr> <tr> <td>Dakshinanchal VVNL</td><td>2400.97</td><td>25862.71</td></tr> <tr> <td>Paschimanchal VVNL</td><td>2577.02</td><td>19704.94</td></tr> <tr> <td>KESCO</td><td>414.11</td><td>2663.42</td></tr> <tr> <td>Southern Power Transmission Co. Ltd.</td><td>NIL</td><td>NIL</td></tr> <tr> <td>Total</td><td>9671.11</td><td>100488.12</td></tr> </table> <p>ii. Other than subsidiaries</p> <table> <tr> <th>Name of Company</th><th>Investment during the year(including Share application money pending allotment) (in crore)</th><th>Amount outstanding as on date(before provision for impairment) (in crore)</th></tr> <tr> <td>UP Power</td><td>NIL</td><td>2213.34</td></tr> </table> | Name of Subsidiaries | Investment made during the year | Amount outstanding as on date(before provision for impairment)-(in crore) | Purvanchal VVNL | 2830.98 | 28024.56 | Madhyanchal VVNL | 1448.03 | 24232.49 | Dakshinanchal VVNL | 2400.97 | 25862.71 | Paschimanchal VVNL | 2577.02 | 19704.94 | KESCO | 414.11 | 2663.42 | Southern Power Transmission Co. Ltd. | NIL | NIL | Total | 9671.11 | 100488.12 | Name of Company | Investment during the year(including Share application money pending allotment) (in crore) | Amount outstanding as on date(before provision for impairment) (in crore) | UP Power | NIL | 2213.34 | No comments |
| Name of Subsidiaries | Investment made during the year | Amount outstanding as on date(before provision for impairment)-(in crore) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Purvanchal VVNL | 2830.98 | 28024.56 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Madhyanchal VVNL | 1448.03 | 24232.49 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Dakshinanchal VVNL | 2400.97 | 25862.71 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Paschimanchal VVNL | 2577.02 | 19704.94 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| KESCO | 414.11 | 2663.42 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Southern Power Transmission Co. Ltd. | NIL | NIL | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 9671.11 | 100488.12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Name of Company | Investment during the year(including Share application money pending allotment) (in crore) | Amount outstanding as on date(before provision for impairment) (in crore) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| UP Power | NIL | 2213.34 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | ii. Other than subsidiaries | No comments | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | <table><tr><td>Transmission Co. Ltd.</td><td></td><td></td></tr><tr><td>7.75% PFC Bonds</td><td>NIL</td><td>123.00</td></tr><tr><td>Total</td><td>NIL</td><td>2336.34</td></tr></table> <p>(b) During the year Company has debited loan to its subsidiaries against transfer of its bond/Loan liabilities details of which are furnished as under:</p> <table><tr><th rowspan="2">Name of Subsidiaries</th><th colspan="2">Amount transferred to loan account during the year (in crore)</th><th rowspan="2">Balance outstanding as on 31.03.2024 (in crore)</th></tr><tr><th>Bond</th><th>Loan</th></tr><tr><td>Madhyanchal VVNL</td><td>NIL</td><td>2010.29</td><td>13,925.44</td></tr><tr><td>Paschimanchal VVNL</td><td>NIL</td><td>82.49</td><td>5,862.11</td></tr><tr><td>Dakshinanchal VVNL</td><td>NIL</td><td>1989.14</td><td>15,739.90</td></tr><tr><td>Purvanchal VVNL</td><td>NIL</td><td>2265.22</td><td>22,015.24</td></tr><tr><td>KESCO</td><td>NIL</td><td>262.85</td><td>2,412.49</td></tr><tr><td>Total</td><td>NIL</td><td>6,609.99</td><td>59,955.18</td></tr></table> <p>(c) No terms and conditions for repayment of loan debited to Subsidiaries have been specified nor have any agreements for above loans been executed between U P Power Corporation Ltd. and respective subsidiaries. It is learnt that interest on Bonds Issued /Loan raised from UP Govt. has been accounted for in the books of Subsidiaries. In view of above, Para No.3 (b), (c), (d), (e) and (f) are not applicable.</p> | Transmission Co. Ltd. | | | 7.75% PFC Bonds | NIL | 123.00 | Total | NIL | 2336.34 | Name of Subsidiaries | Amount transferred to loan account during the year (in crore) | | Balance outstanding as on 31.03.2024 (in crore) | Bond | Loan | Madhyanchal VVNL | NIL | 2010.29 | 13,925.44 | Paschimanchal VVNL | NIL | 82.49 | 5,862.11 | Dakshinanchal VVNL | NIL | 1989.14 | 15,739.90 | Purvanchal VVNL | NIL | 2265.22 | 22,015.24 | KESCO | NIL | 262.85 | 2,412.49 | Total | NIL | 6,609.99 | 59,955.18 | No comments |
|-----------------------|---|-----------------------|---|--|-----------------|-----|--------|-------|-----|---------|----------------------|---|--|---|------|------|------------------|-----|---------|-----------|--------------------|-----|-------|----------|--------------------|-----|---------|-----------|-----------------|-----|---------|-----------|-------|-----|--------|----------|-------|-----|----------|-----------|-------------|
| Transmission Co. Ltd. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7.75% PFC Bonds | NIL | 123.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | NIL | 2336.34 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Name of Subsidiaries | Amount transferred to loan account during the year (in crore) | | Balance outstanding as on 31.03.2024 (in crore) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Bond | Loan | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Madhyanchal VVNL | NIL | 2010.29 | 13,925.44 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Paschimanchal VVNL | NIL | 82.49 | 5,862.11 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Dakshinanchal VVNL | NIL | 1989.14 | 15,739.90 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Purvanchal VVNL | NIL | 2265.22 | 22,015.24 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| KESCO | NIL | 262.85 | 2,412.49 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | NIL | 6,609.99 | 59,955.18 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4. | As per Section 186 of the Companies Act 2013, threshold limit for grant of Loan is not applicable in respect of Loan transferred to Subsidiaries as mentioned in previous para 3 (b). However, company has not obtained | No Comments | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | approval of Board of Directors for Loan transferred to its Subsidiaries during the year as envisaged under Section 186 of Companies Act 2013 nor Register for Investment/Loan granted as per requirement of Companies Act have been produced before us. However, company has not granted any Loan, Security and Guarantee in favour of any Director or any other person in whom Directors are interested; hence compliance of Section 185 of Companies Act, 2013 is not applicable. | | | | | | | | | | | | | | | | |
|-----|---|---|-----------------|-----------------|---|--|--|---|--------------------------|------------|---|-------------|----------|---|----------------------|-----------|--|
| 5. | Company has not accepted any deposit/deemed deposit during the year, hence compliance of Section 73 and 76 of Companies Act, 2013 and relevant rules made there under are not applicable. | No Comments | | | | | | | | | | | | | | | |
| 6. | As per information and explanation given to us Company is covered under the provisions of Rule 3 of the Companies (Cost Records & Audit) Rules, 2014, but Company has not maintained proper Cost Accounting Records as envisaged in Companies (Cost Records & Audit) Rules, 2014. | The company is duly complying the requirement given in section 148 of companies act 2013 regarding cost audit which is being done by cost auditors on the basis of cost records maintained. | | | | | | | | | | | | | | | |
| 7. | <p>According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Goods and Service Tax, Duty of Customs, Duty of Excise, and, Cess and any other material statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2024 for a period of more than six months from the date on when they become payable except for the following as reported by branch Auditors:</p> <table border="1"> <thead> <tr> <th>S.N</th><th>Head of Account</th><th>Amount (in INR)</th></tr> </thead> <tbody> <tr> <td>0</td><td></td><td></td></tr> <tr> <td>1</td><td>Provision for Fringe Tax</td><td>2764115.23</td></tr> <tr> <td>2</td><td>Service Tax</td><td>36612.00</td></tr> <tr> <td>3</td><td>I.T/Deduct at Source</td><td>352958.00</td></tr> </tbody> </table> | S.N | Head of Account | Amount (in INR) | 0 | | | 1 | Provision for Fringe Tax | 2764115.23 | 2 | Service Tax | 36612.00 | 3 | I.T/Deduct at Source | 352958.00 | The balances mentioned here are under reconciliation and will be adjusted accordingly. |
| S.N | Head of Account | Amount (in INR) | | | | | | | | | | | | | | | |
| 0 | | | | | | | | | | | | | | | | | |
| 1 | Provision for Fringe Tax | 2764115.23 | | | | | | | | | | | | | | | |
| 2 | Service Tax | 36612.00 | | | | | | | | | | | | | | | |
| 3 | I.T/Deduct at Source | 352958.00 | | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | |
|----|--|--------------|-------------------|--------------|---|----------|-------------|---|---------|--------------|---|-------------------|------------|--|-------------|
| | <table><tr><td>4</td><td>Liab. Towards GPF</td><td>212005233.66</td></tr><tr><td>5</td><td>Gratuity</td><td>29206275.02</td></tr><tr><td>6</td><td>Pension</td><td>196368970.08</td></tr><tr><td>7</td><td>C.P.F (Emp Share)</td><td>6323950.90</td></tr></table> | 4 | Liab. Towards GPF | 212005233.66 | 5 | Gratuity | 29206275.02 | 6 | Pension | 196368970.08 | 7 | C.P.F (Emp Share) | 6323950.90 | | No comments |
| 4 | Liab. Towards GPF | 212005233.66 | | | | | | | | | | | | | |
| 5 | Gratuity | 29206275.02 | | | | | | | | | | | | | |
| 6 | Pension | 196368970.08 | | | | | | | | | | | | | |
| 7 | C.P.F (Emp Share) | 6323950.90 | | | | | | | | | | | | | |
| | (b) As per information and explanation given to us, there is no amount disputed as on 31.03.2024 against the statutory liabilities mentioned in Para No.7a above. | | No comments | | | | | | | | | | | | |
| 8. | According to explanation and information given to us, Company has not surrendered or disclosed any transaction as income during the year in the tax assessment under Income Tax Act, 1961. | | No comments | | | | | | | | | | | | |
| 9. | (a) Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender. (b) As per information and explanation given to us, Company is not declared as wilful defaulter by any Bank or Financial Institution or other lender. (c) As per information and explanation given to us, bond and unsecured loans have been utilized for the purpose for which it is granted. (d) As per information and explanation given to us and on application of appropriate test checks, we observed that funds raised on short term basis have not been utilised for long term purposes. (e) As per information and explanation given to us, Company has not raised funds in form of Bond during the year on behalf of its Subsidiaries (DISCOMS) but raised Loans from PFC/RFC as | | No comments | | | | | | | | | | | | |

| | | |
|-----|---|-------------|
| | mentioned in Para No. 28 of Note 30 Notes to Accounts. | |
| | (f) As per information and explanation given to us, Company has not raised loans during the year on the pledge of securities held in its subsidiaries. | |
| 10. | <p>(a) As per information and explanation given to us, Company has not raised any fund through initial public offer or further public offer (including debt instruments) during the year.</p> <p>(b) As per information and explanation given to us, Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially, or optionally convertible) during the year.</p> | No comments |
| 11. | <p>(a) To the best of our knowledge and according to the information and explanations given to us by the Management, no fraud by the Company or no material fraud on the company by its officers or employees have been noticed or reported for the year ended 31st March, 2024.</p> <p>(b) No report under Sub-Section (12) of section 143 of the Companies Act has been filed by the Auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government;</p> <p>(c) The Company has not established whistle blower mechanism which is mandatory in SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulation) in this regard as well as under Section 177(9) of the Companies Act require the listed Company to establish a vigil mechanism for their Directors and Employees to report their genuine concern or grievances.</p> | No comments |
| 12. | (a) The Company is not a Nidhi Company hence clause 3 (xii) (a) of the order is not applicable. | |

| | | | |
|-----|---|-------------|--|
| | <p>(b) The Company is not a Nidhi Company hence clause 3 (xii) (b) of the order is not applicable.</p> <p>(c) The Company is not a Nidhi Company hence clause 3 (xii) (c) of the order is not applicable.</p> | No comments | |
| 13. | In our opinion and according to information and explanation given to us, Company has not placed related party transactions entered into during the year for determination of its Arm's length status by Audit Committee as required under Section 177 of Companies Act, 2013. | No comments | |
| 14. | <p>(a) In our opinion Company has an internal audit system, which needs more strengthening considering its coverage particularly in the area of internal control system on payment to Generators as well as review of old balances as mentioned in our Annexure-land Annexure-4 to our Audit Report and compliance of observations of Audit Report, so that it may be commensurate in size and nature of business of the Company.</p> <p>(b) Yes, we have considered reports of the Internal Auditors for the period under audit. Specific comments issued by Branch Auditors are mentioned in Para No.17(M) to Annexure 1 of our Audit Report except concurrent audit report of Material Management Zone as mentioned in Para-17(M) of our Audit Report which could not be provided to us in spite of repeated requests.</p> | No comments | |
| 15. | According to the information and explanations given to us, the Company has not entered into any non-cash transactions with Directors or persons connected with them as referred to under Section 192 of the Companies Act, 2013. | No comments | |
| 16. | (a) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, provision of clause 3(xvi) (a) of the Order is not applicable to the Company. | | |

| | | |
|-----|--|-------------|
| | <p>(b) According to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities therefore no Certificate of Registration (COR) from Reserve Bank of India as per Reserve bank of India Act, 1934 is required. Accordingly, provision of clause 3(xvi) (b) of the Order is not applicable to the Company.</p> <p>(c) According to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in regulation made by the Reserve Bank of India. Accordingly, provision of clause 3(xvi) (c) of the Order is not applicable to the Company.</p> <p>(d) There is no CIC as part of Group. Accordingly, provision of clause 3(xvi) (d) of the Order is not applicable to the Company.</p> | No comments |
| 17. | There is no cash loss during the year under review. (Previous year Cash Loss is NIL). | No comments |
| 18. | During the year, there is no resignation by Statutory Auditors. | No comments |
| 19. | <p>According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of Balance Sheet as and when they fall due within a period of one year from the Balance Sheet date. We, however, state that this is not an assurance as to the future viability of the Company. No projected cash flow statement for ensuing financial year 2024-25 has been provided to us. We further state that our reporting is based on the facts up to the date of the Audit Report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the Balance Sheet date, will get discharged</p> | No comments |

| | | | |
|--------------------|---|---|--|
| | by the Company as and when they fall due. | | |
| 20. | No CSR activity has been undertaken by the Company; and no expenditure has been incurred on same during the year 2023-24. Management has explained the reasons in Para-18 of Notes on Accounts. | No comments | |
| 21. | Para 3 (xxi) of Companies (Auditor's Report) Order (CARO) is not applicable to Standalone Financial Statements. | No comments | |
| Annexure IV | Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013. | | |
| | <p>i. Company has no internal control system over payment to Generators. It is also observed that no subsidiaries ledger is maintained by the Company and payment to Generators are made without considering outstanding balances in their accounts. Besides, no bill wise details of payment made to Generators are available with the Company. We have already reported about non reconciliation of old balances of Generators (Kindly refer Para No.-1 and 17(K) of Annexure-1 of our audit report.) Reconciliation with Generators are pending since long. Considering the above position, system of Internal Control over purchases, payment to vendors and trade payables needs to be more strengthened and streamline to avoid any material misstatements in Financial Statements.</p> | In order to strengthen the existing system through information technology, the company is in process of implementation of ERP system. Further party wise reconciliation is under process. | |
| | <p>ii. Age wise classification of Trade Receivables and Trade Payable do not seem to be correct since it is not based on bill wise details.</p> | Ageing of Trade Receivables and Trade Payables have been correctly done on the basis of related records. | |
| | <p>iii. Internal control system with regard to Cash transactions, Procurement /Works transactions, maintenance of inventory, maintenance of Books of Accounts, Fixed Assets register, delegation of powers to various employees etc. requires to be further strengthened.</p> | The company has a Proper and effective control system in all the areas. However, for implementing the system more smoothly and effectively, the system is reviewed from time to time and accordingly directions are issued. Moreover, in order to strengthen the existing system through information technology, the company is in process of implementation of ERP system. | |
| | <p>iv. There is no effective system in place to verify power purchase for completeness, only those bills are accounted in the books of accounts which are received, no system is in place for quantitative reconciliation of</p> | There is a proper and effective system of power purchase. However, there is always scope for improvement in the system, for which the procedure will be reviewed and necessary | |

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| | the power actually purchased vis-à-vis power purchase accounted in the books of accounts, reconciliation of power purchased with suppliers are not done neither it was provided to us. Balance confirmation and reconciliation with the suppliers was not carried out therefore, the impact on power purchase, power sales and eventually on the position of sundry payables and receivable cannot be commented upon. | directions, if required, will be issued. |
| | v. There is no system for review of old balances relating to various assets and liabilities heads which needs to be reviewed, reconciled and require necessary adjustment in the books of account. No party wise details are available for other payables like security deposits, retention money. | Most of the old balances are pertaining to transfer scheme. However, necessary instructions are being issued to units at regular intervals to review the old balances. Necessary action like written off/written back of the same will be taken after the thorough review. |
| | vi. Reconciliation of Inter Unit Section: the present system of identification and reconciliation of Inter Unit Transaction between unit to unit, unit to head office is not adequate. The reconciliation need to be done on a regular basis, with details of the nature and particulars of the unmatched items. Since total unreconciled IUT is Rs. 152.13 crore. | The company has a complete system of clearance of Inter unit transactions. However, in ERP system we have in process to check proper IUT clearance through IUT dashboard. |
| | vii. There is no system of confirmation and reconciliation of balances in accounts of parties, contractors, Government Department etc. including those balances appearing under receivables, payables, loan and advances. | The company has a system of confirmation and reconciliation of balances. However, units have been instructed to co-ordinate/communicate with the parties to get the balance confirmation at regular interval. |
| | viii. During the course of our Audit, it was observed that payments are being released by Single signatory without fixing any threshold limit. It is suggested that all payments should be released after fixing threshold limit only by joint signatory. | The company has a control system/procedure with regard to purchases, execution of works, sanction of estimates, financial approval etc for which threshold limit is fixed. All the payments are made in accordance with the financial approval given by the concerned competent authority. |
| | Observations in Material Management Zone Audit Report on Internal Control over Financial reporting According to the information and explanations given by management and based on audit, the following material weaknesses have been identified as at March 31, 2024: i. Review of the concurrent audit reports depicts various persistent observations i.e. pending recovery of Rs. 13694 lakh from M/s LancoAnpara Power Limited (LAPL), Non production of documents | Necessary action/compliance on the observations of concurrent auditor shall be taken in ensuing year. Further, petition is to be filed by the company before Hon'ble UPERC for decision in respect of recovery from M/s PPGCL. |

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| | <p>for verification of bills of M/s UP RajyaVidyutUtpadan Nigam Limited, non-availability of PPA/ PSA of various Co-Gen & Captive Plants, Excess expenditure in respect of O & M by M/s PPGCL, reconciliation & confirmation of old outstanding balances under various heads appearing in financial statements, submission of certificate from CAs other than statutory Auditors for verification of variable cost of various generators, submission of provisional bills by power generators in few cases etc. and as such system of compliance of various observations on regular basis needed to be streamlined & strengthened.</p> | <p>Regarding non-availability of PPA/PSA of various Co-Gen & Captive Plants, it is to submit that all the PPA/PSA have been provided to the concurrent auditor and confirmed in writing by the concurrent auditor.</p> <p>Regarding taking certificate from Statutory Auditor, compliance has been made and the same has been acknowledge by the Concurrent Auditor.</p> <p>Regarding submission of provisional bills by power generators, it is to submit that power generators raise bills and verified by EIE&PC unit as per UPERC/CERC regulations & PPA in effect.</p> |
| ii. | <p>The company is in the process of implementation of SAP/ ERP system and units other than EIE &PC unit (330), SP Vigilance Unit (UC 972) and ADG Vigilance Unit (UC 983) have commenced the maintenance of its books of accounts through SAP/ ERP, which has also been dealt in our audit report. Company is in the process of establishing necessary controls and documentation regarding the audit trail. Further, regular training of all concerned staff of various wings requires to be ensured for implementation of ERP.</p> | <p>From April 2024 onwards, all the units are ensuring that all the transactions are recorded on SAP /ERP and we will compile the accounts from ERP/ SAP only.</p> |
| iii. | <p>System of ascertaining Reasons for Deviations in power purchases by 13812.41 MU (9.71% of total power purchased) with respect to business plan for procurement of Power for 2023-24 as provided in Approval of Aggregate Revenue Requirement and Tariff for FY 2023-24 and approval thereof by competent authority requires to be streamlined / strengthened for ensuring proper and effective monitoring and control over such deviations in purchase of power.</p> | <p>The Power Purchase Agreements (PPAs) for the Generating Stations are scheduled as per load requirements of the state depending upon the demand pattern mostly in the peak hours. Furthermore, if the requirement of the state equivalent to the energy scheduled from these plants would have been taken from exchanges, then the cost of power would be higher than cost incurred from these plants. Also, there would have been chances of rostering in case of lower power clearances from exchanges. In this context, it is also pertinent to mention that the scheduling of the plants is being done by SLDC Unit as per</p> |


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| | | MOD based on data of Variable Cost. |
| iv. | Status of Billing of AMC charges @1.5% of total cost on power evacuation and rebate / LPSC as per PPA with CO Gen Parties needs to be ascertained for ensuring effective monitoring & accounting of the same. | The same will be reviewed. |
| v. | Late payment surcharge is being accounted for on the basis of bills received by unit. System of determination of Late payment surcharge after the specified time period as per PPA in respect of unpaid bills is not in place to ensure accounting of LPS on accrual basis. | The unit has verified Late Payment Surcharge bills of generators as per the provision of PPA. Proper checking and computation is carried out before verification all LPS bills. In cases where LPS bills were pending for verification, appropriate provisions have been made in the books. |
| vi. | During review of bills in respect of banked energy, it was observed that banked energy lapsed for withdrawal and available for drawl is not being bifurcated as per CRE guidelines. In some cases it was observed that withdrawal of energy was made in spite unavailable banked energy, which is not in accordance with CRE guidelines. Non-bifurcation of energy in lapsed and available for drawl may result in lack of control over supply of energy in excess of Banked energy available for drawl resulting in loss of revenue. Further, test checks of the provisions made on the said account was found to be varying with the details of energy banked & drawn available in records of generators. Hence, the aspect of determination of lapsed & available energy needs reconciliation in respect of all such co-generators for ensuring proper control over the banked energy and creating provision in books of account. | As the matter of encashment of Banked Energy is pending for decision at Hon'ble High Court. Currently no encashment of lapsed energy is being claimed by the Co Gens. After final outcome, the computation of lapsed/available units will be done accordingly. Meanwhile Provision for balance energy after withdrawal has been created in the books as best estimate of the liability. Further, this is to inform that any excess withdrawal of energy over banked energy is to be billed by DISCOM and as such no financial impact or loss of revenue on account of the same is on the books of EIEPC. For the purpose of creating provision, the data of banking and withdrawal of energy has been taken from the Energy Account Issued by UPSLDC. |
| vii. | Test checks of procurement of goods and services through Tender reveals various shortcomings in control system i.e. preparation of detailed estimates, inviting bids in respect of OEM items from vendors as well as its distributor / agents, submission of complete documents as per eligibility criteria, proper up-keeping of tender documents, award of work on lowest cost without ascertaining reasonableness and analysis of variance with estimated cost etc. requires to be streamlined / strengthened. | Procurement process in the company is in line with best practices adopted and inherited from UPSEB period. |
| viii. | System of regular reconciliation of TDS receivable as per books of account with figures appearing in 26 AS, Analysis of year wise | Reconciliation of TDS receivable with 26AS is being done on regular basis. |


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| | breakup w.r.t. status of completion of the income tax assessments needs to be strengthened. | |
| ix. | Present system of identification and reconciliation of Inter Unit transaction between unit to unit, unit to head office appearing under various heads is not adequate and as such system of reconciliation with complete details of the nature and particulars of the unmatched items need to be ensured on regular basis. | The company has a complete system of clearance of Inter unit transactions. However, in ERP system we have in process to check proper IUT clearance through IUT dashboard. |
| x. | System of reconciliation and confirmation of balances in accounts of vendors, contractors, Government Department etc including those balances pertaining to receivables, payables, Loan and Advances on a regular basis requires to be streamlined and strengthened. | The company has a system of confirmation and reconciliation of balances. However, units have been instructed to take effective action in this regard and ensure necessary confirmation from third party. |

For and on behalf of Board of Directors

Date: 11-11-2024

Place: Lucknow


Nidhi Kumar Narang
Director (Finance)
(DIN: 03473420)


Pankaj Kumar
Managing Director
(DIN: 08095154)

| Sr no | INDEPENDENT AUDITOR'S REPORT | MANAGEMENT REPLY |
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| | <p>A. Emphasis of Matter</p> <p>Considering the requirement of Standard on Auditing (SA 600) on 'Using the work of Another Auditor' including materiality, we draw attention to the following matters in the notes to the Consolidated Financial Statements:</p> | |
| | <p><u>U.P Power Corporation Ltd. Holding Company</u></p> <p>1. Tax deducted at source Rs.168.28 crore (Note 12: Other Current Assets) includes Rs. 7.09 crore refunds pending with Income Tax Department relating to financial year 2007-08 to 2019-20 which have not been adjusted till the close of the financial year since, management has informed that rectification order u/s 154 of Income Tax Act for refund of amount to the extent of Rs. 5.84 crore has been issued but same is still to be received.</p> | <p>With reference to the said refund of Rs 7.09 crore, it is to be informed that regarding the refund relating to the assessment year 2011-12, 2015-16 and 2016-17, the Income Tax Department has issued letter no. ITBA/COM/F/ 17 /2023 -24 /1052528983 (1) dated 02.05.2023, orders were issued under Section 154 / 254 of the Income Tax Act 1961, accordingly a refund of Rs 5,48,67,481.00 was received in UPPCL bank account on 23.08.2024</p> <p>Further, we are in process of filing claim to the income tax department for the remaining refund of TDS of Rs. 1.61(7.09-5.48) crore.</p> |
| | <p>2. As per information provided to us Receivable from Generators includes Rs.707.68 crore debit balance pertaining to M/s Rosa Power Company Ltd, Note 12: Other Current Assets, towards debit notes raised by the Company against which, as explained to us, stay order have been issued by Appropriate Authorities, but which have not been reversed like other cases as mentioned in Para No. 32 of Note 30: Notes to Accounts relating to M/s Lalitpur Power Generation Company.</p> | <p>Debit balance of Rs 135.36 crores against Rosa Power is due to debit notes amounting to Rs. 707 crores issued in the month of April, 2018 recovery of which had been stayed by the APTEL till further order.</p> |
| | <p>3. As per Para No. 38 of Notes to Accounts-33 of Consolidated Financial Statement, necessary accounting treatment regarding subsidy for Rs. 20,940.00 crore pertaining to Atmirthar Bharat Scheme consequent upon opinion dated 01-05-2024 given by Expert Advisory Committee of ICAI have been given in the Financial Statements of DISCOMS. Considering the aforesaid opinion, necessary adjustments have been made as Prior Period adjustments as reflected in Balance Sheet as on 01/04/2022 included in financial statements and consequently General Reserve and Retained Earnings have been restated considering the opinion of ICAI</p> | <p>Necessary accounting adjustment has been given in financial statements of DISCOMS as per opinion given by Expert advisory committee on 01/05/2024.</p> |

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| | as referred above (kindly refer Note-15 Other Equity of Consolidated Financial Statement). | |
| | <p>4. Sales include Rs. 224.51 crore Prior Period Adjustments which has been clubbed in current year Revenue from operation. Para No. 11 of Note 30: Note to Accounts may be referred in which Management has considered Material Prior Year Adjustment only if exceeds 1/2 percent of Revenue from operations in immediately preceding financial year.</p> | Necessary disclosures in this regard have been made in Note no. 11 of Notes to accounts. |
| | <p>5. Kindly refer Para No. 7 of Note 30: Notes to Accounts regarding non-provision of Bad & Doubtful debts on Trade Receivables/ Other Receivable from Subsidiaries during the year which needs review by the Management since it is not in conformity with guidelines contained in Ind AS-109 and Ind AS-107. Company has considered only past default position and not considered current status and future economic factors as envisaged in Ind AS-109 particularly not considering financial position and status of debtor's recoverability by DISCOMS. Company has also not adopted simplified approach including provision Matrix as envisaged by Ind AS-109/107. As per provision of Ind AS 109, Provision for expected loss on Trade Receivables is to be made based on lifetime expected credit losses. Further, expected credit losses has to be measured considering (a) an unbiased and probability-weighted amount that is to be determined by evaluating a range of possible outcomes; (b) the time value of money; and (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current condition and forecasts of future economic conditions.</p> | <p>Audit observation that company has considered only past default position and not considered current status and future economic factors is not correct because while reviewing the quantum of allowance for expected credit loss, current status as well as future status of debtor's recoverability has also been checked. Audit is well versed with the fact that amount received from sale of power to consumers by DISCOM is being swept over to the bank account of UPPCL on the same day or very next day. Moreover, UPPCL works as a bridge for all the financial arrangement like receiving subsidy from government, taking bond/ loan on behalf of DISCOMs etc. This arrangement itself proves there is no probability of occurrence of credit losses in future as UPPCL enjoys the full operational right for fund management. Hence, allowance for expected credit loss has been considered as NIL.</p> <p>In reference to audit comment that Company has also not adopted simplified approach including provision Matrix as envisaged by Ind AS 109/107, it can be noted that since allowance for expected credit loss has been considered as NIL for above mentioned reasons, so question of adopting provision matrix do not arise. It is also worth mentioning that the company (UPPCL) has made the provision for impairment on investment on the basis of net worth of the DISCOMs and their net</p> |

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| | | <p>worth i.e. by considering their overall Profit/(Loss) which includes all the provisions made by the DISCOMs towards doubtful trade receivables and other advances/receivables. Hence, there is no justification /logic to make further provision for doubtful trade receivables and other receivables from DISCOMs. As far as comment by C&AG in FY 2022-23 on the 5% incremental provision is concerned, it is again submitted that provision is a management estimate and management estimates can be changed depending on the various factors as explained above. As per Ind As 8, <i>An estimate may need revision if changes occur in the circumstances on which the estimate was based or as a result of new information or more experience.</i> Hence, considering the experience factor as envisaged in Ind As 8, management has decided to change the estimate to NIL. Audit may also note that the disclosure requirement is given in Para 39 of Ind As 8 and the same has been taken care while giving related disclosure in notes to account (Refer Point No-7)</p> <p>Audit may also note that no exemption for allowance for expected credit losses has been taken on the ground that DISCOMs are Government owned entities. It's just a point of disclosure in notes to account not a base to arrive allowance for expected credit losses. The facts which have been considered while arriving the estimate for expected credit loss to NIL has been clearly mentioned in notes to account and also mentioned above.</p> |
| | <p>6. Accounting Policy of the Company regarding power purchases had not envisaged the method for accounting of power purchases where final approval of the tariff by the Regulatory Commission has not been granted.</p> | <p>It is already mentioned in the accounting policy of the company that power purchase from Central Generating Units and State Generating Unit is accounted for at the rate approved by Central Electricity Regulatory</p> |

| | | Commission (CERC) and UP Electricity Regulatory Commission (UPERC) respectively. Hence, it is implied that the power purchase is accounted for at the rates approved by the regulatory commission whether provisional or final. | | | | | | | | | | | | |
|--------------------------------------|---|---|----------------------|---------------------|--------------------------------------|-------------|-------------|---------------------------------|-------------|-------------|--------|--------|--------|--|
| | <p><u>Material Management Zone of U. P. Power Corporation Ltd.</u></p> <p>7. Reasons for Deviations in power purchases by 13812.41 MU (9.71% of total power purchased) from various generators with respect to business plan for procurement of Power for 2023-24 as provided in Approval of Aggregate Revenue Requirement and Tariff for FY 2023-24 requires to be reviewed by management. In view of Branch Auditor, system of ascertaining reasons for deviations and approval thereof by competent authority requires to be streamlined / strengthened for ensuring proper and effective monitoring and control over such deviation and purchase of power.</p> | <p>The Power Purchase Agreements (PPAs) for the Generating Stations are scheduled as per load requirements of the state depending upon the demand pattern mostly in the peak hours. Furthermore, if the requirement of the state equivalent to the energy scheduled from these plants would have been taken from exchanges, then the cost of power would be higher than cost incurred from these plants. Also, there would have been chances of rostering in case of lower power clearances from exchanges. In this context, it is also pertinent to mention that the scheduling of the plants is being done by SLDC Unit as per MOD based on data of Variable Cost.</p> <p>Regarding loss of energy, it is submitted that this is basically the transmission losses which are dependent on the various factors like Qty of energy purchased, distance from generator etc. It is apparent that total energy purchased has been increased by 4642 MU while the related transmission losses have increased by only 0.12 (5.39%-5.27%). Hence it is clear that the increase in transmission losses is nominal/ negligible.</p> | | | | | | | | | | | | |
| | <p>8. Quantity Reconciliation: Reconciliation of Energy as accounted by unit with actual energy as per RLDC/SLDC/RPC has been done by M/s Mercados Marketing Energy Private Limited for FY 2023-24. Details of the power purchased as per the said reconciliation statement and power transferred to DISCOMS and loss of energy during the current year & previous year is tabulated as below:</p> <table border="1"> <thead> <tr> <th>Detail</th><th>As on 31.03. 2024</th><th>As on 31.03.2023</th></tr> </thead> <tbody> <tr> <td>Total number of Units purchased (MU)</td><td>1,41,931.69</td><td>1,37,289.92</td></tr> <tr> <td>Total number of units sold(MU)</td><td>1,34,269.40</td><td>1,30,058.71</td></tr> <tr> <td>Loss %</td><td>5.39 %</td><td>5.27 %</td></tr> </tbody> </table> <p>Further, energy received free of cost from M/s Rajghat HPP, MPPMCL, is not included in the above reconciliation statement. In our view increasing trend of loss</p> | Detail | As on 31.03. 2024 | As on 31.03.2023 | Total number of Units purchased (MU) | 1,41,931.69 | 1,37,289.92 | Total number of units sold(MU) | 1,34,269.40 | 1,30,058.71 | Loss % | 5.39 % | 5.27 % | |
| Detail | As on 31.03. 2024 | As on 31.03.2023 | | | | | | | | | | | | |
| Total number of Units purchased (MU) | 1,41,931.69 | 1,37,289.92 | | | | | | | | | | | | |
| Total number of units sold(MU) | 1,34,269.40 | 1,30,058.71 | | | | | | | | | | | | |
| Loss % | 5.39 % | 5.27 % | | | | | | | | | | | | |

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| | of energy during the year needs examination with a view to ensure proper monitoring and control by management on such loss in transfer of energy. | |
| | <p>9. Various information as detailed below in respect of purchase of power as per directive of ARR and Tariff rate for 2023-24 by UPERC were not found to have been disclosed in the Notes on Accounts. (Refer Para No. 11.2.28 & 11.2.30 of UPERC order relating to ARR and tariff rate for 2023-24.)</p> <p>a. Inter & Intra Power Purchase (MUs) along with inter & intra state losses are not made part of the audited accounts henceforth.</p> <p>Our opinion is not modified on above comments.</p> | Noted for compliance. |
| | <p><u>Specific Observations of DISCOMS Statutory Auditors are given below: -</u></p> <p><u>a. PashchimanchalVidyuVitrans Nigam Ltd.</u></p> <p>i. Refer Note No. 1(b) of Material accounting policy regarding the financial statement of the company having been prepared on a going concern basis, notwithstanding the fact that company is continuously running in loss since inception, although the Company is making profit of Rs. 887.75 crore during the year under audit, and net worth of the company has substantially eroded. The appropriateness of the said basis is inter-alia dependent on continuing support from the Government and improved operational/ financial performance.</p> | The company is continuously running in the profit from FY 2022-23 and the Net Worth of the company is getting improved as the Net Worth of the company in FY 2023-24 is Rs. 18607.43 crore in comparison to Rs. 15165.60 crore in FY 2022-23. Which significantly improved by 22.69% in FY 2023-24 compared to FY 2022-23. |
| | <p>ii. The amount of Unbilled revenue of Rs. 850.43 Crore is booked on the basis of 15 days Assessment considering the Average Assessment for the preceding 3 completed calendar month but there are different category of consumer having different billing cycle. There is not any report available of the DISCOM Auditors for audit, generated on 31.03.2024. In absence of such report, the impact of the same on the account could not be ascertained and quantified by the DISCOM Auditors. (Refer Note no 8 of financial statement and points no 47 of Notes to Accounts)</p> | At the end of the year the provision for unbilled revenue is included in sale of power according to billing cycle in concerned distribution division, as per the policy of the company. |

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| | <p>iii. Company do not have an effective system for realizing revenue from customers as the amount of receivables as on 31st March, 2024 is Rs. 14940 crores, which is equivalent to around 240 days sale of power by company and reasons of pendency are not examined. It is noticed that the company is not effectively exercising its powers of TD/PD and filing court cases against defaulted customers. (Refer Note no 8 of financial statement)</p> | <p>Due to strengthening of revenue realisation mechanism and addition of various modes of revenue collection viz. Online bill deposit, KIOSK machines, ATMs, Mobile vans etc., management expects that Revenue Realization from customers in coming year will improve.</p> |
| | <p>iv. Useful life of asset and rates of depreciation taken are different from Part C Schedule-III of Companies Act, 2013. It was stated that the rates adopted are as per UPERC/SECY/(MYT FOR DISTRIBUTION AND TRANSMISSION) Regulation, 2019/408 dated 23.09.2019. In the opinion of the management, if the rate of Fixed Assets has been considered as per Companies act, 2013.</p> | <p>The disclosure regarding the same has been made in Notes on Accounts.</p> |
| | <p>v. IND AS-8: In the current financial year, management has made several adjustments/corrections relating to prior period errors/omission. Rs. 11096.72 crores have been adjusted with surplus in the statement of Profit and loss as disclosed in Note 13 of Financial Statements and point no 32(B) of Notes to Accounts in accordance with IND AS-8.</p> | <p>The same has been disclosed at point no 32(A&B) of Notes to Accounts in accordance with IND AS-8.</p> |
| | <p>vi. As referred to in Point No. 12 of Notes to Accounts of the DISCOM a sum of Rs. 5360.70 Crores and Rs. 8.24 Crores is payable as electricity duty and compounding charges respectively to UP State Government. No provision has been made for interest and penalty for late payments. It has been explained to DISCOM Auditor by the company that no interest and penalty is levied for such late payments in past years and they have relied on the same.</p> | <p>Electricity Duty is collected from Consumers at division level and sent directly to UPPCL (The Holding Co.) along with Electricity charges. At UPPCL level, the payment/adjustment of ED Payable is made with U.P. Govt. and the book adjustment of the same is made on the basis of Debit/Credit Note issued by UPPCL to PVVNL or Other Discoms. Whereas Compounding charges collected at divisional level sent directly to the U.P. Treasury on regular basis. As per past record no demand of Penalty/Interest has been raised by U.P. Govt. regarding late payment of Electricity Duty and Compounding charges. Considering the Past trend and practices, the Company has not made</p> |

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| | | provisions. Provision shall be made if the UP State Government or U.P. Treasury issues any demand in this regard and this practice shall be adopted accordingly. |
| | vii. The company has not provided the basis of calculating the amount for the Electricity Internally consumed amounting to Rs. 289.08 crores. | The information prepared and send to Discoms from the UPPCL for the accounting of Electricity Internally consumed has been shown to audit. |
| | viii. Tax Collected at Source (Asset) amounting to Rs. 1.60 crores and Tax Deducted at Source (Asset) amounting to Rs. 9.06 Crores are showing as on 31.03.2024 not reconciled with Form 26AS of the company for current financial year. Management has informed that the balances shown in the books of accounts reflect pending refund amount of TDS/TCS. DISCOM Auditors relied upon the same. (Refer to Note No. 11 "Other Current Assets" of the financial statements) | During the FY 2023-24, Tax collected at source (assets) AG 27.426 is amounted to Rs. 0.01 crore and Tax deducted at source (AG 27.421) amounted to Rs. 6.57 crore, total amount Rs. 6.58 crore has been booked by the PVVNL. Further, the amount of Rs. 1.60 crore and 9.06 crores as mentioned by the audit is closing balance as on 31.03.2024 which includes the previous year refundable amount also. |
| | ix. Company has not recognized any Deferred Tax Assets & Deferred Tax Liabilities due to heavy unadjusted carried forward losses / depreciation and uncertainties, moreover due inappropriate system company is not in the position to determine the estimated figures. | This fact has been disclosed in Para no. XII of Note no. 1 "Material Accounting Policy". |
| | x. Assets of the company have been accounted for at historical cost (Refer Note No. 24 of Financial Statements) where most of the assets are very old and as per Ind AS-36 Impairment of assets and Impairment losses has not been recognized. | This fact has been disclosed in Point no. 24 of Notes on Accounts of the Company. |
| | b. DakshinanchalVidyutVitrان Nigam Limited- i. The Company was consistently amortising 'Government Grants for Capital Assets' and 'Consumer contribution towards service lines & other charges' to the profit and loss account in the ratio of weighted average depreciation on "plant & machinery" and "lines, cables, network etc., which was changed to fixed rate of amortisation @ 5.28% during the current financial year. Effect of this change in accounting estimate has resulted in excess amortisation of Rs. 30.14 crores. | In view of AG comments of Previous year regarding over amortization, the rate of amortization has been taken as applicable rate of depreciation specified by the UPERC on Plant & Machinery and Lines & Cables, which is in compliance of the observations of the CAG. |
| | ii. The Company is following its holding company Office Memorandum dated 06.09.2017 wherein rates of capitalisation of employee cost were prescribed on | Capitalization has been done as per the policy of the company and disclosed in Note No. 3 (II) (e) of Note no. |

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| | <p>basis of financials of 2014-15 or so, @15% of deposit works, @13.50% of distribution works and @9.50% on other works, and made capitalisation of employees cost of Rs. 216.58 crores, being employees cost @ specified percentage to the extent of employee cost available at a particular division. DISCOM Auditors has opinion this is incorrect and inappropriate method of capitalisation of employees cost, and Company shall formulate a long-term policy for ascertainment of method of capitalisation of employee cost and re-assessment of the same every three years.</p> | 1 "Material Accounting Policy". |
| | <p>iii. As per Ind AS16 "Property, Plant and Equipment", a capital asset shall be recognised if, the cost can be measured reliably and it is probable that future economic benefits will flow to the entity. However, the Company taking a different view written off the written down value (cost minus depreciation) of Rs. 46.72 crores (AG 11.105 'Assets not pertain to DVVNL') in profit and loss as prior period expense.</p> | <p>The Transmission Bay are the property of the Transmission Company with the deposit from the customers. It is controlled and operated by the Transmission company just like Distribution companies make new substation / lines by taking deposit fund from the consumers but the ownership of the lines upto meter of the consumer lies with discom, in the same manner the Discom provide fund to the transmission company to make new Bay for Distribution network and that Bay is controlled and operated by Transmission Company. Hence it is obvious, since the ownership of the asset does not lie with the discom, the company has booked all the Bay Costs in Expenditure. The same has been rectified retrospectively as per the Provisions of Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" to Profit & Loss account through Prior Period Errors.</p> |
| | <p>iv. The company has changed the method of provisioning for unbilled revenue, wherein during FY 23-24, 15 days' provision of average revenue of last 3 months (Dec, Jan & Feb) is made though no specific policy was available in this regard till last year and provisioning was made to the best estimate of division in-charge.</p> | <p>Provision for Unbilled Revenue has been made as per the Accounting Procedure adopted by the Company. This fact has been disclosed in Para no. 51 of Note no. 33 "Note on Accounts" of CFS.</p> |
| | <p>d. Kanpur Electricity Supply Company Limited</p> <p>i. The company has not booked Interest on ED during the current FY 2023-24 in accordance with the decision made at 104th BOD held on 22.05.2024. in which after considering the various facts, it has been decided that interest on ED shall not</p> | <p>The matter is already covered in our notes to accounts and the fact stated is correct. Further the amount has been disclosed as a contingent liability.</p> |

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| | be booked from FY 2023-24 onwards. Impact of ₹116.31 crore has been disclosed as contingent liability in point no. 21B (b). (Also refer Note No. 28-50 of "IND ASFS"). | |
| | ii. The Government of UP has, vide its order nos. 3188 dated 24.10.2003 and 1077 dated 17.04.2008 decided that the electricity duty and interest payable for the period from 15.01.2000 to 31.03.2003 and from 01.04.2003 to 31.03.2008 respectively would be adjusted against the balance subsidy payable to UPPCL by the State Government. Accordingly, the amount of electricity duty and interest payable thereon (up to the financial year ended 31 st March, 2023), due to pending adjustment by the State Government has been shown under the head 'Electricity Duty and Other Levies Payable to Government' grouped under "Other Financial Liabilities (Current)" (Also refer note no-17 of "Ind ASFS"). | Necessary adjustment shall be made in this regard after receiving further instructions from GoUP in this regard. |
| | iii. In the 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. However, the financial impact of the same on IND ASF.S." is not ascertainable. (Also refer to Note No. 1-3(I)(d) of "IND AS-FS"). | The company has duly accounted for the amount of unpaid bills with respect to assets capitalized till 31 st March, 2024 and the value has already been added to the cost of assets. However, where there is change in rates or effect of escalation clause affecting and resulting the supplementary bills from the contractor, the effect is to be taken in accounts accordingly. |
| | iv. Provision written back is on account for 6th pay Commission, Provision for Pension & Gratuity for 6th Pay Commission written off during the current year (Also refer to Note No -19 of "IND AS-FS"). | The accounting entry is in compliance to the observations raised by C&AG in FY 22-23 |
| | v. Unbilled Revenue in respect of sale of electricity is recognized on the basis of fifteen days' assessment considering the average assessment for the preceding three completed calendar months. Thus, Unbilled revenue has been accounted for on an estimated basis instead of based on actual figures which were ascertainable from bills raised subsequently, as an event occurring after the Balance Sheet date. (Amount unascertainable). (Also Refer Note No. 28-45 of "IND AS FS"). | Provision for Unbilled Revenue has been made as per the Accounting Procedure adopted by the Company. This fact has been disclosed in Para no. 51 of Note no. 33 "Note on Accounts" of CFS. |
| | Our opinion is not modified in respect of these matters. | |

Other Matters:

- a. We did not audit the financial statements / financial information of Subsidiaries namely MVVNL, PuVVNL, PVVNL, DVVNL and KESCO, whose financial statements / financial information reflect the Group's share of total assets, as detailed below, and the net assets as at 31st March, 2024, total revenues and net cash flows for the year ended on that date, and also include the Group's share of net loss for the year ended 31st March, 2024, as considered in the consolidated financial statements in respect of these Subsidiaries, whose financial statements / financial information have been audited by other auditors and whose reports have been reproduced to us by the Management . Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these Subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid Subsidiaries, is based solely on the reports of the other auditors.

No Comments

(Rs. in crores)

| Name of the Companies | Total Assets as at 31.03.2024 | Net Assets i.e., Total Assets minus Total Liabilities as at 31.03.2024 | Total Net Profit/ (Loss) as at 31.03.2024 | Net Cash in Flows/ (outflows) as at 31.03.2024 |
|---|-------------------------------|--|---|--|
| Subsidiaries: | | | | |
| Madhyanchal Vidyut Vitrans Limited, Lucknow, (MVVNL) | 42240.63 | 4111.13 | -1359.21 | -23.99 |
| Purvanchal Vidyut Vitrans Limited, Varanasi, (PuVVNL) | 54164.04 | 6362.49 | -3760.15 | 228.63 |
| Paschimanchal Vidyut Vitrans Limited, Meerut, (PVVNL) | 39841.62 | 11314.95 | 862.74 | 114.84 |
| Dakshinanchal Vidyut | 36761.69 | -3974.91 | -2255.8 | -9.84 |

| | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--------------------------------|---|---|-------------|----------|--------|--|--|--------------------------------|-----------------------------|---------|----------|---------|-------|--------------|--|-----------|---------|----------|--------|----------------|--|--|--|--------|--|--|
| | <table><tr><td>Vitran Limited, (DVVNL)</td><td>Nigam Agra.</td><td></td><td></td><td></td><td></td></tr><tr><td>Kanpur Supply Limited, (KESCO)</td><td>Electricity Company Kanpur.</td><td>4527.41</td><td>-1983.56</td><td>-545.97</td><td>70.34</td></tr><tr><td>Total</td><td></td><td>177535.39</td><td>15830.1</td><td>-7058.39</td><td>379.98</td></tr><tr><td>CFS Adjustment</td><td></td><td></td><td></td><td>345.79</td><td></td></tr></table> | Vitran Limited, (DVVNL) | Nigam Agra. | | | | | Kanpur Supply Limited, (KESCO) | Electricity Company Kanpur. | 4527.41 | -1983.56 | -545.97 | 70.34 | Total | | 177535.39 | 15830.1 | -7058.39 | 379.98 | CFS Adjustment | | | | 345.79 | | |
| Vitran Limited, (DVVNL) | Nigam Agra. | | | | | | | | | | | | | | | | | | | | | | | | | |
| Kanpur Supply Limited, (KESCO) | Electricity Company Kanpur. | 4527.41 | -1983.56 | -545.97 | 70.34 | | | | | | | | | | | | | | | | | | | | | |
| Total | | 177535.39 | 15830.1 | -7058.39 | 379.98 | | | | | | | | | | | | | | | | | | | | | |
| CFS Adjustment | | | | 345.79 | | | | | | | | | | | | | | | | | | | | | | |
| | <p>Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.</p> | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p><u>However Specific observation given by Branch Auditors are given below:-</u></p> | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p><u>a. PaschimanchalVidvutVitran Nigam Limited-</u></p> <p>i) The compliance of Internal Audit Reports in few cases for the F.Y. 2023-24 are in progress.</p> | No Comments, the rectification entries may be passed in the next account. | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>ii) TDS Default and demand of old period as per Traces are appearing on the portal. These need to verified and appropriate action there to should be taken by the company</p> | Active efforts are being made to reconcile and rectify defaults reflecting on TRACES. The balances showing as on 31.03.2023 was Rs. 0.90 crore which is reduced to Rs. 0.63 crore as on 31.03.2024. | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>iii) During the year, expenses for ERP software implementation has been capitalized and classified under the heading "Intangibles assets" as per provisions of Schedule III of the Companies Act, 2013, however complete functioning and independent due diligence of software was not ensured.</p> | The ERP is under the implementation phase. Although go live has been done but the company is working on few modules of the Software to get the desired results/data. | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>iv) No information has been provided as regards to Capital Commitments made by the Company.</p> | No Capital Commitments has been made by the Company during the year. | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>v) Company's assets are un-insured with risk of theft, fire, riots, earthquake etc. and have not made adequate arrangement to save its assets from these incidents in future.</p> | The company "PVVNL" is distributing electricity in 14 districts of Uttar Pradesh through widely scattered | | | | | | | | | | | | | | | | | | | | | | | | |

| | | distribution network which are required to be installed in open areas, which mainly covers Distribution Transformers, Poles, Lines & Cables etc., due to which it is very difficult to get insured the assets. Although, the security of assets has been look after by the company through regular patrolling and fencing of Distribution transformers and substations. | | | | | | | | | | | | | |
|-------------------------------|---|---|---|----------------|----------|-------------------|--------|------------------|--------|-------------------|--------|-----------|--------|--|--|
| | vi) The unaccounted Distribution Losses during the year is 12.72%, the amount of which is indeterminate. The management has not segregated the same between normal loss and/or abnormal loss. Same needs to be looked into for appropriate action by the company. | | The company is making active efforts to minimize the Transmission and Distribution Loss by strengthening the Distribution network. The Distribution and Transmission losses in current financial year drop down to 12.72% in comparison to 14.36% in previous financial year. | | | | | | | | | | | | |
| | b. <u>DakshinanchalVidyutVitrans Nigam Limited-</u> i. The Company has outstanding trade receivables from Government/Semi-Government Consumers of Rs. 4,814.18 Crores, aging of which is as follows: <table><tr><th><u>Outstanding for Period</u></th><th><u>Amount (in Crores)</u></th></tr><tr><td>Up to 6 Months</td><td>2,737.45</td></tr><tr><td>6 Months – 1 Year</td><td>620.48</td></tr><tr><td>1 Year – 2 Years</td><td>243.83</td></tr><tr><td>2 Years – 3 Years</td><td>322.01</td></tr><tr><td>> 3 years</td><td>890.42</td></tr></table> Sufficient efforts should be made to realise the amount of Rs. 1,456.26 crores outstanding for more than 1 year. | <u>Outstanding for Period</u> | <u>Amount (in Crores)</u> | Up to 6 Months | 2,737.45 | 6 Months – 1 Year | 620.48 | 1 Year – 2 Years | 243.83 | 2 Years – 3 Years | 322.01 | > 3 years | 890.42 | | Efforts are being made for collection of due amount from the state government. |
| <u>Outstanding for Period</u> | <u>Amount (in Crores)</u> | | | | | | | | | | | | | | |
| Up to 6 Months | 2,737.45 | | | | | | | | | | | | | | |
| 6 Months – 1 Year | 620.48 | | | | | | | | | | | | | | |
| 1 Year – 2 Years | 243.83 | | | | | | | | | | | | | | |
| 2 Years – 3 Years | 322.01 | | | | | | | | | | | | | | |
| > 3 years | 890.42 | | | | | | | | | | | | | | |
| | ii. The Company has huge outstanding liabilities of Rs. 171.88 crores towards Gratuity Payable to CPF Employees & Rs. 291.47 crores towards leave salary payable to employees. However, as a matter of good corporate governance, the company has failed to make any earmarked investment of such amount to ensure payment of such liabilities on time even in the unfavourable circumstances. | | The suggestion of the Audit will be considered for discussion. | | | | | | | | | | | | |
| | c. <u>Kanpur Electricity Supply Company Limited</u> i. The Company has calculated Interest on Security Deposit (Consumer) @6.75% on the outstanding balance of Total Ledger Balance as per the books. However, the said interest is not reconciled with actual Interest | | It is to kindly inform that booking of Interest as an expense and payment of interest to consumers are different transactions as the former is based on the interest accrued on consumer security deposit during the year and the later is the amount paid to consumers for | | | | | | | | | | | | |

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| | allowed/adjusted by software used for recording sale of energy in the Customer bills raised during the year ended 31.03.2024 ("F.Y.") | interest accrued for previous year as per the practice followed by the company. As per the accrual concept, the expense for security deposit for the year is booked as per applicable rate for the year on the total amount of available security deposit as per book balance rather than on individual ledger balance. On the other hand, payment of interest is done as on the basis of interest accrued for previous financial year and that too on active consumers as per balance available in Online billing portal for each consumer. Thus, the rate of interest as well as the balance of security deposit is different in both financial years and it is not possible to match or reconcile the amount of interest on security deposit booked and allowed/adjusted. |
| | ii. The Company in its Material Accounting Policies has not stated accounting policy for Rebate to Consumers on timely payment of bills. | The Material Accounting Policies of the Company cannot incorporate each and every accounting method, procedure and treatment of the Company as the same contains only Material part. Although, the Rebate to Consumers on timely payment of bills are being accounted for according to the generally accepted accounting practice. |
| | iii. Replies of the management / compliance report of various observations pointed out by the circle wise respective Internal Auditor's in their Internal Audit Report up to the "F.Y." 2023-24 has not been made available to DISCOMS Auditor, hence, They are unable to comment upon the impact, if any, arising in the "IND AS-FS" of "the Company/KESCO". | The Internal audit reports have been discussed in detailed with the auditors and the matter has already been covered in the audit report above. |
| | 6. Report on Other Legal and Regulatory Requirements: i. As required by Paragraph 3(xxi) of the companies Act, (Auditor's report) order 2020 ("the order") issued by the Central Government of India in terms of section 143(11) of the act, we have given the Qualification/ Adverse remarks in Annexure II as reported by respective Statutory Auditors of Subsidiaries. | No Comment |

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| | <p>ii. As required by section 143(3) of the Act, based on our audit on the consideration of report of the other auditors on separate financial statements and the other financial information of Subsidiaries, as noted in the 'other matter' paragraph to the extent applicable, we report that:</p> <p>(a) Except for the matters described in the "Basis for Qualified Opinion" paragraph, we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.</p> <p>(b) In our opinion and except for the matters described in the "Basis for Qualified Opinion" paragraph of our report, proper books of account except as mentioned in Para No. 6H(g)(v) relating to Audit Trail, as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Group so far as it appears from our examination of those books and the reports of the other auditors.</p> <p>(c) Except for the matters described in the "Basis for Qualified Opinion" paragraph, in our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued there under.</p> <p>(d) Except for the matters described in the "Basis for Qualified Opinion" paragraph, in our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued there under.</p> <p>(e) Being a Government Company, pursuant to the Notification No. GSR 463(E) dated 5th June, 2015 issued by Ministry of Corporate Affairs, Government of India; provisions of sub-section (2) of section 164 of the Act, regarding disqualification of the directors are not applicable to the Company.</p> | No Comment |
| | | No Comment |
| | | No Comment |
| | | No Comment |
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| | <p>(f) With respect to the adequacy of the internal financial controls system over financial reporting and the operating effectiveness of such controls; refer to our separate report in “Annexure-III”, which is based on the auditors’ report of the holding company and its subsidiary companies incorporated in India. Our report expresses a qualified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of those companies, for reasons stated therein.</p> | No Comment |
| | <p>(g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:</p> <p>i. Except for the effects of the matters described in the “Basis of Qualified Opinion” paragraph, the consolidated financial statements disclose the impact of pending litigations except for MVVNL and PVVNL (kindly refer relevant Para mentioned under “Report on other legal and regulatory Requirements” of Auditors Report of MVVNL and PVVNL respectively) on the consolidated financial position of the Group;</p> <p>ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts except disclaimer of opinion on this issue given by Auditors of PVVNL.</p> <p>iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.</p> <p>(a) Based on the representation made by management of UPPCL and as reported by DISCOMS Statutory Auditors and to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other source or kind of funds) by the Group to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether, directly or indirectly lend or invest in other persons or entities, identified in any manner whatsoever by</p> | No Comment |

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| | <p>or on behalf of the Group (Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.</p> <p>(b) Based on the representation made by management of UPPCL and as reported by DISCOMS Statutory Auditors and to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the Group from person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that Group shall, whether, directly, lend or invest in other persons or entities identified in any manner whatsoever by or behalf of the Funding Part(“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.</p> <p>(c) Based on audit procedures performed that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that caused us to believe that the representation referred under clause (iv)(a) and (b) contain any material mis-statement.</p> <p>(d) The Group has not declared or paid any dividend during the year, therefore compliance with section 123 of the Companies Act, 2013 was not applicable.</p> <p>iv. As per reporting requirement under Rule 11(g) of Companies (Audit and Auditors) rules 2014, comments on enabling and preservation of Audit Trail of Accounting Software are furnished below:-</p> | |
| | <p><u>Uttar Pradesh Power Corporation Holding Company:</u> As per information and explanation given to us and based on our test checks, Company is in the process of stabilizing ERP Software. During the year under review, payment to vendors, employees and Inter Fund transfer have been made through ERP. However, closing of accounts like</p> | |

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| | <p>preparation of Balance Sheet and related activities are being done on computer with the help of MS excel. Company has not provided any evidence of enabling of Audit trail/edit log facility for above Software. In view of above position, Company has not enabled audit trail/edit log facility during the year under 2023-24.</p> <p>As per proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per statutory requirement for record retention is not applicable for the financial year ended 31st March 2024.</p> | |
| | <p><u>Specific Observations of DISCOM Auditor on Audit Trail are given below:-</u></p> <p>a. <u>PaschimanchalVidyutVitrans Nigam Limited--</u></p> <p>Based on our examination the company following hybrid system of accounting where in its books of accounts is mainly maintaining manually and few transactions like HR payment third, party payment is processing through ERP but the ERP software is under implantation. So, in this situation we are not in position to comment upon audit trail (edit log) while maintain the books of account.</p> <p>As per proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per statutory requirement for record retention is not applicable for the financial year ended 31st March 2024.</p> | <p>The company has migrated all the balances of Manual Accounting System to ERP System upto 31.03.2023 successfully. Further, most of the transactions are routed through ERP System but due to some Technical/System error or complexity of the system, the Account is not yet generated completely from ERP System.</p> <p>The Balance Sheet is being prepared based on the manual accounts, therefore, it can be concluded that we have no fully implanted accounting software yet on the basis of which the Balance Sheet has been drafted. Therefore, there is no question of Software having Edit Log.</p> |
| | <p>b. <u>DakshinanchalVidyutVitrans Nigam Limited-</u></p> <p>Company has prepared its financial statements from books of accounts maintained under manual accounting system using conventional method of accounting such as sectional journals, ledgers, etc. wherein audit trail feature is not available/applicable.</p> | No Comment |

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| | <p>c. <u>MADHYANCHAL VIDYUT VITRAN NIGAM LIMITED</u></p> <p>The reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is applicable from 1 April 2023. Based on our examination, the company, has used a manual accounting system, which is operated by third party service providers, for maintaining its books of account manually and in absence of direct control of the accounts department, absence of mechanism to check data entries for ensuring completeness and correctness, we comment that the audit trail feature of the said system was not enabled and did not operate throughout the year for all relevant transactions recorded.</p> | <p>Though the company has maintained its accounts manually through an outside agency, majority of the transactions, especially related to payments was being done through ERP system. Further, the Accounting system through outside agency was regularly in our monitoring and due processes and controls were adopted to ensure proper accounting.</p> <p>The Balance Sheet is being prepared based on the manual accounts, therefore, it can be concluded that we have no fully implanted accounting software yet on the basis of which the Balance Sheet has been drafted. Therefore, there is no question of Software having Edit Log.</p> |
| | <p>d. <u>PurvanchalVidyutVitrان Nigam Limited</u></p> <p>As per Rule 11(g) of Companies (Audit & Auditors) Rules, 2014 the Company is not using accounting software for maintaining its books of account, which have a feature of recording audit trail (edit log) facility</p> | <p>The Balance Sheet is being prepared based on the manual accounts, therefore, it can be concluded that we have no fully implanted accounting software yet on the basis of which the Balance Sheet has been drafted. Therefore, there is no question of Software having Edit Log. Although, the company is in the process of preparation of complete accounts through SAP (ERP) which is highly recommended software across the Industry.</p> |
| | <p>e. <u>Kanpur Electricity Supply Company Limited</u></p> <p>The reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is applicable from 1 April 2023. Based on examination of DISCOM Auditors which included test checks, and as communicated by the Management, the Company has used accounting software's for maintaining its books of account, which have a feature of recording audit trail (edit log) facility in respect of all relevant transactions recorded in the respective software's. However, the feature of recording audit trail (edit log) facility was not enabled at the database. Level to log any direct data changes for the accounting software's used for maintaining</p> | <p>The company has now implemented ERP which provides all relevant data to form a sufficient Audit Trail.</p> <p>The Balance Sheet is being prepared based on the manual accounts, therefore, it can be concluded that we have no fully implanted accounting software yet on the basis of which the Balance Sheet has been drafted. Therefore, there is no question of Software having Edit Log.</p> |

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| | the books of account. Hence, DISCOM Auditors are unable to comment on the efficacy of the audit trail feature. | |
| | Annexure I to Independent Auditors Report | |
| | (As referred to in "Basis of Qualified Opinion" paragraph of our Audit Report of even date to the members of U.P. Power Corporation Limited on the Consolidated Financial Statements of the Group for the year ended 31 st March, 2024) Based on our audit on the consideration of our report of the Holding Company and the report of the other auditors on separate financial statements and the other financial information of Subsidiaries, as noted in the 'other matter' paragraph to the extent applicable, we report that: | |
| | <u>1. Uttar Pradesh Power Corporation Limited (UPPCL)</u> On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that: 1. (a) Note 12 Other Current Assets - Other Rs. 1773.42 crore include Rs 779.33 crore (Outstanding for more than 3 years) Receivable from Generators as mentioned in Para No. 26 of Note 30: Notes on Accounts for which no confirmation and reconciliations/details are available since long. Same was reported also in previous years Audit Report for making suitable Provision. Considering above, we are of the opinion that Provision for Rs 779.33 crore "Receivable from Generators" should be made in accounts. Loss of the Company is understated and Other Receivable - Receivable related to Power Purchase Note No 12 Other Current Assets - Other is over stated to that extent. | Reconciliation of these balances is under process by dedicated outside agency. The necessary accounting/adjustment shall be made after completion of said reconciliation. |
| | (b) Receivable from Generators also includes Debit Balance of NHPC for Rs.457.00 crore against Rs. 343.00 crore as on 31-03-2023. Reason/ Details for such increase has not been provided to us. Similarly, there are other debits raised during the year 2023-24 in the accounts of various Generators for which no explanation could be furnished to us. | As the reconciliation of difference in outstanding balances in the books of NHPC & UPPCL is under process but as per NHPC there is outstanding to be paid as on 31/03/2023 and UPPCL can't stop payment against balances of 31/03/2023 and onwards since NHPC along with other generators submits their invoice |

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| | | on the PRAPTI PORTAL and same has to be paid within due date to avoid implementation of regulation on UPPCL under LPS Rule, 2022. However, once reconciliation is done the appropriate accounting adjustment shall be made. Post reconciliation, if any amount is found recoverable from NHPC the same shall be recovered along with carrying cost as per Provision of PPA. |
| | <p>2. Company has made a provision for impairment in Subsidiaries, Associate and Others [Note-5 except Para II (b) Bonds] on the basis of Net worth of Investee Subsidiaries as on 31st March, 2024 which is not in accordance with Ind AS 36 Impairment of Assets.</p> | <p>As per Para 9 of Ind AS 36, "An entity shall assess at the end of each reporting period, whether there is any indication that an asset may be impaired. If such indication exists, the entity shall estimate the recoverable amount".</p> <p>Hence, the company has estimated the recoverable amount on the basis of net worth of the subsidiaries</p> <p>The old balances which are carrying over since last so many years, are mostly related to Transfer scheme. Presently we are in the process of scrutinizing the same and necessary accounting like writing off/writing back etc shall be done after the thorough review of the same.</p> |
| | <p>3. Loans and Other Financial Assets (Note 6 Non-current Financial Assets – Loans & Others), Current Financial Assets-Others (Note 11), Other Financial Liabilities - (Note 16 Non – Current Financial Liabilities - Others), includes certain old balances under various heads of assets and liabilities which are carrying over since last so many years and have not been reviewed/reconciled during the financial year. As per Note No. 12a to the Note No 30: Notes to Accounts, Company has regrouped certain old debit balances amounting Rs. 121.81 crore (including Rs. 74.05 crore IUT balances) and Rs. 6.96 crore old credit balances in Asset Migration/Liability Migration Account in Note No. 6. Non- Current Financial Assets -Loans & Other Financial Assets and Note No.16. Non- Current Financial Liabilities - Other respectively. Regrouping done by Company is in deviation with the financial reporting framework. According to which assets and liabilities needs to be disclosed in the format/classification prescribed in Schedule-III to the Companies Act.</p> | |
| | <p>4. (a) Capital Reserve:</p> <p>No details have been provided to us regarding Capital Reserve Rs 195.95 crore.</p> <p>(b) Restructuring Reserve:</p> <p>A Credit balance of Rs. 540.31 crore is included in "Other Equity Note-14 as</p> | <p>The unadjusted transfer scheme balances after due scrutiny will get transferred to separate AG code and will be adjusted in future as and when it get reconciled.</p> |

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| | Restructuring Reserve. As confirmed to us, the balances are old and has been transferred through transfer scheme. No detail was available for aforesaid Reserves. | |
| | 5. On examination of search report furnished to us, we came to know that pari-passu charges has been registered on Receivables /Current Assets of the company against borrowings sanctioned by the Bankers, while Debenture Trust Deed executed with the Trustees of the Bonds shows that there is an exclusive charge of Trustee on Current assets/ receivables of the Company including book-debts which is in contravention of the terms of the Hypothecation Deed executed with the Bankers. Company has to take up the matter suitably with the Lenders. Appropriate disclosure for the same has not been given in the Notes on Accounts. | Actions for harmonization of security in the issue of conflict/disconnect in security provided to different lenders etc. is under process. |
| | <p>Non-Compliances of Ind-AS</p> <p>6. The Company has not complied with the following Ind AS notified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended):</p> <p>i. Financial Assets- Financial Assets-Other (current) (Note-11), Other Current Assets (Note-12), Financial Liabilities-Trade payable (Note-18) and Other Financial Liabilities (Note-19) have been classified as current assets/liabilities include balances which are outstanding for realisation/settlement since previous financial years and in the absence of adequate information/explanations regarding the realisability/settlement/ confirmation of balances for such amounts within twelve months after the year end, classification of same as current assets/liabilities is inconsistent with Ind AS 1 Presentation of Financial Statements. This has resulted in over statement of respective Current Assets/liabilities and understatement of the corresponding Non-Current Assets/Liabilities. Few specific instances include Unscheduled Interchanges Charges Pool a/c is Rs 514.31 crore and Reactive Energy Charges Rs 124.65 crore as on 31st March 2024 included in "Current Assets-Other" Note -11.</p> | As per Ind AS-1 Presentation of Financial Statements, <i>'an entity shall classify an asset/ liability as current when, inter alia, it expects to realise/ settle the asset/ liability (respectively) within twelve months after the reporting period.'</i> The Company expects Financial Assets-Other (Note-11), Other Current Assets (Note-12); and Financial Liabilities-Trade Payable (Note-18) and Other Financial Liabilities (Note-19) to be realized and settled (respectively) within twelve months after the reporting period. Hence, the aforementioned items are being classified current and not as non-current. |
| ii. | Recognition of Insurance and other claims, refunds of Income Tax, Interest on Income Tax & Trade Tax/GST, interest on loans to staff and other items of income covered by Significant Accounting Policy No. B (c) of Note-1 has been done on cash basis. This is not in accordance with the provisions of Ind AS 1 | Considering the uncertainty of realization, these incomes are accounted for on receipt basis. |

| Presentation of Financial Statements. | |
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| iii. | <p>Additions during the year in Property, Plant and Equipment include Employee cost at a fixed percentage of the cost of each addition to Property, Plant and Equipment in accordance with Note-1 Significant Accounting Policy Para C (I) (d). Such employee cost to the extent not directly attributable to the acquisition and/or installation of Property, Plant and Equipment is inconsistent with Ind AS 16 Property, Plant and Equipment. This has resulted in overstatement of fixed assets and depreciation and understatement of employee cost. However, impact is not quantifiable at this stage.</p> |
| iv. | <p>Accounting for Employee Benefits: Actuarial Valuation of pension and gratuity liability of the employees covered under GPF scheme has not been obtained. (Refer Para 5 (a) Note – 30 “Notes on Accounts”). This is inconsistent with Ind AS 19 Employee Benefits.</p> |
| v. | <p>The Financial Assets (Note-6, 8 and 11) have not been measured at fair value as required by Ind AS 109 Financial Instruments and proper disclosures as required in Ind AS 107 Financial Instruments: Disclosures have not been done for the same.</p> |
| vi. | <p>Further Company has not disclosed the reasons for non- compliance of various Ind AS as required by IND AS-1 Presentation of Financial Statements.</p> |
| 7. Inter unit transactions amounting Rs. 78.13 crore, are subject to reconciliation and | |
| | <p>Due to multiplicity of functional units as well as multiplicity of functions at particular unit, the company has formulated a policy of accounting and capitalizing the employee related costs at fixed percentages (15% on deposit works and 9.5% on other works).</p> |
| | <p>Actuarial valuation of gratuity liability in respect of CPF employees and leave encashment liability in respect of both GPF and CPF employees has been done in accordance with the provision of IND AS-19. As regard actuarial valuation of pension and gratuity for GPF employees, it is stated that the provision has been made on the basis of actuarial valuation report dated 09.11.2000 and the same facts has also been disclosed in Notes to Account.</p> |
| | <p>As per Ind AS- 113 Fair Value Measurement, fair value means ‘the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.’ And the Company expects to realise the only respective amounts which are being accounted for in the Financial Assets and hence, has considered the same as its Fair Value.</p> |
| | <p>The necessary Accounting and disclosures has been made as per Ind AS and accounting policy adopted by the company</p> |
| | <p>The Inter unit transactions are under reconciliation. The</p> |

| | consequential adjustments. (Refer Para No. 8 Notes on Accounts). | reconciliation of inter unit transactions is a continuous process and the effect of the entries is given in the accounts of reconciliation. | | | | | | | | | | | | | | | |
|--------|--|---|-------------|------------------|----|-------------|---------|----|---------------------|---------|----|---------------------|---------|--|-------|----------|--|
| | <p>8. Non –Compliance of C &AG comments for FY 2022-23</p> <p>(a) C &AG Audit during 2022-23 had issued comments on excess booking of subsidy in DISCOMS accounts as per summary given below: -</p> <table border="1"> <tr> <th>Sl No.</th><th>Particulars</th><th>Amount (in Core)</th></tr> <tr> <td>1.</td><td>UDAY Scheme</td><td>2368.34</td></tr> <tr> <td>2.</td><td>RDSS Scheme (22-23)</td><td>4112.25</td></tr> <tr> <td>3.</td><td>RDSS Scheme (21-22)</td><td>5372.50</td></tr> <tr> <td></td><td>Total</td><td>11853.09</td></tr> </table> <p>As per Para No. 22 of Note No. 30 Notes to Accounts, Company has clarified that the aforesaid issue raised by C&AG was due to difference of opinion in interpretation of methodology used for computation of subsidy amount. The same methodology has also been adopted during the financial year 2023-24. Further company has taken up the matter with appropriate authorities for resolution of aforesaid issues. Pending resolution of same/ receipt of necessary clarification by appropriate authorities, impact of aforesaid comment on profitability during the year 2023-24 as well as financial position of Company as on 31.03.2024 are not being quantified by us.</p> <p>(b) No Provision for interest on delayed payment, on deposit/ non deposit of GPF/ Pension Contribution/Gratuity Contribution for Rs. 28.65 crore has been made in the accounts.</p> | Sl No. | Particulars | Amount (in Core) | 1. | UDAY Scheme | 2368.34 | 2. | RDSS Scheme (22-23) | 4112.25 | 3. | RDSS Scheme (21-22) | 5372.50 | | Total | 11853.09 | <p>Necessary Disclosure in this regard has been made at Para no.22 of Note no.30 Notes to accounts.</p> <p>As per audited accounts of the company for the financial year 2012-13 to 2023-24, liability towards GPF contribution is showing debit balance. Since there has always been a debit balance during the period 2012-13 to 23-24, no provision of interest has been made. As regards accounting of interest on liability towards pension and gratuity, it is stated that regular interest is not payable to employee on pension and gratuity as in case of GPF hence provision of interest on pension & gratuity is not required. The company is also in</p> |
| Sl No. | Particulars | Amount (in Core) | | | | | | | | | | | | | | | |
| 1. | UDAY Scheme | 2368.34 | | | | | | | | | | | | | | | |
| 2. | RDSS Scheme (22-23) | 4112.25 | | | | | | | | | | | | | | | |
| 3. | RDSS Scheme (21-22) | 5372.50 | | | | | | | | | | | | | | | |
| | Total | 11853.09 | | | | | | | | | | | | | | | |

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| | | process of reconciliation with the GPF trust |
| | <p>9. (a) As explained in Para No. 24a of Note No. 30 Notes to Account, Bank Balances include Rs. 8.96 crore held with various Banks as on 31-3-24 which are not in name of U.P. Power Corporation Ltd. Lucknow which includes Rs. 8.80 crore pertaining to Bank Accounts in the name of various DISCOMS and Rs. 0.16 crore lying in 9 Banks accounts with Account title name in conjunction with UPPCL DISCOMS and collection agencies.</p> <p>(b) Other Income Note 21 interest from Fixed Deposit Rs. 148.26 crore includes Rs. 0.20 crore (Negative Figure) of SBI, Lucknow for which details and confirmation from Bank could not be furnished to us. In absence of details correctness of accounting treatment cannot be confirmed.</p> | <p>Necessary Disclosure in this regard has been made in Para 24a of Note No.30 Notes to Accounts.</p> |
| | <p>10. Non-compliance of Accounting Policies: Company has to review certain accounting policies which are in contradiction with accounting treatment given in the financial statements. Major instances are given below:</p> <p>(a) INVESTMENTS: Provision for impairment is not being made at its Fair Value as per Ind AS-109 as mentioned in the respective accounting policy.</p> <p>(b) FINANCIAL ASSETS: Financial assets on subsequent measurement are not recorded at amortized cost as per Ind AS- 109, as mentioned in respective accounting policy. Impairment on financial assets is not being made based on Expected Loss.</p> <p>(c) FINANCIAL LIABILITIES: Borrowings are not measured at Fair Value using</p> | <p>The interest of SBI that is reflected in negative is due to the differences of interest being charged by the bank due to the pre-maturity of FDR. In this reference SBI has provided their clarification.</p> <p>As per Para 9 of Ind AS 36, "An entity shall assess at the end of each reporting period, whether there is any indication that an asset may be impaired. If such indication exists, the entity shall estimate the recoverable amount. Hence, the company has estimated the recoverable amount as per Ind AS 109 on the basis of net worth of the subsidiaries.</p> <p>Necessary accounting has been made as per accounting policy and a related disclosure has been made in Notes to accounts</p> <p>Borrowings are measured at fair value as it represents</p> |

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| | effective rate of Interest as mentioned in the Accounting Policy. | the actual amount of liability which is to be paid off. |
| 11. | <p>Maintenance of Proper Books of Accounts:</p> <p>The Company has systems of maintaining various Sectional Journals wherein vouchers relating to day-to-day transactions are recorded in these Sectional Journals. The existing systems of balancing Cash Book on the monthly basis and posting in different Sectional Journals to summaries and from summaries to monthly Trial Balances is not adequate enough to give financial position of different account at any given time in an organized manner. It was observed that the maintenance of party-wise Subsidiary Ledgers and its reconciliation with primary books of accounts i.e., cash Book and Sectional Journals are not proper and effective. Further, Company has not maintained Audit Trail (Edit log facility) as reported in Para No. 6(h)(vi) of our Audit Report on Standalone Financial statements</p> | <p>Proper and effective procedure for maintenance of monthly accounts and subsidiary ledger is already prescribed in the Company. Further, in order to strengthen the existing system through information technology, the company is in process of implementation of ERP system.</p> |
| 12. | <p>Employee Benefit Expenses (Note- 23), Administrative, General & Other Expenses (Note- 26), and Repair & Maintenance Expenses (Note- 27) have been allocated among Subsidiaries and other Power Sector Companies owned by the Go UP (i.e., UPPTCL, UPRVUNL & UPPVNL) on the basis of data / information (i.e., units of power sold to Subsidiaries DISCOMS, no. of employees, area occupied) related to the financial year 2022-23, instead of financial year 2023-24. (Para No.30 of Note 30 Notes to Accounts).</p> | <p>In view of many difficulties in obtaining/collecting all the base information for allocation of expenditure at the end of the year, the basis of information for allocation has been taken for the previous year.</p> |
| 13. | <p>Non-Disclosures in Notes on Accounts:</p> <p>Following disclosures have not been made in accounts:</p> <ol style="list-style-type: none"> Allotment date for Share Application Money placed with DISCOMS. Matrix of Maturity Analysis- Borrowings and Liabilities due in Para No. 35e to Note No. 30 Notes to Accounts do not include the analysis of Trade Payables of Rs. 19,461.71 crore (Liability for Purchase of Power) as on 31-03-2024. | <p>Management has made disclosures which is necessary and related to accounts for the FY 2023-24.</p> |
| 14. | Major Non-Compliances of Law | |

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| | <p>i) Company has not appointed any Company Secretary as required u/s 203 of Company Act 2013 during the year 2023-24. As informed by Management, new Company Secretary has joined on 07/06/2024.</p> <p>ii) As per Section 177 of the Companies Act 2013, following major compliances/ issues were not placed before Audit Committee as also delegated by the Board of Directors:</p> <p>(a) Approval or any subsequent modification of transactions of the Company with related parties.</p> <p>(b) Scrutiny of Inter-Corporate Loans and Investments.</p> <p>(c) Evaluation of Internal Financial Controls and Risk Management Systems.</p> <p>iii) Only one meeting of Risk Management Committee has been held for constitution of members instead of minimum 2 meetings in a year as per SEBI (LODR) Guidelines.</p> | <p>Company has made recruitment of Company secretary who has joined the UPPCL on 07.06.2024.</p> <p>All related party transactions are considered and approved by the Audit Committee and placed before the Board on half yearly basis and all other stipulated matters are placed before the Audit Committee and Board as and when arise</p> <p>The Company shall adhere to the requisite compliances.</p> |
| | <p>15. Major Audit observations in Material Management Zone Audit Report excluding those which have been appropriately dealt with elsewhere in the report: -</p> <p>(A) <u>Investment</u></p> <p>During review of decision taken as per minutes of meeting held on 09.08.2018 between Principal Secretary Energy, Go MP and Principal Secretary Energy, GoUP at Lucknow in compliance to directions given by the Honble APTEL in appeal no. 59 of 2014 and IA no. 111 of 2014 and Appeal No. 120 of 2014 on 25.07.2018 it was observed that :</p> <p>i. The company has entered in to arrangement with MPPMCL for 18.15 MW share in the project of Rajghat HPP at an equity contribution of Rs 66.74 crore, which works out to 40.32% share in the total cost of capital of Rs</p> | <p>The payment of Rs. 65.50 Crores considered as equity contribution against share of UP in Rajghat HEP was done at the time of erstwhile UPSEB (during 1997-</p> |

165.50 crore. However, the unit has not been able to identify the said equity contribution in the books of accounts of the Company.

ii. Status of Reconciliation of the power scheduled for generation from Rajghat HPP plant since inception and actual scheduled generation to U.P. required to be worked out as per clause 6 of the said minutes is not available in records for determination of compensation of the energy receivable by U.P.

In absence of requisite details at point a) and b) above, Branch Auditors has expressed their inability to comment on the impact, if any, on the financial statements of the unit. (Unit# 330)

1998). The matter is under scrutiny/reconciliation and accordingly appropriate action will be taken.

As regard, the additional amount of 1.24 Crores as UP's share towards Difference in actual capital cost of the Rajghat HEP spread over the years FY 2002-03, 2003-04 and FY 2004-05 has been set off against the interest payable to UPPCL by MPPCL in compliance of MoM dated 25.07.2018. No separate accounting has been identified as equity contribution in the books of accounts.

(B) Loans & Advances (UMPP):

i. A sum of Rs.152.15crore (Previous Year Rs. 173.06 crore) Appearing under the head '27.8 – Loans and Advances Others' includes Rs. 126.97 crore pertains to Advances provided as for Ultra Mega Power Projects and is outstanding since long period.

| UMPP | Advance as per EIE&PC (Rs. In crore) |
|---|--------------------------------------|
| ORISSA | 69.69 |
| BANKAR – BIHA (UMPP under Closure) | 6.00 |
| CHEYUR – TAMILNADU (UMPP under Closure) | 9.27 |
| SAKHHIGOPAL (UMPP under Closure) | 4.80 |
| TATIYA ANDHRA (UMPP under Closure) | 5.95 |
| TILAIYA | 11.55 |
| SASAN | 0.00 |
| JHARKHAND | 18.59 |
| KARANPURA | 1.12 |

UPPCL vide e mail dated 15/05/2024 has asked the following from UMPP Nodal Agency M/s PFC India:

1. Present status of all UMPPs

2. Status of money deposited by UPPCL as commitment advance etc

3. Status of return of money deposited by UPPCL as commitment advance etc for all UMPPs

In response to the above, PFCCL vide their E-mail dated 24.05.2024 has informed that in view of country making transition from Fossil Fuels towards non-fossil fuels, UMPPs are being closed and the process for closure of UMPPs is initiated and financial position of Uttar Pradesh shall be intimated after reconciliation and adjustments.

In this reference, it is worthwhile to mention here that as per Ind AS 37 "A provision is recognized when the following conditions are met:

(a) There is a present obligation (legal or constructive) that's the result of a past event

(b) It's likely that resources will be needed to settle the obligation

(c) The amount of the obligation can be reliably estimated

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| | <p>Total for UMPP</p> <p>126.97*</p> <p>* Includes Rs.12.02 crore provided as doubtful debts in the last year 2022-23 but again written back without proper disclosure in accounts.</p> <p>Review of the status of above mentioned projects revealed that UPPCL has requested GoUP for requesting Energy Department, GOI for refund of the advances in respect of UMPP under closure along with carrying cost. Considering the closure of some of the projects, long pending advances, remote possibility of recoveries at this stage etc., Although, Branch Auditors have expressed their inability to comment the impact on the financial statements of the unit owing to non-recoveries, if any, on this account, yet keeping in view the status of projects disclosed by Branch auditors, we are of the opinion that necessary provision for Projects under closure to the extent of Rs. 26.02 crore should be made in accounts and for remaining amount to the extent of Rs. 100.95 crore, necessary follow up is to be made for its expeditious settlement/recovery. Consequently, loss of the company is understated to the extent of Rs. 26.02 crore and Note No 6:-Non –current financial assets- Loans & Others is overstated to that extent.</p> <p>ii. Review of records reveals that some of the UMPP have paid interest on the above advances in earlier years whereas no such interest has been accounted for in the current financial year, which needs to be looked into with reference to respective terms of agreement, if any, on this account. Further, latest confirmation of balances is not on records and as such balances are subject to reconciliation and confirmation. Impact of the said reconciliation, if any, on financial statements is not ascertainable at this stage by Branch Auditors.</p> | <p>Since, financial position of UP in respect of advance given to all UMPPs will be intimated after reconciliation and adjustment as mentioned above, then in such scenario quantum of provision which ought to be made cannot be reliably estimated. Hence in the absence of any reliable/best estimate, the measure/quantum of provision cannot be determined. Considering this, no provision has been made in respect of advance given to UMPPs as well as existing provision of Rs.12.02 crores has been reversed. This fact has been clearly disclosed under point 33 of Note no-30 (Notes to Account).</p> <p>It is to submit that no details of utilised/unutilised fund and rate of interest is available. Hence interest is being accounted on the basis of information/details appearing in form 26AS. As per latest communication from PFCCCL vide email dated 24.05.2024, the process for closure of UMPPs is initiated and financial position of Uttar Pradesh shall be intimated after reconciliation and adjustments.</p> |
| | <p>(C) Credit balance of Rs. 16,66,25,625.34 is appearing under the head 28.6201 subsidy receivable from UPNEDA and debit Balance of Rs. 14,96,10,502.40 appearing under the head 28.6202 – Subsidy from IREDA is subject to reconciliation and confirmation. Impact of the said reconciliation and confirmation, if any, on financial statements is not ascertainable at this stage by Branch Auditors.</p> | <p>UPNEDA and IREDA is being continuously requested through letters/email to confirm balances as appearing in UPPCL books and provide their statement.</p> |

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| | <p>(D) During review of bills in respect of banked energy, it was observed that banked energy lapsed for withdrawal and available for drawl is not being bifurcated as per CRE guidelines. In some cases it was observed that withdrawal of energy was made in spite unavailable banked energy, which is not in accordance with CRE guidelines. Non-bifurcation of energy in lapsed and available for drawl may result in lack of control over supply of energy in excess of Banked energy available for drawl resulting in loss of revenue. Further, test checks of the provisions made balance of banked energy was found to be varying with the details of energy banked & drawn available in records of generators. Hence, the aspect of determination of lapsed & available energy needs reconciliation in respect of all such co-generators for ensuring proper control over the banked energy and creating provision in books of account. Hence, Impact of such reconciliation and bifurcation, if any, on provision of Rs. 32,03,51,897.50 created during the year and accumulated provision of Rs. 67,39,24,024.50 as on 31.03.2024 is unascertainable at this stage by Branch Auditors.</p> | <p>As the matter of encashment of Banked Energy is pending for decision at Hon'ble High Court. Currently no encashment of lapsed energy is being claimed by the Co Gens. After final outcome, the computation of lapsed/available units will be done accordingly. Meanwhile Provision for balance energy after withdrawal has been created in the books as best estimate of the liability. Further, this is to inform that any excess withdrawal of energy over banked energy is to be billed by DISCOM and as such no financial impact or loss of revenue on account of the same is on the books of EIEPC.</p> |
| | <p>(E) <u>Deviation Settlement Charges/(Incentive)</u></p> <p>i) Deviation settlement charges of Rs. (68.08) crores (Net) have been accounted for as per bills received from UPSLDC for the period up to November 2023 only. However, no provision has been made towards DSM charges / (incentive), in absence of receipt of Bill from UPSLDC and lack of reasonable basis for such estimation and as such Branch Auditors has express their inability to comment upon the impact of the same, if any, on financial statements.</p> <p>ii) Review of ledgers pertaining to DSM charges owing to change in system for accounting of deviation settlement by UPSLDC instead of UPPCL during current year 2023-24 revealed that Reconciliation with UPSLDC done for the period up to 31.03.2023 contains Rs. 73.73 crore received by UPSLDC from NPCL and Solar Producers for the period up to 30.09.2022, which is subject to</p> | <p>Amount of DSM charges cannot be estimated and accordingly it is being booked on the basis of receipt of bill. Hence, Provision for the same has not been accounted for.</p> <p>UPERC has not allowed for adjustment/recovery of amount for the period upto 30.09.2022, from UPSLDC. Hence this amount is still receivable from NPCL.</p> |

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| | reconciliation. Hence, impact of said reconciliations & its final settlement on financial statements is not ascertainable at this stage by Branch Auditors. | |
| | <p>(F) <u>Purchase of Power</u></p> <p>i) Aspect of recoverable amount of Rs. 13,694.00 Lakh from M/s LancoAnpara Power Project (LAPL) persistently observed in concurrent audit reports for the year 2023-24 issued by M/s Kherada& Company is explained to be under review of Management from long time. Hence, impact of the final decision taken by management in the matter on the financial statement of the company, if any, is unascertainable at this stage by Branch Auditors.</p> <p>ii) The unit has accounted for Late payment surcharge (LPSC) of Rs. 261.76 crore i.e. Rs. 254.77 crore in Account Code -70.154 and Rs. 6.98 crore in Account Code 70.402 during the year. Accounting system adopted by unit is in diversion of accepted accounting policy on accrual basis where LPS should be accrued after the specified time period as per PPA in respect of unpaid bills, whereas unit has accounted for only in respect of bills received on this account by EI&PC unit (Unit # 330). Hence, no proper system is in place where status of bill wise LPS could be determined for accounting of LPS on accrual basis. Under the circumstances, Branch Auditors has express their inability to comment upon the amount of provision of LPSC and its consequent impact on profitability and liabilities of the unit.</p> | <p>Matter is under process and necessary action shall be taken as per the final outcome.</p> <p>The unit has verified Late Payment Surcharge bills of generators as per the provision of PPA. Proper checking and computation is carried out before verification all LPS bills. In cases where LPS bills were pending for verification, appropriate provisions have been made in the books. Further, the calculation sheet on the basis of which Late Payment Surcharge is being calculated jointly signed by the generator, fund section for payment and rebate and EIE & PC for bills, so there is a proper system for the verification of the Late Payment Surcharge Bills.</p> <p>Hence, there is no understatement/overstatement of loss on account of Late Payment Surcharge at the unit level. Further, ERP system of Bill verification would help to strengthen internal control for computation and accounting of LPS.</p> |
| | (G) Review of trial balance reveals that receivable appearing under the head '28-Sundry receivable' includes following balances continuing from old time, reconciliation of which was informed to be under process. Pending | <p>Against Total Rs. 222.70 Crores accrued Interest on Loan to NPCL under GL 28.250, 28.250A and</p> |

| | <p>reconciliations and confirmation of such old continuing balance. Branch Auditor has express their inability to comment over the same and its impact on the financial statements.(Unit #330 EIE&PC)</p> <table border="1"> <thead> <tr> <th>AG CODE</th><th>SUB-HEAD</th><th>AMOUNTS(INR)</th></tr> </thead> <tbody> <tr> <td>28.250A</td><td>28.250A</td><td>(6,59,22,574.00)</td></tr> <tr> <td>28.250NPC</td><td>Noida</td><td>3,30,78,000.00</td></tr> <tr> <td>28.290</td><td>Other Income accrued & Due</td><td>5,04,47,778.00</td></tr> <tr> <td>28.401A</td><td>Misc. Advances Other than Mater</td><td>(46402.79)</td></tr> <tr> <td>28.801</td><td>Wheeling Charges</td><td>1,29,48,940.00</td></tr> <tr> <td>28.809</td><td>Others</td><td>(30,79,58,906.46)</td></tr> <tr> <td>28.879</td><td>UP Power Transmission Corp Ltd.</td><td>6,63,96,296.10</td></tr> <tr> <td>28.862</td><td>Misc. Deposits / Receipts (Not Specified)</td><td>2,95,25,000.00</td></tr> </tbody> </table> | AG CODE | SUB-HEAD | AMOUNTS(INR) | 28.250A | 28.250A | (6,59,22,574.00) | 28.250NPC | Noida | 3,30,78,000.00 | 28.290 | Other Income accrued & Due | 5,04,47,778.00 | 28.401A | Misc. Advances Other than Mater | (46402.79) | 28.801 | Wheeling Charges | 1,29,48,940.00 | 28.809 | Others | (30,79,58,906.46) | 28.879 | UP Power Transmission Corp Ltd. | 6,63,96,296.10 | 28.862 | Misc. Deposits / Receipts (Not Specified) | 2,95,25,000.00 | <p>28.250NPC, 100% provisioning has been done.</p> <p>Balances appearing under other AG Codes are very old and are being reviewed and accordingly necessary adjustment will be carried out in books of accounts.</p> |
|-----------|---|--|----------|--------------|---------|---------|------------------|-----------|-------|----------------|--------|----------------------------|----------------|---------|---------------------------------|------------|--------|------------------|----------------|--------|--------|-------------------|--------|---------------------------------|----------------|--------|---|----------------|--|
| AG CODE | SUB-HEAD | AMOUNTS(INR) | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 28.250A | 28.250A | (6,59,22,574.00) | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 28.250NPC | Noida | 3,30,78,000.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 28.290 | Other Income accrued & Due | 5,04,47,778.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 28.401A | Misc. Advances Other than Mater | (46402.79) | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 28.801 | Wheeling Charges | 1,29,48,940.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 28.809 | Others | (30,79,58,906.46) | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 28.879 | UP Power Transmission Corp Ltd. | 6,63,96,296.10 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 28.862 | Misc. Deposits / Receipts (Not Specified) | 2,95,25,000.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (H) | <p>The Electricity Import Export & Payment Circle Unit of the Zone has accrued interest of Rs. 29,67,52,933.00 (PY Rs. 25,81,93919.00)during the Financial Year 2023-24 against advance provided to Noida Power Company Limited. Total accrued interest as on 31.03.2024 under the head 28.250 stands at Rs. 225,98,33,419.00. In this regard we were explained that no recovery has been made from NPCL since very long time and 100% provision against the same is created at HO level. Recognizing it as an income when the recovery is uncertain is in contravention to Ind AS 115. In the absence of proper details and information, Branch Auditors has express their inability to quantify the recoverable amount and its consequential impact on financial statement.(Unit#330 EIE&PC)</p> | <p>Total Interest accrued as on 31.03.2024 is Rs. 222.70 Crores (Total of AG 28.250, 28.250A & 28.250NPC).</p> <p>It is to state to audit that interest had been charged on the basis of the agreement made between NPCL and UPPCL (erstwhile UPSEB).</p> <p>Further, since 100% provisioning has been done considering the uncertainty of recoverability of the said interest accrued, hence there is no impact on financial statement.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (I) | <p>We observed lack of proper system of review for identifying doubtful dues, especially those arising out of disputes pending before respective judicial forums and absence of regular follow ups with the respective parties for recoverability of outstanding balances. In the absence of which Branch Auditors has express their inability to quantify the amount of provision which is required for irrecoverable or doubtful dues and its consequential impact on the financial statements.(Unit#330 – EIE&PC)</p> | <p>The audit comment is general in nature and not a specific one. It is pertinent to mention here that cases pending before various judicial forums such as SC, HC, CERC/UPERC are being regularly followed up by concerned units of UPPCL.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (J) | <p>TDS Receivables-</p> | <p>Interest cost or Interest receivable included in the Power</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| | <p>i) The zone has received interest amounting to Rs. 21,24,72,170.00 and TDS receivable of Rs. 2,12,47,217.00 thereon, the amount of interest has been netted off from the purchase cost in the books. Purchase cost and interest income, therefore are understated to the said extent. (Unit#330 EIE&PC).</p> <p>ii) Zone has balances aggregating to Rs. 166,27,25,975.72 as TDS receivable appearing in the books of account of different units. In the absence of year wise breakup and status of completion of the assessment, Branch Auditor has expressed their inability to comment upon the genuineness of the same.</p> | <p>Purchase Bills presented by Generators on account of adjustment/revision in compliance of UPERC/CERC regulations or orders etc. have been accounted under power purchase cost. Since, the total power purchase cost is to be transferred to DISCOMs as Power sale price, hence, there is no understatement/ overstatement of profit or loss and no impact on profitability.</p> <p>Out of the Total TDS receivable of Rs. 166,27,25,976 as per books under AG Code 27.422 and AG Code 27.425, Rs. 81,97,11,629 pertains to FY 2022-23 (refund not yet processed) and Rs. 79,04,97,667 pertains to FY 2023-24 (to be claimed in ITR of the current year). TDS receivable related to previous years prior to FY 2022-23 amounting Rs. 5,25,16,680 for which necessary follow-up is being done with tax department for releasing the same.</p> |
| | <p>(K) Liabilities for purchase of power: Review of liabilities of Rs.19461,71,57,794.39 appearing under the head 41- Liabilities for purchase of power reveals that :</p> <p>i. The Zone has booked during the year an amount of Rs. 5932,93,24,559.00 towards liability for power purchase including a sum of Rs. 9,34,13,00,694.00(PY Rs. 807,32,35,027.00), as unbilled and unverified power purchase cost and Rs. 280,15,366.00 (PY Rs.112,37,54,841.00) as unverified LPS Charges. Further, said Liability of power purchase as on 31.03.2024 includes a sum of Rs. 76,98,45,91,817.92 (Previous year 98,63,22,74,268.11) pertaining to provisions made in respect of unbilled, unverified power purchase Bills, LPSC etc. which implies that accumulated provisions are much higher than the provisions made during the year and have also stagnated in few cases and as such requires review for determining the adequacy & correctness of such provisions continuing from long time. Pending reconciliations and confirmation of such old continuing balance, Branch Auditor have expressed their inability to comment over the same and its impact on the financial statements. (Unit #330). Aforesaid position reflects that total unverified and unbilled trade payable</p> | <p>Out of accumulated provisional liability 77% pertain to current year and provisions prior to 2020-21 are being reviewed and necessary adjustment will be carried out in FY 2024-25</p> |

towards power purchase constitute approx more than 39% of the total trade payable amount. Considering above position, Branch Auditors are not in a position to confirm the veracity of trade payable including disputed trade payable as reflected in the Notes on Accounts.

ii. Details of some the non-moving and stagnated accounts aggregating to Rs. 1,07,82,91,566.75 included in aforesaid liability also require reconciliation & confirmation. Pending reconciliations and confirmation of such old continuing balance, Branch Auditors has express their inability to comment over the same and its impact on the financial statements.

Matter is under reconciliation with the concerned GenCos.

| Ac | Code | Name | Opening Balance | Closing Balance |
|----|------|------------------------------------|------------------|---------------------------|
| 41 | 772 | ABHINAV STEEL (P) LTD, JAUNPUR | 36,37,041.00 | 36,37,041.00 |
| 41 | 872 | ABHINAV STEEL (P) LTD, JAUNPUR | -44741947.00 | -4,47,41,947.00 |
| 41 | 119A | CHHATISHGHAT PP | -270669.00 | -2,70,669.00 |
| 41 | 404 | GEL (AP) NRLDC | -3,40,75,557.69 | -3,40,75,557.69 |
| 41 | 403 | GLOBAL ENERGY LIMITED | -56,24,535.00 | -56,24,535.00 |
| 41 | 711 | M/S KANNORIA CHEM.& INDS.LTD | -9,84,42,867.78 | -9,84,42,867.78 |
| 41 | 424 | M/S KNOWLEDGE I.N.S.P. LTD | -31,66,009.28 | -31,66,009.28 |
| 41 | 171 | MPTCL | -1,84,920.00 | -1,84,920.00 |
| 41 | 271 | MPTCL | 5.00 | 5.00 |
| 41 | 167 | POWER GRID JAWAH. FIROZ. TRANS. LD | 21,15,620.00 | 21,15,620.00 |
| 41 | 104 | PUNJAB | -9,98,62,901.00 | -9,98,62,901.00 |
| 41 | 103 | RAJASTHAN | -59,16,67,798.00 | -59,16,67,798.00 |
| 41 | 428 | SHREE CEMENT LTD., NEW DELHI | -7,61,782.00 | -7,61,782.00 |
| 41 | 253 | UP SLDC CHARGES | -203812774.00 | -20,38,12,774.00 |
| 41 | 775 | USHER ECO. POWER LTD. | -5,05,987.00 | -5,05,987.00 |
| 41 | 875 | USHER ECO. POWER LTD. | -926485.00 | -9,26,485.00 |
| | | Total | | -1,07,82,91,566.75 |

iii. Regarding the aspect of reconciliation of balances of trade payable as mentioned above, we were explained that work order for reconciliation for the period up to 2017-18 was awarded to the M/S Mercados Marketing Energy

Reconciliation is under process.

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| | <p>Private Limited and reconciliation for the period for 2018-19 to 2022-23 was carried out and report submitted on 04-11-2023. However, considering the need for reconciliation of accounts since inception of the account of generator, the said contract was revised for conducting the reconciliation since inception and up to 31.03.2024. In this context we were informed that reconciliation in respect of 12 generators has been completed but yet to be fully finalized in as much as adjustments arising out of such reconciliation are yet to be made in books of account. Under the circumstances, the overall reconciliation is still under process and as such impact of reconciliation & confirmation of balance of Rs. 19461,71,57,794.39 under the head '41 – Liability for Power Purchase' in respect of various generators, if any, on financial statement of the unit is unascertainable at this stage (Unit #330). Management has not provided the details of pending adjustments as referred above, hence its impact on financial statement cannot be ascertained at this stage by Branch Auditors.</p> | |
| | <p><u>(L) Maintenance of Books of Account:</u></p> <p>i) The company is in the process of implementation of SAP/ ERP system and has commenced the maintenance of its books of accounts through SAP/ ERP. However various payments have been dealt through centralized basis on ERP system except relating to SP Vigilance Unit (UC 972) and ADG Vigilance Unit (UC 983). Further monthly/ annual trial balances of Unit #300, 640 and 970 are continued to be compiled as per the format followed in earlier years on the basis of data generated from ERP/ SAP in respect of zonal account. Company is in the process of establishing necessary controls and documentation regarding the audit trail.</p> <p>ii) In EIE & PC unit (330) , SP Vigilance Unit (UC 972) and ADG Vigilance Unit (UC 983) - System of maintaining various Sectional Journals wherein vouchers relating to day to day transactions are recorded in these Sectional Journals. The Existing system of balancing cash book on the monthly basis and posting transactions in different sectional journals, from journals to summaries and from summaries to monthly trial balance, which in opinion of Branch Auditors is not adequate to give the financial position of different account at any given time in an organized manner.</p> | <p>From April 2024 onwards, all the unit are ensuring that all the transactions are recorded on SAP /ERP and we will compile the accounts from ERP/ SAP only.</p> <p>UC#972 & UC#983:</p> <p>From April 2024 onwards, all the unit are ensuring that all the transactions are recorded on SAP /ERP.</p> <p>UC#330:</p> <p>From April 2024 onwards, unit is ensuring that all the transactions are recorded on SAP /ERP and once all the</p> |

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| | | payment/rebate transactions are updated on SAP, unit will be able to generate Trial Balance at any time through SAP. |
| | <p>(M) Internal / Concurrent audit system: Review of the concurrent audit reports depicts various persistent observations i.e. pending recovery of Rs. 13694 lakh from M/s Lanco/Anpara Power Limited (L APL), Non production of documents for verification of bills of M/s UP RajyaVidyutUtpadan Nigam Limited, non-availability of PPA/ PSA of various Co-Gen & Captive Plants, Excess expenditure in respect of O & M by M/s PPGCL, reconciliation & confirmation of old outstanding balances under various heads appearing in financial statements, submission of certificate from CAs other than statutory Auditors for verification of variable cost of various generators, submission of provisional bills by power generators in few cases etc. and as such system of compliance of various observations on regular basis needed to be streamlined & strengthened.</p> | <p>Necessary action/compliance on the observations of concurrent auditor shall be taken in ensuing year.</p> <p>Further, petition is to be filed by the company before Hon'ble UPERC for decision in respect of recovery from M/s PPGCL.</p> <p>Regarding non-availability of PPA/PSA of various Co-Gen & Captive Plants, it is to submit that all the PPA/PSA have been provided to the concurrent auditor and confirmed in writing by the concurrent auditor.</p> <p>Regarding taking certificate from Statutory Auditor, compliance has been made and the same has been acknowledge by the Concurrent Auditor.</p> <p>Regarding submission of provisional bills by power generators, it is to submit that power generators raise bills and verified by EIE&PC unit as per UPERC/CERC regulations & PPA in effect.</p> |
| | <p>(N) <u>Payment of Lease</u></p> <p>i) Unit #972 (UP Vigilance Cell) and unit # 327 (Electricity Store Procurement Circle) are being maintained at rental premises. As explained to Branch Auditors the rent of Unit 972 is being deposited to Court as the ownership of the premises is sub-judice. Further, latest lease agreement and the rent receipt were not being provided to Branch Auditor for premises with Unit</p> | <p>In this reference, it is submitted that the present case is not a lease agreement, it's just a normal rent agreement which has been done to use the premises. Hence, IND AS 116 will not be applicable in the instant case and accordingly no compliance of the same is required.</p> <p>Presently, due to ownership dispute the matter is subjudice in court, hence the renewal rent agreement is</p> |

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| | <p>327, further, Compliances of Ind AS 116 is not done at zone level.</p> <p>ii) The unit is accruing rent every year @ Rs 1 per month. The total amount accumulated in this ledger is Rs 108.00. However, no details were provided to Branch Auditors with regard to the title deed of the immovable property leased to KESCO limited was provided to us nor it was explained in which unit, the said asset is capitalized. (#Units330 – EIE&PC.)</p> <p>iii) Rental from Contractor: The unit has accounted Rental Income from Contractor M/S Prayagraj Power Generation Corporation Limited of Rs. 2,29,927.00 further as explained to us the said amount is on account of Lease of Land to the contractor, however unit did not have any information of Land is being recorded in the books of which unit. Further, Compliances of Ind AS 116 is not done at zone level. (#Units645 – Elec. Civil Const. Div– 1).</p> | <p>pending. However, liability for payment of rent is being created on monthly basis in case of Unit #327. Further, amount of monthly rent is being deposited in court in case of Unit #972.</p> <p>In terms of 'UP Transfer of KESA Zone Electricity Distribution Undertaking Scheme, 2000', no part of land belonging to UPPCL in KESA shall form part of the assets transferred under the above scheme, notwithstanding that the land was being used immediately before the appointed date exclusively or primarily for the distribution business in the KESA Zone. As per the scheme, KESCO is entitled to use such land as a licensee of UPPCL on payment of consolidated amount of Re. 1.00 per month during the period KESCO has the sanction or license to undertake the distribution business.</p> <p>As regards, the title deed of the Land being used by KESCO, KESCO have been intimated to ensure to provide related documents.</p> <p>The Land is in the name of UPPCL and unit is instructed to provide the necessary documents.</p> |
| | (O) Details of Liabilities of Rs. 44,39,04,429.66 under various heads as given below in | The reconciliation of trust liability is under process and |

respect GPF/CPF contribution of employees payable to U.P. Power Sector Employee Trust is under reconciliation. Impact of such reconciliation, if any, on financial statement is not ascertainable at this stage by Branch Auditors.

necessary action will be taken after completion of the same.

| Unit Code | 44.610 | 44.110 | 44.120 | 44.620 | 44.621 |
|----------------------------|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|----------------------------------|
| Z.A.O.(M.M.) LKO. - 300 | - 8,09,69,23 1.00 | - 91,65,860 .19 | - 6,43,18,58 7.24 | - 39,93,287 .00 | - 24,34,657 .00 |
| EIE & PC -330 | - 5,04,83,32 6.00 | - 86,82,850 .00 | - 5,36,39,61 0.00 | - 52,04,099 .00 | - 38,60,380 .00 |
| Z.A.O.(M.M.) LKO - 640. | - 35,13,16,1 39.63 | - 4,00,26,8 84.00 | - 28,06,31,5 20.00 | - 3,32,82,0 93.00 | - 2,12,73,5 47.00 |
| Z.A.O.(M.M.) LKO. -970 | - 37,14,39,6 34.03 | - 3,91,09,7 40.11 | - 27,84,35,3 93.91 | - 4,30,06,2 52.00 | - 2,85,82,9 16.90 |
| Total Liability (A) | - 85,42,08,3 30.66 | - 9,69,85,3 34.30 | - 67,70,25,1 11.15 | - 8,54,85,7 31.00 | - 5,61,51,5 00.90 |
| Z.A.O.(M.M.) LKO. - 335 | 64,22,03,0 97.00 | 6,77,79,0 59.28 | 48,06,56,1 41.07 | 9,27,48,8 77.00 | 4,25,64,4 04.00 |
| Total Payment (B) | 64,22,03,0 97.00 | 6,77,79,0 59.28 | 48,06,56,1 41.07 | 9,27,48,8 77.00 | 4,25,64,4 04.00 |
| Outstanding Liability | - 21,20,05,2 33.66 | - 2,92,06,2 75.02 | - 19,63,68,9 70.08 | 72,63,146 .00 | - 1,35,87,0 96.90 |
| Total Liability | -44,39,04,429.66 | | | | |

(P) Sale of Scrap: The Zone has sold old/unserviceable asset for Rs. 4,90,202.00 during the Financial year by considering acquisition cost of Rs. 43,73,619.00 and

The assets sold in scrap are very old and received from erstwhile UPSEB at the time of trifurcation. Therefore,

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| | <p>accumulated depreciation of Rs. 40,08,382.00 resulting in profit of Rs. 1,24,965.00. In this regard it was observed that assets being very old for which Carrying cost & residual value was not available and as such the same was computed on estimated value worked out by committee for determination of cost of asset for accounting purposes. In the absence of requisite details, Branch Auditors are unable to comment on the correctness of value of asset discarded, balances of accumulated depreciation written off and profit on sale of assets.</p> | <p>The Estimated cost as approved by the committee has been taken as the residual value of assets and necessary accounting has been done accordingly.</p> |
| | <p>2. <u>Common observations in Audit Report of Subsidiaries</u></p> <p><u>Trade Receivable on account of supply of Power:</u></p> <p>DISCOM Auditors have reported various observation on status of recoverability of Trade Receivables in their respective DISCOMS which are furnished below and they are of the view that deferment of graded provision for doubtful debts as mentioned in Para No. 9 to Notes on Accounts on receivables for more than 3 years which constitute more than 59% of total Trade receivables is in violation of Ind AS-109. Auditors of DVVNL has quantified the impact of short provision of Expected losses on Trade receivables to the extent of Rs. 5,869.51 crore including Unreconciled difference between Billing Software and Balance Sheet for Rs. 3,642.29 crore. Similarly, PUVNL Auditors have quantified the impact of Rs. 1,812.35 crore towards short provision of doubtful debts on Trade Receivables. No other Auditors have quantified the impact of short provisioning on doubtful Trade Receivables but made adverse comment on the recoverability position of Trade receivables in their audit reports. However, Management has replied that they have considered the graded provision from 40% in 2022-23 to 60% in 2023-24, 80% during 2024-25 and 100% during 2025-26 respectively. In view of proposed collection effort. Ind AS 109 requires provision of losses to be considered based on lifetime expected credit losses. Further, Expected Credit Losses has to be measured considering (a) an unbiased and probability-weighted amount that is to be determined by evaluating a range of possible outcomes; (b) the time value of money; and (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current condition and forecasts of future economic conditions. Auditors have also reported about non availability of consumer wise break up, rising trend of Receivables etc. Company has not analyzed status of recovery as mentioned above considering credit worthiness of consumers and probability of recovery etc. and also not furnished System Audit report on reconciliation of Billing Software as per direction of Hon'ble High Court but replied about their recent initiatives/ collection efforts including one-time settlement and issue of recovery</p> | <p>No Comment</p> |

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| | <p>certificates and reduction in Billing software differences etc.</p> <p>As per Note No.10 FINANCIAL ASSETS -TRADE RECEIVABLES (CURRENT), TOTAL Trade Receivables is Rs. 1,09,720.00 crore as on 31-03-24 while as per Para No. 19(a) of Notes on Accounts No.33 containing age wise classification, total trade Receivable is Rs.1,08,870.83 crore resulting in to difference of Rs. 849.17 crore which have not been reconciled and nor disclosed in the Notes on Accounts No.33.</p> <p>Considering the position stated above and observations of DISCOM Auditors as given below:- Management needs to get the online billing differences reconciled immediately which is quite a substantial amount and review its accounting policy to enhance the coverage of provisions for Expected Losses considering norms, guidelines and factors contained in Ind AS-109. However, in absence of necessary inputs details and reconciliation of billing software, we are not in a position to quantify its impact on Losses of the Consolidated Financial Statement at this stage.</p> | |
| <p>a) <u>PaschimanchalVidyutVitrans Nigam Ltd.</u></p> <p>i. Ind AS- 109 has specified two approaches to calculate the expected credit loss:</p> <ul style="list-style-type: none">• General Approach• Simplified Approach <p>During the year under audit, the Company has adopted Simplified Approach to calculate its Expected Credit Loss on Trade Receivables. As per the Management of the Company, the rate of Provision in the bracket of 0-6 months is NIL as the Management believes that the consumers in this category are in the phase of temporary disconnection for 6 months until it becomes permanently disconnected and would pay their dues within 6 months from the date of being temporarily disconnected based on the collection efforts and initiatives being taken. The chances of recovery during this period are significantly higher. Further, As per IND AS109 under the age bucket of More than 3 years as per the simplified approach calculation loss amount would be the total outstanding amount which expects provisioning at the rate of 100 percent. However, based on the collection efforts and the current and future initiatives being undertaken by the company for collection, the Management considered to follow a graded provisioning over a period of four years from the financial year i.e FY 2022-23. Under these assumptions, in the previous financial year provisioning @ 40% on trade receivables is calculated under this age bucket for FY 2023 and the same would be increased by another 20% each year till FY 2026. From FY2026 onwards, 100%</p> | <p>As per Ind AS-08, "Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. Loss allowance for Expected Credit Loss (i.e. Provision for Bad & Doubtful Debts) is an Accounting Estimates." Further, Ind AS 109 states to make provision on Trade Receivable only on the basis of lifetime Expected Credit Loss model based on Simplified Approach. Accordingly, the company has made provision on the basis of lifetime Expected Credit Loss model based on Simplified Approach in accordance with Ind AS 109. Being an Accounting estimate, management envisaged to make provision in a graded manner for Trade Receivables outstanding for More than 3 years (i.e. @60% for the FY 2023-24) considering the various factors like Collection efforts and the current & future initiatives being undertaken by the company for collection etc. All other Trade Receivables (except Credit Impaired) have been Considered Good and no provision is made on such Trade Receivables. Further, it may be noted that management envisaged that 100% Trade Receivables which are pending for More than 3</p> | |

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| | <p>provision would be applicable under this age bucket. The above deviation is not in accordance of Ind AS109. Further in the current year company didn't make any additional provision and continue with the same provision of Rs 4211.70 Crore of the previous year. We were informed by the management that by following the conservative approach, the Management has decided that the provision stated in Annual Accounts up to 31.03.2023 is appropriate and no new addition/deduction in provision is required for FY 2023-24. The additional provision required is Rs. 1812.35 crores. (Refer to Note no 8 of financial statements and point no. 10(i) of Notes on Accounts)</p> | <p>years are not doubtful because of collection efforts and the current & future initiatives being undertaken by the company for collection like One Time Settlement Scheme (OTS), Installment Payments etc. It is worthy to mention here that the company (PVVNL) has recovered Rs. 1362 crore approx. from the consumers during the FY 2023-24 under One Time Settlement Scheme (OTS). The above itself justifies the management estimates of not making 100% provision of Trade Receivables outstanding for More than 3 years because we are recovering these old outstanding dues on the basis of various initiatives being undertaken as mentioned above. The provision for Bad & Doubtful Debts as on 31.03.2024, calculated as per policy will be ₹3748.79 crore in comparison to provision as on 31.03.2023 amounting to ₹4211.70 crore. Following the conservative approach, the Management has decided that the provision stated in Annual Accounts upto 31.03.2023 is appropriate and no new addition/deduction in provision is required for FY 2023-24. (Refer point no. 10(i)&(ii) of Notes on Accounts)</p> |
| | <p>ii. No revaluation loss has been recognized during the reporting period in respect of Trade Receivables based on security deposit equivalent to 45 days billing to cover the outstanding dues. In absence of adequate security deposit cover for customers under Government sponsored schemes, no provision for likely impairment loss has been provided against such receivables by the company. Under the circumstances, DISCOM Auditors are not in a position to comment on the possible impact thereof on the financial statements of the company. (Refer to Point no 10 and 41 of Notes to Accounts)</p> | <p>The Security deposit collected from the consumers on the basis of 45 days average billing. On overdue of the payment of bills raised, a notice is served to the consumers. Further, management believes that the bill amounts that crossed due date are still recoverable. In view of the Management, sufficient provision has been made to meet any impairment of receivables from all the categories of consumers. Hence, no impairment loss has been recognized during the reporting period in respect of Trade Receivables.</p> |
| | <p>iii. The company has not furnished the details of advance deposit received from consumers against temporary connection and the entire security deposits from them has been shown as non-current liabilities. In absence of such details, quantification of current and non-current liabilities therefrom is not possible and ascertained.</p> | <p>The bifurcated information is not available in the billing software related to the advance deposit received from consumers against temporary connection and the entire security deposits from them, therefore, it could not be</p> |

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| | | presented separately. Although, efforts are being done to get the data in the desired format for necessary disclosure. |
| iv. | During the course of audit, DISCOM Auditors observed that a huge amount is lying as debtors, which has been classified into secured/unsecured and good/doubtful/ Govt./Non-Govt. Age wise analysis of outstanding is done in Note No. 8 of DISCOM's Financial statements, however, details thereof is not provided to us for the audit. Moreover, the classification into disputed and undisputed debtors are not done at all in Note No. 8 of DISCOM's Financial statements, which is not in accordance with amended Schedule III to the Companies Act 2013. Time barring/non-recoverable cases are not identified, in absence of any such classification, we are unable to comment there upon. | The Company has properly disclosed disputed and undisputed debtors in Para no. 19 of Note no. 33 "Notes of Accounts" of CFS. |
| v. | The amount outstanding under the head sundry debtors (AG- 23) is not reconciled with the billing ledger. Outstanding balance in Balance Sheet as on 31 st March, 2024 under Trade Receivables could not be verified with consumer ledger or with other available records with the divisions/zone. Under the circumstances, DISCOM Auditors are not in a position to comment on the possible impact thereof on the financial statements of the company. | The amount under the head Sundry Debtors is booked on the basis of Online Billing Ledger after making necessary adjustments/correction like Inflated Bills, Manual Billing, etc. at divisional level. Due to such adjustments, the amount reflected under the head Sundry Debtors (AG-23) is not tallied with Billing Ledger. Although efforts are being made to reconcile the same. |
| vi. | As reported to DISCOM Auditors by branch Auditor of Meerut Zone, amount outstanding under the head AG-23 (sundry debtors) is not verified and reconciled with the subsidiary records (Billing Data/Online data of the Consumers) maintained at various units. Chances of recovery are not analysed. Time barring and non -recoverable cases are not identified. No provision is made in the accounts for non-recoverable amount at Zone level and is reportedly made at headquarter level. Sundry debtors include huge old balances of Permanent Disconnected (PD) consumers where notices for recovery have been issued under Section 5. | The amount under the head Sundry Debtors is booked on the basis of Online Billing Ledger after making necessary adjustments/correction like Inflated Bills, Manual Billing, etc. at divisional level. Due to such adjustments, the amount reflected under the head Sundry Debtors (AG-23) is under the reconciliation with Billing Ledger. |
| | | The company is making provision against debtors for uncertainty of realization at HQ level and the details have already disclosed in Notes on Accounts at point no. 10(i)&(ii) of PVVNL. |
| vii. | During the course of audit, Discom Auditors that a huge amount is lying as debtors, which has been classified into secured/unsecured, good/doubtful Age wise analysis of outstanding is done in Note No. 8 of Financial statements however, details thereof is not provided to us for the audit. Moreover, the classification into disputed and undisputed debtors are not at all done in Note No. 8 of Financial | The Company has properly disclosed disputed and undisputed debtors in Para no. 19 of Note no. 33 "Notes of Accounts" of CFS. |

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| | <p>statements as per the requirement of amended schedule iii of the Companies Act 2013. Time barring/non-recoverable cases are not identified. The company have arrears of Rs. 7121.45 Crore (Non Govt) outstanding from more than 3 year for which management informed us that all these arrears are recoverable and sufficient provision has been made. The Company makes provision on non-government debtors for 0 to 06 months, 06 month to 12 months, 01 year to 2 years, 2 years to 03 years and above 03 years respectively, which is not in adherence to the provisions of IND AS 37.</p> | <p>The Company has applied simplified approach to assess and make the provisions on the Trade Receivable. This method is in accordance with the provisions of Ind AS 37, therefore, the contention of the Audit is not correct.</p> |
| viii. | <p>Further, as per IND AS 37, 109 and applicable financial reporting framework, the company is required to make 100% provision for doubtful debts more than 3 years, whereas the company has made provision of 60% as per company policy. Hence the amount of Provision on Trade receivable is under stated by 1812.35 crores.</p> | <p>As per Ind AS-08, "Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. Loss allowance for Expected Credit Loss (i.e. Provision for Bad & Doubtful Debts) is an Accounting Estimates." Further, Ind AS 109 states to make provision on Trade Receivable only on the basis of lifetime Expected Credit Loss model based on Simplified Approach. Accordingly, the company has made provision on the basis of lifetime Expected Credit Loss model based on Simplified Approach in accordance with Ind AS 109. Being an Accounting estimate, management envisaged to make provision in a graded manner for Trade Receivables outstanding for More than 3 years (i.e. @60% for the FY 2023-24) considering the various factors like Collection efforts and the current & future initiatives being undertaken by the company for collection etc. All other Trade Receivables (except Credit Impaired) have been Considered Good and no provision is made on such Trade Receivables. Further, it may be noted that management envisaged that 100% Trade Receivables which are pending for More than 3 years are not doubtful because of collection efforts and the current & future initiatives being undertaken by the company for collection like One Time Settlement Scheme (OTS), Installment Payments etc. It is worthy to mention here that the company (PVVNL) has recovered</p> |

Rs. 1362 crore approx. from the consumers during the FY 2023-24 under One Time Settlement Scheme (OTS). The above itself justifies the management estimates of not making 100% provision of Trade Receivables outstanding for More than 3 years because we are recovering these old outstanding dues on the basis of various initiatives being undertaken as mentioned above. The provision for Bad & Doubtful Debts as on 31.03.2024, calculated as per policy will be ₹3748.79 crore in comparison to provision as on 31.03.2023 amounting to ₹4211.70 crore. Following the conservative approach, the Management has decided that the provision stated in Annual Accounts upto 31.03.2023 is appropriate and no new addition/deduction in provision is required for FY 2023-24. (Refer point no. 10(i)&(ii) of Notes on Accounts).

(b) Dakshinanchal Vidya Vitran Nigam Limited-

i. Though the Company has declared compliance of Ind AS 109 on trade receivable under age bracket greater than 3 years, but followed graded provisioning over the period of four years, being 60% in FY 2023-24, with incremental provisioning of 20% each successive year, resulting deficient provisioning for doubtful debts by as follows:

| S. No. | Particular | Outstanding Amount (In Crores) | Provision Amount (In Crores) |
|--------|--|--|------------------------------|
| 1. | Provision requirement in different age brackets excluding government debtors | | |
| | A Up to 6 Months | 1,985.16 | Nil |
| | B 6Months-1Year | 724.35 | 195.58 |
| | C 1-2 Year | 923.80 | 277.14 |
| | D 2-3 Year | 328.24 | 124.73 |
| | E More than 3 Year (Excluding point F below) | 11,031.47 | 11,031.47 |
| | F Unreconciled differences between Billing Software and Balance Sheet | 3,642.29 (including Rs.348.87 crore for financial year 2023-24 | 3,642.29 |
| | [Total as per Balance Sheet – Rs. 23,223.12 | | |

It is to be noted that No Trade Receivables (except credit impaired) has been identified as bad and doubtful. Auditor's remark to make provision @100% in respect of Trade Receivables more than three years (refer table given at Para 8 of Annexure A) is in contravention of Companies Act, 2013 and Ind AS since they don't contain any such type of requirements.

As per Ind AS 8, "Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. Loss allowance for expected credit loss (i.e. Provision for bad and doubtful debts) is an accounting estimate." Further, Ind AS 109 does not state any quantum of the provision to be made on trade receivables. It just says to make provision on trade receivables only on the basis of Life time expected credit loss model based on simplified approach. Accordingly, DVVNL has made provision on the basis of life time

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| | <p>crores (excluding KESCO 203.77 Crores, Torrent Power Limited 22.58 Crores, Prov. Of Unbilled Revenue 563.95 Crores & Cess Lucknow 0.03 Crores), less Total as per Billing Software - Rs. 19,580.83 Crores]</p> <table> <tr> <td>Total</td><td>18,635.31</td><td>15,271.21</td></tr> <tr> <td>2. Provision made in Balance Sheet</td><td></td><td>9,401.70</td></tr> <tr> <td>3. Additional Provision not made (3-2)</td><td></td><td>5,869.51</td></tr> </table> <p>As per DISCOM Auditor's opinion once a debt has been identified as bad and doubtful debt it cannot be carried in Financial Statement as receivable, and hence 100% provisioning of such debt is required.</p> | Total | 18,635.31 | 15,271.21 | 2. Provision made in Balance Sheet | | 9,401.70 | 3. Additional Provision not made (3-2) | | 5,869.51 | <p>expected credit loss model based on simplified approach in accordance with Ind AS 109. Being an accounting estimate, management envisaged to make provision in a graded manner for Trade Receivables outstanding for more than three years (i.e. @60% for FY 2023-24) considering the various factors like collection efforts and the current & future initiative being undertaken for collection etc. All other Trade receivables (except credit impaired) have been considered good and no provision is made on such trade receivables. Only 60% of Trade Receivable which are pending for more than three years have been considered as doubtful and provision has been made accordingly. Further, it may be noted that management envisaged that 100% trade receivables which are pending for more than 3 years are not doubtful because of collection efforts and the current & future initiative being undertaken for collection like One Time Settlement Scheme (OTS), Instalment Payments etc.</p> <p>It is worthwhile to mention here that DVVNL has recovered Rs. 1070.88 crores from consumers during the FY 2023-24 under One Time Settlement Scheme (OTS). It itself justifies the management estimates of not making 100% provision on trade receivables outstanding for more than three years because we are recovering these old outstanding dues on the basis of various steps/initiatives being undertaken as mentioned above.</p> |
| Total | 18,635.31 | 15,271.21 | | | | | | | | | |
| 2. Provision made in Balance Sheet | | 9,401.70 | | | | | | | | | |
| 3. Additional Provision not made (3-2) | | 5,869.51 | | | | | | | | | |
| | <p>(c) <u>MadhyanchalVidyutVitrans Nigam Limited</u></p> <p>i. Party/Consumer wise (debtors from sale of power) details were not available at the zones in support of balances of 'Trade Receivable (Current)' as appearing in Note 8. Further, reconciliation of outstanding balances of consumers as per consumer ledgers maintained by the billing agencies and the balances appearing in the books of accounts of concerned zones has also not been done.</p> | <p>There are approx. 1 crore consumers spread over all categories in zones in the jurisdiction of the Company. It may be possible that there are some differences in the data of Commercial wing and Finance due to time lag of accounting entries, adjustment of bill revisions in different periods and other possible reasons. The differences in billing ledger and trial balance is under</p> | | | | | | | | | |

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| | | reconciliation. |
| | ii. There are differences in sundry debtors as per billing ledger and amount shown in trial balance as the sales is booked on assessment basis and amount credited to sundry debtors on the basis of actual receipts. | As per the accounting policy followed by the company revenue is booked on accrual basis and realization is booked on actual receipts basis. The differences in billing ledger and trial balances is under reconciliation with the commercial section. |
| | iii. In several cases, legal notices/ recovery proceedings have been initiated against consumers at the zones to recover the outstanding over dues against sale of power. However, all the 'Trade Receivables' in the financial statements have been classified as 'considered good' by deducting the amount of 'total provision for doubtful debts' from the total debtors without identifying these cases or ascertaining their actual position. | The provision for Bad & doubtful debts is made as per the accounting policy of the company which is considered adequate to cover such cases where such proceedings or notices have been issued. The provision so made is adequate in the opinion of the management, therefore, there is no need of additional provisions on case to case basis considering the volume of number of consumers. |
| | iv. DISCOMS Auditors have drawn attention to Note 21(A) of Note 1B relating to disclosures of trade receivables wherein the company has not ascertained and classified the Trade Receivables into 'Disputed/ Undisputed', as required by amended Schedule III to the Companies Act, 2013. | The Company has properly disclosed disputed and undisputed debtors in Para no. 19 of Note no. 33 "Notes of Accounts" of CFS. |
| | v. The segregation of 'Trade Receivable' into Government/ Non-Government and ageing into different age buckets as per para 10 of note 1B have been made only on the basis of online billing data provided by commercial section. However, in many cases, the same did not match with the amounts shown as recoverable in the books of concerned zones and was subject to reconciliation. Further, the total trade receivables as per the data provided by the commercial section as on 31 st March 2024 did not match with the total 'trade receivables' as shown in the books of accounts of the company. The same has not been considered and reduced from the category of 'non-government consumers' under 'Receivables outstanding for more than 3 years' while categorizing the age buckets for the purpose of provisioning for bad and doubtful debts. | Data as per commercial section/ Billing Ledgers and as per accounts are under reconciliation. The differences in the Trade receivables is mostly on account of older periods. Further all the Government Dues are considered good and mostly reconciled and recoverable from them. |
| | vi. As referred in para 10 of note 1B to financial statements, the 'Provision of bad and doubtful debts' against 'non-government debtors' has been made as per 'expected credit loss' following simplified approach prescribed in 'Ind AS109' based on age bucket of debtors, trends of past collections etc. | Auditor has mentioned the fact for information, hence no comment. |

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| | <p>The data used while calculating the rates of provisions like 'collection of receivables' and determining the unpaid amount against the 'assessment made in the base period' by the age buckets etc., were not verified by the concerned zonal auditors and hence have been relied upon by us based on management's certification.</p> | |
| | <p><u>(d) PurvanchalVidvutVitran Nigam Ltd.</u></p> | |
| | <p>i. The company has not accounted for Late Payments Surcharge (LPS) during the year under Audit. The "Other non-operating income" and "Trade Receivables" are understated to this effect. Due to non-availability of data, Discom Auditors are unable to quantify the same.</p> | <p>Since the report of amount collected against LPS is not available in the RMS software, the same could not be accounted for during the year.</p> |
| | <p>ii. As reported by the Zonal Auditors, the management has not provided consumer-wise breakup of Sundry Debtors outstanding hence, Discom Auditors are unable to comment on the genuineness of the same.</p> | <p>Customer wise details are available in billing system and available at each distribution division.</p> |
| | <p>iii. As per explanation and information given to us, the age-wise classification of debtors has been done on the basis of last payment date of the consumer and not on the basis of actual date of bills outstanding. As a result, even if a debtor falling in higher age bracket makes a small payment against old dues, he is being classified in lower age bracket considering the date of last payment. Because of this, the provision for bad & doubtful debts is understated in the Financial Statements. Due to non-availability of accurate data, Discom Auditors are unable quantify its impact on the Financial Statements of the Company.</p> | <p>Age wise classification of debtors has been done considering that when the consumer makes the payment and it is not possible in the system to do the ageing on the basis of invoice date as some times consumer makes the part payment also. It has also been presumed that as when the consumer starts paying their dues that he will discharge his complete liability.</p> |
| | <p>iv. With respect to pre-paid Metres, the Company has failed to provide details of unused recharge balance at the end of the year. As informed to us by the management, the unused recharge balance has not been quantified and the same has been reduced from Trade Receivables. Hence, the "Trade Receivables" and "Current Liabilities" are understated to this extent. In absence of appropriate details, Discom Auditors are unable to ascertain its impact on Financial Statements of the Company.</p> | <p>Since the report of unused recharge balance is not available in the RMS software, the same could not be accounted for during the year.</p> |
| | <p>v. As reported by the Zonal Auditors, in Bank Reconciliation Statements, huge amount of uncashed/ stale cheques pertaining to revenue account are being carried forward from last several years and they have not been reversed. The cumulative amount of such entries is in several crores. The management has failed to provide the year-wise breakup and total figure of uncashed cheques as on 31/03/2024. Hence, the Trade Receivables and provision for Bad & Doubtful Debts are understated to this extent. In absence of proper information, Discom Auditors are unable to comment upon its</p> | <p>Necessary instructions by the Discom HQ have been issued to the units to review and account for the amount pending in BRS.</p> |

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| | impact on Financial Statements. | |
| vi. | There is a staggering increase in the level of trade receivables from year to year. As per age-wise breakup of trade receivables provided by the Company, against total Revenue (inclusive of Electricity Duty) from Sale of Power of Rs. 15553.70 Crore, total outstanding trade receivable for 1 year and less is Rs. 11207.94 crores, which shows that the realization of trade receivables is very poor. Further, total Trade Receivable outstanding at the year-end is Rs. 37922.15 Crore which is higher than cumulative figure of last 2 years' revenue from sale of power. It is not feasible to identify and quantify the amount which is unrecoverable but it needs a serious perusal and provision. | The supply of electricity is a wide ranging public utility service which have to be scheduled as per the prevailing Government policies enforced in urban and rural areas irrespective of the recovery constraint, further in many of the schemes, revenue subsidy is offered and given by State Government at later stage. It is noteworthy to mention here that to improve the collection efficiency, management has taken various steps to improve the collection i.e by implementing One Time Settlement Scheme (OTS), Instalment Payments etc. |
| vii. | As per the direction of Hon'ble High Court, the special audit of Bills Revision in consumer's bills done during the period April 2022 to Sept. 2023 is being conducted at Distribution Division level. However, the management has failed to provide the number of bills and quantum of total amount involved. Since, the audit is still in progress, the ultimate outcome of the same and its impact on the financial statement is yet to be ascertained by DISCOM Auditors. | Informative para, hence no comment. The necessary accounting as a result of the Audit shall be done post conclusion of the same and final report submitted by the Audit team. |
| viii. | It was noted that billing of power is generated through IT system but the billing system is independent of account department and reports generated from billing system are being reconciled with adjusted CS-4 and not with the accounts. Further, Consumer wise outstanding and ageing analysis of outstanding amount is not available with account department to reconcile trade receivable as per books of account with the data of commercial department. It was also noted that billing for sale of electricity to consumers are accounted for on the basis of report generated through Online CS-4 against the adjusted data of billing system. However, system audit of the said billing system, if any, being dealt at UPCL was not made available and as such we are unable to comment on the efficacy of the same. | The billing of power is generated through IT system and subsidiary ledger i.e. individual customer ledger is also maintained in the billing system. The billing system are being reconciled with adjusted CS-4. Further, Consumer wise outstanding and ageing analysis of outstanding amount is made available through billing system (IT Data) to account department to reconcile trade receivable as per books of account with the data of commercial department. It is worth to mention that the accounting of sale of electricity to consumers is being done on the basis of report generated through Online Adjusted CS-4. Hence the accounting of revenue and other allied data are in agreement with the above mentioned commercial reports. |
| (e) | <u>Kanpur Electricity Supply Company Limited</u> | |

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| | <p>The company has followed a graded provision for bad & doubtful debts on trade receivables in respect of debts outstanding for a period exceeding 3 years instead of provisioning at the rate of 100% . (Also Refer Note No. 28-10 of “IND ASFS”).</p> <p>The effect of non-compliance/divergence from the “IND AS”(s) as stated in paragraph no. 1 to 6 above has resulted in non-compliance of the provisions of sections 129(1) and 129(5) of the Companies Act,2013 (“The Act”), according to which the financial statements of the Company shall comply with the “IND ASs” and where the financial statements of the Company do not comply with the “IND ASs”, the Company shall disclose in its financial statements, the deviation from the “IND ASs”, the reasons for such deviation and the financial effects, if any, arising out of such deviation. No such disclosures have been made due to non-availability of relevant information/details and also cumulative effect on “IND AS- FS” of these could also be not ascertained.</p> | <p>As per Ind AS-08, “Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. Loss allowance for Expected Credit Loss (i.e. Provision for Bad & Doubtful Debts) is an Accounting Estimates.” Further, Ind AS 109 states to make provision on Trade Receivable only on the basis of lifetime Expected Credit Loss model based on Simplified Approach. Accordingly, the company has made provision on the basis of lifetime Expected Credit Loss model based on Simplified Approach in accordance with Ind AS 109. Being an Accounting estimate, management envisaged to make provision in a graded manner for Trade Receivables outstanding for More than 3 years (i.e. @60% for the FY 2023-24) considering the various factors like Collection efforts and the current & future initiatives being undertaken by the company for collection etc. All other Trade Receivables (except Credit Impaired) have been Considered Good and no provision is made on such Trade Receivables. Further, it may be noted that management envisaged that 100% Trade Receivables which are pending for More than 3 years are not doubtful because of collection efforts and the current & future initiatives being undertaken by the company for collection like One Time Settlement Scheme (OTS), Installment Payments etc.</p> |
| | <p>As per the instructions issued by UPPCL vide letter no 1376/14-PCL/2021 dt 24.06.2023 in compliance with the orders of Honorable High Court, a Special Audit on various aspects of billing parameters has to be conducted through independent CA/CMA firms for the period FY 2021-22, FY 2022-23 and up to 30.09.2023. The said Orders of the Honorable High Court were not available for our verification. However, as informed the work for the same is under initial stage only and at present, it is not possible to ascertain any impact on the financial statements for the year under audit.</p> | <p>No Comment</p> |

B. Comments on Old Balances

As per report of DISCOMS Auditors, there are certain old balances which have not been reviewed since long including their classification Summarized position of major balances Subsidiary-wise is reproduced below:

(a) Paschimancha Vidyut Vitran Nigam Limited

i. Balances of trade receivables, trade Payables, Suppliers, Contractors, loans and advances, staff related liabilities & advances and other various debit/credit balances, dues from government including but not limited to UPPCL, UPTCL, UPJVL, UHBVNL, UPCL, etc, certain borrowing from PFC and reconciliation in respect of certain Bank balances are subject to respective confirmations, reconciliation and consequential adjustments thereof. In absence of proper records/details, DISCOM Auditors are unable to ascertain the effect of the adjustments arising from reconciliation and settlement of old dues, possible loss/profit that may arise on account thereof, non-recovery or partial recovery of such dues and non-settlement of liabilities.

The various balances appear under current assets, current liabilities etc. are considered as good in view of the management. Further it is to state that the provision for any uncertainty in receivables has been made in books of accounts and the necessary disclosure has been made in notes on accounts at point no. 10(iii)(b). The copy of confirmation letter from various FI's/Banks and third parties etc. has been provided to audit.

ii.

Refer to Point no. 17 of Notes to accounts; there are various expenses like Employees Expenses, Repair & Maintenance Cost and Administrative & General Expenses etc. occurred at Uttar Pradesh Power Corporation Ltd. (the holding company) which has been allocated to the Company vide Debit/Credit Notes. However, DISCOM Auditors have not verified the same and relied on the Debit/Credit notes received from the holding company.

The allocation has been done on the basis of relevant order and in line with the accounting procedures of the Company.

This is informative para, hence, no comment.

iii.

Various debit and credit opening balances are lying unadjusted, including the account received under transfer scheme. Under these circumstances, we are not in a position to comment on the possible impact thereof on the financial statements of the company.

The Company has transferred such balances in Assets Migration/Liability Migration account. This accounting head shall be scrutinized by the Company and necessary action shall be taken accordingly.

iv. As referred in Note 10 to the financial statements, of DISCOM receivables from Uttar Pradesh Jal Vidyut Nigam amounting Rs. 0.83 crore and Rs. 33.50 crore from Uttar Pradesh Power Transmission Corporation Limited are shown under Current Assets,

The balance appeared as receivable/payable under assets/liabilities is of current in nature in accordance

| | which are outstanding for more than 12 months. As a result of this, other current assets are overstated and other non-current assets are understated by Rs. 34.33 crore. | with the concept of Ind AS-01 "Presentation of Financial Statements" as the ascertainment of Current and Non-Current are based on the Management estimates as on the Balance Sheet date whether the amount is expected to be recovered or settled within upcoming 12 months or operating cycle. If the amount of expected to be recovered or settled it should be classified as Current. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---------|--|--|-----------|-----------|-----------|---------|-------|---|-----------|-------|------|------|-------|---|--------------|-------|------|------|-------|---|-------------|--------|------|------|--------|---|---------------------|-------|------|------|-------|---|------|-------|------|-------|-------|---|--------------|------|------|-------|-------|---|----------------------------|------|------|-------|-------|---|-----------|-------|------|------|-------|--|
| | <p>v. As referred to in Note 18 to the financial statements, of DISCOM Payables to Uttar Pradesh RajkiyaVidyutUtpadan Nigam Ltd. amounting Rs. 33,080.00, Uttarakhnad Power Corporation Ltd. Rs. 0.17 crore, are shown under Current Liabilities. However, these balances are outstanding for more than 12 months. As a result of this, current liabilities (Other financial liabilities) are overstated and non-current liabilities (Other financial liabilities) are understated by Rs. 0.17 Crores.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p><u>(b) DakshinanchalVidyutVitran Nigam Ltd.</u></p> <p>i. There is no reasonable certainty for the payment of the following amounts under AG 46.104 'Retention money from Suppliers (Cap), AG 46.124 'Retention Money from Supplier (O&M) & 46.2 Other Deposit Payable' which are outstanding since long period of time without any balancing/reconciliation, hence should be reconciled/written off: (Rs. in Crores)</p> <table><tr><th>S. N o.</th><th>Zone/Unit</th><th>AG 46.104</th><th>AG 46.124</th><th>AG 46.2</th><th>Total</th></tr><tr><td>1</td><td>Agra Zone</td><td>60.49</td><td>0.00</td><td>0.00</td><td>60.49</td></tr><tr><td>2</td><td>Aligarh Zone</td><td>24.61</td><td>1.13</td><td>1.55</td><td>27.29</td></tr><tr><td>3</td><td>Kanpur Zone</td><td>119.44</td><td>0.71</td><td>0.00</td><td>120.15</td></tr><tr><td>4</td><td>Jhansi & Banda Zone</td><td>44.72</td><td>0.00</td><td>0.00</td><td>44.72</td></tr><tr><td>5</td><td>IPDS</td><td>27.98</td><td>0.00</td><td>11.70</td><td>39.68</td></tr><tr><td>6</td><td>DDUGJY – New</td><td>0.00</td><td>0.00</td><td>32.59</td><td>32.59</td></tr><tr><td>7</td><td>RGVY-12th Plan</td><td>0.00</td><td>0.00</td><td>53.34</td><td>53.34</td></tr><tr><td>8</td><td>Saubhagya</td><td>42.35</td><td>0.00</td><td>0.00</td><td>42.35</td></tr></table> | S. N o. | Zone/Unit | AG 46.104 | AG 46.124 | AG 46.2 | Total | 1 | Agra Zone | 60.49 | 0.00 | 0.00 | 60.49 | 2 | Aligarh Zone | 24.61 | 1.13 | 1.55 | 27.29 | 3 | Kanpur Zone | 119.44 | 0.71 | 0.00 | 120.15 | 4 | Jhansi & Banda Zone | 44.72 | 0.00 | 0.00 | 44.72 | 5 | IPDS | 27.98 | 0.00 | 11.70 | 39.68 | 6 | DDUGJY – New | 0.00 | 0.00 | 32.59 | 32.59 | 7 | RGVY-12 th Plan | 0.00 | 0.00 | 53.34 | 53.34 | 8 | Saubhagya | 42.35 | 0.00 | 0.00 | 42.35 | These balances are under reconciliation and further action shall be taken accordingly. |
| S. N o. | Zone/Unit | AG 46.104 | AG 46.124 | AG 46.2 | Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 | Agra Zone | 60.49 | 0.00 | 0.00 | 60.49 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2 | Aligarh Zone | 24.61 | 1.13 | 1.55 | 27.29 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3 | Kanpur Zone | 119.44 | 0.71 | 0.00 | 120.15 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4 | Jhansi & Banda Zone | 44.72 | 0.00 | 0.00 | 44.72 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5 | IPDS | 27.98 | 0.00 | 11.70 | 39.68 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6 | DDUGJY – New | 0.00 | 0.00 | 32.59 | 32.59 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7 | RGVY-12 th Plan | 0.00 | 0.00 | 53.34 | 53.34 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 8 | Saubhagya | 42.35 | 0.00 | 0.00 | 42.35 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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|------------------------------------|--|---|-------------------------------|------------------------------------|---------------|------------------------------|--------|-----------------------------|--------------|--|--------------|--------------|---------------|--|
| | <table><tr><td>9</td><td>Executive Engineer (Admin)</td><td>8.47</td><td>42.07</td><td>0.00</td><td>50.54</td></tr><tr><td></td><td>Total</td><td>328.06</td><td>43.91</td><td>99.18</td><td>471.15</td></tr></table> | 9 | Executive Engineer (Admin) | 8.47 | 42.07 | 0.00 | 50.54 | | Total | 328.06 | 43.91 | 99.18 | 471.15 | |
| 9 | Executive Engineer (Admin) | 8.47 | 42.07 | 0.00 | 50.54 | | | | | | | | | |
| | Total | 328.06 | 43.91 | 99.18 | 471.15 | | | | | | | | | |
| | <p>ii. AG 46.303 Ministry of Power (Against Interest earned) long outstanding credit balance of Rs. 7.52 crores, liability should be reconciled with the Ministry and paid.</p> | | | | | | | | | | | | | |
| | <p>(c) Madhyanchal Vidyut Vitran Nigam Ltd.</p> <p>i. Discom Auditors have drawn attention to Para 14 of Note 1B (notes to accounts) stating that various balances under 'Current Assets', 'Loans & Advances', 'Current Liabilities', 'Material in transit/ under inspection/ lying with contractors' are subject to confirmation/ reconciliation and consequential adjustments. Their impact on the financial statements, if any, is not ascertainable at this stage.</p> | <p>The legacy balances were transferred to DISCOM at the time of unbundling of DISCOMS of power sector. Efforts are in progress to reconcile these old balances and obtain confirmations wherever required. Considerable reconciliations have been made in this regard.</p> | | | | | | | | | | | | |
| | <p>ii. In many cases at zones and head office, party wise breakup, ageing of outstanding amounts, actual nature of transactions and reconciliation/ balance confirmation from the parties under following major heads were not available for verification.</p> <table><tr><td>Account Head</td><td>Amount (Rs. in Crores)</td></tr><tr><td>Deposit & Retention from suppliers</td><td>2,764.05</td></tr><tr><td>Deposit for electrification</td><td>188.45</td></tr><tr><td>Advances to Suppliers</td><td>105.46</td></tr></table> | Account Head | Amount (Rs. in Crores) | Deposit & Retention from suppliers | 2,764.05 | Deposit for electrification | 188.45 | Advances to Suppliers | 105.46 | <p>Most of these balances are quite old and details of the same are not available. Efforts are being made to reconcile and identify these balances and also to obtain confirmation for the same.</p> | | | | |
| Account Head | Amount (Rs. in Crores) | | | | | | | | | | | | | |
| Deposit & Retention from suppliers | 2,764.05 | | | | | | | | | | | | | |
| Deposit for electrification | 188.45 | | | | | | | | | | | | | |
| Advances to Suppliers | 105.46 | | | | | | | | | | | | | |
| | <p>iii. It was noted that the following balances pertaining to various zones are outstanding in the books of Headquarter since many years which have not been identified, reconciled and transferred to the respective units/zones.</p> <table><tr><td>Account Head</td><td>Amount (Rs. in Crores)</td></tr><tr><td>Other Liabilities and Provisions</td><td>8.34</td></tr><tr><td>Stock Related Accounts (net)</td><td>38.97</td></tr><tr><td>Deposit for Electrification</td><td>35.21</td></tr></table> | Account Head | Amount (Rs. in Crores) | Other Liabilities and Provisions | 8.34 | Stock Related Accounts (net) | 38.97 | Deposit for Electrification | 35.21 | <p>The Company has come to in existence in F.Y 2003-04 and the Final Transfer Scheme were communicated in FY 2014-15, Further there have been multiple divisions of various zones. Since the accounts are maintained manually, the divisions and offices scattered and long time period, therefore, a few amount is yet to be transferred to the units. Efforts are being made to identify the remaining heads and transfer the same to concerned zones.</p> | | | | |
| Account Head | Amount (Rs. in Crores) | | | | | | | | | | | | | |
| Other Liabilities and Provisions | 8.34 | | | | | | | | | | | | | |
| Stock Related Accounts (net) | 38.97 | | | | | | | | | | | | | |
| Deposit for Electrification | 35.21 | | | | | | | | | | | | | |

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|----------------------|--|--|--------------|----------------------|----------------------|------------|-----------|---|
| | Capital Work in Progress (3.46) | | | | | | | |
| | <p>In absence of proper explanations, complete details and reconciliation thereof, the resultant impact on the accounts of the company, if any, could not be ascertained.</p> <p>In absence of availability of relevant party wise ledgers/ relevant records from where data has been extracted and the reconciliation/ balance confirmation from parties, the correctness of balances stated in respect of Liabilities for Capital Works, O & M Works and Other liabilities and provisions, could not be verified in most of the cases.</p> | | | | | | | |
| | iv. During the financial year 2023-24 various old balances appearing in different assets and liabilities heads which were being carried forwards from previous years have been shifted to asset migration account and liability migration account totalling to Rs. 1.29 crores and Rs 21.41 crores respectively. | The Company has transferred such balances in Assets Migration/Liability Migration account. These accounting heads shall be scrutinized by the Company and necessary action shall be taken accordingly. | | | | | | |
| | <p>(d) <u>PurvanchalVidvutVitran Nigam Ltd</u></p> <p>i. An amount of Rs. 840.43 Crores has been disclosed as "Liability Migration Account", which is the net balance of several idle balances relating to Transfer Scheme and other idle balances lying in accounts of the Company. These balances relate to various assets and liabilities for which no details are available. The consequential impact of the same on the Financial Statements, if any, is presently not ascertainable.</p> | The Company has transferred such balances in Assets Migration/Liability Migration account. These accounting heads shall be scrutinized by the Company and necessary action shall be taken accordingly. | | | | | | |
| | <p>i. The Company is carrying old balances in various tax heads like Sales Tax, Service Tax, State Sales Tax, Central Sales Tax etc., in spite of the fact that these taxes have been discontinued from July, 2017 or before. The details are as under :-</p> <table border="1"> <tr> <td>ii. Head of Account</td><td>iii. AG Code</td><td>iv. Amount (In Lacs)</td></tr> <tr> <td>v. Central Sales Tax</td><td>vi. 46.926</td><td>vii. 2.55</td></tr> </table> | ii. Head of Account | iii. AG Code | iv. Amount (In Lacs) | v. Central Sales Tax | vi. 46.926 | vii. 2.55 | These old balances are under reconciliation. According to the information available with the Discom, there is no disputed statutory dues. |
| ii. Head of Account | iii. AG Code | iv. Amount (In Lacs) | | | | | | |
| v. Central Sales Tax | vi. 46.926 | vii. 2.55 | | | | | | |

| | | | | | |
|-------|--------------------------------------|-------|--------|-------|---------|
| vi. | State Sales Tax | vii. | 46.927 | viii. | 1082.73 |
| vii. | Sale Tax (Cont. Bill) | viii. | 46.928 | ix. | 30.26 |
| viii. | Service Tax | ix. | 46.929 | x. | 75.06 |
| ix. | Provision for FBT | x. | 46.81 | xi. | 9.93 |
| x. | Income Tax Collected at Source Sales | xi. | 46.932 | xii. | 2.06 |
| xi. | TCS Withholding on Sales | xii. | 46.934 | xiii. | 26.63 |
| xii. | Subsidy Refundable | xiii. | 46.935 | xiv. | 1.01 |

However, as per information furnished to us by the Management, there is no any dues payable w.r.t. service tax, VAT, other taxes of old regime. But the management has failed to provide proper explanation of these credit balances. In absence of proper information and explanation, we are unable to comment upon its impact on the Financial Statements.

C. Cash and Cash equivalents

Subsidiaries' Auditors have reported various deficiencies in Internal Control System in preparation of bank reconciliation statement which are reproduced below:

(a) Paschimanchal Vidyut Vitran Nigam Ltd.

- i. Bank Reconciliation Statement (BRS) in respect to Bank Accounts in some divisions, contains outstanding of earlier years' entries, which includes stale cheques, un-cashed cheques, other debits and credit, which requires special attention of the management for necessary adjustments and impact thereof is not ascertainable on the financial statements.

- ii. During the course of audit, DISCOM Auditors observed that Bank Charges were outstanding in BRS year to year. DISCOM Auditors were informed that these charges are first debited by bank and later on are recovered from the Bank. Hence, these continue in BRS year to year. Discom Auditors have suggested to create a code in the Balance Sheet and keep these amounts in Bank Charges Recoverable from Bank A/c with sub-ledger Bank wise instead of continuing in BRS, which is not correct.

The Bank Reconciliation Statement (BRS) is being done regularly in all the divisions of this company. The outstanding balances of Stale cheques, Un-cashed cheques, Other Debits and Other Credit in BRS are being monitored regularly and adjusted after due reconciliation.

Mostly, the company got reversal of Bank charges deducted by banks. In some cases, the reversal of Bank charges is not possible by bank, then the same is booked in separate AG Code (AG 78.883) allotted for Bank Charges as expense in P&L a/c.
Separate AG Code for accounting of the above has been issued through OM no. 354/PCL/CAN-314/V2 dated

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| | 02-09-2024. | |
| iii. | DISCOMS Auditors have mentioned that Financial Assets-Other Current- UP Jal Vidyut Nigam and UPPTCL (.83+.33.50 crore) Rs. 34.33 crore is overstated and Other Financial Assets-Non Current is Understated to that extent. Similarly, Other Financial Liabilities (UPCL)-Current is overstated and Other Financial Liabilities (UPCL) is understated to the extent of Rs.0.17 crore. | The balance appeared as receivable/payable under assets/liabilities has been categorized in current Non-current in accordance with the nature of Balances as per the provisions of Ind AS-01 "Presentation of Financial Statements" as the ascertainment of Current and Non-Current are based on the Management estimates as on the Balance Sheet date whether the amount is expected to be recovered or settled within upcoming 12 months or operating cycle. If the amount of expected to be recovered or settled it should be classified as Current. |
| (b) | <u>DakshinanchalVidyutVitran Nigam Ltd</u> | The Observation of the audit will be taken care in ensuing year. |
| i. | Balances with Bank to the extent of (as per Cash Book) Rs. 18.93 crores are un-reconciled for which company failed to obtain bank statements or bank balance confirmations, liable for reconciled/written off. | |
| ii. | Under CPC 5, there are unidentified bank receipts of Rs. 0.09 crores parked under AG Code 46.2 'Other Deposits Payable'. In our opinion nature/source of the receipts should be identified and dealt accordingly. | The Observation of the audit will be taken care in ensuing year. |
| iii. | Under CPC 1, there are unidentified bank receipts of Rs. 0.03 crores are outstanding in Bank Reconciliation Statements, In DISCOM Auditors opinion nature/source of the receipts should be identified and dealt accordingly. | The Observation of the audit will be taken care in ensuing year. |
| iv. | Under SP Vigilance Unit, Cash Balance of Rs. 88,590/- available with APTS is shown as bank balance in MTB. | The Observation of the auditor shall be reviewed and necessary action shall be taken accordingly. |
| (c) | <u>Madhvanchal Vidyut Vitran Nigam Ltd.</u> | |

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| | <p>i) Bank reconciliation statements at some of the divisions/ units have not been properly prepared and various old un-reconciled entries are appearing in the bank reconciliation statements in various units at zones/ head office since long periods which require adjustments and appropriate accounting in the books of account. Similarly, the copies of bank statements were available but proper balance confirmation certificates/ statements, duly authenticated by the bank were not available in many cases.</p> <p>Further, in Ayodhya zone, the divisions have bank balance in their MTB of Rs.87.87 Crores, while balances as per Bank Statements is Rs. 19.52 Crores. Most of these entries are pending for last many years and have not been adjusted in accounts. Moreover, at LESA CISS Zone, it was observed that the balance of two bank accounts was not found in the Cash Book. There are differences between the MTB and Cash Book amounting to Rs 0.58 crores appearing in MTB which is pending for adjustment for more than eight years.</p> <p>The exact financial impact of the above on the financial statements could not be ascertained at this stage.</p> | <p>Differences reflected in BRS are being scrutinized and many accounts have been reconciled from the date of the report. Efforts are being made to reconcile the balance accounts also.</p> <p>Concerned zones have been instructed to look into the matter and reconcile the same in the F.Y 2024-25.</p> |
| | <p>(d) <u>PurvanchalVidvutVitrans Nigam Ltd.</u></p> <p>The Zonal Auditors have observed many irregularities in Bank Reconciliation Statements which includes:-</p> <ol style="list-style-type: none"> In BRS, a long list of outstanding entries is being carried forward from last many years and even the uncashed/ stale cheques and other entries pertaining to revenue accounts have been shown outstanding and not accounted for in the cash book. The cumulative amount of such entries is in several crores. Some of the Bank reconciliation has been prepared with opening differences. In Revenue Bank reconciliation statement, there are some huge other debit and other Credits which needs proper reconciliation. Bank Statement from Bank were not made available by some of the Units | <p>Noted for compliance. Efforts are being made to get the necessary corrections and updation of bank reconciliation statements-</p> |

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| | <p>Major irregularities observed by the Zonal Auditors are as under :-</p> <ol style="list-style-type: none"> 1. Prayagraj Zone There has been some differences in the Balances as per Bank Statements and the Balances shown in the Cash/Bank Book. The Company is in process to reconcile the differences. Since the entry wise details could not be made available to us, therefore, Discom Auditors are unable to comment on such difference and also they are unable to comment on the impact of such un-reconciled items on the financial result of the Company. | Noted for compliance and necessary correction |
| | <ol style="list-style-type: none"> 2. Azamgarh Zone <ol style="list-style-type: none"> i. EDD II-Azamgarh- Account Head 24.311 Deposit Work Receipt Account (SBI)- Balance in Trial balance as on 31.03.2024 is Rs.11,26,637.99 and Account Head 24.401 Expenditure Account (SBI)- Balance in Trial balance as on 31.03.2024 is Rs.415820.24 and Account Head 24.301 Revenue Account (SBI)- Balance in Trial balance as on 31.03.2024 is Rs. 14,40,348.66. No opening & Closing balance mentioned in Cash Book, Bank Statement from Bank is also not available to verify Bank balance, No Reconciliation available. ii. EDD I-Mau- Account Head 24.301 Revenue Account (SBI)- Balance in Trial balance as on 31.03.2024 is Rs.26,51,958.65 and Account Head 24.303B RC/DC A/c (PNB)- Balance in Trial balance as on 31.03.2024 is Rs.56,54,166.84. No opening & Closing balance mentioned in Cash Book, Bank Statement from Bank is also not available to Verify Bank balance, No Reconciliation available. iii. EDD I-Ballia- Account Head 24.312 Deposit Work Receipt Account (CBI)- Balance in Trial balance as on 31.03.2024 is Rs.30,90,220.78 and Account Head 24.312A R D A/C (CBI)- Balance in Trial balance as on 31.03.2024 is Rs. 21,550 and Account Head 24.312B R C A/c (CBI)- Balance in Trial balance as on 31.03.2024 is Rs. 1,17,765. No opening & Closing balance mentioned in Cash Book, Bank Statement from Bank is also not available to Verify Bank balance, No Reconciliation available | Noted for compliance and necessary correction |

| | <div>3. Gorakhpur Zone</div> <div>In Bank Reconciliation Statement (B.R.S) of some of the units a long list of 'outstanding' are carried forward since long. Major difference has been noticed in following units/ division</div> <table><tr><th>Division</th><th>Bank</th><th>Balance as per Bank</th><th>Balance as per Cash Book</th><th>Difference</th></tr><tr><td>EDD Deoria</td><td>BOB Revenue A/c.</td><td>553286</td><td>3933285</td><td>3379999</td></tr><tr><td>ETD Salempur</td><td colspan="4">BRS not prepared</td></tr><tr><td>EDD I GKP</td><td>SBI SLC A/c.</td><td></td><td>14871471</td><td>14871471</td></tr><tr><td></td><td>ICICI Revenue</td><td>42836</td><td>41156422</td><td>41113586</td></tr><tr><td>EDD Sikriganj</td><td>PNB Revenue A/c.</td><td>379858</td><td>1373331</td><td>993473</td></tr><tr><td>EDD</td><td>PNB A/c.</td><td>731359</td><td>11232126</td><td>10500766</td></tr><tr><td>Kasiakushinagar</td><td></td><td></td><td></td><td></td></tr><tr><td>EDD Padrauna</td><td>PNB Exp A/c.</td><td>13193472</td><td>17877536</td><td>4684063</td></tr><tr><td></td><td>PNB Recpt A/c.</td><td>34723</td><td>937656</td><td>902933</td></tr><tr><td>EUDD</td><td>AXIS Rev A/c.</td><td>305002</td><td>4637068</td><td>4322066</td></tr><tr><td>Mohaddipur</td><td></td><td></td><td></td><td></td></tr><tr><td>EDD Maharajganj</td><td>HDFC Recpt A/c.</td><td>0</td><td>801580</td><td>801580</td></tr><tr><td>EDD Nichlaul</td><td>SBI Rev A/c.</td><td>4915695</td><td>6537829</td><td>1622136</td></tr><tr><td>EDD Hata</td><td>Rev A/c.</td><td>299391</td><td>2548242</td><td>2248851</td></tr><tr><td>EDD Barhaj</td><td>PNB Rev A/c.</td><td>15597</td><td>2186912</td><td>2171315</td></tr><tr><td>EDD</td><td>HDFC Rev A/c.</td><td>10000</td><td>1352036</td><td>1342036</td></tr><tr><td>ChauriChaura</td><td></td><td></td><td></td><td></td></tr></table> | Division | Bank | Balance as per Bank | Balance as per Cash Book | Difference | EDD Deoria | BOB Revenue A/c. | 553286 | 3933285 | 3379999 | ETD Salempur | BRS not prepared | | | | EDD I GKP | SBI SLC A/c. | | 14871471 | 14871471 | | ICICI Revenue | 42836 | 41156422 | 41113586 | EDD Sikriganj | PNB Revenue A/c. | 379858 | 1373331 | 993473 | EDD | PNB A/c. | 731359 | 11232126 | 10500766 | Kasiakushinagar | | | | | EDD Padrauna | PNB Exp A/c. | 13193472 | 17877536 | 4684063 | | PNB Recpt A/c. | 34723 | 937656 | 902933 | EUDD | AXIS Rev A/c. | 305002 | 4637068 | 4322066 | Mohaddipur | | | | | EDD Maharajganj | HDFC Recpt A/c. | 0 | 801580 | 801580 | EDD Nichlaul | SBI Rev A/c. | 4915695 | 6537829 | 1622136 | EDD Hata | Rev A/c. | 299391 | 2548242 | 2248851 | EDD Barhaj | PNB Rev A/c. | 15597 | 2186912 | 2171315 | EDD | HDFC Rev A/c. | 10000 | 1352036 | 1342036 | ChauriChaura | | | | | Noted for compliance and necessary correction |
|---|---|---------------------|--------------------------|---------------------|--------------------------|------------|------------|------------------|--------|---------|---------|--------------|------------------|--|--|--|-----------|--------------|--|----------|----------|--|---------------|-------|----------|----------|---------------|------------------|--------|---------|--------|-----|----------|--------|----------|----------|-----------------|--|--|--|--|--------------|--------------|----------|----------|---------|--|----------------|-------|--------|--------|------|---------------|--------|---------|---------|------------|--|--|--|--|-----------------|-----------------|---|--------|--------|--------------|--------------|---------|---------|---------|----------|----------|--------|---------|---------|------------|--------------|-------|---------|---------|-----|---------------|-------|---------|---------|--------------|--|--|--|--|---|
| Division | Bank | Balance as per Bank | Balance as per Cash Book | Difference | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EDD Deoria | BOB Revenue A/c. | 553286 | 3933285 | 3379999 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ETD Salempur | BRS not prepared | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EDD I GKP | SBI SLC A/c. | | 14871471 | 14871471 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | ICICI Revenue | 42836 | 41156422 | 41113586 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EDD Sikriganj | PNB Revenue A/c. | 379858 | 1373331 | 993473 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EDD | PNB A/c. | 731359 | 11232126 | 10500766 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Kasiakushinagar | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EDD Padrauna | PNB Exp A/c. | 13193472 | 17877536 | 4684063 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | PNB Recpt A/c. | 34723 | 937656 | 902933 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EUDD | AXIS Rev A/c. | 305002 | 4637068 | 4322066 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mohaddipur | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EDD Maharajganj | HDFC Recpt A/c. | 0 | 801580 | 801580 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EDD Nichlaul | SBI Rev A/c. | 4915695 | 6537829 | 1622136 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EDD Hata | Rev A/c. | 299391 | 2548242 | 2248851 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EDD Barhaj | PNB Rev A/c. | 15597 | 2186912 | 2171315 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EDD | HDFC Rev A/c. | 10000 | 1352036 | 1342036 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ChauriChaura | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <div>4. Mirzapur Zone</div> <div>It was found that there are huge differences in Bank Reconciliation Statements in some of the Units. Details as of 31st March 2024 are summarized hereunder;</div> | Noted for compliance and necessary correction | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Unit Name | Differences | Remark |
|--------------------------------|-----------------|---|
| UEDD-1 Bhelupura (Rev A/c) | 3234131 8.90 | Old differences carried forward of BRS as on above March 2003 |
| EDD-1 Sagra Varanasi (Rev A/c) | 2514274. 41 | Old differences carried forward of BRS as on above April 2008 |
| UEDD-V Varanasi | 9576157. 58 | Difference as per Bank Reconciliation of March 2022 |

5. Varanasi Zone

Units Where unexplained old differences are there:-

| Unit Name | Differences | Remark |
|---------------|-------------|---|
| UEDD-1 BHADRA | 9576157.58 | Difference as per Bank Reconciliation of March 2022 |

Noted for compliance and necessary correction

Noted for compliance and necessary correction

5. Varanasi Zone

Units Where unexplained old differences are there:-

| Unit Name | Differences | Remark |
|--------------------------------------|-----------------|--|
| UEDD-1 Bhelupura (Rev A/c) | 3234131 8.90 | Old differences carried forward of BRS as on above March 2003 |
| EDD-1 Sagra Varanasi (Rev A/c) | 2514274. 41 | Old differences carried forward of BRS as on above April 2008 |
| UEDD-V Varanasi | 9576157. 58 | Difference as per Bank Reconciliation of March 2022 |

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| | | | |
| (Rev A/c) | | | |
| EUDD -VI Ashapur Varanasi (Rev A/c) | 2738790. 6 | Balance B/f from Bank reconciliation Statement of 2988012100000670 dated 31.03.2017 | |
| UEDD-VIII Varanasi (Rev A/c) | 2427546. 30 3361085. 00 7890677. 78 316757.1 5 - 4145649. 81 | Uncashed cheque detail from 03.12.2019 to 31.03.2024 Untraceable RTGS and cash Deposits from 03.01.2019 to 29.01.2023 Other credit -no detail from 05.04.2019 to 31.03.2024 Other Debit- included Bank charges and Short cash deposited from 28.02.2020 to 31.03.2024 Less/Excess posted in cash book | |
| UEDD-III Varanasi (Rev a/c) | 2199205 9.15 | Difference as per Bank Reconciliation of March 2012 carried forwarded | |
| EDD Chandauli (Rev A/c) | 3279166 80.13 | Difference between opening Balance of cash book & Bank | |
| EDD Mughalsarai (Rev A/c) | 1441498 34.44 4168488 96.76 9853014 4.69 | Uncash cheque included Rs 142665612.23 up to march 18. Other credit as bank statement head included Rs 416214484.67 up to march 2021. Other debits include Rs 97915856.97 up to march 2021 and other old entries. | |
| EDD-I Jaunpur (Rev A/c) | 87169.00 4576421. 61 | Un cash for the month without any detail Other credit included Rs 2500000 as transfer on dt 31/10/2023 and Rs 1503645.96 By cash on 30.12.2023 | |

| | | | | |
|------------------------------|---|------------------|-----------------|---|
| | | | 820268.9 2 | Details of Bank Charges - included Rs 665620.29 up to Mar 2019. The cash handling charges remain showing in the reconciliation |
| EDD-III Jaunpur (Rev A/c) | - | 4254551. 22 | 3848235 8.04 | Un cash cheque balance included Rs701315.22 with remark up to previous year (BRS March) Credited by bank bot not debited by us include Rs 31635615.83 with remark upto previous year march 2022. |
| EDD-II Jaunpur (Rev A/c) | - | 1465368 88.90 | | Other credit included Rs 144763986.51 balance of previous year up to march 2023 |
| EDD Shahganj (Rev A/c) | - | 2943291. 21 | 634963.5 8 | Other credit as per bank account include balances from 26.10.2016 to 31.03.2024. Other debit balance also includes balances from FY 2016-17 to FY 2023-24 |
| EDD-IV JamaniaGhazi pur | - | 2375427 6.96 | | Net difference included the figure of Rs 22620684.80 with remark Extra Remittance shown in cash book |
| EDD-II Ghazipur (Rev A/c) | - | 3323164. 00 | | Amount unacknowledged by bank at the close of previous year |
| EDD-I Varanasi (Exp A/c) | - | 2509078. 00 | | Include the amount of Rs 2492015.00 with remark other credit deposit /other/SLC/Penalty/EMD/Tender fees as on 2023-24(unidentified as on 31.03.2024) without any |
| EDD-II Varanasi (Exp A/c) | - | 2261767 9.00 | | Outstanding cheques up to 03/24 included balances from 06.02.2020 to 28.03.2024 |
| UEDD-II Varanasi (Exp A/c) | - | 41454.00 | | Included bank charges of Rs 49568 with remark bank charges up to 03/24 |
| UEDD-VIII Kajiakura Varanasi | - | 591118.5 2 | | Included figure Rs 382845.00 outstanding cheques up to 03/2024 which includes figure from 06.10.2018 to 06.07.2022. |

| | | | | | | | | | | | |
|---|---|--|--|---|----------------|------------|--|--------------|-------------|--|--|
| | <table> <tr> <td>(Exp A/c)</td><td></td><td>Rs 1223130.52 with caption other credits which includes figure from 02.12.2021 to 18.11.2022.</td></tr> <tr> <td>EDD-IV Jaunpur</td><td>4889082.00</td><td>Include other major credits as per bank statement from 01.06.2022 Rs 308901.00, 28.03.2023 Rs 55140 and 03.04.2023 Rs 32796.00</td></tr> <tr> <td>ECD Varanasi</td><td>- 888264.44</td><td>Amount debited and credited by Bank Debit Rs 128752207.00 Credit Rs 127044020.20</td></tr> </table> | (Exp A/c) | | Rs 1223130.52 with caption other credits which includes figure from 02.12.2021 to 18.11.2022. | EDD-IV Jaunpur | 4889082.00 | Include other major credits as per bank statement from 01.06.2022 Rs 308901.00, 28.03.2023 Rs 55140 and 03.04.2023 Rs 32796.00 | ECD Varanasi | - 888264.44 | Amount debited and credited by Bank Debit Rs 128752207.00 Credit Rs 127044020.20 | |
| (Exp A/c) | | Rs 1223130.52 with caption other credits which includes figure from 02.12.2021 to 18.11.2022. | | | | | | | | | |
| EDD-IV Jaunpur | 4889082.00 | Include other major credits as per bank statement from 01.06.2022 Rs 308901.00, 28.03.2023 Rs 55140 and 03.04.2023 Rs 32796.00 | | | | | | | | | |
| ECD Varanasi | - 888264.44 | Amount debited and credited by Bank Debit Rs 128752207.00 Credit Rs 127044020.20 | | | | | | | | | |
| <p>6. Basti Zone</p> <p>i. In some unit Bank Reconciliation Statement (B.R.S.) contains very old outstanding entries which are carried forward and pending for reversal up to 31.03.2024. Also, there are many cheques pertaining to FY 2010-11 and which have not been collected by the bank as they are more than 90 days old, resulting in 'Stale Cheques'. Thus, the balance of "Receivables" does not show a true position as such cheques have not yet been collected by the bank. These stale cheques should be reconciled and reversal entry taken in cash book. (Total Amount Rs.8,09,62,422.12).</p> <p>ii. There are huge differences in the balances with Cash Book & the Pass Books of different units amounting to Rs.3,80,02,560.94 (LIST-B).</p> | | Noted for compliance and necessary correction | | | | | | | | | |
| <p>D. Capital Work in Progress</p> <p>Capital WIP includes Rs 842.92 crore (including Rs. 609.33 crore as Advanced to Contractors) outstanding for more than three years which needs to be closely monitored/adjusted as earliest. However, in absence of necessary input and details we are not in a position to quantify its impact on financial statements at this stage.</p> | | Noted. | | | | | | | | | |
| <p>Observation of DISCOMS Auditors are given below:</p> <p>(a) Madhyanchal Vidut Vitran Nigam Ltd.</p> <p>At Ayodhya Zone, a sum Rs. 494.97 Crores has been capitalised during the year (including capitalisation of revenue expenses Rs. 63.50 crores which are on basis</p> | | No Comments | | | | | | | | | |

| | | |
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| | of fixed percentage of total cost instead of actual). The zonal auditors have reported that the fixed Assets completion certificates were not furnished to them. Whereas, as explained to us by the management the certificates have been duly furnished during their audit. | |
| | <p>(b) <u>Purvanchal Vidyut Vitran Nigam Ltd.</u></p> <p>i) GOVERNMENT FUNDED PROJECTS</p> <p>ADB PROJECT</p> <ul style="list-style-type: none"> ➤ The time period of ABD funded UPDPNRP Project has expired on September, 2022. The approval of time extension of the project is not available on record for verification. ➤ Liquidated Damages recovered from the Vendors during the year amounting to Rs. 6.60 Crores have been treated as Income (AG Code 62.917) whereas, the same should be reduced from Capital Work in Progress. Due to which "Other Income" and CWIP are overstated to this extent. | <p>LD has been imposed for delay completion of work from January 2023 in compliance of meeting held at UPPCL.</p> <p>Since the LD under ADB has been imposed against the delay of completion work and not directly identifiable against the specific work, hence the same has been accounted for as other Income.</p> |
| | <p>(ii) RDSS PROJECT</p> <ul style="list-style-type: none"> ➤ During the year under Audit, the Company has provisionally deferred the liquidated damages (LD) clause as originally mentioned in their Standard Bid Document (SBD) and refunded the LD deducted to the Vendors. No approval of the Nodal Agency (REC Ltd.) has been obtained in this regard, which is against Para 23 of General Terms and Condition of Agreement with REC Ltd. Further, the same is also against Para 14(iii) of the Tripartite Memorandum of Agreement dated 29/03/2022 which states as under :- <p>"State Government/DISCOMS shall suitably incorporate the provisions towards levy of Liquidated Damages in their agreements with contractors for delay in completion of the project(s) and also other relevant contractual provisions pertaining to the procurement of goods and works. Out of the amount recovered towards Liquidated Damages, if any, by State Government/DISCOMS under this provision, the amount proportionate to subsidy shall be remitted to MOP account."</p> | <p>Vide letter number 475 dated 19.05.2022, UPPCL has modified the SBD with reference to the targeted completion of work and instructed to Discoms (under the copy to REC) to comply the same under intimation to REC. Further UPPCL vide its letter no 331 dated 11.03.2024 has also communicated to REC for revision in targets of REF.</p> |

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| | | |
| | ➤ Interest on Mobilisation Advance to Vendors amounting to Rs. 7.32 Crores and Rebate aggregating to Rs. 17.74 Crores have been accounted for in AG Code 46.104 and disclosed under "Other Financial Liabilities (Current)". The same should be reduced from Capital Work in Progress as per Ind AS16. Hence, the CWIP and Current Liabilities are overstated to this extent. | In absence of any clear guidelines regarding the same, interest on mobilization advances and rebate earned on timely payment has been booked under retention. It will be adjusted properly at the time of closure of the scheme. |
| | (ii) As reported by the Zonal Auditors, the status, situation and condition of Capital Work in Progress is not available for verification. | Work register in construction and secondary works divisions have been maintained. For remaining units, necessary instructions have been issued to maintain the same. |
| | (iii) Capital work in progress includes advance to Suppliers/ Contractors amounting to Rs. 941.16 Crores. As reported by the zonal auditors, name and age-wise break-up of the same is not available, hence we are not able to comment upon the same. | Unit wise balances appearing in the advances head is being reviewed and necessary directions have also been issued to units to reconcile the same and maintain the party-wise list of advances to Suppliers/ Contractors |
| | <u>F. Inventories</u> Inventory which includes stores and spares for capital works, operation and maintenance and others is valued at cost. Valuation of stores and spares for O & M and others is not consistent with Ind AS 2 Inventories i.e., valuation at lower of cost and net realizable value. Accordingly, the impact of non-compliance of the above IND AS on the financial statements is not ascertainable. | The company is in the process of revising its accounting policy. The suggestion of the audit is noted for consideration. |
| | i. Besides group has not framed any accounting policy for provision of obsolete and non-moving inventory. | |
| | ii. Inventory includes Rs. 2539.01 crore as Store spares - Capital works which is to be clubbed with Capital WIP as per requirement of Ind AS-16. Observation of Discom Auditors are given below: | |
| | (a) <u>PaschimanchalVidyuVitrans Nigam Ltd.</u> | |
| | i. As per Para 9 of IND AS2, "Inventories shall be measured at the lower of cost and net realizable value". The company has the policy of valuing inventories at cost basis, while it is required to be valued at cost or net realizable value, whichever is lower. This policy of company is not in line of respective IND AS2. Accordingly, the impact of non- | The company has large nos. of Stock items located at various divisions/sub-divisions/store centre etc. To establish the exact realizable value, as such, is practically very difficult and the same has been valued at |

| | compliance of the above IND AS on the financial statements is not ascertainable. | cost. The necessary disclosure has been made in point no. 40 of Notes on Accounts. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--------|--|--|------------------------------|---|------------------------------|------------------|---|-----------|--------|--------|---------|---|--------------|--------|--------|--------|---|-------------|--------|--------|--------|---|---------------------|--------|--------|--------|--|--------------|---------------|---------------|----------------|---|
| | <p>ii. Inventory consists of stock items, which are used interchangeably for capital expenditure or for regular repairs and maintenance purposes. Since ultimate use of such stock items is indeterminate at initial recognition, the Company classifies such items as inventory. These items are classified subsequently either in property, plant and equipment through capital work in progress or expense in the Statement of Profit and Loss as and when it is so used, which is not in accordance with requirement of IND AS-2 'Inventories' and IND AS-16 'Property, Plant and Equipment'. The effect of such non-compliance on PPE, inventory, depreciation, spares consumption is not ascertainable.</p> | Inventories are purchased centrally by Material Management section of the PVVNL on estimated basis of past consumption. After that it is allocated to different store centres of PVVNL. Due to structure and nature of business, it is quite impractical to determine their expected time and place of put to use. Due to which the same is shown under Inventory rather than Property, Plant and Equipment. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>(b) <u>DakshinanchalVidyutVitrans Nigam Ltd</u></p> <p>Inventory of the company (Rs.622.36 crore) require following adjustments:</p> <p>i. Un-reconciled difference:</p> <p>(Rs. in Crores)</p> <table><tr><th>S. No.</th><th>Particulars</th><th>Value as per Valuation Report by independent CA (A)</th><th>Value as per Zonal MTB (B) *</th><th>Difference (A-B)</th></tr><tr><td>1</td><td>Agra Zone</td><td>192.16</td><td>212.66</td><td>(20.50)</td></tr><tr><td>2</td><td>Aligarh Zone</td><td>118.84</td><td>120.32</td><td>(1.48)</td></tr><tr><td>3</td><td>Kanpur Zone</td><td>103.22</td><td>106.33</td><td>(3.11)</td></tr><tr><td>4</td><td>Jhansi & Banda Zone</td><td>281.75</td><td>281.78</td><td>(0.03)</td></tr><tr><td></td><td>Total</td><td>695.97</td><td>721.09</td><td>(25.12)</td></tr></table> <p>* Inventory Value as per Zonal MTB as on 31.03.2024 excludes Provision made</p> | S. No. | Particulars | Value as per Valuation Report by independent CA (A) | Value as per Zonal MTB (B) * | Difference (A-B) | 1 | Agra Zone | 192.16 | 212.66 | (20.50) | 2 | Aligarh Zone | 118.84 | 120.32 | (1.48) | 3 | Kanpur Zone | 103.22 | 106.33 | (3.11) | 4 | Jhansi & Banda Zone | 281.75 | 281.78 | (0.03) | | Total | 695.97 | 721.09 | (25.12) | <p>This may be a reflection of some erroneous accounting; this observation shall be reviewed and necessary accounting correction shall be done in current financial year.</p> |
| S. No. | Particulars | Value as per Valuation Report by independent CA (A) | Value as per Zonal MTB (B) * | Difference (A-B) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 | Agra Zone | 192.16 | 212.66 | (20.50) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2 | Aligarh Zone | 118.84 | 120.32 | (1.48) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3 | Kanpur Zone | 103.22 | 106.33 | (3.11) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4 | Jhansi & Banda Zone | 281.75 | 281.78 | (0.03) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Total | 695.97 | 721.09 | (25.12) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | for the year after receipt of valuation reports. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|--|-----------------|---------------------------------------|--|--|-----|-------------|--------------------|----------------|---------------------------------------|---|-----------------|-----|-----------------|--------------|---|-----------------|-----|-----------------|-------------|---|-----------------------|-----|-----------------|-------------|---|------------------|-----|-----------------|--------------|--|
| ii. | Otherwise also valuation has been made on Replacement Rates, Current Market Value or Purchase Price, whichever is available, in contravention of Ind AS2 'Inventories' which requires valuation to be made on lower of cost or net realisable value. | The matter shall be reviewed. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| iii. | <p>AG 22.780 'Transformers sent to Repair' having outstanding balance of Rs 51.96 crores is accounted incorrectly on average rate varying from 4.81 Lakhs to 14.29 Lakhs as shown in table below:</p> <table><tr><th colspan="5">Transactional Details of AG 22.780 'Transformers sent to Repair' of Agra Zone</th></tr><tr><th>S.N</th><th>Particulars</th><th>Quantity (in Nos.)</th><th>Amount(in Rs.)</th><th>Average Rate per Transformer (in Rs.)</th></tr><tr><td>1</td><td>Opening Balance</td><td>132</td><td>18,86,45,911.00</td><td>14,29,135.00</td></tr><tr><td>2</td><td>Sent for Repair</td><td>392</td><td>18,85,79,710.00</td><td>4,81,070.00</td></tr><tr><td>3</td><td>Received after repair</td><td>373</td><td>18,99,11,914.00</td><td>5,09,147.00</td></tr><tr><td>4</td><td>Closing Balances</td><td>151</td><td>18,73,13,707.00</td><td>12,40,488.00</td></tr></table> | Transactional Details of AG 22.780 'Transformers sent to Repair' of Agra Zone | | | | | S.N | Particulars | Quantity (in Nos.) | Amount(in Rs.) | Average Rate per Transformer (in Rs.) | 1 | Opening Balance | 132 | 18,86,45,911.00 | 14,29,135.00 | 2 | Sent for Repair | 392 | 18,85,79,710.00 | 4,81,070.00 | 3 | Received after repair | 373 | 18,99,11,914.00 | 5,09,147.00 | 4 | Closing Balances | 151 | 18,73,13,707.00 | 12,40,488.00 | Since the Transformers are of various capacity and price, the average rate of transformers in totality may vary from time to time, averaging of rates is not required. |
| Transactional Details of AG 22.780 'Transformers sent to Repair' of Agra Zone | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| S.N | Particulars | Quantity (in Nos.) | Amount(in Rs.) | Average Rate per Transformer (in Rs.) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 | Opening Balance | 132 | 18,86,45,911.00 | 14,29,135.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2 | Sent for Repair | 392 | 18,85,79,710.00 | 4,81,070.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3 | Received after repair | 373 | 18,99,11,914.00 | 5,09,147.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4 | Closing Balances | 151 | 18,73,13,707.00 | 12,40,488.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (c) | <p><u>Madhyanchal Vidyut Vitran Nigam Ltd</u></p> <p>Provision for Unserviceable store of Rs. 41.76 Crores as appearing in Note 7- Inventories continues since 2012-13 despite substantial increase in level of inventory to Rs 908.64 Crores in 2023-24 as against Rs. 230 Crores in 2012-13. In absence of complete details, we are unable to comment on the adequacy of provision on this account and its impact on financial statements.</p> | Creating provision for unserviceable store is a matter of estimate to be made by the management according to the circumstances. In view of the management the existing provision of Rs. of 4,122 lakh is sufficient as on the date of Balance Sheet. The management at MVVNL is continually aiming to improve its processes as part of cost cutting measures.. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| | | In view of the same maintenance of the spares has been given top priority and accordingly the estimate for provision for unserviceable spare and stores has come down from the earlier years. |
| | <p>(d) <u>PurvanchalVidyutVitran Nigam Ltd</u></p> <p>i. The Company has carried out valuation of stores as on 31/03/2024 by an independent Firm. The major comments/ qualification of Zonal Auditors are as under :-</p> <p>Gorakhpur Zone :-</p> <p>As reported by the stock auditors, the Zone has maintained proper records of inventories, however the procedure of stock keeping is not proper as the auditor quotes that "No Bin cards have been prepared for the management of the inventory as well as the haphazard storage and mix of inventory made it inconvenient to provide accuracy of the inventory account." As such discrepancies, if any cannot be ascertained.</p> <p>The physical verification of stores and spares are done on sampling basis instead of 100 % verification of physical presence of such stock. Their movement also cannot be ascertained.</p> | Noted for compliance |
| | <p>Basti Zone :-</p> <p>We have test checked the valuation reports & the certificate dt.03.6.2024 submitted by the said Agency with some limitations and major observations mentioned therein and also some differences in stock as per the system generated reports and the actual stock-in-hand.</p> <p>But, we are not able to comment whether in case of valuation differences necessary adjustment/ correction entries have been passed with collaboration with the concerned EE/ Accountants of the units in terms of the "SCOPE OF WORK" mentioned in the certificate of the Agency. Also, there is no insurance cover available to insure the stocks as mentioned in the said certificate.</p> | Noted for compliance. Necessary insurance cover for Inventory has also been taken during the current financial year. |
| | <p>Prayagraj Zone :-</p> <p>Physical Verification of Inventory has been conducted at the year-end but the</p> | Noted for compliance |

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| | <p>coverage and procedure of such verification is not appropriate because it didn't fetch details of discrepancy in quantity or non-moving / out-dated / obsolete items in the inventory.</p> <p>ii. Stock shortage/ excess pending investigation amounting to Rs. 71.83 Lacs is outstanding as on 31/03/2024. In absence of proper information, we are unable to comment upon its nature and proper accountal.</p> <p>iii. No movement analysis is available to categorize fast moving, slow moving, non-moving and dead stock items.</p> <p>iv. No provision for obsolete, unserviceable stores and spares has been made during the year under audit</p> <p>v. As reported by the Zonal Auditors, there is no system for identification of scrap and its valuation at fair value.</p> | <p>The units have been instructed to update the stock shortages/excess pending investigation and investigate the same for necessary accounting.</p> <p>The detail of fast moving, slow moving, non-moving and dead stock items of store divisions is available at the unit.</p> <p>As per Management analysis no provision against obsolete, unserviceable stores and spares are required.</p> <p>The Scrap is being identified by committee formed by the management. Against the identified scrap material, the base price for auction is being finalized by committee. The scrap is being auctioned through MSTC.</p> |
| | <p>(e) Kanpur Electricity Supply Company Limited</p> <p><u>INVENTORY Dr. ₹ 109.57 Crores.</u></p> <p>According to the information and explanations given to us, stores and spares (inventory) lying with the third parties i.e. 'Advance to Capital Contractors' of ₹287.72 Crores grouped under the head 'Capital Work in Progress'(Also Refer Note No. 3 of "IND ASFS") and 'Advances Recoverable in Cash or in Kind or for value to be received' of ₹0.53 Crores grouped under the head 'Other Current Assets'(Also Refer Note No. 10 of "IND AS-FS") are accounted for on the basis of consumption statements received in this regard. However, no confirmation and reconciliation of the said inventory lying with the said third parties has been done at the year end. Due to non-furnishing of complete information in this regard, the financial impact on the 'Inventories' under 'Current Assets' is not ascertainable.</p> | <p>The amount booked as advance is as per the stock accounts of material issued to contractors for erection at site. Efforts are being made to obtain balance confirmation of the same from third parties.</p> |
| | <p>F. Property Plant & Equipment</p> | |

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| | <p>i. We draw attention to para 3 ii(e) of Company Information and Significant accounting policies stating that employee cost to capital works are capitalized @ 15% on deposit works, 13.50% on distribution works and 9.5% on other works. Further, it was noted that a sum of Rs. 1,037.58 Crore of Employee benefit expenses has been capitalized to fixed assets out of total establishment expenditure of Rs. 3,868.09 Crore incurred during the year.</p> <p>ii. As mentioned in Para No.52 of Notes to Account, amount paid to UPPTCL towards bay charges have been written off during the year 2023-24 but no reasons for such changes have been disclosed in the Notes on Accounts.</p> | <p>No Comment.</p> <p>It is the Practice of the Company to charge the full amount of Bay Charges in P&L account in the year of expenses.</p> |
| | <p>b) PaschimanchalVidytVitran Nigam Ltd.</p> <p>i. The records showing full particulars including quantitative details and situation of Property, Plant and Equipment are not updated with the Company as at 31st March, 2024. It was reported that the company is in the process of maintenance of these records. In the absence of complete details, DISCOM Auditors are unable to quantify the impact of the same on the financial statements.</p> | <p>The Fixed Assets Register showing full particulars including quantitative details and situation of Property, Plant and Equipment as on 31.03.2023 has already been completed and submitted to UPERC.</p> <p>The preparation of Fixed Assets Register for FY 2023-24 is under progress.</p> |
| | <p>ii. The management has represented that, to the best of its knowledge and belief, the title/lease deeds of immovable properties acquired post transfer scheme are held in the name of the Company but properties inherited in transfer scheme are still in the name of UPSEB. However, no title deeds of immovable properties have been produced before us and in absence of such title deeds vis a vis complete details of immovable properties, DISCOM Auditors are unable to comment upon this.</p> | <p>Most of the old land is acquired by UPSEB and received to PVVNL under the Transfer Scheme, 2003.</p> <p>The land acquired post Transfer Scheme for purpose of Electricity distribution has been mainly made available by the various departments of the U.P. Govt., Local Bodies and Gram Panchayats, etc.</p> |
| | <p>iii. Due to non-availability of proper and complete records of Work Completion Reports, there have been instances of non-capitalization and / or delayed capitalization of Property, Plant and Equipment, resulting delay in capitalization with corresponding impact on depreciation for the delayed period. In the absence of sufficient and appropriate audit evidences, DISCOM Auditors are not in a position to comment on the correctness of the same (Refer to 2(II) and IV(b) of 'Material Accounting Policies' to the Financial Statements).</p> | <p>Due to scattered geographical area and multiplicity in nature of Capital works, in some cases there might be delay in capitalization of assets. However, most of the completed Capital works are capitalized in same month.</p> |

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| iv. | <p>The company has booked expenses related to construction of Transmission Bay by its own fund in the statement of Profit & Loss in the current year under audit as per the changed accounting procedure of company regarding construction of Transmission Bay while it was shown as "Asset Not in Possession "in Balance Sheet till the FY 2022-23. The relevant documents regarding construction of Transmission Bay by the Company's own fund or by consumer contribution like estimates, agreement etc is not made available to us for our audit. In absence of the above, we can't comment upon the amount booked in the statement of Profit & Loss. (Refer point no 48 of Notes to Account)</p> | <p>The amount paid from company's own fund to U.P. Power Transmission Corporation Ltd. Towards Bay charges has been charged to Statement of Profit & Loss in FY 2023-24. Earlier, it was shown under "Assets not in Possession". Hence, the same has been rectified in current year by treating it as Prior Period Error in accordance with Ind AS-8.</p> <p>Further, the construction of Transmission Bay by the Company's own fund or by consumer contribution is made at divisional level and the relevant documents like estimates, agreement etc. are available at concerned divisional level.</p> |
| v. | <p>In case of withdrawal of an asset, its gross value and accumulated depreciation is written off on estimated basis. In the absence of sufficient and appropriate audit evidence thereof, DISCOM Auditors are not in a position to ascertain impact of the same on the financial statements.</p> | <p>We are in the process of stabilizing the ERP migration, after complete stabilization of ERP, the same will be taken care by the system.</p> |
| vi. | <p>The company has re-classified the furniture of Rs. 7.67 (Gross Block) and has transferred the same to Building Block, The relevant calculation is not provided to us for our audit. Further, this adjustment has not been made through restated financial statements, being this adjustment is a prior year item. In the absence of sufficient and appropriate audit evidence thereof, DISCOM Auditors are not in a position to ascertain impact of the same on the financial statements.</p> | <p>Most of the old land is acquired by UPSEB and received to PVNL under the Transfer Scheme, 2003.</p> <p>The land acquired post Transfer Scheme for purpose of Electricity distribution has been mainly made available by the various departments of the U.P. Govt., Local Bodies and Gram Panchayats, etc.</p> |
| | <p>c) <u>DakshinanchalVidutVitrana Nigam Ltd.</u></p> <p>i. Fixed Assets identified not fit for use, are de-recognised from AG 10 & 12 and are recognised under AG 22 at Written Down Value. New material procured/issued for repair is debited to AG 22, while labour charges are recognised as revenue expenditure under AG 74. After repair the repaired asset is recognised by debiting AG 10 and credited AG 22 at Average Rate defined by holding company, instead of historic cost of repaired asset. This results into incorrect presentation of inventory wherein, exaggerated imaginary credit (new asset value – (WDV + Repair Material)) remains parked in inventories. This may have been resulted substantial impact of undervaluation of inventories.</p> | <p>No Comments required as the auditor has just elaborated the facts</p> |

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| | <p>ii. As per Ind AS16 "Property, Plant and Equipment", a capital asset shall be recognised if, the cost can be measured reliably and it is probable that future economic benefits will flow to the entity. However, the Company taking a different view written off the written down value (cost minus depreciation) of Rs. 46.72 crores (AG 11.105 'Assets not pertain to DVVNL') in profit and loss as prior period expense.</p> | <p>As per the Ind AS Framework, asset is defined as follows: <i>"An asset is a present economic resource controlled by the entity as a result of past events."</i> Discom provide fund to the transmission company to make new Bay for Distribution network and that Bay is controlled and operated by Transmission Company. Since the ownership & control of the asset does not lie with the discom, the amount paid to U.P. Power Transmission Corporation Ltd. towards Bay charges can't be recognised as an asset and hence it has been charged to Statement of Profit & Loss in FY 2023-24. Earlier, it was shown under "Assets not in Possession". Hence, the same has been rectified in current year by treating it as Prior Period Error in accordance with Ind AS-8.</p> |
| | <p>iii. Otherwise also, if the asset de-recognised is not repairable, it is further debited to AG 22.770 'Scrap Material' at Written Down Value, receipts of scrap sold (Rs. 68.55 crores for FY 2023-24) is directly credited in AG 22.770 instead of crediting it to profit and loss. This practice resulted loss on sale of scrap remain parked in in AG 22.770.</p> | <p>Noted for compliance.</p> |
| | <p>d) <u>Kanpur Electricity Supply Company Limited</u> <u>PROPERTY, PLANT AND EQUIPMENT Dr. ₹974.07 Crores</u> (a) i. The land of the company is on lease from U.P. Power Corporation Ltd. ("UPPCL") @ ₹ 1 per month in compliance to the UP Transfer of KESA Zone Electricity. Distribution Undertaking Scheme 2000 issued vide notification No 186/XXIV-1-2000 dated 15/01/2000. The above also includes Plot no 4, block 96. area 10198.53 sqm & Plot No 54, block-14, area 5958.24 sqm. The lease period of these two plots ended in the year 1994. After the completion of lease period, the process of converting lease land in to free hold land could not be done due to some administrative constraint. "The Company KESCO" is fully exercising its right on the use of above plots undisputedly and there is no legal litigation over the use of this plot/land in any forum. (Also Refer Note No. 28-</p> | <p>The Company has received leasehold land from UPPCL as per the transfer scheme at a lease of ₹ 1.00 per month and holds the same at a nominal value of ₹1.00 in the books of account. The nature of lease would not have any impact on the financial statements. A detailed note in this regard has also been made at point no 6 (c) of notes to accounts.</p> |

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| | <p>6(c) of "IND ASFS").</p> <p>(ii) As informed the value of such land is yet to be ascertained by UPPCL. However, Discom Auditors have not been furnished with the lease agreement and other related records pertaining to such land. As a result, Discom Auditors could not assess the financial impact on "Ind ASFS." of the aforesaid.</p> <p>(b) The company has not separately identified / disclosed, capital and rotational spares in its financial statements.</p> | <p>The assets are being used on a constant basis and depreciation is being charged on all the assets.</p> |
| | <p>e) <u>PurvanchalVidyutVitaran Nigam Ltd.</u></p> <p>i. In case of Fixed Assets, which are decommissioned during the year, the corresponding accumulated depreciation is reversed on estimate basis, which has no relation with its actual carrying cost. Further, it has been observed that due to this, excess provision for depreciation has been reversed over and above the balance available in provision for depreciation account. The company has accounted for this difference in AG Code 77.710, the aggregate amount of which is Rs. 149.87 Crores and disclosed under the head "Repairs & Maintenance Expenses". As a result, the cost and accumulated depreciation of assets in use are not correctly reflected in the Financial Statements.</p> | <p>The assets are decommissioned at WDV on prorata basis. At the yearend while preparing the Fixed Assets register, the decommissioned assets are identified on FIFO basis and the correct WDV is being worked out and the differential amount is being accounted for under AG Code 77.710. Hence due to this accounting process assets and accumulated depreciation balances are appearing correctly.</p> <p>However, the implementation of ERP is under process and post implement this issue shall be addressed.</p> |
| | <p>ii. As per Para 26 of Notes to Accounts, regarding impairment of any assets as on balance sheet date as envisaged by Ind-AS 36 of ICAI, the Company has disclosed that the assets of the corporation have been accounted for at their historical cost and most of the assets are very old where the impairment of assets is very unlikely. However, as reported by the Zonal Auditors, physical verification of Fixed Assets has not been conducted in any Zones hence, in absence of relevant audit evidence being made available to us, we could not verify the same and its consequential impact on financial statement is currently not ascertainable.</p> | <p>There is no any indication of impairment test as prescribed in para 12 of Ind AS 36. Hence impairment of assets is not required.</p> |
| | <p>iii. As reported by the Zonal Auditors, the Fixed Assets Register stating nature of assets, date of addition, its location, actual cost etc. is not up to date.</p> | <p>Necessary instructions have been issued to zones to prepare the detailed fixed assets register.</p> |
| | <p>iv. No identification marks have been placed on the fixed assets.</p> | <p>Instructions to respective units have been issued for necessary action.</p> |

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| | v. | In Para IV of Material Accounting Policies, it has been mentioned that depreciation on value of additions to/ deductions from fixed assets during the year is charged on Pro rata basis. However, it has been observed that the depreciation on all additions to fixed assets has been charged for half year and not on the basis of actual date of addition/put-to-use. | Instructions to respective units have been issued to follow the correct accounting procedures. |
| | vi. | The rates of depreciation adopted in all assets are for single shift irrespective of its use, which is not in accordance with the rates specified under the Companies Act, 2013. | No comment. |
| | vii. | As reported by the Zonal Auditors, completion certificate has not been produced for verification for transfer of Capital Work in Progress to Fixed Assets by some of the units. | Units have been instructed to provide the completion certificate to the auditor in next audit |
| | G. <u>Impact on Profit & Loss Account</u> | | |
| | I. | Note 8- Financial Assets-Other (Non –Current) includes Rs.63.29 crore (Net of Provision) certain old balances as well as Assets Migration Account. In absence of details, Reconciliation and Long Outstanding Balances, Provision should have been made in the accounts for same. | Old balances are under reconciliation and necessary action shall be taken post reconciliation. |
| | II. | Other Income Note-24 includes Rs.102.19 crore towards invoking of Bank Guarantee in 2019-20 submitted by M/s LancoBabandh Power Limited and wrongly credited to security deposit in the Books of UPPCL which continued till 2022-23. During the year, 2023-24 UPPCL transferred the amount to DISCOMS and same have been credited to other income instead of treating the transaction as Prior Period Error. In view of above, Other Income of FY 2023-24 is overstated to that extent and Previous Year figure not re-instated as per Ind AS 8. | According to the Ind AS 8 the Prior Period Error accounting should be done when there was an error by the Company during the past years. In the given para there was no Error at Discoms, therefore, no Prior Period Errors shall be operated in this case. |
| | (a) <u>PaschimanchalVidyutVitran Nigam Ltd.</u> | <u>Specific observation given by DISCOMS Auditors are given below:-</u> | |
| | | The Additional Subsidy for Operation Loss under RDSS has been accounted for on the basis of Debit/Credit Note | |

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| | <p>i. The company accounted for an amount of Rs 386.60 crore as subsidy for operational loss as per RDSS in the Statement of Profit and Loss for the year 2023-24 but during the FY 2022-23 company was in profit of Rs. 985.64 Crore due to which the company is not eligible to get any amount of Subsidy under RDSS in the FY 2023-24. Thus, the Company has booked excess subsidy of Rs 386.60 crore in the FY 2023-24.</p> <p>ii. This resulted in overstatement of other income and other Equity by Rs. 386.60 Crore and understatement of 'Current Liabilities' by the same amount with consequent overstatement of Profit for the year by Rs. 386.60 Crore. However, we are not considering this Impact on Consolidated Financial Statement Losses in view of our comments referred in Para No. 8 of Annexure I – Non-Compliance of C&AG comments.</p> | <p>received from U.P. Power Corporation Ltd., Lucknow and in accordance with the Ind AS-20.</p> <p>Further, it has been advised by CAG to seek clarification/approval from State Govt and Ministry of Power Government of India on methodology for computation, detailing all the factors taken therein for claiming and funding of financial losses of discoms under the RDSS. In view of the above UPPCL vide its letter no. 211/अवि०नि०-II/अपु अयु० 2024-25/453 dated 18.05.2024 has sought clarification/confirmation from State Govt. regarding calculation methodology (on OFR basis) of subsidy under RDSS as the entire loss funding subsidy is funded by the State Govt. through state budget.</p> <p>The necessary disclosure regarding the same has been made in Notes on Accounts at point no. 44(a) and 45.</p> |
| | <p>(b) <u>DakshinanchalVidyutVitrان Nigam Ltd.</u></p> <p>i. During the year the Company has capitalised Rs. 0.24 crores under Intangible Assets, being ERP Software installed at GPF & CPF Trusts. As per Ind AS-38 'Intangible Assets' as intangible assets is a resource which is controlled by the entity, from which future economic benefits are expected to flow. In our opinion, ERP Software of the Trusts is not an intangible asset for the Company, hence amount of Rs. 0.24 crores should be debited to profit and loss as exceptional item or under Employee Cost as the benefit for the employees.</p> | <p>The Discom is the trustee of the CPF and GPF Trusts, the Discom bears all expenditures of the trust to its proportion in the same manner, the discom shares the assets and liabilities of trust to its proportion. The ERP software developed for payments from Trust to Employees of the Discom is basically operated by the discom. The request for payments are initiated by the Discoms and CPF/GPF trust only acts as a banker in that case. Hence it can be concluded that the ERP software developed for Trust is eventually controlled by the Discom so the accounting treatment done by the company is correct.</p> |
| ii. | <p>The Company following its holding company office memorandum dt. 12.03.2024 has clubbed long outstanding (12.08.2003 - transfer scheme balances) balances of various accounting heads (fundamentally debit balances)</p> | <p>The old balances have been transferred to assets/liability migration with intention to scrutinise/review the same in ensuing year in order to take the required action and</p> |

| | <p>under AG 28.869 'Asset Migration Account' of Rs. 54.86 crores and accounting heads (fundamentally credit balances) under AG 46.975 'Liabilities Migration Account' of Rs. 17.59 crores, for which no balancing/reconciliation is available. In DISCOM Auditors opinion in absences of any reasonable certainty for the recovery/payment, both such balances shall be written off to profit & loss.</p> | accounting thereof. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| <p>iii.</p> | <p>There is no reasonable certainty for the recovery/payment of following amounts outstanding since long period of time without any balancing/reconciliation, hence should be written off:</p> <table><tr><th colspan="2"><u>A. Debit Balances</u></th></tr><tr><th><u>S.No.</u></th><th><u>AG</u></th></tr><tr><td>a.</td><td>28.401</td></tr><tr><td>b.</td><td>28.401A</td></tr><tr><td>c.</td><td>28.401B</td></tr><tr><td>d.</td><td>28.877</td></tr><tr><td>e.</td><td>28.879</td></tr><tr><td>f.</td><td>46.927</td></tr><tr><td>g.</td><td>25.1</td></tr><tr><td>h.</td><td>25.5</td></tr><tr><td>i.</td><td>25.7</td></tr></table> <table><tr><th><u>Name</u></th><th><u>Amount(in Crores)</u></th></tr><tr><td>Amount recoverable from employee</td><td>Rs. 0.43</td></tr><tr><td>Amt. Rec. from Employee</td><td>Rs. 5.17</td></tr><tr><td>Amt. Rec. Emp. (Mat. Cost)</td><td>Rs. 13.70</td></tr><tr><td>U.P Rajya Vidyut Utpadan Nigam Ltd.</td><td>Rs. 1.55</td></tr><tr><td>U.P Power Trans. Corporation Ltd.</td><td>Rs. 10.05</td></tr><tr><td>Lia. (Trade Tax)</td><td>Rs. 0.60</td></tr><tr><td>Advance to Supplier/Cont. – RGGVY-12th Plan</td><td>Rs. 3.09</td></tr><tr><td>Advance Interest Free (Capital) - EE Admin</td><td>Rs. 8.09</td></tr><tr><td>Control Account (Capital) - EE Admin</td><td>Rs. 0.55</td></tr><tr><td>Total Debit</td><td><u>Rs. 43.23</u></td></tr></table> <table><tr><th colspan="2"><u>B. Credit Balances</u></th></tr><tr><th><u>S.No.</u></th><th><u>AG</u></th></tr><tr><td>a.</td><td>46.987</td></tr><tr><td>b.</td><td>46.989</td></tr><tr><td>c.</td><td>44.412</td></tr><tr><td>d.</td><td>44.410</td></tr><tr><td>e.</td><td>42.1</td></tr><tr><td>f.</td><td>43.1</td></tr><tr><td>g.</td><td>46.101</td></tr></table> <table><tr><th><u>Name</u></th><th><u>Amount(in Crores)</u></th></tr><tr><td>UP RVUNL</td><td>Rs. 0.60</td></tr><tr><td>U.P Power Trans. Corporation Ltd.</td><td>Rs. 2.91</td></tr><tr><td>EC Payable (Out of Nigam)</td><td>Rs. 3.08</td></tr><tr><td>Other Misc.</td><td>Rs. 11.43</td></tr><tr><td>Lia. Supply of Mat. Cap – EE Admin</td><td>Rs. 0.12</td></tr><tr><td>Liab. Supp. Of Mat. (O&M) - EE Admin</td><td>Rs. 0.15</td></tr><tr><td>Security – RGGVY 12th Plan</td><td>Rs. 5.63</td></tr><tr><td>Total Credit</td><td><u>Rs. 23.92</u></td></tr></table> | <u>A. Debit Balances</u> | | <u>S.No.</u> | <u>AG</u> | a. | 28.401 | b. | 28.401A | c. | 28.401B | d. | 28.877 | e. | 28.879 | f. | 46.927 | g. | 25.1 | h. | 25.5 | i. | 25.7 | <u>Name</u> | <u>Amount(in Crores)</u> | Amount recoverable from employee | Rs. 0.43 | Amt. Rec. from Employee | Rs. 5.17 | Amt. Rec. Emp. (Mat. Cost) | Rs. 13.70 | U.P Rajya Vidyut Utpadan Nigam Ltd. | Rs. 1.55 | U.P Power Trans. Corporation Ltd. | Rs. 10.05 | Lia. (Trade Tax) | Rs. 0.60 | Advance to Supplier/Cont. – RGGVY-12 th Plan | Rs. 3.09 | Advance Interest Free (Capital) - EE Admin | Rs. 8.09 | Control Account (Capital) - EE Admin | Rs. 0.55 | Total Debit | <u>Rs. 43.23</u> | <u>B. Credit Balances</u> | | <u>S.No.</u> | <u>AG</u> | a. | 46.987 | b. | 46.989 | c. | 44.412 | d. | 44.410 | e. | 42.1 | f. | 43.1 | g. | 46.101 | <u>Name</u> | <u>Amount(in Crores)</u> | UP RVUNL | Rs. 0.60 | U.P Power Trans. Corporation Ltd. | Rs. 2.91 | EC Payable (Out of Nigam) | Rs. 3.08 | Other Misc. | Rs. 11.43 | Lia. Supply of Mat. Cap – EE Admin | Rs. 0.12 | Liab. Supp. Of Mat. (O&M) - EE Admin | Rs. 0.15 | Security – RGGVY 12 th Plan | Rs. 5.63 | Total Credit | <u>Rs. 23.92</u> | <p>These balances are under reconciliation and necessary adjustment will be made after reconciliation.</p> |
| <u>A. Debit Balances</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>S.No.</u> | <u>AG</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| a. | 28.401 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| b. | 28.401A | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| c. | 28.401B | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| d. | 28.877 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| e. | 28.879 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| f. | 46.927 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| g. | 25.1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| h. | 25.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| i. | 25.7 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>Name</u> | <u>Amount(in Crores)</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Amount recoverable from employee | Rs. 0.43 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Amt. Rec. from Employee | Rs. 5.17 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Amt. Rec. Emp. (Mat. Cost) | Rs. 13.70 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| U.P Rajya Vidyut Utpadan Nigam Ltd. | Rs. 1.55 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| U.P Power Trans. Corporation Ltd. | Rs. 10.05 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Lia. (Trade Tax) | Rs. 0.60 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Advance to Supplier/Cont. – RGGVY-12 th Plan | Rs. 3.09 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Advance Interest Free (Capital) - EE Admin | Rs. 8.09 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Control Account (Capital) - EE Admin | Rs. 0.55 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total Debit | <u>Rs. 43.23</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>B. Credit Balances</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>S.No.</u> | <u>AG</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| a. | 46.987 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| b. | 46.989 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| c. | 44.412 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| d. | 44.410 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| e. | 42.1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| f. | 43.1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| g. | 46.101 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>Name</u> | <u>Amount(in Crores)</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| UP RVUNL | Rs. 0.60 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| U.P Power Trans. Corporation Ltd. | Rs. 2.91 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EC Payable (Out of Nigam) | Rs. 3.08 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other Misc. | Rs. 11.43 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Lia. Supply of Mat. Cap – EE Admin | Rs. 0.12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Liab. Supp. Of Mat. (O&M) - EE Admin | Rs. 0.15 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Security – RGGVY 12 th Plan | Rs. 5.63 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total Credit | <u>Rs. 23.92</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

iv. Company is undertaking various development works, as per the schemes notified by the central/state Government, wherein 10% of the total cost is to finance through company's equity and balances 90% is financed from loans and subsidy/grants from government. Interest earned on bank deposit, interest on mobilisation advance, liquidated damages recovered, etc. earned out of grant funds are payable back to the Ministry of Power/ Other Nodal Agencies. However, such incomes earned on equity & loan funds are income of the company. Similarly, in case of 100% Loan/Equity financed scheme, entire such amount is the income of the Company. The Company is following inappropriate practice of treating entire receipts of such incomes as its liability, in absence of any subsidiary record for year-on-year calculation of income attributable to subsidy fund & equity/loan fund. Impact of the same cannot be ascertained in absences of subsidiary record and complexity of calculations involved, however in DISCOM Auditors opinion following amounts, duly acknowledged by the company as attributable to equity/loan funds, should have been considered as income of the company:

| S. No. | Scheme | AG Code | Amount (Rs. in Crores) |
|--------|--|---------|------------------------|
| 1 | DeenDayalUpadhyay Gram JyotiYojna (DDUGJY) New | 46.303 | 5.74 |
| 2 | Revamped Reforms – Linked Results – Based Distribution Sector Scheme | 46.2d | 0.43 |
| 3 | Integrated Power Development System (IPDS) | 46.303 | 1.78 |
| 4 | ADB Project | 42.2 | 0.14 |
| | Total | | 8.09 |

The Central Schemes reported by the auditor are funded by the Central Government through its Nodal agency i.e. Rural Electrification Corporation or Power Finance Corporation. The Government issues its operational guidelines for all states across country. Those guidelines issued by Govt./REC/PFC are binding on the Discom to follow. The discom has created some retentions out of the payments made to the contractors and some interest provided by the bankers in the dedicated scheme accounts. Those are reported to REC/ PFC time to time for appropriate action. The Discom shall communicate the observation of the auditor to these nodal agencies and appropriate action shall be taken as per the instructions issued by them.

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| | <p>v. Awards passed by the Adjudicating Authorities/Appellate Authorities/High Court/Supreme Court against the company, which has not been appealed/disputed by the Company are not provided for in the profit and loss account, details of which are as follows:</p> <p>a. M/s Mahavir Transmission Udyog Pvt. Ltd. Rs. 11.63 Crores + Interest</p> <p>b. M/s Himachal Aluminium & Conductors Rs. 3.19 Crores + Interest</p> <p>c. M/s Himachal Wire Industries Pvt. Ltd. Rs. 0.02 Crores + Interest</p> | <p>The cases reported by the auditor are still sub judice and the discom has approached in Higher Courts against the orders. Hence necessary decision shall be taken after decisions of the Higher Courts.</p> |
| | <p>(c) <u>Madhyanchal Vidvut Vitran Nigam Ltd.</u></p> <p>Advances to suppliers amounting to Rs 105.46 Crores at the HO level are outstanding since more than 8-9 years. It also included Rs 40.61 Crores for which even party wise/ date wise details were not available with the concerned unit. No documentary evidence or explanations were made available to us regarding the recoverability of these amounts. Accordingly, in our opinion, these amounts are doubtful of recovery and provision should have been made against these advances. Further, at Ayodhya Zone, Advance to suppliers amounting to Rs 2.95 crores is pending for adjustment for last more than three years.</p> | <p>The reconciliation/identification of old balances is under progress and many such balances have been identified and sorted out. Efforts are underway to identify remaining balances also.</p> <p>Regarding observations of Ayodhya Zone, point noted and shall be adjusted in the FY 2024-25.</p> |
| | <p>(d) <u>PurvanchalVidvut Vitran Nigam Ltd.</u></p> <p>i. Interest on Bank Deposits on RDSS account amounting to Rs. 18.38 Lacs has been recognized as "Other Income" during the year. RDSS is a GoI/ UPGov Sponsored project and as per Para 10 of Annexure – E of General Terms and Conditions which states that "Any interest earned on grant shall be remitted to Ministry of Power's bank account at least once in a quarter regularly." Hence, in view of the above, the interest income should be treated as current liability and not income. Thus, "Other Income" is overstated and "Current liabilities" is understated to this extent</p> | <p>The necessary correction shall be done in the ensuing year.</p> |
| | <p>ii. LD Penalty of Rs. 9.28 Crores has been recognized as "Other Income" in various zones. In absence of proper information about LD penalty attributable to Capital Expenditure and Revenue Expenditure, we are unable to comment upon its impact on Financial Statements.</p> | <p>Since the LD under ADB has been imposed against the delay of completion work and not directly identifiable against the specific work, hence the same has been accounted for as other Income.</p> |

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| | <p>iii. As per information provided to us, total default of Rs. 94.50 Lacs is outstanding for late filing/late deposit/short deduction of Income Tax TDS. As the nature of default is not known, we are unable to comment upon its impact on the profitability of the Company.</p> | <p>Noted for compliance. Further the units have been instructed to review the TDS defaults and to make necessary correction.</p> |
| | <p>iv. The company has not accounted for Late Payments Surcharge (LPS) during the year under Audit. As informed to us by the management, the amount collected against LPS is not available, the same could not be accounted for during the year. The "Other non-operating income" and "Trade Receivables" are understated to this effect. Due to non-availability of data, we are unable to quantify the same.</p> | <p>The matter will be reviewed and necessary rectification entries shall be done accordingly.</p> |
| | <p>(e) Kanpur Electricity Supply Company Limited</p> <p>i. Depreciation and amortization expenses for the year of Rs59.41 crores have been depicted after deducting an amount of Rs 19.34 crores in respect of Depreciation on Consumer Contribution, instead of showing the said amount of Rs 19.34 crores as 'Other Income', as per the generally accepted accounting practices.</p> <p>ii. Revenue leakage of Rs 1.42 crores has been identified by the Internal Auditor of Circle 3 only, which has not been incorporated in the "IND AS FS" for the Financial Year ended 31st March, 2024. As informed by the management of the company the same shall be incorporated after reconciliation with the respective divisions. Similar, observations of the internal Auditors for earlier years have also not been incorporated in the books of account as the investigation for the earlier years, as informed, is still pending. (Amount unascertained).</p> | <p>Necessary instructions have been issued to the Discoms for revise the disclosure in the Financial Statements.</p> <p>The matter will be reviewed and compliance shall be made accordingly.</p> |
| | <p>I. Non-Reconciliation of Inter Unit transactions.</p> <p>Other current assets-Note 13 includes Inter Unit Transfers Rs.1,393.40 crore which have been not reconciled since long and needs to be reconciled and adjusted</p> | <p>IUT reconciliation is under process. From FY 2024-25 onwards, company is using ERP system to record the</p> |

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| | immediately. | inter unit transactions which will automatically cater the reconciliation problem. |
| | <p>J. Non-Compliances of Ind AS/Schedule-III and Other Provisions of The Companies Act-2013 (other than those mentioned above)</p> <p>Following accounting policies of the Group are not in compliance with Ind AS/Companies Act 2013:</p> | |
| | i. "Other Equity"-Note-15 includes Rs. 20,059.74 Crore as consumer contribution towards capital Assets/Capital Grants which are to be reflected as "Deferred income" under "Non-Current Liabilities. "as per Ind AS20. In view of above "Deferred income" is understated and "Other Equity" (negative) is also understated to that extent. | Necessary instructions are under the process of issuance to the Discoms. |
| | ii. Capital work in progress includes Rs. 3,582.44 crore (refer notes-3) being "Advances to suppliers and contractors" to be reflected as Advance against capital expenditure as per provision of "the schedule III to the companies Act 2013" as Non- Current Assets. Consequently, capital work in progress is overstated and "Advance against capital expenditure" is understated to that extent. | Noted. |
| | iii. Para No.19a includes undisputed Trade Receivables- which have significant increase in credit risk to the extent of Rs. 25,459.01 crore which has not been disclosed in the Note No.10- FINANCIAL ASSETS- TRADE RECEIVABLES (CURRENT ASSETS). | The Distribution Company is giving efforts to increase the realization from the Customers. Several steps are being taken such as Kiosk Machine, OTS scheme, Multiple Counters at different location for payment and awareness programs, therefore, it has not been considered in credit Risk. |
| | iv. Policy no. VIII(B) regarding accounting of late payment charges on cash basis and (viii)f regarding penal interest over dues, interest etc. on cash basis are against the accrual concept of accounting as prescribed under companies act 2013. | The Company has adopted Cash basis of accounting for the items and heads where there is no certainty of ultimate collection of amount. This is in accordance with the Accounting Policy of the Company. |
| | v. Policy no. XVI -Financial Assets regarding subsequent measurement on debt instrument at amortized cost in accordance with Ind AS109. | No Comments. |

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| vi. | Policy no. XVII- Financial Liabilities regarding subsequent measurement of borrowings using effective interest rate method. | No Comments. |
| vii. | Subsidiaries have not identified the Accounts relating to Micro Small and Medium Scale Enterprises (MSME) and not disclosed the amount payable to them along with interest, if any and other requisite details in the Notes to Accounts as required by Schedule III to the Companies Act, 2013 as well as MSMED Act, 2006. | Interest has not been provided for want of sufficient related information. This fact has been disclosed in the Notes on Accounts. |
| viii. | Group has not conducted actuarial valuation relating for pension and Gratuity pertaining to employees of erstwhile UPSEB during the financial year 2023-24. (para no. 14(a) to the notes to accounts referred). | No Comments. |
| ix. | Group has not made necessary disclosures and information as required by Ind AS19 pertaining to Actuarial Valuations in respect of PVVNL, DVVNL, PuVVNL respectively. | Necessary Instructions have been issued to the Discoms. |
| x. | Group has not disclosed the disputed amount of Trade Receivable citing the reasons of practical difficulty. | Electricity Consumers in the State are in Crores. Due to voluminous consumers it is not possible to gather this information. |
| xi. | No accounting policy has been framed by the group for provision of obsolete Inventory. Similarly, no accounting policy has been framed for write off of Assets as required by Ind AS107. | The Company framed Material Accounting Policy. Although, considering the suggestion of Audit, the facts shall be disclosed in the Notes on Accounts. |
| xii. | Interest on demand against electricity duty has not been disclosed in Notes to Accounts as contingent liability except KESCO. | The ED Payable are being adjusted by the GoUP with the other transaction rather than payment. Also, no demand has been received by the Company in past. |
| xiii. | Maturity analysis of liabilities to be paid is not disclosed as per requirement of Ind As-107. | The Discoms has disclosed the liability of Loan in Current and Non-Current. |
| xiv. | Credit risk factor as disclosed in Para No. 22to Notes to Accounts does not disclose major risk factor non realization of trade receivable for which provision for expected loss to the extent of Rs.9,771.88 crore has been made in accounts. This issue also needs to be placed before Risk | The Distribution Company is giving efforts to increase the realization from the Customers. Several steps are being taken such as Kiosk Machine, OTS scheme, Multiple Counters at different location for payment and |

| | Management committee. | awareness programs, therefore, it has not been considered in credit Risk. |
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| | <p>xv. Terms and conditions of borrowing obtained directly by DISCOMS and nature of security offered in respect of such borrowings have not been disclosed in the Notes on Accounts. Besides, details of redemption/conversion of Bonds issue directly by DISCOMS have not been disclosed in the Notes on Accounts.</p> | <p>The CFS has disclosed all the required information for the Loans and Bonds arranged through the UPPCL. The information pertains to the Loans directly availed by the DISCOMs in immaterial at CFS level.</p> |
| | <p>• <u>Specific observation given by DISCOMS Auditors are given below:-</u></p> <p>(a) PaschimanchalVidyutVitran Nigam Ltd.</p> <p>i. IND AS-36: All the assets of the company are recorded at their historical values without arriving at their recoverable amounts and arriving at amount of impairment of loss. Company's submission that "their recoverable amount is higher of the assets' net selling price", has not been substantiated. In the absence of fixed assets physical verification, fixed assets register, techno-economic viability assessment and calculation and determination of Cash Generating Unit, we are unable to comment whether any impairment loss has remained un-assessed or un-provided for in accordance with IND AS-36 "Impairment of Assets". Impact of non-compliance of the above IND AS on the financial statements is not ascertainable.</p> | <p>As Assets of the Company have been accounted for at historical cost and most of the Assets are very old. Due to increasing Inflation and increasing Market value of the metals, cement, infrastructure, etc. The recoverable amount of the assets is expected higher than its present accounted value</p> |
| | <p>ii. IND AS- 116 Leases - The company is earning rental income from leasing of their assets mainly electricity pole, but the appropriate disclosure is not made in the Financial Statement.</p> | <p>Noted for future compliance..</p> |
| | <p>iii. There are few cases of late deposits, short deposits of TDS & electricity Duty etc., which may invite interest penalty for the same. Further, the company is deducting and remitting the TDS on payment basis. TDS provision under the Income Tax Act 1961 requires that TDS should be deducted and remitted on accrual or payment basis, whichever is earlier. Liability in such matters cannot be ascertained at this stage. No provision in respect of default towards late deposits, short deposits, not deposit of TDS and late filling and Interest thereon is made by the Management.</p> | <p>The company is deducting & remitting TDS as per the provisions of Income Tax Act. There is no late deposit of TDS. Whereas, the adjustment of Electricity Duty is being made at UPPCL level from Subsidy/Other Receivables and the account of the same is done vide Debit note issued by UPPCL.</p> |

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| iv. | GST reconciliation with books of accounts and return is not made available to us and stated by the management that the same is under process. Hence, we are unable to comment upon the impact of same on financial statements. | The company is regular in paying and depositing GST on time. The reconciliation of Books of Accounts and GST Return is under process and will be adjusted accordingly in books of accounts. |
| v. | <u>BORROWINGS</u> i. There is no system of identification of qualifying assets and interrupted projects which are being financed from the borrowed funds in accordance with IND AS-23. During the year under audit, the company has not capitalised any interest on borrowing, while balance still persist in CWP and there is payment of interest by the company. Management has informed us that the all capital projects under scheme for which fund was borrowed has been closed prior to the FY 2022-23. However, Capital projects, running other than schemes, are not identified. Hence, In the absence of complete details of qualifying assets vis a vis uses of interest paid money by the company, DISCOM Auditors are unable to quantify the impact of the same on the financial statements. (Refer to note 23 of financial statements). | As per IND AS-23 Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. During the FY 2023-24, the company has not capitalized any interest on borrowings as all the capital projects, for which borrowings from FI's have been taken, has already been completed prior to FY 2022-23. Further, the remaining balance as shown under the CWP pertains to the other capital works, which are funded by other than capital borrowings. |
| ii. | Non-current Borrowings of Rs. 6599.69 Crore have been shown in Note No.14 to the Financial Statements. IND AS109 requires management to classify all the financial liabilities and assets at amortized cost using effective interest rate method. Transaction cost has been netted off in borrowing upon initial recognition but the management is unable to comply with the effective interest rate method stating that, being a government company, all loans are backed by the State government guarantee or by charge on Assets. It is also stated that the loan is squared off by many ways such as conversion into bonds, equity and subsidy by State Government. As a result of this, DISCOM Auditors are unable to comment upon it. | Most of the loan are backed by hypothecation and guarantee of U.P Govt. The repayment liabilities of the company are limited to the terms of repayment of loan. Being a government undertaking company, loan is paid off by many ways such as: Converted into Bonds, Equity, Adjustment, Subsidy by State Government. Due to above mentioned multiple influencing factors, the method of effective interest rate is not being followed. |
| vi. | <u>ACCRUAL SYSTEM OF ACCOUNTING</u> During the course of our audit, we have come across some expenses, which have been accounted for on cash basis instead of accrual/mercantile basis. The same is not in accordance with the basic accounting assumptions and the | All the expenses and Income are accounted for on accrual basis except those are mentioned in Material Accounting Policies at point no. 1(b) and 2(VI). |

| | company's accounting policy. In absence of the complete audit trails, we are not in position to ascertain the Impact of the same on the Financial Statements of the company. (Refer to 1(b) and 2(VI) of 'Material Accounting Policies' to the Financial Statements) | | | | | | | | | | | | | | | | | | | | | | |
|--------------|---|---|------|---|--------------------|--------|-------|------|-----------|-------|------|-----------|--------|------|------------|------|------|--------------|-------|------|--------------|---------------|-------------|
| vii. | <p>PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS</p> <p>1. As per Para 16 of IND AS37, the company is required to disclose Court Cases going on at the end of financial year, brief description related to nature of the contingent liabilities and estimate of its financial effects and possibility of reimbursement. The company has not made required disclosure with respect to above. Thus, company has not complied with disclosure requirement of IND AS37. Accordingly, the impact of non-compliance of the above IND AS on the financial statements is not ascertainable. (Refer to Note No. 21(B)(II) of Notes to Accounts)</p> <p>2. Amount as disclosed in respect of claims/pending court/ arbitration/legal/tax cases have not been properly compiled and ascertained as per IND AS-37 "Provisions, Contingent Liabilities and Contingent Assets". No amount of capital commitments in respect of estimated amount of contract remaining to be executed on capital accounts ascertained. In the absence of details thereof, impact of the same upon the financial statements is not ascertained. (Refer Note No. 21(B)(II) of Notes to accounts, regarding contingent liabilities)</p> | <p>Since, the Management cannot extract and find out the exact value of future possible liabilities which will be occurred after finalization of court cases, hence the same has been disclosed in Notes on Accounts as Contingent Liability.</p> <p>The contingent liabilities consist of claim of staff, court cases for Revenue, other related liabilities and Statutory defaults etc. has already been disclosed in Notes on Accounts at point no. 21(B)(II). The records of the same is available with the company.</p> <p>The zonewise details of Contingent Liabilities is as follows:</p> <table border="1"> <thead> <tr> <th>Zone</th><th>Contingent Liability for Court Cases mentioned in Audit Report & details provided by zone</th><th>Statutory Defaults</th></tr> </thead> <tbody> <tr> <td>Meerut</td><td>94.69</td><td>0.01</td></tr> <tr> <td>Moradabad</td><td>13.88</td><td>0.11</td></tr> <tr> <td>Ghaziabad</td><td>131.85</td><td>0.16</td></tr> <tr> <td>Saharanpur</td><td>3.43</td><td>0.21</td></tr> <tr> <td>Bulandshahar</td><td>19.46</td><td>0.14</td></tr> <tr> <td>Total</td><td>263.31</td><td>0.63</td></tr> </tbody> </table> | Zone | Contingent Liability for Court Cases mentioned in Audit Report & details provided by zone | Statutory Defaults | Meerut | 94.69 | 0.01 | Moradabad | 13.88 | 0.11 | Ghaziabad | 131.85 | 0.16 | Saharanpur | 3.43 | 0.21 | Bulandshahar | 19.46 | 0.14 | Total | 263.31 | 0.63 |
| Zone | Contingent Liability for Court Cases mentioned in Audit Report & details provided by zone | Statutory Defaults | | | | | | | | | | | | | | | | | | | | | |
| Meerut | 94.69 | 0.01 | | | | | | | | | | | | | | | | | | | | | |
| Moradabad | 13.88 | 0.11 | | | | | | | | | | | | | | | | | | | | | |
| Ghaziabad | 131.85 | 0.16 | | | | | | | | | | | | | | | | | | | | | |
| Saharanpur | 3.43 | 0.21 | | | | | | | | | | | | | | | | | | | | | |
| Bulandshahar | 19.46 | 0.14 | | | | | | | | | | | | | | | | | | | | | |
| Total | 263.31 | 0.63 | | | | | | | | | | | | | | | | | | | | | |
| | 4. As per UPERC (MYT) Regulation 2013, In case the payment of any bills of Transmission charges, wheeling charges is delayed beyond the period of 60 days from the date of billing, a late payment surcharge @ 1.25% per month | The PVVNL is the subsidiary of UPPCL. The Bulk Purchase of Power is made by UPPCL centrally. The liability of Transmission charges is booked on the basis | | | | | | | | | | | | | | | | | | | | | |

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| | shall be levied by the transmission licensee. However, the company has not made any provision for liability for late payment surcharge on account of non-payment of dues in compliance of above regulation. Consequential impact of the same on the financial statement is not ascertained. | of Bills received from UPPCL. The payment thereon is made by UPPCL and adjustment made in Books of PVVNL through Debit Note received from UPPCL. The account of settlement/adjustment of Wheeling charges is only a book adjustment for PVVNL through UPPCL (The Holding Co.). Being the Government undertaking company, no such surcharge has been imposed in past years too. In view of the past trend, no provision has been made during the year by the company. |
| | 5. Auditor of Moradabad Zone has reported that Moradabad ZO has not disclosed the impact of pending litigations on its financial position in its financial statements amounting Rs.1387.79 Lakhs. | Regarding pending litigations, considering uncertainty of final decision from competent authority, the same is shown/disclosed as Contingent Liability in Notes on Accounts at point no. 21(B)(ii) forming part of Financial Statements. |
| | <p>(b) <u>DakshinanchalVidvutVitran Nigam Ltd.</u></p> <p>i. The Company is not regularly updating and maintaining various statutory registers prescribed under the Companies Act, 2013, like registers of members, registers of charges, registers of fixed assets in the prescribed formats.</p> | Pursuant to Section 120 of the Companies Act, 2013, read with Rule 27 of the Companies (Management and Administration) Rules, 2014, a company may maintain its statutory registers in electronic form. Furthermore, as per Secretarial Standard-1 (SS-1) issued by the Institute of Company Secretaries of India (ICSI), the statutory registers can be maintained electronically provided that they are accessible, properly indexed, and capable of being reproduced in printed form. Therefore, our statutory registers, maintained in an excel format, fully comply with the legal and regulatory requirements. If there are specific areas of concern, we are open to addressing them to ensure full compliance and transparency. |
| | ii. There is no reasonable satisfaction that the Company has filed all the required satisfaction of charges with the Registrar of Companies. | The company has diligently complied with all statutory requirements regarding the satisfaction of charges. Pursuant to Section 82 of the Companies Act, 2013, and the relevant provisions of the Companies (Registration of Charges) Rules, 2014, the company has filed the necessary CHG-4 forms with the Ministry of Corporate |

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| | | Affairs (MCA), which is reflected in the company's master data. We have consistently liaised with the Rural Electrification Corporation (REC) and Power Finance Corporation (PFC) to ensure all charges are satisfied as per their consent and filed accordingly. The updates are current and accurate. |
| | <p>iii. As company is preparing its accounts on accrual basis as defined in notes to accounts but there are instances where company is booking transaction on cash basis i.e., Medical expenses, Travelling Expenses, Late Payment Surcharge, Interest on Mobilisation advance, etc.</p> <p>iv. The Company had consistently adopted an inappropriate method of amortisation of government grants & consumer contributions by charging amortisation on the written down value of capital reserve which results in lower charge of amortisation and residual value of capital reserve, even though the useful life of the corresponding asset has expired. Estimated cumulative effect of this incorrect method during preceding three years has resulted in under amortisation of substantial amount. Otherwise also the Company has failed to maintain any subsidiary record to co-relate grant and consumer contribution with the corresponding asset and for amortisation of full amount of the grant and consumer contribution over the useful life of asset.</p> | <p>Company has followed the accrual basis of accounting in all cases expect which has been specifically disclosed in its Accounting Policy.</p> <p>Since we are migrating from Manual to ERP the records are now properly being maintained in ERP software for the assets created through consumer contribution or Govt. grants.</p> |
| | <p>v. The Company is inappropriately disclosing outstanding balances of supplies Rs. 560.08 crores under Note-20 'Other Financial Liabilities (Current)' instead of classifying them as 'Financial Liabilities – Trade Payables'. Similarly, balance of Rs. 70.29 crores (AG 46.410 – 0.36, AG 45.2 - 0.02 and AG 45.3 - 69.91) is inappropriately disclosed under Note-20 'Other Financial Liabilities (Current)' instead of classifying them as 'Financial Liabilities – Trade Payables'. Also, company failed to make appropriate disclosure of MSME creditors out of referred liabilities as per Schedule III.</p> | <p>The observation of auditor has no financial impact. However, comment is noted for future compliance.</p> |
| | <p>vi. The Company is inappropriately disclosing outstanding balances of supplies Rs. 560.08 crores under Note-20 'Other Financial Liabilities (Current)' instead of classifying them as 'Financial Liabilities – Trade Payables'. Similarly, balance of Rs. 70.29 crores (AG 46.410 – 0.36, AG 45.2 - 0.02 and AG 45.3 - 69.91) is</p> | |

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| | inappropriately disclosed under Note-20 'Other Financial Liabilities (Current)' instead of classifying them as 'Financial Liabilities - Trade Payables'. Also, company failed to make appropriate disclosure of MSME creditors out of referred liabilities as per Schedule III. | |
| | vii. Contravening the disclosure requirement under the Companies Act, 2013, the Company has not disclosed under capital work in progress, the overdue projects along with expected completion schedule, projects temporarily suspended and projects wherein cost exceed projections. | |
| | (a) <u>Madhyanchal Vidut Vitran Nigam Ltd.</u> i. In case of fixed assets, which are decommissioned, the corresponding accumulated depreciation is reversed on estimated basis, which has no relation with their carrying cost in MTBs. As a result, the cost and accumulated depreciation of assets in use are not correctly reflected in MTBs in several cases. Such practice of determination of carrying cost on estimated basis and charging depreciation thereon is not in accordance with IND AS16. In the absence of complete details, effect of the said deviation, from Ind AS, on financial statement could not be ascertained. | Due to unavailability of exact put to use date of old assets, The Depreciation on such decommissioned assets is reversed on estimated basis. The Company is in the process of implementing ERP Project which will facilitate the company to map the actual capitalization date with the concerned assets. Systems are also being put into place to record the capitalization/ acquisition date, movement, put to repair date, etc. in order to ascertain the correct data. |
| | ii. Ageing of inventory has not been done and obsolete items were also not identified and adjusted for in the books of account in some cases. Further, classification of inventories is also not done as per the requirement of Schedule-III of the Company's Act 2013. "Stock excess or short pending investigation" at LESA CISS Zone is Rs. 1.36 Crores and at Ayodhya Zone is Rs. 2.49 Crores, which is pending for adjustment. | Observation of the Audit noted and the treatment for the same shall be done in the FY 2024-25 in line with the provisions of Schedule III of Companies Act 2013 and IND AS. |
| | iii. The 'liabilities for capital works', 'liabilities for O&M works' and 'Liability for expenses' etc. have been categorized under 'Other Financial Liability(current)' instead of showing them under 'Financial liability (Trade payable)'. | Financial liability (Trade payable)' comprises liabilities relating to direct expenses w.r.t purchase & transmission of power. Accordingly, other payables are being shown as current liability /long term liability as the case may be. |

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| | iv. Financial Assets-Others – Current (Note-10) and Other Financial Liabilities-Current (Note-18) have been classified as ‘current’ but include balances which are outstanding for realization/ settlement since previous financial years and in the absence of adequate information/explanations regarding the realizability /settlement of such amounts within twelve months after the year end, not classifying them as non-current assets/ liabilities is not in accordance with Ind AS-1 "Presentation of Financial Statements. | The amount receivable/payables were expected to be realized/paid immediately and hence shown as current assets/liabilities. |
| | v. Additional Disclosures relating to maturity / redemption or conversion date of bonds, repayment of term loan & Other loans, nature of security etc. in respect of various borrowing appearing in Note 14- ‘Financial Liability – Borrowing (Non-Current)’ and current maturity of Long term borrowing in Note 16 have not been made as required by Companies Act 2013. | Bonds are issued centrally by UPPCL and some Loans are also taken and served by the UPPCL on behalf of DISCOM. All the necessary disclosures are being made by UPPCL in their Financial Statements. |
| | (d) <u>PurvanchalVidvutVitran Nigam Limited</u> NOTE – 15 : FINANCIAL LIABILITIES-OTHERS (NON-CURRENT) i. Entire Security Deposits from Consumers has been classified as Non-Current Liabilities, whereas, the Deposits received against Temporary Connections should be classified as Current Liabilities. As informed to us by the Management, security deposits from consumers have been accounted for in AG code 48.1 on overall basis i.e. for temporary as well as permanent consumers. These is no bifurcation in books of accounts for the same. Since, no details were provided to us, we are unable to comment upon its impact on the Financial Statements. | It is to submit that in most of the cases, temporary connections are converted into permanent connections hence classification of entire security deposit amount is done under non-current liabilities. |
| | ii. Actuarial Valuation of Gratuity Liability of the employees covered under GPF scheme has not been obtained. The Company has worked out the Gratuity Liability of these employees and has disclosed the entire liability under the Note – 18 “Other Financial Liabilities (Current). The Company has failed to bifurcate the same under “Non-Current” and Current Liability. | Liability for gratuity of GPF employees is being accounted for @2.38% as per the actuarial valuation report submitted by PWC to UPPCL on dated 09.11.2000. it has been classified under current liability since the provision for expense is booked every year and liability is also being discharged against the retirement of the GPF employee. |
| | iii. As informed to us, Tariff Subsidy given in Bills and recoverable from Go. UP has | The consumer billing is being done at the rate provided |

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| | been accounted for on Receipt basis and not on accrual basis which is not in accordance with Ind AS 20. | by the UPERC (Net of tariff subsidy). The tariff subsidy is accounted for on accrual basis as and when it is claimed from GoUP. Further, all the claimed subsidy has been received fully and there is no difference in accrued subsidy and received subsidy. |
| iv. | There is no system at Zones and ESDs of the Company to prepare the Balance Sheet and Statement of Profit and Loss. The Zonal auditors have only been provided Trial Balances (MTB) for the purpose of their audit which is non-compliance of Schedule III of the Companies Act, 2013. | Due to organizational structure of the Company the zones and ESDs are performing different type of activities. Hence at zonal and ESDs level only Trial Balances are prepared. |
| v. | The Company has disclosed contingent liabilities to the tune of Rs. 175.88 Crores at para 21(b)(ii) of Notes to Account of Balance Sheet. Since, the status of contingent liability has not been provided to us, DISCOM Auditors could not comment upon the provision required as per Ind AS-37. | Contingent liabilities have been disclosed in Notes to Accounts in accordance with to Ind AS-37. |
| (e) <u>Kanpur Electricity Supply Company Limited</u> | | |
| a) <u>Note no. 13 of the "IND AS-FS"</u> | The Company has not complied with the following disclosure requirements envisaged by Schedule-III of the Act: | The loans are taken by UPPCL which are thereafter transferred to DISCOM's including KESCO. Hence requisite disclosures is not required in case of the company. However, we have standardized the all disclosures related to Bonds/Loan taken by UPPCL on behalf of Discoms and that will be disclosed in the notes to account of ensuing accounts. |
| | (i) In respect of non-current borrowings: (a) Nature of security in respect of each case of borrowing; (b) Terms of repayment of term loans and other loans. | |
| | (ii) Details of redemption/ conversion of bonds have not been disclosed as per the requirement of Notification No. 17/62/2015-CL-V Vol-I dated 24.03.2021. | The loans are taken by UPPCL for all DISCOM's as a whole and not directly by KESCO. Hence details of redemption are not available at Discom level. |
| | b) <u>Note no. 28-18 of the "IND AS-FS"</u> As per MCA data the Company is an <u>active compliant company</u> . Further, the scrutiny of the master data and other returns of the company filed with the | |

| | <p>MCA revealed the following</p> <p>(a) Charges column disclosed in the Company Master Data includes old satisfied charges.</p> <p>(b) The Company has not complied with the Order dt 22.01.2019 issued under section 405 of the Act, in respect of filing of MSME Form I.</p> <p>(c) Director Identification Number (DIN) is not available in respect of the following director appointed to the Board of the Company. This is in contravention of Section 153 and 154 of the Companies Act, 2013:</p> <table border="1"> <thead> <tr> <th>S. No:</th><th>Name of the Director</th><th>Date of Appointment</th></tr> </thead> <tbody> <tr> <td>1.</td><td>Smt. Mala Srivastava</td><td>22/12/2023</td></tr> </tbody> </table> | S. No: | Name of the Director | Date of Appointment | 1. | Smt. Mala Srivastava | 22/12/2023 | <p>The charges have been filed and it is clearly showing in the MCA portal that the charges have been satisfied along with date of satisfaction. The auditors have also mentioned that the charges are satisfied. We do not consider this matter to be a part of audit report as there is no noncompliance.</p> <p>Observation has been noted for compliance.</p> <p>DIN for Smt Mala Srivastav is under process.</p> | | | | | | |
|--------|---|---------------------|----------------------|---------------------|----|-------------------------|------------|---|----------------------|------------|----|--------------------|------------|--|
| S. No: | Name of the Director | Date of Appointment | | | | | | | | | | | | |
| 1. | Smt. Mala Srivastava | 22/12/2023 | | | | | | | | | | | | |
| | <p>(d) DIR-12 has not been filed up to 31/03/2024 in respect of the following Directors, who have been appointed to the Board of the Company:</p> <table border="1"> <thead> <tr> <th>S. No:</th><th>Name of the Director</th><th>Date of Appointment</th></tr> </thead> <tbody> <tr> <td>1.</td><td>Shri Rakesh Kumar Singh</td><td>29/01/2024</td></tr> <tr> <td>2.</td><td>Smt. Mala Srivastava</td><td>22/12/2023</td></tr> <tr> <td>3.</td><td>Shri Sandeep Kumar</td><td>21/02/2024</td></tr> </tbody> </table> | S. No: | Name of the Director | Date of Appointment | 1. | Shri Rakesh Kumar Singh | 29/01/2024 | 2. | Smt. Mala Srivastava | 22/12/2023 | 3. | Shri Sandeep Kumar | 21/02/2024 | <p>The DIR 12 have now been filed on 11.06.2024 and we consider that this matter is a part of secretarial audit report and not of statutory audit.</p> |
| S. No: | Name of the Director | Date of Appointment | | | | | | | | | | | | |
| 1. | Shri Rakesh Kumar Singh | 29/01/2024 | | | | | | | | | | | | |
| 2. | Smt. Mala Srivastava | 22/12/2023 | | | | | | | | | | | | |
| 3. | Shri Sandeep Kumar | 21/02/2024 | | | | | | | | | | | | |
| | <p><u>K. Other observations given by statutory Auditors of DISCOMS on specific subject are given below: -</u></p> | | | | | | | | | | | | | |

(a) PaschimanchalVidyutVitran Nigam Ltd.

I.DEPRECIATION/AMORTISATION

i. DISCOM Auditors have observed that the depreciation on Property, Plant and Equipment has not been worked out properly as there are discrepancy/ variation in date of put to use of various assets. The depreciation on addition in Property, Plant & Equipment during the year was provided as per the order of UPERC/Secy./(MYT for distribution and transmission) Regulations, 2019/408, Lucknow, dated: September 23, 2019, on monthly basis instead of actual period of availability of asset for its intended use on addition. This is not as per provisions of Schedule-III of the Companies Act, 2013 and also against accounting policy of the Company as stated in Para 2(IV)(b) under the head depreciation. In the absence of proper audit trail, we are unable to quantify the impact of the same on depreciation and consequential impact on the financial statements.

In manual accounting system, there is no such system exist to record the actual datewise details of installation of assets.
Thus, the depreciation/amortization on addition of fixed assets during the year has been provided on monthly basis.
The same has also been disclosed in Notes on Accounts at point no. 6(d).
However, from FY 2024-25, company is recording all the transaction on ERP where depreciation is being calculated considering the date of addition.

ii. The company has re-classified the furniture of Rs. 7.67 (Gross Block) and has transferred the same to Building Block, the company has not re-classified the relevant portion of accumulated depreciation from furniture to building this adjustment has not been made through restated financial statements, being this adjustment is a prior year item. In the absence of sufficient and appropriate audit evidence thereof, we are not in a position to ascertain impact of the same on the financial statements.

The company has regrouped and reclassified its Opening Balances of Furniture & Fixtures and Building Block which was misclassified in earlier years due to Manual Accounting System. Now the same has been corrected in FY 2023-24 after due reconciliation. Refer Notes on Accounts point no. 28.

II. POWER PURCHASE

Power purchase and transmission charges are booked on the basis of bills raised by Uttar Pradesh Power Corporation Ltd. and Uttar Pradesh Power Transmission Corporation Ltd. However, the Company has no scientific method of its measurement for accounting and making provision thereof. Hence, we are not in a position to comment on the possible impact thereof on the financial statements of

Being a separate legal entity, PVVNL has correctly accounted for the power purchase cost and transmission cost on the basis of bills raised by UPPCL and UPTCL respectively.
However, it may be noted that Power purchase of

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| | the company. (Refer Note No. 11 of Notes to accounts) | Subsidiary Company is eliminated with the Power Sale of UPPCL Standalone while Consolidation, therefore, there is no impact of these transaction at CFS level. |
| III. <u>OTHERS</u> | <p>i. No subsidiary ledgers have been maintained by the company for Consumer Security Deposit, Meter Security Deposit and Advance consumption charges. In absence of same, correctness of the figures appearing in the financial statements under these head could not be verified.</p> <p>ii. Interest accrued and due Rs. 9.06 Crores under Other Current Assets (AG 28.240 & 28.250), which is pending for reconciliation for more than a year, impact of the same is not ascertainable on the financial statements. (Refer to Note 11 of Financial Statement)</p> <p>iii. As during the course of audit we observed that the late payment surcharge recoverable from customers is accounted for on cash basis due to uncertainty of realization however, the company does not have record related to actual realization of the late payment surcharge actually collected, the amount of late payment surcharge was being accounted for on ad-hoc basis by the divisions thus, late payment surcharge is not accounted for in line with the accounting policy & due non availability of proper records we are unable to ascertain the effect of the transactions on the financial statement.</p> | <p>i. The Company is recording all the transaction on ERP from FY 2024-25, hence, all the required information shall be captured in system on real time basis.</p> <p>ii. The reconciliation is under process.</p> <p>iii. All the LPS is being accounted for on cash basis according to the accounting policy of the company.</p> |
| (b) <u>DakshinanchalVidyutVitran Nigam Ltd.</u> | <p>I. The company has declared a Debit Balance of Rs. 44.52 crores (PY: 60.62 crores) outstanding in Aligarh Zone under AG 12.542 'Provision of Depreciation – Other Transformers', which is liable to be routed to profit & loss along with the actual depreciation charged till date on those assets.</p> | This may be a reflection of some misclassified accounting; this observation shall be reviewed and necessary accounting correction shall be done in current financial year. |
| | <p>II. Long outstanding unreconciled and uncalled Liability towards UP Power Sector Employees Trust of Rs. 202.35 crores, includes Rs. 71.73 crores payable towards Provident Fund of GPF Employees. The such liability is liable for refund to the employees or to the trust. Outstanding interest Provision Rs. 93.37 crores on</p> | Theses balances are under reconciliation with respective Trust and necessary correction in accounting, if required, shall be done only after reconciliation. |

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| | above amount of Rs. 71.73 crores shall be dealt accordingly. In respect of an amount of Rs. 37.25 crores payable towards Pension & Gratuity of GPF Employees, there is no reasonable certainty for payment of the same. | |
| III. | Similarly, long outstanding unreconciled and uncalled Liability towards CPF Trust of Rs. 14.95 crores, includes Rs. 11.23 crores payable towards Provident Fund of CPF Employees. This includes deduction from the employee(s) salary of Rs. 3.38 crores and employer contribution of Rs. 7.84 crores. In our opinion these amounts and Interest Provision outstanding of Rs. 3.72 crores needs to be reconciled/settled. | Theses balances are under reconciliation with respective Trust and necessary correction in accounting, if required, shall be done only after reconciliation. |
| IV. | Under Executive Engineer Admin, amount of Rs. 0.55 crores under AG 37.52, is amount of GST available in electronic cash ledger & utilised for payment of output tax liability, but the source of such amount is not yet identified. Amount is liable to be identified and written off accordingly. | The matter shall be examined and necessary adjustment shall be done in ensuing year. |
| V. | Under Executive Engineer Admin, amount of Rs. 0.17 crore was paid during the year out of retention of the supplier held, however, the Company has inappropriately booked the same as current year expense. | The observation of the auditor shall be reviewed and necessary adjustment shall be done in the books, if required. |
| VI. | The Company has not made provisions from July, 2017 till date in respect of more than 100 employees not yet migrated to 7 th Pay Commission. Quantum of provision is un-determinable from the records of the Company. | Provision has been made as per best estimates and judgement of the management. this matter will be reviewed in ensuing year and necessary adjustment will be made if required. |
| VII. | The Company had consistently adopted an inappropriate method of amortisation of government grants & consumer contributions by charging amortisation on the written down value of capital reserve which results in lower charge of amortisation and residual value of capital reserve, even though the useful life of the corresponding asset has expired. Estimated cumulative effect of this incorrect method during preceding three years has resulted in under amortisation of substantial amount. Otherwise also the Company has failed to maintain any subsidiary record to co-relate grant and consumer contribution with the corresponding asset and for amortisation of full amount of the grant and consumer contribution over the useful life of asset. | Since we are migrating from Manual to ERP the records are now properly being maintained in ERP software for the assets created through consumer contribution or Govt. grants. |

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| | <p>c. <u>Madhyanchal Vidvut Vitran Nigam Ltd.</u></p> <p>1. Books of Account</p> <p>i. Company has a system of maintaining various Sectional Journals such as SJ 1, SJ 2, SJ 3, SJ 4, wherein vouchers relating to day to day transactions are recorded, but ledger accounts are not maintained for individual heads of assets or liabilities and Income or Expenditure Accounts. The Existing system of balancing cash book on the monthly basis and posting transactions in different sectional journals, from journals to summaries and from summaries to monthly trial balance (MTBs), which in our opinion is inadequate to give the financial position of different account/s at any given time in an organized manner.</p> <p>Further, these monthly trial balances (MTBs) are generated/ compiled mostly through outsourced agencies, the data for which are not under direct control of the accounts department which poses a risk of security of data in the accounting records. As only printouts of MTBs are usually made available, there is no mechanism to check data entries in the system and to ensure correctness and completeness of the reports (MTBs) so generated.</p> | <p>The Method of Preparation of Accounts is prescribed by erstwhile UPSEB and the Company is following the same.</p> <p>The prescribed SJs are prepared on the basis of vouchers duly authorized by the competent authority & at the time of payment, Entry is made in cash book by duly linking the SJ series No. of the concerned voucher. All the transactions are properly interlinked and organized.</p> <p>However, the Company is recording all the transaction on ERP from FY 2024-25, hence, all the required information shall be captured in system on real time basis.</p> |
| | <p>ii. Vouchers are not serially numbered in some units and are numbered month wise in some other units. Also, summary of vouchers was not available in most of the units. MTBs are generated through an outsourced vendor/s who use their own software because of which process of verification of accounting being accurate or not, after incorporation of vouchers in MTBs, is not in vogue.</p> | <p>Almost all the units have maintained proper records of the documents/SJs and at every month end the balances are tallied as general practice. However, we are in the process of migrating our accounting in the ERP system which will take care of the proper voucher maintenance & reports on the same. The manual accounts have already been uploaded in ERP up to 2023-24.</p> |
| | <p>iii. In Zones CISS Lucknow, Bareilly, Trans Gomti, it has come to our knowledge that in some cases, additional security deposits have not been collected from consumers as per requirement.</p> | <p>Concerned zones have been instructed to look into the matter. After proper examination the necessary action shall be taken.</p> |
| | <p>d. <u>PurvanchalVidvutVitran Nigam Ltd.</u></p> <p>i. The Company has provided interest on G.P.F. liability of Rs. 20.77 Crores and</p> | <p>Reconciliation of Balances of G.P.F. and C.P.F. has</p> |

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| | C.P.F. liability of Rs. 0.50 Crores during the year under audit. The liability towards G.P.F. and C.P.F. Trust shown in the Balance Sheet and interest provided on late payment is subject to reconciliation with Trust accounts. | been done from FY 2014-15 to 2022-23. After implementation of ERP, CPG/GPF contribution are being regularly demanded from UPCL and transferred to Trust as per salary register through ERP. |
| ii. | As reported by the Zonal Auditors, Party-wise and Age-wise breakup of Liability for Capital Supplies/ Works and Liability for O&M Supplies/ Works are not available at Zones. Hence, we are unable to comment upon the same. Further, the liability includes amount of Rs. 40.45 crores on account of expenses debited in the FY 2022-23 on the basis of forged documents. As informed to us, the investigation is still under process hence the impact of the same could not be ascertained presently. | Subsidiary ledgers of vendors are available in ERP system. The investigation of the forged bills are under process. The necessary accountal required (if any) will be dealt with accordingly after decision of the case |
| iii. | The debit balance of Rs. 50.17 crores lying in AG Code 46.922 (advance sale of scrap) has been adjusted in Deposits & Retentions from Suppliers & Others under "Other Financial Liabilities" in Financial Statements. The management has failed to provide proper explanation about the nature of such balance and reason for its adjustment in Deposits & Retention from Suppliers & Others. In absence of proper information and explanation, we are unable to comment upon its impact on the Financial Statements. | The balance under AG Code 46.922 has been reduced significantly during the current financial year. The remaining balance under this AG code will be reconciled during the CY. |
| iv. | Labour Cess liability (AG Code 46.930) of Rs. 5.51 crores include Rs. 3.78 crores pending for payment due to fraud detected after the Balance Sheet date by one of the employees of the Company. | The Labour cess deducted from contractor bills during the FY 2023-24 has been deposited. W.r.t. RS. 3.78 crore, the matter is under judicial litigation and the same will be deposited after due decision of the case. |
| D | <u>Kanpur Electricity Supply Company Limited</u> | |
| i. | Trade Receivables, Trade Payables, other receivables, payables, UPSEB period balances and other personal accounts are subject to confirmation and reconciliation thereof. The consequential adjustments, if any, arising out of the aforesaid exercise, is not ascertainable. | Efforts are being made to provide balance conformation but as most of the heads are quite old mostly pertaining to UPSEB period, the same could not be provided to the auditors. All efforts shall be made to resolve the query raised by the auditors in subsequent financial year. |

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| | <p>ii. Account Number 0731002100037949 opened with Punjab National Bank in the year 2019 under the name and style of "Kesco Tax Circle-3 account and Pramod Kumar Singh" was opened without the approval of the Board. The said account, up to the F.Y. 2022-23, was being depicted along with Account Number 0255001800000036-III with the name and style "Expenditure PNB account". The rationale for opening this account without Board approval was not provided to us. The said account is however, reconciled and confirmed as at 31st March, 2024.</p> | <p>The said account was opened with the approval of Managing Director, KESCO who is vested with all the administrative and financial power of the company.</p> |
| | <p>iii. KESCO is maintaining a Bank account with ICICI Bank under the name & style of "KESCO Online Payment Gateway A/e No. 628805023346" under which payment made by consumers through various online mode were received by the company. As per practice, the amount received from the bank was being matched daily with the report generated from the KESCO website. In the month of July 2023, KESCO Billing Software Agency M/s Fluent Grid sent freezed MIS report of June 2023 on 04-07-2023. On matching the freezed MIS report with the amount received from the bank it was found that Rs44.93 lakhs was not credited by ICICI Bank in the above account of KESCO. The above transactions were not included in the daily report being generated through the KESCO website, due to which no difference in the amount was found in the daily reconciliation. Similarly for the month of July 2023 Rs1.48 crore were credited to the consumer ledger account but not received in the bank account of KESCO. The matter was taken up with the bank and after matching of settlement report sent by bank it was noticed that bank account and IC-ID were different in all above transactions. Looking to the fact a FIR was lodged on 25.07.2023 against the bank. On enquiry of the Cyber Cell of UP Police it was found that it was a case of cyber-attack by a group of people who had also opened a different account with ICICI bank in the name of KESCO and Rs 91.22 lakhs were recovered after arrest of those persons. The company has ensured recovery of the loss caused in this regard through the following modes-</p> <p>(I) Cash recovery of Rs91.22 lakh has already been made by the Police and handing over of the same to "The Company/KESCO" is under process.</p> <p>(II) Withholding of bills for work executed by M/s Fluent grid Recovery to the tune of Rs1.40 crore. The company is also having a Bank</p> | <p>The matter has already been covered in detail in our notes to accounts. Also to mention that adequate measures have been adopted to compensate the loss incurred and the same has also been agreed by the statutory auditors.</p> |

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| | <p>Guarantee submitted by the firm for Rs61/- lakhs.</p> <p>(III) ICICI bank has also provided a lien marked FDR for Rs1.63 crore to KESCO</p> <p>Thus, the company has made adequate measures to recover the loss caused in this regard and no financial loss to the company is envisaged. In view of the above fact no provision has been made for the loss. (Also refer Note No. 28-46 of "IND ASFS").</p> | |
| | <p>L. <u>SPECIFIC OBSERVATIONS OF ZONAL AUDITORS ARE BELOW:-</u></p> <p>a. <u>PASCHIMANCHAL VIDYUT VITRAN NIGAM LIMITED:</u></p> <p><u>MEERUT ZONE:</u></p> <p>LAND & LAND RIGHTS (AG Code 10.101) and PROPERTY PLANT AND EQUIPMENTS (FIXED ASSETS) & DEPRECIATION</p> <p>Fixed assets are shown at historical cost, the depreciation has been booked in the HO records but is not reported back to ZO for accounting. However, accounting for depreciation reversed on disposal of goods is being made at unit level.</p> <p>The Zonal Office has not identified amount of impairment of assets, required as per IND AS36.</p> | <p>It is the practice of the Company to calculate and charge the Depreciation at HO level. It has no effect on the Financial Statements.</p> <p>The Fixed Assets have been accounted for at historical cost and most of the assets installed are very old and due to high inflation and increasing market value of the metal of infrastructure, etc., the recoverable amount of the assets is almost equal to its present value.</p> |
| | <p>i. As per the stated accounting policies, Employees cost is capitalized at a fixed percentage of total expenditure of capital works in contravention to Ind AS16 which permits inclusion of only directly attributable costs of bringing the asset to working condition for its intended use. However, the same have been taken care off as per framed policy of the company.</p> | <p>No action required.</p> |
| | <p>The physical verification of inventory has been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on</p> | <p>Physical verification of inventory is being done at regular intervals. If any excess/shortage of material</p> |

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| | <p>physical verification of inventory as compared to the book records were not material. In our opinion, the frequency of Verification is reasonable. However, un-serviceable/slow-moving/non-moving items forming part of the inventories are mixed with the regular stock and are valued as normal stock of inventory is neither computed nor accounted.</p> <p>Fixed Assets to the tune of Rs. 11.97 Cr. was shown under the head AG 11 as on 31-03-2023. It was reported the same was in possession of M/s UP. Power Transmission Corporation Limited. Out of said sum, an amount of Rs. 2.05 Crore created out of own funds charged to P&L account (Prior Period Expense) & Assets of Rs. 9.92 Crore (Constructed from consumer contributions) transferred to Reserves & surplus. Now the said balance stood as NIL as at 31" March 2024.</p> | <p>found, then accounted for in books of accounts accordingly. Further, provision @10% of overall inventory balance is being made at PVVNL HQ level.</p> <p>Amount paid to U.P. Power Transmission Corporation Ltd. Towards Bay charges has been charged to Profit & Loss A/c in FY 2023-24. Earlier, it was shown under "Assets not in Possession". Hence, the same has been rectified in current year by treating it as Prior Period Error in accordance with Ind AS-8.</p> |
| | <p>SUNDRY RECEIVABLES</p> <p>Amount outstanding under the head AG-23 (sundry debtors) is not verified and reconciled with the subsidiary records (Billing Data/Online data of the Consumers) maintained at various units. Chances of recovery are not analysed. Time barring and non -recoverable cases are not identified. No provision is made in the accounts for non-recoverable amount at Zone level and is reportedly made at headquarter level.</p> | <p>The amount under the head Sundry Debtors is booked on the basis of Online Billing Ledger after making necessary adjustments/correction like Inflated Bills, Manual Billing, etc. at divisional level. Due to such adjustments, the amount reflected under the head Sundry Debtors (AG-23) is under the reconciliation with Billing Ledger.</p> <p>The company is making provision against debtors for uncertainty of realization at HQ level and the details have already disclosed in Notes on Accounts at point no. 10(i)&(ii) of PVVNL.</p> |

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| | <div>i. Sundry debtors include huge old balances of Permanent Disconnected (PD) consumers where notices for recovery have been issued under section 5.</div> <div>ii. Remittance of Funds by Vitran Nigam to UPPCL<div>a. Remittance of Funds by Vitran Nigam to UPPCL (AG code 28.889) Rs. 24386.51 Cr (Previous Year 21467.90 Cr) on account of remittance of Power Purchase has remained unadjusted. The book entry to adjust/set off these balances has not been made.</div><div>b. Subsidy Receivable from Government shows unadjusted negative Balance of Rs. 4.90 Cr (Previous Year 4.90 Cr). Proper book entry to adjust/set off these balances has not been made in the year.</div></div> | <div>Active efforts are being made to recover the Permanent Disconnection (PD) arrears.</div> <div>The amount has been adjusted at the HQ level through Debit/Credit note received from UPPCL and the balances are in conformity with the UPPCL</div> |
| <div>CASH & BANK BALANCES</div> <div>Bank Reconciliation Statement (BRS)</div> <div>i. Reconciliation statements available in of divisions carry uncashed cheques, dishonoured cheques and other credits given by bank in previous years but not recorded in books of divisions</div> | <div>The balance pertains to old period. The same will be reconciled/adjusted after due verification.</div> | |
| <div>REVENUE FROM SALE OF POWER</div> <div>i. Revenue booked under theft cases for the year under the head AG 61.601 amounting to Rs.22.72 Cr (Previous Year Rs 42.38 Cr). The figures of the last fortnight are provisional one. No provision has been made against unsettled cases outstanding at the end of the year</div> | <div>The reconciliation of outstanding entries is in the process and outstanding uncashed cheques, dishonoured cheques and other credit shall be done in the current financial year.</div> <div>Separate AG Code for accounting of the above has been issued through OM no. 354/PCL/CAN-314/V2 dated 02-09-2024.</div> <div>The necessary provision is being made in Annual Accounts at HQ level.</div> | |
| <div>Others</div> <div>i. The Provisions of expenses made at the year-end are subject to TDS but tax has not been deducted. It has been deducted at the time of payment.</div> <div>ii. AS per practice, interest on consumer deposits has been provided as per prevailing bank rate on average balance basis. The actual payment of</div> | <div>The matters shall be examined and necessary action shall be taken accordingly.</div> | |

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| | <p>Interest to the consumers is not reconciled / adjusted with the provisions made during the year.</p> <p>iii. Advance Income Tax & TDS (code 27.4) amounting to Rs. 74.40 Lac (Previous Year Rs 70.87 lac) is not reconciled and transferred to head office.</p> | |
| | <p><u>MORADABAD ZONE:</u></p> <p>i. WIP Package: Increase in Capacity of 35/11kv SS Dhiyoti-Amroha Estimated Cost: 71.83 Lakhs Completed Value: 44.63 Lakhs As per information and explanation given to DISCOM Auditors, the work has already completed and the asset is put to use but the same is not yet capitalized till the completion of audit. No work completion certificate was provided to us. The profit is over stated by the amount of depreciation on this asset and the Fixed Assets are under stated by the amount of WDV of such fixed asset. The quantification could not be identified as depreciation of Fixed Assets are being charged at HO level.</p> | <p>The mentioned contract is concerned with ECWD MBD and presently reflecting in Work in Progress. The ECWD, MBD has informed that although this project is completed but completion certificate & hand over of the project is pending. Hence, the project will be capitalized after successfully completion and handed over to respective division as the capitalization may be done when the assets are ready to use.</p> |
| | <p>ii. SUNDRY RECEIVABLES The aging of these receivables was provided to us but in the absence of any further information and documentary evidence for the aging, we could not verify it. Hence, we are unable to express our opinion on the asset quality.</p> | <p>No Comment.</p> |
| | <p>iii. Advance to Supplier Out of total advances, 104.91 lakhs are outstanding for >1 years.</p> | <p>Outstanding balance more than one year under AG head 25 is the advance given to contractors in form of material which is related to ongoing schemes & works, which will be adjusted at the time closure of the respective scheme and after successful consumption/MB of material.</p> |
| | <p>iv. INTER UNIT BALANCE NoreconciliationforU(OutofZone) accounts was provided to us.Henceweareunabletoexpressour opiniononvariousUaccounts</p> | <p>Reconciliation of Out of Zone (IUT) is being done regularly.</p> |

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| | <p>v. ED AND OTHER LEVIES</p> <p>During the year Total ED & Other Levies Collected-21181.37 Lakhs however ED & Other Levies Paid- 6626.34 Lakhs. That mean either 14555.03 Lakhs amount is excess collected or not paid to the government. If excess collected, it is income and if correctly collected, why not full amount of duty paid to the government? In such a way the liability is accumulated over the years and reached to such alarming level 81,225.80 lakhs.</p> | <p>All the ED payments to State Govt. is being done by UPPCL and adjustment of the same is being passed on to the Discoms. This is a regular accounting practice and hence, outstanding amount shall be adjusted accordingly.</p> |
| | <p>vi. ACCOUNTING SYSTEM</p> <p>During the course of auditing we observed that no sub-ledgers of Accounts Receivables and Accounts Payables are prepared. Hence party wise receivables and payables cannot be ascertained.</p> | <p>As per the current accounting system of UPPCL, no individual ledgers of Account Receivables and Accounts Payables are maintained with monthly accounts. However, all the details of receivables and payables are available at respective division level. All Customer details are also maintained/available in billing software of the Corporation.</p> |
| | <p><u>BULANDSHAHAR ZONE</u></p> <p>i. Bank reconciliation statements (BRS) in respect to Bank accounts of mostly divisions of Bulandshahr zone contains outstanding old entries which includes stale cheques, uncashed cheques, other debits and credits more than three months which requires reversal after proper & exact reconciliation and may have impact on trial balance.</p> | <p>Wrt to uncashed cheques, it is to submit that divisions are accepting large number of cheques as a normal course of business. Some cheques got bounced due to various reasons. For bounced cheques, consumer's ledger is debited with concerning amount along with cheque bounce charges and LPS. Division offices have been instructed to make necessary adjustments if required against uncashed cheques.</p> <p>With respect to other credit, it's to clarify that sometimes consumer makes payment in division's bank account but it is not clear for which consumer payment received due to non-availability of full details in Bank Statement. Clearance of uncash cheque & other credit is a regular process and efforts are being made to clear old uncash cheques and other credits. Other debit in bank reconciliation statement majorly pertains to bank charges. As per rules, Banks cannot levy charges in our bank accounts. So for refund of bank charges, regular follow-ups are being done by divisions. For</p> |

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| | | uncashcheques and other credit upto 03/2020, charge sheet to concerned employees have already been initiated by HO. |
| | ii. Without prejudice to para no. 1, bank reconciliation statements of various divisions need special attention on some issues which are as per annexure – 1. | <p>Apart from the above, separate AG Code has been issued to account for the said entries and resolve the same for necessary corrections.</p> <p>The Bank Reconciliation Statement (BRS) is being done regularly in all the divisions of this company. The outstanding balances of Stale cheques, Un-cashed cheques, Other Debits and Other Credit in BRS are being monitored regularly and adjusted after due reconciliation. It is a continuous process where old outstanding balances are adjusted on monthly basis in the Units.</p> |
| | iii. The Zone is not maintaining proper fixed assets register showing full particulars including quantitative details and situations of fixed assets. The deletion of the fixed assets from the respective block is done at the estimated value and corresponding reversal of depreciation is done on estimated average life of the asset withdrawn. Hence, the Value of fixed assets as on 31" March 2024 may vary to that extent. | <p>The Fixed Assets Register showing full particulars including quantitative details and situation of Property, Plant and Equipment as on 31.03.2023 has already been completed and submitted to UPERC.</p> <p>The preparation of Fixed Assets Register for FY 2023-24 is under progress.</p> |
| | iv. The management has informed to us that physical verification of inventories has been done by the officer authorized at every division / office of the zone and the same is valued on the historical cost but the detailed working & actual stock register was not provided to us for necessary verification. Hence, DISCOM Auditors are unable to quantify the impact of the same in the valuation of the inventory. On the basis of information given by various divisions / offices of Bulandshahr Zone, Contingent Liability as on 31/03/2023 was Rs 19,45,89,854/-. | <p>Physical verification of inventory is being done at regular intervals. If any excess/shortage of material found, then accounted for in books of accounts accordingly. The detailed quantities are available with the record of JEs and the PV are being carried accordingly.</p> <p>Further, provision @10% of overall inventory balance is being made at PVVNL HQ level.</p> |
| | <p><u>CHAZIABAD ZONE</u></p> <p>i. A. The Branch has two categories of customers i.e. prepaid customers and posts paid customers. In the case of prepaid customers, the collection goes to HO which in turn inform the branch of the amount collected by them on its behalf.</p> | <p>The accounting treatment of Prepaid Consumer is being done in line of the SoP of the Company according to which the unutilized portion of recharge amount is shown as Advance from Consumer under the Current Liability head. Further, any negative balance in regard of</p> |

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| | <p>The Zone could not produce the records related to accounting of unadjusted portion out of prepaid recharge of meter and recognition of revenue out of such prepaid amount for the period up to 31st March, 2024. Also it could not be explained how the accounting is done of the cases of negative balance in the case of prepaid meter. No record could be produced before us to verify the accrual of income and realization thereof, hence DISCOM Auditors are unable to comment thereon and quantify its impact on the accounts;</p> | <p>Prepaid consumers is account for like Arrear of Post-paid consumers.</p> |
| | <p>B. In respect of post-paid customers, in terms of the company's accounting policies, revenue is supposed to have been recognized on accrual basis, however, it is noticed that in the case of the billing pertaining to the period spreading to the next financial year, the branch has recognized income of the broken period falling in the next financial year based on average of preceding three months. The different customers are having different billing period, however, it is explained that the Zone does not generate any report as of 31st March, 2024 showing accrual of income in such cases. Hence, in the absence of such report, the recognition of income in such cases could not be checked hence its impact on the account could not be ascertained and quantified by DISCOM Auditors.</p> | <p>Unbilled Revenue in respect of Sale of Electricity is recognized on the basis of fifteen days Assessment considering the Average Assessment for the preceding three completed calendar months (i.e. Dec to Feb in respect of March).</p> |
| ii. | <p>The Company has not laid down its accounting policy on recognition of income in the case of theft of power (dishonest abstraction of power) and the income is recognized based on consumption estimated in report of JE/SDO etc. During the year, the Branch has recognized such income of Rs. 50.86 Crores (Code AG-61.6) where against only Rs. 15.81 Crore (Code-AG-23.8) have been realized and rest has been accounted for a Receivable. Further, such accounting treatment is not in accordance with IndAs-18 which stipulates recognition of income only when the realization thereof is certain. Hence, the Zone has not provided for the doubtful amount. However, it is informed by the officials that the provision is made at the HO level in their books, the details and basis thereof, however, could not be explained. In view thereof, its impact on the accounts of the Zone could not be ascertained and quantified by DISCOM</p> | <p>The Companies Policy properly contains the provision of accounting of the Revenue from theft of power. Further, after final assessments of the Theft cases it levied on the regular bill of the consumer. Subsequently, the accounting is being done through billing data.</p> <p>When the assessment has been finalized and charged to the consumer bills, the management opined/presume the certainty of the realisation. Hence, the accounting is correct according to the relevant provisions of the Ind AS-18 now covered under the Ind AS-115 "Revenue from Contracts with Customers".</p> |

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| | <p>Auditors.</p> <p>iii. In the case of permanent disconnection cases, the Branch estimates the unrealized amount pertaining to period as back as five to six years and account for the amount as "P.D. Debtors" (Code AG-23.5) by reducing the same amount from Normal Debtors (Code AG-23.1). Such transfer of amount is done on ad hoc basis without ensuring recognition of corresponding income in earlier years. Its impact on the accounts cannot be quantified by DISCOM Auditors.</p> | <p>The accounting of permanent disconnection cases is made as per the practice followed from the previous years. Also, as explained by the units, amount recognized in the books from the permanent disconnection cases is based on the records maintained at SDO & Division level which were shown to the auditor during the course of the audit.</p> |
| | <p>iv. In respect of revenue from new meter connection (AG Code 55.1), the accounting policy "Consumer contribution, grants and subsidies towards cost of capital assets are treated as capital reserve and subsequently amortized in the proportion in which depreciation on related assets is charged", however, its accounting in the books of the Branch could be neither found nor explained. Its impact on the accounts of the Zone, if any, could not be quantified by DISCOM Auditors.</p> | <p>The accounting and amortization on related assets is provided at HQ level.</p> |
| | <p>v. In respect of fixed assets and stock, neither certificate of physical verification thereof nor working papers of such verification are provided to us, hence we are unable to comment on the correctness of reporting thereof and on provision if any required for shortage, slow moving, non-moving, impairment. It impacts on the accounts, if any, could not be ascertained and quantified. Further, the physical verification of Store Centre Ghaziabad arranged by the Zone, revealed a difference of Rs 32.52 Crore being shortage. As per the system software, the stock is Rs.59.41 crore however, as per the itemised inventory list, the stock is Rs 26.89 crore. No explanation was given with regards to such difference.</p> | <p>As enumerated to the Auditor, units are under the process of preparing Fixed Assets Register of FY 2023-24.</p> <p>The Stock of Rs. 59.41 crore is reflecting on ERP Software in which the material issued to various firms for Sample Testing, Repair of damaged material under Guarantee Period and Copper Conversion etc. has not been considered as issued material.</p> <p>While, in present case in the Manual Accounting system, the material issued to firms for Sample Testing, Repair of damaged material under Guarantee Period and Copper Conversion etc. is treated as material issued. Consequently, the value of closing balance of stock is adjusted accordingly.</p> <p>The stock balance of Rs. 26.89 crore belongs to AS01 (Sh. Sudhir Kumar, ASK) and 6.01 crore belongs to AS02 (Sh. PremPrakash, ASK) of ESC, GZB and remaining balance of Rs. 26.51 crore pertains to stock/material which was issued to various firm for Sample Testing, Repair of damaged material under</p> |

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| | | Guarantee Period and Copper Conversion. Hence, there is no shortage of stock amounted to Rs. 32.52 crore. |
| vi. | In respect of high power supply projects e.g. hospitals, heavy manufacturing units, etc., the branch collect the charges (Code AG 55.1) and pass on the entire amount to UP Transco (Code AG 11) towards other capital expenditure/fixed asset payments. While the receipts are recognized as capital receipts which is amortized against depreciation and the payment to UP Transco is recognized as Capital assets, however, it is noticed that the advance payment are capitalized as fixed assets even without completion of the project and without commencement of generation of income from such asset. This is against the IndAs 16. Its impact on the accounts, if any, could not be quantified by DISCOM Auditors. | Amount paid to U.P. Power Transmission Corporation Ltd. Towards Bay charges has been charged to Profit & Loss A/c in FY 2023-24. Earlier, it was shown under "Assets not in Possession". Hence, the same has been rectified in current year by treating it as Prior Period Error in accordance with Ind AS-8. |
| vii. | In the Bank Reconciliation statement, the bank accounts were reconciled subject to following items: 1. uncashed cheques of Rs 14.41 Cr; 2. Old difference Rs 47.42 Cr 3. Other credits not traced Rs 41.92 crores No details, age and explanations could be provided to us hence DISCOM Auditors are unable to comment on its impact on the accounts; | Un-cash amount also includes the amount of cheque received and deposited in March-2024 but realized in subsequent month. It was also explained to the auditor that un-cash cheque, old difference and other credit pertains to old periods and concerned units are under process of reconciling the same amount. |
| viii. | AG code 18.4 i.e. 'Intangible Assets" theft of fixed asset pending investigation amounts to Rs.24.68 crores as on Balance sheet date includes Rs 4.28 crores for the year (i.e. FY 23-24). Though a copy of FIRs and related reports were produced at the time of preparation of this report, how its accounting is done, could not be explained hence DISCOM Auditors are unable to comment on its accounting and its impact on the accounts. | It was enumerated to the auditor that the process relating to account of theft of assets under AG 18.400 is done as per the norms followed year to year and detail of theft of assets was provided to the auditor. |
| ix. | Balance confirmations from external group companies and inter zone are not produced before us by the Branch for verification, hence DISCOM Auditors are unable to comment on its impact, if any on the accounts. | Instruction has already been given for obtaining the Balance confirmation. |
| x. | As a policy, the branch does not deduct TDS at the time of making provision for | The provision of the expenses has been entered on |

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| | expense as the same is deducted at the time of payment. This is not accordance with the provision of Income Tax Act. Similarly, in the case of TCS u/s 206C of the Income Tax Act, tax is not collected at the specified rate; | estimation basis where the parties are not identified. The provision with identified parties attract the deduction of TDS at the time crediting or paid whichever is earlier. Hence, there is no Non Compliance of the Income Tax act. |
| | xi. The security deposit from customers under code AG 48.1 is Rs. 1082.65 crores whereas the same as per customer's master data for all divisions, it is Rs. 1683.60 crore. No explanation could be offered for such a huge difference hence we are unable to comment on its impact on the accounts. Our audit performed in accordance with generally accepted auditing techniques revealed short collection of Security deposit in respect of commercial meters, by Rs. 110 crores. | All the distribution units are under process of reconciling the difference between security deposited from customers as per books and as per master data. |
| | xii. The internal audits are done on test check basis i.e. for one or two month in the year report. | No comment required. |
| | xiii. During July'20 to November'20, there was a cash embezzlement of Rs 5.64 crores under the division EUDD-7, Ghaziabad by Mr. Sumit Gupta, Head Cashier Revenue of the division. Similarly, Cashier of EDD Greater Noida Satender Pal Singh TG-II embezzled cash of Rs 82,21,974/- during March'21, April'21 and June'21. In yet another case, Cashier of EUDD-IV, Ghaziabad Harinath TG-II during the year 2018-19 embezzled Rs.19,19,767/-(net of recovery of Rs.89,3287). Despite the above cases having been declared fraud in respective years, the same has not been provided for. | The matter is under consideration. However, the necessary disclosure regarding the same has been made in Notes on Accounts at point no. 43 |
| | xiv. The divisions under the Zone are maintaining Books of accounts in two accounting software i.e. one is of Oracle and other SAP. The Cash & Bank transactions are recorded in Oracle and at month end, consolidated voucher is posted in the books of accounts under SAP software. No explanations could be given why both the software are not integrated; | The Company is recording all the transaction on ERP from FY 2024-25, hence, all the required information shall be captured in system on real time basis. |
| | xv. Our audit of the accounts of EUDD-II Ghaziabad revealed significant no. of cases where system suomoto generated dummy (temporary) ID and such ID recorded consumption of energy, resulting in recognition of revenue. We are unable to | As per Reply of EUDD-2, GZB only one such case of suomoto generated (temporary ID) was found and PD of that one case has been done vide OM No. 1094 dated |

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| | ascertain the impact of such on the revenue and the state of affairs of the Zone. | 21.03.2024. |
| xvi. | <p>Our audit revealed that the purchase and sale of energy is not reconciled to check the same is correctly accounted for and there is no case of abnormal leakages/loss. In the case of sample checking, it was noticed in the case of EUIDD-V Ghaziabad, abnormal surge in sales is noticed in the month of June 23 as against the average sale of peak summer sale of approx. Rs.33 Crores as can be seen from the following as a result the surge is noticed in the receivable of Rs.110 Crores at the end of the year. In the absence of requisite data of other sub division, similar analysis could not be carried out. No explanation could be given to DISCOM Auditors for such abnormality.</p> <p><u>SAHARANPUR ZONE:</u></p> <p>i. Report on short security collected from large and heavy consumer named M/S RAVI ORGANICS of division Electricity Distribution Division II Muzaffarnagar from whom due security Amount Rs 853470.00 is not collected since F.Y-2021-22 which is to be collected immediately.</p> <p>ii. Report on issue of section -5 notice wherein we observed that section -5 notices were not issued within stipulated time period. In the division Electricity Distribution division I Saharanpur, total 1160 cases of theft found during the raid upto 31.03.2024. Out of total 1160 cases in 274 cases section-5 notices not yet sent to consumers even after more than 90 days from notice issued u/s section-3. In the division Electricity Distribution Division II Saharanpur, Permanent Disconnection register updated from 01.04.24 to 31.03.24 there were 89 cases where in general no section-5 notice were shown. During the audit of division Electricity Urban Distribution division II Muzaffarnagar, it was observed that, division is not issued revenue bills to consumer on time, resulting in revenue loss to company.</p> <p>iii. The Comprehensive ERP is under implementation in the Zone. Our Comments are as follows: -</p> | <p>The matter is under reconciliation at division level and the same will be rectified accordingly (if required).</p> <p>After giving final notice to the consumers the said security amounts due Rs. 853470.00 added to the consumers ledger in the month of May 2024 and amount will be recovered soon accordingly.</p> <p>All section 5 notices have been issued to mentioned consumers. Further, the outstanding dues has been recovered from consumers. In the few cases for recovery of outstanding amount division is doing necessary action as per rules. Final dues will be recovered soon.</p> <p>100% ERP implementation is under process of UPPCL/PVVNL.</p> |

| | <p>i. The Trial balance of the all divisions are not aligned with ERP.</p> <p>ii. The Due Diligence of Migration of Software not undertaken</p> <p>iii. Partial Migration to new ERP from Old working software (Excel)</p> <p>It has come to our notice that the zone has since shifted payment module w.e.f. 1 Jan 2022. Under the system the payments are centralized at HQ Meerut UP wherein they are understood to maintain separate ledger Accounts in the New ERP.</p> <p>Under this arrangement the zone will continue to show liability to the vendor whereas the vendor has already been paid. The consolidated Trial Balance presented to us is showing a liability is INR 890,74,81,185.35/-.</p> <p>The payments against these liabilities are made by the Head office directly to the Vendors. But effect of these payments are not reflected in the trail balance of the Zone. In the trail balance only balance payments should have been reflected. Therefore, this point has to be taken into the account at the time of finalization of the Company Balance Sheet.</p> <table border="1"> <thead> <tr> <th>A/c Code</th><th>Account Name</th><th>TB Closing Balance as on 31.03.2024</th></tr> </thead> <tbody> <tr> <td>42.1</td><td>Supply of Material/ Cap.</td><td>4900806433.14</td></tr> <tr> <td>43.1</td><td>Supply of Material (O&M)</td><td>4006674752.21</td></tr> </tbody> </table> <p>Remarks: Out of this Liability of Rs.890.75 Crore, some payments already made to the vendors by HQ. These payments must be lying at debit balance in these heads in HQ accounts. In our opinion these payments must be considered while financialization of the financial statements of the company as a whole.</p> | A/c Code | Account Name | TB Closing Balance as on 31.03.2024 | 42.1 | Supply of Material/ Cap. | 4900806433.14 | 43.1 | Supply of Material (O&M) | 4006674752.21 | <p>The liability shown in the books of Zones will be cleared through IUT after the receipt of payment details from HQ.</p> |
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| A/c Code | Account Name | TB Closing Balance as on 31.03.2024 | | | | | | | | | |
| 42.1 | Supply of Material/ Cap. | 4900806433.14 | | | | | | | | | |
| 43.1 | Supply of Material (O&M) | 4006674752.21 | | | | | | | | | |
| | <p>iv. Bank Reconciliation Statement (BRS) in respect to bank accounts in case of few divisions of Saharanpur Zone contains outstanding of previous years entries (even some entries are more than 10 years old) which are</p> | <p>The seized amount from divisions bank accounts as per instruction of court is under pursuance/appeal. After decision of court accounting entry shall be made in divisions books of accounts.</p> | | | | | | | | | |

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| | seizure by various authorities in respect to Court and other cases. | |
| v. | AG Code 26.7 represent Cont. Mat. Control A/C having balance as on 31.03.2024 is INR 1,13,84,537.54 belongs to material advanced to contractor Mr. Shailesh Kumar is still pending Since 2010. This material is required to be recovered from the contractor immediately otherwise provision is required to be made in the books of the accounts. | The material issued to contractor against which miscellaneous advance is booked. All these material are lifted from contractor's store and now laying at Electricity Store Centre, Saharanpur. The valuation of store is under process and therefore, adjustment/provisions of non-recovery will be made accordingly. |
| vi. | <p>PROPERTY PLANT AND EQUIPMENT:</p> <p>a. During the year a substantial part of unproductive Property, Plant, Equipment and Intangible Assets have not been disposed off by the company, which may affect the 'going concern' assumption.</p> <p>b. Further, Property, Plant and Equipment of INR 14687502.41 were stolen from sites during the year and cumulated amount of Property, Plant and Equipment Stolen is INR 43,71,16,264.21 as on 31.03.2024 and provision for loss should be made at head office level. As informed to us FIRs for the same had also been lodged in concerned police stations.</p> <p>c. The zone is in the process of maintaining proper fixed assets register showing full particulars including quantitative details and situations of fixed assets. The deletion of the fixed assets from the respective block is done at estimated average life of the assets withdrawn.</p> <p>b. PURVANCHAL VIDYUT VITRAN NIGAM LIMITED:</p> <p>(i) In Azamgarh Zone it has been observed that:-</p> <p>a) Records like Cheque Dishonour Register, Log Books of Vehicles, Receipt Book issued & Received Register, Stamp & Postage Register, TDS Register are not being properly maintained & found incomplete except in few cases.</p> | <p>The items are now being declared as obsolete/unusable and necessary adjustment shall be made in books which is under process.</p> <p>All provisions are being made at HQ level.</p> <p>This has been done only in few cases but in other cases i.e. plant equipment, T/F and other fixed assets has taken as per actual record history. Point has been noted for future compliance.</p> |
| | Material observations other than above as made by the Zonal Auditors of the respective Zones/ Units are given hereunder:- | Noted for compliance and necessary correction. |

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| | <p>b) Zone Auditor of DISCOM have tried to match the balance of Receivables against Supply Account Group 23 with Commercial Statement (CS-4) in all the Divisions. No justification given by divisions in this regard.</p> <p>c) Since the work register being incomplete, the amount debited in capital work in progress is not Verifiable.</p> | |
| | <p>(ii) In Basti Zone it has been observed that :-</p> <p>(a) TI/PI which is open earlier year/during the year and still pending as on 31st March, 2024.</p> <p>(b) R.C register not reconciled with SDM office record in EDD II Basti.</p> <p>(c) There is a Contingent Liability amounting to Rs.1,11,10,000.00 in EDD- Siddhartha Nagar pending since long for which no provision has been made at Zonal Office level.</p> <p>(d) DISCOM Auditors have test checked the Internal Auditors Report of some of the units/ divisions of the Zone for Mar.2024. There were some serious financial irregularities and other irregularities in the Internal Auditors Report for Mar.2024 of ETD, SantKabir Nagar.</p> | Noted for compliance and necessary correction. |
| | <p>(iii) In Gorakhpur Zone it has been observed that :-</p> <p>(a) At some of the unit's records like dishonour register, receipt book issue & received register, stamp & postage register is either not maintained or not properly Updated.</p> <p>(b) At almost all the units, log books of vehicles were maintained but on verification it was found that all the entry for the year has been done on a single day but not on daily basis</p> <p>(c) The procedure of physical verification of inventories followed by the management are not reasonable and adequate. Also, Units are required to prepare stock adjustments every month for the stock received from JE's as on month end whose entries are meant to be passed on account of stock adjustments on account of stock received from Site, WDV of assets scrapped and burnt cables, meter and other such assets. Such entries are required to be passed to adjust the stock to scrap. Such entries are not passed for January to March 2024 in most of the units.</p> | Noted for compliance and necessary correction. |

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| | <p>On perusal, it was stated that JE s are not able to take proper Stock from ERP as manual stock adjustments from January was abolished. No effect of such stocks is being taken in March final trail. (AG 22-50, 22.51,12.542,77.710,16.106,10.631).</p> <p>(d) Civil Distribution division has failed to provide Hydel Colony residents occupancy, maintenance and unauthorized occupancy in the campus while some unauthorized encroachments and occupancy have been noticed. It involves financial loss to the Company, which required to be ascertained.</p> | |
| | <p>(iv) In Mirzapur Zone it has been observed that: -</p> <p>(a) At some of the units, records like Log Books of Vehicles, Bill Revision Register, Consumer Complaint Register, Service Books are either not properly maintained or not updated.</p> <p>(b) During the audit, it came to our attention that certain units have recorded advances to employees as outstanding against materials. The magnitude of these amounts is considerable in some cases.</p> | Noted for compliance and necessary correction. |
| | <p>Annexure II to Independent Audit Report</p> <p>As required by para XXI of CARO (2020) Order under Companies Act, 2013, adverse remarks as reported by respective Auditors are furnished below:</p> <p><u>Holding Company -Uttar Pradesh Power Corporation Ltd.</u></p> <p>i. Para No. 1 Relating to property, Plant & Equipment</p> <p>ii. Para No. 2 (b) Relating to submission of quarterly statements to Bank regarding working capital limits.</p> | <p>i. The Property, Plant and Equipment register are maintained in Excel format. Units are instructed to maintain the mentioned details.</p> <p>ii. It is to mention that the Receivables statement has been prepared and provided to the bank on the basis of the information available at that time.</p> <p>The Receivable statement have been submitted to bank on date 06.06.2024</p> |

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| | <p>iii. Para No. 3(c) Regarding terms & conditions for repayment of loans debited to subsidiaries.</p> <p>iv. Para No. 4 Regarding Board approval for loan granted to subsidiaries.</p> <p>v. Para No. 6 Related to Cost Records.</p> <p>vi. Para No. 7 Related to Non-Payment of Statutory dues.</p> <p>vii. Para No. 11c Relating to not establishing whistle blower mechanism.</p> <p>viii. Para No. 13 Relating to approval of related parties' transaction by Audit Committee.</p> <p>ix. Para No. 14 Relating to deficiencies in internal audit system.</p> | <p>iii. No comments.</p> <p>iv. No comments</p> <p>v. The company is duly complying the requirement given in section 148 of companies act 2013 regarding cost audit which is being done by cost auditors on the basis of cost records maintained.</p> <p>vi. The balances mentioned here are under reconciliation and will be adjusted accordingly.</p> <p>vii. No comments</p> <p>viii. No comments</p> <p>ix. No comments</p> |
| | <p>Subsidiaries</p> <p>a. <u>DakshinanchalVidvutVitran Nigam Ltd.</u></p> <p>i. Para No. (i) Relating to property, Plant & Equipment.</p> <p>ii. Para No. (ii) (a) Relating to physical verification of Inventory.</p> | <p>The Company has maintained Fixed Assets Register showing particulars, including quantitative details and Cost Centre of Property, Plant & Equipment upto 2022-23 and submitted to UPERC. Banda and Jhansi Zone have also prepared Fixed Assets Register of 2023-24 and is in progress for other zones.</p> <p>Physical verification of Property, Plant & Equipment has been done by Official of the Units as per prevailing practice.</p> |

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| | <p>iii. Para No. (vii) Regarding Statutory dues</p> <p>iv. Para No. (xi) Related to fraud /deficiencies in internal control system.</p> <p>v. Para No. (xiii) Related to Non compliances of Section 177 and section 188 of Companies act 2013.</p> <p>vi. Para No. (xiv) Related to deficiencies in internal audit system.</p> | <p>Liability of Electricity duty is adjusted from Revenue subsidy as per UP Govt GO regularly at UPPCL level. Regarding other liabilities divisions are instructed to reconcile and clear all pending liabilities as shown by the Audit.</p> <p>-No Comment Required-</p> <p>-No Comment Required-</p> <p>-No Comment Required-</p> |
| | <p>b. <u>Madhyanchal Vidyut Vitran Nigam Ltd.</u></p> <p>i. Para No. (i) Relating to property, Plant & Equipment.</p> <p>ii. Para No. (ii) (a) Relating to physical verification of Inventory.</p> <p>iii. Para No. (vii) Regarding statutory dues.</p> <p>iv. Para No. (xiv) Regarding deficiencies in Internal Audit system.</p> | <p>i) Fixed Assets register has been maintained at all units. We are migrating accounting to the ERP system which will capture the full particulars of Property, Plant and Equipment.</p> <p>ii) Physical verification of inventory is conducted internally by concerned personnel. The defaulting zone has been instructed to conduct the same.</p> <p>iii) Payment of Statutory dues are monitored & complied with at HO level on regular basis.</p> <p>iv) The company has adopted the policy of conducting internal audit twice in a year (Half yearly) from the F.Y 2023-24. Internal audit report of units has been received within stipulated time period and compliances of the same is being done.</p> |

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| | <p>c. <u>PurvanchalVidyutVitrans Nigam Ltd.</u></p> <p>i. Para No. (i) Relating to property, Plant & Equipment. ii. Para No. (ii) (a) Relating to physical verification of Inventory. iii. Para No. (vi) Non-Maintenance of cost records. iv. Para No. (vii) Regarding Statutory Dues. v. Para No. (xi) (a) and (c) Relating to fraud and relating to whistle blower mechanism. vi. Para No. (xiv) (a) Regarding deficient internal audit system.</p> | <p>i. The Fixed Assets register has been prepared upto 2022-23 and for 2023-24 is under progress. The company has implemented ERP, therefore, the quantities of the FA shall be made available to the Auditor through the same. Further, the Physical verification of Fixed Assets are being carried according to the internal policy of the Company on a regular interval of three years.</p> <p>ii. The necessary instructions have been issued to Prayagraj and Gorakhpur zone to do the necessary correction.</p> <p>iii. No Comment</p> <p>iv. No Comment. The necessary disclosure has already been made in contingent liability</p> <p>v. No Comment vi. No Comment</p> |
| | <p>d. <u>Kanpur Electricity Supply Company Ltd.</u></p> <p>i. Para No. (i) Relating to property, Plant & Equipment. ii. Para No. (ii) (a) Relating to physical verification of Inventory.</p> | <p>i. The company has agreed with the Auditors and efforts are being made to arrange for relevant records.</p> <p>ii. Company is exercising significant controls and efforts shall be made to further</p> |

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| | <p>iii. Para No. (vi) Regarding Cost Records.</p> <p>iv. Para No. (vii) (a) Regarding Statutory Dues.</p> <p>v. Para No. (ix) Regarding loan taken through UPPCL Holding Company.</p> <p>vi. Para No. (x) (b) regarding disclaimer of section 42 and section 62 of companies act 2013.</p> <p>vii. Para No. (xi) Relating to cyber fraud</p> <p>viii. Para No. (xiv) (a) Regarding Strengthening of Internal Audit system.</p> <p>ix. Para No (xix) Disclaimer regarding payment of liabilities within one year from the balance sheet date.</p> | <p>strengthen our controls over inventory.</p> <p>iii. Agreed with the Auditors</p> <p>iv. The company has agreed with the Auditors and is maintaining proper records for ED payable.</p> <p>v. Loans are taken by UPPCL on behalf of the company and thus the documents are available at UPPCL level. However, the loan documents to the best possible extent provided by UPPCL have been submitted to the Auditors</p> <p>vi. Necessary compliance in this regard is in progress.</p> <p>vii. The amount has been recovered and the matter is running in the court.</p> <p>viii. Agreed with the Auditors.</p> <p>ix. The company is a government owned entity and its operations are duly backed up by government subsidy. Also the collection efficiency of the company is 98% which makes it cash rich company and the above factors strongly justify the capability of the company to meet its liabilities.</p> |
| | <p>c. <u>PashchimanchalVidvutVitran Nigam Ltd.</u></p> <p>i. Para No. (i) Relating to property, Plant & Equipment.</p> <p>ii. Para No. (ii) (a) Regarding a Relating to physical verification of Inventory.</p> <p>iii. Para No. (vii) (a) Regarding Statutory Dues.</p> | <p>i. The Fixed Assets register has been prepared upto 2022-23 and for 2023-24 is under progress. The company has implemented ERP, therefore, the quantities of the FA shall be made available to the Auditor through the same. Further, the</p> |

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| | <p>iv. Para No. (x) (b) regarding non-compliance of section 42 and section 62 of companies act 2013.</p> <p>v. Para No. (xi) (a) Relating to cases of earlier years for fraud at Ghaziabad and Bulandsahar Zone respectively.</p> | <p>Physical verification of Fixed Assets are being carried according to the internal policy of the Company on a regular interval of three years.</p> <p>ii. No any discrepancies of 10% or more has been came into notice of management.</p> <p>iii. The company is regular in depositing undisputed statutory dues such as Income Tax, GST, Labour Cess, etc. in Govt. account. The GPF CPF contribution/deductions from Employee Salary is being made at unit level and total contribution/deduction is remitted by HQ to Trust Lucknow on regular basis.</p> <p>iv. No Comments</p> <p>v. The disclosure regarding said frauds has been made in Notes on Accounts at point no. 43</p> |
| | <p>Qualified Opinion</p> <p>According to the information and explanations provided to us and based on the reports on Internal Financial Controls Over Financial Reporting of Holding company audited by us and its Subsidiaries, audited by the other auditors, which have been reproduced to us by the Management, the following control deficiencies have been identified in operating effectiveness of the Group's internal financial control over financial reporting as at 31st March 2024.</p> | No Comment |
| | <p>A. Holding Company (UPPCL)</p> <p>i. Company has no internal control policies over payment to Generators. It is also observed that no subsidiaries ledger is maintained by the Company and payment to Generators are made without considering outstanding balances in their accounts. Besides, no bill wise details of payment made to Generators are</p> | In order to strengthen the existing system through information technology, the company is in process of implementation of ERP system. Further party wise |

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| | available with the Company. We have already reported about non reconciliation of old balances of Generators (Kindly refer para no.-1 and 15(K) of Annexure-1 of our audit report.) Reconciliation with Generators are pending since long. Considering the above position, system of Internal Control over purchases, payment to vendors and trade payables needs to be more strengthened and streamline to avoid any material misstatements in Financial Statements. | reconciliation is under process. |
| | ii. Age wise classification of Trade Receivables and Trade Payable do not seem to be correct since it is not based on bill wise details. | Ageing of Trade Receivables and Trade Payables have been correctly done on the basis of related records. |
| | iii. Internal control system with regard to Cash transactions, Procurement /Works transactions, maintenance of inventory, maintenance of Books of Accounts, Fixed Assets register, delegation of powers to various employees etc. requires to be further strengthened. | The company has a Proper and effective control system in all the areas. However, for implementing the system more smoothly and effectively, the system is reviewed from time to time and accordingly directions are issued. Moreover, in order to strengthen the existing system through information technology, the company is in process of implementation of ERP system. |
| | iv. There is no effective system in place to verify power purchase for completeness, only those bills are accounted in the books of accounts which are received, no system is in place for quantitative reconciliation of the power actually purchased vis-à-vis power purchase accounted in the books of accounts, reconciliation of power purchased with suppliers are not done neither it was provided to us. Balance confirmation and reconciliation with the suppliers was not carried out therefore, the impact on power purchase, power sales and eventually on the position of sundry payables and receivable cannot be commented upon. | There is a proper and effective system of power purchase. However, there is always scope for improvement in the system, for which the procedure will be reviewed and necessary directions, if required, will be issued. |
| | v. There is no system for review of old balances relating to various assets and liabilities heads which needs to be reviewed, reconciled and require necessary adjustment in the books of account. No party wise details are available for other payables like security deposits, retention money. | Most of the old balances are pertaining to transfer scheme. However, necessary instructions are being issued to units at regular intervals to review the old balances. Necessary action like written off/written back of the same will be taken after the thorough review. |
| | vi. Reconciliation of Inter Unit Section: the present system of identification and reconciliation of Inter Unit Transaction between unit to unit, unit to head office is | The company has a complete system of clearance of Inter unit transactions. However, in ERP system we have |

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| | not adequate. The reconciliation need to be done on a regular basis, with details of the nature and particulars of the unmatched items. Since total unreconciled IUT is Rs. 152.13 crore. | in process to check proper IUT clearance through IUT dashboard |
| | vii. There is no system of confirmation and reconciliation of balances in accounts of parties, contractors, Government Department etc. including those balances appearing under receivables, payables, loan and advances. | The company has a system of confirmation and reconciliation of balances. However, units have been instructed to co-ordinate/communicate with the parties to get the balance confirmation at regular interval |
| | viii. During the course of our Audit, it was observed that payments are being released by Single signatory without fixing any threshold limit only by joint signatory. | The company has a control system/procedure with regard to purchases, execution of works, sanction of estimates, financial approval etc for which threshold limit is fixed. All the payments are made in accordance with the financial approval given by the concerned competent authority. |
| | ix. In many cases, DISCOM Auditors have reported unreconciled Bank Balances running into crores for which no action has been taken by Management. This is a risk prone area and needs to be reviewed by Audit Committee and Risk Management Committee. | Noted. |
| | <p>Observations in Material Management Zone Audit Report on Internal Control over Financial reporting</p> <p>According to the information and explanations given by management and based on audit, the following material weaknesses have been identified as at March 31, 2024:</p> <p>i. Review of the concurrent audit reports depicts various persistent observations i.e. pending recovery of Rs. 13694 lakh from M/s Lanco Anpara Power Limited (LAPL), Non production of documents for verification of bills of M/s UP Rajya Vidyut Utpadan Nigam Limited, non-availability of PPA/PSA of various Co-Gen & Captive Plants, Excess expenditure in respect of O & M by M/s PPGCL, reconciliation & confirmation of old outstanding balances under various heads appearing in financial statements, submission of certificate from CAs other than statutory Auditors for verification of variable cost of various generators, submission of provisional bills by power generators in few cases etc. and as such system of compliance of various observations on regular basis needed to be</p> | <p>Necessary action/compliance on the observations of concurrent auditor shall be taken in ensuing year.</p> <p>Further, petition is to be filed by the company before Hon'ble UPERC for decision in respect of recovery from M/s PPGCL.</p> <p>Regarding non-availability of PPA/PSA of various Co-Gen & Captive Plants, it is to submit that all the PPA/PSA have been provided to the concurrent auditor and confirmed in writing by the concurrent auditor.</p> |

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| | streamlined & strengthened. | Regarding taking certificate from Statutory Auditor, compliance has been made and the same has been acknowledge by the Concurrent Auditor. |
| | <p>ii. The company is in the process of implementation of SAP/ ERP system and units other than EIE & PC unit (330), SP Vigilance Unit (UC 972) and ADG Vigilance Unit (UC 983) have commenced the maintenance of its books of accounts through SAP/ ERP, which has also been dealt in our audit report. Company is in the process of establishing necessary controls and documentation regarding the audit trail. Further, regular training of all concerned staff of various wings requires to be ensured for implementation of ERP.</p> | <p>Regarding submission of provisional bills by power generators, it is to submit that power generators raise bills and verified by EIE&PC unit as per UPERC/CERC regulations & PPA in effect.</p> <p>From April 2024 onwards, all the units are ensuring that all the transactions are recorded on SAP /ERP and we will compile the accounts from ERP/ SAP only.</p> |
| | <p>iii. System of ascertaining Reasons for Deviations in power purchases by 13812.41 MU (9.71% of total power purchased) with respect to business plan for procurement of Power for 2023-24 as provided in Approval of Aggregate Revenue Requirement and Tariff for FY 2023-24 and approval thereof by competent authority requires to be streamlined / strengthened for ensuring proper and effective monitoring and control over such deviations in purchase of power.</p> | <p>The Power Purchase Agreements (PPAs) for the Generating Stations are scheduled as per load requirements of the state depending upon the demand pattern mostly in the peak hours. Furthermore, if the requirement of the state equivalent to the energy scheduled from these plants would have been taken from exchanges, then the cost of power would be higher than cost incurred from these plants. Also, there would have been chances of rostering in case of lower power clearances from exchanges. In this context, it is also pertinent to mention that the scheduling of the plants is being done by SLDC Unit as per MOD based on data of Variable Cost.</p> |
| | <p>iv. Status of Billing of AMC charges @1.5% of total cost on power evacuation and rebate / LPSC as per PPA with CO Gen Parties needs to be ascertained for ensuring effective monitoring & accounting of the same.</p> | <p>The same will be reviewed.</p> |

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| | <p>v. Late payment surcharge is being accounted for on the basis of bills received by unit. System of determination of Late payment surcharge after the specified time period as per PPA in respect of unpaid bills is not in place to ensure accounting of LPS on accrual basis.</p> | <p>The unit has verified Late Payment Surcharge bills of generators as per the provision of PPA. Proper checking and computation is carried out before verification all LPS bills. In cases where LPS bills were pending for verification, appropriate provisions have been made in the books.</p> |
| | <p>vi. During review of bills in respect of banked energy, it was observed that banked energy lapsed for withdrawal and available for drawl is not being bifurcated as per CRE guidelines. In some cases it was observed that withdrawal of energy was made in spite unavailable banked energy, which is not in accordance with CRE guidelines. Non-bifurcation of energy in lapsed and available for drawl may result in lack of control over supply of energy in excess of Banked energy available for drawl resulting in loss of revenue. Further, test checks of the provisions made on the said account was found to be varying with the details of energy banked & drawn available in records of generators. Hence, the aspect of determination of lapsed & available energy needs reconciliation in respect of all such co-generators for ensuring proper control over the banked energy and creating provision in books of account.</p> | <p>As the matter of encashment of Banked Energy is pending for decision at Hon'ble High Court. Currently no encashment of lapsed energy is being claimed by the Co Gens. After final outcome, the computation of lapsed/available units will be done accordingly. Meanwhile Provision for balance energy after withdrawal has been created in the books as best estimate of the liability. Further, this is to inform that any excess withdrawal of energy over banked energy is to be billed by DISCOM and as such no financial impact or loss of revenue on account of the same is on the books of EIEPC.</p> <p>For the purpose of creating provision, the data of banking and withdrawal of energy has been taken from the Energy Account Issued by UPSLDC.</p> <p>Procurement process in the company is in line with best practices adopted and inherited from UPSEB period.</p> |
| | <p>vii. Test checks of procurement of goods and services through Tender reveals various shortcomings in control system i.e. preparation of detailed estimates, inviting bids in respect of OEM items from vendors as well as its distributor / agents, submission of complete documents as per eligibility criteria, proper up-keeping of tender documents, award of work on lowest cost without ascertaining reasonableness and analysis of variance with estimated cost etc. requires to be streamlined / strengthened.</p> | |
| | <p>viii. System of regular reconciliation of TDS receivable as per books of account with figures appearing in 26 AS, Analysis of year wise breakup w.r.t. status of completion of the income tax assessments needs to be strengthened.</p> | <p>Reconciliation of TDS receivable with 26AS is being done on regular basis.</p> |

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| | <p>ix. Present system of identification and reconciliation of Inter Unit transaction between unit to unit, unit to head office appearing under various heads is not adequate and as such system of reconciliation with complete details of the nature and particulars of the unmatched items need to be ensured on regular basis.</p> | <p>The company has a complete system of clearance of Inter unit transactions. However, in ERP system we have in process to check proper IUT clearance through IUT dashboard.</p> |
| | <p>x. System of reconciliation and confirmation of balances in accounts of vendors, contractors, Government Department etc including those balances pertaining to receivables, payables, Loan and Advances on a regular basis requires to be streamlined and strengthened.</p> <p>A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.</p> <p>In opinion of Branch Auditors, except for the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Zone has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31st 2024 based on the internal controls over financial reporting criteria established by the Company considering the components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.</p> <p>Branch Auditors have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the 31st March 2024 of financial statements of the Zone, and these material weaknesses do not affect their opinion on the financial statements of the Zone.</p> | <p>The company has a system of confirmation and reconciliation of balances. However, units have been instructed to take effective action in this regard and ensure necessary confirmation from third party.</p> |
| | <p>B. Subsidiaries</p> <p>a. <u>The Auditors of PVVNL</u> have reported that:</p> <p>I. The Company did not have an appropriate internal control system for</p> | <p>The Company is recording all the transaction on ERP</p> |

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| | reconciliation of quantitative details and value of property, plant and equipment reflected in the financial statements, stating the same is under process. Consequently, its impact on the financial statements cannot be ascertained. | from FY 2024-25, hence, all the required information shall be captured in system on real time basis, which consist of all the details relating to Property, Plant and Equipment. |
| | II. The Company did not have an appropriate internal control system for obtaining external balance confirmation on periodic basis. This could potentially result in inaccurate assets & liabilities disclosed in the books of accounts. | The balance confirmation is obtained from outside parties regularly. In some cases, outside parties not revert back their confirmation. |
| | III. The Company did not have an appropriate internal control system for reviewing computation and booking of Capital Work in Progress (CWIP) in accounts. This could potentially result in inaccurate CWIP disclosed in the books of accounts, due to non-capitalization and/or delayed capitalization of Property, Plant and Equipment. Moreover company do not have proper details of the capital projects overruns beyond the stipulated time. | The data related to the Capital work of each project/scheme is available with the Divisions. The capitalization of CWIP to the Fixed Assets are being done on the basis of completion report/information received from the concerned. Post capitalization the depreciation of Property, Plant and Equipment are being charged as per the Policy of the Company. |
| | IV. Internal control in respect of movement of inventories during maintenance and capital works, material issued/ received to/ from third parties and material lying with sub-divisions, need to be reviewed and strengthened. | Noted for future compliance |
| | V. Company do not have an effective system for realizing revenue from customers as the amount of receivables as on 31 st March, 2024 is Rs. 14940 crore, which is equivalent to around 240 days sale of power by company and reasons of pendency are not examined. It is noticed that the company is not effectively exercising its powers of TD/PD and filing court cases against defaulted customers. | Due to strengthening of revenue realisation mechanism and addition of various modes of revenue collection viz. Online bill deposit, KIOSK machines, ATMs, Mobile vans etc., management expects that Revenue Realization from customers in coming year will be better in comparison to previous year. |
| | VI. The Company do not have an appropriate internal control regarding realization of arrears. Company is making bad debts provision as per their policy but the percentage of provision in the age group of more than 3 years is not in line of Ind AS109. | The matter has properly explained in Point no. 2 (a)(i) of this report. |
| | VII. The Company did not have an appropriate internal control system to minimize electricity theft and line losses. | Efforts are being made to reduce the electricity theft by strengthening the distribution network and patrolling the existing distribution lines. |
| | VIII. Reconciliation of power received and power sold during year has not been done. | Efforts are being made to resolve the matter. |

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| | Billing is not raised timely and correctly. | |
| | IX. There is huge amount pending for recovery of advances from employees, contractors and suppliers. | Recovery from employees, contractor and supplier is being done regularly. |
| | X. Bank Reconciliation Statement (BRS) in respect to bank accounts in some divisions, contains outstanding of earlier years entries, which includes stale cheques, uncashed cheques, other debits and credit, which requires special attention of the management for necessary adjustments. | The matter is under consideration of management and the necessary action has also been taken by the management accordingly. |
| | XI. The Company has shown Rs. 606.90 crore as Inter Unit Transfer under the head of other financial liabilities (Current) and no further details or reconciliation of these amounts are provided to us. Special attention of the management is called for periodical reconciliation of this account and necessary adjustments thereto. Management has informed that the reconciliation of these entries is under process. | The reconciliation of Inter unit transactions is a continuous process and the units are instructed to reconcile/adjust Inter Unit Transfer on monthly basis. A dedicated IUT cell has been formed for monitoring the reconciliation and settlement of Inter Unit Transfer balances. |
| | XII. Based on our examination the company following hybrid system of accounting where in its books of accounts is mainly maintaining manually and few transactions like payment third, party payment is processing through ERP but the ERP software under implantation. So, in this situation we are not in position to comment up preservation of audit trail. | The company has migrated all the balances of Manual Accounting System to ERP System upto 31.03.2023 successfully. Further, most of the transactions are routed through ERP System but due to some Technical/System error or complexity of the system, the Account is not yet generated completely from ERP System. |
| | Auditors of Bulandshahar Zone has reported following qualifications in their report: The following material weaknesses has/have been identified as at March 31st 2024: <ul style="list-style-type: none"> In our opinion, the internal control system needs to be more strengthened with regards to purchase of stores, Plant & Machinery, Equipment's. No Biometric System has been installed for keeping the records of attendance of employees. No CCTV camera has been placed to protect the assets and records. Service book is not updated on regular interval of time. | Noted for future compliance |
| | Auditors of Ghaziabad Zone has reported following qualifications in their | Noted for future compliance |

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| | <p>report:</p> <p>The following material weakness has been identified in the operating effectiveness of the Zone's internal financial control over financial reporting as at 31st March, 2024:</p> <ul style="list-style-type: none"> o The Zone did not have an appropriate internal control system for reconciliation of quantitative details and value of property, plant and equipment reflected in the financial statements, stating the same is under process. Consequently, its impact on balances of Trial Balance cannot be ascertained. |
| | <ul style="list-style-type: none"> o The divisions under the Zone did not have an appropriate internal control system for obtaining external balance confirmation on periodic basis. This could potentially result in inaccurate assets & liabilities disclosed in the books of accounts |
| | <ul style="list-style-type: none"> o Internal control in respect of movement of inventories during maintenance and capital works, material issued/ received to/ from third parties and material lying with sub-divisions, need to be reviewed and strengthened. ERP has been implemented but is currently co-existing under training phase with the manual system. |
| | <ul style="list-style-type: none"> o The divisions under the Zone do not have an effective system for realization revenue from customers as the amount of receivables as on 31 March, 2024 is over 18% of the sales for the year albeit the Zone has effective means to quicken the realization. |
| | <ul style="list-style-type: none"> o The divisions under the Zone do not have an effective system for realization revenue from customers as the amount of receivables as on 31 March, 2024 is over 18% of the sales for the year albeit the Zone has effective means to quicken the realization. |
| | <ul style="list-style-type: none"> o The Bank Reconciliation Statement (BRS) in respect to bank accounts in some division contains outstanding entries of earlier years, which includes stale cheques, uncashed cheques, other debits and credits. |
| | <ul style="list-style-type: none"> o Samvidha Employee Transfer Internal Control needs to be reviewed and |

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| | effective control system to be instituted | |
| | <ul style="list-style-type: none"> the divisions under the Zone did not have an appropriate internal control system to minimize electricity theft and line losses. | |
| | <p>Auditors of Saharanpur Zone has reported following qualifications in their report:</p> <p>In our opinion and according to the information and explanations given to us and based on our audit procedure performed, the following material weakness has been identified in the operating effectiveness of the Company's internal financial control over financial reporting as at 31st March, 2024:</p> <ul style="list-style-type: none"> The Zone did not have an appropriate internal control system for reconciliation of quantitative details and value of property, plant and equipment reflected in the financial statements/trial balance, stating the same is under process. Consequently, its impact on balances of Trial Balance cannot be ascertained. | |
| | <ul style="list-style-type: none"> Internal control in respect of movement of inventories during maintenance and capital works, material issued/ received to/ from third parties and material lying with sub-divisions, need to be reviewed and strengthened. ERP has been implemented since last two years but is currently co-existing under training phase with the manual system | Noted for future compliance |
| | <ul style="list-style-type: none"> The Company do not have an effective system for realizing revenue from customer from which payment has not been received for more than one year as on 31.03.2024. Total amount of sundry debtors outstanding for more than a year as on 31.03.2024 is INR 662.77 Crore and for more than two years is INR 1167.17 Crores. | |
| | <ul style="list-style-type: none"> No Biometric System has been installed for keeping the records of attendance of employees. | |
| | <u>Qualified Opinion</u> | No Comment |
| | In our opinion, except for the possible effects of the material weakness described above | |

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| | <p>in the Basis for Qualified Opinion paragraph, the Company has in all material respects maintained adequate internal financial control system over financial reporting and such internal financial controls with reference to financial statements were operating effectively as at 31st March, 2024, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.</p> | |
| | <p>We have considered the material weakness identified and reported above in determining the nature, timing and extent of audit tests applied in our audit of the financial statements of the Company as at and for the year ended 31st March 2023 and the material weakness has affected our opinion on the financial statements of the Company and we have issued a qualified opinion on the financial statements.</p> | No Comment |
| | <p><u>The Auditors of DVVNL have reported that:</u></p> <p>I. The Company did not have an appropriate internal control system for recording of financial transactions into books of accounts commensurate to size and nature of business of the Company. Books of accounts are kept on conventional method of accounting using sectional journals, ledgers, etc. wherein audit trail is missing, which is potential threat to unauthorized changes subsequently.</p> | <p>All the transactions are routed through sectional journal and cash book which are maintained by departmental employees in the units and the conventional manual accounting system available with the company is loaded with Manual Audit trail system such as preparation of main cash book and revenue cash book, maintenance of vouchers, maintenance of cash outlay and contra sheets. On the basis of these check, the authenticity of the accounts prepared manually is cross checked on regular basis. The company has made proper internal control systems for accounts maintenance.</p> |
| | <p>II. The Company did not have an appropriate internal control system for consolidation of books of accounts of different accounting level hierarchy viz., Divisions, Zones, Government Aided Schemes, Financial Units and Head Office. There is absence of integrity of accounting data between different accounting hierarchy wherein manual accounts (Trial Balances) of divisions are consolidated manually at Zones, which are further consolidated at Head Office with Head Office, Schemes/Units accounts. These had resulted in unexplained consolidation suspense of Rs. 0.95 crores in the</p> | <p>It is a continuous process to reconcile and clear all Inter unit Transactions every month.</p> |

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| | nature of Inter Unit Transfer (IUT Difference) subject to matters reported Basis of Qualified Opinion section of our report, and could potentially result in misstatement in consolidated figures. | |
| III. | The Company did not have an appropriate internal control system for integrating billing software data with accounting data, which could potentially result in material misstatement in the Company's revenue from operation, trade receivables and provision for bad debts balances. | The accounts are prepared manually, the units generate the data from the billing software and prepares accounts from that data. |
| IV. | The Company did not have an appropriate internal control system for physical verification, maintenance of inventory registers, and valuation of inventories, which could potentially result in material misstatement in the Company's inventories balances. | Physical verification of the inventory is done on regular basis by the officers of the company. The units always maintain 1S and 2S register for all details of incoming and outgoing inventory. The company has got the inventory valued from outside Chartered Accountant firms as per the Accounting Standards prevailing in the country, the same has been acknowledged by the auditor and has reported their observation on the inventory valuation. Hence the company has proper internal control w.r.t. the inventory available with the units |
| V. | The Company did not have an appropriate internal control system for recording of dates of additions and deletions of fixed assets. The company has not considered actual dates of additions and deletions to fixed assets for computing depreciation, this could result in misstatement in the Company's depreciation figure. | As it has been mentioned many times that the company is in process of Implementation of SAP system. The PS Module of the SAP is in go-live status and all the assets addition and deletion are done by the company by the use of PS Module. The PS module of the SAP records proper date, detail of all the assets added or deleted from system. The company has maintained proper internal control w.r.t. Fixed assets. Moreover, in manual accounting, the assets deleted from the site is transferred to the stores for scrapping and other purpose hence the value and date of deletion is always recorded in the manual accounting system also. |
| VI. | The Company did not have an appropriate internal control system for physical verification of fixed asset, identification of discarded assets and identification of | Considering the size and area of the discom, as the company operates in 21 districts of Uttar Pradesh |

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| | impairment losses, which could potentially result in misstatement in the Company's fixed assets balances. | covering densely populated areas and faraway rural habitats, the process of physical verification of the Discom is performed by the unit officials and on the basis of the physical verification, the unit prepares Fixed assets register. It has already been mentioned that the discom has already been submitted Fixed Assets Register of FY2022-23 to UPERC and preparation of F.A.R. of 2023-24 is in process. |
| VII. | The Company did not have an appropriate internal control system for making assessment of completion of Capital Work in Progress (CWIP), which could potentially result in material misstatement in Company's CWIP and Fixed assets balances due to non-capitalization of completed projects as reported in Basis of Qualified Opinion section of our report. | DVVNL is an electricity Distribution company, in the company, mostly the CWIP projects pertain to electrification / preparation of Lines and Substations. The Substation / lines should normally be considered to be complete for capitalization when the line/ substation is charged and the electricity passes through that line or substation. The Company follows the same practice for making assessment of completion of the CWIP. Hence the internal control system of making assessment of completion of CWIP is available with the company and it is quite effective. |
| VIII. | The Company did not have an appropriate internal control system for obtaining periodic external balance confirmation, which could potentially result in misstatement in Company's trade receivable, other receivables, and other payables figures. | Balance confirmation of other discoms, UPPCL, UPPTCL, REC, PFC are available and shown to audit also. Due to large no. of consumers and most of them are domestic consumers spread over the large geographical area of 21 districts, obtaining confirmation of all trade receivables is practically not possible. However, units have sent balance confirmation letters on sample basis to the consumers for the purpose of audit. Moreover, the consumer bill having No Arrear denotes that the balance shown by us is confirmed by the consumer. |
| IX. | The Company did not have an appropriate control for identifying very long outstanding receivables and/or payables. These could result in misstatement in the Company's Financial Assets-Others (Current), Other Current Assets, Other | Company has been incorporated in F.Y. 2003-04 while final Transfer Scheme Balances were received in the F.Y. 2014-15. Efforts are being made to |

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| | Financial Liabilities (Current). | identify/reconcile these old balances. |
| | X. The Company did not have an appropriate internal control system for making independent assessment of power purchases and transmission charges. Further such expenses are booked on the basis of advice/invoices received from UPPCL & UPPTCL respectively. | As acknowledged by the auditor also, the power purchase from different electricity generators and transmission of the electricity to the discom feeders are centrally dealt by UPPCL on behalf of the Discom as per the tri-parite agreements entered in to by generators, UPPCL and the company. |
| | XI. The Company did not have an appropriate internal control system for recording 'Recovery Certificates' (Section 5 of Revenue Recovery Act, 1890) sent, received back unrealized, pending realization, which could result in mis-statement in trade receivable and provision of doubtful debt. | Section 5 of The Revenue recovery act 1890 denotes as under:- <i>"Where any sum is recoverable as an arrear of land-revenue by any public officer other than a Collector or by any local authority, the Collector of the district in which the office of that officer or authority is situate shall, on the request of the officer or authority, proceed to recover the sum as if it were an arrear of land-revenue which had accrued in his own district, and may send a certificate of the amount to be recovered to the Collector of another district under the foregoing provisions of this Act, as if the sum were payable to himself."</i> As the company send Section 5 Recovery Certificates to the DMs of the Districts and the recovery of the revenue is done as per the Law of the Land, the company has proper internal control over the process of Recovery of Dues. |
| | XII. The company internal control system over remittance & acceptance of accounting transactions and material (goods) movements between its different units was not operating effectively, which could result in large consolidation suspense and adjustments. | All the transactions are being done through ATD/ATC and its acceptance is also obtained by the company. Further, the HO is in the process of developing a module of IUT in SAP. |
| | XIII. The Company internal control system over preparation of accounting vouchers was not operating effectively, there are some instances wherein, vouchers were not | All the transactions route through sectional journal and cash book. These are maintained by departmental |

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| | serially numbered and signed by the authorized signatories, which could result Company recording an unauthorized transaction. | employees only. The company has made proper internal control systems for accounts maintenance. |
| XIV. | <p>The Company internal control system over provisioning of expenses, booking of accounting transactions under various heads, etc. was not operating effectively, which could potentially result in misstatement of Company's financial statement. Our test check observations having material impact, in this regard were duly rectified during the course of audit.</p> <p>A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual financial statements will not be prevented or detected on a timely basis.</p> <p>In our opinion, except of the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31st, 2024 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.</p> <p>We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31st, 2024 financial statements of the Company, and these material weaknesses does not affect our opinion on the financial statements of the Company.</p> | <p>Company is following accrual system except otherwise stated in the policy.</p> <p>-No Comment Required-</p> |
| | <p>c. The Auditors of MVVNL have reported that:</p> <p>i. Company has system of maintaining various Sectional Journals wherein vouchers relating to day to day transactions are recorded. The Existing system of balancing cash book on the monthly basis and posting transactions in different sectional journals, from journals to summaries and from summaries to monthly trial balance, in our</p> | <p>The Method of Preparation of Accounts is prescribed by erstwhile UPSEB and the Company is following the same.</p> <p>The prescribed SJs are prepared on the basis of vouchers duly authorized by the competent authority & at the time of payment, Entry is made in cash book by duly linking</p> |

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| | <p>opinion is not adequate to give the financial position of different account/s at any given time in an organized manner.</p> <p>The Zones/ units do not have an appropriate internal control system for maintenance of books of accounts and other subsidiary records to ascertain composition of financial transactions on time basis and party wise balances outstanding at any point of time. The monthly trial balances are compiled from vouchers through an outsourced software/ outsourced agency, which are not under control of the accounts department. Neither the risk of security of data in accounting system has been assessed nor is there any mechanism to check data entries and to ensure correctness and completeness of the accounting reports so being generated.</p> | <p>the SJ series No. of the concerned voucher. All the transactions are properly interlinked and organized. However, we are in the process of migrating our accounting in the ERP system which may provide financial position of different account/s at any given time in an organized manner.</p> |
| | <p>ii. System of compilation of Bank Reconciliation statement is weak in as much as many old un-reconciled/ unidentified entries are pending in the BRS for adjustment and its appropriate accounting in the books of account.</p> | <p>Differences as reflected in BRS are being scrutinized regularly and many accounts have been reconciled from the date of the report. Efforts are on to reconcile the balance accounts also.</p> <p>However, the company in the process of migrating its accounting in the ERP system which will provide automated Bank Reconciliation Statement.</p> |
| | <p>iii. The company has to establish a strong mechanism and process for reconciliation of inter unit transactions at zones/ head office level. It was noted that large number of un-reconciled IUTs are persisting since previous year which are still under reconciliation. There are net IUT additions also during the current financial year.</p> | <p>The reconciliation of Inter Unit Transactions is a continuous process and the company is consistently reducing the IUT balances.</p> <p>However, the company is in the process of migrating its accounting in the ERP system which will provide automated IUT clearance system.</p> |
| | <p>iv. Party wise details, ageing and breakups/ sub-ledgers of advances to supplier, contractors, staff, security deposits and other parties was generally not maintained and hence the system of reconciliation and balance confirmation with the concerned parties is not in vogue.</p> | <p>As we are following manual System of Accounting although party-wise ledgers are not available but details of the concerned items are being maintained by the units where individual balances can be derived.</p> <p>However, the company is in the process of migrating its accounting in the ERP system which will provide the required information.</p> |

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| | <p>v. It was noted that billing of power is generated through an IT system but the billing system is independent of accounts department and reports generated from billing system were not reconciled with the accounts. Further, Consumer wise outstanding and ageing analysis of outstanding amount is not available with accounts department to reconcile trade receivable as per books of account with the data of commercial department wherein there are huge differences.</p> <p>It was also noted that billing for sale of electricity to consumers are accounted for on the basis of report generated through Online Billing System implemented by various outsourced agencies. However, system audit of the said billing system, if any, being dealt at UPPCL was not made available to us and as such we are unable to comment on the efficacy of the same.</p> | <p>Consumer's ledger is maintained in billing system. We are reconciling the differences appearing in the books of account and data of commercial department.</p> | |
| | <p>vi. It was noted that various payments for AMCs/ online billing system/ other expenses of the UPPCL etc are done by UPPCL on behalf of the company and its accounting is done in the books on the basis of debit notes raised by UPPCL. Similarly, loans taken, repaid, bonds issued, subsidies received, interest cost etc are being accounted for only on the basis of debit notes/ credit notes from the UPPCL. However, there was no system in the company to independently ascertain and ensure the direct attributability and accuracy of the provisioning of total expenditures so done or entries received pertaining to the financial year.</p> | <p>Expenses relating to AMC/Online billing system are allocated by UPPCL (Holding Company) on reasonable basis by issuing debit notes which are accounted for accordingly.</p> | |
| | <p>vii. As reported by zonal auditors of Ayodhya Zone, the Zone does not have an appropriate internal control system in respect of capital work in progress (CWIP). All CWIP are capitalised without taking into completion certificate from appropriate authorities.</p> <p>A 'material weakness' is a deficiency, or a combination of deficiencies, in internal</p> | <p>Completion certificates are available but same could not be shown to Zonal Auditor. The concerned Zone has been instructed to produce the same at the time of next audit.</p> | |

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| | <p>financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.</p> <p>In our opinion, except for the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31st March 2024 based on the internal controls over financial reporting criteria established by the Company considering the components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.</p> <p>We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company as at March 31st, 2024, and these material weaknesses have affected our opinion on the standalone financial statements of the Company and therefore we have issued a Qualified Opinion on the standalone financial statements of the Company.</p> | |
| <p><u>The Auditors of PuVVNL have reported that:</u></p> <p>According to the information and explanations provided to us and based on the reports on Internal Financial Controls Over Financial Reporting of Company audited by us and its Six Zones, audited by the zonal auditors, the following control deficiencies have been identified in operating effectiveness of the internal financial control over financial reporting as at 31st March 2024 :-</p> <ol style="list-style-type: none"> Internal control system with regard to Cash transactions, Procurement/ Works transactions, maintenance of inventory, maintenance of Books of accounts, Fixed Assets register, delegation of powers to various employees etc. requires to be further strengthened. There is no system for review of old balances relating to various assets and liabilities heads which needs to be reviewed, reconciled and require necessary adjustment in the books of account. | <p><u>The Auditors of PuVVNL have reported that:</u></p> <p>According to the information and explanations provided to us and based on the reports on Internal Financial Controls Over Financial Reporting of Company audited by us and its Six Zones, audited by the zonal auditors, the following control deficiencies have been identified in operating effectiveness of the internal financial control over financial reporting as at 31st March 2024 :-</p> <ol style="list-style-type: none"> Internal control system with regard to Cash transactions, Procurement/ Works transactions, maintenance of inventory, maintenance of Books of accounts, Fixed Assets register, delegation of powers to various employees etc. requires to be further strengthened. There is no system for review of old balances relating to various assets and liabilities heads which needs to be reviewed, reconciled and require necessary adjustment in the books of account. | <p>Noted for compliance and necessary correction.</p> |
| | <p>During the current financial year, the company has identified the old idle balance and transferred the same into a separate AG code. Further the same will be decided by the Board on case-to-case basis.</p> | |

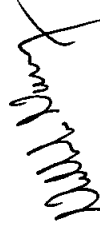
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| | iii. | The present system of identification and reconciliation of Inter Unit transaction is not adequate. The reconciliation needs to be done on a regular basis with complete details of the nature and particulars of the unmatched items. | Noted for compliance and necessary correction. |
| | iv. | There is no system of confirmation and reconciliation of balances in accounts of parties, contractors, Government Department etc. including those balances appearing under receivables, payables, loan and advances. | During the Current Financial year letters have been issued by units for balance confirmation. |
| | v. | The Company did not have an appropriate internal control system for recording of financial transactions into books of accounts commensurate to size and nature of business of the Company. Books of accounts are not maintained on any accounting software rather are manually, which might results posting of entries to wrong accounting heads and any unauthorized changes subsequently. | The Company is recording all the transaction on ERP from FY 2024-25, hence, all the required information shall be captured in system on real time basis. |
| | vi. | The Company did not have an appropriate internal control system for maintaining record of audit trail (edit log) for all transactions recorded in the books of accounts, which could potentially result in unauthorized or unwanted changes in the Company's financial figures. | Noted for compliance and necessary correction |
| | vii. | The Company did not have an appropriate internal control system for valuation of inventories, which could potentially result in material misstatement in the Company's inventories balances. | The company has the appropriate policy of physical verification of inventory and valuation thereof |
| | viii. | The Company did not have an appropriate internal control system for physical verification of fixed asset and identification of discarded assets, which could potentially result in misstatement in the Company's fixed assets balances. | The Company has a policy to conduct the Physical verification of Fixed Assets at a regular interval as per its existing policy. |
| | ix. | The Company internal control system over reconciliation of bank accounts was not operating effectively. We have observed substantial difference in balance as per bank vs balance as per cash book as reported in Basis of Qualified Opinion section of our report. | Noted for compliance and necessary correction. |
| | x. | It was noted that billing of power is generated through IT system but the billing system is independent of account department and reports generated from billing system are being reconciled with adjusted CS-4 and not with the accounts. | The billing of power is generated through IT system and subsidiary ledger i.e. individual customer ledger is also maintained in the billing system. The billing system are |


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| | <p>Further, Consumer wise outstanding and ageing analysis of outstanding amount is not available with account department to reconcile trade receivable as per books of account with the data of commercial department. It was also noted that billing for sale of electricity to consumers are accounted for on the basis of report generated through Online CS-4 against the adjusted data of billing system. However, system audit of the said billing system, if any, being dealt at UPPCL was not made available and as such we are unable to comment on the efficacy of the same.</p> | <p>being reconciled with adjusted CS-4. Further, Consumer wise outstanding and ageing analysis of outstanding amount is made available through billing system (IT Data) to account department to reconcile trade receivable as per books of account with the data of commercial department. It was also to mention that the accounting of sale of electricity to consumers is being done on the basis of report generated through Online Adjusted CS-4. Hence the accounting of revenue and provision for bad& doubtful debts has done by the company correctly.</p> |
| | <p>xi. There is no proper system for timely action and follow up of Internal Audit Reports of Zones. The Internal Audit Report for the Financial year 2020-21 is still pending for closure till the date of audit.</p> | <p>The ATR against Internal Audit report for FY 20-21 has already been adopted by the Audit Committee.</p> |
| | <p>Other Matters</p> <p>There is no system of Internal Audit of Headquarter/ Central Payment Cell. It is strongly recommended to implement the same.</p> | <p>Noted for compliance and necessary correction.</p> |
| | <p>Opinion</p> <p>i In our opinion, except for the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.</p> | <p>No Comment</p> |

| | | |
|--|---|------------|
| | <p>e. <u>The Auditors of KESCO have reported that:</u></p> <p>In our opinion, except for the matters specified in Para No: B(III)(4),(VI)(b)&(c) and E(3) of The Independent Auditor's Report and Para No: (xiv) of Companies (Auditor's Report) Order, 2020, the Company has, in all material respects, an adequate internal financial controls with reference to the financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by "The ICAI".</p> | No Comment |
|--|---|------------|

Date:11-11-2024
Place: Lucknow

For and on behalf of Board of Directors


Nidhi Kumar Narang
Director (Finance)
(DIN: 03473420)


Pankaj Kumar
Managing Director
(DIN: 08095154)



Manish Mishra & Associates

Company Secretaries in Practice

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FORM No. MR.3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2024

**[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of
the Companies**

(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
**U. P. POWER CORPORATION LIMITED
SHAKTI BHAWAN,
ASHOK MARG LUCKNOW
UTTAR PRADESH -226001**

We have conducted Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by U.P. Power Corporation Limited (CIN: U32201UP1999SGC024928) (hereinafter called 'the Company') having its Registered Office at Shakti Bhawan, Ashok Marg, Lucknow Uttar Pradesh, India - 226001. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon after considering the following facts:

- i. U.P. Power Corporation Limited is a Government Company as defined in Sec 2 (45) of the Companies Act 2013 with certain provisions of the Companies Act 2013 being exempted for Government Companies pursuant to Section 462(2) of the Companies Act, 2013 read with applicable notification issued by Ministry of Corporate Affairs from time to time.
- ii. The creation of U.P. Power Corporation Ltd. (UPPCL) is the result of power sector reforms and restructuring in UP (India) which is the focal point of the Power Sector, responsible for planning and managing the sector through its transmission, distribution & supply of electricity.
- iii. U.P. Power Corporation Limited debt securities are listed on Bombay Stock Exchange.





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MANAGEMENT RESPONSIBILITY FOR SECRETARIAL COMPLIANCES

The Company's Management is responsible for preparation and maintenance of secretarial records and for devising proper systems to ensure compliance with the provisions of applicable laws and regulations.

SECRETARIAL AUDITOR RESPONSIBILITY

Our responsibility is to express an opinion on the secretarial records, standards and procedures followed by the Company with respect to secretarial compliances. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company nor taxation laws. This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2024, according to the applicable provisions of-

1. The Companies Act, 2013 (the Act) and the Rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
3. The Securities And Exchange Board Of India (Depositories And Participants) Regulations, 2018 and the Regulations and Bye-laws framed there under;
4. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings- There were no Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings during the financial year under Report.
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company :-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011- There were no instances of

S. Kumar





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Substantial Acquisitions of Shares and takeovers during the financial year under report.

- b. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
- d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018- Not applicable to the Company during the Audit period.
- e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations 2021- Not applicable to the Company during the Audit period.
- f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2015-
- g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993
- h. The Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993-
- i. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.
- j. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and The SEBI (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999- There were no instances of Share Based Employee Benefits and Sweat Equity during the financial year under report.
- k. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations 2021. There were no instances of Delisting of Equity Shares during the financial year under report.

S. Kumar





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1. Standard Operating Process under Regulations 3(5) and 3(6) of SEBI (PIT) Regulations, 2015 for ensuring Compliance with Structured Digital Database (SDD)- Company has complied with Regulations 3(5) and 3(6) of SEBI (PIT) Regulations, 2015 however necessary documents were not produced before us for confirmation.

We have also examined compliance with the applicable clauses of the following:

- i. With respect to The Secretarial Standards SS-1 and SS-2 issued by the ICSI and as notified by the Ministry of Corporate Affairs (MCA) and report that the Company has generally Complied with the said Standards
- ii. The Listing Agreements entered into by the Company with the BSE Limited

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2024, complied with the statutory provisions listed above and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter;

We further report that as per the information provided to us, the company has complied with the provisions of the other laws applicable to the company subject to the observations mentioned below:-

- 1- The provident fund and miscellaneous provisions Act
- 2- Payment of gratuity Act, 1972.
- 3- Payment of bonus Act, 1965,
- 4- Minimum wages Act, 1948.
- 5- The Workmen compensation Act, 1923.
- 6- Industrial Dispute Act, 1947,
- 7- The Trade Unions Act, 1926,
- 8- Electricity Act, 2003.
- 9- The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder.

S. Kumar





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We have not verified the compliances of the above specific laws applicable to the Company. we have relied upon the information provided by the concerned official looking after the compliances of the aforesaid laws.

We further report that during the said Financial Year, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc., mentioned in the foregoing chart, subject to the observations made in the following paragraph:

| S. No. | Details of Violation | Observation |
|--------|---|---|
| 1. | Fine for Delay in Filing with the BSE under Regulation 52 for quarter ended on March, 2024: Non-submission of the Audited Standalone and Consolidated financial results within the period prescribed under this regulation under Regulation 52(2)(a)/ non-submission of statement of assets & liabilities and cash flow statement as required under Regulation 52(2)(f). | BSE has imposed fine of Rs. 1,59,300/- on the company. |
| 2. | Fine for Non-compliance with requirement to appoint qualified company secretary as the compliance officers for Quarters Ended on September 2023, December 2023 and March 2024. | BSE has imposed fine of Rs. 3,24,500/- on the company. |
| 3. | Fine for Notice of record date pursuant to SEBI Circular dated July 29, 2022 regarding interest/ Redemption of Bonds for following ISIN's: <ul style="list-style-type: none">• INE540P07137• INE540P07145• INE540P07152• INE540P07160• INE540P07178 | BSE has imposed fine of Rs. 70,800/- on the company for non-compliance. |





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| | | |
|----|--|---|
| 4. | <p>Regulation 17(1)(b)</p> <p>Where the chairperson of the board of directors is a non-executive director, at least one-third of the board of directors shall comprising of independent directors and where the listed entity does not have a regular non-executive chairperson, at least half of the board of directors shall comprise of independent directors.</p> | <p>The board of directors does not have the requisite number of independent directors. As informed to us Director on the Board of U.P Power Corporation Limited are appointed by administrative department of Government of Uttar Pradesh and proposal for appointment of Independent Director has been sent to the concerned department.</p> |
| 5. | <p>Regulation 18(1)</p> <p>Every listed entity shall constitute a qualified and independent audit committee in accordance with the terms of reference, subject to the following:-</p> <p>(a) The audit committee shall have minimum three directors as members.</p> <p>(b) Two-thirds of the members of audit committee shall independent directors</p> <p>(c) The chairperson of the audit committee shall be an independent director.</p> | <p>The audit committee does not consist of independent directors. As informed to us Director on the Board of U.P Power Corporation Limited are appointed by administrative department of Government of Uttar Pradesh and proposal for appointment of Independent Director has been sent to the concerned department.</p> |
| 6. | <p>Regulation 19(1)</p> <p>The board of directors shall constitute the nomination and remuneration committee as follows:</p> <p>(a) The committee shall comprise of at least three directors.</p> <p>(b) All directors of the committee shall</p> | <p>The nomination and remuneration committee does not consist of independent directors. As informed to us Director on the Board of U.P Power Corporation Limited are appointed by administrative</p> |

S. Kumar





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| | | |
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| | be non-executive directors, and At least fifty percent of the directors shall be independent directors. | department of Government of Uttar Pradesh and proposal for appointment of Independent Director has been sent to the concerned department. |
| 7. | Regulation 20 (1) The listed entity shall constitute a Stakeholders Relationship Committee to specifically look into (various aspects of interest) of shareholders, debenture holders and other security holders. (2) The chairperson of this committee shall be a non-executive director. (2A) At least three directors, with at least one being an independent director shall be members of the Committee. | The stake holders relationship committee does not consist of independent directors. As informed to us Director on the Board of U.P Power Corporation Limited are appointed by administrative department of Government of Uttar Pradesh and proposal for appointment of Independent Director has been sent to the concerned department. |
| 8. | Regulation 62 | As informed to us some information as required by Regulation 62 has not been disclosed on the website of the Company further the same are under assimilation for upadation on website of the Company. |
| 9. | Section 125 of the Companies Act 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 | Company has not appointed nodal officer pursuant to Rule 5 (8) and 7 (2B) of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules. |

Kumar





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| | | |
|-----|---|-------|
| | | 2016] |
| 10. | As per the provisions of section 129 read with Section 96 of the Companies Act, 2013, the Audited financial statement of the company for the financial year 2022-23 was required to be adopted in the Annual General Meeting of the company within six months of the closing of the financial year i.e. latest by 30/09/2023. Though, by holding the Annual General Meeting on 30/09/2023, the company has complied with the provisions of section 96 of the Companies Act, 2013. The Audited financial statement of the company for the financial year 2022-23 were not ready for their adoption and the General meeting was adjourned. Thus by the non- adoption of Audited financial statement of the company for the financial year 2022-23 in this Annual General Meeting, the company has failed to comply with the provisions of Section 129 of the Companies Act, 2013. | |

The changes in the Composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act, however Company has appointed Women Director on the Board pursuant to second proviso to Section 149(1) and Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014, but necessary filing of the same in Form DIR-12 has not been made by the Company till date.

Adequate notice is given to all directors to schedule the Board Meeting, agenda and detailed notes on agenda were generally sent seven days in advance (except for meeting/s held at shorter notice) and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and meaningful participation at the

S. Kumar





Manish Mishra & Associates

Company Secretaries in Practice

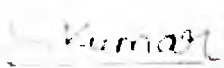
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meeting. As per the minutes of the meetings duly recorded and signed by the Chairman / Chairman of the meeting, the decisions of the Board and Committees meetings were unanimous and no dissenting views have been recorded.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**For Manish Mishra & Associates,
Company Secretaries
(F.R. N. P2015UP081000)**


CS Sukhmendra Kumar
Partner
Practicing Company Secretary
CP. No.: 21707
M. No: F 37552
UDIN: A037552F001169243
Peer Review Cert. No. 3163/2023
Date-07-09-2024
Place-Lucknow





Manish Mishra & Associates

Company Secretaries in Practice

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ANNEXURE-A

To,
U. P. POWER CORPORATION LIMITED
SHAKTI BHAWAN,
ASHOK MARG LUCKNOW
UTTAR PRADESH -226001

My report of even date is to be read along with this letter.

- 1) Maintenance of Secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
- 2) I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
- 3) I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- 4) Wherever required, I have obtained the Management representation about the Compliance of Laws, Rules and Regulations and happening events etc.
- 5) The Compliance of the Provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on test basis.

S. Kumar





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6) The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

**For Manish Mishra & Associates,
Company Secretaries
(F.R. N. P2015UP081000)**

Sukhendra Kumar



**CS Sukhmendra Kumar
Partner
Practicing Company Secretary
CP. No.: 21707
M. No: F 37552
UDIN: A037552F001169243
Peer Review Cert. No. 3163/2023
Date-07-09-2024
Place-Lucknow**



U. P. Power Corporation Limited

(A Government of UP undertaking)

CIN: U32201UP1999SGC024928

Registered address: Shakti Bhawan, 14 Ashok Marg, Lucknow-226001

Phone No. 0522-2286618, Email: companysecretary@upcl.org



Management replies on observations of Secretarial Audit Report for the F.Y. 2023-24

| Sr. No. | Details of Violation | Observation | Management Replies |
|---------|--|--|--|
| 1. | Fine for Delay in Filing with the BSE under Regulation 52 for quarter ended on March, 2024: Non-submission of the Audited Standalone and Consolidated financial results within the period prescribed under this regulation under Regulation 52(2)(a)/ non-submission of statement of assets & liabilities and cash flow statement as required under Regulation 52(2)(f). | BSE has imposed fine of Rs. 1,59,300/- on the company. | <p>U. P. Power Corporation Limited including its Five Subsidiary Companies (Discoms) are having 814 (approx.) accounting units, whose accounts are prepared and the same are audited by the Branch Auditors of the Company. These accounts are Consolidated for preparation of the Financial Statements of the respective subsidiary Companies and thereafter the Financial Statements of UPPCL are audited by the statutory auditors of the Company.</p> <p>The Company via its letter 293/UPPCL/CS/2024 dated July 06, 2024 requested SEBI for the waiver of fine imposed under the aforesaid regulation but no response received so it was assumed that SEBI has denied the request.</p> <p>The Company has submitted the audited Financial Statements along with required annexures to the Stock Exchange on June 26, 2024 with delay in compliance of said regulation and therefore Stock Exchange has imposed fine for such delay.</p> |
| 2. | Fine for Non-compliance with requirement to appoint qualified company secretary as the compliance officers for Quarters Ended on September 2023, December 2023 and March 2024. | BSE has imposed fine of Rs. 3,24,500/- on the company. | <p>U. P. Power Corporation Limited is a State Government Company owned by the Government of Uttar Pradesh and due course of process as per the norms and guidelines of Government of Uttar Pradesh has been followed in order to process the flow of appointment.</p> <p>Thereafter, the result was declared and published on October 21, 2023 and appointment letter has been issued to the selected candidate.</p> <p>The appointed candidate had not joined the Company as per the date mentioned</p> |



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| | | | |
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| | | | <p>in the appointment letter. A fresh appointment letter was issued to another candidate as per the preference criteria maintained by the Company.</p> <p>Due to time taking process of the Administrative Body for the appointment of the qualified Company Secretary as the Compliance Officer of the Company SEBI has imposed fine under Regulation 6(1). Thereafter, the Company has paid fine of Rs. 3,24,500/- under the aforesaid regulation.</p> |
| 3. | <p>Fine for Notice of record date pursuant to SEBI Circular dated July 29, 2022 regarding interest/ Redemption of Bonds for following ISIN's:</p> <ul style="list-style-type: none">• INE540P07137• INE540P07145• INE540P07152• INE540P07160• INE540P07178 | <p>BSE has imposed fine of Rs. 70,800/- on the company for non-compliance.</p> | <p>Pursuant to Regulation 60 The listed entity shall give notice in advance of at least seven working days (excluding the date of intimation and the record date) to the recognized Stock Exchange.</p> <p>The record date of the ISIN's mentioned was on February 28, 2024. As, per the aforesaid regulation, the February 16, 2024 is the due date of intimation of record date over BSE Ltd. but Company has submitted the notice of record date on February 17, 2024 with a delay of one day.</p> <p>Thereafter, the Company has applied for the waiver of fine pursuant to SEBI Circular dated July 29, 2022, but SEBI has rejected the request of waiver of fine vide its mail dated January 04, 2024.</p> <p>Thereafter, the Company has paid fine of Rs. 70,800/-.</p> |
| 4. | <p>Regulation 17(1)(b)</p> <p>Where the chairperson of the board of directors is a non-executive director, at least one-third of the board of directors shall comprising of independent directors and where the listed entity does not have a regular non-executive chairperson, at least half of the board of directors shall comprise of</p> | <p>The board of directors does not have the requisite number of independent directors.</p> | <p>The Company has duly constituted all applicable committees with executive and non-executive directors (Nominee Directors appointed by the Government of Uttar Pradesh) except Independent Directors. As the company is an Uttar Pradesh State Government Company (State PSU) therefore all the Directors including Independent Directors are appointed by the Government of Uttar</p> |



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| | | | |
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| | independent directors. | | Pradesh. The regulations have been recently made applicable on the Company and it has already submitted representations to the Government of Uttar Pradesh to nominate/appoint Independent Directors on the Board of the Company. The same is under process at the level of Government of Uttar Pradesh. |
| 5. | <p>Regulation 18(1)</p> <p>Every listed entity shall constitute a qualified and independent audit committee in accordance with the terms of reference, subject to the following: -</p> <p>(a) The audit committee shall have minimum three directors as members.</p> <p>(b) Two-thirds of the members of audit committee shall independent directors</p> <p>(c) The chairperson of the audit committee shall be an independent director.</p> | The audit committee does not consist of independent directors. | The Company has duly constituted all applicable committees with executive and non-executive directors (Nominee Directors appointed by the Government of Uttar Pradesh) except Independent Directors. As the company is an Uttar Pradesh State Government Company (State PSU) therefore all the Directors including Independent Directors are appointed by the Government of Uttar Pradesh. The regulations have been recently made applicable on the Company and it has already submitted representations to the Government of Uttar Pradesh to nominate/appoint Independent Directors on the Board of the Company. The same is under process at the level of Government of Uttar Pradesh. |
| 6. | <p>Regulation 19(1)</p> <p>The board of directors shall constitute the nomination and remuneration committee as follows:</p> <p>(a) The committee shall comprise of at least three directors,</p> <p>(b) All directors of the committee shall be non-executive directors, and</p> <p>At least fifty percent of the directors shall be independent directors.</p> | The nomination and remuneration committee does not consist of independent directors. | The Company has duly constituted all applicable committees with executive and non-executive directors (Nominee Directors appointed by the Government of Uttar Pradesh) except Independent Directors. As the company is an Uttar Pradesh State Government Company (State PSU) therefore all the Directors including Independent Directors are appointed by the Government of Uttar Pradesh. The regulations have been recently made applicable on the Company and it has already submitted representations to the Government of Uttar Pradesh to nominate/appoint Independent Directors on the Board of the Company. The same is under process at the level of Government of Uttar Pradesh. |



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| | | | |
|----|--|---|---|
| 7. | <p>Regulation 20</p> <p>(1) The listed entity shall constitute a Stakeholders Relationship Committee to specifically look into (various aspects of interest) of shareholders, debenture holders and other security holders.</p> <p>(2) The chairperson of this committee shall be a non-executive director.</p> <p>(2A) At least three directors, with at least one being an independent director shall be members of the Committee.</p> | <p>The stakeholders relationship committee does not consist of independent directors.</p> | <p>The Company has duly constituted all applicable committees with executive and non-executive directors (Nominee Directors appointed by the Government of Uttar Pradesh) except Independent Directors. As the company is an Uttar Pradesh State Government Company (State PSU) therefore all the Directors including Independent Directors are appointed by the Government of Uttar Pradesh. The regulations have been recently made applicable on the Company and it has already submitted representations to the Government of Uttar Pradesh to nominate/appoint Independent Directors on the Board of the Company. The same is under process at the level of Government of Uttar Pradesh.</p> |
| 8. | <p>Regulation 62</p> | <p>As informed to us some information as required under Regulation 62 has not been disclosed on the website of the Company further the same are under assimilation for updation on website of the Company.</p> | <p>The Company is ensuring timely Compliances w.r.t updation of its website. However same information is required to be updated on frequent basis and the same is updated on its website in due course.</p> |
| 9. | <p>Section 125 of the Companies Act 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016</p> | <p>Company has not appointed nodal officer pursuant to Rule 5 (8) and 7 (2B) of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016]. Further Company has not filed Statement of unclaimed and unpaid amounts with respect to bonds issued by the</p> | <p>Investor Education Protection Fund Policy under Section 125 of the Companies Act 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 is placed before the Board and the procedural aspects w.r.t the appointment of Nodal Officer will be done after the approval of the specified policy.</p> |



U. P. Power Corporation Limited

(A Government of UP undertaking)

CIN: U32201UP1999SGC024928

Registered address: Shakti Bhawan, 14 Ashok Marg, Lucknow-226001

Phone No. 0522-2286618, Email: companysecretary@uppcl.org

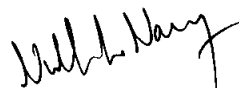


| | | Company for the Financial Year 2016-17. | |
|-----|---|---|---|
| 10. | As per the provisions of section 129 read with Section 96 of the Companies Act, 2013, the Audited financial statement of the company for the financial year 2022-23 was required to be adopted in the Annual General Meeting of the company within six months of the closing of the financial year i.e. latest by 30/09/2023. Though, by holding the Annual General Meeting on 30/09/2023, the company has complied with the provisions of section 96 of the Companies Act, 2013. The Audited financial statement of the company for the financial year 2022-23 were not ready for their adoption and the General meeting was adjourned, Thus by the non- adoption of Audited financial statement of the company for the financial year 2022-23 in this Annual General Meeting, the company has failed to comply with the provisions of Section 129 of the Companies Act, 2013. | | CAG Audit for the financial year 2022-23 was not completed till the date of holding AGM i.e. up to 30/09/2023. The CAG Audit was completed and provided its Report in March 2024. Thereafter adjourned AGM for the financial year 2022-23 was held on 30/03/2024 and after obtaining shareholder's approval, the Financial Statements for the FY 2022-23 has been filed with ROC. |

For and on behalf of the Board of Directors

Date: 11-11-2024

Place: Lucknow


(Nidhi Kumar Narang)
Director Finance
DIN-03473420


(Pankaj Kumar)
Managing Director
DIN-08095154

भारतीय लेखापरीक्षा और लेखा विभाग
कार्यालय महालेखाकार
(लेखापरीक्षा-II), उ.प्र.
"आडिट भवन", टीसी-35-V-1, विभूति खण्ड,
गोमती नगर, लखनऊ-226010



Indian Audit & Accounts Department
Office of the Accountant General
(Audit-II), U.P.,
"Audit Bhawan" TC-35-V-1, Vibhuti Khand,
Gomti Nagar, Lucknow-226010

पत्रांक: म.ले.(ऑडिट-II)/ए.एम.जी.-II/लेखा/उ.प्र.पा.कॉ.लि.-स्टैंडअलोन-सीएफएस/2023-24/ 248

दिनांक: 28.10.2024

सेवा में,

प्रबंध निदेशक
उत्तर प्रदेश पावर कारपोरेशन लिमिटेड,
शक्ति भवन, 14-अशोक मार्ग,
उत्तर प्रदेश।

महोदय,

एतत्सह कंपनी अधिनियम, 2013 की धारा 145 (5) के अधीन उत्तर प्रदेश पावर कारपोरेशन लिमिटेड (एकल एवं समेकित) के 31 मार्च 2024 को समाप्त वर्ष के लेखाओं पर भारत के नियंत्रक-महालेखापरीक्षक की टीका-टिप्पणियाँ कंपनी अधिनियम, 2013 की धारा 143(6) (b) के निबंधनों के अनुसरण में कंपनी 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 किए जाने की वास्तविक लिपि की सूचना दें।

(पंकज कुमार)

प्रबंध निदेशक
उत्तर प्रदेश पावर कारपोरेशन लि.

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

कृपया पत्र की पावती भेजें।

संलग्नक: यथोपरि

No. 1715...CGM (F&A) Dt.
DGM (Fund)/(A&A)/(Audit)
Date-06/11/24

CGM (F&A)

भवदीय

वरि. उपमहालेखाकार
(ए.एम.जी.-II)

No. 1715...CGM (F&A) Dt.
DGM (Fund)/(A&A)/(Audit)
Date-09-11-24

CGM (F&A)

(निधि कुमार नारंग)
निदेशक (वित्त)
उपमहालेखाकार

Send to CGM (F)

संलग्न अनुमान
करी संख्या 1632/2024/संलग्न
दिनांक 06/11/2024
1632
AO-K
AO-A
AO-S
AO-Sp
AO-R

उप महाप्रबन्धक (समर्थक)

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143 (6) (b) OF THE COMPANIES ACT, 2013 ON THE
STANDALONE FINANCIAL STATEMENTS OF UTTAR PRADESH POWER
CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2024**

The preparation of Standalone Financial Statements of Uttar Pradesh Power Corporation Limited (Company) for the year ended 31 March 2024 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act are responsible for expressing opinion on the Financial Statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 26 June 2024.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the Standalone Financial Statements of Uttar Pradesh Power Corporation Limited for the year ended 31 March 2024, under Section 143 (6) (a) of the Act. 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 selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under Section 143 (6) (b) of the Act, which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report.

A. Comments on Financial Position

Balance Sheet

Current Assets

Current Financial Assets- Others (Note No.-11): ₹ 16382.36 crore

1. As per clause 1.2 (i) of the tripartite MOU executed under Ujjwal DISCOM Assurance Yojana (UDAY) between Ministry of Power, GOI, Government of Uttar Pradesh (GoUP) and the Company, 'the GoUP shall take over the future losses of the DISCOMs in a graded manner i.e. 5 per cent of loss for the year 2016-17, 10 per cent of loss for the year 2017-18, 25 per cent of loss for the year 2018-19 and 50 per cent of loss for the year 2019-20 in the corresponding next year i.e. 2017-18, 2018-19, 2019-20 and 2020-21

respectively. Accordingly, DISCOMs were eligible to be funded by GoUP in UDAY scheme for the period from 2017-18 to 2020-21 to the extent of ₹ 4,920.99¹ crore as per the MoU. However, the DISCOMs accounted other income of ₹ 7,289.33² crore in their accounts and thus excess income of ₹ 2,368.34 crore was booked as other income on account of government grant for operational losses during the period from 2017-18 to 2020-21. The excess grant booked by DISCOMs should have been shown as recoverable from DISCOMs as well as payable to GoUP in the Company accounts, as all money related to UDAY was routed to DISCOMs through the Company. This resulted in understatement of 'Current Financial Liabilities (Others)' and 'Current Financial Assets (Others)' by ₹ 2,368.34 crore.

The Statutory Auditors have also pointed out non-compliance of C&AG comment under Para 8 (a) of Annexure-I to their Report.

Despite similar comment of the CAG on the accounts for the year 2018-19 to 2022-23, no corrective action was taken by the Management.

2. The Company being the Holding Company, on behalf of the DISCOMs, unwarrantedly claimed an amount of ₹ 5,372.50 crore from the GoUP during the year 2021-22 for funding of operational losses under UDAY, which was incorrectly sanctioned and released by GoUP under UDAY. As the admissibility period for funding of operational losses under UDAY had already expired on 31 March 2021 and there was no scheme of GoI/GoUP for funding of such operational losses during the year 2021-22, the unwarranted claim and release of subsidy under UDAY was refundable to the GoUP. The GoUP clarified (July 2023) that ₹ 5,372.50 crore was released for funding of losses of DISCOMs under Action Plan/Revamped Distribution Sector Scheme (RDSS) Scheme, however, the same was treated as UDAY loss subsidy due to mistake. The reply is not tenable as the loss subsidy was not approved under Action Plan by GoUP and RDSS scheme of GoI was not applicable for loss subsidy during the year 2021-22. This resulted in understatement of 'Current Financial Liabilities (Others)' and 'Current Financial Assets (Others)' by ₹ 5372.50 crore.

The Statutory Auditors have also pointed out non-compliance of C&AG comment under Para 8 (a) of Annexure-I to their Report.

¹ ₹ 182.00 crore + ₹ 506.57 crore + ₹ 1596.15 crore + ₹ 2636.27 crore

² ₹ 409.93 crore + ₹ 761.09 crore + ₹ 2399.99 crore + ₹ 3718.32 crore

Despite similar comment of the CAG on the Accounts for the year 2021-22 and 2022-23, no corrective action was taken by the Management.

Current Liabilities

Other Financial Liabilities (Note No. 19) - ₹ 6546.65 crore

3. The above does not include ₹ 28.65 crore being interest payable on account of delayed deposit/non-deposit of General Provident Fund (GPF) and Pension contribution (₹ 28.08 crore) and Gratuity contribution (₹ 0.57 crore) as worked out and accounted in the accounts of Uttar Pradesh Power Sector Employees Trust for the year 2014-15. This resulted in understatement of Current Financial Liabilities-Others and Other Equity (negative balance) by ₹ 28.65 crore.

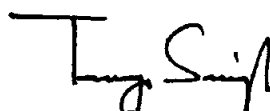
The Statutory Auditors have also pointed out non-compliance of C&AG comment under Para 8 (b) of Annexure-I to their Report.

Despite similar comments of the CAG on the Accounts for the years 2012-13 to 2022-23, no corrective action was taken by the Management.

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

Place: Lucknow

Date:


Accountant General (Audit- II)
Uttar Pradesh, Lucknow

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143 (6) (b) READ WITH SECTION 129 (4) OF THE
COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL
STATEMENTS OF UTTAR PRADESH POWER CORPORATION LIMITED FOR
THE YEAR ENDED 31 MARCH 2024.**

The preparation of Consolidated Financial Statements (CFS) of Uttar Pradesh Power Corporation Limited (UPPCL), for the year ended 31 March 2024 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the UPPCL. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) read with Section 129 (4) of the Act are responsible for expressing opinion on the Financial Statements under section 143 read with Section 129 (4) of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 26 June 2024.

We, on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit of the CFS of Uttar Pradesh Power Corporation Limited, for the year ended 31 March 2024, under Section 143 (6) (a) read with Section 129 (4) of the Act. We conducted a supplementary audit of the Financial Statements of parent Company UPPCL, subsidiary companies- Purvanchal Vidyut Vitran Nigam Limited (PuVVNL), Paschimanchal Vidyut Vitran Nigam Limited (PVVNL), Madhyanchal Vidyut Vitran Nigam Limited (MVVNL), Dakshinanchal Vidyut Vitran Nigam Limited (DVVNL) and Kanpur Electricity Supply Company Limited (KESCO) for the year ended 31 March 2024. 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 our supplementary audit, we would like to highlight the following significant matters under Section 143 (6) (b) read with Section 129 (4) of the Act, which have come to our attention and which in our view are necessary for enabling a better understanding of the financial statements and the related audit report:

A. Comments on Consolidated Profitability

**Consolidated Statement of Profit and Loss
Other Income (Note 24): ₹ 28655.63 crore**

1. The above includes an amount of ₹ 3.32 crore, out of total rebate of ₹ 8.30 crore collected by the PVVNL on timely payment made to the contractors as per Clause 12.5 of the bid document of the Revamped Distribution Sector Scheme (RDSS). The remaining amount of rebate of ₹ 4.98 crore was shown under 'Other Financial Liabilities (Current)' by the PVVNL. Clause 12.5 provides that 'The Employer shall be eligible for 1.50 per cent rebate of payable value (excluding GST) against the invoice in the event it makes payment to the Contractor within 10 days of receipt of invoices complete in all respect'.

As per Para 16 (a) of Ind AS 16, the cost of an item of property, plant and equipment (PPE) comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates. Thus, the rebate should have been deducted from the acquisition cost of PPE (CWIP) in compliance with the aforesaid provisions of Ind AS 16.

This resulted in overstatement of 'Other Income' by ₹ 3.32 crore, 'Other Financial Liabilities (Current)' by ₹ 4.98 crore and 'Capital Works in Progress' by ₹ 8.30 crore. Consequently, Loss for the year was also understated by ₹ 3.32 crore.

Finance Cost Interest on PFC Loan (Note 27): ₹ 2252.67 crore

2. The above wrongly includes ₹ 2.42 crore instead of ₹ 7.65 crore being interest charged for the year 2023-24 on various loan availed from Power Finance Corporation for the execution of IPDS scheme by the PVVNL. Thus, the interest was accounted, short by ₹ 5.23 crore (₹ 7.65 crore- ₹ 2.42 crore).

This resulted in understatement of Finance Cost and Current Liabilities by ₹ 5.23 crore, each. Consequently, Loss for the year was understated to the above extent.

B. Comments on Consolidated Financial Position

Consolidated Balance Sheet

Assets

Non-current assets

Property, Plant and Equipment (Note-2): ₹ 69221.82

3. The above does not include expenditure of ₹ 3.03 crore on account of Project Management Unit and advertisement expenditure for SAUBHAGYA paid by UPPCL in the year 2019-20 and transferred to the PuVVNL. As the expenditure incurred under SAUBHAGYA was of capital nature, the same should have been capitalised. However, the same has been charged as expenditure in the Statement of Profit & Loss of PuVVNL

for the year 2019-20. This has resulted in understatement of Non-Current Assets and overstatement of Other Equity (being negative) by ₹ 3.03 crore, each. Despite similar comment of CAG on the accounts for the year 2019-20 to 2022-23, no corrective action was taken by the Management.

Equity and Liabilities

Equity

Equity Share Capital (Note 14): ₹ 129272.06 crore

4. The above includes ₹ 22.03 crore on account of excess State Contribution towards project cost under DDUGJY (New) scheme in DVVNL. Under this scheme, the financial support for the project cost was to be provided by Govt. of India (60 per cent), DISCOMs (30 per cent) and State Govt. (10 per cent).

The Company accounted for an amount of ₹ 197.99 crore as State Contribution in the Balance Sheet as on 31 March 2023 against the amount of ₹ 175.96 crore (being 10 per cent of the project cost of ₹ 1759.63 crore as per the Closure letter of REC).

This resulted in overstatement of 'Equity Share Capital' and understatement of 'Other Financial Liabilities' by ₹ 22.03 crore, each.

Despite similar comments of the CAG on the accounts for the year 2022-23, no corrective action has been taken by the management.

5. As per clause 1.2 (i) of the tripartite MOU executed under Ujjwal DISCOM Assurance Yojana (UDAY) between Ministry of Power, GOI, GoUP and UPPCL, 'the GoUP would take over the future losses of the DISCOMs in a graded manner. Accordingly, 5 per cent loss of 2016-17, 10 per cent loss of 2017-18, 25 per cent loss of 2018-19 and 50 per cent loss of 2019-20 were to be taken over by the GoUP in the years 2017-18, 2018-19, 2019-20 and 2020-21 respectively. As per the above provision, ₹ 4,920.99 crore¹ was eligible to be funded by GoUP in UDAY scheme for the period from 2017-18 to 2020-21. However, the DISCOMs accounted other income of ₹ 7,289.33 crore² and thus, excess income of ₹ 2,368.34 crore was booked on account of Government grant for operational losses during the period from 2017-18 to 2020-21.

This resulted in understatement of 'Other Financial Liabilities' and Other Equity (negative balance) by ₹ 2,368.34 crore.

¹ ₹ 182.00 crore + ₹ 506.57 crore + ₹ 1596.15 crore + ₹ 2636.27 crore

² ₹ 409.93 crore + ₹ 761.09 crore + ₹ 2399.99 crore + ₹ 3718.32 crore

The Statutory Auditors have also pointed out non-compliance of C&AG comment under Para 8 (a) of Annexure-I to their Report.

Despite similar comment of the CAG on the accounts for the year 2018-19 and onwards, no corrective action has been taken by the Management.

6. The above includes ₹ 5372.50 crore pertaining to the subsidy for operational losses claimed unwarrantedly and released under Ujwal DISCOMs Assurance Yojana (UDAY). UPPCL being the Holding Company, on behalf of the DISCOMs, unwarrantedly claimed an amount of ₹ 5,372.50 crore from the GoUP during the year 2021-22 for funding of operational losses under UDAY, which was incorrectly sanctioned and released by GoUP under UDAY. As the admissibility period for funding of operational losses under UDAY had already expired on 31 March 2021 and there was no scheme of GoI/GoUP for funding of such operational losses during the year 2021-22, the subsidy released under UDAY was refundable to GoUP. The GoUP clarified (July 2023) that ₹ 5,372.50 crore was released for funding of losses of DISCOMs under Action Plan/Revamped Distribution Sector (RDS) Scheme, however, the same was treated as UDAY loss subsidy due to mistake. The reply is not tenable as the loss subsidy was not approved under Action Plan by GoUP and RDSS scheme of GoI was not applicable for loss subsidy in the FY 2021-22.

This resulted in understatement of Other Equity (being negative) and Current Liabilities by ₹ 5372.50 crore, each.

The Statutory Auditors have also pointed out non-compliance of C&AG comment under Para 8 (a) of Annexure-I to their Report.

Despite similar comment of CAG on the accounts for the year 2021-22 and 2022-23, no corrective action has been taken by the Management.

7. The above includes ₹ 6278.46 crore being claim of UDAY Loss subsidy made by the UPPCL in addition to the admissible amount as per the actual loss incurred by it in previous years and allocated to subsidiary DISCOMs vide UPPCL letter dated 26.10.2021. Since the admissible period for claim of UDAY loss subsidy had expired in 2020-21, account for UDAY loss subsidy receivable from GoUP in its accounts for the year ending up to 2020-21 was in violation to the guidelines issued in this behalf. Thus, incorrect accounting of additional UDAY loss subsidy resulted in understatement of

Other Equity (Negative Balance) and overstatement of Receivables from GoUP by ₹ 6278.46 crore.

Despite similar comment of CAG on the accounts for the year 2021-22 and 2022-23, no corrective action has been taken by the Management.

Other Financial Liabilities (Note-21): ₹ 31500.44 crore

8. The above does not include ₹ 28.65 crore being interest payable on account of delayed deposit/non-deposit of General Provident Fund (GPF) and Pension contribution (₹ 28.08 crore) and Gratuity contribution (₹ 0.57 crore) as worked out and accounted in the accounts of Uttar Pradesh Power Sector Employees Trust for the year 2014-15. This resulted in understatement of Current Financial Liabilities-Others and Other Equity (negative balance) by ₹ 28.65 crore.

The Statutory Auditors have also pointed out non-compliance of C&AG comment under Para 8 (b) of Annexure-I to their Report.

Despite similar comments of the CAG on the Accounts for the years 2012-13 to 2022-23, no corrective action was taken by the Management.

Deposits and Retention from Suppliers and Others (Note-21) ₹ 5250.33 crore

9. The above includes rebate of ₹ 30.05 crore collected by the PuVVNL (₹ 17.73 crore) and DVVNL (₹ 12.32 crore) on timely payment made to the contractors as per Clause 12.5 of the bid document of the Revamped Distribution Sector Scheme (RDSS). Clause 12.5 provides that 'The Employer shall be eligible for 1.50 *per cent* rebate of payable value (excluding GST) against the invoice in the event it makes payment to the Contractor within 10 days of receipt of invoices complete in all respect'.

As per Para 16 (a) of Ind AS 16, the cost of an item of property, plant and equipment (PPE) comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates. Thus, the rebate should have been deducted from the acquisition cost of PPE (CWIP) in compliance with the aforesaid provisions of Ind AS 16.

This resulted in overstatement of 'Other Financial Liabilities' and 'Capital Works in Progress' by ₹ 30.05 crore, each.

C. Comments on Disclosure

Notes to Accounts

10. Clause IV of Annexure-II of the Revamped Distribution Sector Scheme (RDSS) read with the Action Plans of the DISCOMs approved (04.03.2022) by the Monitoring Committee for the RDSS constituted under the chairmanship of Secretary (Power), GoI, provides that 75 per cent of "financial losses" of the previous financial year (F.Y.) i.e. 2022-23 shall be taken over by the GoUP in F.Y. 2023-24.

During the year 2022-23, the loss subsidy under the RDSS was claimed by UPPCL on behalf of the DISCOMs, based on 60 per cent of Operational Funding Requirement (OFR) instead of "financial losses" incurred by the DISCOMs in the year 2021-22, in contravention to the provisions of RDSS read with the approved Action Plans of the DISCOMs. Accordingly, the accounting of an excess loss subsidy of ₹ 4112.25 crore by UPPCL in F.Y. 2022-23 under the RDSS, was commented upon. However, GoUP clarified (07 August 2024) that it considered the loss subsidy claimed by UPPCL under the RDSS, based on "OFR" instead of "financial losses".

The loss subsidy claimed by UPPCL in F.Y. 2023-24 based on "OFR" was ₹ 9700 crore against 10865.84 crore³ as per the "financial losses"⁴ incurred by it in the previous year. The above significant facts should have been suitably disclosed in the Notes to Accounts.

Subsidy against UDAY - ₹ 362.69 crore

11. In the financial year 2023-24, UPPCL received subsidy of ₹ 362.69 crore under Ujwal DISCOMs Assurance Yojana (UDAY) on behalf of the DISCOMs and accounted it as income in the financial statements for the year 2023-24. As UDAY was applicable for the period 2017-18 to 2020-21, booking of the aforesaid subsidy under UDAY in the year 2023-24 needs an explanatory disclosure in the Notes to Accounts.

Note 19 (A) (III): Ageing of CWIP

12. As per the provision of Schedule-III of Companies Act, 2013, a separate aging schedule of capital-work-in progress, is required to be disclosed in respect of projects whose completion is overdue or has exceeded its cost compared to its original plan. However, the same has not been done. Thus, Notes to Accounts are deficient to the above extent.

³ 75% of (loss of previous year: ₹ 15858.53 crore + excess subsidy booked in the year 2022-23: ₹ 4112.25 crore)
- (excess subsidy claimed in the year 2022-23: ₹ 4112.25 crore) as on 31 March 2024.

Accounting Policies (Note 1)

Revenue Recognition: Recoveries for theft of power

13. A reference is invited to Note No. 1 Point No. 3 VIII- Revenue Recognition (e) of the Consolidated Financial Statements, which provides that in case of detection of theft of energy, the consumer is billed on laid down norms as specified in Electricity Supply Code.

It was however, noticed that no uniform policy for treatment of revenue in theft cases was being followed by DISCOMs. In some DISCOMs (PuVVNL), recovery against theft cases was accounted for on cash basis while in other DISCOMs (PVVNL), it was accounted for on accrual basis. It is evident that the said policy indicates basis for billing in case of theft of energy, however, it does not specify the basis of recognition of revenue in theft cases.

Thus, the said Accounting Policy is deficient to the above extent.

Date:

Place:

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


Accountant General

Uttar Pradesh (Audit – II), Lucknow

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (b) OF THE COMPANIES ACT, 2013 ON THE STANDALONE FINANCIAL STATEMENTS OF UTTAR PRADESH POWER CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2024

| FINAL COMMENTS | MANAGEMENT'S REPLY |
|---|--|
| <p>The preparation of Standalone Financial Statements of Uttar Pradesh Power Corporation Limited (Company) for the year ended 31 March 2024 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act are responsible for expressing opinion on the Financial Statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 26 June 2024.</p> <p>I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the Standalone Financial Statements of Uttar Pradesh Power Corporation Limited for the year ended 31 March 2024, under Section 143 (6) (a) of the Act. 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 selective examination of some of the accounting records.</p> <p>Based on my supplementary audit, I would like to highlight the following significant matters under Section 143 (6) (b) of the Act, which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report.</p> | |
| <p>A. Comments on Financial Position</p> <p>Balance Sheet</p> <p>Current Assets</p> <p>Current Financial Assets- Others (Note No.-11): ₹ 16382.36 crore</p> | |
| <p>1. As per clause 1.2 (i) of the tripartite MOU executed under Ujjwal DISCOM Assurance Yojana (UDAY) between Ministry of Power, GOI, Government of Uttar Pradesh (GoUP) and the Company, 'the GoUP shall take over the future losses of the DISCOMs in a graded manner i.e. 5 per cent of loss for the year 2016-17, 10 per cent of loss for the year 2017-18, 25 per cent of loss for the year 2018-19 and 50 per cent of loss for the year 2019-20 in the corresponding</p> | <p>The UDAY subsidy has been claimed from the Government of Uttar Pradesh (GoUP) on the basis of Operational Funding Requirements (OFR), and the same has been approved and released by GoUP through the State Budget.</p> <p>It is important to note that GoUP, in its letter No. 1794/24-1-2021-</p> |

| FINAL COMMENTS | MANAGEMENT'S REPLY |
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| <p>next year i.e. 2017-18, 2018-19, 2019-20 and 2020-21 respectively. Accordingly, DISCOMs were eligible to be funded by GoUP in UDAY scheme for the period from 2017-18 to 2020-21 to the extent of ₹ 4,920.99¹ crore as per the MoU. However, the DISCOMs accounted other income of ₹ 7,289.33² crore in their accounts and thus excess income of ₹ 2,368.34 crore was booked as other income on account of government grant for operational losses during the period from 2017-18 to 2020-21. The excess grant booked by DISCOMs should have been shown as recoverable from DISCOMs as well as payable to GoUP in the Company accounts, as all money related to UDAY was routed to DISCOMs through the Company. This resulted in understatement of 'Current Financial Liabilities (Others)' and 'Current Financial Assets (Others)' by ₹ 2,368.34 crore.</p> <p>The Statutory Auditors have also pointed out non-compliance of C&AG comment under Para 8 (a) of Annexure-I to their Report.</p> <p>Despite similar comment of the CAG on the accounts for the year 2018-19 to 2022-23, no corrective action was taken by the Management.</p> | <p>1008/2021 dated 15th November 2021, has clarified that the subsidy is based on the OFR method. Therefore, the company has not booked any excess subsidy.</p> |
| <p>2. The Company being the Holding Company, on behalf of the DISCOMs, unwarrantedly claimed an amount of ₹ 5,372.50 crore from the GoUP during the year 2021-22 for funding of operational losses under UDAY, which was incorrectly sanctioned and released by GoUP under UDAY. As the admissibility period for funding of operational losses under UDAY had already expired on 31 March 2021 and there was no scheme of GoI/GoUP for funding of such operational losses during the year 2021-22, the unwarranted claim and release of subsidy under UDAY was refundable to the GoUP. The GoUP clarified (July 2023) that ₹ 5,372.50 crore was released for funding of losses of DISCOMs under Action Plan/Revamped Distribution Sector Scheme (RDSS) Scheme, however, the same was treated as UDAY loss subsidy due to mistake. The reply is not tenable as the loss subsidy was not approved under Action Plan by GoUP and RDSS scheme of GoI was not applicable for loss subsidy during the year 2021-22. This resulted in understatement of 'Current Financial Liabilities (Others)' and 'Current Financial Assets (Others)' by ₹ 5372.50</p> | <p>The Company has provided a letter no. 772/24-1-2023-03.2023 dated 05-07-2023 to the office of C&AG issued by the GoUP clarifying that the loss funding during the year 2021-22 was mistakenly shown by the government under the head of UDAY. The above letter clarifies that the given subsidy during the year 2021-22 was approved in the Budget provision under Action Plan. Hence, there is no excess booking of subsidy in the company.</p> |


¹ ₹ 182.00 crore + ₹ 506.57 crore + ₹ 1596.15 crore + ₹ 2636.27 crore


² ₹ 409.93 crore + ₹ 761.09 crore + ₹ 2399.99 crore + ₹ 3718.32 crore

| FINAL COMMENTS | MANAGEMENT'S REPLY |
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| <p>crore.</p> <p>The Statutory Auditors have also pointed out non-compliance of C&AG comment under Para 8 (a) of Annexure-I to their Report.</p> <p>Despite similar comment of the CAG on the Accounts for the year 2021-22 and 2022-23, no corrective action was taken by the Management..</p> | |
| <p>Current Liabilities</p> <p>Other Financial Liabilities (Note No. 19) - ₹ 6546.65 crore</p> | |
| <p>3.The above does not include ₹ 28.65 crore being interest payable on account of delayed deposit/non-deposit of General Provident Fund (GPF) and Pension contribution (₹ 28.08 crore) and Gratuity contribution (₹ 0.57 crore) as worked out and accounted in the accounts of Uttar Pradesh Power Sector Employees Trust for the year 2014-15. This resulted in understatement of Current Financial Liabilities-Others and Other Equity (negative balance) by ₹ 28.65 crore.</p> <p>The Statutory Auditors have also pointed out non-compliance of C&AG comment under Para 8 (b) of Annexure-I to their Report.</p> <p>Despite similar comments of the CAG on the Accounts for the years 2012-13 to 2022-23, no corrective action was taken by the Management.</p> | <p>It is submitted that "As per audited accounts of the company for the financial year 2012-13 to 2023-24, liability towards GPF contribution is showing debit balance. Since there has always been a debit balance during the period 2012-13 to 2023-24, no provision of interest has been made. As regards accounting of interest on liability towards pension and gratuity, it is stated that regular interest is not payable to employee on pension and gratuity as in case of GPF, hence provision of interest on pension & gratuity is not required. The company is also in process of reconciliation with the GPF trust."</p> |

For and on behalf of Board of Directors

Date:11-11-2024
Place: Lucknow


Nidhi Kumar Narang
 Director (Finance)
 (DIN: 03473420)


Pankaj Kumar
 Managing Director
 (DIN: 08095154)

COMMENTS OF THE CONTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (b) READ WITH SECTION 129 (4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF UTTAR PRADESH POWER CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2024.

| S.No | Audit Comment | Management Reply |
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| 1. | <p>A. Comments on Consolidated Profitability</p> <p>Consolidated Statement of Profit and Loss</p> <p>Other Income (Note 24): ₹ 28655.63 crore</p> <p>The above includes an amount of ₹ 3.32 crore, out of total rebate of ₹ 8.30 crore collected by the PVVNL on timely payment made to the contractors as per Clause 12.5 of the bid document of the Revamped Distribution Sector Scheme (RDSS). The remaining amount of rebate of ₹ 4.98 crore was shown under 'Other Financial Liabilities (Current)' by the PVVNL. Clause 12.5 provides that 'The Employer shall be</p> | <p>Para 16 (a) of Ind AS 16 provides to capitalize any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.</p> <p>The rebate is not a cost directly incurred to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.</p> <p>Apart from the above, the guidelines of RDSS stipulates as under:</p> <p>Para 5.6.2 "Any interest earned on grant shall be remitted to Ministry of Power's bank account on regular basis and at least once in a quarter.</p> <p>Para 5.6.3 "Since grant under the scheme is Central Government and Discoms are only the custodian of this Money, income tax is not payable on interest earned on this money."</p> <p>Since, rebate is to be refunded, it is a liability as per the above provisions of RDSS. Therefore, it has been decided to disclose the rebate amount under the Financial Liabilities-Others and Discoms have been instructed to account for the same accordingly.</p> |

| S.No | Audit Comment | Management Reply |
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| | <p>eligible for 1.50 per cent rebate of payable value (excluding GST) against the invoice in the event it makes payment to the Contractor within 10 days of receipt of invoices complete in all respect'.</p> <p>As per Para 16 (a) of Ind AS 16, the cost of an item of property, plant and equipment (PPE) comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates. Thus, therebate should have been deducted from the acquisition cost of PPE (CWIP) in compliance with the aforesaid provisions of Ind AS 16.</p> <p>This resulted in overstatement of 'Other Income' by ₹ 3.32 crore, 'Other Financial Liabilities (Current)' by ₹ 4.98 crore and 'Capital Works in Progress' by ₹ 8.30 crore.</p> | |

| S.No | Audit Comment | Management Reply |
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| | Consequently, Loss for the year was also understated by ₹ 3.32 crore. | |
| 2. | <p>Finance Cost Interest on PFC Loan (Note 27): ₹ 2252.67 crore</p> <p>The above wrongly includes ₹ 2.42 crore instead of ₹ 7.65 crore being interest charged for the year 2023-24 on various loan availed from Power Finance Corporation for the execution of IPDS scheme by the PVVNL. Thus, the interest was accounted, short by ₹ 5.23 crore (₹ 7.65 crore- ₹ 2.42 crore).</p> <p>This resulted in understatement of Finance Cost and Current Liabilities by ₹ 5.23 crore, each. Consequently, Loss for the year was understated to the above extent.</p> | <p>The necessary correction has been made in FY 2024-25 (07/2024). This is in accordance with the Company's accounting practices and Ind AS.</p> |

| S.No | Audit Comment | Management Reply |
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| 3. | <p>B. Comments on Consolidated Financial Position Consolidated Balance Sheet Assets Non-current assets Property, Plant and Equipment (Note-2): ₹ 69221.82</p> <p>The above does not include expenditure of ₹ 3.03 crore on account of Project Management Unit and advertisement expenditure for SAUBHAGYA paid by UPPCL in the year 2019-20 and transferred to the PuVVNL. As the expenditure incurred under SAUBHAGYA was of capital nature, the same should have been capitalised. However, the same has been charged as expenditure in the Statement of Profit & Loss of PuVVNL for the year 2019-20. This has resulted in understatement of Non-Current</p> | <p>The expenditure of ₹ 3.03 crore has been booked on account of allocation of overhead expenses received from UPPCL. This has been accounted for in books of accounts as revenue expenditure since such expenditure is of revenue and recurring in nature and was done regularly which was intended to bring awareness of Government program amongst general public. This expenditure is not part of SAUBHAGYA Scheme. This expenditure is not creating any additional capacity/capital asset and incurred during running of scheme. Therefore, accounting of the above expenditure in P&L of corresponding year is correct.</p> |

| S.No | Audit Comment | Management Reply |
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| | <p>Assets and overstatement of Other Equity (being negative) by ₹ 3.03 crore, each. Despite similar comment of CAG on the accounts for the year 2019-20 to 2022-23, no corrective action was taken by the Management.</p> | |
| 4. | <p>The above includes ₹ 22.03 crore on account of excess State Contribution towards project cost under DDUJY (New) scheme in DVVNL. Under this scheme, the financial support for the project cost was to be provided by Govt. of India (60 per cent), DISCOMs (30 per cent) and State Govt. (10 per cent). The Company accounted for an amount of ₹ 197.99 crore as State Contribution in the Balance Sheet as on 31 March 2023 against the amount of ₹ 175.96 crore (being 10 per cent of the project cost of ₹ 1759.63 crore as per the</p> | <p>DVVNL has reported a state contribution of Rs.197.99 crores as equity, according to the approved project cost. However, the actual executed cost has reduced the state's contribution to Rs.175.96 crores, resulting in an excess of Rs.22.03 crores currently held by the Discoms for which equity has already been issued in favour of UPPCL, corresponding to the excess contribution received for the DDUJY scheme due to reduction in project cost. This matter is under discussion with state government and a request had been made to adjust the surplus fund to another scheme or budget's category.</p> |

| S.No | Audit Comment | Management Reply |
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| | <p>Closure letter of REC).</p> <p>This resulted in overstatement of 'Equity Share Capital' and understatement of 'Other Financial Liabilities' by ₹ 22.03 crore, each.</p> <p>Despite similar comments of the CAG on the accounts for the year 2022-23, no corrective action has been taken by the management.</p> | |
| 5. | <p>As per clause 1.2 (i) of the tripartite MOU executed under Ujjwal DISCOM Assurance Yojana (UDAY) between Ministry of Power, GOI, GoUP and UPPCL, 'the GoUP would take over the future losses of the DISCOMs in a graded manner. Accordingly, 5 per cent loss of 2016-17, 10 per cent loss of 2017-18, 25 per cent loss of 2018-19 and 50 per cent loss of 2019-20 were to be taken over by the GoUP in the years</p> | <p>The UDAY subsidy has been claimed from the Government of Uttar Pradesh (GoUP) on the basis of Operational Funding Requirements (OFR), and the same has been approved and released by GoUP through the State Budget.</p> <p>It is important to note that GoUP, in its letter No. 1794/24-1-2021-1008/2021 dated 15th November 2021, has clarified that the subsidy is based on the OFR method. Therefore, the company has not booked any excess subsidy.</p> |

| S.No | Audit Comment | Management Reply |
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| | <p>2017-18, 2018-19, 2019-20 and 2020-21 respectively. As per the above provision, ₹ 4,920.99 crore¹ was eligible to be funded by GoUP in UDAY scheme for the period from 2017-18 to 2020-21. However, the DISCOMs accounted other income of ₹ 7,289.33 crore² and thus, excess income of ₹ 2,368.34 crore was booked on account of Government grant for operational losses during the period from 2017-18 to 2020-21.</p> <p>This resulted in understatement of 'Other Financial Liabilities' and Other Equity (negative balance) by ₹ 2,368.34 crore. The Statutory Auditors have also pointed out non-compliance of C&AG comment under Para 8 (a) of</p> | |

¹ ₹ 182.00 crore + ₹ 506.57 crore + ₹ 1596.15 crore + ₹ 2636.27 crore
² ₹ 409.93 crore + ₹ 761.09 crore + ₹ 2399.99 crore + ₹ 3718.32 crore

| S.No | Audit Comment | Management Reply |
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| | <p>Annexure-I to their Report.</p> <p>Despite similar comment of the CAG on the accounts for the year 2018-19 and onwards, no corrective action has been taken by the Management.</p> | |
| 6. | <p>The above includes ₹ 5372.50 crore pertaining to the subsidy for operational losses claimed unwarrantedly and released under Ujwal DISCOMs Assurance Yojana (UDAY).</p> <p>UPPCL being the Holding Company, on behalf of the DISCOMs, unwarrantedly claimed an amount of ₹ 5,372.50 crore from the GoUP during the year 2021-22 for funding of operational losses under UDAY, which was incorrectly sanctioned and released by GoUP under UDAY. As the admissibility period for funding of operational losses under UDAY had already expired</p> | <p>The Company has provided a letter no. 772/24-1-2023-03.2023 dated 05-07-2023 to the office of C&AG issued by the GoUP clarifying that the loss funding during the year 2021-22 was mistakenly shown by the government under the head of UDAY. The above letter clarifies that the given subsidy during the year 2021-22 was approved in the Budget provision under Action Plan. Hence, there is no excess booking of subsidy in the company.</p> |

| S.No | Audit Comment | Management Reply |
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| | <p>on 31 March 2021 and there was no scheme of GoI/GoUP for funding of such operational losses during the year 2021-22, the subsidy released under UDAY was refundable to GoUP. The GoUP clarified (July 2023) that ₹5,372.50 crore was released for funding of losses of DISCOMs under Action Plan/Revamped Distribution Sector (RDS) Scheme, however, the same was treated as UDAY loss subsidy due to mistake. The reply is not tenable as the loss subsidy was not approved under Action Plan by GoUP and RDSS scheme of GoI was not applicable for loss subsidy in the FY 2021-22.</p> <p>This resulted in understatement of Other Equity (being negative) and Current Liabilities by ₹ 5372.50 crore, each.</p> <p>The Statutory Auditors have</p> | |

| S.No | Audit Comment | Management Reply |
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| | <p>also pointed out non-compliance of C&AG comment under Para 8 (a) of Annexure-I to their Report. Despite similar comment of CAG on the accounts for the year 2021-22 and 2022-23, no corrective action has been taken by the Management.</p> | |
| 7. | <p>The above includes ₹ 6278.46 crore being claim of UDAY Loss subsidy made by the UPPCL in addition to the admissible amount as per the actual loss incurred by it in previous years and allocated to subsidiary DISCOMs vide UPPCL letter dated 26.10.2021. Since the admissible period for claim of UDAY loss subsidy had expired in 2020-21, accountal for UDAY loss subsidy receivable from GoUP in its accounts for the year ending up to 2020-21 was in violation</p> | <p>उल्लेखनीय है कि उदय योजना न्तर्गत वित्तीय वर्ष 2017-18 से 2020-21 तक संदर्भित वर्षों की परिचालकीय आवश्यकता (O.F.R) की धनराशिके सुनिश्चित प्रतियोगिता 5, 10, 25 एवं 50 प्रतिशत के अनुसार राज्य सरकार द्वारा बजट के माध्यम से कारपोरेशन को अतिरिक्त अनुदान की धनराशि उपलब्ध करायी जाना निर्धारित था, जिसके अनुसार राज्य सरकार द्वारा निधिकारपोरेशन को उपलब्ध करायी जा रही थी। वित्तीय वर्ष 2019-20 के असमर्थित लेखों के अनुसार आगणित कमि सहायता की कुल धनराशि ₹ 12049.49 करोड़ के सापेक्षतदसमय तक प्राप्त कुल कमि अनुदान की धनराशि ₹ 5771.03 करोड़ के उपरान्त अवशेष ₹ 6278.46 करोड़ को राज्य सरकार द्वारा आत्मनिर्भर भारत योजना न्तर्गत स्वीकृत धनराशि ₹ 20940.00 करोड़ की गणना में सम्मिलित किया गया, जिसकी स्वीकृतिका आदेश शासनादेश संख्या 445/24-1-21-73 (बजट) / 2020 दिनांक 05.03.2021 के माध्यम से राज्य सरकार द्वारा जारी किया गया है। उक्त आदेश के पूर्व वित्तीय वर्ष 2019-20 के डिस्कांस् के लेखों को अतिमरूप दिया जा चुका था। ऐसी स्थिति में संदर्भित धनराशिके लेखांकन पूर्ण करने हेतु उक्त संदर्भित धनराशि ₹ 6278.46 करोड़ को कारपोरेशन के पत्र दिनांक 26.10.2021 के माध्यम से डिस्कांस् को संसूचित की गयी थी।</p> <p>उपरोक्त से स्पष्ट है कि उदय योजना न्तर्गत प्राप्त / समापोजित अवशेष अनुदान की धनराशि ₹ 6278.46 करोड़ के लेखांकन उक्त की प्राप्ति की सुनिश्चितता के सिद्धांत एवं लेखा प्राविधानों के अनुरूप संदर्भित शासनादेश दिनांक 05.03.2021 को जारी होने के उपरान्त किया गया है। इससे उदय योजना में राज्य सरकार द्वारा देय अनुदान की निर्धारित अवधि वित्तीय वर्ष 2017-18 से 2020-21 का कोई अवक्रमण नहीं किया गया है।</p> <p>उक्तानुसार प्रश्रंग प्रकरण में कारपोरेशन के स्तर से की गयी समुचित कार्यवाही के उपरान्त कोई अन्य कार्यवाही लम्बित नहीं है।</p> |

| S.No | Audit Comment | Management Reply |
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| | <p>to the guidelines issued in this behalf. Thus, incorrect accounting of additional UDAY loss subsidy resulted in understatement of Other Equity (Negative Balance) and overstatement of Receivables from GoUP by ₹6278.46 crore.</p> <p>Despite similar comment of CAG on the accounts for the year 2021-22 and 2022-23, no corrective action has been taken by the Management.</p> | |
| 8. | <p>Other Financial Liabilities (Note-21): ₹ 31500.44 crore</p> <p>The above does not include ₹ 28.65 crore being interest payable on account of delayed deposit/non-deposit of General Provident Fund (GPF) and Pension contribution (₹ 28.08 crore) and Gratuity contribution (₹ 0.57 crore) as worked out and accounted in the accounts of</p> | <p>It is submitted that "As per audited accounts of the company for the financial year 2012-13 to 2023-24, liability towards GPF contribution is showing debit balance. Since there has always been a debit balance during the period 2012-13 to 2023-24, no provision of interest has been made. As regards accounting of interest on liability towards pension and gratuity, it is stated that regular interest is not payable to employee on pension and gratuity as in case of GPF, hence provision of interest on pension & gratuity is not required. The company is also in process of reconciliation with the GPF trust."</p> |

| S.No | Audit Comment | Management Reply |
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| | <p>Uttar Pradesh Power Sector Employees Trust for the year 2014-15. This resulted in understatement of Current Financial Liabilities-Others and Other Equity (negative balance) by ₹ 28.65 crore. The Statutory Auditors have also pointed out non-compliance of C&AG comment under Para 8 (b) of Annexure-I to their Report. Despite similar comments of the CAG on the Accounts for the years 2012-13 to 2022-23, no corrective action was taken by the Management.</p> | |
| 9. | <p>Deposits and Retention from Suppliers and Others (Note-21) ₹ 5250.33 crore</p> <p>The above includes rebate of ₹ 30.05 crore collected by the PuVVNL (₹ 17.73 crore) and DVVNL (₹ 12.32 crore) on timely payment made to the contractors as per Clause 12.5</p> | <p>Para 16 (a) of Ind AS 16 provides to capitalize any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.</p> <p>The rebate is not a cost directly incurred to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.</p> |

| S.No | Audit Comment | Management Reply |
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| | <p>of the bid document of the Revamped Distribution Sector Scheme (RDSS). Clause 12.5 provides that 'The Employer shall be eligible for 1.50 per cent rebate of payable value (excluding GST) against the invoice in the event it makes payment to the Contractor within 10 days of receipt of invoices complete in all respect'.</p> <p>As per Para 16 (a) of Ind AS 16, the cost of an item of property, plant and equipment (PPE) comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates. Thus, therebates should have been deducted from the acquisition cost of PPE (CWIP) in compliance with the aforesaid provisions of Ind AS 16.</p> <p>This resulted in overstatement</p> | <p>Apart from the above, the guidelines of RDSS stipulates as under:</p> <p>Para 5.6.2 "Any interest earned on grant shall be remitted to Ministry of Power's bank account on regular basis and at least once in a quarter.</p> <p>Para 5.6.3 "Since grant under the scheme is Central Government and Discoms are only the custodian of this Money, income tax is not payable on interest earned on this money."</p> <p>Since, rebate is to be refunded, it is a liability as per the above provisions of RDSS. Therefore, it has been decided to disclose the rebate amount under the Financial Liabilities-Others and Discoms have been instructed to account for the same accordingly.</p> |

| S.No | Audit Comment | Management Reply |
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| | of 'Other Financial Liabilities' and 'Capital Works in Progress' by ₹ 30.05 crore, each. | |
| 10. | <p>C. Comments on Disclosure Notes to Accounts</p> <p>Clause IV of Annexure-II of the Revamped Distribution Sector Scheme (RDSS) read with the Action Plans of the DISCOMs approved (04.03.2022) by the Monitoring Committee for the RDSS constituted under the chairmanship of Secretary (Power), GoI, provides that 75 per cent of "financial losses" of the previous financial year (F.Y.) i.e. 2022-23 shall be taken over by the GoUP in F.Y. 2023-24.</p> <p>During the year 2022-23, the</p> | <p>The company has disclosed in Para no. 38 of Note No. 33 "Notes on Accounts" that the Subsidy has been calculated on the basis of OFR.</p> |

| S.No | Audit Comment | Management Reply |
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| | <p>loss subsidy under the RDSS was claimed by UPPCL on behalf of the DISCOMs, based on 60 per cent of Operational Funding Requirement (OFR) instead of "financial losses" incurred by the DISCOMs in the year 2021-22, in contravention to the provisions of RDSS read with the approved Action Plans of the DISCOMs. Accordingly, the accounting of an excess loss subsidy of ₹ 4112.25 crore by UPPCL in F.Y. 2022-23 under the RDSS, was commented upon. However, GoUP clarified (07 August 2024) that it considered the loss subsidy claimed by UPPCL under the RDSS, based on "OFR" instead of "financial losses".</p> | <p>The loss subsidy claimed by UPPCL in F.Y. 2023-24 based</p> |

| S.No | Audit Comment | Management Reply |
|------------|---|---|
| | <p>on “OFR” was ₹ 9700 crore against 10865.84 crore³ as per the “financial losses⁴” incurred by it in the previous year. The above significant facts should have been suitably disclosed in the Notes to Accounts.</p> | |
| <p>11.</p> | <p>Subsidy against UDAY - ₹ 362.69 crore</p> <p>In the financial year 2023-24, UPPCL received subsidy of ₹ 362.69 crore under Ujwal DISCOMs Assurance Yojana (UDAY) on behalf of the DISCOMs and accounted it as income in the financial statements for the year 2023-24. As UDAY was applicable for the period 2017-18 to 2020-21, booking of the aforesaid subsidy under UDAY in the year 2023-24 needs an explanatory disclosure in the</p> | <p>Audit recommendation is accepted and will be followed in accounts of FY 2024-25.</p> |

³75% of (loss of previous year: ₹ 15858.53 crore + excess subsidy booked in the year 2022-23: ₹ 4112.25 crore) - (excess subsidy claimed in the year 2022-23: ₹ 4112.25 crore) as on 31 March 2024.


| S.No | Audit Comment | Management Reply |
|------|---|--|
| | Notes to Accounts. | |
| 12. | <p>Note 19 (A) (III): Ageing of CWIP</p> <p>As per the provision of Schedule-III of Companies Act, 2013, a separate aging schedule of capital-work-in progress, is required to be disclosed in respect of projects whose completion is overdue or has exceeded its cost compared to its original plan. However, the same has not been done. Thus, Notes to Accounts are deficient to the above extent.</p> | <p>Company has taken steps to comply with. Accordingly, the same will be complied in ensuing year.</p> |


| S.No | Audit Comment | Management Reply |
|------|---|---|
| 13. | <p>Accounting Policies (Note 1)</p> <p>Revenue Recognition: Recoveries for theft of power</p> <p>A reference is invited to Note No. 1 Point No. 3 VIII- Revenue Recognition (e) of the Consolidated Financial Statements, which provides that in case of detection of theft of energy, the consumer is billed on laid down norms as specified in Electricity Supply Code.</p> <p>It was however, noticed that no uniform policy for treatment of revenue in theft cases was being followed by DISCOMs. In some DISCOMs (PuVVNL), recovery against theft cases was accounted for on cash basis while in other DISCOMs (PVVNL), it was accounted for on accrual basis. It is evident that the</p> | <p>In this reference it is submitted that policy disclosed in financial statement is basically the material accounting policy. Hence, revenue related to theft cases has not been separately disclosed in material accounting policy. It is pertinent to mention here that the theft cases in the company are being dealt in accordance with chapter 8th of electric supply code 2005 (as amended). This fact has been clearly mentioned in Note No. 1 Point No. 3 VIII- Revenue Recognition (e) of CFS.</p> |

| S.No | Audit Comment | Management Reply |
|------|---|------------------|
| | <p>said policy indicates basis for billing in case of theft of energy, however, it does not specify the basis of recognition of revenue in theft cases.</p> <p>Thus, the said Accounting Policy is deficient to the above extent.</p> | |

For and on behalf of Board of Directors

Date:11-11-2024
Place: Lucknow


Nidhi Kumar Narang
Director (Finance)
(DIN: 03473420)


Pankaj Kumar
Managing Director
(DIN: 08095154)

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

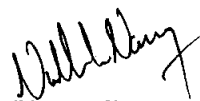
Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures as at 31st March 2024

Part A:- Subsidiaries

| Sl. No. | Particulars | 1 | 2 | 3 | 4 | 5 |
|---------|--|-------------------|----------------------|------------------|----------------|------------------|
| 1 | Name of the subsidiary | MVVNL, Lucknow | PurVVNL, Varanasi | PVVNL, Meerut | DVVNL, Agra | KESCo, Kanpur |
| 2 | The date since when subsidiary was acquired | 12.08.2003 | 12.08.2003 | 12.08.2003 | 12.08.2003 | 15.01.2000 |
| 3 | Reporting period for the subsidiary concerned, if different from the holding company's reporting period. | N/A | N/A | N/A | N/A | N/A |
| 4 | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries. | N/A | N/A | N/A | N/A | N/A |
| 5 | Share capital (including Share Application Money pending Allotment) | 25826.21 | 29258.15 | 20967.02 | 26691.03 | 2749.29 |
| 6 | Reserves and surplus | (17580.76) | (19787.10) | (2359.59) | (25400.48) | (4327.03) |
| 7 | Total assets | 42240.63 | 54164.04 | 39841.62 | 36761.69 | 4527.41 |
| 8 | Total Liabilities | 33995.18 | 44692.99 | 21234.19 | 35471.14 | 6105.15 |
| 9 | Investments | - | - | - | - | - |
| 10 | Turnover | 14580.48 | 14711.83 | 22731.55 | 13655.32 | 3177.70 |
| 11 | Profit/(Loss) before taxation | (1370.03) | (3776.85) | 856.09 | (2268.41) | (545.92) |
| 12 | Provision for taxation | - | - | - | - | - |
| 13 | Profit/(Loss) after taxation | (1370.03) | (3776.85) | 856.00 | (2268.41) | (545.92) |
| 14 | Proposed Dividend | - | - | - | - | - |
| 15 | Extent of shareholding (in percentage) | 100% | 100% | 100% | 100% | 100% |

For and on behalf of Board of Directors

Date:11-11-2024
Place:Lucknow


Nidhi Kumar Narang
Director (Finance)
(DIN: 03473420)


Pankaj Kumar
Managing Director
(DIN: 08095154)

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures
Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures as at

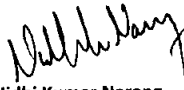
Part B:- Associates and Joint Ventures

(in Crore)

| Name of Associates or Joint Ventures | |
|--|-----|
| 1. Latest audited Balance Sheet Date | N.A |
| 2. Date on which the Associate or Joint Venture was associated or acquired | |
| 3. Shares of Associate or Joint Ventures held by the company on the year end | |
| No. | |
| Amount of Investment in Associates or Joint Venture | |
| Extent of Holding (in percentage) | |
| 4. Description of how there is significant influence | |
| 5. Reason why the associate/joint venture is not consolidated | |
| 6. Networth attributable to shareholding as per latest audited Balance Sheet | |
| 7. Profit or Loss for the year | |
| i. Considered in Consolidation | |
| ii. Not Considered in Consolidation | |

For and on behalf of Board of Directors

Date: 11-11-2024
Place: Lucknow


Nidhi Kumar Narang
Director (Finance)
(DIN: 03473420)


Pankaj Kumar
Managing Director
(DIN: 08095154)

ANNEXURE-V

1. RELATED PARTY DISCLOSURE:

Part-I

1. Names of the Related Parties and Description of Relationship:

A. Related Parties where control exists:

a. Subsidiaries* (DISCOMs)

- i. PurvanchalVidyutVitran Nigam Ltd. (PuVVNL)
- ii. MadhyanchalVidyutVitran Nigam Ltd. (MVVNL)
- iii. DakshinanchalVidyutVitran Nigam Ltd. (DVVNL)
- iv. PaschimanchalVidyutVitran Nigam Ltd. (PVVNL)
- v. Kanpur Electricity Supply Company Ltd. (KESCO)

*The government of Uttar Pradesh vide its cabinet note no.412/1793734/2024 dated 14.03.2024, provided instruction to the company (i.e. U.P power Corporation Limited) to incorporate a 100% wholly owned subsidiaries in the name of "UP Renewable and EV Infrastructure Limited". The object of the company is to provide infrastructure and service for charging of Electric Vehicle (EV) and related incidental services in the state of Uttar Pradesh. In view of above instruction, the company "UP Renewable and EV Infrastructure Limited" has been incorporated on 27.05.2024.

b. Employment Benefit Funds

- i. U.P. Power Sector Employees Trust (GPF)
- ii. U.P. Power Corporation Contributory Provident Fund Trust (CPF)

B. Other Related Parties

(Where Transactions have been taken place during the year or previous year/balances outstanding)

- a. Associates and Related Entities - Nil
- b. Joint Venture Corporation – Nil

C. GoUP-Related Power Sector Entities (under the same government):

- i. U.P. RajyaVidyutUtpadan Nigam Ltd. (UPRVUNL)*
- ii. U.P. Power Transmission Corporation Ltd. (UPPTCL)
- iii. U.P. State Load Dispatch Center Limited (UPSLDC)

*The Government of Uttar Pradesh vide Gazette Notification dated 03.11.2023 has notified the Scheme as THE UTTAR PRADESH ELECTRICITY REFORMS (AMALGAMATION AND MERGER OF STATE GENERATING COMPANIES) SCHEME, 2023 (Scheme). Accordingly, JawaharpurVidyutUtpadan Nigam Ltd. (JVUNL) has been merged with Uttar Pradesh RajyaVidyutUtpadan Nigam Ltd. (UPRVUNL) and then UPRVUNL has been merged into UP Jal Vidyut Nigam Ltd. (UPJVNL). As per clause 10 of the Scheme, for change in the name, Form 'Run' was filed by UPJVNL and MCA has given its 'no objection' confirmation for the new name i.e. U.P. RajyaVidyutUtpadan Nigam Ltd on 31.01.2024

2. Disclosure as per Ind AS 27 (Separate Financial Statements):

A. Investment in Subsidiary Companies:

| S. No. | Name of Company | Country of Incorporation | Place of Registered Office | Proportion of Ownership Interest | |
|--------|---|--------------------------|----------------------------|----------------------------------|------------------|
| | | | | As at 31.03.2024 | As at 31.03.2023 |
| (i) | PurvanchalVidyutVitran Nigam Ltd. (PuVVNL) CIN-U31200UP2003SGC027461 | India | Varanasi, UP | 100% | 100% |
| (ii) | MadhyanchalVidyutVitran Nigam Ltd. (MVVNL) CIN-U31200UP2003SGC027459 | India | Lucknow, UP | 100% | 100% |
| (iii) | DakshinanchalVidyutVitran Nigam Ltd. (DVVNL) CIN-U31200UP2003SGC027460 | India | Agra, UP | 100% | 100% |
| (iv) | PaschimanchalVidyutVitran Nigam | India | Meerut, UP | 100% | 100% |

| S. No. | Name of Company | Country of Incorporation | Place of Registered Office | Proportion of Ownership Interest | |
|--------|---|--------------------------|----------------------------|----------------------------------|------------------|
| | | | | As at 31.03.2024 | As at 31.03.2023 |
| | Ltd. (PVVNL) CIN-U31200UP2003SGC027458 | | | | |
| (v) | Kanpur Electricity Supply Company Ltd. (KESCO) CIN-U40105UP1999SGC024626 | India | Kanpur, UP | 100% | 100% |

B. Key Management Personnel: -

| S.No. | Name | Designation | Period |
|-------|--|--|-------------------------------|
| 1 | Dr. Ashish Kumar Goel | Chairman | From 27.07.2023 till date |
| 2 | Shri M. Devaraj | Chairman | From 02.02.2021 to 27.07.2023 |
| 3 | Shri Pankaj Kumar | Managing Director | From 10.03.2021 till date |
| 4 | Shri Nidhi Kumar Narang | Director (Finance) | From 01.06.2022 till date |
| 5 | Shri Amit Kumar Srivastava | Director (Commercial) | From 24.05.2022 till date |
| 6 | Shri Kamallesh Bahadur Singh | Director (Corporate Planning) and Director (P & MA) (In Additional Charge) | From 18.06.2022 till date |
| 7 | Shri Sourajit Ghosh | Director (I.T.) | From 18.06.2022 till date |
| 8 | Shri Mrugank Shekhar Dash Bhattamishra | Director (Personnel and Administration) | From 12.07.2022 to 07.12.2023 |
| 9 | Shri Gyanendra Dhar Dwivedi | Director (Distribution) | From 11.10.2023 till date |
| 10 | Shri Nitin Nijhawan | Chief Finance Officer | From 01.12.2022 till date |
| 11 | Shri Jitesh Grover | Company Secretary (Additional Charge) | From 22.08.2022 till date* |

* Ms. Priti Arora, full-time Company Secretary has joined the Company on 07.06.2024

C. Nominee Directors:

| S.No. | Name | Designation | Period |
|-------|-------------------------|-------------------|-------------------------------|
| 1 | Shri Guru Prasad Porala | Nominee Directors | From 23.07.2021 to 04.03.2024 |
| 2 | Shri Ranvir Prasad | Nominee Directors | From 04.03.2024 till date |
| 3 | Shri Anupam Shukla | Nominee Directors | From 10.08.2022 till date |
| 4 | Smt. Neha Sharma | Nominee Directors | From 02.09.2022 till date |
| 5 | Shri Neel Ratan Kumar | Nominee Directors | From 16.04.2013 till date |
| 6 | Shri Sanjai Kumar Singh | Nominee Directors | From 14.02.2023 to 03.05.2023 |
| 7 | Shri Abhishek Singh | Nominee Directors | From 03.05.2023 till date |
| 8 | Shri Ali Shah | Nominee Directors | From 16.06.2023 to 21.02.2024 |
| 9 | Shri Sandeep Kumar | Nominee Directors | From 21.02.2024 till date |
| 10 | Shri R.P. Vaishnav | Nominee Directors | From 16.06.2023 till date |

D. Relative of Key Managerial Personnel (if any)*(Where transaction have taken place during the year or previous year/balances outstanding)- NIL***Part-II****Details of Related Party Transactions:****A. Transactions with Subsidiaries and Employee Benefit Funds for the year ended 31.03.2024**

| S. No. | Particulars | Subsidiaries | (₹ Crore) | |
|--------|---|----------------------------------|---|---|
| | | | Employee Benefit Funds | |
| | | For the year ended 31.03.2024 | CPF Trust For the year ended 31.03.2024 | GPF Trust For the year ended 31.03.2024 |
| 1. | Sale of Power | 71,503.65 | | |
| 2. | Allocation of Common Expenditure | 161.70 | | |
| 3. | Investment of Equity | 9,671.11 | | |
| 4. | Share Application Money | 1,120.15 | | |
| 5. | Receivables on account of Loan/Bonds taken on behalf of DISCOMs (Note 6 & 11) | (9,295.21) | | |
| 6. | Trade Receivables (Note 8) | (896.44) | | |
| 7. | Other Receivables (Note 11) | (19.24) | | |
| 8. | Payables against Loan (Note 16) | (147.05) | | |
| 9. | Payables against Grant/Loan (Note 19) | 2,494.25 | | |
| 10. | CPF Contribution made to Trust (Employers & Employees) (Note 19) | | 2.35 | |
| 11. | GPF Contribution made to Trust (Employees) (Note 12) | | | (9.33) |
| 12. | Employer Contribution on account of Pension & Gratuity | | | (0.44) |
| | | 74,592.92 | 2.35 | (9.77) |

B. Transactions with GoUP Related Power Sector Entities for the year ended 31.03.2024

| S.No | Particulars | (₹ Crore) | |
|------|----------------------------------|---|--------------|
| | | GoUP Related Power Sector Entities (Under Same Government) | |
| | | UPRVUNL | UPPTCL |
| 1. | Purchase of Power | 13,772.86 | (1.66) |
| 2. | Allocation of Common Expenditure | 1.56 | 19.71 |
| 3. | Investment in Equity | - | - |
| 4. | Share Application Money | - | - |
| 5. | Other Receivables | - | 21.47 |
| 6. | Other Payables | (191.31) | - |
| | | 13,583.11 | 39.52 |

c. Employment benefit of Key Managerial Personnel for the year ended 31.03.2024

| S.No. | Employment Benefit | Amount (₹ Crore) |
|-------|-------------------------------|---------------------|
| 1 | Short-Term Employment Benefit | 2.62 |
| 2 | Post-Employment Benefit | 0.72 |
| | Total | 3.34 |

Part-III

Details of DISCOM wise Related Party Transactions

For the year ended 31.03.2024

(₹ Crore)

| S.No | Name of DISCOM | Sale of Power | Allocation of Commodity Expenditure | Investment in Equity | Share Application Money | Nature of Transaction Loan/Bonds taken on behalf of DISCOMS (Receivables) | Trade Receivables | Other Receivables | Other Payables | Total |
|------|----------------|---------------|-------------------------------------|----------------------|-------------------------|--|-------------------|-------------------|----------------|-----------|
| 1 | PuVVNL | 15,824.45 | 39.20 | 2,830.98 | 541.59 | (3,087.50) | (330.42) | (12.49) | 48.34 | 15,854.15 |
| 2 | MVVNL | 15,521.51 | 36.16 | 1,448.03 | 987.16 | (1,929.80) | (1,025.17) | (7.58) | 236.07 | 15,266.38 |
| 3 | DVVNL | 15,680.90 | 35.61 | 2,400.97 | 301.59 | (1,878.54) | 473.85 | (4.69) | 105.46 | 17,115.15 |
| 4 | PVVNL | 21,889.67 | 43.46 | 2,577.02 | (614.09) | (1,942.56) | - | 8.18 | 1,944.37 | 23,906.05 |
| 5 | KESCo. | 2,587.12 | 7.27 | 414.11 | 96.10 | (456.81) | (14.70) | (2.66) | 12.96 | 2,451.19 |
| | Total | 71,503.65 | 161.70 | 9,671.11 | 1,120.15 | (9,295.21) | (896.44) | (19.24) | 2,347.20 | 74,592.92 |

Part-IV

Balances outstanding (Closing Balances)

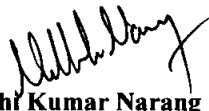
(₹ Crore)

| S.No. | Name of Related Party | Balances as at 31.03.2024 | Balances as at 31.03.2023 |
|----------|--|---------------------------|---------------------------|
| A | Subsidiaries (Note 5+6+8+11-16-19) | | |
| 1 | PurvanchalVidyutVitran Nigam Ltd. | 60,151.11 | 60,257.29 |
| 2 | MadhyanchalVidyutVitran Nigam Ltd. | 46,489.15 | 47,252.58 |
| 3 | DakshinanchalVidyutVitran Nigam Ltd. | 51,594.94 | 50,407.22 |
| 4 | PaschimanchalVidyutVitran Nigam Ltd. | 23,054.35 | 24,970.17 |
| 5 | Kanpur Electricity Supply Company Ltd. | 6,203.77 | 6,372.89 |
| B | Employee Benefit Funds | | |
| 1 | UP Power Sector Employees (Trust) | 37.85 | 46.74 |
| 2 | UP Power Corporation Employees Contributing Provident Fund (Trust) | (29.88) | (27.53) |
| C | GoUP-Related Power Sector Entities: | | |
| 1 | UP RajyaVidyutUtpadan Nigam Limited (UPRVUNL) | (8,715.89) | (8,524.58) |
| 2 | UP Power Transmission Corporation Ltd.* | 2,631.03 | 2,609.56 |

*It includes investment in equity of ₹2,213.34 Crore and Share application money of ₹180.72 Crore.

For and on behalf of Board of Directors

Date: 11-11-2024
Place: Lucknow


Nidhi Kumar Narang
Director (Finance)
(DIN: 03473420)


Pankaj Kumar
Managing Director
(DIN: 08095154)

ANNEXURE-V

1. RELATED PARTY DISCLOSURE:

Part-I

1. Names of the Related Parties and Description of Relationship:

A. Related Parties where control exists:

a. Subsidiaries* (DISCOMs)

- i. Purvanchal Vidyut Vitran Nigam Ltd. (PuVVNL)
- ii. Madhyanchal Vidyut Vitran Nigam Ltd. (MVVNL)
- iii. Dakshinanchal Vidyut Vitran Nigam Ltd. (DVVNL)
- iv. Paschimanchal Vidyut Vitran Nigam Ltd. (PVVNL)
- v. Kanpur Electricity Supply Company Ltd. (KESCO)

*The government of Uttar Pradesh vide its cabinet note no.412/1793734/2024 dated 14.03.2024, provided instruction to the company (i.e. U.P power Corporation Limited) to incorporate a 100% wholly owned subsidiaries in the name of "UP Renewable and EV Infrastructure Limited". The object of the company is to provide infrastructure and service for charging of Electric Vehicle (EV) and related incidental services in the state of Uttar Pradesh. In view of above instruction, the company "UP Renewable and EV Infrastructure Limited" has been incorporated on 27.05.2024.

b. Employment Benefit Funds

- i. U.P. Power Sector Employees Trust (GPF)
- ii. U.P. Power Corporation Contributory Provident Fund Trust (CPF)

B. Other Related Parties

(Where Transactions have been taken place during the year or previous year/balances outstanding)

- a. Associates and Related Entities - Nil
- b. Joint Venture Corporation - Nil

C. GoUP-Related Power Sector Entities (under the same government):

- i. U.P. Rajya Vidyut Utpadan Nigam Ltd. (UPRVUNL)*
- ii. U.P. Power Transmission Corporation Ltd. (UPPTCL)
- iii. U.P. State Load Dispatch Center Limited (UPSLDC)

*The Government of Uttar Pradesh vide Gazette Notification dated 03.11.2023 has notified the Scheme as THE UTTAR PRADESH ELECTRICITY REFORMS (AMALGAMATION AND MERGER OF STATE GENERATING COMPANIES) SCHEME, 2023 (Scheme). Accordingly, Jawaharpur Vidyut Utpadan Nigam Ltd. (JVUNL) has been merged with Uttar Pradesh Rajya Vidyut Utpadan Nigam Ltd. (UPRVUNL) and then UPRVUNL has been merged into UP Jal Vidyut Nigam Ltd. (UPJVNL). As per clause 10 of the Scheme, for change in the name, Form 'Run' was filed by UPJVNL and MCA has given its 'no objection' confirmation for the new name i.e. U.P. Rajya Vidyut Utpadan Nigam Ltd on 31.01.2024

2. Disclosure as per Ind AS 27 (Separate Financial Statements):

A. Investment in Subsidiary Companies:

| S. No. | Name of Company | Country of Incorporation | Place of Registered Office | Proportion of Ownership Interest | |
|--------|---|--------------------------|----------------------------|----------------------------------|------------------|
| | | | | As at 31.03.2024 | As at 31.03.2023 |
| (i) | Purvanchal Vidyut Vitran Nigam Ltd. (PuVVNL) CIN-U31200UP2003SGC027461 | India | Varanasi, UP | 100% | 100% |
| (ii) | Madhyanchal Vidyut Vitran Nigam Ltd. (MVVNL) CIN-U31200UP2003SGC027459 | India | Lucknow, UP | 100% | 100% |
| (iii) | Dakshinanchal Vidyut Vitran Nigam Ltd. (DVVNL) CIN-U31200UP2003SGC027460 | India | Agra, UP | 100% | 100% |
| (iv) | Paschimanchal Vidyut Vitran Nigam | India | Meerut, UP | 100% | 100% |

| S. No. | Name of Company | Country of Incorporation | Place of Registered Office | Proportion of Ownership Interest | |
|--------|--|--------------------------|----------------------------|----------------------------------|------------------|
| | | | | As at 31.03.2024 | As at 31.03.2023 |
| (v) | Ltd. (PVVNL) CIN-U31200UP2003SGC027458 Kanpur Electricity Supply Company Ltd. (KESCO) CIN-U40105UP1999SGC024626 | India | Kanpur, UP | 100% | 100% |

B. Key Management Personnel: -

| S.No. | Name | Designation | Period |
|-------|--|--|-------------------------------|
| 1 | Dr. Ashish Kumar Goel | Chairman | From 27.07.2023 till date |
| 2 | Shri M. Devaraj | Chairman | From 02.02.2021 to 27.07.2023 |
| 3 | Shri Pankaj Kumar | Managing Director | From 10.03.2021 till date |
| 4 | Shri Nidhi Kumar Narang | Director (Finance) | From 01.06.2022 till date |
| 5 | Shri Amit Kumar Srivastava | Director (Commercial) | From 24.05.2022 till date |
| 6 | Shri Kamalesh Bahadur Singh | Director (Corporate Planning) and Director (P & MA) (In Additional Charge) | From 18.06.2022 till date |
| 7 | Shri Sourajit Ghosh | Director (I.T.) | From 18.06.2022 till date |
| 8 | Shri Mrugank Shekhar Dash Bhattamishra | Director (Personnel and Administration) | From 12.07.2022 to 07.12.2023 |
| 9 | Shri Gyanendra Dhar Dwivedi | Director (Distribution) | From 11.10.2023 till date |
| 10 | Shri Nitin Nijhawan | Chief Finance Officer | From 01.12.2022 till date |
| 11 | Shri Jitesh Grover | Company Secretary (Additional Charge) | From 22.08.2022 till date* |

* Ms. Priti Arora, full-time Company Secretary has joined the Company on 07.06.2024

C. Nominee Directors:

| S.No. | Name | Designation | Period |
|-------|-------------------------|-------------------|-------------------------------|
| 1 | Shri Guru Prasad Porala | Nominee Directors | From 23.07.2021 to 04.03.2024 |
| 2 | Shri Ranvir Prasad | Nominee Directors | From 04.03.2024 till date |
| 3 | Shri Anupam Shukla | Nominee Directors | From 10.08.2022 till date |
| 4 | Smt. Neha Sharma | Nominee Directors | From 02.09.2022 till date |
| 5 | Shri Neel Ratan Kumar | Nominee Directors | From 16.04.2013 till date |
| 6 | Shri Sanjai Kumar Singh | Nominee Directors | From 14.02.2023 to 03.05.2023 |
| 7 | Shri Abhishek Singh | Nominee Directors | From 03.05.2023 till date |
| 8 | Shri Ali Shah | Nominee Directors | From 16.06.2023 to 21.02.2024 |
| 9 | Shri Sandeep Kumar | Nominee Directors | From 21.02.2024 till date |
| 10 | Shri R.P. Vaishnav | Nominee Directors | From 16.06.2023 till date |

D. Relative of Key Managerial Personnel (if any)*(Where transaction have taken place during the year or previous year/balances outstanding)- NIL***Part-II****Details of Related Party Transactions:****A. Transactions with Subsidiaries and Employee Benefit Funds for the year ended 31.03.2024**

| S. No. | Particulars | Subsidiaries | Employee Benefit Funds | |
|--------|---|----------------------------------|----------------------------------|----------------------------------|
| | | | CPF Trust | GPF Trust |
| | | For the year ended 31.03.2024 | For the year ended 31.03.2024 | For the year ended 31.03.2024 |
| 1. | Sale of Power | 71,503.65 | | |
| 2. | Allocation of Common Expenditure | 161.70 | | |
| 3. | Investment of Equity | 9,671.11 | | |
| 4. | Share Application Money | 1,120.15 | | |
| 5. | Receivables on account of Loan/Bonds taken on behalf of DISCOMs (Note 6 & 11) | (9,295.21) | | |
| 6. | Trade Receivables (Note 8) | (896.44) | | |
| 7. | Other Receivables (Note 11) | (19.24) | | |
| 8. | Payables against Loan (Note 16) | (147.05) | | |
| 9. | Payables against Grant/Loan (Note 19) | 2,494.25 | | |
| 10. | CPF Contribution made to Trust (Employers & Employees) (Note 19) | | 2.35 | |
| 11. | GPF Contribution made to Trust (Employees) (Note 12) | | | (9.33) |
| 12. | Employer Contribution on account of Pension & Gratuity | | | (0.44) |
| | | 74,592.92 | 2.35 | (9.77) |

B. Transactions with GoUP Related Power Sector Entities for the year ended 31.03.2024

| S.No | Particulars | GoUP Related Power Sector Entities (Under Same Government) | |
|------|----------------------------------|---|--------------|
| | | UPRVUNL | UPPTCL |
| | | | |
| 1. | Purchase of Power | 13,772.86 | (1.66) |
| 2. | Allocation of Common Expenditure | 1.56 | 19.71 |
| 3. | Investment in Equity | - | - |
| 4. | Share Application Money | - | - |
| 5. | Other Receivables | - | 21.47 |
| 6. | Other Payables | (191.31) | - |
| | | 13,583.11 | 39.52 |

c. Employment benefit of Key Managerial Personnel for the year ended 31.03.2024

| S.No. | Employment Benefit | Amount (₹ Crore) |
|-------|-------------------------------|---------------------|
| 1 | Short-Term Employment Benefit | 2.62 |
| 2 | Post-Employment Benefit | 0.72 |
| | Total | 3.34 |

Part-III

Details of DISCOM wise Related Party Transactions

For the year ended 31.03.2024
(₹ Crore)

| S.No. | Name of DISCOM | Sale of Power | Allocation of Common Expenditure | Investment in Equity | Share Application Money | Loan/Bonds taken on behalf of DISCOMS (Receivables) | Trade Receivables | Other Receivables | Other Payables | Total |
|-------|----------------|------------------|----------------------------------|----------------------|-------------------------|---|-------------------|-------------------|-----------------|------------------|
| 1 | PuVVNL | 15,824.45 | 39.20 | 2,830.98 | 541.59 | (3,087.50) | (330.42) | (12.49) | 48.34 | 15,854.15 |
| 2 | MVVNL | 15,521.51 | 36.16 | 1,448.03 | 987.16 | (1,929.80) | (1,025.17) | (7.58) | 236.07 | 15,266.38 |
| 3 | DVVNL | 15,680.90 | 35.61 | 2,400.97 | 301.59 | (1,878.54) | 473.85 | (4.69) | 105.46 | 17,115.15 |
| 4 | PVVNL | 21,889.67 | 43.46 | 2,577.02 | (614.09) | (1,942.56) | - | 8.18 | 1,944.37 | 23,906.05 |
| 5 | KESCO. | 2,587.12 | 7.27 | 414.11 | 96.10 | (456.81) | (14.70) | (2.66) | 12.96 | 2,451.19 |
| | Total | 71,503.65 | 161.70 | 9,671.11 | 1,120.15 | (9,295.21) | (896.44) | (19.24) | 2,347.20 | 74,592.92 |

Part-IV

Balances outstanding (Closing Balances)

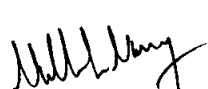
(₹ Crore)

| S.No. | Name of Related Party | Balances as at 31.03.2024 | Balances as at 31.03.2023 |
|----------|--|---------------------------|---------------------------|
| A | Subsidiaries (Note 5+6+8+11-16-19) | | |
| 1 | Purvanchal Vidyut Vitran Nigam Ltd. | 60,151.11 | 60,257.29 |
| 2 | Madhyanchal Vidyut Vitran Nigam Ltd. | 46,489.15 | 47,252.58 |
| 3 | Dakshinanchal Vidyut Vitran Nigam Ltd. | 51,594.94 | 50,407.22 |
| 4 | Paschimanchal Vidyut Vitran Nigam Ltd. | 23,054.35 | 24,970.17 |
| 5 | Kanpur Electricity Supply Company Ltd. | 6,203.77 | 6,372.89 |
| B | Employee Benefit Funds | | |
| 1 | UP Power Sector Employees (Trust) | 37.85 | 46.74 |
| 2 | UP Power Corporation Employees Contributing Provident Fund (Trust) | (29.88) | (27.53) |
| C | GoUP-Related Power Sector Entities: | | |
| 1 | UP Rajya Vidyut Utpadan Nigam Limited (UPRVUNL) | (8,715.89) | (8,524.58) |
| 2 | UP Power Transmission Corporation Ltd.* | 2,631.03 | 2,609.56 |

*It includes investment in equity of ₹2,213.34 Crore and Share application money of ₹180.72 Crore.

For and on behalf of Board of Directors

Date: 11-11-2024
Place: Lucknow


Nidhi Kumar Narang
Director (Finance)
(DIN: 03473420)


Pankaj Kumar
Managing Director
(DIN: 08095154)



Manish Mishra & Associates

Company Secretaries in Practice

Office Address: Flat No. G-2, B 1/65, Classic Mansion Apartment, Sector-K, Aliganj, Lucknow, U.P. - 226024

Contact: +91-7084645555 | E-mail: mmacsLucknow@gmail.com | Website: www.csmars.com

CERTIFICATE ON CORPORATE GOVERNANCE

To,
U. P. POWER CORPORATION LIMITED
SHAKTI BHAWAN,
ASHOK MARG LUCKNOW,
UTTAR PRADESH -226001

We have examined the compliance of the conditions of Corporate Governance by U. P. Power Corporation Limited ('the Company') for the year ended on March 31, 2024, as stipulated under Regulations 17 to 27, clauses (a) to (i) of sub-regulation (1A) of Regulation 62 and para C, D & E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2024. However as informed to us Compliance of Regulation 62(1A) is under process and will be updated within due course of time. **Further, due to non appointment of Independent Director the Composition of various committee falling under Regulations 17 to 27 are not in consonance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is in search for appointment of Independent Directors and once appointed the aforesaid committees will be reconstituted in alignment with the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.**



Slumail





Manish Mishra & Associates

Company Secretaries in Practice

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Contact: +91-7084645555 | E-mail: mmarslucknow@gmail.com | Website: www.csmaars.com

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Manish Mishra & Associates,
Company Secretaries
(F.R. N. P2015UP081000)

Sukumar



CS Sukhmendra Kumar
Partner

Practicing Company Secretary

CP. No.: 21707

M. No: - 37552

UDIN: A037552F001857766

Peer Review Cert. No. 3163/2023

Date-04-11-2024

Place-Lucknow



Manish Mishra & Associates
Company Secretaries in Practice

Office Address: Flat No. G-2, B 1/65, Classic Mansion Apartment, Sector-K, Aliganj, Lucknow, U.P. - 226024

Contact: +91-7084645555 | E-mail: mmacsLucknow@gmail.com | Website: www.csmars.com

CERTIFICATE ON DISQUALIFICATION OF DIRECTOR

To,
U. P. POWER CORPORATION LIMITED
SHAKTI BHAWAN,
ASHOK MARG LUCKNOW,
UTTAR PRADESH -226001

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **U. P. POWER CORPORATION LIMITED** having **CIN U32201UP1999SGC024928** and having registered office at Shakti Bhawan, Ashok Marg Lucknow Uttar Pradesh UP 226001 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and according to the verification of the status of Directors Identification Number (DIN) of each director done by us at the portal www.mca.gov.in and on the basis of information available with us as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2024 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

| S. No. | DIN/PAN | Name | Date of Appointment |
|--------|------------|----------------------------|---------------------|
| 1) | 03047610 | Dr. Ashish Goel | 27.07.2023 |
| 2) | 06684884 | Sh. Ranvir Prasad | 04.03.2024 |
| 3) | 08095154 | Sh. Pankaj Kumar | 10.03.2021 |
| 4) | 09659225 | Sh. Anupam Shukla | 10.08.2022 |
| 5) | BPTPS8628M | Smt. Neha Sharma | 02.09.2022 |
| 6) | 03473420 | Sh. Nidhi Kumar Narang | 01.06.2022 |
| 7) | 03616458 | Sh. Neel Ratan Kumar | 16.04.2013 |
| 8) | 09642954 | Sh. Kamalesh Bahadur Singh | 18.06.2022 |

S. Kumar





Manish Mishra & Associates

Company Secretaries in Practice

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Contact: +91-7084645555 | E-mail: mmacsLucknow@gmail.com | Website: www.csmars.com

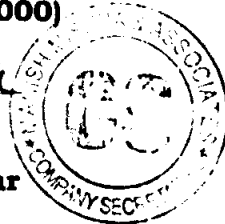
| | | | |
|-----|----------|------------------------------|------------|
| 9) | 09617008 | Sh. Amit Kumar Srivastava | 24.05.2022 |
| 10) | 09642955 | Sh. Sourajit Ghosh | 18.06.2022 |
| 11) | 10393079 | Sh. G.D. Dwivedi | 11.10.2023 |
| 12) | 10271109 | Sh. Abhishek Singh | 03.05.2023 |
| 13) | 08529035 | Sh. Sandeep Kumar | 21.02.2024 |
| 14) | 01868883 | Sh. R.P. Vaishnav | 16.06.2023 |

*The date of appointment is as per the MCA Portal.



Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Manish Mishra & Associates,
Company Secretaries
(F.R. N. P2015UP081000)**

S. Kumar



**CS Sukhmendra Kumar
Partner
Practicing Company Secretary
CP. No.: 21707
M. No: - 37552
UDIN: A037552F001857854
Peer Review Cert. No. 3163/2023
Date-04-11-2024
Place-Lucknow**

| | | |
|---|---|---|
|  | <p align="center">U. P. Power Corporation Limited. (A Government of UP undertaking) CIN:U32201UP1999SGC024928</p> <hr/> <p align="center">Registered address: Shakti Bhawan, 14 Ashok Marg, Lucknow-226001 Phone No. 0522-2286618, Email: companysecretary@uppcl.org</p> |  |
|---|---|---|

CEO&CFO Certification

To
The Board of Directors
U.P. POWER CORPORATION LIMITED

We, the undersigned, in our respective capacities as Chief Financial Officer of U.P. POWER CORPORATION LIMITED ("the Company"), to the best of our knowledge and belief certify that:

- a) We have reviewed the financial statements and the cash flow statement for the financial year ended 31st March 2024 and to the best of our knowledge and belief, we state that:
 - i. These statements do not contain any materially untrue statement or omit any material factor or contain statements that might be misleading;
 - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b) There are no transactions entered into by the Company during the financial year, which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- d) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
 - i. Significant changes, if any, in the internal control over financial reporting during the year;
 - ii. Significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
 - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For and on behalf of Board of Directors

Date: 11-11-2024
Place: Lucknow


Nitin Nijhawan
Chief Financial Officer


Pankaj Kumar
Managing Director
DIN : 08095154

उ०प्र० पावर कारपोरेशन लिमिटेड

प्रमुख उपलब्धियाँ

वितरण क्षेत्र में किये गये कार्य

1- विद्युत आपूर्ति में सुधार

प्रदेश में वर्तमान लागू रोस्टर के अनुसार ग्रामीण क्षेत्रों में 18:00 घण्टे, तहसील (मुख्यालय) में 21:30 घण्टे तथा जनपद (मुख्यालय) में 24:00 घण्टे विद्युत आपूर्ति निर्धारित है। वर्तमान में प्रदेश में स्थानीय व्यवधान को छोड़कर निर्धारित रोस्टर के अनुसार विद्युत आपूर्ति की जा रही है।

| | ग्रामीण क्षेत्र | तहसील मुख्यालय | जनपद मुख्यालय |
|--|-----------------|----------------|---------------|
| वर्ष 2023-24 में (01 अप्रैल 2023 से मार्च, 2024 के बीच औसत आपूर्ति) | 18:24 घण्टे | 21:40 घण्टे | 24:00 घण्टे |

2- विद्युतीकरण के परिप्रेक्ष्य में अनवरत विद्युत आपूर्ति हेतु वितरण क्षेत्र में विद्युत तंत्र का सुदृढीकरण

➤ प्रदेश में विद्युत उपभोक्ताओं को निर्बाध बिजली आपूर्ति सुनिश्चित करने हेतु दिनांक 01.04.2022 से 31.03.2024 तक कुल 37 नये 33/11 केवी विद्युत उपकेन्द्र ऊर्जीकृत किये गये एवं 248 विद्युत उपकेन्द्रों की क्षमता बढ़ायी गई।

3- उपभोक्ताओं के हित में दी गयी सुविधाओं का विवरण

कृषकों के निजी नलकूपों के सम्बन्ध में लिये गये निर्णय एवं लागू व्यवस्था

- नवीन व्यवस्था के अन्तर्गत निजी नलकूप के किसानों द्वारा पूर्व की व्यवस्थानुसार स्वयं परिवर्तक उतार कर वर्कशाप लाने के स्थान पर उनके विद्युत देयक बकाया नहीं होने की दशा में, विभागीय वाहन से ही उनका क्षतिग्रस्त परिवर्तक निर्धारित 48 घण्टे में बदलने की व्यवस्था की गई है।
- पूर्व में डार्क जोन में नये निजी नलकूप कनेक्शन देने पर लगे प्रतिबन्ध को हटा लिया गया है, जिससे लगभग एक लाख किसानों को सीधा फायदा हुआ।
- प्रदेश में दिनांक 01.04.2022 से दिनांक 31.03.2024 तक कुल 1,22,471 निजी नलकूप संयोजन निर्गत किये गये। दिनांक 01.04.2023 से दिनांक 31.03.2024 तक कुल 63,489 निजी नलकूप संयोजन निर्गत किये गये।

4- विद्युत वितरण तन्त्र में सुधार हेतु एशियन डेवलपमेन्ट बैंक वित्त पोषित 'उत्तर प्रदेश पावर डिस्ट्रीब्यूशन नेटवर्क रिहैबिलिटेशन प्रोजेक्ट'

- योजना का वित्त पोषण एशियन डेवलपमेन्ट बैंक से प्राप्त होने वाले US\$ 430 मिलियन (रु० 3179.9 करोड़) के ऋण की धनराशि से कराया जा रहा है।
- एशियन डेवलपमेन्ट बैंक ऋण वित्त पोषित 'उत्तर प्रदेश पावर डिस्ट्रीब्यूशन नेटवर्क रिहैबिलिटेशन प्रोजेक्ट' के अन्तर्गत प्रदेश के पूर्वांचल विद्युत वितरण निगम लि०-वाराणसी व मध्यांचल विद्युत वितरण निगम लि०-लखनऊ में चयनित 20,067 मजदूरों में पूर्व में खुले तारों वाली एल०टी० विद्युत लाईनों को एल०टी० एरियल बन्व केबिल से प्रतिस्थापना का कार्य कराया जा चुका है।
- इसी योजना में प्रदेश के पश्चिमांचल विद्युत वितरण निगम लि०-मेरठ एवं दक्षिणांचल विद्युत वितरण निगम लि०-आगरा में 562 ग्रामीण 11 केवी पोषकों को नलकूप एवं बत्ती-पंखा के पृथक-पृथक पोषकों में पृथक्कीकरण के लक्ष्य के सापेक्ष 554 नये कृषि पोषकों का निर्माण कार्य कराया जा चुका है। योजना में कार्य प्रगति पर है।

5- रिवैम्प्ड रिफार्म-बेस्ड एण्ड रिजल्ट-लिक्ड, डिस्ट्रीब्यूशन सेक्टर स्कीम

भारत सरकार द्वारा संचालित Revamped Distribution Sector Scheme (RDSS) की स्वीकृति दिनांक 28 मार्च, 2022 को प्राप्त हुई। इस योजना का मुख्य उद्देश्य उत्तर प्रदेश के डिस्कॉमों को वित्तीय रूप से सक्षम एवं परिचालन के दृष्टिकोण से कुशल वितरण तंत्र द्वारा विद्युत उपभोक्ताओं को कम मूल्य पर गुणवत्तापूर्ण निर्बाध विद्युत आपूर्ति किया जाना एवं वर्ष 2024-25 तक ए०टी० एण्ड सी० हानियों को अखिल भारतीय स्तर पर 12 से 15 प्रतिशत तक कम करना एवं वर्ष 2024-25 तक ACS-ARR के अन्तर को शून्य करना है। इस योजना के निम्न घटक हैं -

(क) स्मार्ट मीटरिंग- इस योजना के स्मार्ट मीटरिंग घटक के अन्तर्गत उत्तर प्रदेश पावर कारपोरेशन लि० की सहयोगी वितरण निगमों द्वारा रु० 18885.48 करोड़ की लागत से लगभग 2.69 करोड़ कन्ज्यूमर

मीटर, लगभग 15.26 लाख डीटी मीटर एवं लगभग 20 हजार फीडर मीटर के स्थापना का कार्य मार्च, 2025 तक कराया जाना लक्षित है।

उपरोक्त कार्यों के सम्पादन हेतु पश्चिमांचल विद्युत वितरण निगम लि० के अन्तर्गत 01 नग पैकेज के सापेक्ष 01 नग पैकेज, पूर्वांचल विद्युत वितरण निगम लि० में 03 नग पैकेज के सापेक्ष 03 नग पैकेज, दक्षिणांचल विद्युत वितरण निगम लि० के अन्तर्गत 02 नग पैकेज के सापेक्ष 02 नग पैकेज एवं मध्यांचल विद्युत वितरण निगम लि० के अन्तर्गत 03 नग पैकेज के सापेक्ष 03 नग पैकेज हेतु कार्यदायी संस्थाओं का चयन किया जा चुका है।

(ख) लॉस रिडक्शन- इस घटक के अन्तर्गत उत्तर प्रदेश पावर कारपोरेशन लि० के सभी डिस्कॉमों में ₹0 16,498.61 करोड़ की लागत से कार्य स्वीकृत हैं इन कार्यों के सम्पादन के लिए निविदा प्रक्रिया पूर्ण करते हुए कार्यदायी संस्थाओं का चयन किया जा चुका है। जिनके द्वारा सर्वे का कार्य पूर्ण कराते हुए कार्यों के निष्पादन का कार्य प्रगति पर है।

लॉस रिडक्शन के अन्तर्गत निष्पादित कार्यों की अद्यतन प्रगति निम्नवत् है:-

- एल०टी० लाइन में खुले तारों/क्षतिग्रस्त केबल को ए०बी० केबिल से बदलने के लक्ष्य 1,40,415.21 सर्किट कि०मी० के लक्ष्य के सापेक्ष प्रगति 62,421.94 सर्किट कि०मी०।
- 33 के०वी० एवं 11 के०वी० फीडर विभक्तिकरण के कार्य हेतु 12,597.00 सर्किट कि०मी० के लक्ष्य के सापेक्ष प्रगति 2618.93 सर्किट कि०मी०।
- एच०टी० लाइन के कन्डक्टर प्रतिस्थापना के कार्य हेतु 41,141.27 सर्किट कि०मी० के लक्ष्य के सापेक्ष प्रगति 13850.01 सर्किट कि०मी०।
- 11 के०वी० फीडर पृथक्कीकरण के कार्य हेतु 20,421.50 सर्किट कि०मी० के लक्ष्य के सापेक्ष प्रगति 7239.82 सर्किट कि०मी०।
- एल०टी० लाइन में कन्डक्टर्स के एक्स.एल.पी.ई. आर्मर्ड केबल से बदलने के लक्ष्य 9,349.00 सर्किट कि०मी० के लक्ष्य के सापेक्ष प्रगति 4,270.53 सर्किट कि०मी०।

(ग) आधुनिकीकरण-

योजना के अन्तर्गत प्रदेश में विद्युत तंत्र के आधुनिकीकरण हेतु कार्यों का प्राथमिक प्रस्ताव माह अक्टूबर 2023 में नोडल एजेन्सी आर०ई०सी०, नई दिल्ली को परीक्षण हेतु प्रेषित किया गया है, जिसमें प्रस्तावित धनराशि का 60 प्रतिशत भारत सरकार से अनुदान स्वरूप तथा शेष 40 प्रतिशत का वित्त पोषण राज्य सरकार एवं वितरण निगम द्वारा किया जायेगा। आधुनिकीकरण के प्रस्तावित मुख्य कार्यों में नये 33/11 के०वी० उपकेन्द्रों का निर्माण, 33/11 के०वी० उपकेन्द्रों की क्षमता वृद्धि, नई 33 के०वी० लाइनों का निर्माण, वितरण परिवर्तकों की स्थापना, 11 के०वी० लाइन का निर्माण, एल०टी० लाइन का निर्माण, वितरण परिवर्तकों की क्षमतावृद्धि का कार्य तथा चिन्हित बड़े शहरों में स्काडा का कार्य प्रस्तावित है।

6-राज्य सरकार एवं विभागीय बजट से कराये जाने वाले प्रणाली सुदृढीकरण के कार्य

प्रस्तावित कार्य-

1. 33 के0वी0, 11 के0वी0 एवं एल0टी0 लाइन का सुदृढीकरण
2. पावर ट्रांसफार्मर एवं वितरण ट्रांसफार्मर की क्षमतावृद्धि
3. निर्बाध विद्युत आपूर्ति हेतु 33/11 के0वी0 उपकेन्द्रों पर कराये जाने वाले आवश्यक कार्य यथा स्विचगियर, केबिल, प्रोटेक्शन सिस्टम आदि से सम्बन्धित कार्य

कार्य की लागत-

1. बिजनेस प्लान 2023-24 के अन्तर्गत धनराशि रू० 1163.09 करोड़ से प्रणाली सुदृढीकरण के कार्य कराये जा रहे हैं। अतिरिक्त बिजनेस प्लान के अन्तर्गत धनराशि रू० 1395.56 करोड़ से प्रणाली सुदृढीकरण के कार्य कराये जा रहे हैं। विभिन्न जनपदों में धनराशि रू० 1497.13 करोड़ से प्रणाली सुदृढीकरण के कार्य कराये जा रहे हैं।
 2. नवनिर्मित/विस्तारित नगर निकायों में धनराशि रू० 996.00 करोड़ से प्रणाली सुदृढीकरण के कार्य कराये जा रहे हैं।
 3. नोएडा एवं मऊ सहित प्रदेश के अन्य नगर निगमों में धनराशि रू० 1028.86 करोड़ से प्रणाली सुदृढीकरण के कार्य कराये जा रहे हैं।
- 7-वोल्टेज प्रोफाइल में सुधार एवं गुणवत्तापरक विद्युत आपूर्ति के उद्देश्य से केन्द्र सहायतित पी0एस0डी0एफ0 योजना के अन्तर्गत 33/11 के0वी0 विद्युत उपकेन्द्रों पर कैपेसिटर बैंक स्थापित किये जा रहे हैं। दिनांक 01.04.2022 से अब तक कुल 259 नग (क्षमता 681.12 MVAR) कैपेसिटर बैंक स्थापित किये जा चुके हैं।

8-वाणिज्य क्षेत्र में किये गये कार्य

- दिनांक 08.11.2023 से 16.01.2024 तक समस्त विद्युत भार के एल0एम0वी0-1 (घरेलू), एल0एम0वी0-2 (वाणिज्यिक), एल0एम0वी0-4बी (निजी संस्थान), एल0एम0वी0-5 (निजी नलकूप) एवं एल0एम0वी0-6 (औद्योगिक) श्रेणी के विद्युत उपभोक्ताओं के लिए विलम्बित भुगतान अधिभार में छूट हेतु “एकमुश्त समाधान योजना (ओ0टी0एस0)” एवं चोरी के प्रकरणों में राजस्व निर्धारण में छूट हेतु योजना लागू की गई है।
- बुन्देलखण्ड क्षेत्र के ग्रामीण निजी नलकूप विद्युत उपभोक्ताओं को एकल रबी फसल की सिंचाई हेतु सीजनल टैरिफ का लाभ एवं अस्थाई विद्युत संयोजन की सुविधा भी प्रदान की गयी है।
- उपभोक्ताओं की बिल सम्बन्धित, मीटर सम्बन्धित, ट्रांसफार्मर सम्बन्धित एवं आपूर्ति सम्बन्धित शिकायतों के त्वरित निस्तारण हेतु टोल फ्री हेल्पलाइन 1912 शुरू की गई, जिसमें दिनांक 12.04.2017 से दिनांक 09.04.2024 तक की कुल 1,80,50,895 शिकायतें प्राप्त हुईं। जिनमें से 1,80,23,564 अर्थात् 99.85 प्रतिशत शिकायतें निस्तारित हो गयी हैं।
- औद्योगिक एवं वाणिज्यिक श्रेणी के उपभोक्ताओं को नये संयोजन ऑनलाइन निवेश मित्र पोर्टल पर निर्गत करने की व्यवस्था की गयी है।
- उपभोक्ताओं को सुविधा प्रदान करने हेतु उनके परिसर पर ही रीडिंग के पश्चात बिल उपलब्ध कराने एवं मीटर रीडर के माध्यम से ही बिल की धनराशि प्राप्त करने की व्यवस्था की गई है।
- विद्युत उपभोक्ताओं के बिल जमा करने हेतु ग्रामीण क्षेत्रों में स्थित, उपभोक्ता सेवा केन्द्रों व जनसेवा केन्द्रों द्वारा विद्युत बिल जमा करने की व्यवस्था की गई है। इसके अतिरिक्त स्वयं सहायता समूह एवं राशन की दुकानों, विद्युत सखियों, मीटर रीडर के माध्यम से भी बिल जमा किये जा सकते हैं।
- सम्भव पोर्टल पर दिनांक 18.05.2022 से 11.03.2024 के मध्य कुल 5,79,090 शिकायतें प्राप्त हुईं, जिनमें से 5,54,121 निस्तारित हुईं।
- उपभोक्ताओं के घर बैठे नये संयोजन लेने एवं बिल जमा करने की सुविधा ऑनलाइन उपलब्ध करा दी गयी।
- सभी उपभोक्ताओं के के.वाई.सी. के अन्तर्गत टेलीफोन नं० प्राप्त कर सिस्टम द्वारा बिल एवं अन्य योजनाओं की सूचना दी जा रही है।
- बकाया राशि को आंशिक रूप से जमा करने की सुविधा दी गयी है।
- उपभोक्ता स्वयं अपना बिल घर बैठे ऑनलाइन सिस्टम द्वारा रीडिंग डालकर बना सकता है।
- निगम में ईआरपी प्रणाली पूरी तरह से लागू कर दी गयी है।

9- कुल उत्पादन क्षमता

प्रदेश में समस्त श्रोतों से दिनांक 31.03.2022 तक अनुबन्धित कुल उत्पादन क्षमता 29,750 मेगावाट थी, जो 2185 मेगावाट बढ़कर वर्तमान में 31,935 मेगावाट हो गई है।

10- उत्पादन निगम के अन्तर्गत प्रमुख कार्य एवं उपलब्धियाँ

ऊर्जा विभाग की तापीय विद्युत उत्पादन के क्षेत्र में अब तक की उपलब्धियाँ

- वित्तीय वर्ष 2021-22 में कुल 35021.614 मि०यू० का विद्युत उत्पादन किया गया था। वित्तीय वर्ष 2022-23 में उत्पादन निगम लि० के विद्युत गृहों द्वारा कुल 39691.374 मि०यू० विद्युत उत्पादन किया गया था। चालू वित्तीय वर्ष 2023-24 में उत्पादन निगम लि० के विद्युत गृहों द्वारा कुल 39583.993 मि०यू० विद्युत उत्पादन किया गया है।
- वित्तीय वर्ष 2021-22 में उत्पादन निगम लि० की इकाईयों का कुल पी०एल०एफ० 71.82 प्रतिशत था। वित्तीय वर्ष 2022-23 में उत्पादन निगम लि० की इकाईयों का कुल पी०एल०एफ० 76.55 प्रतिशत प्राप्त किया गया था। वित्तीय वर्ष 2023-24 के माह फरवरी, 2024 में ओबरा 'सी' तापीय परियोजना (2x660) कि प्रथम इकाई दिनांक 09.02.2024 एवं जवाहरपुर तापीय परियोजना (2x660) कि प्रथम इकाई दिनांक 21.02.2024 को वाणिज्यिक भार पर आ गयी है वित्तीय वर्ष 2023-24 में उत्पादन निगम लि० की इकाईयों का कुल पी०एल०एफ० 75.28 प्रतिशत प्राप्त किया गया है।

विद्युत उत्पादन का नया कीर्तिमान

- उ०प्र० राज्य विद्युत उत्पादन निगम लि० द्वारा दिनांक 08.05.2022 को अधिकतम 131.23 मि०यू० (5468 मे०वा०) का रिकार्ड विद्युत उत्पादन किया गया।
- वित्तीय वर्ष 2022-23 में उ०प्र०रा०वि०उ०नि०लि० ने कुल 39691 मिलियन यूनिट सकल विद्युत उत्पादन का नया कीर्तिमान स्थापित किया।
- इससे पूर्व उ०प्र०रा०वि०उ०नि०लि० का अधिकतम 37657 मिलियन यूनिट सकल विद्युत उत्पादन का रिकार्ड वित्तीय वर्ष 2018-19 में रहा था जिसे वित्तीय वर्ष 2022-23 में 2034 मिलियन यूनिट अधिक (5.40% अधिक) विद्युत उत्पादन करते हुये नया रिकार्ड बनाया गया।
- वित्तीय वर्ष 2022-23 में उ०प्र०रा०वि०उ०नि०लि० के अनपरा, ओबरा, पारीछा तथा हरदुआगंज तापीय परियोजनाओं से कुल 39691 मिलियन यूनिट सकल विद्युत उत्पादन हुआ जो पूर्व वित्तीय वर्ष 2021-22 में हुये कुल 35022 मिलियन यूनिट सकल विद्युत उत्पादन से 13.33% अधिक रहा है।
- वित्तीय वर्ष 2022-23 में उ०प्र०रा०वि०उ०नि०लि० द्वारा 76.55% प्लांट लोड फैक्टर (पी०एल०एफ०) प्राप्त किया गया है जो विगत 03 वित्तीय वर्षों 2019-20, 2020-21 तथा 2021-22 में क्रमशः प्राप्त 68.80%, 69.71% तथा 71.82% प्लांट लोड फैक्टर (पी०एल०एफ०) से अधिक है।
- इस कीर्तिमान में अनपरा 'द' ताप विद्युत गृह की 2x500 मे०वा० की इकाईयों द्वारा रिकार्ड 95.75% वार्षिक प्लांट लोड फैक्टर (पी०एल०एफ०) पर उत्पादनरत् हुये अब तक का अधिकतम 8388 मिलियन यूनिट का सकल विद्युत उत्पादन किया गया।
- साथ ही ओबरा 'ब' ताप विद्युत गृह की 5x200 मे०वा० की इकाईयों द्वारा वित्तीय वर्ष 2022-23 में रिकार्ड अधिकतम 6097 मिलियन यूनिट का सकल विद्युत उत्पादन किया गया।

उत्पादन निगम द्वारा निर्माणाधीन परियोजनायें:-

- उत्तर प्रदेश राज्य विद्युत उत्पादन निगम लिमिटेड द्वारा वर्तमान में 03 तापीय परियोजनायें क्रमशः 2x660 मे०वा० ओबरा 'सी' तापीय परियोजना, 1x660 मे०वा० पनकी तापीय परियोजना एवं उत्तर प्रदेश राज्य विद्युत उत्पादन निगम लि० की सब्सिडरी कम्पनी जवाहरपुर विद्युत उत्पादन निगम लि० द्वारा 660 मे०वा० की दो इकाईयों की स्थापना की जा रही है, जिस हेतु निर्माण कार्य प्रगति पर है। उक्त 05 इकाईयों से प्रदेश की विद्युत उत्पादन क्षमता में 5x660 मे०वा० की वृद्धि होगी।
- जवाहरपुर तापीय परियोजना के इकाई संख्या-1 का कोल सिंक्रोनाइजेशन दिनांक 22.09.2023 को पूर्ण होने के उपरान्त विद्युत उत्पादन प्रारम्भ हो गया है तथा वाणिज्यिक उत्पादन 22 फरवरी, 2024 से प्रारम्भ हो गया है। इकाई संख्या-2 का बॉयलर लाइटअप दिनांक 02.11.2023 को किया गया है तथा जून 2024 से द्वितीय इकाई से उत्पादन प्रारम्भ होना संभावित है।
- 2x660 मे०वा० ओबरा 'सी' तापीय परियोजना के इकाई संख्या-1 से दिनांक 26.12.2023 को पूर्ण क्षमता पर उत्पादन प्राप्त किया गया तथा इस इकाई से वाणिज्यिक उत्पादन 09 फरवरी, 2024 से रम्भ हो गया है। इकाई संख्या-2 का बॉयलर लाइटअप माह मार्च, 2024 तथा उत्पादन माह जुलाई, 2024 से प्रारम्भ होना संभावित है।
- 1x660 मे०वा० पनकी तापीय परियोजना की इकाई का ब्वायलर लाइट-अप दिनांक 18.11.2023 को किया गया है। इकाई से मई, 2024 में उत्पादन प्रारम्भ होना सम्भावित है।

संयुक्त क्षेत्र में नव-परियोजनायें:-

- उ०प्र० राज्य विद्युत उत्पादन निगम लिमिटेड एवं मै० एन०एल०सी० के संयुक्त उद्यम एन०यू०पी०पी०एल० के अन्तर्गत कानपुर नगर की घाटमपुर तहसील में सुपर क्रिटिकल तकनीक की 660 मे०वा० की तीन इकाईयों

(कुल क्षमता 1980 मे0वा0) का निर्माण कार्य प्रगति पर है। परियोजना की प्रथम इकाई का ऑयल सिंक्रोनाइजेशन दिनांक 04.11.2023 को पूर्ण किया जा चुका है। परियोजना की तीनों इकाईयों से क्रमशः दिनांक 30-04-2024, 30-11-2024 एवं दिनांक 31.03.2025 से विद्युत उत्पादन प्रारम्भ होना संभावित है।

- एम0यू0एन0पी0एल0 के अधीन उ0प्र0 ग्लोबल इन्वेस्टर्स समिट-2023 में 2x660 मे0वा0 मेजा तापीय परियोजना-द्वितीय चरण की स्थापना हेतु एम0ओ0यू0 किया गया था परन्तु अद्यतन में मे0 एन0टी0पी0सी0 लि0 द्वारा 3x800 मे0वा0 परियोजना स्थापित किये जाने का निर्णय लिया गया है।
- माह फरवरी, 2023 में सम्पन्न हुई उ0प्र0 ग्लोबल इन्वेस्टर समिट में उत्तर प्रदेश सरकार द्वारा मै0 एनटीपीसी लि0 के साथ 50:50 अंशधारिता के संयुक्त उद्यम के रूप में सोनभद्र जनपद के ओबरा क्षेत्र में 2x800 तापीय विद्युत परियोजना, अनपरा क्षेत्र में 2x800 तापीय विद्युत परियोजना तथा प्रयागराज जनपद के मेजा तहसील में 2x660 तापीय विद्युत परियोजना द्वितीय चरण की स्थापना हेतु एम0ओ0यू0 हस्ताक्षरित किया गया था। उक्त एम0ओ0यू0 के क्रम में-

2x800 मे0वा0 ओबरा 'द' तापीय परियोजना की स्थापना:

- 2x800 मे0वा0 ओबरा 'द' तापीय परियोजना की स्थापना मै0 एन0टी0पी0सी0 और उ0प्र0रा0वि0उ0नि0लि0 के 50:50 अंशधारिता के संयुक्त उद्यम एम0यू0एन0पी0एल0 के माध्यम से किये जाने एवं परियोजना लागत रू0 17985.27 करोड़ का अनुमोदन उ0प्र0 शासन द्वारा दिनांक 14.07.2023 को प्रदान किये जाने के क्रम में दिनांक 13.09.2023 को पूरक संयुक्त उद्यम समझौते का निष्पादन किया जा चुका है।
- एम0यू0एन0पी0एल0 द्वारा ओबरा परिक्षेत्र में दिनांक 24.11.2023 को साइट ऑफिस स्थापित किया गया है तथा साइट क्लियर्न्स हेतु कार्यवाही की जा रही है।

2x800 मे0वा0 अनपरा 'ई' तापीय परियोजना की स्थापना:

- 2x800 मे0वा0 अनपरा 'ई' तापीय परियोजना की स्थापना हेतु एनटीपीसी द्वारा दिनांक 09.11.2023 को डी0पी0आर0 तैयार की गयी।
- एन0टी0पी0सी0 और उ0प्र0रा0वि0उ0नि0लि0 के 50:50 अंशधारिता के आधार पर संयुक्त उद्यम एम0यू0एन0पी0एल0 के माध्यम से स्थापना किये जाने एवं परियोजना लागत रू0 18624.83 करोड़ का अनुमोदन उनिलि के निदेशक मण्डल द्वारा दिनांक 20.11.2023 को प्रदान किया गया एवं शासन से अनुमोदन प्रक्रियाधीन है।

नवीकरणीय ऊर्जा

- कोयला आधारित परियोजनाओं के अतिरिक्त नवीकरणीय ऊर्जा के क्षेत्र में विद्युत उत्पादन हेतु एन0टी0पी0सी0 ग्रीन इनर्जी लि0 के साथ एम0ओ0यू0 हस्ताक्षरित किया जा चुका है तथा संयुक्त (Joint Venture) बनाने हेतु कार्यवाही प्रक्रियाधीन है।

11- पारेषण क्षेत्र में किये गये कार्य

ऊर्जा की आवश्यकता के अनुरूप अनवरत विद्युत आपूर्ति हेतु पारेषण तंत्र का सुदृढीकरण

- स्थापित पारेषण तंत्र की क्षमता (ट्रांसमिशन कैपेबिलिटी) में वृद्धि : प्रदेश की पारेषण क्षमता (ट्रांसमिशन कैपेबिलिटी), जो वर्ष 2016-17 में 16348 मेगावाट थी, को वर्ष 2023-24 में बढ़ाकर 28900 मेगावाट किया गया। पारेषण क्षमता को वर्ष 2024-25 में बढ़ाकर 32400 मेगावाट किया जाना लक्षित है।
- पारेषण तंत्र की विद्युत आयात क्षमता (टी0टी0सी0) में वृद्धि : पारेषण तंत्र की विद्युत आयात क्षमता, जो वर्ष 2016-17 में 7800 मेगावाट थी, को वर्ष 2023-24 में बढ़ाकर 15900 मेगावाट किया गया। विद्युत आयात क्षमता को वर्ष 2024-25 में बढ़ाकर 17000 मेगावाट जाना लक्षित है।
- उ0प्र0 पावर ट्रांसमिशन कारपोरेशन लि0 द्वारा दिनांक 24.07.2023 को 28,284 मेगावाट की उच्चतम माँग को सफलतापूर्वक वहन किया गया।

- वर्ष 2023-24 में दिनांक 03.09.2023 को अधिकतम विद्युत आपूर्ति पिछले वर्ष 2022-23 में अधिकतम विद्युत आपूर्ति 547.6 मिलियन यूनिट के सापेक्ष, 578.98 मिलियन यूनिट की गयी।
 - वर्ष 2023-24 में 26 नग विद्युत उपकेन्द्रों यथा 01 नग 765 के0वी0, 01 नग 400 के0वी0, 14 नग 220 के0वी0 तथा 10 नग 132 के0वी0 उपकेन्द्रों का ऊर्जीकरण किया गया है। उक्त उपकेन्द्रों के ऊर्जीकरण से ग्रिड में 15039 एम0वी0ए0 परिवर्तक क्षमता का संयोजन एवं 3640 सर्किट कि0मी0 पारेषण लाइनों का ऊर्जीकरण किया गया है।
- वर्ष 2024-25 की अवधि में 28 नग उपकेन्द्रों यथा 01 नग 400 के0वी0, 08 नग 220 के0वी0 व 19 नग 132 के0वी0 पारेषण उपकेन्द्रों का ऊर्जीकरण किया जाना लक्षित है।

नव परियोजनाएँ

- **बुन्देलखण्ड क्षेत्र में सौर ऊर्जा निकासी हेतु पारेषण तन्त्र का निर्माण:**

ग्रीन इनर्जी कॉरिडोर-II के अन्तर्गत बुन्देलखण्ड क्षेत्र में सौर ऊर्जा उत्पादन हेतु 4000 मेगावाट क्षमता के सोलर पार्क, यूपीनेडा द्वारा स्थापित किया जाना नियोजित है। इन परियोजनाओं से विद्युत निकासी हेतु 20 नग पारेषण उपकेन्द्रों का निर्माण किया जाना है। उपकेन्द्रों के निर्माण हेतु 33 प्रतिशत धनराशि भारत सरकार द्वारा पूँजीगत अनुदान के रूप में, 47 प्रतिशत धनराशि वित्तीय संस्था से ऋण के रूप में एवं 20 प्रतिशत धनराशि राज्य सरकार द्वारा अंशपूँजी के रूप में प्राप्त होगी।

ग्रीन इनर्जी कॉरिडोर-II के अन्तर्गत कुल 20 नग पारेषण उपकेन्द्रों के निर्माण हेतु 23 पैकेजों में निविदा आमंत्रित की गयी थी जिसमें से 22 पैकेजों के कार्यों हेतु आशय पत्र निर्गत है तथा शेष 01 नग पैकेज के कार्य का आवंटन प्रक्रियाधीन है।

- **टैरिफ बेस्ड कॉम्पेटिटिव बिडिंग (टी0बी0सी0बी0) के माध्यम से परियोजनाओं का निर्माण:**

प्रदेश में टैरिफ बेस्ड कॉम्पेटिटिव बिडिंग के अन्तर्गत पी0पी0पी0 पद्धति से निर्मित लगभग ₹0 3667.44 करोड़ की लागत की तापीय परियोजनायें यथा ओबरा 'सी', जवाहरपुर एवं घाटमपुर तापीय परियोजनाओं से ऊर्जा निकासी हेतु 400 के0वी0 उपकेन्द्र बदायूं, फिरोजाबाद एवं पारेषण लाइनों का निर्माण कार्य पूर्ण। पारेषण तन्त्र के सुदृढीकरण हेतु लगभग ₹0 3233.83 करोड़ की लागत से 765 के0वी0 उपकेन्द्र मेरठ, 765 के0वी0 उपकेन्द्र रामपुर, 400 के0वी0 उपकेन्द्र सिम्भावली, 400 के0वी0 उपकेन्द्र सम्भल तथा 400 के0वी0 उपकेन्द्र मोहनलालगंज पारेषण परियोजनाएं ऊर्जीकृत।

प्रदेश में स्थापित बारा, मेजा एवं टाण्डा तापीय परियोजनाओं से ऊर्जा निकासी हेतु लगभग ₹0 1409.65 करोड़ लागत से 765 के0वी0 उपकेन्द्र मैनपुरी एवं 400 के0वी0 उपकेन्द्र गोण्डा एवं तत्सम्बन्धी पारेषण लाइनों के अवशेष अवयवों का कार्य प्रगति पर है।

अग्रेतर, लगभग ₹0 1852.59 करोड़ लागत की परियोजनाएं यथा 400 के0वी0 मेरठ(765)- शामली पारेषण लाइन, 220 के0वी0 उपकेन्द्र तिर्वा (कन्नौज) तत्सम्बन्धी लाइनों तथा 400 के0वी0 शामली- अलीगढ़ लाइन का खुरजा पर लीलो का कार्य, 400 के0वी0 जी0आई0एस0 उपकेन्द्र मेट्रो डिपो (ग्रेटर नोएडा) एवं जलपुरा (ग्रेटर नोएडा) तत्सम्बन्धी लाइनों, 400 के0वी0 जी0आई0एस0 उपकेन्द्र जेवर (गौतमबुद्ध नगर), 220 के0वी0 जी0आई0एस0 उपकेन्द्र कैण्ट चौकाघाट (वाराणसी), 220 के0वी0 जी0आई0एस0 उपकेन्द्र वसुंधरा (गाज़ियाबाद), 220 के0वी0 उपकेन्द्र खागा (फतेहपुर) का तत्सम्बन्धी लाइनों के निर्माण कार्यों हेतु आशय पत्र निर्गमन उपरान्त एस0पी0वी0 हस्तानान्तरण की कार्यवाही सम्पन्न।

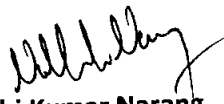
12- उत्तर प्रदेश जल विद्युत निगम लिमिटेड

- I. उत्तर प्रदेश जल विद्युत निगम लि० द्वारा प्रदेश में स्थापित जल विद्युत गृहों के परिचालन, रख-रखाव के कार्य के साथ-साथ नई जल विद्युत परियोजनाओं के स्थापना सम्बन्धी कार्य सम्पादित किये जा रहे हैं।
- II. वर्तमान में उत्तर प्रदेश राज्य में स्थापित जल विद्युत गृहों की अधिष्ठापित क्षमता 524.9 मेगावाट है। वित्तीय वर्ष 2022-23 एवं वर्ष 2023-24 हेतु विद्युत उत्पादन/लक्ष्य (अनुमान) का विवरण निम्नवत् है:-

| क्र. सं. | विद्युत गृह का नाम | स्थापित क्षमता (मे०वा०) | विद्युत उत्पादन का विवरण (मि०यू०) | | | |
|----------|--|-------------------------|-----------------------------------|---------|----------------|-------------------------|
| | | | वर्ष 2022-23 | | वर्ष 2023-24 | |
| | | | वार्षिक लक्ष्य | उत्पादन | वार्षिक लक्ष्य | उत्पादन (31.03.2024 तक) |
| 1 | रिहन्द (6x50 मे०वा०) | 300.00 | 700.00 | 358.90 | 650.00 | 332.25 |
| 2 | ओबरा (3x33 मे०वा०) | 99.00 | 300.00 | 160.07 | 220.00 | 145.41 |
| 3 | खारा (3x24 मे०वा०) | 72.00 | 320.00 | 328.78 | 310.00 | 273.69 |
| 4 | माताटीला (3x10.2 मे०वा०) | 30.60 | 120.00 | 126.41 | 120.00 | 99.31 |
| 5 | ऊपरी गंगा नहर पर स्थित जल विद्युत गृह (निरगाजिनी, चित्तौड़ा, भोला एवं सलावा) | 13.70 | 21.00 | 30.54 | 21.00 | 30.58 |
| 6 | पूर्वी यमुना नहर पर स्थित जल विद्युत गृह (बेलका एवं बबेल) | 6.00 | 8.80 | 7.35 | 8.8 | 7.50 |
| 7 | शीतला जल विद्युत गृह | 3.60 | 2.20 | 2.48 | 2.22 | 3.44 |
| | कुल योग | 524.90 | 1472.00 | 1014.55 | 1332.00 | 892.00 |

नोट:- उ०प्र० विद्युत निगम लि० के नियंत्रणाधीन जल विद्युत परियोजनाओं की मशीनें विद्युत उत्पादन हेतु उपलब्ध हैं। सूच्य है कि माताटीला जल विद्युत गृह एवं ओबरा जल विद्युत गृह की 1-1 मशीन कैपिटल ओवरहालिंग हेतु शट डाउन में है। रिहन्द जलाशय का जल स्तर कम होने के कारण रिहन्द एवं ओबरा जल विद्युत गृहों से विद्युत उत्पादन लक्ष्य से कम हुआ है।

For and on behalf of Board of Directors


Nidhi Kumar Narang
Director (Finance)
(DIN: 03473420)


Pankaj Kumar
Managing Director
(DIN: 08095154)

Date: 11-11-2024
Place: Lucknow