



CIN : U40101UP2004SGC028687

15th Annual Accounts & Report 2018-2019

Uttar Pradesh Power Transmission Corporation Ltd.

Regd. Office : Shakti Bhawan, 14 Ashok Marg, Lucknow-226 001

UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED



CIN : U40101UP2004SGC028687

BALANCE SHEET

As At

31.03.2019

&

PROFIT & LOSS STATEMENT

for The Year Ended

31.03.2019

Registered Office : Shakti Bhawan, 14-Ashok Marg, Lucknow-226 001

Board of Directors

(As on 31st March, 2019)

President & Chief Secretary (Power)

Shri Alok Kumar

Directors

- Shri Senthial Pandian C., Managing Director
 - Shri Neel Ratan Kumar, Director
- Shri Ravi Prakash Dubey, Director (Work & Project)
 - Shri Ram Swarath, Director (SLDC)
- Shri Chandra Mohan, Director (Operation)
 - Shri B.K. Khare, Director (P&M)
 - Shri R.K. Singh, Director
- Smt. Aparna U., Managing Director, UPPCL & Director, UPPTCL
 - Shri Suman Guchh, Director (Commercial & Planning)
 - Smt. Manju Shanker, Director
 - Shri Sudhanshu Diwedi, Director (Finance)
 - Smt Debjani Chakarvarty, Director

Company Secretary

Smt. Abha Sethi Tandon

(Acting Company Secretary)

Statutory Auditors

M/s. R.M. Lall & Company

Chartered Accountants

Head Office : 4/10, Vishal Khand, Gomti Nagar, Lucknow-226 010

Bankers

State Bank of India

Punjab National Bank

Central Bank of India

Oriental Bank of Commerce

ICICI Bank

HDFC Bank

Canara Bank

Registered Office

Shakti Bhawan

14, Ashok Marg, Lucknow-226 001

Contents

S.No.	Particulars	Page No.
1.	Director's Report	1 - 17
2.	Annexure to Director's Report	18 - 65
3.	Balance Sheet	66
4.	Profit & Loss Account	67 - 68
5.	Statement of Change in Equity	69
6.	Cash Flow Statement	70 - 71
7.	Significant Accounting Policies (Note 1)	72 - 78
8.	Note (2 - 24)	79 - 98
9.	Notes on Account (Note 25)	99 - 105
10.	Schedule of Restatement for Balance Sheet Figure	106
11.	Independent Auditor's Report	107 - 121
12.	CAG Audit Report	122 - 126
13.	Secretarial Auditor's Report	127 - 132

DIRECTOR'S REPORT

Your Board of Directors has the pleasure of presenting the Fifteenth Annual Report on the performance and operations of the Company during the financial year ending on 31st March, 2019 together with the Audited Financial Statements, Auditors' Report and Review of the Financial Statements by the Comptroller and Auditor General of India for the reporting period under review.

Introduction:-

The Uttar Pradesh Power Transmission Corporation Limited (UPPTCL) was carved out from UPPCL pursuant to Government of U.P notification no. 2974(1)/24-P-2-2010 dated December 23, 2010. The transmission activities including Assets, Liabilities and related proceedings were transferred from UPPCL to UPPTCL w.e.f. 01 April, 2007 under the Transfer Scheme. The UPPTCL is a State Transmission Utility in terms of section 39 of The Electricity Act, 2003.

Financial Performance:-

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

PARTICULARS	(₹ In Crore)	
	Year ended 31.03.2019	Year ended 31.03.2018
<u>INCOME</u>		
Revenue from Wheeling of Power	2,359.88	2,065.60
Other Income	155.98	111.47
TOTAL (A)	2,515.86	2,177.07
<u>EXPENDITURE</u>		
Operational Expenditure :-		
Repair & Maintenance Expenses	429.40	407.64
Employees Cost	274.86	196.07
Administrative, General & Other Expenses	59.60	52.79
TOTAL (B)	763.86	656.50
Operational Profit/(Loss) before Dep. Intt. & Prov. C=(A-B)	1,752.00	1,520.57

Interest and Finance Charges	1063.31	952.78
Depreciation	1044.96	959.19
Bad debts & Provisions	-	-
TOTAL (D)	2108.27	1911.97
Profit/(Loss) Before Prior Period Income/(Exp.) and Tax	(356.27)	(391.40)
ADD : Net Prior Period Income/ (Expenditure)	-	-
Preliminary Exp.	-	-
NET PROFIT/(Loss) Before Tax	(356.27)	(391.40)
Provision for Income Tax	-	-
NET PROFIT/(Loss) After Tax	(356.27)	(391.40)

Capital Structure:

The Authorized Capital of the Company is ₹20,000,00,00,000/- (Rupees Twenty Thousand Crores only) divided into 20,000,00,00 (Twenty Crores) Equity Shares of ₹ 1000/- each.

The Company had raised its Share Capital during the year under review by issuing 110,09,150 number of Equity Shares to Government of Uttar Pradesh at a price of ₹1000/- per share. As a result, the Equity Share Capital of the Company had increased from ₹ 124,944,248,000/- to ₹ 135,953,398,000 consisting of 135,953,398 Equity Shares of ₹1000/- each.

Information Regarding Board Meetings pursuant to Section 134 (3)(b):

The Company has adhered to all the statutory provisions laid down in respect of conducting and convening the Board meetings and accordingly, the Board met 7 (Seven) times during the year and the intervening period between any two Board meetings has not exceeded the maximum gap of 120 days.

- I. 09th April, 2018
- II. 16th July, 2018
- III. 29th October, 2018
- IV. 20th December, 2018
- V. 22nd January, 2019
- VI. 19th March, 2019
- VII. 29th March, 2019

The provisions of Companies Act, 2013 and Secretarial Standards-1 relating to Board Meetings were adhered to while considering the time gap between two meetings.

Board Procedure

The Board of Directors follow a set of corporate governance practices and guidelines to help fulfill the corporate responsibility towards our stakeholders. These guidelines ensure that the Board will have the necessary authority and processes to review and evaluate our operations as and when required for implementation in attaining its objectives. The Board has also constituted various committees to expedite the process of decision making.

The meetings of the Board of Directors are normally held at the Registered Office of the Company. The dates of Board meetings are fixed well in advance and intimated to the Board members so as to enable them to plan their schedule accordingly. The agenda and notes on agenda are circulated to Directors well in advance, and in the defined agenda format. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meeting. Under certain circumstances the agenda are also tabled in the meeting with the permission of the Chairman, excepting the items which are price sensitive in nature. The agenda items for the Board meetings and other meetings of various statutory and non-statutory matters are comprehensive and informative in nature to facilitate informed deliberations and appropriate decision making. Sometimes, certain business transactions take place by way of passing Resolution by Circulation in order to address urgent issues. Your Company has undertaken every measure to adhere with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India pertaining to the Board Meeting and General Meeting.

All statutory, significant and material information are placed before the Board. The members of the Board have complete access to all information of the Company. Sometimes, senior management officials are also invited to the Board meetings to provide additional inputs on the items being discussed by the Board. Detailed presentations are made to the Board on various functional and operational areas of the Company like financial highlights, major projects and their progress, operations, etc.

The Board Minutes are prepared at the earliest, after the Board Meetings and thereafter circulated to all the Directors for their comments on the same. After receiving the comments of the Directors the matter is forwarded to the Chairman for signature within the required time frame. Relevant Minutes are then circulated to the concerned department / group for implementation and to all Directors for comments. Action Taken Report (ATR) on the decisions of the Board are obtained and placed for information/review in the succeeding Board meeting.

Directors' Responsibility Statement

Pursuant to the requirements of section 134(3)(c) and 134(5) of the Companies Act, 2013 the Directors hereby confirm that :-

- (i) In the preparation of the Annual Accounts, the applicable Accounting Standards have been adhered to, except few cases which are in consonance with the provisions laid down in Electricity (Supply) (Annual Accounts) Rules, 1985 and the Accounting Policy has been framed accordingly which has been duly applied along with adequate disclosure thereof through Notes to Accounts.
- (ii) The directors have selected appropriate Accounting Policies and applied them consistently, except the changes mentioned separately, and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2019 and of the profit and loss for the said Financial Year under review.

The depreciation has been provided as per method prescribed in "Appendix-II" to The Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 issued by Central Electricity Regulatory Commission vide notification no. L-1/144/2013/CERC dt.21.02.2014 under the powers conferred to it u/s 178 of the Electricity Act, 2003 (36 of 2003) read with section 61. The said regulation is effective for the period from 01.04.2014 to 31.03.2019. The depreciation is charged at prescribed rates on SLM (Straight Line Method) with 10% salvage value of the original cost. Depreciation on additions to/deductions from fixed assets during the year is charged on Pro rata basis from/up to the month in which the asset is available for use/disposed.

- (iii) Proper and sufficient care has been taken for the maintenance of adequate Accounting Records in accordance with the provisions of The Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities. Moreover, it is to inform to the shareholders that various shortcomings, which have been noticed by the management and also those, which have been pointed out, by the Statutory Auditors and the C&AG shall be given cognizance and if required will be accounted for in the ensuing years.
- (iv) The directors had prepared Annual Accounts for the Financial Year ended 31st March, 2019 on going concern basis.
- (v) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Declaration of Independent Directors

The provisions of Section 149 pertaining to the appointment of Independent Directors apply to our Company. The company is in the process of appointment of Independent Directors on the Board.

Company's Policy Relating to Directors Appointment, Payment of Remuneration and Discharge of their Duties

The provisions of Section 178(2), (3) & (4) relating to Nomination and Remuneration Committee are not applicable to the Company vide notification no GSR 463 (E) dated 05.06.2015 and hence the Company has not devised any policy relating to appointment and remuneration including criteria for determining qualifications, positive attributes, Independence of Director and other related matters as provided under Section 178(3) of the Companies Act, 2013.

Explanation or Comments on Qualifications, Reservations or Adverse Remarks or Disclaimers made by the Auditors and the Practising Company Secretary in their Reports

The explanations /comments made by the Board relating to the qualifications, reservations or adverse remarks made by the Auditors including C & AG and the Practising Company Secretary in their respective reports are furnished as **Annexure I, II & III** and are attached to this report.

Particulars of Loans, Guarantees or Investments made Under Section 186 of the Companies Act, 2013

The provision of Loans, guarantees or investments made under Section 186 is not applicable to a Government company vide notification no GSR 463 (E) dated 05.06.2015.

Particulars of Contracts or Arrangements made with Related Parties

The provisions of Contracts or Arrangements made with related parties pursuant to Section 188 is not applicable to the Company as no transactions which were not on arm's length basis were entered in ordinary cause of business.

State of Company's Affairs/Operations**Physical Achievements**

During the FY 2018-19 under review the following transmission works have been completed:-

A Lines :-

Sl. No.	Voltage level (KV)	Total line length constructed during FY 2018-19 (Ckt. km)	Total line length as on date 31.03.2019 (Ckt. km)
1.	765KV	Nil	1,058
2.	400KV	281	6,072
3.	220KV	1,334	11,900
4.	132KV	2,860	21,652
	TOTAL	4,475	40,682

B (i) Sub Stations

Voltage	New Commissioned During FY 2018-19		Capacity Augmented During FY 2018-19		Total transformation capacity as on date 31.03.2019 (MVA)
	Nos. of S/Ss	Capacity (MVA)	Nos. of S/Ss	Capacity (MVA)	
765 KV	Nil	Nil	Nil	Nil	6,000
400 KV	01	400	06	1,020	17,900
220 KV	11	2,140	26	1,660	39,290
132 KV	15	946	74	2,447	48,001
TOTAL	27	3,486	106	5,127	1,11,191

B (ii) Capacitors (During FY 2018-19)

1.	132KV	-	960 MVAR
2.	33KV	-	1715 MVAR

B (iii) Bay (Energized) (During FY 2018-19)

1.	765KV	-	01 nos.
2.	400KV	-	01 nos.
3.	220KV	-	05 nos
4.	132KV	-	34 nos.
5.	33KV	-	226 nos.

List of 400 KV Substation already commissioned and in Operation

1. 400KV Masauli, Prayagraj

List of 220 KV Substation already commissioned and in Operation

1. 220KV Sarsawa, Saharanpur
2. 220KV Kanpur Road, Lucknow
3. 220KV Barabanki
4. 220KV Sarh
5. 220KV Bachhrawan
6. 220KV Sikandra, Kanpur
7. 220KV Mandola Vihar
8. 220KV Rukhi
9. 220KV Hata
10. 220KV Manth, Mathura
11. 220KV Pahadi, Chitrakoot

List of 132 KV Substation already commissioned and in Operation

1. 132KV Sahaswan
2. 132KV Raniganj
3. 132KV Itwa
4. 132KV Pashi
5. 132KV Kankarkhera-II
6. 132KV Ganganagar
7. 132KV Sadat
8. 132KV Sherkot
9. 132KV Aasha
10. 132KV Mau, Chitrakoot
11. 132KV Laxmipur
12. 132KV Tulsipur
13. 132KV Awas Vikas, Sultanpur Road, Lucknow
14. 132KV Harsiya
15. 132KV Nautanwa

UPPTCL is constantly upgrading the transmission capacity of the State to meet ever increasing power demand. The objective is to ensure reliable 24x7 power supply to discoms at appropriate voltage. The State has recently met the ever maximum demand of 23800 MW in the month of September, 2020. Augmentation of transmission capacity is being taken up by way of construction of new substations, new lines and increasing transformation capacity of existing substations.

1. Planning and Commercial Activities:-

Planning Activities-

The objective of Transmission planning is to evolve a Techno-Economic Intra-State Transmission system in compliance with Central Electricity Authority's (CEA) Transmission Planning Criteria, 2013 which provides for creation of transmission infrastructure for the following:-

- ❖ To handle the expected peak demand of Discoms and Long Term Open Access consumers,
 - ❖ For evacuation of power from generating stations within the state,
 - ❖ System augmentation considering the operational constraints in the transmission system and to improve the overall performance in respect of reliability, resilience and safety/stability of the grid considering contingency.
- Planning & Approval of new works considering long-term requirement (generally for 5 years horizon) on the basis of inputs from SLDC, GENCO and Discoms for meeting upcoming demand, Generation (conventional & non-conventional) & to address constraints in existing transmission network in State.
 - All the intra-State transmission works which involves connectivity with inter-State network or are of 400 kV & above voltage level are finalized in consultation with CEA/CTU.
 - Ensuring of Total Transfer Capability (TTC) matching with power import requirements of Discoms and Long Term Open Access (LTOA) customers.

2. Prospective Transmission Plan for Future Years

System load flow studies have been carried out for development of Transmission Plan for ensuring reliable grid operation for FY 2020-21 & ensuing FY 2021-22 to 2024-25 and in compliance to UPERC MYT Regulation, 2019 Business Plan for the control period FY 2020-21 to FY 2024-25 has been prepared and submitted for approval of UPERC. UPERC vide its order dated 15/10/2020 have approved as under:-

Projected peak demand in upcoming years, provided by Power management cell (UPPCL)

Year	Maximum Demand (MW)
2020-21	23867
2021-22	25486
2022-23	27212
2023-24	28991
2024-25	30819

Summary of Business Plan for control period FY 2020-21 to FY 2024-25.**Year wise Network Addition :-****Table-1: Addition Line length (Ckm)**

Voltage Level (kV)	F Y 2020-21	F Y 2021-22	F Y 2022-23	F Y 2023-24	F Y 2024-25
132	3,578	2,255	1,624	724	844
220	1,769	3,480	1,227	667	463
400	1,523	1,338	454	500	260
765	857	370	295	215	-
Total	7,726	7,443	3,600	2,106	1,568

Year wise addition of Substations:-**Table-2: Year wise addition of Substations (198 Nos.)**

Voltage Level (kV)	FY 2020-21		FY 2021-22		FY 2022-23	FY 2023-24	FY 2024-25
	UPPTCL	TBCB	UPPTCL	TBCB			
132	29	0	18	0	22	12	17
220	16	0	26	0	16	10	9
400	5	2	4	2	3	1	2
765	-	0	0	2	1	1	-
Total	50	2	48	4	42	24	28

Year wise addition of transformation capacity (MVA) :-**Table-3: Year wise addition of transformation capacity (MVA)**

Voltage Level (kV)	FY 2020-21		FY 2021-22		FY 2022-23	FY 2023-24	FY 2024-25
	UPPTCL	TBCB	UPPTCL	TBCB			
132	6,584	0	2,892	0	3,966	2,868	2,869
220	7,200	640	10,069	720	5,676	4,980	3,860
400	5,800	1,630	6,312	4,000	2,950	1,890	2,320
765	1,500	0	0	6,000	4,500	2,820	-
Total	21,084	2,270	19,273	10,720	17,092	12,558	9,049

After taking up the Transmission Project for the period up to FY 2025 the UPPTCL Transmission Network will be capable of handling the projected demand of 31000 MW (approx) of State DISCOMs as well as evacuation of power from new generation projects to be added in the Control Period. The estimated capital expenditure for the control period FY 2020-25 is as shown below:-

Year on Year Capital Expenditure (₹ 24,298 Cr)**(as submitted to UPERC)****excluding TBCB ongoing Works*

(₹ in Crore)

CAPEX	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
New/Ongoing Projects	3,436	4,351	4,214	1,734	1,621
Green Energy Corridor-II (Solar Power)	335	1,476	1,584	1,007	610
Augmentation	594	225	377	388	360
System Strengthening (Lines & Bays)	359	264	250	300	350
Addition of Capacitor/Reactor	87	75	100	100	100
Total	4,810	6,393	6,525	3,529	3,041

***UPERC yet to approve Capex Plan**

3. Progress and Achievements:-**i. Transmission Network Augmentation :-**

FY	2017-18	2018-19	2019-20	Till July 20	PPP till July 20	Addition in FY 18-19	Addition in FY 19-20	Addition till July 20
No. of Substation	527	554	575	577	10	27	26	02
Ckt (Km.)	36212	40714	44043	44349	1404	4502	3329	306
Transformation capacity(MVA)	102458	111191	122130	123839	13550	8733	10939	1709
Maximum demand handled (MW)	18061	20062	21632	23418	-	-	-	-

ii. Transmission Losses & Availability

Particular	2017-18	2018-19	2019-20	2020-21
Transmission Availability (%)				
Normative Annual Transmission System Availability factor as per the Regulations	98.00%	98.00%	98%	> 98%
Actual (computed as per the procedure laid down by Hon'ble UPERC)	99.07%	99.07%	99.47%*	—
Transmission Losses (%)				
As Approved by Hon'ble UPERC	3.79%	3.60%	3.56%	3.40%
Actual	3.56%	3.56%	3.43%*	—

*Provisional

4. Commercial Activities:-

- Preparation and Submission of Annual Revenue Requirement (Finalization of Annual Tariff including for the new assets capitalized), True-up Petition, Annual Performance Review (APR) & Business Plan of UPPTCL for approval of State Commission (UPERC).
- Pursuance of other UPPTCL's Tariff & Commercial related matter before appropriate Commission. (CERC/UPERC)
- To act as a nodal agency for Transmission charges billing to distribution licensees and other open access customers on monthly basis along with realization and reconciliation.

Tariff petition for FY 2021-21, APR FY 2019-20 and True-up petition for FY 2017-18 & FY 2018-19 has been submitted before UPERC.

Tariff Order passed by Regulators :

Tariff order for FY 2019-20 has been issued by UPERC on dated 27.08.2019:-

Particulars	Claimed	Tariff Order
Aggregate Revenue Requirement	2890	2051
Energy Handled (MU)	118464	111014
Transmission Tariff (₹ /kWh)	0.2440	0.1848

True-up order for FY 2016-17 has been issued by UPERC on dated 27.08.2019.

(₹ in Cr.)

Particulars	Tariff Order	Actual as per Audited Accounts	Approved upon Truing up
Aggregate Revenue Requirement	1960.48	1800.70	1977.35
Revenue from Operations	-	1784.21	1784.21
Net Gap/ (Surplus)	-	16.49	193.14
Energy Handled (MU)	120813	101763	101763
Transmission Tariff (₹ /kWh)	0.1623	0.1769	0.1943

Net revenue gap for FY 2016-17 approved by the Commission is ₹ 193.14 Cr.

Finance Activities:-**The Amount, If Any, Proposed By The Board to be Carried to Reserve :-**

There is Net Loss After Tax to the tune of ₹ 356.27 crores during the FY 2018-19 and accumulated losses to the tune of ₹ 1809.24 crores upto the year under review, hence, no amount is proposed to any reserve.

The Amount, If Any Recommended to be paid by way of Dividend :-

There is Net Loss After Tax to the tune of ₹ 356.27 crores during the FY 2018-19 and accumulated losses to the tune of ₹ 1809.24 crores upto the year under review, hence, the Directors could not recommend any dividend during the year under review.

Material Changes and Commitments Affecting the Financial Position of the Company which have occurred between the end of the Financial Year of the Company to which the Balance Sheet Relates and the date of Report :-

As per information made available by ZAO on the basis of audited accounts to Corporate Account Office, there are no such changes/commitments that affect the financial position of the company which have occurred between the end of the financial year of the company to which the balance sheet relates and the date of report.

Conservation of Energy, Technology Absorption and Foreign exchange Earnings and outgo :-

Information in accordance with the provisions of section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in Annexure-IV of this Report.

Statement Concerning Development and Implementation of Risk Management Policy of the Company :-

The Company does not have any Risk Management Policy as the elements of risk threatening the Company's existence are very minimal. However, the management is in the process of formulating comprehensive Risk Management Policy.

Details of policy developed and implemented by the company under Corporate Social Responsibility initiatives :-

The Company has adopted a CSR Policy in accordance with Schedule VII of the Companies Act, 2013. (Annexure V). The CSR Committee constituted under the Act comprised of the following Directors:-

1. Managing Director
2. Director (Finance)
3. Director (Commercial)
4. Director (Operations)
5. Director (Works & Project)

The Company had suffered a loss for three last financial years, therefore Company is not required to spend any amount towards CSR in the F.Y 2018-19.

Details of Deposits Under Chapter V of the Companies Act, 2013 :-

As per the information drawn from Annual Accounts 2018-19, No deposits have been called/accepted from public during FY 2018-19, hence, there is no non-compliance of provisions as specified under chapter V of the Companies Act, 2013.

Details of Orders against the company impacting the Going Concern Status and company's operations in Future :-

During the FY 2018-19 no material orders have been passed by the regulators or courts or tribunals against the company impacting the going concern status and company's operations in future.

Disclosure of Composition of Audit Committee

The Audit Committee comprised the following-

CMD. UPPTCL	—	Chairman
Director (Planning & Commercial)	—	Member
Special Secretary (Finance), Go UP	—	Member

Director (Finance) is the permanent Invitee of the Audit Committee while Company Secretary is the facilitator of the Committee Meetings. The Committee reviewed the Annual financial statements, report of the Statutory Auditors and CAG and reply thereon, before their submission to the Board as prescribed in Section 177 of the Companies Act, 2013 and recommended the same for approval of the Board.

Vigil Mechanism :-

The vigil mechanism established under the provision of the Companies Act, 2013 is aimed to provide for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases. The existence of the mechanism has been appropriately communicated within the organization.

Change in Board of Directors during the year

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

S. No.	Name	Designation at the beginning/during the financial	Period (2018-19)	
			Date of Appointment/ Change in Designation Cessation	Nature of Change (Appointment Change in Designation Cessation)
1	Shri Atul Trivedi	Nominee Director	16.07.2018	Cessation
2	Shri Rakesh Kumar Singh	Nominee Director	16.07.2018	Appointment
3	Smt Debjani Chakarvarty	Nominee Director	30.08.2018	Appointment
4	Shri Govind Singh Bhati	Nominee Director	30.08.2018	Cessation
5	Shri Amit Gupta	Managing Director	31.08.2018	Cessation
6	Shri Senthial Pandian C.	Managing Director	10.09.2018	Appointment
7	Shri Saroj Kumar Misra	Whole-Time Director	24.02.2019	Cessation
8	Shri Sudhanshu Dwivedi	Whole-Time Director	28.02.2019	Appointment

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

Statutory Auditors :-

M/s R.M. Lall & Co., Chartered Accountants, were appointed as Statutory Auditors of the Company for the Financial year 2018-19 by C&AG of India. The Statutory Auditors have audited the accounts of the company for the year ended on 31st March 2019. The replies to the report of the auditors are annexed to this report.

Cost Auditors :-

The Company is under obligation to maintain cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and accordingly such accounts and records are made and maintained by the Company.

The Board appointed M/s K.B. Saxena and Associates, Cost Auditors, 3rd Floor, Shagun place, Sapru Marg Hazratgunj Lucknow-226001 as the Cost Auditors for the financial Year 2018-19. The Cost Auditor submitted their report to the Board which has been filed with Ministry of Corporate Affairs, Cost Audit Branch in Form CRA-2.

Secretarial Auditor :-

In pursuant to Section 204 of the Companies Act, 2013, read with Rule 9 of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, the Board of the Company has appointed M/s. Dileep Dixit & Co., Company Secretaries in the capacity of the Secretarial Auditor for the financial year 2018-19. The Report of the Secretarial Auditor together with the Management explanation to such qualification pertaining to financial year ended on 31st March, 2019 is forming the part of this report and marked as Annexure-III.

Particulars of the Employees :-

Pursuant to Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, there was no person employed for the whole and/or part of the year in the Corporation drawing remuneration of ₹1.20 Crores per annum or ₹ 8.5 Lakh per month for the FY-2018-19.

Disclosures under Sexual Harassment of Women at Work Place (Prevention, Prohibition & Redressal) Act, 2013 :-

The Company is committed to provide a safe and conducive work environment to its employees. The Company has accordingly constituted an Internal Complaints Committee under the aforesaid Act. During the period under review no case has been reported under the Sexual Harassment of women at workplace (Prevention, Prohibition & Redressal) Act, 2013.

Internal Financial Control :-

The Company has in place adequate Internal Financial Controls with reference to Financial Statements and steps are being taken to further strengthen the same.

Subsidiary Companies :-

No company has become or ceased to be subsidiary / joint venture / associate company of UPPTCL during 2018-19.

Review of Accounts by the C & AG of India :-

The comments of Comptroller and Auditor General of India u/s 143(6)(b) of the Companies Act 2013 on the Annual Accounts of the Corporation for the year ended 31st March 2019 are appended to this report. The replies to the report of the C&AG of India are also annexed to this report.

Industrial Relations :-

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

Human Resource Development :-

Your Company believes that, in the current dynamic scenario, the assessment of human resource requirement and the skill sets to meet the emerging business requirements should be an on-going process. Accordingly, the management continuously monitors the situation and puts in place appropriate training policies to address the depletion on account of superannuation as well as the need for new skill sets.

Extract of the Annual Return :-

The extract of Annual return in terms of Section 134(3) read with Section 92(3) of the Companies Act, 2013 is placed as Annexure-VI forming part of this Report. Copy of the Annual Report comprising the extract of Annual Return will be hoisted on the website of the Company after filing the same with Registrar of Companies. The extract will be available on the web -address of the Company i.e. www.upptcl.org.

Acknowledgement :-

The Board of Directors gratefully acknowledge the co-operation and continued support extended by various Central and State Govt. Departments, U.P. Electricity Regulatory Commission, CERC, Central power Utilities, PFC, REC, Banks and other Financial Institutions. Besides above, the corporation places its record the support and co-operation of UPPCL, MVVNL, DVVNL, PuVVNL & PVVNL and KESCO. The Board places its appreciation for the contribution of contractors, vendors and consultants for their efforts in timely completion of Projects.

The Board also places on record its deep appreciation for the co-operation extended by Statutory Auditors, Cost Auditors, Secretarial Auditor and Office of the Comptroller and Auditor General of India. The Board appreciates the contribution made by the employees of the Company who have raised your Company to the platform where it is standing today and believe that their continuous dedication would enable your Company to achieve another laurel in the power transmission activities in India in the near future.

For and on behalf of the Board of Directors

-SD-

(Bibhu Prasad Mahapatra)

Director (Finance)

-SD-

(Senthil Pandian C.)

Managing Director

Date : 04.11.2020

Place : Lucknow

**MANAGEMENT'S REPLY TO STATUTORY AUDITOR'S REPORT ON THE ACCOUNTS OF
UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED FOR THE YEAR
ENDED ON 31-03-2019**

AUDITORS' REPORT	MANAGEMENT REPLY
To, The Members, Uttar Pradesh Power Transmission Corporation Limited, Shakti Bhawan, Lucknow <u>Report on Standalone Financial Statements</u> Opinion: We have audited the accompanying Standalone Financial Statements of Uttar Pradesh Power Transmission Corporation Limited (the Company), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statements") in which are incorporated accounts of four transmission zones and units thereof which have been audited by other auditors.	No Comment
In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the aforesaid Standalone Financial Statements give the information required by The Companies Act, 2013	No Comment

AUDITORS' REPORT	MANAGEMENT REPLY
("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and the loss, cash flows and changes in equity for the year ended on that date.	
Basis for Qualified Opinion: We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.	No Comment
We draw attention to the matters described in Annexure 'I', the effect of which, individually or in aggregate, are material but not pervasive to the financial statement and matters where we are unable to obtain sufficient and appropriate audit evidence.	

AUDITORS' REPORT	MANAGEMENT REPLY
The effects of matters described in the said Annexure 'I', which could be reasonably determined and quantified, are given therein. Our opinion is qualified in respect of these matters.	
Emphasis of Matter: The Company is yet to adopt the Audited Accounts for the financial year 2017-18 in the Annual General Meeting	No Comment
Key Audit Matters: Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.	No Comment
Information other than the Standalone Financial Statements and Auditor's Report thereon: The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to the Board's Report but does not include the Standalone Financial Statements and our auditor's report thereon.	No Comment
Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.	No Comment
In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially	No Comment

AUDITORS' REPORT	MANAGEMENT REPLY
inconsistent with the Standalone Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.	
If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.	No Comment
Management's Responsibility for the Standalone Financial Statements: The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.	No Comment

AUDITORS' REPORT	MANAGEMENT REPLY
In preparing the Standalone Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.	No Comment
Those Board of Directors are also responsible for overseeing the Company's financial reporting process.	No Comment
Auditor's Responsibility for the Audit of the Standalone Financial Statements: Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.	No Comment

AUDITORS' REPORT	MANAGEMENT REPLY
As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:	
Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.	No Comment
Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.	No Comment
Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.	No Comment
Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence	No Comment.

AUDITORS' REPORT	MANAGEMENT REPLY
obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.	
● Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.	No Comment
Materiality is the magnitude of misstatements in the Standalone Financial Statements that individually or in aggregate makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.	No Comment

AUDITORS' REPORT	MANAGEMENT REPLY
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.	No Comment
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.	No Comment
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstance, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.	No Comment
Other Matters: We did not audit the financial statements/ information of four transmission zones of the Company (branches) located at Agra, Meerut, Allahabad and Lucknow included in the Standalone Financial Statements of the Company. The financial statements/ information of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far	No Comment

AUDITORS' REPORT	MANAGEMENT REPLY
as it relates to the amounts and disclosures included in respect of branches, is based solely on the reports of such branch auditors.	
Report on Other Legal and Regulatory Requirements: 1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure-II", a statement on the matters specified in the paragraphs 3 and 4 of the said Order, to the extent applicable.	No Comment
2. As required by directions issued by the Comptroller & Auditor General of India under section 143(5) of the Act, we give in "Annexure - III (a) and III (b)", a statement on the matters specified in the directions.	No Comment
3. As required by section 143(3) of the Act, based on our audit, we report that: a. Except the matters described in the basis for qualified opinion, 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.	No Comment
b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches of the Company not visited and audited by us.	No Comment

AUDITORS' REPORT	MANAGEMENT REPLY
c. The reports on the accounts of the branches of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.	No Comment
d. The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and with the returns received from the branches not visited and audited by us	No Comment
e. Except the matters described in the basis for qualified opinion, in our opinion, the aforesaid Standalone Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued there under.	No Comment
f. There are no observations or comments on the financial transactions or matters which have any adverse effect on the functioning of the company.	No Comment
g. 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.	No Comment
h. With respect to the adequacy of the internal financial controls system in place and the operating effectiveness of such controls, refer to our report in "Annexure—IV".	No Comment

AUDITORS' REPORT	MANAGEMENT REPLY
i. 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, in our opinion and to the best of our information and according to the explanations given to us: i. Except for the effects of the matters described in the Basis of Qualified Opinion, the Company has disclosed the impact of pending litigations on its financial position in its financial statement; ii. The Company did not have any long-term contracts including derivative contracts entailing any material foreseeable losses. iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.	No Comment

-SD-
A.K. Gupta
ED (Finance & Accounts)

-SD-
B.P. Mahapatra
Director (Finance)

-SD-
Senthil Pandian C.
Managing Director

Annexure-I

As referred to in, and forming part of, our audit report of even date to the members of U.P. Power Transmission Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31st March, 2019.

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:

Directions	Reply
1. The Company has not complied with the following Accounting Standards - 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). a. The entire balances against Trade Receivable (note-7), Other Current Assets (note-9) and Other Current Liabilities (note-15) have been shown as current. These include amounts remaining unrecovered/unpaid for fairly long periods. Reasons for not showing such amounts as non-current could not be explained. This is inconsistent with Ind AS 1. This has resulted in over statement of respective current assets/liabilities and under statement of the corresponding non-current assets/liabilities.	All those liabilities/assets that are expected to be settled / realized within twelve months period have been classified as current. Moreover, as per Ind AS 1, the assets/liabilities are to be classified into current/non-current based upon their nature. Subject to contractual stipulations which may have effect of becoming realizable/payable beyond twelve months, may cause change in classification from current assets to non-current assets. Hence, the classification of liabilities/assets into current/non-current is consistent with Ind-AS 1.
b. Capital Advances to Suppliers (other than material) – ₹ 420.08 crores have been included in and shown as Capital Work in Progress (note-3), which is inconsistent with Ind AS 1 and Schedule III to the Companies Act, 2013. This has resulted in over statement of Capital Work in Progress.	The company has been making payment to its contractors mainly for works actually done and supplies made on the running account system for ongoing works under the turnkey project contracts. The formal agreement for the same is also drawn up under which the corporation secure lien on the works done and supplies made by the contractors concerned. Such payments are made subject to adjustment in the final bills when the work is

Directions	Reply
	completed or the running account is to be closed for other reasons. Additionally, the above classification is also required as per Part III of Annexure – I to the Electricity Supply (Annual Accounts) Rules, 1985. Thus, the classification of such advances under the group of CWIP is correct.
c. As per Significant Accounting Policy (2) (II), the Company capitalizes employee costs at a fixed percentage of the total expenditure on capital works incurred during the year. As per Ind AS 16 the elements of cost qualifying for recognition as an asset comprise only directly attributable costs. Capitalization of employee cost at a predetermined fixed percentage of expenditure on capital works is inconsistent with Ind AS 16.	Capital works at units are supervised by employees, hence, employee costs are directly attributable to capital works. However, due to multiplicity of functional units as well as multiplicity of functions at particular unit, the corporations do not have any other better option except to apportion the estimated cost on percentage basis. Moreover, the policy is reviewed as and when required. Thus, the above policy does not come under the purview of violation of Ind AS 16.
The Company has submitted that due to multiplicity of units as well as multiplicity of functions (i.e. capital works and O&M works) at a particular unit, the inherent intricacies of work involved necessitates performance of both capital works and O&M works through same set of employees, the exact segregation of which is not practical. Employee costs are attributable to both, Capital Works as well as O&M works. The Company, therefore, applies the best available rational judgement basis for employee cost capitalisation by way of fixed percentage	No Comment

Directions	Reply
of the total expenditure on capital works incurred during the year.	
d. Accounting for Employee Benefits: Actuarial Valuation of gratuity liability of the employees covered under GPF scheme has not been obtained. (Refer foot note no. 1 of note – 19). This is inconsistent with Ind AS 19.	Actuarial Valuation of all the employees (including UPPTCL) covered under GPF scheme is carried out by UPPTCL and accordingly, fix a percentage of Pay & DA is being contributed.
2. The Company has handed over the physical possession of 2.2250 hectares of land to the Department of Tourism, Etawah. However, the Company has neither made any adjustment under the head 'Property, Plant & Equipment' not disclosed this fact in the Notes to Accounts.	The matter is being taken up with the higher officials of the Government of U.P. and the necessary accounting will be done on the basis of final decision of top authorities regarding receipt of consideration against transfer of the above land, which is still awaited. Efforts are regularly being made to recover the amount against transfer of land.
3. The Company has handed over its land measuring 5.9 acres, located at TajMahal, East Gate Road to Tourism Department for construction of Mughal museum. However, the Company has neither made any adjustment under the head 'Property, Plant & Equipment' nor disclosed this fact in the Notes to Account.	132KV S/s Taj was energized in 1965. The land measuring 5.9 acre out of 11.38 acre land available at 132KV S/s Taj was given to Tourism Deptt. free of cost in compliance of U.P. Govt. Order No.117/2015/1892/41-2015-92 YO/15 dt. 11.08.2015 on approval accorded by Board of Directors in the 49th meeting held on 25.07.2016. Since the land was given free of cost. Hence, under the above circumstances no adjustment was made in the accounts. However, necessary disclosure shall be made in the ensuing accounts in hand.

Directions	Reply
4. The Company has handed over its land measuring 993 square meter located at 132/33 KV G/S Sub-station Neembu Park, Lucknow to Madhyanchal Vidhyut Vitran Nigam Limited. However, the Company has neither made any adjustment under the head 'Property, Plant & Equipment' nor disclosed this fact in the Notes to Account.	Necessary disclosure shall be made in the ensuing accounts in hand.
5. Inter unit transfers amounting ₹ 250.84 crores, (Refer note-9) are subject to reconciliation and consequential adjustments.	Efforts are being made for improvement in reconciliation. It is also worthwhile to mention here that an effective new system for control of IUT transactions of the entire company has been introduced w.e.f. FY 2017-18. As a result, there are no un-reconciled transactions for the year 2017-18 and 2018-19. Additionally, in efforts to reconcile balances relating to earlier periods, reconciled IUTs amounting to ₹ 29,475 crores have also been neutralized and settled during FY 2019-20. Efforts are also being made for further reconciliation of balances relating to earlier periods.
6. Capital Advances (Note-3), Trade Receivables Others (note-7), Advances to Employees, Suppliers & Contractors (O&M) and Receivables from Employees (note-9), Liability for Capital/ O&M Suppliers/ Works, Deposits from Suppliers & DISCOMS, Inter Corporate Balances (note-15) are subject to confirmation.	No Comment
7. Balances with Bank in flexi deposit scheme are subject to reconciliation and adjustments at certain units, as reported by Auditor of Allahabad Zone.	Noted for compliance and necessary instructions have been issued to concerned offices.

Directions	Reply
8. The auditor of Central Zone (Location code 300, 400 & 450) has reported that age wise analysis of Capital Expense in Progress Account was not readily available at ZAO-TC.	All Capital Works are undertaken at unit level, hence, details of Capital Expense in Progress Account are available at unit level.
9. As stated in Significant Accounting Policies (note 2V) the Company has valued inventory at cost and not at lower of the cost and realisable value as required under Ind AS 2.	The business of the Company is to provide electricity energy transmission services from electricity energy generation source to DISCOMs; hence, the company does not have any trade inventory. However, the company purchases and maintains inventory of consumable Stores & Spares for internal use i.e. maintenance and upkeep of Electricity sub-stations and Lines, Cables & Networks for which company has a policy for valuation at cost. Hence, there is no contravention of Ind AS-2.
10. Records for inventories lying with the third parties are not being maintained properly at Zonal Offices/units of the Company.	Necessary instructions are regularly issued to units for obtaining material reconciliation of inventory lying with the third parties.
11. The company has not complied with the requirements of Section 203(1) of the Companies Act, 2013 i.e., and the Company did not have a whole time Company Secretary.	The appointment of Full-time Company Secretary was under process at the time of audit and has now been appointed.
12. For want of necessary details and information the consequential effect of the aforesaid comments was not ascertainable.	No Comment.

-SD-
A.K. Gupta
ED (Finance & Accounts)

-SD-
B.P. Mahapatra
Director (Finance)

-SD-
Senthil Pandian C.
Managing Director

Annexure II

As referred to in, and forming part of, our audit report of even date to the members of U.P. Power Transmission Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31st March, 2019.

S.No.	Directions	Reply
1.	(a) The company has not maintained proper records showing full particulars including quantitative details and situation of fixed assets.	Year-wise consolidated Assets register since 01-04-2007 to date along with register for opening balance (as per Accounts) has been prepared by all respective Zones. However, maintenance and updating of fixed assets register showing full particulars including quantitative details and situations of fixed assets is under process at Zone level.
	(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.	Necessary instructions regarding physical verification have been issued to concern zone.
	(c) The Company has not disposed off substantial part of fixed assets during the year.	No Comment
2.	The physical verification for inventories has been conducted by the management at reasonable interval during the year. Branch auditors of Meerut Zone and Allahabad Zone have reported that the physical verification reports were not made available to them for their audit purpose. The procedure of physical verification of inventories needs improvement so as to make it adequate considering the size and nature of the activities of the company.	Instructions to transmission zone (Meerut & Allahabad) have been issued for strengthening the procedure for physical verification of stock of store and spare.
3.	As per the information given and explanations provided, the company have not granted or taken any loan secured or unsecured to/ from	No Comment

S.No.	Directions	Reply
	companies, firms or other parties covered in the register required to be maintained under section 189 of the Companies Act, 2013.	
4.	The Company has not made any loans, investments, guarantees and security under provisions of section 185 and 186 of the Companies Act 2013.	No Comment
5.	The company have not accepted any deposit from the public and therefore the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 and other relevant provisions of the Act and rules framed there under are not applicable.	No Comment
6.	The cost records prescribed under section 148(1) of the Companies Act, 2013 have been maintained by the company during the year under audit. As informed by the Management Cost Audit for financial year 2018-19 was in process and the Cost Audit Report was yet to be submitted.	Cost Audit for the FY 2018-19 has been completed and report has been signed on 15.02.2020.
7.	a) According to the information and explanation given to us, the company is generally regular in depositing the undisputed statutory dues in respect of Income Tax, Sales Tax, VAT, Service Tax & GST etc. with the appropriate authorities except in case of Transmission Zone (West), where there are delays in depositing undisputed statutory dues like GPF, Tax Deducted at Source, Service Tax, VAT etc. with the appropriate authorities. Under the head GPF a total sum of ₹22.64 Crore was outstanding as on 31-03-2019 which was due for a period of more than six months from the date it became payable.	The transmission Zone West (Meerut) have been instructed to regularize the delays in deposition of undisputed statutory dues.

S.No.	Directions	Reply
	b) According to information and explanations given to us, there is no disputed amount in respect of Income Tax or GST outstanding as on 31.03.2019 except the tax liability in respect of Value Added Tax with the Commercial Tax Department, where a sum of ₹ 76,95,015 has been paid from the bank of the unit against the contingent liability aggregating to ₹ 1,29,83,317.	Factual Position. No Comment
8.	The company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders.	No comment
9.	As per the information given and explanations provided, no moneys were raised by the company by way of initial public offer or further public offer (including debt instruments) and term loans.	No comment
10.	According to the information and explanations given to us, no fraud on or by the company have been noticed or reported for the period ended 31st March, 2019.	No comment
11.	As per Notification No. GSR 463(E) dated 5th June, 2015, the provisions of Section 197 of the Companies Act, 2013 are not applicable to the Company.	No comment
12.	The Company is not a chit fund or a nidhi / mutual benefit fund/ society, hence para (xii) of the order is not applicable.	No comment
13.	All transactions with related parties are in compliance with section 188 and 177 of the 2013 Act where applicable and the details have	No comment

S.No.	Directions	Reply
	been disclosed in the financial statements etc. as required by the Accounting Standards and the Act	
14.	The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.	No comment
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 him.	No comment
16.	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.	No comment

-SD-

A.K. Gupta

ED (Finance & Accounts)

-SD-

B.P. Mahapatra

Director (Finance)

-SD-

Senthil Pandian C.

Managing Director

Annexure III (a)

As referred to in, and forming part of, our audit report of even date to the members of U.P. Power Transmission Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31st March, 2019.

Directions of Comptroller and Auditor General of India under section 143 (5) of the Companies Act, 2013.

S. No.	Directions	Reply	Management Reply
1.	Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	The title/ lease deeds for leasehold/ freehold land could not be made available to us for verification at Head Office level.	Necessary instructions have been issued to the units.
2.	Whether there are any cases of waiver/ write off of debts/loans/ interest etc., if yes, the reasons there for and the amount involved.	According to the information and explanations given to us, there were no cases of waiver/ write-off of debts/loans/ investment etc. during the year under audit.	No comment
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Government or other authorities.	Records for inventories lying with the third parties are not being maintained properly at Zonal level. As informed by the management no asset has been received as gift from Government or other authorities.	Necessary instructions have been issued to units for maintenance of proper records.

-SD-
A.K. Gupta
ED (Finance & Accounts)

-SD-
B.P. Mahapatra
Director (Finance)

-SD-
Senthil Pandian C.
Managing Director

Annexure III (b)

As referred to in, and forming part of, our audit report of even date to the members of U.P. Power Transmission Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31st March, 2019.

Sub-Directions under section 143(5) of the Act to the Statutory Auditors / Branch Auditors of the Company for the Year 2018-19

S.No.	Sub-Directions	Remarks	Management Reply
1.	Adequacy of steps to prevent encroachment of idle land owned by Company may be examined. In case land of the company is encroached, under litigation, not put to use or declared surplus, details may be provided.	As per the information provided by the management of the company, they have not declared any land as surplus and further no incidence of encroachment was reported by any unit during the year under audit. Suitable steps are being taken to prevent encroachment of idle land owned by the Company.	No comment
2.	Where land acquisition is involved in setting up new projects, report whether settlement of dues done expeditiously and in a transparent manner in all cases. The cases of deviation may please be detailed.	As informed to us, land acquisition is involved in setting up new projects and settlements of dues are done expeditiously. No case of deviation was reported by the management.	No comment
3.	Is the system of evacuation of Power commensurate with power available for transmission with the generating company? If not, loss, if any, claimed by the generating company may be commented.	The Transmission system of evacuation of power is commensurate with power available for transmission with state owned generating company.	No comment

S.No.	Sub-Directions	Remarks	Management Reply
4.	How much transmission loss in excess of prescribed norms has been incurred during the year and whether the same has been properly accounted for in the books of accounts?	UPERC, a state commission, has approved intra-state transmission loss of 3.60% for the FY 2018-19. UPPTCL incurred actual intra-state transmission loss of 3.568% which is less than and within the limit of approved intra-state transmission loss for the FY 2018-19.	No comment
5.	Whether the assets constructed and completed on behalf of other agencies and handed over to them has been properly accounted for in the financial statements?	As per the information provided by the management, the deposit works is carried out by the company on the request of beneficiary agency. As per terms of Agreement, if the assets became the property of agency on completion of deposit works, it is handed over to the agency along with statement showing item or workwise total expenditure incurred. However, if the assets created from deposit works became property/ assets of the Company in terms of the agreement, it is capitalized and accounted for in the book of company against contribution towards creation of assets.	No comment

-SD-
A.K. Gupta
ED (Finance & Accounts)

-SD-
B.P. Mahapatra
Director (Finance)

-SD-
Senthil Pandian C.
Managing Director

Annexure IV

As referred to in, and forming part of, our audit report of even date to the members of U.P. Power Transmission Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31st March, 2019.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013.

We have audited the internal financial controls over financial reporting of U.P. Power Transmission Corporation Limited ('the Company') as of 31st March, 2019 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

DIRECTIONS	REPLY
Management's Responsibility for Internal Financial Controls The management of the company is responsible for establishing and maintaining internal financial controls 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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.	No comment
Auditors' Responsibility Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on	No comment

DIRECTIONS	REPLY
Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.	
Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.	No comment
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a	No comment

DIRECTIONS	REPLY
basis for our audit opinion on the Company's internal financial controls system over financial reporting.	
Meaning of Internal Financial Controls over Financial Reporting A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the presentation of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of un-authorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.	No comment

DIRECTIONS	REPLY
Inherent Limitations of Internal Financial Controls over Financial Reporting Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.	No comment
Opinion: In our opinion, the Company has, 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 31st March, 2019, 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 Control over Financial Reporting issued by the Institute of Chartered Accountants of India except for the deficiencies reported by us in Annexure I and II to our audit report of even date on the Standalone Financial Statements of the Company for the year ended 31st March, 2019.	No comment

-SD-
A.K. Gupta
ED (Finance & Accounts)

-SD-
B.P. Mahapatra
Director (Finance)

-SD-
Senthil Pandian C.
Managing Director

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED FOR THE YEAR ENDED 31, MARCH 2019.

CAG's FINAL COMMENTS	MANAGEMENT REPLY
The Management is responsible for preparation of Financial Statements of Uttar Pradesh Power Transmission Corporation Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under Companies Act, 2013 (Act). The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is 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 27 September 2019. I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143 (6) (a) of the Act of Financial Statement of Uttar Pradesh Power Transmission Corporation Limited for the year ended 31 March 2019. This supplementary audit has been carried out independently without access to working papers of the Statutory Auditor and is limited primarily to inquiries of the Statutory Auditors and the 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 better understanding of the financial statements and the related audit report.	No Comments

CAG's FINAL COMMENTS	MANAGEMENT REPLY
A. COMMENTS ON PROFITABILITY Statement of Profit and Loss Expenses Finance Costs (Note-20): ₹ 1,063.31 crore 1. Significant Accounting Policy No. 2 (iv) stipulated that the Borrowing Cost towards the acquisition or construction of the qualifying assets are capitalized as part of the cost of such assets up to effective date of commercial operation. Finance Costs includes interest of ₹ 44.01 crore for the year 2018-19 on loan taken for construction of the 765 KV Anpara D-Unnao Line. As the aforesaid line was not put to commercial operation till 31 March 2019, the interest should have been capitalized instead of charging the same under Finance Costs in Statement of Profit and Loss. This has resulted in overstatement of Finance Costs and corresponding understatement of Capital Work-in-Progress by ₹ 44.01 crore.	Compliance has been done by transferring finance cost to interest and other finance charges pending allocation over Capital Works account in Annual Accounts of 2019-20.
B. COMMENTS ON FINANCIAL POSITION Balance Sheet Assets Non-Current Assets Property, Plant & Equipment (Note-2): ₹ 17,780.11 crore 2. (a) The Significant Accounting Policy 2 (i) on 'Property, Plant & Equipment' stipulates that the Transmission System Assets are considered for intended use from the date of commercial operation declared and capitalized accordingly.	Compliance has been done by transferring land from fixed asset account to Capital works in progress account in Annual Accounts of 2019-20.

CAG's FINAL COMMENTS	MANAGEMENT REPLY
However, 'Property, Plant & Equipment' includes an amount of ₹ 35.87 crore as cost of land of nine substations¹ which are yet to be put to commercial operation. Therefore, the aforesaid cost of land should not have been capitalized during 2018-19. This has resulted in overstatement of the Property, Plant & Equipment and corresponding understatement of Capital Work-in-Progress by ₹ 35.87 crore.	
¹ at Baragaon, Jaunpur, Campiorganj, Faridpur, Muzaffarnagar, Badaikala, Shamli, Kairana, and Bhojpur.	
(b) Property, Plant & Equipment includes one transformer valuing ₹ 1.85 crore damaged under guarantee period and lifted by the manufacturer (AdityaVidyut International) for repair but not returned. As the transformer has not been returned even after lapse of more than two years and an FIR has been lodged against the firm for non-return of the transformer, suitable provision for loss on account of the same should have been made. Non-provision for possible loss on account of doubtful return of transformer has resulted in overstatement of Property, Plant & Equipment and understatement of Loss for the year by ₹ 1.85 crore. Further, the matter being material, the information should have been disclosed in the Notes to Accounts. The Notes to Accounts are therefore deficient to that extent.	Compliance / necessary disclosures shall be made in ensuing accounts in hand.

CAG's FINAL COMMENTS	MANAGEMENT REPLY
Capital Work-in-Progress (Note-3): ₹ 6,805.05 crore 3. (a) The above includes interest on loan of ₹ 3.87 crore booked during the period from 2016-17 to 2017-18 in respect of four abandoned/cancelled transmission lines/substation². As the lines/substation have been abandoned and interest for the year 2018-19 has been charged in Statement of Profit and Loss, the interest booked under Capital Work-in-Progress (CWIP) in the previous year (2016-17 to 2017-18) should have also been transferred to Statement of Profit and Loss. However, the same remained included in the CWIP. This has resulted in overstatement of CWIP and understatement of Loss by ₹ 3.87 crore.	Compliance has been done by charging the interest for previous years (2016-17 to 2017-18) in Statement of Profit & Loss Account in Annual Accounts of 2019-20.
² 132 KV S/C Karelbagh Salayakhurd Line, LILO at Jari of Karelbagh-Salayakhurd Line; 132 KV S/C Bhadaura Kundesar Line and 132 KV Substation Karelbagh Allahabad	
(b) CWIP includes expenditure incurred on Bhadaura-Kundesar Line amounting to ₹ 7.21 crore. The Transmission Works Approval Committee dropped (February 2018) the aforementioned line and Electricity Transmission Design Circle, Lucknow ordered (March 2018) to dismantle it. Out of expenditure of ₹ 7.21 crore on the line, ₹ 1.13 crore was incurred on erection portion which is not recoverable. Therefore, Provision on account of CWIP loss due to abandonment of line should have been	Provision on account of CWIP loss has been made in Annual Accounts of 2019-20.

CAG's FINAL COMMENTS	MANAGEMENT REPLY
made for the above erection expenditure. As this was not done, CWIP is overstated and Loss is understated by ₹ 1.13 crore.	
(c) As per Ind AS 23 on Borrowing Costs, "an entity shall capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. An entity shall recognise other borrowing costs as an expense in the period in which it incurs them". CWIP includes ₹ 4.88 crore on account of penal interest paid during 2016-17 due to delay in payment of principal and interest to the lending agencies. Since that penal interest was paid by the Company due to default in payment of principal and interest, the same is not a directly attributable expenditure for capitalization as borrowing cost as per above stated provisions of Ind AS 23. Thus, due to capitalisation of penal interest, CWIP is overstated and Accumulated Loss is understated by ₹ 4.88 crore. Despite similar comment of C&AG of the India on the accounts of the Company for the years 2016-17 and 2017-18, no corrective action has been taken by the Management.	It is submitted that the same has been done in accordance with the provision of Ind AS 23 as explained below. Firstly, the definition of borrowing costs as per Ind AS 2 is an inclusive definition which states that, 'Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds.' Since the nexus between penal interest and borrowings could not be denied, there remains no doubt that penal interest is in connection with the borrowing of funds. Hence, penal interest is included in the definition of Borrowing Costs. Secondly, regarding eligibility for capitalization, in view of para 10 of Ind AS 23 which explains borrowing costs eligible for capitalisation as, 'the borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are those borrowing costs that would have been avoided if the expenditure on the qualifying asset had not been made.' Undoubtedly, the amounts were borrowed for construction of the underlying assets and the borrowing cost (i.e., penal interest) has been incurred in connection with the borrowing of funds. These borrowing costs would have been avoided if the expenditure on the qualifying assets had not been made. Hence, these borrowing costs (i.e., penal interest) pass litmus test of eligibility for capitalization as well. As such, the Accounting Standard also does not require exclusion of such costs from borrowing cost.

CAG's FINAL COMMENTS	MANAGEMENT REPLY
	In view of facts explained above the compliance under Ind AS 23 has been done.
Current Assets Other Current Assets (Note-9) ₹ 399.72 crore 4. The above includes old unsecured advances of ₹ 4.39 crore given to South East U.P. Power Transmission Company Limited (UPPTCL) which has been transferred to M/s Isolux Corsan Concessions S.A. vide Board of Directors' decision dated 16.12.2011. Since South East UPPTCL had been transferred to a private company and confirmation of recoverable balances appearing in the books of UPPTCL has not been obtained since the date of transfer of South East UPPTCL, the recovery of advance is doubtful. Therefore, a suitable provision against the advance should have been made. Non-provision against above doubtful loans and advances has resulted in overstatement of Loans and Advances and understatement of Loss by ₹ 4.39 crore. Despite similar comment of C&AG of India on the accounts of the company for the year 2017-18, no corrective action has been taken by the Management.	There has been significant progress in reconciliation and upon rectification entries balance receivable from SEUPPTCL now stands at ₹ 0.10 crore only. Further efforts of reconciliation being made and shall be given accounting effect thereafter in the ensuing accounts in hand.

CAG's FINAL COMMENTS	MANAGEMENT REPLY
Current Liabilities Other Current Liabilities (Note-15) : ₹ 5,674.05 Crore 5. The above includes shut down charges amounting to ₹ nine crore received on account of shut down taken for diversion/height raising of transmission lines executed as deposit works of National Highways Authority of India and National Thermal Power Corporation Limited. As the shut down charges are taken for reimbursement of loss of revenue due to shut down of the transmission lines, the same should have been credited to Other Income instead of crediting to liabilities against the concerned deposit works. Thus Other Current Liabilities are overstated and Other Income is understated by ₹ nine crore.	Compliance has been done by recognizing shutdown charges as Other Income in Annual Accounts of 2019-20.

-SD-
A.K. Gupta
 ED (Finance & Accounts)

-SD-
B.P. Mahapatra
 Director (Finance)

-SD-
Senthil Pandian C.
 Managing Director

ANNEXURE III-TO THE DIRECTORS' REPORT**Management Reply to the Secretarial Auditor's Report for the F.Y ending 31st March 2019**

1. 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 2018-19 and the report of the board of directors 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 30/09/2019. The Annual General meeting of the company was held on 30/09/2019. But the Financial Statement (Annual Accounts) of the company for the financial year 2018-19 were not audited and consequently the report of the board of directors was not prepared and hence not ready for their adoption in this Annual General Meeting which was eventually got adjourned. Further, During the audit, it has been found that the Annual Accounts of the Company for the Financial Year 2017-18 has been adopted in the adjourned Annual General Meeting held on 29/07/2020.	The Company has called the Annual General Meeting for the F.Y 2018-19 before the due date, but due to pending of the audit of the Accounts by the C&AG, the Audited Accounts for the year couldn't be adopted by the members at the AGM held on 30/09/2019. As the comments from C&AG on the annual accounts of the Company for F.Y 2018-19 had been received very recently; the same will be put up before members for adoption at the proposed adjourned AGM. Similar is the case for F.Y 2017-18 as well wherein post receiving of comments from C&AG, accounts for F.Y 2017-18 were adopted in the adjourned Annual General Meeting held on 29/07/2020. The circumstances for delay were beyond the control of the Company.
2. As per the provisions of section 148 of the Companies Act, 2013 read with the rule 5 of the Companies (Cost and Audit) Rules, 2014, the Company is required to appoint the cost auditor within 180 days of the Commencement of every Financial Year and as per the provisions of rule (6) sub rule (5) of these rules, every cost auditor shall forward his report to the board of directors of the Company within 180 days of the closure of the financial year to which the report relates. Further, During the audit, it has been found that the cost audit report of the Company for the Financial Year 2017-18 was required to be	Since, the audited accounts of Financial Year 2018-19 were delayed due to pending comments of C &AG, the Cost Audit Report also got delayed. However, the Cost Audit Report has been approved by the Board in its meeting held on 21.01.2020. The circumstances for delay were beyond the control of the Company.

presented before the board of directors latest by 30/09/2018 but the same has not been submitted before the board of directors within 180 days of the closure of the Financial Year i.e. by 30/09/2018 as required by rule (6) sub rule (5) of the above rules. Thus, to this extent the above provisions of the Companies Act, 2013 and the relevant rules have not been complied with.	
3. As per the provisions of section 149 of the Companies Act, 2013 read with the rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014, the Company is required to appoint at least two numbers of Independent Directors on the Board of directors of the Company. Further, while constituting the Audit Committee under Section 177 of the Companies Act, 2013, at least one Independent Director required to be appointed in the composition of the Audit Committee. Moreover, while constituting the Social Responsibility Committee under Section 135 of the Companies Act, 2013, at least one Independent Director has to be appointed in the composition of the Social Responsibility Committee during the year 2018-19. The Company has neither appointed Independent Directors in the composition of its Board of directors nor in the composition of the Audit Committee and Social Responsibility Committee.	The proposal for appointment of Independent Director has been sent to Government of Uttar Pradesh.

For and on behalf of the Board of Directors

-SD-

(Bibhu Prasad Mahapatra)

Director-Finance

-SD-

(Senthil Pandian C.)

Managing Director

Date : 04.11.2020

Place : Lucknow

ANNEXURE IV-TO THE DIRECTORS' REPORT

Disclosure under Rule 8(3) of the Companies (Accounts) Rules, 2014 framed under section 134(3)(m) of the Companies Act 2013.

Information regarding Board Report related to Financial Year 2018-19**A. Conservation of Energy:**

- (i) The steps taken or impact on conservation of energy :-
 - Use of Energy efficient tube light in all substations/offices
 - Use of energy efficient auxiliaries and adoption of clean technology.
 - Optimum utilization of capacitor bank and close monitoring thereof for reactive loss compensation.
- (ii) The steps taken by company for utilizing alternate sources of energy:-
 - UPPTCL is constructing the transmission works for evacuation of power generated from solar power plants. Total 345 of solar capacity is in service in FY 2017-18.
- (iii) The capital investment of energy conservation of equipments-NIL

B. Technology absorption-

- (i) The efforts made towards technology absorption.
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution.

● For Transmission Substations :

In the FY 2018-19 UPPTCL added 27 nos. new substations (including 01 nos. 400 kV substation), 4502 ckt. km lines and 8733 MVA transformation capacity addition.

Existing transmission sub-station are pre-dominantly "AIR INSULATED"(AIS) type. The ever-growing population and urbanization has forced space constraints hampering the availability of land required for construction of substations. Further AIS type of substations, are prone to trippings/interruptions. UPPTCL has ensured to extent possible solution to this problem by opting:-

- Gas Insulated substation (GIS) for 132kV to 400 kV substations. (In FY 2018-19 02 nos. 765kV, 2 nos. 400kV, 02 nos. 220kV and 02 nos. 132kV GIS substation have been planned .)

- Hybrid switchgear technology for 132kV & 220kV substations. (In FY 2018-19 01 no. 220kV hybrid substation has been planned)
- Substation automation system for EHV class substations.

These substations are quite stable in operation and are less prone to trippings interruptions.

● **For Transmission Lines:**

Transmission lines are limited in their conductor ampacity by stability constraints. Also, laying of overhead transmission lines attracts invariably Right-of-Way issues. To address the issue by way of use of technology, UPPTCL have under taken following steps:-

- Replacing existing relatively low ampacity conductors by high ampacity HTLS (High Temperature Low Sag) conductors.
- Monopole/Narrow-base design for EHV lines.
- Optical Fiber Ground Wire (OPGW) for efficient protection signaling and communication.
- (i) The benefits derived like product improvement, cost reduction, product development or import substitution.

As above

- (ii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) -
 - (a) The details of technology imported;
 - (b) The year of import;
 - (c) Whether the technology been fully absorbed;

If not fully absorbed, areas where absorption has not taken place and the reasons thereof; and the expenditure incurred on Research and Development-NIL

C. Foreign Exchange Earning And Outgo:

- | | |
|----------------------------------|-----|
| (I) Earnings in foreign exchange | NIL |
| (II) Foreign exchange outgo | NIL |

For and on behalf of the Board of Directors

-SD-

(Bibhu Prasad Mahapatra)
Director-Finance

-SD-

(Senthil Pandian C.)
Managing Director

Date : 04.11.2020

Place : Lucknow

ANNEXURE V-TO THE DIRECTORS' REPORT

Disclosures about CSR Policy as per Annexure to Companies (Corporate Social Responsibility) Rules, 2014

(Pursuant to Section 135 of the Act and Rule 9 of the Companies (Accounts) Rules, 2014

Corporate Social Responsibility

U.P. Power Transmission Corporation Limited

A. Objective

The main objective of Corporate Social Responsibility (CSR) Policy of U.P. POWER TRANSMISSION CORPORATION LIMITED ("the Company") is:

- to lay down guidelines to make CSR a key business process for sustainable development of the society.
- to directly/indirectly undertake projects/programmes which will enhance the quality of life and economic well-being of the communities around our area of operation and society at large.
- to generate goodwill and recognition among all stake holders of the Company.

B. Scope

This Policy shall apply to all CSR projects/programmes/activities undertaken by the Company in India as per Schedule VII of the Companies Act, 2013.

C. CSR Activities

The CSR Activities would be chosen for implementation by the Company in compliance with the provisions of Section 135 read together with Schedule VII of the Companies Act, 2013 (as amended from time to time). The CSR Activities shall be chosen from among the following:

- Eradicating hunger, poverty and malnutrition , promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- Promoting gender equality, empowering women , setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

- Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
- Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- Measures for the benefit of armed forces veterans, war widows and their dependents;
- Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
- Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- Contributions or funds provided to technology incubators located within academic "institutions which are approved by the Central Government;
- Rural development projects.
- Slum area development.
- Such other matters as may be prescribed by the Central Government.
- Activities related to Clean U.P. Green U.P. campaign.
- Activities related to Energy Conservation.
- Contribution to the CM Relief Fund (U.P.).
- Activities identified by Udyog Bandhu, Government of U.P..

Explanation -for the purposes of this item, the 'slum area' shall mean any area declared as such by the Central government or any State Government or any other competent authority under any law for the time being in force.

D. Implementation of CSR Activities

The Company shall undertake the CSR Activities (out of the activities specified in **Clause C** above) in the area of operation of the Company or in any area in U.P. for the benefit of society at large. The CSR Activities shall be undertaken through schemes/ programmes identified by Udyog Bandhu , Government of U.P. / the District Magistrates of the concerned area/ Company's officers.

The CSR Activities shall be carried out:

- Directly by the Company for fulfilling its responsibilities towards various stakeholders.
- Through Contribution/donation made to such other Organization/ Institutions as may be permitted under the applicable laws from time to time.

E. Exclusion from CSR

The following activities shall not form part of the CSR activities of the Company:

- The activities undertaken in pursuance of normal course of business of a company.
- CSR projects/programs or activities that benefit only the employees of the Company and their families.
- Any contribution directly/indirectly to political party or any funds directed towards political parties or political causes.
- Any CSR projects/programs or activities undertaken outside India.

F. CSR Expenditure

The Company shall, in every financial year, spend at least two per cent of the average net profits of the Company made during the three immediately preceding financial years on CSR Activities.

Any surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of the Company.

G. Monitoring

The CSR Committee will be responsible for the monitoring of progress of CSR activities and amount spent on said activities and report to the Board from time to time.

H. Disclosures

The Annual Report of the Company shall include an Annual Report on CSR containing particulars specified in Annexure to the CSR Rules as per the prescribed format.

The CSR policy recommended by the CSR Committee and approved by the Board shall be displayed on the Company's website and shall be disclosed in the Board's report as well.

For and on behalf of the Board of Directors

-SD-

(Bibhu Prasad Mahapatra)
Director-Finance

-SD-

(Senthil Pandian C.)
Managing Director

Date : 04.11.2020

Place : Lucknow

Annexure-VI**FORM NO. MGT 9****EXTRACT OF ANNUAL RETURN**

as on financial year ended on 31 March 2019

{Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company
(Management & Administration) Rules, 2014}

I. REGISTRATION & OTHER DETAILS:

(i)	CIN	U40101UP2004SGC028687
(ii)	Registration Date	31-05-2004
(iii)	Name of the Company	Uttar Pradesh Power Transmission Corporation Limited
(iv)	Category/Sub-category of the Company	State Government Company
(v)	Address of the Registered office & contact details	SHAKTI BHAWAN, 14-A, ASHOK MARG, LUCKNOW, Uttar Pradesh, India Ph. No.: 0522-2287107
(vi)	Whether listed company	No
(vii)	Name, Address & contact details of the Registrar & Transfer Agent, if any.	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Transmission of Electricity, State Transmission Utility	99691110	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name & address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	NA				

IV. SHARE HOLDING PATTERN (Equity share capital breakup as % to total equity)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.Promoters									
(1) Indian									
a) Individual/ HUF	0	600	600	0.00	0	600	600	0.00	0.00
b) Central Govt or State Govt.	0	102810896	102810896	82.29	0	113820046	113820046	83.72	1.43
c) Bodies Corporates	0	22132752	22132752	17.71	0	22132752	22132752	16.28	-1.43
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
Sub Total (A) (1)	0	124944248	124944248	100.00	0	135953398	135953398	100.00	0

(2) Foreign

a) NRI Individuals	0	0	0	0.00%	0	0	0	0.00%	0
b) Other Individuals	0	0	0	0.00%	0	0	0	0.00%	0
c) Bodies Corp.	0	0	0	0.00%	0	0	0	0.00%	0
d) Banks/FI	0	0	0	0.00%	0	0	0	0.00%	0
e) Any other	0	0	0	0.00%	0	0	0	0.00%	0
Sub Total (A) (2)	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter (A)=(A)(1)+(A)(2)	0	124944248	124944248	100.00	0	135953398	135953398	100.00	0

B. PUBLIC SHAREHOLDING

1. Institutions									
a) Mutual Funds	0	0	0	0.00%	0	0	0	0.00%	0
b) Banks / FI	0	0	0	0.00%	0	0	0	0.00%	0
c) Central Govt	0	0	0	0.00%	0	0	0	0.00%	0
d) State Govt(s)	0	0	0	0.00%	0	0	0	0.00%	0
e) Venture Capital Funds	0	0	0	0.00%	0	0	0	0.00%	0
f) Insurance Companies	0	0	0	0.00%	0	0	0	0.00%	0
g) FIs	0	0	0	0.00%	0	0	0	0.00%	0
h) Foreign Venture Capital Funds	0	0	0	0.00%	0	0	0	0.00%	0
i) Others (Alternate investment Fund)	0	0	0	0.00%	0	0	0	0.00%	0
SUB TOTAL (B)(1):-	0	0	0	0.00%	0	0	0	0.00%	0.00%

2. Non Institutions

a) Bodies Corporates									
i) Indian	0	0	0	0.00%	0	0	0	0.00%	0.00%
ii) Overseas	0	0	0	0.00%	0	0	0	0.00%	0.00%
b) Individuals	0	0	0	0.00%	0	0	0	0.00%	0.00%
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	0	0	0	0.00%	0	0	0	0.00%	0.00%
ii) Individual shareholders holding nominal share capital above Rs 1 lakh	0	0	0	0.00%	0	0	0	0.00%	0.00%
c) Others (specify)	0	0	0	0.00%	0	0	0	0.00%	0.00%
(i) N.R.I.-Repatriates and Non Repatriates	0	0	0	0.00%	0	0	0	0.00%	0.00%
(ii) Hindu Undivided Family	0	0	0	0.00%	0	0	0	0.00%	0.00%
(iii) Clearing Members	0	0	0	0.00%	0	0	0	0.00%	0.00%
(iv) NBFC Registered with RBI	0	0	0	0.00%	0	0	0	0.00%	0.00%
Sub Total (B)(2):-	0	0	0	0.00%	0	0	0	0.00%	0.00%
Total Public Shareholding (B) = (B)(1)+ (B)(2)	0	0	0	0.00%	0	0	0	0.00%	0.00%
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00%	0	0	0	0.00%	0.00%
Grand Total (A+B+C)	0	124944248	124944248	100.00	0	135953398	135953398	100%	0

(ii) SHARE HOLDING OF PROMOTERS

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	UPPCL	22132752	17.71%	—	22132752	16.28%	—	-1.43%
2	GOUP	102810896	82.29%	—	113820046	83.72%	—	1.43%
3	SENTHIL PANDIAN C.	—	—	—	200	0.00%	—	—
4	AMIT GUPTA	100	0.00%	—	—	—	—	0.00%
5	CHANDRA MOHAN	100	0.00%	—	—	—	—	0.00%
6	SUMAN GUCHH	100	0.00%	—	100	0.00%	—	0.00%
7	RAM SWARATH	100	0.00%	—	100	0.00%	—	0.00%
8	NEEL RATAN KUMAR	100	0.00%	—	100	0.00%	—	0.00%
9	BRAJESH KUMAR KHARE	100	0.00%	—	100	0.00%	—	0.00%
	Total	124943748	100.00%	—	135952998	100.00%	-	0.00%

(iii) CHANGE IN PROMOTERS' SHAREHOLDING (PLEASE SPECIFY, IF THERE IS NO CHANGE)

Sl. No.		Share holding at the beginning of the year		Cumulative Share Holding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	UPPCL				
	At the beginning of the year	22132752	17.71%		
	At the end of the year			22132752	16.28%
2	GOUP				
	At the beginning of the year	102810896	82.29%		
	Add: Purchase through Allotment	11009150			
	At the end of the year			113820046	83.72%
3	SENTHIL PANDIAN C.				
	At the beginning of the year	0	0.00%		
	At the end of the year			200	0.00%
4	AMIT GUPTA				
	At the beginning of the year	100	0.00%		
	At the end of the year			0	0.00%
5	CHANDRA MOHAN				
	At the beginning of the year	100	0.00%		
	At the end of the year			0	0.00%
6	SUMAN GUCHH				
	At the beginning of the year	100	0.00%		
	At the end of the year			100	0.00%
7	RAM SWARATH				
	At the beginning of the year	100	0.00%		
	At the end of the year			100	0.00%
8	NEEL RATAN KUMAR				
	At the beginning of the year	100	0.00%		
	At the end of the year			100	0.00%
9	BRAJESH KUMAR KHARE				
	At the beginning of the year	100	0.00%		
	At the end of the year			100	0.00%

(iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	For each of the Top 10 Share holders	Share holding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	0	0.00%		
	At the end of the year			0	0.00%

(v) Shareholding of Directors and KMP :

Sl. No.	For each of the Directors & KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	SENTHIL PANDIAN C.				
	At the beginning of the year	0	0.00%		
	At the end of the year			200	0.00%
2	AMIT GUPTA				
	At the beginning of the year	100	0.00%		
	At the end of the year			0	0.00%
3	CHANDRA MOHAN				
	At the beginning of the year	100	0.00%		
	At the end of the year			0	0.00%
4	SUMAN GUCHH				
	At the beginning of the year	100	0.00%		
	At the end of the year			100	0.00%
5	RAM SWARATH				
	At the beginning of the year	100	0.00%		
	At the end of the year			100	0.00%
6	NEEL RATAN KUMAR				
	At the beginning of the year	100	0.00%		
	At the end of the year			100	0.00%
7	BRAJESH KUMAR KHARE				
	At the beginning of the year	100	0.00%		
	At the end of the year			100	0.00%

V. INDEBTEDNESS (2018-19)**Indebtedness of the Company including interest outstanding/accrued but not due for payment.**

	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,14,69,03,23,506.00	1,22,75,51,329.00	–	1,15,91,78,74,835.00
ii) Interest due but not paid	–	–		–
iii) Interest accrued but not due	1,00,50,56,448.00	1,83,48,39,880.00	–	2,83,98,96,328.00
Total (i+ii+iii)	1,15,69,53,79,954.00	3,06,23,91,209.00	–	1,18,75,77,71,163.00
Change in Indebtedness during the financial year				
Addition (Principal+Interest)	11,51,41,20,514.25		–	11,51,41,20,514.25
Reduction (Principal+Interest)	7,69,22,03,054.00	88,05,66,807.00	–	8,57,27,69,861.00
Net Change	3,82,19,17,460.25	88,05,66,807.00	–	2,94,13,50,653.25
Indebtedness at the end of the financial year				
i) Principal Amount	1,18,30,74,31,774.25	55,65,17,636.00	–	1,18,86,39,49,410.25
ii) Interest due but not paid	–	–		–
iii) Interest accrued but not due	1,20,98,65,640.00	1,62,53,06,766.00	–	2,83,51,72,406.00
Total (i+ii+iii)	1,19,51,72,97,414.25	2,18,18,24,402.00	–	1,21,69,91,21,816.25

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sl. No.	Particulars of Remuneration	Name of MD/WTM/ Manager				Total Amount
		Mr. Ravi Prakash Dubey	Mr. Chandra Mohan	Mr. Brajesh Kumar Khare	Mr. Suman Guchh	
1.	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961.	36,28,756.00	39,71,881.00	20,69,183.00	16,73,601.00	1,13,43,421.00
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	–	–	–	–	–
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	–	–	–	–	–
2	Stock option	–	–	–	–	–
3	Sweat Equity	–	–	–	–	–
4	Commission	–	–	–	–	–
	as % of profit	–	–	–	–	–
5	Others-Leave Encashment	–	–	–	–	–
	Total (A)	36,28,756.00	39,71,881.00	20,69,183.00	16,73,601.00	1,13,43,421.00
	Ceiling as per the Act	Exempt for Government Companies as per MCA Notification dated June 5, 2015				

B. Remuneration to other Directors

Sl.No.	Particulars of Remuneration	Name of Directors			Total
1	Independent Directors				
	(a) Fee for attending board/ committee meetings	-	-	-	-
	(b) Commission	-	-	-	-
	(c) Others, please specify (Travelling)	-	-	-	-
	Total (1)	-	-	-	-
2	Other Non-Executive Directors				-
	(a) Fee for attending board/ committee meetings	-	-	-	-
	(b) Commission	-	-	-	-
	(c) Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	-	-	-	-

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl.No.	Particulars of Remuneration	Key Managerial Personnel		Total
1	Gross Salary	Company Secretary	CFO Director (Finance)	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	-	31,26,191.00	31,26,191.00
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	as % of profit	-	-	-
5	Others- Bonus and Leave encashment	-	-	-
	Total	-	31,26,191.00	31,26,191.00

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority (RD / NCLT/ COURT)	Appeal made, if any (give Details)
A. COMPANY					
Penalty			NONE		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NONE		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			NONE		
Punishment					
Compounding					

For and on behalf of the Board of Directors

-SD-

(Bibhu Prasad Mahapatra)
Director-Finance

-SD-

(Senthil Pandian C.)
Managing Director

Date : 04.11.2020

Place : Lucknow

BALANCE SHEET AS AT 31st MARCH 2019

(₹ in Lakhs)

PARTICULARS	Note No.	As at 31 March, 2019	As at 31 March, 2018
ASSETS			
1. Non-current Assets			
(a) Property, Plant & Equipment	2	17,78,010.99	15,88,541.02
(b) Capital Work-in-progress	3	6,80,505.00	6,12,262.33
(c) Other Intangible Assets	4	207.97	252.92
(d) Other Non-current Assets	5	359.34	377.31
2. Current Assets			
(a) Inventories (Stores & Spares)	6	1,43,111.17	1,29,693.42
(b) Financial Assets			
(i) Trade Receivables	7	4,21,421.63	3,88,231.32
(ii) Cash and Cash Equivalents	8	97,729.13	1,45,999.00
(c) Other Current Assets	9	39,972.49	36,866.72
Total Assets		31,61,317.72	29,02,224.04
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	10	13,59,533.98	12,49,442.48
(b) Other Equity (Refer SOCE)		(6,704.90)	(46,273.14)
Liabilities			
1. Non-current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	11	10,90,170.27	10,76,229.37
(ii) Other Financial Liabilities	12	13,987.89	16,231.64
(b) Provisions	13	22,270.43	19,644.47
2. Current Liabilities			
(a) Financial Liabilities	14	1,12,833.07	95,116.71
(b) Other Current Liabilities	15	5,67,405.55	4,89,925.11
(c) Provisions	16	1,821.43	1,907.40
Significant Accounting Policies	1		
Notes on Accounts	25		
Note 1 to 25 form integral part of accounts			
Total Equity & Liabilities		31,61,317.72	29,02,224.04

-SD-
(L.K. Gupta)
GM (A&A)

-SD-
(A. K. Gupta)
Executive Director
(A&A)

-SD-
(Senthil Pandian C.)
Director (Finance)
DIN-08235586

Subject to our report of even date
For R.M. Lall & Co.
Chartered Accountants

-SD-
(Abha Sethi Tandon)
Acting Company Secretary

-SD-
(Senthil Pandian C.)
Managing Director
DIN-08235586

-SD-
(CA Atul Mohan)
Partner
M. No. 70861

F.R.N. 000932C

Place : Lucknow
Date : 27-09-2019

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2019**(₹ in Lakhs)**

PARTICULARS	Note No.	For the year ended 31 March, 2019	For the year ended 31 March, 2018
I Revenue from operations	17	2,36,427.82	2,06,942.36
II Other income	18	15,158.52	10,765.28
III TOTAL INCOME (I+II)		2,51,586.34	2,17,707.64
EXPENSES			
Employee benefits expense	19	27,485.69	19,606.84
Finance costs	20	1,06,331.00	95,278.50
Depreciation and amortization expenses	21	1,04,496.92	95,919.42
Other expenses			
(a) Administrative, general & other expenses	22	5,960.00	5,279.16
(b) Repair & maintenance expenses	23	42,939.65	40,763.50
IV TOTAL EXPENSES		2,87,213.26	2,56,847.42
V Profit/(Loss) before tax (III-IV)		(35,626.92)	(39,139.78)
VI Tax expenses:			
(a) Current tax		-	-
(b) Deferred tax		-	-
VII Profit / (Loss) for the period from continuing operations (V-VI)		(35,626.92)	(39,139.78)
VIII Profit / (Loss) from discontinued operations		-	-
IX Tax expense of discontinued operations		-	-
X Profit / (Loss) from discontinued operations (after tax) (VIII-IX)		-	-
XI Profit / (Loss) for the period (VII+X)		(35,626.92)	(39,139.78)
XII Other comprehensive income			
Items that will not be reclassified to profit or loss	24	(227.98)	295.00
XIII Total comprehensive income for the period (XI + XII) (Comprising profit/(loss) and other comprehensive income for the period)		(35,854.90)	(38,844.78)
XIV Earnings per equity share (For continuing operation) (Figures in actuals)			
(1) Basic EPS ¹		(28.02)	(32.60)
(2) Diluted EPS ¹		(27.73)	(32.24)

XV Earning per equity share (For discontinued operation)			
(Figures in actuals)			
(1) Basic EPS ¹		-	-
(2) Diluted EPS ¹		-	-
XVI Earning per Equity Share (For discontinued & continuing operations)(Figures in actuals)			
(1) Basic EPS ¹		(28.02)	(32.60)
(2) Diluted EPS ¹		(27.73)	(32.24)
Significant accounting policies	1		
Notes on accounts	25		
Note 1 to 25 form integral part of accounts			

¹ Refer point 10 to Note No.25

-SD-
(L.K. Gupta)
GM (A&A)

-SD-
(A. K. Gupta)
Executive Director
(A&A)

-SD-
(Senthil Pandian C.)
Director (Finance)
DIN-08235586

Subject to our report of even date
For R.M. Lall & Co.
Chartered Accountants

-SD-
(Abha Sethi Tandon)
Acting Company Secretary

-SD-
(Senthil Pandian C.)
Managing Director
DIN-08235586

-SD-
(CA Atul Mohan)
Partner
M. No. 70861
F.R.N. 000932C

Place : Lucknow
Date : 27-09-2019

STATEMENT OF CHANGES IN EQUITY**A. Equity Share Capital****FOR THE YEAR ENDED 31st MARCH 2019****(Rs. in Lakhs)**

Balance as at 01.04.2018	Changes in equity share capital during the year	Balance as at 31.03.2019
12,49,442.48	1,10,091.50	13,59,533.98

B. Other Equity**FOR THE YEAR ENDED 31st MARCH 2019****(Rs. in Lakhs)**

Description	Share Application Money pending allotment	Reserves & Surplus			Other items of Other Comprehensive Income (Actuarial Gains & Losses)	Total
		Capital Reserve	Other Reserve	Retained Earnings		
Balance as at 01.04.2018	0.00	95,790.82	2,087.57	(1,42,392.99)	1,162.50	(43,352.10)
Changes in accounting policy or prior period errors	0.00	(16.77)	0.00	(2,904.27)	0.00	(2,921.04)
Restated Balance as at 01.04.2018	0.00	95,774.05	2,087.57	(1,45,297.26)	1,162.50	(46,273.14)
Total Comprehensive Income for the year	0.00	0.00	0.00	0.00	(227.98)	(227.98)
Dividends	0.00	0.00	0.00	0.00	0.00	0.00
Transfer to retained earnings	0.00	0.00	0.00	(35,626.92)	0.00	(35,626.92)
Any other change	46,472.70	29,843.63	(893.19)	0.00	0.00	75,423.14
Balance as at 31.03.2019	46,472.70	1,25,617.68	1,194.38	(1,80,924.18)	934.52	(6,704.90)

-SD-
(L.K. Gupta)
GM (A&A)

-SD-
(A. K. Gupta)
Executive Director
(A&A)

-SD-
(Senthil Pandian C.)
Director (Finance)
DIN-08235586

Subject to our report of even date
For R.M. Lall & Co.
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-SD-
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(Senthil Pandian C.)
Managing Director
DIN-08235586

-SD-
(CA Atul Mohan)
Partner
M. No. 70861
F.R.N. 000932C

Place : Lucknow
Date : 27-09-2019

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH 2019

(₹ in Lakhs)

	PARTICULARS	For the year ended 31 March, 2019	For the year ended 31 March, 2018
A)	<u>Cash Flow from Operating Activities</u>		
	Net Profit/(Loss) before Tax	(35,626.92)	(39,139.78)
	<u>Adjustment for :-</u>		
(a)	Depreciation	104,496.92	95,919.42
(b)	Revenue recognized from Consumer Contribution	(8,303.07)	(5,959.76)
(c)	Proceeds from Consumers Contribution	38,146.70	42,304.05
(d)	Interest & Finance Charges	1,06,331.00	96,634.35
(e)	Provision for Earned Leave Encashment (Terminal Benefit)	1,461.59	(888.50)
(f)	Interest Income	(4,099.14)	(2,847.43)
(g)	Provision for Gratuity - CPF Employees	1,078.40	492.10
(h)	Other Comprehensive Income	(227.98)	295.00
(i)	Other Capital Reserves	(893.19)	2,087.57
	<u>Operating Profit Before Working Capital Changes</u>	2,02,364.31	1,88,897.02
	<u>Adjustment for :-</u>		
(a)	Decrease/(Increase) in Inventories (Stores & Spares)	(13,417.75)	6,955.00
(b)	Decrease/(Increase) in Trade Receivables	(33,190.30)	44,430.39
(c)	Decrease/(Increase) in Other Current Assets	774.51	4,828.44
(d)	Increase/(Decrease) in Other Current Liabilities	95,196.81	58,432.81
	<u>Cash Generated from Operations</u>	2,51,727.58	3,03,543.66
	Less: Taxes paid	3,880.28	2,329.58
	<u>Net cash flow from Operating Activities (A)</u>	2,47,847.30	3,01,214.08
B)	<u>Cash Flow from Investing Activities</u>		
(a)	Decrease/(Increase) in Property, Plants & Equipments	(2,84,651.98)	(4,38,181.51)
(b)	Depreciation Reserve adjusted/deducted on PPE	(9,269.97)	(7,810.13)
(c)	Decrease/(Increase) in Intangible Assets	-	(230.77)
(d)	Decrease/(Increase) in Capital Work-in-Progress	(68,242.67)	77,730.42
(e)	Decrease/(Increase) in Other Non-current Assets	17.97	17.97
(f)	Interest received	4,099.14	2,847.43
	<u>Net cash used in Investing Activities (B)</u>	(3,58,047.51)	(3,65,626.59)

	PARTICULARS	For the year ended 31 March, 2019	For the year ended 31 March, 2018
C)	Cash Flow from Financing Activities		
(a)	Proceeds from Borrowings (Net)	13,940.90	1,32,944.88
(b)	Proceeds from Share Capital	1,10,091.50	85,822.30
(c)	Proceeds from Share Application Money	46,472.70	(15,000.00)
(d)	Other Long-term Liabilities	(2,243.76)	(2,037.45)
(e)	Interest & Finance Charges	(1,06,331.00)	(96,634.35)
	Net cash flow from Financing Activities (C)	61,930.34	1,05,095.38
	Net (Decrease)/Increase in cash & cash equivalents (A+B+C)	(48,269.87)	40,682.87
	Cash & cash equivalents as at beginning of the year	1,45,999.00	1,05,316.13
	Cash & cash equivalents as at end of the year	97,729.13	1,45,999.00

Notes to the Cash flow Statement:

- (i) Cash & cash equivalents as at end of the year:-

Cash in hand	19.75	12.31
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Balances with banks

In Current & Other Account	97,700.48	1,42,477.31
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In Fixed Deposit Account	8.90	3,509.38
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Total	97,729.13	1,45,999.00
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- (ii) This statement has been prepared using indirect method as prescribed under Para 20 to Ind AS 7.
- (iii) Cash and cash equivalents consists of cash in hand, bank balances in current & other account and fixed deposits with banks.
- (iv) Previous year figures have been regrouped/reclassified/recast wherever considered necessary.

-SD-
(L.K. Gupta)
GM (A&A)

-SD-
(A. K. Gupta)
Executive Director
(A&A)

-SD-
(Senthil Pandian C.)
Director (Finance)
DIN-08235586

Subject to our report of even date
For R.M. Lall & Co.
Chartered Accountants

-SD-
(Abha Sethi Tandon)
Acting Company Secretary

-SD-
(Senthil Pandian C.)
Managing Director
DIN-08235586

-SD-
(CA Atul Mohan)
Partner
M. No. 70861
F.R.N. 000932C

Place : Lucknow
Date : 27-09-2019

Note - 1**SIGNIFICANT ACCOUNTING POLICIES (FINANCIAL YEAR 2018-19)****1) GENERAL / BASIS OF PREPARATION****(a) Governing Statute**

The Company is governed by the Electricity Act, 2003 read with Electricity (Supply) Act, 1948 to the extent applicable.

(b) Statement of Compliance

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India and comply with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto, the Companies Act, 2013 (to the extent notified and applicable), applicable provisions of the Companies Act, 1956, the provisions of the Electricity Act, 2003 and the provisions of Electricity (Supply) (Annual Accounts) Rules, 1985 to the extent applicable. The provisions of Electricity (Supply) (Annual Accounts) Rules 1985 have prevailed wherever the same are inconsistent with the provisions of the Companies Act, 2013. The accounting policies have been consistently applied by the company unless otherwise stated.

(c) Functional and presentation currency

These financial statements are presented in Indian Rupees (₹), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest lakhs (upto two decimals), except as stated otherwise.

(d) Current and non-current classification

1) The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or consumed in normal operating cycle;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for the last twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer settlement of the liability for at least twelve month after the reporting period. All other liabilities are classified as non-current.

(e) Use of Estimates

The preparation of financial statements requires estimates & assumption that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although such estimates & assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates & assumptions and such differences are recognized in the period in which the results are crystallized.

2. SIGNIFICANT ACCOUNTING POLICIES

I) PROPERTY, PLANT & EQUIPMENT

- (a) Property, Plant and Equipment (PPE) are shown at historical cost less accumulated depreciation.
- (b) Cost includes expenditure that is 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.
- (c) In case of assets put to use, where final settlement of bills with the contractor is yet to be affected, capitalization is done on provisional basis subject to the necessary adjustments in the year of final settlement.
- (d) Transmission system Assets are considered as ready for intended use from the date of commercial operation declared in terms of UPERC Tariff Regulation and capitalized accordingly.
- (e) Revaluation of Property, Plant and Equipment is not permitted in light of the provisions contained in The Electricity (Supply) (Annual Accounts) Rules, 1985.

II) CAPITAL WORK IN PROGRESS (CWIP)

- (a) Cost of material, erection charges and other expenses incurred for construction of property, plant and equipment are shown as CWIP till the date of capitalization.

- (b) Due to multiplicity of functional unit as well as multiplicity of functions at particular unit, employee costs are apportioned as a percentage of total expenditure of capital works incurred during the year as follows:
- (1) In case of capital transmission works
 - (i) @9% on 132 & 220 KV Substations and Lines,
 - (ii) @7% on 400 KV Substations and Lines, and
 - (iii) @5% on 765 KV Substations and Lines.
 - (2) In case of deposit works @ 15% (except as stated otherwise under notes) and
 - (3) In case of other Capital works @ 10%.
- (c) Interest during construction allocated to construction of PPE are kept as a separate item under CWIP and apportioned to the related assets being capitalized.

III) DEPRECIATION

- (a) Each part of the item of property, plant and equipment having significant cost in relation to the total cost of the item has been depreciated separately.
- (b) Depreciation is charged as per method prescribed in “Appendix II” to the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 issued by Central Electricity Regulatory Commission vide notification no. L-1/144/2013/CERC Dt.21.02.2014 under the powers conferred to it u/s 178 of the Electricity Act, 2003 (36 of 2003) read with section 61. The said regulation is effective for the period from 01.04.2014 to 31.03.2019.
- (c) In view of (b) above depreciation is charged on Property, Plant and Equipment at prescribed rates on SLM (Straight Line Method) considering 10% salvage value of the original cost (except in case of temporary erections such as wooden structures where depreciation rate is 100%).
- (d) Depreciation on additions to the Property, Plant and Equipment during the year is charged on pro-rata basis from the month of commercial operation. Similarly, depreciation on deductions from Property, Plant and Equipment during the year is charged on pro-rata basis upto the month in which the asset is disposed.

IV) BORROWING COST

Borrowing costs toward the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets upto the effective date of commercial operation. A qualifying asset is

one that necessarily takes substantial period of time to get ready for commercial use. All other borrowing costs are recognized in the statement of Profit & Loss in the period they occur.

V) STORES & SPARES

- (a) Stores & Spares are valued at cost.
- (b) Steel scrap is valued at realizable value and scrap other than steel is accounted for in the accounts, as and when sold.
- (c) Any shortage/excess of material found during the year end are shown as “Material short/excess pending investigation” till the finalization of investigation and thereafter any excess, if established is shown under the head of Income. Similarly shortages after investigation are either recovered from staff concerned or charged to Profit & Loss Account, as the case may be.
- (d) Shortage/Loss due to theft or any other reason are first debited to the head “Misc. Advance to Staff” and are shown as Current Assets till the finalization of enquiry/settlement of the case.

VI) REVENUE RECOGNITION

- (a) Transmission revenue is incorporated in the accounts on the basis of tariff approved by the UPERC for intra-state transmission of energy. Any difference in transmission tariff approved by UPERC and the actual tariff presented in the true-up on the basis of audited accounts is accounted for on the decision of the UPERC on true-up petition.
- (b) In consonance with the provisions of “Ind AS 115 - Revenue from contracts with customers”, the consumer contribution received towards cost of Capital Assets, after being initially accounted as capital reserve, are recognized as revenue over a period which is the useful life of the underlying capital asset ascertained on the basis of general rate of depreciation as determined by the Regulator (i.e., CERC), vide CERC Regulations issued in exercise of powers conferred under section 178 of the Electricity Act, 2003, except when such period has been specifically determined by the terms of the agreement with the customer.

The revenue has been recognized as equal annual income over the abovesaid period, except in the year of initial recognition of Consumer Contribution Reserve, when only 50% of equal annual income is recognized as revenue and at the end of the abovesaid period when the whole unrecognized balance has been recognized as revenue.

- (c) In view of Organizations's policy of advance collection of charges through NRLDC in case of Inter-state Short Term Open Access transactions and as per schedule of payment issued by SLDC in case of Intra-state Short Term Open Access transactions, the revenue from open access is recognized /accounted after receipt of charges on accrual basis at the tariff approved by CERC/UPERC.

Further, as per Ind AS 115 on Revenue from contracts with customers, the revenue received in advance against short term open access (STOA) proportionate to the period falling under the relevant Financial year is recognized as revenue either when the access has been provided or when the STOA period has expired and there are no remaining obligations or when the contract gets terminated. However, before being recognized as revenue, the consideration received from STOA customers has been accounted for as a liability.

- (d) Government grants are accounted for in Balance Sheet by setting up the grant as Liability on receipt and it is transferred to Reserves as deferred income only when there is reasonable assurance that the conditions attached to it have been complied. Such deferred income is recognized in Statement of Profit & Loss on a systematic basis over a period which is the useful life of the underlying capital asset ascertained on the basis of general rate of depreciation as determined by the Regulator (i.e., CERC) vide CERC Regulations issued in exercise of powers conferred under section 178 of the Electricity Act, 2003.
- (e) Insurance and Other Claims, Refund of Custom duty, Interest on Income Tax & Trade Tax are accounted for on receipt basis. Interest on loans to staff is accounted for on receipt basis after the recovery of principal in full.

VII) MATERIAL PRIOR PERIOD ERRORS

All material prior period errors have been corrected retrospectively in the financial statements approved for issue after discovery of the error by restating the comparative amounts for the prior periods presented in which the error occurred or where the error occurred before the earliest presented period by restating the opening balances of assets, liabilities and equity for the earliest presented period, as the case may be (Para 42 of Ind AS 8).

In case it is impracticable to determine the period-specific effects/cumulative effect on all prior periods, the opening balances of assets, liabilities and equity/comparative information has been restated for the earliest date practicable (Para 43-45 of Ind AS 8)

VIII) EMPLOYEE BENEFITS

- (a) Liability for Pension and Gratuity in respect of employees has been determined on the basis of actuarial valuation and has been accounted for on accrual basis.
- (b) Provision for Earned Leave encashment (Post employment defined benefit plan) is accounted for as per the actuarial valuation report. (Para 57-60 of Ind AS 19)
- (c) Medical benefits and LTC are accounted for on the basis of claims received and approved during the year.

IX) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

- (a) Accounting of the provisions has been made on the basis of estimated expenditure to the extent possible as may be required to settle the present obligation and are reviewed at the end of each financial year and adjusted to reflect the estimated expenditure, to the extent possible.
- (b) Contingent liabilities have been disclosed in the Notes to Accounts, unless the possibility of an outflow of resources embodying economic benefits is remote. Whereas, contingent assets have not been disclosed in the Notes to Accounts, unless an inflow of economic benefits has become probable.
- (c) Where it is not practicable to disclose any contingent liability or contingent asset, the fact to that effect has been disclosed.

X) DEFERRED TAX LIABILITY

Deferred tax liability of Income Tax (reflecting the tax effects of timing difference between accounting income and taxable income for the period) is provided on the profitability of the Company and no provision is made in case of current year loss and past years' accumulated losses as per Para 34 of Ind AS 12 "Income Taxes".

XI) CASH FLOW STATEMENT

Cash Flow Statement is prepared in accordance with the indirect method prescribed in Ind AS – 7 'Statement of Cash Flow'.

XII) FINANCIAL ASSETS**Initial recognition and measurement:**

All the Financial Assets are recognized initially at fair value plus transaction cost that are attributable to the acquisition or issue of the financial assets as the company

purchase/acquire the same on arm length price and the arm length price is the price on which the assets can be exchanged.

Subsequent Measurement :

- A— Debt Instrument:- A debt instrument is measured at the amortized cost in accordance with Ind AS-109.
- B— Equity Instrument:- All equity instruments in entities are measured at fair value through profit & loss (FVTPL) as the same is not held for trading.

XIII) FINANCIAL LIABILITIES

Initial recognition and measurement :

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. All the financial liabilities are recognised initially at fair value. The Company's financial liabilities include trade payables, borrowings and other payables.

Subsequent Measurement :

Borrowings have been measured at fair value using effective interest rate (EIR) method. Effective interest rate method is a method of calculating the amortised cost of a financial instrument and of allocating interest and other expenses over the relevant period. Since each borrowings has its own separate rate of interest and risk, therefore the rate of interest at which they have been acquired is treated as EIR. Trade and other payables are shown at contractual value. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

-SD-
(L.K. Gupta)
GM (A&A)

-SD-
(A. K. Gupta)
Executive Director
(A&A)

-SD-
(Senthil Pandian C.)
Director (Finance)
DIN-08235586

Subject to our report of even date
For R.M. Lall & Co.
Chartered Accountants

-SD-
(Abha Sethi Tandon)
Acting Company Secretary

-SD-
(Senthil Pandian C.)
Managing Director
DIN-08235586

-SD-
(CA Atul Mohan)
Partner
M. No. 70861
F.R.N. 000932C

Place : Lucknow
Date : 27-09-2019

NOTE - 2 : PROPERTY, PLANT & EQUIPMENT (₹ in Lakhs)

Particulars	GROSS BLOCK			DEPRECIATION AND AMORTISATION				NET CARRYING VALUE	
	As at 01-04-2018	Addition	Deduction/ Adjustment	As at 31-03-2019	As at 01-04-2018	Addition	Deduction/ Adjustment	As at 31-03-2019	Balance as at 31-03-2018
Land & Land Rights									
(i) Land Owned under full title	7,818.90	6,378.26	-	14,197.16	-	-	-	-	7,818.90
(ii) Land Owned under Lease	134.07	0.85	-	134.92	-	-	-	-	134.07
Total (i+ii)	7,952.97	6,379.11	-	14,332.08	-	-	-	-	7,952.97
Buildings	93,577.30	14,936.51	-	1,08,513.81	20,148.36	3,288.57	-	23,436.93	73,428.94
Other Civil Works	8,558.85	604.38	-	9,163.23	2,935.17	324.91	-	3,260.08	5,623.68
Plant & Machinery	11,58,287.39	1,49,866.77	25,935.09	12,82,219.07	3,23,059.46	55,855.55	9,101.37	3,69,813.64	8,35,227.93
Lines, Cables Network etc.	9,94,037.32	1,42,267.55	4,830.78	11,31,474.09	3,31,042.07	44,310.06	168.12	3,75,184.01	6,62,995.25
Vehicles	337.87	-	0.73	337.14	308.37	1.15	0.48	309.04	29.50
Furniture & Fixtures	671.47	202.93	-	874.40	199.60	45.54	-	245.14	471.87
Office Equipments	832.61	122.40	-	955.01	420.01	65.93	-	485.94	412.60
Other assets	9,505.26	1,038.93	-	10,544.19	7,106.98	560.27	-	7,667.25	2,398.28
Total	22,73,761.04	3,15,418.58	30,766.60	25,58,413.02	6,85,220.02	1,04,451.98	9,269.97	7,80,402.03	15,88,541.02

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For R.M. Lall & Co.
 Chartered Accountants

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(Senthil Pandian C.)
 Director (Finance)

-SD-
(A. K. Gupta)
 Executive Director
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(L.K. Gupta)
 GM (A&A)
 (A&A)

-SD-
(CA Atul Mohan)
 Partner
 M. No. 70861
 F.R.N. 000932C

-SD-
(Senthil Pandian C.)
 Managing Director
 DIN-08235586

-SD-
(Abha Sethi Tandon)
 Acting Company Secretary

Place : Lucknow
 Date : 27-09-2019

NOTE-‘3’ CAPITAL WORK IN PROGRESS**(₹ in Lakhs)**

Particulars	As at 31-03-2019		As at 31-03-2018	
Capital Work in Progress ¹	3,36,921.10		2,95,384.45	
Less: Provision on account of CWIP loss (Due to abandonment or otherwise)	79.26	3,36,841.84	79.26	2,95,305.19
Borrowing Cost pending for capitalization upto Previous Year	32,425.83		36,406.84	
Add: Addition during the year	10,769.22		26,258.58	
Less: capitalization during the year	13,047.98	30,147.07	30,239.59	32,425.83
Material with Contractors for construction work		2,71,507.95		2,35,240.57
Advances to Suppliers/Contractors (Capital) (Other than material)		42,008.14		49,290.74
Total	6,80,505.00		6,12,262.33	

¹ Excluding borrowing cost & material and other advances with contractors.

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(CA Atul Mohan)
Partner
M. No. 70861
F.R.N. 000932C

Place : Lucknow
Date : 27-09-2019

NOTE-4 : OTHER INTANGIBLE ASSETS

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET CARRYING VALUE	
	As at 01-04-2018	Additions	Deduction/ Adjustment	As at 31-03-2019	As at 01-04-2018	Addition	Deduction/ Adjustment	As at 31-03-2019	Balance as at 31-03-2019	Balance as at 31-03-2018
Intangible Assets										
Software	426.58	-	-	426.58	173.66	44.95	-	218.61	207.97	252.92
Total	426.58	-	-	426.58	173.66	44.95	-	218.61	207.97	252.92

(₹ in Lacs)

(84)

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Place : Lucknow
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NOTE-'5' OTHER NON-CURRENT ASSETS**(₹ in Lakhs)**

Particulars	As at 31-03-2019	As at 31-03-2018
Deferred Revenue Costs (Land Lease Premium)	359.34	377.31
Total	359.34	377.31

NOTE-'6' INVENTORIES**(₹ in Lakhs)**

Particulars	As at 31-03-2019	As at 31-03-2018
Stores & Spares		
(a) Stock of Materials-Capital Works	1,20,108.72	1,16,764.46
(b) Stock of Materials-O&M	21,164.22	10,372.25
(c) Other Materials ¹	1,838.23	2,556.71
Total	1,43,111.17	1,29,693.42

¹ Other Materials include material issued to fabricators, obsolete material, scrap, transformers sent for repair, stores, excess/ shortage pending for investigation and material in transit.

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Date : 27-09-2019

NOTE-'7' FINANCIAL ASSETS - TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at 31-03-2019	As at 31-03-2018
Trade receivables secured, considered good	-	-
Trade receivable unsecured, considered good	4,21,421.63	3,88,231.32
Trade receivables which have significant increase in credit risk	-	-
Trade receivables credit impaired	-	-
Total	421,421.63	3,88,231.32
Details of Trade Receivables :-		
Madhyanchal V.V.N.L., Lucknow	79,769.25	73,532.53
Purvanchal V.V.N.L., Varanasi	97,367.37	89,679.64
Pashchimanchal V.V.N.L., Meerut	1,37,977.14	1,27,983.36
Dakshinanchal V.V.N.L., Agra	1,01,397.77	94,234.13
KESCO, Kanpur	1,117.30	(11.80)
Others	3,792.80	2,813.46
	4,21,421.63	3,88,231.32

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NOTE-'8' : FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS**(₹ in Lakhs)**

Particulars	As at 31-03-2019	As at 31-03-2018
(a) Cash in Hand (including Stamps in Hand)	19.75	12.31
(b) Balance with Banks		
In Current & Other Account		
(including flexi balances)	97,700.48	1,42,477.31
In Fixed Deposit Account	8.90	3,509.38
Total	97,729.13	1,45,999.00

NOTE-'9' : OTHER CURRENT ASSETS**(₹ in Lakhs)**

Particulars	As at 31-03-2019	As at 31-03-2018
Unsecured, Considered Good		
Advances to Employees	7.85	7.70
(Adjustable/recoverable from salary)		
Tax Deducted at Source	3,880.28	2,329.58
Advances to Suppliers/Contractors (O&M)	1,420.20	1,473.12
Receivables :		
Employees	433.45	479.62
Others	9,310.66	7,892.40
	9,744.11	8,372.02
Less: Provision for Doubtful Receivables	186.60	186.60
Interest accrued but not due on F.D.	3.64	9.04
Prepaid Expenses	1.28	10.42
Deferred Revenue Costs (Land Lease Premium)	17.97	17.97
Inter-Unit Transfers ¹	25,083.76	24,833.47
Total	39,972.49	36,866.72

¹ Refer point (14) of Note 25.

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NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE-‘10’ : EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at 31-03-2019	As at 31-03-2018
(A) Authorised Capital		
200000000 Equity Shares of par value ₹ 1000 each (Previous year 200000000 Equity share of par value ₹ 1000 each)	20,00,000.00	20,00,000.00
(B) Issued, Subscribed and Paid-up Capital		
135953398 Fully paid Equity Shares of par value ₹ 1000 each. (Previous year 124944248 Fully paid Equity Shares of par value ₹ 1000 each)	13,59,533.98	12,49,442.48
Total	13,59,533.98	12,49,442.48

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

	As at 31.03.2019	As at 31-03-2019	As at 31-03-2018	As at 31-03-2018
	No. of Shares	(₹ in Lakhs)	No. of Shares	(₹ in Lakhs)
Shares outstanding at the beginning of the year	1,24,944,248	12,49,442.48	11,63,62,018	11,63,620.18
Shares Issued during the year- Fresh Issue	1,10,09,150	1,10,091.50	85,82,230	85,822.30
Shares outstanding at the end of the year	13,59,53,398	13,59,533.98	12,49,44,248	12,49,442.48

(B) Terms / Rights attached to Equity Shares

- (i) The Company has only one class of Equity Shares having a par value of ₹ 1000/- per share.
- (ii) During the year ended 31.03.2019, the company has issued 11009150 shares.
- (iii) During the year ended 31.03.2019, no dividend has been declared by the Board of Directors due to heavy accumulated losses.

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

	As at 31-03-2019	As at 31-03-2019	As at 31-03-2018	As at 31-03-2018
Name of Shareholder	No. of Shares	% Holding	No. of Shares	% Holding
Hon'ble Governor of Government of U.P.	11,38,20,046	83.72%	10,28,10,896	82.29%
Uttar Pradesh Power Corporation Ltd.	2,21,32,752	16.28%	2,21,32,752	17.71%

Reconciliation of Share Application Money

(₹ in Lakhs)

Description	Share Application Money as on 31-03-2018	Received during the Year 2018-19	Alloted during the year 2018-19	Share Application Money as on 31-03-2019
Share Application Money	—	1,56,564.20	1,10,091.50	46,472.70

NOTE-'11' : NON- CURRENT FINANCIAL LIABILITIES: BORROWINGS**(₹ in Lakhs)**

Particulars	As at 31-03-2019	As at 31-03-2018
Secured Loans		
Term loans		
From Others	11,83,074.32	11,46,903.24
(Secured by exclusive charge on asset created under the PFC & REC Scheme)		
Unsecured Loans		
Term loans		
From Others	5,565.18	12,275.52
(All the above loans are guaranteed by Govt of U.P.)		
Sub-Total of Secured & Unsecured Loans	11,88,639.50	11,59,178.76
Less: Current Maturity of Long Term Borrowings (Refer Annexure A)	98,469.23	82,949.39
Total	10,90,170.27	10,76,229.37

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

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M. No. 70861
F.R.N. 000932C

Place : Lucknow
Date : 27-09-2019

DISCLOSURES OF TERMS ETC. OF BORROWINGS AS REQUIRED IN SCHEDULE-III THE COMPANIES ACT, 2013
Annexure A to Note 11
(Amount in Lakhs ₹)

Loans	Security & Guarantee Details	Interest Rate	Repayment Terms	Balance as on 31-03-2018 (A)	Current Maturity for Long term debt as on 31-03-2018 (B)	Long term borrowing as on 31-03-2018 C=(A-B)	Loan received during the year (FY 18-19) (D)	Loan repaid during the year (F.Y. 18-19) (E)	Balance as on 31-03-2019 F=(A+D-E)	Current Maturity for Long term debt as on 31-03-2019 (G)	Long term borrowing as on 31-03-2019 H=(F-G)
(A) Secured											
(i) Power Finance Corporation Ltd (Hypo)	Secured by hypothecation of Lines & Substations under the PFC scheme	9.00% to 13.25%	Forty to sixty equal quarterly installments.	4,27,580.23	12,377.59	4,15,202.64	92,829.58	12,681.79	5,07,728.02	30,706.52	4,77,021.50
(ii) Rural Electrification Corporation Ltd (Transmission)	Secured by hypothecation of Lines & Substations under the REC scheme	11% to 13%	Ten equal yearly installments/ one hundred twenty equal monthly installments	7,19,323.01	63,861.46	6,55,461.55	20,263.53	64,240.24	6,75,346.30	64,497.74	6,10,848.56
			Total [A] - (i+ii)	11,46,903.24	76,239.05	10,70,664.19	1,13,093.11	76,922.03	11,83,074.32	95,204.26	10,87,870.06
(B) Unsecured											
(i) Power Finance Corporation Ltd (Govt Guarantee)	Guaranteed by Govt. of U.P.	9.00% to 13.25%	Forty equal quarterly installments	3,173.40	2,259.70	913.70	-	2,259.70	913.70	913.70	-
(ii) Rural Electrification Corporation Ltd (Reschedule)	Guaranteed by Govt. of U.P.	10.11%	One hundred eighty equated monthly installments (EMI)	3,677.32	655.38	3,021.94	-	655.38	3,021.94	721.73	2,300.21
(iii) Rural Electrification Corporation Ltd (Transmission)	Guaranteed by Govt. of U.P.	11% to 13%	One hundred twenty equal monthly installments	1,815.26	907.63	907.63	-	907.63	907.63	907.63	-
(iv) Rural Electrification Corporation Ltd (UPPCL)	Guaranteed by Govt. of U.P.	11% to 12.50%	One hundred twenty equal monthly installments	3,609.54	2,887.63	721.91	-	2,887.63	721.91	721.91	-
			Total [B] - (i+ii+iii+iv)	12,275.52	6,710.34	5,565.18	-	6,710.34	5,565.18	3,264.97	2,300.21
			Grand Total (A+B)	11,59,178.76	82,949.39	10,76,229.37	1,13,093.11	83,632.37	11,88,639.50	98,469.23	10,90,170.27

Annexure B to Note '11'
(Amount in ₹)

DISCLOSURES OF DEFAULT IN DEBT SERVICING AS REQUIRED IN SCHEDULE-III TO THE COMPANIES ACT, 2013

Loans	Repayment Terms			Default as on 31-03-2018			Default as on 31-03-2019		
	Date of Restructuring	Installments	Repayment Due from	Rate of Interest (%)	Principal	Interest	Principal Default w.e.f	Interest Default w.e.f	Principal Default w.e.f
Secured									
(i) Power Finance Corporation Ltd		40 to 60 (monthly)		9.00% to 13.25%	-	-	-	-	-
Total(A)					-	-	-	-	-
Unsecured									
(i) Power Finance Corporation Ltd		40 to 60 (monthly)		9.00% to 13.25%	-	-	-	-	-
(ii) Rural Electrification Corporation Ltd (Reschedule)	2001-02	180 (monthly)	2007-08	10.11%	-	-	-	-	-
(iii) Rural Electrification Corporation Ltd (PCL)	2002-03	120 (monthly)	2007-08 (Jan-08)	11% to 12.50%	-	-	-	-	-
Total (B)					-	-	-	-	-
Grand Total(A+B)					-	-	-	-	-

Subject to our report of even date
For R.M. Lall & Co.
Chartered Accountants

**-SD-
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Director (Finance)

**-SD-
(A. K. Gupta)**
Executive Director
DIN-08235586

**-SD-
(L.K. Gupta)**
GM (A&A)
(A&A)

**-SD-
(CA Atul Mohan)**
Partner
M. No. 70861
F.R.N. 000932C

**-SD-
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Managing Director
DIN-08235586

**-SD-
(Abha Sethi Tandon)**
Acting Company Secretary

Place : Lucknow
Date : 27-09-2019

NOTE-'12' : OTHER FINANCIAL LIABILITIES**(₹ in Lakhs)**

Particulars	As at 31-03-2019	As at 31-03-2018
Interest accrued but not due on borrowings	13,987.89	16,231.64
Total	13,987.89	16,231.64

NOTE-'13' : NON-CURRENT PROVISIONS**(₹ in Lakhs)**

Particulars	As at 31-03-2019	As at 31-03-2018
Provision for Earned Leave Encashment	17,064.10	15,512.39
Provision for Gratuity (CPF Employees)	5,206.33	4,132.08
Total	22,270.43	19,644.47

NOTE-'14' : CURRENT FINANCIAL LIABILITIES**(₹ in Lakhs)**

Particulars	As at 31-03-2019	As at 31-03-2018
Current Maturities of Long-term Debt ¹	98,469.23	82,949.39
Interest accrued but not due on borrowings	14,363.84	12,167.32
Total	1,12,833.07	95,116.71

¹ Details of Current Maturity of Long Term Borrowings (Refer Annexure A) is annexed with Note No. 11

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Place : Lucknow
Date : 27-09-2019

NOTE-'15' : OTHER CURRENT LIABILITIES**(₹ in Lakhs)**

Particulars	As at 31-03-2019	As at 31-03-2018
Liability for Capital Supplies/Works	1,46,377.00	1,17,643.47
Liability for O & M Supplies/Works	12,092.32	12,360.82
Staff Related Liabilities	19,144.73	20,977.59
Deposit & Retentions from Suppliers & Others	1,18,274.15	98,750.19
Deposit Works for DISCOMS	9,610.78	8,611.33
Deposit for Electrification Works	1,99,602.71	1,72,809.58
Deposit for PSDF (Cent. Govt. Contribution)	12,711.93	7,627.69
Inter-Corporation Balances	17,209.13	14,938.99
Sundry Liabilities	10,441.73	11,251.15
Liabilities for Expenses	3,725.38	5,594.03
Liabilities towards UP Power Sector Employee Trust		
Provident Fund Liabilities (Principal)	3,774.90	6,226.47
Add : Cumulative Interest provision on unremitted balance	7,195.55	6,306.96
	10,970.45	12,533.43
Add: Pension & Gratuity Liability	5,619.45	16,589.90
		5,474.93
		18,008.36
Liabilities towards UPPCL CPF Trust		
CPF Liability - (Principal)	799.15	634.87
Add : Cumulative Interest provision on unremitted balance	826.64	1,625.79
		717.04
		1,351.91
Total	5,67,405.55	4,89,925.11

NOTE-'16' CURRENT PROVISIONS**(₹ in Lakhs)**

Particulars	As at 31-03-2019	As at 31-03-2018
Provision for Earned Leave Encashment	1,741.08	1,831.20
Provision for Gratuity (CPF Employees)	80.35	76.20
Total	1,821.43	1,907.40

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NOTE-'17' : REVENUE FROM OPERATIONS**(₹ in Lakhs)**

Particulars	For the year ended 31-03-2019	For the year ended 31-03-2018
Sale of Services		
Transmission Charges ¹	2,30,073.04	2,01,953.05
Open Access Charges	5,914.60	4,607.26
SLDC Charges ²	440.18	382.05
Revenue from operations (Gross)	2,36,427.82	2,06,942.36

¹ The transmission charges related to DISCOMs, KESCO, NPCL and intra-state transmission of energy has been accounted for on the basis of tariff approved by the UPERC i.e. Rs.0.1905/kwh (01.04.2018 to 31.03.2019). Energy transmitted/wheeled during the year was 111745.034647 MU. (Previous year-114169.169155 MU).

Period	Unit Transmitted(kwh)	Rate	Amount
01.04.2018 to 31.03.2019	1,10,63,46,68,073	0.1905	2,10,759.04
True up differential for FY 2016-17			19,314.00
Supplementary invoice & Other Agencies	1,11,03,66,574		3,340.55
Total	1,11,74,50,34,647		2,33,413.59
Add: Transmission charges under POC mechanism of PGCIL			2,574.05
Net Transmission Charges			2,35,987.64

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

Annual Charges	102.20	108.00
Application fee/Concurrence fee/SLDC Charges	337.98	274.05
Total	440.18	382.05

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NOTE-'18' : OTHER INCOME**(₹ in Lakhs)**

Particulars	For the year ended 31-03-2019	For the year ended 31-03-2018
<u>Interest Income on :</u>		
Fixed Deposits	2,722.55	1,754.89
Loans to Staff	0.01	-
Others	<u>1,376.58</u>	<u>1,092.54</u>
	4,099.14	2,847.43
<u>Maintenance & Shutdown Charges</u>	1,261.67	780.71
<u>Other Non-Operating Income</u>		
Income from Contractors/Suppliers	1,328.14	1,055.42
Income from Consumer Contribution Reserve	8,303.07	5,959.76
Rental From Staff	15.94	13.98
Miscellaneous Receipts	150.56	107.98
Total	15,158.52	10,765.28

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NOTE-'19' : EMPLOYEE BENEFIT EXPENSES**(₹ in Lakhs)**

Particulars	For the year ended 31-03-2019	For the year ended 31-03-2018
Salaries & Allowances	37,377.08	26,951.95
Dearness Allowance	3,580.98	11,737.39
Bonus/ Ex-gratia	-	30.10
Other Allowances	1,822.84	1,403.22
Pension & Gratuity ^{1&2}	4,163.13	4,197.88
Medical Expenses(Re-imbursement) ³	251.43	206.15
Leave Travel Assistance ³	0.30	-
Earned Leave Encashment ⁴	4,179.37	2,191.64
Compensation	5.00	6.30
Contribution to Provident & Other Funds	2,029.50	1,787.60
Expenditure on Trust	30.01	29.92
Staff Welfare Expenses	12.89	20.10
Common Expenditure(Charged by UPPCL)	1,917.62	1,880.79
Sub Total	55,370.15	50,443.04
Less: Expenses Capitalised	27,884.46	30,836.20
Total	27,485.69	19,606.84

¹ Since the Government has yet not finalised the absorption of Officers and Employees of the UP Power Transmission Corporation Limited by way of notification, hence, in lines with the methodology for provision of pension & gratuity has been made in the Annual Accounts of UP Power Corporation Limited based on actuarial valuation report dated 09.11.2000 (adopted by Board of Directors of UPPCL) provisions for accrued liability on account of pension and gratuity in respect of employees covered under GPF Scheme has been made @ 16.70% and 2.38% respectively on the amount of basic pay and grade pay plus DA and in case of UP Power Corporation Limited obtaining actuarial valuation afresh during the pendency of finalisation of absorption of Officers and Employees of the UP Power Transmission Corporation Limited, suitable action will be taken for booking of the provision accordingly as required.

² As required by Ind AS 19, the company has measured and accounted for its liability arising from Gratuity of employees covered under CPF Scheme on the basis of Actuarial Valuation Reports.

³ Medical benefits and LTC are accounted for on the basis of claims received and approved during the year.

⁴ Inclusive of provision for Earned Leave Encashment (Terminal Benefits) made as per Actuarial Valuation Report for the current financial year.

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Place : Lucknow
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NOTE-'20' : FINANCE COSTS**(₹ in Lakhs)**

Particulars	For the year ended 31-03-2019	For the year ended 31-03-2018
(A) Interest expenses		
Long term loans		
PFC	48,245.44	38,042.62
Less: Interest Subsidy	9,636.74	1,271.58
	38,608.70	36,771.04
REC	78,447.92	84,681.01
	1,17,056.62	1,21,452.05
(B) Other Borrowings Cost		
Guarantee Charges	15.16	39.68
Bank Charges	28.44	45.35
Sub Total	1,17,100.22	1,21,537.08
Less: Interest Capitalised/Transferred to Capital WIP	10,769.22	26,258.58
Total	1,06,331.00	95,278.50

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Place : Lucknow
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NOTE-'21' : DEPRECIATION & AMORTIZATION EXPENSES**(₹ in Lakhs)**

Particulars	For the year ended 31-03-2019	For the year ended 31-03-2018
Depreciation & Amortization on Fixed Assets :		
Buildings	3,287.06	2,952.08
Other Civil Works	326.39	306.80
Plant & Machinery	56,472.06	49,865.16
Lines, Cable Network etc.	43,694.12	42,173.82
Vehicles	1.15	2.48
Furniture & Fixtures	44.88	35.36
Softwares	44.95	41.54
Office Equipments	66.04	60.26
Other Assets	560.27	481.92
Total	1,04,496.92	95,919.42

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NOTE-'22' : ADMINISTRATIVE, GENERAL & OTHER EXPENSES**(₹ in Lakhs)**

Particulars	For the year ended 31-03-2019	For the year ended 31-03-2018
Payment to Auditor		
(a) Statutory Auditors		
Audit Fee	12.98	9.74
Travelling & other expenses	3.61	2.87 12.61
(B) Other Auditors		
(Internal Audit, Cost Audit, Tax Audit & Secretarial Audit)		
Audit Fee	86.67	41.43
Travelling & other expenses	6.86	8.39 49.82
Advertisement Expenses	353.12	293.21
Communication Charges	284.35	261.54
Consultancy Charges	100.21	31.66
Tariff Assessment & License Fee	735.15	1,022.75
Electricity Expenses	234.41	150.14
Entertainment	0.03	0.03
Expenditure on Trust	3.06	3.40
Insurance	6.55	3.06
Interest on GPF & CPF Balance	998.18	1,128.20
Legal Charges	251.87	124.78
Outsourced Manpower for Administrative	1,219.98	777.83
Miscellaneous Expenses	502.16	393.23
Printing & Stationery	173.65	103.61
Rates & Taxes	267.19	209.82
Rent	3.97	20.54
Technical Fees & Professional Charges	68.49	87.59
Travelling & Conveyance	633.28	600.62
Water Charges	0.26	0.58
Compensation(Other than staff)	3.67	-
Other losses	10.30	4.14
Total	5,960.00	5,279.16

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Place : Lucknow
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NOTE-'23' : REPAIRS & MAINTENANCE EXPENSES**(₹ in Lakhs)**

Particulars	For the year ended 31-03-2019	For the year ended 31-03-2018
Plant & Machinery	33,367.03	29,693.88
Buildings	1,697.13	1,249.86
Other Civil Works	43.15	8.94
Lines, Cables Networks etc.	7,755.83	9,758.42
Vehicles-Expenditure	1,418.47	1,130.79
Less: Transferred to Different Capital & O&M Works/Administrative Exp.	1,418.47	<u>1,130.79</u>
Expenditure on Contractual Manpower	4,173.61	3,412.07
Less: Transferred to Different Capital & O&M Works/Administrative Exp.	4,173.61	<u>3,412.07</u>
Furniture & Fixtures	0.24	0.23
Softwares	53.10	30.67
Office Equipments	23.17	21.50
Total	42,939.65	40,763.50

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NOTE-‘24’ : OTHER COMPREHENSIVE INCOME**(₹ in Lakhs)**

Particulars	For the year ended 31-03-2019	For the year ended 31-03-2018
Items that will not be reclassified to Profit & Loss		
Actuarial (Gains) /Losses - CPF Employees	227.98	(295.00)
Gratuity Provision ¹		
Total	227.98	(295.00)

¹ Recognized in the books on the basis of actuarial valuation report for Gratuity for the current financial year.

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Place : Lucknow
Date : 27-09-2019

NOTE NO. 25**NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31.03.2019 AND PROFIT & LOSS STATEMENT FOR THE YEAR ENDED ON THAT DATE**

- 1) (a) Uttar Pradesh Power Transmission Corporation Limited ('The Company') is a company domiciled and incorporated in India under the provisions of Companies Act and is limited by shares. The registered office of the Company is situated at Shakti Bhawan, 14-Ashok Marg, Lucknow, Uttar Pradesh, India. Under the Electricity Act 2003, the Company is notified as the State Transmission Utility by the GoUP, vide its notification No.: 2974(1)/24-P-2-2010 dated - 23rd December, 2010.
- (b) The Company came into existence when in compliance to GoUP letter No. 293 dated 16.05.2006, the Name and Object Clause of the Memorandum of Association of the erstwhile Uttar Pradesh Vidyut Vyapar Nigam Limited (incorporated on 31.05.2004) was changed on 13.07.2006. The Company started its business independently with effect from 01.04.2007.
- (c) With an objective of separation of the activities of bulk purchase/sale of energy and transmission of energy under separate corporate entities respectively by Uttar Pradesh Power Corporation Ltd. and Uttar Pradesh Power Transmission Corporation Limited with effect from 01.04.2007 under the provisions of the notification No.:2974(1)/24-P-2-2010 dated: 23rd December, 2010, i.e., Uttar Pradesh Electricity Reforms (Transfer of Transmission and Related Activities including the Assets & Liabilities and Related Proceedings) Scheme, 2010, issued by Urja Anubhag-2, the Government of Uttar Pradesh vide powers conferred under sub-section (4) of section 131 of The Electricity Act, 2003 (Act No.36 of 2003) and in partial modification of scheme formulated under section 23 of The Uttar Pradesh Electricity Reforms Act, 1999 (Uttar Pradesh Act No.24 of 1999) the Government of Uttar Pradesh issued Provisional Transfer Scheme for Transfer of Transmission and Related Activities including the Assets & Liabilities and Related Proceedings from UPPCL to UPPTCL alongwith determination of terms and conditions of incorporation, according to which in the context of transmission undertaking (UPPTCL), unless stated otherwise by the State Government and/or UPPCL, the entire Assets, Liabilities and Proceedings related to transmission shall provisionally vest in the transmission undertaking. The Corporation (UPPTCL) has started functioning/operating independently with effect from 01.04.2007. UPPTCL is a State Transmission Utility in terms of section 39 of The Electricity Act, 2003.
- (d) In exercise of the powers conferred under sub-section (4) of section 131 of the Electricity Act, 2003 (Act No. 36 of 2003) and sub-section (4) of section 23 of the Uttar Pradesh Electricity Reforms Act, 1999 (U.P. Act no. 24 of 1999) read with clause 7 of the Uttar Pradesh Electricity Reforms

(Transfer of Transmission and Related Activities Including the Assets & Liabilities and Related Proceedings) Scheme, 2010 (notification no. 2974 (1)/XXIV-P-2-2010, dated December 23, 2010), the Governor, by way of modification, variation and otherwise change in the terms and conditions of the said Uttar Pradesh Electricity Reforms (Transfer of Transmission and Related Activities Including the Assets & Liabilities and Related Proceeding) Scheme, 2010 in regard to the transfer of properties, interest, rights, liabilities, personnel and proceedings by substituting the schedule to the notification No.: 1529/XXIV-P-2-2015-Sa.(218)-2014 Dated: November 3, 2015 issued by Urja Anubhag-2, GoUP in place of the Schedule to the notification no.: 2974 (1)/XXIV-P-2-2010, dated: December 23, 2010, the transfer scheme has been finalised which shall be effective for all intent and purposes with modifications thereto.

- (e) In partial modification of the Scheme formulated under section 23 of the Uttar Pradesh Electricity Reforms Act, 1999 (UP Act No.24 of 1999) by application of the powers conferred under section 133 of The Electricity Act, 2003 the State Government with the purpose of effectuating such Transfer Scheme, issued the terms and conditions for transfer of personnel of Uttar Pradesh Power Corporation Limited working in the transmission undertaking and proceedings related thereto, by way of notification No.: 2974/24P-2-2010 Dated: December 23, 2010 issued by Urja Anubhag-2 of GoUP i.e. the Provisional Transfer Scheme comprising of methodology relating to provisional classification and transfers, the final transfer of personnel is yet to be notified by the Govt. of Uttar Pradesh.
- 2) Where historical cost of a discarded/retired/obsolete fixed asset is not available, the estimated value of such asset and depreciation, thereon, has been adjusted and accounted for.
- 3) On the overall basis the assets other than fixed assets have a value on realization in the ordinary course of business at least equal to the amounts at which they are stated in the balance sheet.

4) Earning/Expenditure in foreign currency :- (Amount in Actuals)

Particulars	For the year ended 31-03-2019	For the year ended 31-03-2018
(a) CIF value of Imports	-	-
(b) Earning in Foreign Currency	-	-
(c) Any Expenditure In Foreign Currency		
Travelling Expenses(USD)	-	-
Consultation Charges(USD)	-	1,53,239
Total	-	1,53,239

- 5) Since the Corporation is principally engaged in the business of transmission of electricity and there is no other reportable segment as per Ind AS-108, hence the disclosure as per Ind AS 108 on segment reporting is not required. However, the transactions of activities relating to separate function of SLDC have already been specified in disclosure to Note 17.

6) Capital Commitments, Contingent Liabilities & Contingent Assets :-

(to the extent ascertainable and not provided for)

(₹ in Lakhs)

Particulars	As at 31-03-2019	As at 31-03-2018
Contingent Liabilities & Capital Commitments		
(i) Estimated amount of contracts remaining to be executed on capital accounts and not provided	1,84,839	1,37,486
(ii) Other claims against company not acknowledged as debts	3,715	6,795
Total	1,88,554	1,44,281
Contingent Assets		
(i) Claims by company not acknowledged as receivables	-	-
(ii) Others	-	-
Total	-	-

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

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

8) RELATED PARTY INFORMATION :-

As per Ind AS 24 issued by the Institute of Chartered Accountants of India, the Company's related parties are as under:

a) List of Related Parties (Key Management Personnel):

I. Key management personnel & their relatives:

Name	Designation	Working Period (for F.Y. 2018-19)	
		Appointment	Retirement/ Cessation as on 31.03.2019
Shri Alok Kumar	Prin. Secy.(Energy) & Chairman	25.01.2018	working
Shri Amit Gupta	MD	22.01.2018	31.08.2018
Dr. Senthil Pandian C	MD	10.09.2018	working
Smt. Aparna U	MD, UPPCL & Director, UPPTCL	26.10.2017	working
Shri Suman Guchh	Director (Commercial & Planning)	14.08.2017	working
Shri Ravi Prakash Dubey	Director (Works & Project)	16.01.2018	working
Shri Ram Swarath	Director (SLDC)	13.02.2015	working
Shri S.K. Mishra	Director (Finance)	30.06.2016	24.02.2019
Shri Sudhanshu Dwivedi	Director (Finance)	28.02.2019	working
Shri B.K. Khare	Director (P&M)	30.06.2016	working
Shri Chandra Mohan	Director (Operation)	30.06.2016	working
Shri Neel Ratan Kumar	Director	06.10.2010	working

Shri G.S. Bhatti	Director	27.11.2017	29.08.2018
Smt. Debjani Chakraborty	Director	30.08.2018	working
Shri Atul Trivedi	Director	15.01.2018	18.07.2018
Shri R.K. Singh	Director	19.07.2018	working
Smt Manju Shankar	Director	10.12.2015	working

b) Transactions:**(Amount in ₹)**

Particulars	2018-19	2017-18
	Referred in (a) (I) above	Referred in (a) (I) above
Salary & Allowances	1,29,16,323.00	1,37,68,174.00
Contribution to Gratuity/Pension/PF	15,53,289.00	14,66,433.00
Debts due from Directors	—	—

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

(d) The company has no related party enterprises other than state controlled enterprises, details/ transactions of which have not been disclosed in view of Para '25' of Ind AS 24 "Related Party Disclosures" which exempts State Controlled Enterprises from making any disclosure pertaining for their transactions with other related parties which are also State Controlled.

9) An accounting of Deferred Tax Assets has not been considered in accounts on prudent basis as the company is not certain about substantial income in near future due to unabsorbed accumulated losses of Rs. 1809.24 crore.

It includes the accumulated loss amounting to Rs. 976.27 crore which has been transferred by the UPPCL under the Provisional transfer scheme and Rs. 57.88 crore accumulated losses pertaining prior to transfer scheme has been debited in financial year 2011-12. The transfer of the transmission undertaking from the transferor (UPPCL) to the transferee (UPPTCL) under the above transfer scheme is a de-merger of the transferor within the meaning of Section 2 (19AA) of the Income Tax Act, 1961.

- 10) Basic and diluted earnings per share have been shown in the Profit & Loss Account in accordance with Ind AS 33 (EPS). Basic earnings per share have been computed by dividing net profit/loss after tax by the weighted average number of equity shares outstanding during the year. Numbers used for calculating diluted earnings per equity share includes the amount of equity share money (pending for allotment).

Particulars	For the year ended 31-03-2019	For the year ended 31-03-2018
(I) Basic EPS	(Amount in ₹)	(Amount in ₹)
Profit after Tax as per Profit & Loss A/c (A)	(35,626.92)	(39,139.78)
Weighted Average Number of Equity Shares (B)	12,71,26,103	12,00,44,171
Basic Earning Per Share (A/B)	(28.02)	(32.60)
Face Value per share	1000	1000
(II) Diluted EPS		
Profit after Tax as per Profit & Loss A/c (A)	(35,626.92)	(39,139.78)
Weighted Average Number of Equity Shares (B)	12,84,93,435	12,14,14,331
Diluted Earning Per Share (A/B)	(27.73)	(32.24)
Face Value per share	1000	1000

11) Disclosure as per Ind AS 37 is as under :-

(Amount in Lakh ₹)

Particulars	Movement of Provisions			
	Balance as on 01.04.2018	Provision made during the year	Provision adjusted during the year	Balance as on 31.03.2019
Provision for doubtful receivables	187	0	0	187
Provision on account of CWIP loss (Due to abandonment or otherwise)	79	0	0	79
Total	266	0	0	266

- 12) There have been consecutive losses in last three years. In view of the same, average net profit of the company made during the three immediately preceding financial years was negative. No amount was spent on CSR activities in FY 2018-19.
- 13) Inter-Corporation Balances are subject to reconciliation of differences, which is a continuous process and accounting for the same is done as and when found in the books of either of the companies as the case may be.
- 14) An effective new system for control of IUT transactions of the entire company has been introduced w.e.f. FY 2017-18. As a result, there are no unreconciled transactions from FY 2017-18 onwards. Inter Unit Balances prior to FY 2017-18 are subject to reconciliation of differences, which is a continuous process and accounting for the same is done as and when found in the books of either of the concerned units as the case may be.
- 15) Previous year figures have been regrouped/ reclassified/recasted wherever considered necessary.
- 16) The figures as shown in the Balance Sheet, Profit & Loss Statement, Cash Flow Statement, Statement of Equity and Notes to accounts have been rounded up/down to the nearest lakh rupees unless specified otherwise.
- 17) The significant Accounting Policies specific to first time adoption have been suitably amended wherever considered necessary.
- 18) The final comments from AG for FY 2016-17 have been received on July 31, 2019, hence, the Annual Accounts for FY 2016-17 will be adopted in the forthcoming Annual General Meeting. In view of the said fact, the Annual Accounts for FY 2018-19 have been prepared before adoption of Annual Accounts for FY 2016-17 and FY 2017-18.

-SD-
(L.K. Gupta)
GM (A&A)

-SD-
(A. K. Gupta)
Executive Director
(A&A)

-SD-
(Senthil Pandian C.)
Director (Finance)
DIN-08235586

Subject to our report of even date
For R.M. Lall & Co.
Chartered Accountants

-SD-
(Abha Sethi Tandon)
Acting Company Secretary

-SD-
(Senthil Pandian C.)
Managing Director
DIN-08235586

-SD-
(CA Atul Mohan)
Partner
M. No. 70861
F.R.N. 000932C

Place : Lucknow
Date : 27-09-2019

Annual Accounts 2018-19

SCHEDULE OF RESTATEMENT FOR BALANCE SHEET FIGURES AS ON 31.03.2019

Head Name (Assets/Liabilities)	Balance as on 31-03-2018	Nature of Item	Details	Amount to be restated	Restated Balance
ASSETS					
Property Plant & Equipment	15,89,551.67	Repairs & Maintenance	14.35		
		Employee Cost	(0.01)		
		Depreciation of Prior Period	(1,024.99)	(1,010.65)	15,88,541.02
Capital Work in Progress (Including Capital advances)	6,14,465.93	Employee Costs	(14.55)		
		Other Income	(16.85)		
Other Non Current Asset	—	Finance Cost	(2,172.20)	(2,203.60)	6,12,262.33
Cash & Cash Equivalent	1,45,996.88	Reclassification from current to non-current asset	377.31	377.31	377.31
		Interest Income	(0.26)		
		Repairs & Maintenance	2.38	2.12	1,45,999.00
		Other Income	16.33		
		Reclassification from current to non-current asset	(377.32)		
Other Current Assets (Including short term loans & advances)	37,224.40	Employee Costs	3.31	(357.68)	36,866.72
LIABILITIES					
Other Equity(Application Money & Reserves)	(43,352.10)	Impact of restatement as on 01.04.2018	(779.18)		
		Net restatement of Profit/(Loss)	(2,141.86)	(2,921.04)	(46,273.14)
Other Current Liabilities (Excluding Current Financial Liabilities)	4,90,196.57	Employee Costs	(367.29)		
		Administration and General Expenses	9.87		
		Other Income	84.31		
		Repairs & Maintenance	1.65	(271.46)	4,89,925.11
		NET IMPACT OF RESTATEMENT		—	

-SD-
(L.K. Gupta)
GM (A&A)

-SD-
(A. K. Gupta)
Executive Director
(A&A)

-SD-
(Senthil Pandian C.)
Director (Finance)
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Subject to our report of even date
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(CA Atul Mohan)
Partner
M. No. 70861
F.R.N. 000932C

Place : Lucknow
Date : 27-09-2019

R.M. LALL & CO.
CHARTERED ACCOUNTANTS

Head Office : 4/10, Vishal Khand
Gomti Nagar, Lucknow-226010 (INDIA)
Tel.: +91 522 4043793 , 2304172
E-mail : rmlallco@rmlallco.com
Website : www.rmlallco.org

INDEPENDENT AUDITOR'S REPORT

To,
The Members,
Uttar Pradesh Power Transmission Corporation Limited,
Shakti Bhawan,
Lucknow

Report on Standalone Financial Statements

Opinion:

We have audited the accompanying Standalone Financial Statements of Uttar Pradesh Power Transmission Corporation Limited (the Company), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statements") in which are incorporated accounts of four transmission zones and units thereof which have been audited by other auditors.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the aforesaid Standalone Financial Statements give the information required by The Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and the loss, cash flows and changes in equity for the year ended on that date.

Basis for Qualified Opinion:

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are

further described in the Auditor's Responsibilities for the audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

We draw attention to the matters described in Annexure 'I', the effect of which, individually or in aggregate, are material but not pervasive to the financial statement and matters where we are unable to obtain sufficient and appropriate audit evidence. The effects of matters described in the said Annexure 'I', which could be reasonably determined and quantified, are given therein. Our opinion is qualified in respect of these matters.

Emphasis of Matter:

The Company is yet to adopt the Audited Accounts for the financial year 2017-18 in the Annual General Meeting

Key Audit Matters:

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Information other than the Standalone Financial Statements and Auditor's Report thereon:

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to the Board's Report but does not include the Standalone Financial Statements and our auditor's report thereon.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements:

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk

of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone Financial Statements that individually or in aggregate makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstance, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters:

We did not audit the financial statements/ information of four transmission zones of the Company (branches) located at Agra, Meerut, Allahabad and Lucknow included in the Standalone Financial Statements of the Company. The financial statements/ information of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of branches, is based solely on the reports of such branch auditors.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure-II", a statement on the matters specified in the paragraphs 3 and 4 of the said Order, to the extent applicable.
2. As required by directions issued by the Comptroller & Auditor General of India under section 143(5) of the Act, we give in "Annexure - III (a) and III (b)", a statement on the matters specified in the directions.
3. As required by section 143(3) of the Act, based on our audit, we report that:
 - a. Except the matters described in the basis for qualified opinion, 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.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches of the Company not visited and audited by us.
 - c. The reports on the accounts of the branches of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.
 - d. The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and with the returns received from the branches not visited and audited by us

- e. Except the matters described in the basis for qualified opinion, in our opinion, the aforesaid Standalone Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued there under.
- f. There are no observations or comments on the financial transactions or matters which have any adverse effect on the functioning of the company.
- g. 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.
- h. With respect to the adequacy of the internal financial controls system in place and the operating effectiveness of such controls, refer to our report in “Annexure–IV”.
- i. 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, in our opinion and to the best of our information and according to the explanations given to us:
 - i. Except for the effects of the matters described in the Basis of Qualified Opinion, the Company has disclosed the impact of pending litigations on its financial position in its financial statement;
 - ii. The Company did not have any long-term contracts including derivative contracts entailing any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place : Lucknow

Date : September 27, 2019

For R.M. LALL & CO.

Chartered Accountants

(F.R.N. 000932C)

-SD-

(CA Atul Mohan)

Partner

M. No. 070861

UDIN : 19070861AAAABM8994

Annexure-I

As referred to in, and forming part of, our audit report of even date to the members of U.P. Power Transmission Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31st March, 2019.

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. The Company has not complied with the following Accounting Standards - 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).
 - a. The entire balances against Trade Receivable (note-7), Other Current Assets (note-9) and Other Current Liabilities (note-15) have been shown as current. These include amounts remaining unrecovered/unpaid for fairly long periods. Reasons for not showing such amounts as non-current could not be explained. This is inconsistent with Ind AS 1. This has resulted in over statement of respective current assets/liabilities and under statement of the corresponding non-current assets/liabilities.
 - b. Capital Advances to Suppliers (other than material) – Rs. 420.08 crores have been included in and shown as Capital Work in Progress (note-3), which is inconsistent with Ind AS 1 and Schedule III to the Companies Act, 2013. This has resulted in over statement of Capital Work in Progress.
 - c. As per Significant Accounting Policy (2) (II), the Company capitalizes employee costs at a fixed percentage of the total expenditure on capital works incurred during the year. As per Ind AS 16 the elements of cost qualifying for recognition as an asset comprise only directly attributable costs. Capitalization of employee cost at a predetermined fixed percentage of expenditure on capital works is inconsistent with Ind AS 16.
 The Company has submitted that due to multiplicity of units as well as multiplicity of functions (i.e. capital works and O&M works) at a particular unit, the inherent intricacies of work involved necessitates performance of both capital works and O&M works through same set of employees, the exact segregation of which is not practical. Employee costs are attributable to both, Capital Works as well as O&M works. The Company, therefore, applies the best available rational judgement basis for employee cost capitalisation by way of fixed percentage of the total expenditure on capital works incurred during the year.
 - d. Accounting for Employee Benefits: Actuarial Valuation of gratuity liability of the employees covered under GPF scheme has not been obtained. (Refer foot note no. 1 of note – 19). This is inconsistent with Ind AS 19.
2. The Company has handed over the physical possession of 2.2250 hectares of land to the Department of Tourism, Etawah. However, the Company has neither made any adjustment under the head 'Property, Plant & Equipment' not disclosed this fact in the Notes to Accounts.

3. The Company has handed over its land measuring 5.9 acres, located at TajMahal, East Gate Road to Tourism Department for construction of Mughal museum. However, the Company has neither made any adjustment under the head 'Property, Plant & Equipment' nor disclosed this fact in the Notes to Account.
4. The Company has handed over its land measuring 993 square meter located at 132/33 KV G/S Sub-station Neembu Park, Lucknow to Madhyanchal Vidhyut Vitran Nigam Limited. However, the Company has neither made any adjustment under the head 'Property, Plant & Equipment' nor disclosed this fact in the Notes to Account.
5. Inter unit transfers amounting Rs. 250.84 crores, (Refer note-9) are subject to reconciliation and consequential adjustments.
6. Capital Advances (Note-3), Trade Receivables Others (note-7), Advances to Employees, Suppliers & Contractors (O&M) and Receivables from Employees (note-9), Liability for Capital/O&M Suppliers/ Works, Deposits from Suppliers & DISCOMS, Inter Corporate Balances (note-15) are subject to confirmation.
7. Balances with Bank in flexi deposit scheme are subject to reconciliation and adjustments at certain units, as reported by Auditor of Allahabad Zone.
8. The auditor of Central Zone (Location code 300, 400 & 450) has reported that age wise analysis of Capital Expense in Progress Account was not readily available at ZAO-TC.
9. As stated in Significant Accounting Policies (note 2V) the Company has valued inventory at cost and not at lower of the cost and realisable value as required under Ind AS 2.
10. Records for inventories lying with the third parties are not being maintained properly at Zonal Offices/ units of the Company.
11. The company has not complied with the requirements of Section 203(1) of the Companies Act, 2013 i.e., and the Company did not have a whole time Company Secretary.
12. For want of necessary details and information the consequential effect of the aforesaid comments was not ascertainable.

Place : Lucknow

Date : September 27, 2019

For R.M. LALL & CO.

Chartered Accountants

(F.R.N. 000932C)

-SD-

(CA Atul Mohan)

Partner

M. No. 070861

UDIN : 19070861AAAABM8994

Annexure-II**As referred to in, and forming part of, our audit report of even date to the members of U.P. Power Transmission Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31st March, 2019.**

1. (a) The company has not maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) The company has not carried out physical verification of the fixed assets hence we are unable to comment whether any material discrepancy was noticed as such or not.
(c) The Company has not disposed off substantial part of fixed assets during the year.
2. The physical verification for inventories has been conducted by the management at reasonable interval during the year. Branch auditors of Meerut Zone and Allahabad Zone have reported that the physical verification reports were not made available to them for their audit purpose. The procedure of physical verification of inventories needs improvement so as to make it adequate considering the size and nature of the activities of the company.
3. As per the information given and explanations provided, the company have not granted or taken any loan secured or unsecured to/ from companies, firms or other parties covered in the register required to be maintained under section 189 of the Companies Act, 2013.
4. The Company has not made any loans, investments, guarantees and security under provisions of section 185 and 186 of the Companies Act 2013.
5. The company have not accepted any deposit from the public and therefore the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 and other relevant provisions of the Act and rules framed there under are not applicable.
6. The cost records prescribed under section 148(1) of the Companies Act, 2013 have been maintained by the company during the year under audit. As informed by the Management Cost Audit for financial year 2018-19 was in process and the Cost Audit Report was yet to be submitted.
7. a) According to the information and explanation given to us, the company is generally regular in depositing the undisputed statutory dues in respect of Income Tax, Sales Tax, VAT, Service Tax & GST etc. with the appropriate authorities except in case of Transmission Zone (West), where there are delays in depositing undisputed statutory dues like GPF, Tax Deducted at Source, Service Tax, VAT etc. with the appropriate authorities. Under the head GPF a total sum of Rs.22.64 Crore was outstanding as on 31-03-2019 which was due for a period of more than six months from the date it became payable.

- b) According to information and explanations given to us, there is no disputed amount in respect of Income Tax or GST outstanding as on 31.03.2019 except the tax liability in respect of Value Added Tax with the Commercial Tax Department, where a sum of Rs. 76,95,015 has been paid from the bank of the unit against the contingent liability aggregating to Rs. 1,29,83,317.
8. The company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders.
9. As per the information given and explanations provided, no moneys were raised by the company by way of initial public offer or further public offer (including debt instruments) and term loans.
10. According to the information and explanations given to us, no fraud on or by the company have been noticed or reported for the period ended 31st March, 2019.
11. As per Notification No. GSR 463(E) dated 5th June, 2015, the provisions of Section 197 of the Companies Act, 2013 are not applicable to the Company.
12. The Company is not a chit fund or a nidhi / mutual benefit fund/ society, hence para (xii) of the order is not applicable.
13. All transactions with related parties are in compliance with section 188 and 177 of the 2013 Act where applicable and the details have been disclosed in the financial statements etc. as required by the Accounting Standards and the Act
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
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 him.
16. 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.

Place : Lucknow

Date : September 27, 2019

For R.M. LALL & CO.

Chartered Accountants

(F.R.N. 000932C)

-SD-

(CA Atul Mohan)

Partner

M. No. 070861

UDIN : 19070861AAAABM8994

Annexure-III (a)

As referred to in, and forming part of, our audit report of even date to the members of U.P. Power Transmission Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31st March, 2019.

Directions of Comptroller and Auditor General of India under section 143 (5) of the Companies Act, 2013.

S.No.	Directions	Reply
1.	Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	The title/ lease deeds for leasehold/ freehold land could not be made available to us for verification at Head Office level.
2.	Whether there are any cases of waiver/ write off of debts/ loans/interest etc., if yes, the reasons there for and the amount involved.	According to the information and explanations given to us, there were no cases of waiver/write-off of debts/loans/ investment etc. during the year under audit.
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Government or other authorities.	Records for inventories lying with the third parties are not being maintained properly at Zonal level. As informed by the management no asset has been received as gift from Government or other authorities.

Place : Lucknow

Date : September 27, 2019

For R.M. LALL & CO.Chartered Accountants
(F.R.N. 000932C)

-SD-

(CA Atul Mohan)

Partner

M. No. 070861

UDIN : 19070861AAAABM8994

Annexure-III (b)

As referred to in, and forming part of, our audit report of even date to the members of U.P. Power Transmission Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31st March, 2019.

Sub-Directions under section 143(5) of the Act to the Statutory Auditors / Branch Auditors of the Company for the Year 2018-19

S.No.	Sub-Directions	Remarks
1.	Adequacy of steps to prevent encroachment of idle land owned by Company may be examined. In case land of the company is encroached, under litigation, not put to use or declared surplus, details may be provided.	As per the information provided by the management of the company, they have not declared any land as surplus and further no incidence of encroachment was reported by any unit during the year under audit. Suitable steps are being taken to prevent encroachment of idle land owned by the Company.
2.	Where land acquisition is involved in setting up new projects, report whether settlement of dues done expeditiously and in a transparent manner in all cases. The cases of deviation may please be detailed.	As informed to us, land acquisition is involved in setting up new projects and settlements of dues are done expeditiously. No case of deviation was reported by the management.
3.	Is the system of evacuation of Power commensurate with power available for transmission with the generating company? If not, loss, if any, claimed by the generating company may be commented.	The Transmission system of evacuation of power is commensurate with power available for transmission with state owned generating company.
4.	How much transmission loss in excess of prescribed norms has been incurred during the year and whether the same has been properly accounted for in the books of accounts?	UPERC, a state commission, has approved intra-state transmission loss of 3.60% for the FY 2018-19. UPPTCL incurred actual intra-state transmission loss of 3.568% which is less than and within the limit of approved intra-state transmission loss for the FY 2018-19.
5.	Whether the assets constructed and completed on behalf of other agencies and handed over to	As per the information provided by the management, the deposit works is carried out

S.No.	Sub-Directions	Remarks
	them has been properly accounted for in the financial statements?	by the company on the request of beneficiary agency. As per terms of Agreement, if the assets became the property of agency on completion of deposit works, it is handed over to the agency along with statement showing item or workwise total expenditure incurred. However, if the assets created from deposit works became property/ assets of the Company in terms of the agreement, it is capitalized and accounted for in the book of company against contribution towards creation of assets.

Place : Lucknow

Date : September 27, 2019

For R.M. LALL & CO.Chartered Accountants
(F.R.N. 000932C)

-SD-

(CA Atul Mohan)

Partner

M. No. 070861

UDIN : 19070861AAAABM8994

Annexure-IV

As referred to in, and forming part of, our audit report of even date to the members of U.P. Power Transmission Corporation Limited on the Standalone Financial Statements of the Company for the year ended 31st March, 2019.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013.

We have audited the internal financial controls over financial reporting of U.P. Power Transmission Corporation Limited ('the Company') as of 31st March, 2019 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The management of the company is responsible for establishing and maintaining internal financial controls 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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the presentation of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of un-authorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion:

In our opinion, the Company has, 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 31st March, 2019, 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 Control over Financial Reporting issued by the Institute of Chartered Accountants of India except for the deficiencies reported by us in Annexure I and II to our audit report of even date on the Standalone Financial Statements of the Company for the year ended 31st March, 2019.

Place : Lucknow

Date : September 27, 2019

For R.M. LALL & CO.

Chartered Accountants

(F.R.N. 000932C)

-SD-

(CA Atul Mohan)

Partner

M. No. 070861

UDIN : 19070861AAAABM8994

भारतीय लेखापरीक्षा और लेखा विभाग
कार्यालय प्रधान महालेखाकार
(लेखापरीक्षा-II) उ.प्र.

“आडिट भवन” टीसी-35-V-1, विभूति खण्ड
गोमती नगर, लखनऊ-226010



Indian Audit & Accounts Department
Office of the Principal Accountant General
(Audit-II) U.P.

"Audit Bhawan" TC-35-V-I, Vibhuti Khand
Gomti Nagar, Lucknow-226010

पत्रांक : प्र.म.ले. (आडिट-II) / ए.एम.जी.-II / लेखा / यू.पी.पा.ट्रां.का.लि.-2018-19 / 145

दिनांक : 21-08-2020

सेवा में,

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

महोदय,

एतत्सह कम्पनी, अधिनियम, 2013 की धारा 143(5) के अधीन उ.प्र. पावर ट्रांसमिशन कारपोरेशन लिमिटेड के 31 मार्च, 2019 को समाप्त वर्ष के लेखों पर भारत के नियंत्रक-महालेखापरीक्षक की टीका-टिप्पणियां कम्पनी अधिनियम, 2013 की धारा 143(6)(b) के निबन्धनों के अनुसरण में कम्पनी की वार्षिक सामान्य बैठक के समक्ष प्रस्तुत करने हेतु अग्रेषित की जा रही हैं। कृपया वार्षिक सामान्य बैठक के समक्ष इन टीका-टिप्पणियों के प्रस्तुत किये जाने की वास्तविक तिथि की सूचना दें।

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

कृपया पत्र की पावती भेजें।

संलग्नक- यथोपरि।

भवदीय,

-SD-

(उत्सव पराशर)
उपमहालेखाकार

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF UTTAR PRADESH POWER TRANSMISSION CORPORATION LIMITED FOR THE YEAR ENDED 31, MARCH 2019.

The Management is responsible for preparation of Financial Statements of Uttar Pradesh Power Transmission Corporation Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under Companies Act, 2013 (Act). The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is 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 27 September 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143 (6) (a) of the Act of Financial Statement of Uttar Pradesh Power Transmission Corporation Limited for the year ended 31 March 2019. This supplementary audit has been carried out independently without access to working papers of the Statutory Auditor and is limited primarily to inquiries of the Statutory Auditors and the 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 better understanding of the financial statements and the related audit report.

A. COMMENTS ON PROFITABILITY

Statement of Profit and Loss

Expenses

Finance Costs (Note-20): ₹ 1,063.31 crore

1. Significant Accounting Policy No. 2 (iv) stipulated that the Borrowing Cost towards the acquisition or construction of the qualifying assets are capitalized as part of the cost of such assets up to effective date of commercial operation.

Finance Costs includes interest of ₹ 44.01 crore for the year 2018-19 on loan taken for construction of the 765 KV Anpara D-Unnao Line. As the aforesaid line was not put to commercial operation till 31 March 2019, the interest should have been capitalized instead of charging the same under Finance Costs in Statement of Profit and Loss. This has resulted in overstatement of Finance

Costs and corresponding understatement of Capital Work-in-Progress by ₹ 44.01 crore.

B. COMMENTS ON FINANCIAL POSITION

Balance Sheet

Assets

Non-Current Assets

Property, Plant & Equipment (Note-2): ₹ 17,780.11 crore

2. (a) The Significant Accounting Policy 2 (i) on 'Property, Plant & Equipment' stipulates that the Transmission System Assets are considered for intended use from the date of commercial operation declared and capitalized accordingly.

However, 'Property, Plant & Equipment' includes an amount of ₹ 35.87 crore as cost of land of nine substations¹ which are yet to be put to commercial operation. Therefore, the aforesaid cost of land should not have been capitalized during 2018-19. This has resulted in overstatement of the Property, Plant & Equipment and corresponding understatement of Capital Work-in-Progress by ₹ 35.87 crore.

- (b) Property, Plant & Equipment includes one transformer valuing ₹ 1.85 crore damaged under guarantee period and lifted by the manufacturer (AdityaVidyut International) for repair but not returned. As the transformer has not been returned even after lapse of more than two years and an FIR has been lodged against the firm for non-return of the transformer, suitable provision for loss on account of the same should have been made.

Non-provision for possible loss on account of doubtful return of transformer has resulted in overstatement of Property, Plant & Equipment and understatement of Loss for the year by ₹ 1.85 crore.

Further, the matter being material, the information should have been disclosed in the Notes to Accounts. The Notes to Accounts are therefore deficient to that extent.

Capital Work-in-Progress (Note-3): ₹ 6,805.05 crore

3. (a) The above includes interest on loan of ₹ 3.87 crore booked during the period from 2016-17 to 2017-18 in respect of four abandoned/cancelled transmission lines/substation². As the lines/substation have been abandoned and interest for the year 2018-19 has been charged in Statement of Profit and Loss, the interest booked under Capital Work-in-Progress (CWIP)

¹ at Baragaon, Jaunpur, Campierganj, Faridpur, Muzaffarnagar, Badaikala, Shamli, Kairana, and Bhojpur.

² 132 KV S/C Karelbagh Salayakhurd Line, LILO at Jari of Karelabagh-Salayakhurd Line; 132 KV S/C Bhadaura Kundesar Line and 132 KV Substation Karelbagh Allahabad

in the previous year (2016-17 to 2017-18) should have also been transferred to Statement of Profit and Loss. However, the same remained included in the CWIP. This has resulted in overstatement of CWIP and understatement of Loss by ₹ 3.87 crore.

- (b) CWIP includes expenditure incurred on Bhadaura-Kundesar Line amounting to ₹ 7.21 crore. The Transmission Works Approval Committee dropped (February 2018) the aforementioned line and Electricity Transmission Design Circle, Lucknow ordered (March 2018) to dismantle it. Out of expenditure of ₹ 7.21 crore on the line, ₹ 1.13 crore was incurred on erection portion which is not recoverable. Therefore, Provision on account of CWIP loss due to abandonment of line should have been made for the above erection expenditure. As this was not done, CWIP is overstated and Loss is understated by ₹ 1.13 crore.
- (c) As per Ind AS 23 on Borrowing Costs, "an entity shall capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. An entity shall recognise other borrowing costs as an expense in the period in which it incurs them".

CWIP includes ₹ 4.88 crore on account of penal interest paid during 2016-17 due to delay in payment of principal and interest to the lending agencies. Since that penal interest was paid by the Company due to default in payment of principal and interest, the same is not a directly attributable expenditure for capitalization as borrowing cost as per above stated provisions of Ind AS 23. Thus, due to capitalisation of penal interest, CWIP is overstated and Accumulated Loss is understated by ₹ 4.88 crore.

Despite similar comment of C&AG of the India on the accounts of the Company for the years 2016-17 and 2017-18, no corrective action has been taken by the Management.

Current Assets

Other Current Assets (Note-9) ₹ 399.72 crore

4. The above includes old unsecured advances of ₹ 4.39 crore given to South East U.P. Power Transmission Company Limited (UPPTCL) which has been transferred to M/s Isolux Corsan Concessions S.A. vide Board of Directors' decision dated 16.12.2011. Since South East UPPTCL had been transferred to a private company and confirmation of recoverable balances appearing in the books of UPPTCL has not been obtained since the date of transfer of South East UPPTCL, the recovery of advance is doubtful. Therefore, a suitable provision against the advance should have been made. Non-provision against above doubtful loans and advances has resulted in overstatement of Loans and Advances and understatement of Loss by ₹ 4.39 crore.

Despite similar comment of C&AG of India on the accounts of the company for the year 2017-18, no corrective action has been taken by the Management.

Current Liabilities**Other Current Liabilities (Note-15) : ₹ 5,674.05 Crore**

5. The above includes shut down charges amounting to ₹ nine crore received on account of shut down taken for diversion/height raising of transmission lines executed as deposit works of National Highways Authority of India and National Thermal Power Corporation Limited. As the shut down charges are taken for reimbursement of loss of revenue due to shut down of the transmission lines, the same should have been credited to Other Income instead of crediting to liabilities against the concerned deposit works. Thus Other Current Liabilities are overstated and Other Income is understated by ₹ nine crore.

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

-SD-

(Jayant Sinha)

Principal Accountant General

Place : Lucknow

Date : 21.08.2020

Dileep Dixit & Co.
Company Secretaries

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE PERIOD ENDED 31 MARCH, 2019

[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,
The Members,
M/S. U.P. POWER TRANSMISSION CORPORATION LIMITED
COMPANY CIN : U40101UP2004SGC028687
Regd. Office : SHAKTI BHAWAN
14-A, ASHOK MARG, LUCKNOW
Uttar Pradesh 226001 India
Email id : cs@upptcl.org

1. I have conducted the secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **M/S. U P POWER TRANSMISSION CORPORATION LIMITED** (herein after referred as "the company"). The Secretarial Audit was conducted in a manner that provides us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.
2. I have examined the registers, records, books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31st Day of March, 2019 according to the provisions of :
 - i. The Companies Act, 2013 and rules made there under and various allied acts warranting compliance;
 - ii. The Indian Electricity Act, 1948;
 - iii. The Memorandum and Articles of Association of the Company;

Dileep Dixit & Co.

H.O. : LGF-41, Tarun Market, Daliganj Railway Crossing, Sitapur Road, Lucknow-226020

Mob.: +91835498010, +91 7393966509, e-mail : dileepdixit.co@gmail.com

Dileep Dixit & Co.
Company Secretaries

3. Based on my verification of books, papers, minutes books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion the company has during the audit period covering the financial year ended on **31st day of March, 2019**. Complied with the statutory provisions listed hereunder ***subject to the observations as annexed with this Audit report :***
- (i) maintenance of various statutory registers and documents and making necessary entries therein;
 - (ii) forms, returns, documents and resolutions required to be filed with the Registrar of Companies;
 - (iii) service of documents by the Company on its Members, Auditors and the Registrar of Companies;
 - (iv) notice of Board and various Committee meetings of Directors;
 - (v) meetings of Directors and all the Committees of Directors and passing of circular resolutions;
 - (vi) notice and convening of Annual General Meeting;
 - (vii) minutes of the proceedings of the Board Meetings, Committee and Member Meetings;
 - (viii) approvals of the Board of Directors, Committee of Directors, Members and Government authorities, wherever required;
 - (ix) constitution of the Board of Directors, Committees of Directors and appointment and reappointment of Directors;
 - (x) payment of remuneration to Directors and Managing Director and Key Managerial Personnel;
 - (xi) appointment and remuneration of Statutory Auditors, Secretarial Auditors and Internal Auditors;
 - (xii) transfer of the Company's shares, issue and allotment shares;
 - (xiii) contracts, registered office and publication of name of the company;
 - (xiv) report of the Board of Directors;
 - (xv) investment of Company's funds;
 - (xvi) generally, all other applicable provisions of the Act and the Rules there under;
 - (xvii) The company has, in our opinion, proper Board-processes and compliance mechanism and has complied with the applicable statutory provisions, Act(s), rules, regulations, guidelines, applicable secretarial standard, etc, mentioned above and as stipulated under the Memorandum and Articles of Association the company.

Dileep Dixit & Co.
Company Secretaries

4. I further report that as per the information and representation by the officers of the company, it has complied with the provisions of the other laws to the extent applicable on the company subject to the annexed 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- The Prevention of work place Sexual Harassment Act, 2013 and the rules framed there under,

5. I further report that :

- i) The Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings and directorships in other Companies and interest in other entities;
- ii) The Directors have complied with the disclosure requirements in respect to their eligibility of appointment, their being independent, compliance with the code of conduct for Directors and Senior Management Personnel and,
- iii) The Company has obtained all necessary approvals under various provisions of the Companies Act, 2013 wherever necessary;
- iv) There was no prosecution initiated against or show cause notice received by the Company during the year under review the Companies Act, 2013 and rules, regulations and guidelines there under.

6. I further report that during the year :

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, Articles of Association of the Company and as per the applicable orders issued by the concerned regulatory body and government in this regard.

Adequate notices were given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance in most of the meetings, however, the notices for meetings were found to be circulated for a period lesser than the time limit as statutorily prescribed yet a system exists for

Dileep Dixit & Co.
Company Secretaries

seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board 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.

We further report that the applicable financial laws, such as Direct and Indirect Tax Laws have not been reviewed under our audit in its entirety as same falls under review of the statutory audit and by other designated professionals and we relied upon the reports of such statutory auditor and other designated expert professionals.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

Para wise Report on specific observations/audit qualification, reservation or adverse remarks in respect of the applicable laws are provided in the "**Annexure-A**" attached with this report (forming integral part of report).

UDIN : F006244B000341942

Place : Lucknow

Date : 30.09.2020

For M/s. Dileep Dixit & Co.

—SD—

Dileep Kumar Dixit

FCS. No. 6244

C.P. No. 6770

Dileep Dixit & Co.
Company Secretaries

Annexure-A

1. 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 2018-19 and the report of the board of directors 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 30/09/2019. The Annual General meeting of the company was held on 30/09/2019. But the Financial Statement (Annual Accounts) of the company for the financial year 2018-19 were not audited and consequently the report of the board of directors was not prepared and hence not ready for their adoption in this Annual General Meeting which was eventually got adjourned. Further, During the audit, it has been found that the Annual Accounts of the Company for the Financial Year 2017-18 has been adopted in the adjourned Annual General Meeting held on 29/07/2020.
2. As per the provisions of section 148 of the Companies Act, 2013 read with the rule 5 of the Companies (Cost and Audit) Rules, 2014, the Company is required to appoint the cost auditor within 180 days of the Commencement of every Financial Year and as per the provisions of rule (6) sub rule (5) of these rules, every cost auditor shall forward his report to the board of directors of the Company within 180 days of the closure of the financial year to which the report relates. Further, During the audit, it has been found that the cost audit report of the Company for the Financial Year 2017-18 was required to be presented before the board of directors latest by 30/09/2018 but the same has not been submitted before the board of directors within 180 days of the closure of the Financial Year i.e. by 30/09/2018 as required by rule (6) sub rule (5) of the above rules. Thus, to this extent the above provisions of the Companies Act, 2013 and the relevant rules have not been complied with.
3. As per the provisions of section 149 of the Companies Act, 2013 read with the rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014, the Company is required to appoint at least two numbers of Independent Directors on the Board of directors of the Company. Further, while constituting the Audit Committee under Section 177 of the Companies Act, 2013, at least one Independent Director required to be appointed in the composition of the Audit Committee. Moreover, while constituting the Social Responsibility Committee under Section 135 of the Companies Act, 2013, at least one Independent Director has to be appointed in the composition of the Social Responsibility Committee during the year 2018-19. The Company has neither appointed Independent Directors in the composition of its Board of directors nor in the composition of the Audit Committee and Social Responsibility Committee.

UDIN : F006244B000341942

Place : Lucknow

Date : 30.09.2020

For M/s. Dileep Dixit & Co.

—SD—

Dileep Kumar Dixit

FCS. No. 6244

C.P. No. 6770

Dileep Dixit & Co.
Company Secretaries

To,

The Members,

M/S. U.P. POWER TRANSMISSION CORPORATION LIMITED

COMPANY CIN : U40101UP2004SGC028687

Regd. Office : SHAKTI BHAWAN

14-A, ASHOK MARG, LUCKNOW

Uttar Pradesh 226001 India

Email id : cs@upptcl.org

Our Report of even date is to be read along with letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process 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. We believe that the processes and practices. We followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company so far it is not concerned with out audit related matters.
4. Where ever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor or the efficacy or effectiveness with which the management has conducted the affairs of the Company.

UDIN : F006244B000341942

Place : Lucknow

Date : 30.09.2020

For M/s. Dileep Dixit & Co.

—SD—

Dileep Kumar Dixit

FCS. No. 6244

C.P. No. 6770

