

**DAKSHINANCHAL  
VIDYUT VITRAN NIGAM LIMITED**

**BALANCE SHEET  
AS AT  
31.03.2018**

**&**

**STATEMENT OF PROFIT & LOSS  
FOR THE PERIOD FROM  
01.04.2017  
TO  
31.03.2018**

**REGISTERED OFFICE  
URJA BHAWAN, 220KV SUB STATION, AGRA**

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**DAKSHINANCHAL VIDYUT VITRAN NIGAM LIMITED**  
220 KV SUB STATION, BYE PASS ROAD, AGRA

**BALANCE SHEET AS AT 31.03.2018**

(Amount in Lakh)

PARTICULARS	NOTE NO.	Figures for the current reporting period 31.03.2018	Figures for the end of previous reporting period 31.03.2017
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, Plant and Equipment	2	736051.56	617032.57
(b) Capital Work-in-progress	3	63387.86	46298.15
(c) Other non-current assets	4	229499.80	175764.02
<b>(2) Current Assets</b>			
(a) Inventories	5	115154.39	94158.73
(b) Financial Assets			
(i) Trade Receivables	6	1259010.71	1078524.93
(ii) Cash and cash equivalents	7 (A)	102191.11	93016.70
(iii) Bank balances other than (ii) above	7 (B)	6026.58	7252.75
(iv) Loans and advances	8	1744.17	2137.66
(v) Other (Inter Unit Transfer)		142616.99	82611.00
(c) Other current assets	9	113199.67	82424.18
<b>Total Assets</b>		<b>2768882.84</b>	<b>2279220.69</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	10	500231.19	500231.19
(b) Other Equity	11	(517619.26)	(550587.92)
<b>LIABILITIES</b>			
<b>(1) Non-current liabilities</b>			
<b>(a) Financial liabilities</b>			
(i) Borrowings	12	1792495.57	1393814.16
(ii) Other financial liabilities	13	58567.68	54404.62
<b>(2) Current Liabilities</b>			
<b>(a) Financial liabilities</b>			
(i) Borrowings	14	3500.25	3500.25
(ii) Trade payables	15	336027.34	397889.03
(b) Other current liabilities	16	595680.07	479969.36
<b>Total Equity and Liabilities</b>		<b>2768882.84</b>	<b>2279220.69</b>
Significant Accounting Policies	1A		
Notes on Accounts	1B		

The accompanying notes 1 to 26 form an integral part of the financial statements



(Pradeep Soni)  
Company Secretary  
(In Part Time)



(D.K. Agarwal)  
General Manager (FA & A)



(K.C. Pandey)  
Director (Finance)  
DIN- 07890679

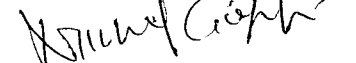


(S.K. Verma)  
Managing Director  
DIN - 07568362

Date : 25-10-2018  
Place : Agra

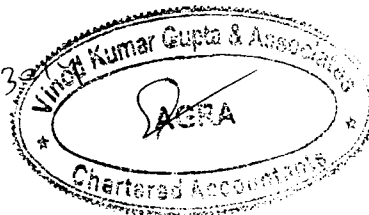
Subject to our Audit Report of even date separately annexed.  
For M/S Vinod Kumar Gupta & Associates

CHARTERED ACCOUNTANTS



(CA Nikhil Gupta)  
Partner

Membership No.: 61030




**DAKSHINANCHAL VIDYUT VITRAN NIGAM LIMITED**  
220 KV SUB STATION, BYE PASS ROAD, AGRA


**STATEMENT OF PROFIT AND LOSS FOR THE YEAR 31.03.2018**

(Amount in Lakh)

	PARTICULARS	NOTE NO.	Figures for the current reporting period	Figures for the end of previous reporting period
I	Revenue From Operations	17	844284.15	773174.94
II	Other Income	18	278626.31	247219.35
III	Total Income (I+II)		<b>1122910.46</b>	<b>1020394.29</b>
IV	<b>EXPENSES</b>			
	Cost of Power Purchase	19	1118256.89	987594.49
	Employee benefits expenses	20	13152.72	15804.11
	Finance Costs	21	125515.71	84576.41
	Depreciation and amortization expenses	22	21029.16	18570.81
	<b>Other expenses</b>			
	a) Administrative, General & Other Expenses	23	22625.49	18077.25
	b) Repairs and Maintenance	24	49389.38	40871.95
	c) Bad Debts & Provisions	25	9590.96	12664.26
	<b>Total expenses (IV)</b>		<b>1359560.31</b>	<b>1178159.28</b>
V	Profit/(Loss) before exceptional items and tax (I-IV)		(236649.85)	(157764.99)
VI	Exceptional items			0.00
VII	Profit/(Loss) before tax (V-VI)		(236649.85)	(157764.99)
VIII	Tax expense:			
	(1) Current tax		0.00	0.00
	(2) Deferred tax		0.00	0.00
IX	Profit (Loss) for the year (VII-VIII)		(236649.85)	(157764.99)
X	Other Comprehensive Income		0.00	0.00
XI	Total Comprehensive Income for the period (IX+X)		(236649.85)	(157764.99)
	Significant Accountig Policies	1		
XII	Earning per equity share (continuing operation):	26		
	a) Basic		(516.18)	(344.11)
	b) Dilute		(516.18)	(344.11)

The accompanying notes form an integral part of the financial statements

  
(Pradeep Soni)  
Company Secretary  
(In Part Time)

  
(D.K. Agarwal)  
General Manager (FA & A)

  
(K.C. Pandey)  
Director (Finance)  
DIN- 07890679

  
(S.K. Verma)  
Managing Director  
DIN - 07568362

Date : 25-10-2018  
Place : Agra

Subject to our Audit Report of even date seperately annexed.

For M/S Vinod Kumar Gupta & Associates

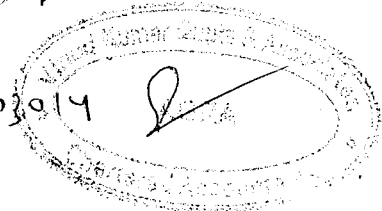
CHARTERED ACCOUNTANTS



(CA Nikhil Gupta)

Partner

Membership No.: 403014



**DAKSHINANCHAL VIDYUT VITRAN NIGAM LIMITED**  
220 KV SUB STATION, BYE PASS ROAD, AGRA  
**STATEMENT OF CHANGE IN EQUITY**

**A. EQUITY SHARE CAPITAL AS ON 31.03.2018**

(Amount in Lakh)

Balance at the beginning of the reporting period	Changes in equity share capital during the year	Balance at the end of the reporting period
50023119000	0	50023119000

**A. EQUITY SHARE CAPITAL AS ON 31.03.2017**

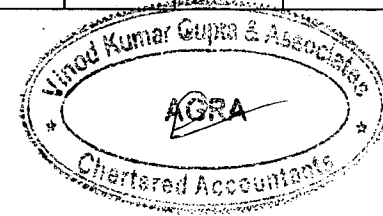
Balance at the beginning of the reporting period	Changes in equity share capital during the year	Balance at the end of the reporting period
40000000000	10023119000	50023119000

**B. OTHER EQUITY AS ON 31.03.2018**

	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus				Debt instruments through Other Comprehensive Income	Equity instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a	Other Items of Other Comprehensive Income (specify nature)	Money received against share warrants	Total
			Capital Reserve	Securities Premium Reserve	Subsidy towards Cost of Capital Assets	Retained Earnings								
Balance at the beginning of the reporting period	908199.67	0.00	163726.42	0.00	717662.46	(2340176.47)	-	-	-	-	-	-	-	(550587.92)
Changes in accounting policy or prior period errors	0.00	0.00	0.00	0.00	0.00	0.00	-	-	-	-	-	-	-	0.00
Restated balance at the beginning of the reporting period	908199.67	0.00	163726.42	0.00	717662.46	(2340176.47)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(550587.92)
Total Comprehensive Income for the year	0.00	0.00	0.00	0.00	0.00	0.00	-	-	-	-	-	-	-	0.00
Dividends	0.00	0.00	0.00	0.00	0.00	0.00	-	-	-	-	-	-	-	0.00
Transfer to retained earnings	0.00	0.00	0.00	0.00	0.00	0.00	-	-	-	-	-	-	-	0.00
Received during the year	221027.81	0.00	25015.97	0.00	29728.83	0.00	-	-	-	-	-	-	-	275772.61
Alloted during the year	0.00	0.00	4769.53	0.00	1384.57	0.00	-	-	-	-	-	-	-	6154.10
Surplus/Deficit during the year	0.00	0.00	0.00	0.00	0.00	(236649.85)	-	-	-	-	-	-	-	(236649.85)
Balance at the end of the reporting period	1129227.48	0.00	183972.86	0.00	746006.72	(2576826.32)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(517619.26)

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**DAKSHINANCHAL VIDYUT VITRAN NIGAM LIMITED**  
220 KV SUB STATION, BYE PASS ROAD, AGRA  
**STATEMENT OF CHANGE IN EQUITY**

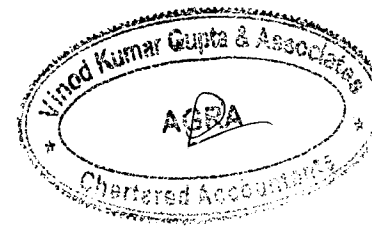
**B. OTHER EQUITY AS ON 31.03.2017**

(Amount in Lakh)

	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus				Debt instruments through Other Comprehensive Income	Equity instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Other Items of Other Comprehensive Income (specify nature)	Money received against share warrants	Total
			Capital Reserve	Securities Premium Reserve	Subsidy towards Cost of Capital Assets	Retained Earnings								
Balance at the beginning of the reporting period	767547.28	0.00	142414.00	0.00	441625.85	(2182411.48)	-	-	-	-	-	-	-	(830824.35)
Changes in accounting policy or prior period errors	0.00	0.00	0.00	0.00	0.00	(13416.65)	-	-	-	-	-	-	-	(13416.65)
Restated balance at the beginning of the reporting period	767547.28	0.00	142414.00	0.00	441625.85	(2195828.13)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(844241.00)
Total Comprehensive Income for the year	0.00	0.00	0.00	0.00	0.00	0.00	-	-	-	-	-	-	-	0.00
Dividends	0.00	0.00	0.00	0.00	0.00	0.00	-	-	-	-	-	-	-	0.00
Transfer to retained earnings	0.00	0.00	0.00	0.00	0.00	0.00	-	-	-	-	-	-	-	0.00
Received during the year	240883.58	0.00	25537.90	0.00	276975.72	0.00	-	-	-	-	-	-	-	543397.20
Alloted during the year	100231.19	0.00	4225.48	0.00	939.11	0.00	-	-	-	-	-	-	-	105395.78
Surplus/Deficit during the year	0.00	0.00	0.00	0.00	0.00	(144348.34)	-	-	-	-	-	-	-	(144348.34)
Balance at the end of the reporting period	908199.67	0.00	163726.42	0.00	717662.46	(2340176.47)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(550587.92)

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**DAKSHINANCHAL VIDYUT VITRAN NIGAM LIMITED**  
220 KV SUB STATION, BYE PASS ROAD, AGRA

**NOTE-02**

**PROPERTY, PLANT AND EQUIPMENT**

(Amount in Lakh)

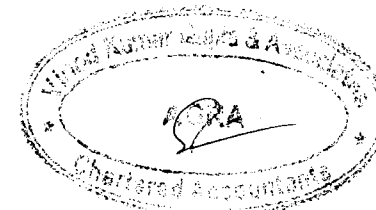
PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 01.04.17	Additions	Deductions	As at 31.03.18	As At 01.04.17	Additions	Deductions	As at 31.03.18	As at 31.03.18	As at 31.03.17
Land & Land Rights	124.74	0.00	0.00	124.74	39.81	0.00	0.00	39.81	84.93	84.93
Buildings	21205.41	3539.59	0.00	24745.00	4765.06	461.85	0.00	5226.91	19518.09	16440.35
Plant & Machinery	252329.75	94207.24	60417.91	286119.08	19199.80	7218.03	10433.98	15983.85	270135.23	233129.95
Lines, Cables, Net work etc.	528068.35	98753.04	3228.24	623593.15	164627.84	19282.92	1421.57	182489.19	441103.96	363440.51
Furniture & Fixtures	632.77	110.62	0.00	743.39	210.02	34.89	0.00	244.91	498.48	422.75
Office Equipments	358.45	38.89	0.00	397.34	218.56	10.12	0.00	228.68	168.66	139.89
Vehicle	120.75	3.59	0.00	124.34	101.64	16.49	0.00	118.13	6.21	19.11
<b>Total</b>	<b>802840.22</b>	<b>196652.97</b>	<b>63646.15</b>	<b>935847.04</b>	<b>189162.73</b>	<b>27024.30</b>	<b>11855.55</b>	<b>204331.48</b>	<b>731515.56</b>	<b>613677.49</b>
Assets not pertain to DVVNL (UPPTCL)	3650.12	1339.88	0.00	4990.00	295.04	158.96	0.00	454.00	4536.00	3355.08
<b>Grand Total</b>	<b>806490.34</b>	<b>197992.85</b>	<b>63646.15</b>	<b>940837.04</b>	<b>189457.77</b>	<b>27183.26</b>	<b>11855.55</b>	<b>204785.48</b>	<b>736051.56</b>	<b>617032.57</b>

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 01.04.16	Additions	Deductions	As at 31.03.17	As At 01.04.16	Additions	Deductions	As at 31.03.17	As at 31.03.17	As at 31.03.16
Land & Land Rights	124.74	0.00	0.00	124.74	39.81	0.00	0.00	39.81	84.93	84.93
Buildings	18113.50	3091.91	0.00	21205.41	4361.93	403.13	0.00	4765.06	16440.35	13751.57
Plant & Machinery	225764.10	89686.70	63121.05	252329.75	23340.76	6360.58	10501.54	19199.80	233129.95	202423.34
Lines, Cables, Net work etc.	461631.03	70334.07	3896.75	528068.35	153197.87	16794.12	5364.15	164627.84	363440.51	308433.16
Furniture & Fixtures	500.19	132.58	0.00	632.77	183.13	26.89	0.00	210.02	422.75	317.06
Office Equipments	318.62	39.83	0.00	358.45	211.03	7.53	0.00	218.56	139.89	107.59
Vehicle	120.75	0.00	0.00	120.75	101.64	0.00	0.00	101.64	19.11	19.11
<b>Total</b>	<b>706572.93</b>	<b>163285.09</b>	<b>67017.80</b>	<b>802840.22</b>	<b>181436.17</b>	<b>23592.25</b>	<b>15865.69</b>	<b>189162.73</b>	<b>613677.49</b>	<b>525136.76</b>
Assets not pertain to DVVNL (UPPTCL)	3576.93	73.19	0.00	3650.12	151.89	143.15	0.00	295.04	3355.08	3425.04
<b>Grand Total</b>	<b>710149.86</b>	<b>163358.28</b>	<b>67017.80</b>	<b>806490.34</b>	<b>181588.06</b>	<b>23735.40</b>	<b>15865.69</b>	<b>189457.77</b>	<b>617032.57</b>	<b>528561.80</b>

Note:- 1. Deductions/Adjustment made during the year under Gross Block & Depreciation represents Plant & Machinery and Lines & Cables which were written off during the year.

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DAKSHINANCHAL VIDYUT VITRAN NIGAM LIMITED  
220 KV SUB STATION, BYE PASS ROAD, AGRA

**NOTE-03**

**CAPITAL WORK IN PROGRESS**

(Amount in Lakh)

PARTICULARS	As At 01.04.2017	Additions	Deduction/Adjustments	Capitalised	As at 31.03.2018
Capital Work In Progress *	46298.15	213742.68	0.00	196652.97	63387.86
Grand Total	46298.15	213742.68	0.00	196652.97	63387.86

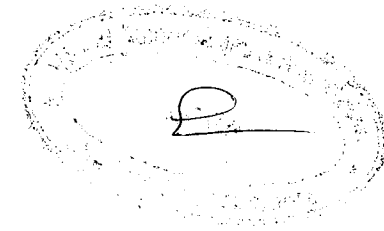
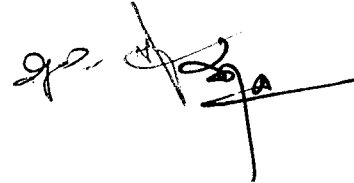
Note :

\* It includes Establishment Cost related to works.

PARTICULARS	As At 01.04.2016	Additions	Deduction/Adjustments	Capitalised	As at 31.03.2017
Capital Work In Progress *	29609.23	179974.01	0.00	163285.09	46298.15
Grand Total	29609.23	179974.01	0.00	163285.09	46298.15

Note :

\* It includes Establishment Cost related to works.



**DAKSHINANCHAL VIDYUT VITRAN NIGAM LIMITED**  
220 KV SUB STATION, BYE PASS ROAD, AGRA

**NOTE-04**

**OTHER NON-CURRENT ASSETS**

(Amount in Lakh)

PARTICULARS	AS AT 31.03.2018	AS AT 31.03.2017
Advance to Suppliers/Contractors (Capital)	229520.25	175784.47
Sub-Total	229520.25	175784.47
<b>Less - Provision for Doubtful advances</b>	20.45	20.45
<b>Total</b>	<b>229499.80</b>	<b>175764.02</b>

**NOTE-05**

**CURRENTS ASSETS**  
**INVENTORIES**

(Amount in Lakh)

PARTICULARS	AS AT 31.03.2018	AS AT 31.03.2017
<b>STORES &amp; SPARES</b>		
Stock of materials - Capital Works	80325.83	84393.95
Stock of materials- O & M	41975.70	16543.53
Others*	661.45	1029.84
Less: Provision for Obsolete Stores	(7808.59)	(7808.59)
<b>Total</b>	<b>115154.39</b>	<b>94158.73</b>

\* Include material issued to fabricators, obsolete material, scrap, transformers sent for repair and store excess/shortage pending for investigation and material in transit.  
Inventories are valued at cost.

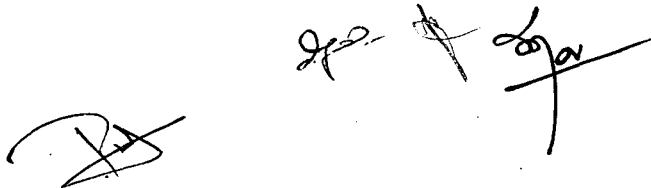
**NOTE-06**

**FINANCIAL ASSETS (CURRENT ASSETS)**  
**TRADE RECEIVABLES**

(Amount in Lakh)

PARTICULARS	AS AT 31.03.2018	AS AT 31.03.2017
<b>Trade receivables outstanding from Customers</b>		
<b>For a Period More than six months:</b>		
Secured & Considered good*	56654.94	51418.26
Unsecured & Considered good	1106234.46	954622.66
Considered Doubtful	147504.00	139248.82
Less: Provision for Doubtful trade receivables	147504.00	139248.82
	1162889.40	1006040.92
<b>Trade receivables outstanding from Customers</b>		
<b>For a Period Less than six months:</b>		
Secured & Considered good*	1912.74	2986.36
Unsecured & Considered good	94208.57	69497.65
Doubtful	5059.02	3814.95
Less: Provision for Doubtful trade receivables	5059.02	3814.95
	96121.31	72484.01
	1259010.71	1078524.93

\* Secured against security deposit from consumers.





**DAKSHINANCHAL VIDYUT VITRAN NIGAM LIMITED**  
220 KV SUB STATION, BYE PASS ROAD, AGRA

**NOTE-07 (A)**

**FINANCIAL ASSETS (CURRENT ASSETS)**  
**CASH AND CASH EQUIVALENTS**

(Amount in Lakh)

PARTICULARS	AS AT 31.03.2018	AS AT 31.03.2017
<b>A Cash and Cash Equivalents</b>		
Balances with Bank		
Current Account	98809.56	86304.48
Deposit with original maturity upto three months	0.00	0.00
Cash in Hand (Including Stamps in hand)	3324.30	6660.40
Cash Imprest with Staff	57.25	51.82
	102191.11	93016.70
Total	102191.11	93016.70

**NOTE-07 (B)**

**FINANCIAL ASSETS (CURRENT ASSETS)**  
**BANK BALANCES OTHER THAN (ii) ABOVE**

(Amount in Lakh)


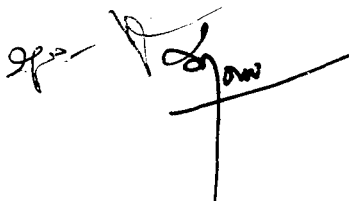
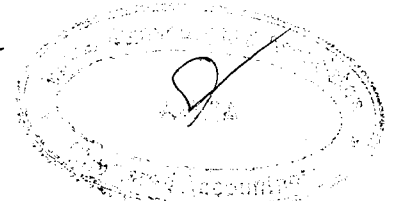
PARTICULARS	AS AT 31.03.2018	AS AT 31.03.2017
<b>B Other Bank Balances</b>		
Deposits with original maturity of more than three months but less than twelve months	6026.58	7252.75
Total (B)	6026.58	7252.75
Total (A+B)	108217.69	100269.45

**NOTE-08**

**LOANS AND ADVANCES**

(Amount in Lakh)

PARTICULARS	AS AT 31.03.2018		AS AT 31.03.2017
<b>ADVANCES (Unsecured/Considered Good)</b>			
Suppliers/Contractors	1436.41		1455.13
<b>Less - Provision for Doubtful Advances</b>	37.14	1399.27	1417.99
Tax Deducted at Source		344.90	719.67
Total	1744.17		2137.66

**DAKSHINANCHAL VIDYUT VITRAN NIGAM LIMITED**  
220 KV SUB STATION, BYE PASS ROAD, AGRA

**NOTE-09**

**OTHER CURRENT ASSETS**

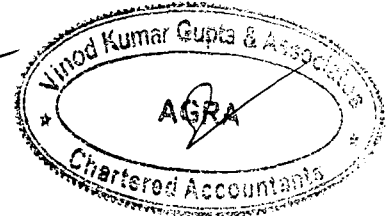
(Amount in Lakh)

PARTICULARS	AS AT 31.03.2018	AS AT 31.03.2017
Income Accrued & Due	388.16	582.67
Receivables from Govt.	9912.57	10030.15
<b><u>Receivables (Unsecured)</u></b>		
U.P Power Corporation Limited	9500410.31	8032565.87
Receivable		
Payable	9405215.94	7966761.56
	95194.37	65804.31
Poorvanchal Vidyut Vitran Nigam Limited	4314.05	4270.26
Receivable		
Payable	1740.33	1740.25
	2573.72	2530.01
Paschimanchal Vidyut Vitran Nigam Limited	2297.48	2148.87
Receivable		
Payable	1852.44	1850.87
	445.04	298.00
U.P Raja Vidyut Utpadan Nigam Limited	155.13	155.13
Receivable		
Payable	59.87	59.87
	95.26	95.26
U.P Power Transmission Corporation Ltd	949.67	898.40
Receivable		
Payable	268.62	268.62
	681.05	629.78
Employees	2611.24	2179.00
Others	1298.26	275.00
Theft of Fixed Assets	3811.99	3720.28
Less Provision for Estimated Loss	3811.99	3720.28
	0.00	0.00
<b>Total</b>	<b>113199.67</b>	<b>82424.18</b>

Note:- 1. The Provision for estimated loss has been made against theft of Fixed Assets in current & earlier years.

2. Receivables from Employees includes the amount pertain to Misc. Advance (Cash & Material shortages) against employees.

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**DAKSHINANCHAL VIDYUT VITRAN NIGAM LIMITED**  
220 KV SUB STATION, BYE PASS ROAD, AGRA

**NOTE-10**

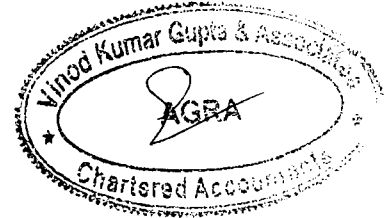
**EQUITY SHARE CAPITAL**

(Amount in Lakh)

PARTICULARS	AS AT 31.03.2018		AS AT 31.03.2017	
	No. of Shares	Amount	No. of Shares	Amount
<b>A. AUTHORISED</b> 70000000 Equity Shares of Rs 1000/- each	1600	1600000	1600	1600000
<b>B. ISSUED SUBSCRIBED AND PAID UP</b>				
i) Equity Shares of Rs1000/- each fully paid up allotted to UPPCL for consideration other than cash pursuant to DISCOMS Transfer Scheme, 2003	50022619	500226.19	50022619	500226.19
ii) Equity Shares of Rs 1000/- each fully paid up allotted to Promoters	500	5.00	500	5.00
Total		500231.19		500231.19

Note:- The Company has only one class of equity shares having a per value Rs. 1000/- per share.

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**DAKSHINANCHAL VIDYUT VITRAN NIGAM LIMITED**  
220 KV SUB STATION, BYE PASS ROAD, AGRA

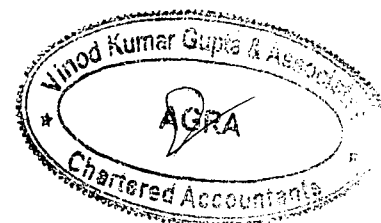
**NOTE-11**

**OTHER EQUITY**

(Amount in Lakh)

PARTICULARS	AS AT 31.03.2018	AS AT 31.03.2017
<b>A <u>SHARE APPLICATION MONEY</u></b>		
Pending for allotment to UPPCL	1129227.48	908199.67
<b>Sub Total (A)</b>	<b>1129227.48</b>	<b>908199.67</b>
1. Cash received against Business Plan, Meter, PTW, IPDS, DDUGJY, V.V.Nidhi, S.V.Yojna, Under Ground Cable Work, Vat Under RGGVY and Increasing Capacity of Transformer Rs 107035.62 Lakh.		
2. Through adjustment R.G.G.V.Y., DDUGJ, IPDS and Saubhagya Rs 113992.19 Lakh.		
<b>B <u>CAPITAL RESERVE</u></b>		
i) Consumers Contribution towards Service Line and Other Charges		
Opening Balance	163726.42	142414.00
Add: Additions during the year	25015.97	25537.90
Less: Deductions/Adjustments during the year	4769.53	4225.48
<b>Closing Balance</b>	<b>183972.86</b>	<b>163726.42</b>
ii) Subsidy towards Cost of Capital Assets		
Opening Balance	717662.46	441625.85
Add: Additions during the year	29728.83	276975.72
Less: Deductions/Adjustments during the year	1384.57	939.11
<b>Closing Balance</b>	<b>746006.72</b>	<b>717662.46</b>
<b>Sub Total (B)</b>	<b>929979.58</b>	<b>881388.88</b>
<b>C <u>Surplus in Statement of P &amp; L Account</u></b>		
Opening Balance	(2340176.47)	(2182411.48)
Add: Profit/(Loss) for the year	(236649.85)	(157764.99)
<b>Closing Balance</b>	<b>(2576826.32)</b>	<b>(2340176.47)</b>
<b>Sub Total (C)</b>	<b>(2576826.32)</b>	<b>(2340176.47)</b>
Note : Amortisation has been done on the subsidy towards cost of Capital Assets.		
<b>Total (A+B+C)</b>	<b>(517619.26)</b>	<b>(550587.92)</b>

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**DAKSHINANCHAL VIDYUT VITRAN NIGAM LIMITED**  
220 KV SUB STATION, BYE PASS ROAD, AGRA

**NOTE-12**

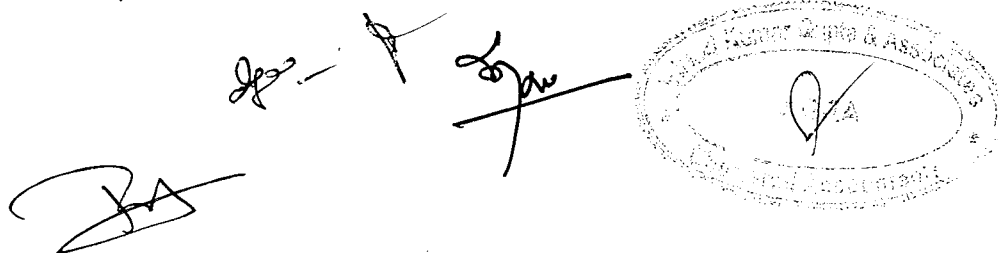
**FINANCIAL LIABILITIES (NON-CURRENT LIABILITIES)**  
**BORROWINGS**

(Amount in Lakh)

PARTICULARS	As at 31.03.2018	As at 31.03.2017
<b>A. SECURED LOAN:</b>		
<b><u>TERM LOANS</u></b>		
(i) <b>Power Finance Corporation Ltd.</b> (Secured against hypothecation of lines & substations etc under APDRP Scheme and against receivables of specified receipt accounts through escrow arrangements)	37391.53	31419.05
(ii) <b>Rural Electrification Corporation Ltd.</b> (Secured against hypothecation of current assets, hypothecation of assets to be created under APDRP Scheme and against receivables of specified receipt accounts through escrow arrangements)	94837.20	101977.67
<b><u>WORKING CAPITAL LOAN</u></b>		
(iii) <b>Rural Electrification Corporation Ltd.</b> (Secured against charge on current assets and receivables of specified receipt accounts through escrow arrangement)	12500.00	15000.00
Sub total - ( A )	144728.73	148396.72
<b>B. UNSECURED LOAN/BONDS:</b>		
(a) U.P.State Industrial Development Corporation Ltd.	0.54	0.54
(b) Housing Development Finance Corporation Ltd.	0.07	0.07
(c) REC	138511.21	112741.90
(d) PFC	114532.10	59899.08
(e) 9.70% Bond	402294.59	402294.59
(f) Interest Free Loan	333798.33	333798.33
<b>C. SECURED BONDS</b>		
(i) 9.68% Non Convertible Bonds	317820.00	336682.93
(ii) 9.75% Bond	134900.00	0.00
(iii) 10.15% Bond	205910.00	0.00
Sub total - (B+C)	1647766.84	1245417.44
Grand Total	1792495.57	1393814.16

Note:-1 . The Loan of Rs.11141.55.00 lacs Has been sanctioned for construction of 33/11 KV sub-stations and associated lines from REC of 13.00% p.a against which disbursement of Rs. 8363.60 lacs has been disbursed upto the F.Y 2017-18 balance shall be disbursed in the coming years as per progress. (Tenure for 13 years)

2. In above fresh loans taken by UPPCL, no charge has been created in DVVNL as these loans were taken by UPPCL and subsequently the devide them in different Discoms. So charge in ROC has been done by UPPCL.



DAKSHINANCHAL VIDYUT VITRAN NIGAM LIMITED  
220 KV SUB STATION, BYE PASS ROAD, AGRA

NOTE-13

FINANCIAL LIABILITIES (NON-CURRENT LIABILITIES)  
OTHER FINANCIAL LIABILITIES

(Amount in Lakh)

PARTICULARS	As at 31.03.2018	As at 31.03.2017
Security Deposits from Consumers	53101.28	47533.88
Interest on Security Deposits from Consumers	<u>5466.40</u>	<u>6870.74</u>
	58567.68	54404.62
<b>TOTAL</b>	<b>58567.68</b>	<b>54404.62</b>

DAKSHINANCHAL VIDYUT VITRAN NIGAM LIMITED  
220 KV SUB STATION, BYE PASS ROAD, AGRA

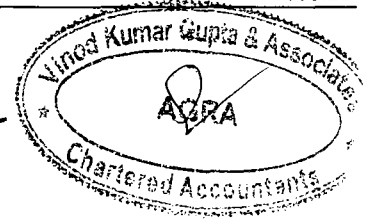
NOTE-14

BORROWINGS

(Amount in Lakh)

PARTICULARS	As at 31.03.2018	As at 31.03.2017
<b>UNSECURED LOAN:</b>		
NOIDA	3500.25	3500.25
<b>TOTAL</b>	<b>3500.25</b>	<b>3500.25</b>

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**DAKSHINANCHAL VIDYUT VITRAN NIGAM LIMITED**  
220 KV SUB STATION, BYE PASS ROAD, AGRA

**NOTE-15**

**FINANCIAL LIABILITIES (CURRENT LIABILITIES)**  
**TRADE PAYABLES**

(Amount in Lakh)

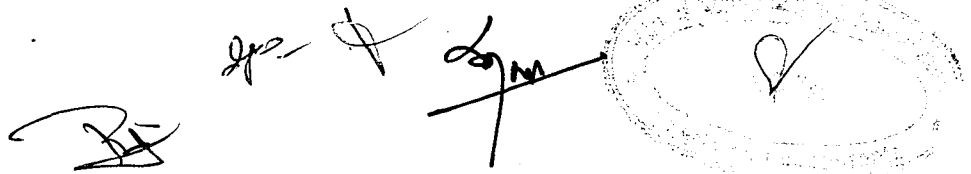
PARTICULARS	AS AT 31.03.2018	AS AT 31.03.2017
Liability for Purchase of Power <b>(Uttar Pradesh Power Corporation Ltd.)</b>	241221.97	297323.29
Liability for Transmission Charges <b>(Uttar Pradesh Power Transmission Corporation Ltd.)</b>	94805.37	100565.74
<b>Total</b>	<b>336027.34</b>	<b>397889.03</b>

**NOTE-16**

**OTHER CURRENT LIABILITIES**

(Amount in Lakh)

PARTICULARS	AS AT 31.03.2018	AS AT 31.03.2017
Current Maturities of Long Term Borrowings	87656.27	50784.63
Liability for Capital Supplies/Works	164036.75	140860.40
Staff Related Liabilities	28785.16	28454.14
Deposits and Retentions from Suppliers & Others	104268.56	75555.20
Electricity Duty and Other Levies payable to Govt.	107636.33	82279.72
Deposits for Electrification Works	27397.01	27738.90
Sundry Liabilities	15516.43	18334.87
<b><u>Other Payable</u></b>		
U.P Power Corporation Ltd (Corporate) Payable	7280.32	6991.50
Receivable	0.00	0.00
	7280.32	6991.50
KESCO Payable	1041.94	1041.89
Receivable	245.91	232.13
	796.03	809.76
Madhyanchal Vidyut Vitran Nigam Limited Payable	11020.88	10987.74
Receivable	2484.63	2475.92
	8536.25	8511.82
U.P Jal Vidyut Nigam Limited Payable	0.14	0.14
Receivable	0.00	0.00
	0.14	0.14
<b><u>Liabilities towards UP Power Sector Employees Trust</u></b>		
Provident Fund Liabilities	11394.41	13120.80
Provision for Interest on GPF Liab.	5762.53	4809.40
Pension & Gratuity	7000.04	5547.49
	24156.98	23477.69
Liabilities towards CPF Trust	596.54	431.58
Interest accrued but not due on Borrowings	17451.21	14079.17
Liabilities for Expenses	1566.09	1659.84
<b>Total</b>	<b>595680.07</b>	<b>479969.36</b>



**DAKSHINANCHAL VIDYUT VITRAN NIGAM LIMITED**  
220 KV SUB STATION, BYE PASS ROAD, AGRA




**Annexure to Note-16**

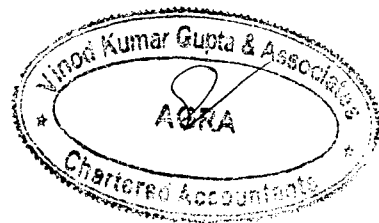
**Statement of Current Maturities of Long Term Borrowings**

(Amount in Lakh)

PARTICULARS	F.Y 2017-18				Total
	PFC	REC	Hudco Loans	BOND	
Loans (DVVNL)	0.00	19074.95	0.00	0.00	19074.95
Loans (UPPCL)	24996.04	24722.35	0.00	18862.93	68581.32
<b>Total</b>	<b>24996.04</b>	<b>43797.30</b>	<b>0.00</b>	<b>18862.93</b>	<b>87656.27</b>

PARTICULARS	F.Y 2016-17				Total
	PFC	REC	Hudco Loans	Bank Loans	
Loans (DVVNL)	0.00	124.98	0.00	0.00	124.98
Loans (UPPCL)	29545.69	21113.96	0.00	0.00	50659.65
<b>Total</b>	<b>29545.69</b>	<b>21238.94</b>	<b>0.00</b>	<b>0.00</b>	<b>50784.63</b>





**DAKSHINANCHAL VIDYUT VITRAN NIGAM LIMITED**  
220 KV SUB STATION, BYE PASS ROAD, AGRA

**NOTE-17**

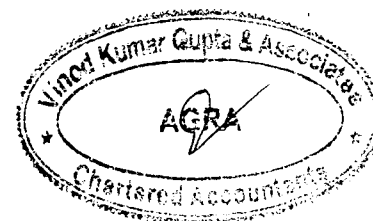
**REVENUE FROM OPERATIONS**

(Amount in Lakh)

PARTICULARS	For the year ended on 31.03.2018	For the year ended on 31.03.2017
<b><u>Supply In Bulk</u></b>		
Torrent Power Ltd.	90956.03	79983.20
<b><u>Large Supply Consumers</u></b>		
Industrial	199899.81	192437.97
Traction	18852.80	19539.42
Irrigation	11170.58	7224.66
Public Water Works	24723.56	16878.50
	254646.75	236080.55
<b><u>Small and Other Consumers</u></b>		
Domestic	224989.10	200695.26
Commercial	107846.22	106803.52
Industrial Low and Medium Voltage	46055.07	51168.16
Public Lighting	8880.36	5644.71
STW & Pump Canals	41973.85	30825.30
PTW & Sewage Pumping	40989.68	34998.71
Miscellaneous Charges from Consumers	27947.09	26975.53
Less : Energy Internally Consumed	3802.61	3866.05
Sub Total	840481.54	769308.89
Add : Electricity Duty	45993.89	42145.61
Sub Total	886475.43	811454.50
Less: Electricity Duty	45993.89	42145.61
Add : Energy Internally Consumed	3802.61	3866.05
Total	844284.15	773174.94

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**DAKSHINANCHAL VIDYUT VITRAN NIGAM LIMITED**  
220 KV SUB STATION, BYE PASS ROAD, AGRA

**NOTE-18**

**OTHER INCOME**

(Amount in Lakh)

PARTICULARS	For the year ended on 31.03.2018	For the year ended on 31.03.2017
<b>From U.P Govt.</b>		
RE Subsidy from Govt. of U.P.	6706.80	4700.00
Revenue Subsidy from Govt. of U.P.	179762.31	190499.00
Subsidy Against Loan/Intt.	48647.58	25009.25
Subsidy Against Compounding Charges	0.00	3823.00
Cross Subsidy	856.13	353.61
UDAY for Loss	12293.80	0.00
	248266.62	224384.86
<b>a. Interest from :</b>		
Loans to Staff*	0.00	0.00
Fixed Deposits	181.03	722.44
Banks (Other than on Fixed Deposit)	966.24	901.57
	1147.27	1624.01
<b>b. Other non operating income</b>		
Delayed Payment Charges from Consumers	28033.13	18617.96
Income from Contractors / Suppliers	706.03	1682.48
Rental from Staff	11.35	14.63
Miscellaneous Receipts	461.91	895.41
<b>Total</b>	<b>278626.31</b>	<b>247219.35</b>

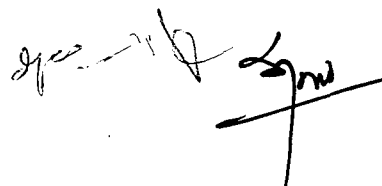

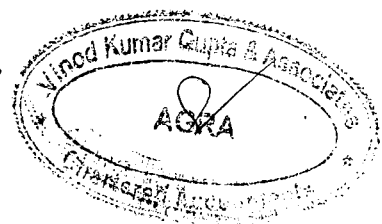
Note:- \*Pertains to loan amount advanced during the UPSEB and UPPCL period.

**NOTE-19**

**COST OF POWER PURCHASE**

(Amount in Lakh)

PARTICULARS	For the year ended on 31.03.2018	For the year ended on 31.03.2017
<b>Power Purchased from :</b>		
Uttar Pradesh Power Corporation Limited	1073408.91	950584.48
Wheeling Charges (UPPTCL)	44847.98	37010.01
<b>Total</b>	<b>1118256.89</b>	<b>987594.49</b>

**DAKSHINANCHAL VIDYUT VITRAN NIGAM LIMITED**  
220 KV SUB STATION, BYE PASS ROAD, AGRA

**NOTE-20**

**EMPLOYEES BENEFIT EXPENSES**

(Amount in Lakh)

PARTICULARS	For the year ended on 31.03.2018	For the year ended on 31.03.2017
Salaries and Allowances	17310.96	14670.27
Dearness Allowance	9948.56	13120.96
Other Allowances	1170.25	1068.54
Bonus / Ex-gratia	110.56	116.01
Medical Expenses ( Re-Imbursement )	649.23	674.54
Earned Leave Encashment	3115.38	2440.64
Compensation	83.55	31.77
Staff Welfare Expenses	19.67	5.41
Pension and Gratuity	3804.56	3019.13
Other Terminal Benefits	1196.17	955.72
Expenditure on Trust	27.02	35.26
Sub Total	37435.91	36138.25
Less - Expenses Capitalised	24283.19	20334.14
Total	13152.72	15804.11

Note :- 1. Liability towards Medical Expenses, Leave Encashment and LTC have been provided to the extent established.

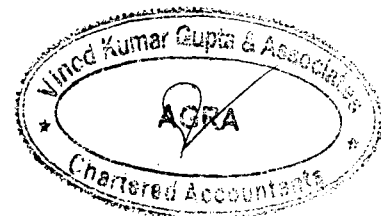
**NOTE-21**

**FINANCE COST**

(Amount in Lakh)

PARTICULARS	For the year ended on 31.03.2018	For the year ended on 31.03.2017
<b><u>Interest on Loans :</u></b>		
PFC	11869.38	15889.86
REC	12269.17	14982.71
Bank Interest	0.00	8951.25
BOND	75306.92	99445.47
	22594.69	62418.51
Interest on secured Loan	20590.81	15988.01
Interest to Consumers	3325.70	3464.20
Provision of Intt. on ED/License Fee/GPF/CPF	13558.13	13241.40
Bank Charges	216.24	196.70
Finance Charges	5.66	5.18
Less:- Interest Capitalized	11626.30	10737.59
Total	125515.71	84576.41

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**DAKSHINANCHAL VIDYUT VITRAN NIGAM LIMITED**  
220 KV SUB STATION, BYE PASS ROAD, AGRA

**NOTE-22**

**DEPRECIATION AND AMORTIZATION EXPENSES**

(Amount in Lakh)

PARTICULARS	For the year ended on 31.03.2018	For the year ended on 31.03.2017
<b><u>Depreciation</u></b>		
Building	461.85	403.13
Plant & Machinery	7218.03	6360.58
Lines, Cables, Network etc.	19282.92	16794.12
Furniture & Fixtures	34.89	26.89
Office Equipments	10.12	7.53
Vehicle	16.49	0.00
	27024.30	23592.25
Less : Equivalent amount of Depreciation on Assets acquired out of the Consumer's Contribution and GO UP's Capital Subsidy	6154.10	5164.59
Capital Expenditure Assests not pertain corporation/Nigam	158.96	143.15
	21029.16	18570.81

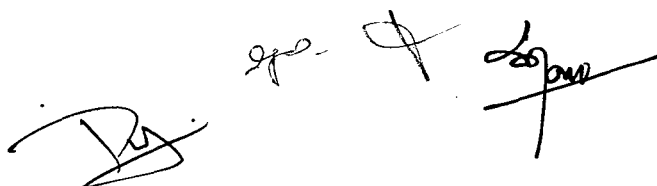
**Note :- During the year, the depreciation has been provided as per Schedule-II of the Companies Act, 2013 on SLM basis over the estimated useful life of the Assets.**

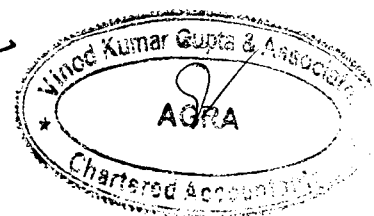
**NOTE-23**

**ADMINISTRATIVE, GENERAL & OTHER EXPENSES**

(Amount in Lakh)

PARTICULARS	For the year ended on 31.03.2018	For the year ended on 31.03.2017
<b><u>OTHER EXPENSES</u></b>		
Rent	28.75	66.39
Rates & Taxes	0.00	36.99
Insurance	90.60	87.06
Communication Charges	388.60	267.34
Legal Charges	376.35	339.04
<b><u>Auditors Remuneration &amp; Expenses</u></b>		
Audit Fees	7.20	6.00
Service Tax	1.11	0.87
Travelling Expenses (Auditors)	2.68	6.69
Consultancy Charges	5866.10	4122.60
Travelling & Conveyance	443.08	335.63
Professional Charges	250.76	97.95
Printing & Stationery	434.97	294.72
Advertisement Expenses	35.63	43.88
Electricity Charges	3802.61	3866.05
Entertainment	0.00	0.03
License Fee	380.38	323.90
Expenditure on Trust	3.07	3.43
Payment to Contractual Person	7382.51	5126.87
Camp & Billing Expenses	9.28	12.48
<b><u>Miscellaneous Expenses</u></b>		
Honorariums	64.13	382.84
Revenue Expenses	1417.02	1295.86
Other Miscellaneous	812.58	1084.44
Compensation (Other than Staff)	828.08	276.19
	22625.49	18077.25





**DAKSHINANCHAL VIDYUT VITRAN NIGAM LIMITED**  
220 KV SUB STATION, BYE PASS ROAD, AGRA

**NOTE-24**

**REPAIRS AND MAINTENANCE**

(Amount in Lakh)

PARTICULARS	For the year ended on 31.03.2018	For the year ended on 31.03.2017	
<b><u>REPAIRS &amp; MAINTENANCE</u></b>			
Plant & Machinery	22568.91	18699.46	
Lines, Cables, Net works etc.	26446.09	49015.00	40716.29
Buildings		121.46	133.93
Furniture		3.00	0.20
Vehicles-Expenditure	1370.57		1271.23
Less - Transferred to different Capital & O&M Works/Administration Exp.	1370.57	0.00	0.00
Payment to Contractual Person	8632.76		8020.10
Less - Transferred to different Capital & O&M Works/Administration Exp.	8632.76	0.00	0.00
Office Equipments		249.92	21.53
<b>Total</b>	<b>49389.38</b>	<b>40871.95</b>	

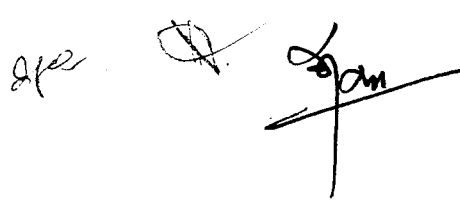
**NOTE-25**

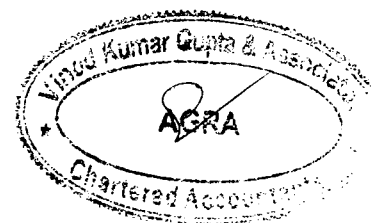
**BAD DEBTS & PROVISIONS**

(Amount in Lakh)

PARTICULARS	For the year ended on 31.03.2018	For the year ended on 31.03.2017	
<b><u>PROVISIONS</u></b>			
Bad and Doubtful Debts (Sale of Power)	9499.25		10378.22
Provision for Theft of Fixed Assets	91.71		355.70
Provision for Obsolete Store	0.00		1930.34
<b>Total</b>	<b>9590.96</b>		<b>12664.26</b>

Note :- The provision for bad & doubtful debts against revenue from sale of power has been made @ 5% on the incremental basis.







# DAKSHINANCHAL VIDYUT VITRAN NIGAM LIMITED

CIN - U31200UP2003SGC027460

## NOTE NO. 1A

### SIGNIFICANT ACCOUNTING POLICIES OF DISCOMS

#### **1. GENERAL/BASIS OF PREPARATION**

- (a) The financial statements are prepared in accordance with the applicable provisions of the Companies Act, 2013. However where there is a deviation from the provisions of the Companies Act, 2013 in preparation of these accounts, the corresponding provisions of Electricity (Supply) Annual Accounts Rules 1985 have been adopted.
- (b) The accounts are prepared under historical cost convention, on accrual basis, unless stated otherwise in pursuance of Ind AS, and on accounting assumption of going concern.
- (c) Insurance and Other Claims, Refund of Custom Duty, Interest on Income Tax & Trade Tax and Interest on loans to staff is accounted for on receipt basis after the recovery of principal in full.

#### **(d) Statement of compliance**

The financial statements are prepared on accrual basis of accounting, unless stated otherwise, 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, and the provisions of the Electricity Act, 2003 to the extent applicable.

These financial statements were authorized for issue by Board of Directors on 25/09/2018.

#### **(e) Functional and presentation currency**

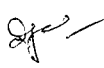


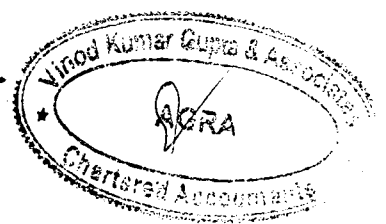
The financial statements are prepared in Indian Rupee (₹), which is the Company's functional currency. All financial information presented in Indian rupees has been rounded to the nearest rupees in lakhs (upto two decimals), except as stated otherwise.

#### **(f) Use of estimates and management judgments**

The preparation of financial statements require management to make judgments, estimates and assumptions that may impact the application of accounting policies and the reported value of asset, liabilities, income, expenses and related disclosures concerning the items involved as well as contingent Assets and Liabilities at the balance sheet date. The estimates and management's judgments are based on previous experience and other factor considered reasonable and prudent in the circumstances. Actual results may differ from this estimate.

Estimates and Underlying assumptions are reviewed as on ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate are reviewed and if any future periods affected.

#### **(g) 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 intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- 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 held primarily for the purpose of trading;
- 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 months after the reporting period.

All other liabilities are classified as non-current.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### I- PROPERTY, PLANT AND EQUIPMENT

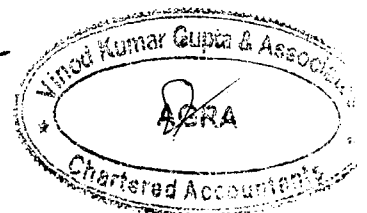
- (a) Property, Plant and Equipment are shown at historical cost less accumulated depreciation.
- (b) All costs relating to the acquisition and installation of Property, Plant and Equipment till the date of commissioning are capitalized.
- (c) Consumer Contribution, Grants and Subsidies received towards cost of capital assets are treated initially as capital reserve and subsequently amortized in the proportion in which depreciation on related asset is charged.
- (d) In the case of commissioned assets, where final settlement of bills with the contractor is yet to be affected, capitalization is done, subject to necessary adjustment in the year of final settlement.
- (e) Due to multiplicity of functional units as well as multiplicity of functions at particular unit, Employees cost to capital works are capitalized @ 15% on deposit works, 13.50% on Distribution works and @ 9.5% on other works on the amount of total expenditure.
- (f) Borrowing cost during construction stage of capital assets are capitalized as per provisions of Ind AS-23.

### II- CAPITAL WORK-IN-PROGRESS

Property, Plant and Equipment those are not yet ready for their intended use are carried at cost under Capital Work-In-Progress, comprising direct costs, related incidental expenses and attributable interest.

The value of construction stores is charged to capital work-in-progress as and when the material is issued. The material at the year end lying at the work site is treated as part of capital work in progress.

*[Handwritten signatures]*



**III- INTANGIBLE ASSETS**

Intangible assets are measured on initial recognition at cost. Subsequently the intangible assets are carried at cost less accumulated amortization/accumulated impairment losses. The amortization has been charged over its useful life in accordance with Ind AS-38.

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use.

**IV- DEPRECIATION**

- (a) Depreciation is charged on Straight Line Method as per Schedule II of the Companies Act 2013.
- (b) Depreciation on additions to / deductions from Property, Plant and Equipment during the year is charged on Pro rata basis.
- (c) Property, Plant and Equipment are depreciated up to 95% of original cost except in case of temporary erections/constructions where 100% depreciation is charged.

**V- STORES & SPARES**



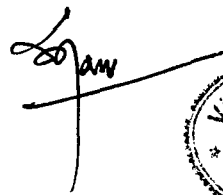
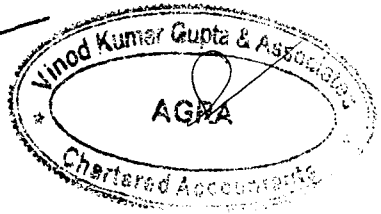
- (a) Stores and Spares are valued at cost.
- (b) As per practice consistently following by the Company, Scrap is accounted for as and when sold.
- (c) Any shortage /excess of material found during the year end are shown as "material short/excess pending investigation" till the finalization of investigation.

**VI- REVENUE/ EXPENDITURE RECOGNITION**

- (a) Revenue from sale of energy is accounted for on accrual basis.
- (b) Late payment surcharge recoverable from consumers on energy bills is accounted for on cash basis due to uncertainty of realisation.
- (c) The sale of electricity does not include electricity duty payable to the State Government.
- (d) Sale of energy is accounted for based on tariff rates approved by U.P. Electricity Regulatory Commission.
- (e) In case of detection of theft of energy, the consumer is billed on laid down norms as specified in Electricity Supply Code.
- (f) Penal interest, over due interest, commitment charges, restructuring charges and incentive/rebates on loans are accounted for on cash basis after final ascertainment.

**VII- POWER PURCHASE**

Power purchase is accounted for in the books of Corporation as below:

- (a) The Bulk purchase of power is made available by the holding company (U.P. Power Corporation Limited) and the cost of Power Purchase is accounted for on accrual basis at the rates approved/bills raised by UPPCL.
- (b) Transmission charges are accounted for on accrual basis on bills raised by the U.P. Power Transmission Corporation Limited at the rates approved by UPERC.

#### **VIII- EMPLOYEE BENEFITS**

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

#### **IX- PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

- (a) Accounting of the Provisions is made on the basis of estimated expenditures to the extent possible as required to settle the present obligations.
- (b) Contingent assets and liabilities are disclosed in the Notes on Accounts.
- (c) The Contingent assets of unrealisable income are not recognised.

#### **X- GOVERNMENT GRANT, SUBSIDIES AND CONSUMER CONTRIBUTIONS**

Government Grants (Including Subsidies) are recognised when there is reasonable assurance that it will be received and the company will comply the conditions attached, if any, to the grant. The amount of Grant, Subsidies and Loans are received from the State Government by the UPPCL centrally, being the Holding Company and distributed by the Holding Company to the DISCOMS.

Consumer Contributions, Grants and Subsidies received towards cost of capital assets are treated initially as capital reserve and subsequently amortized in the proportion in which depreciation on related asset is charged.

#### **XI- FOREIGN CURRENCY TRANSACTIONS**

Foreign Currency transactions are accounted at the exchange rates prevailing on the date of transaction. Gains and Losses, if any, as at the year end in respect of monetary assets and liabilities are recognized in the Statement of Profit and Loss.

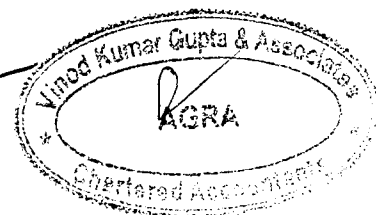
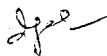
#### **XII- DEFERRED TAX LIABILITY**

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 loss and past accumulated losses as per Para 34 of Ind AS 12 "Income Taxes".

#### **XIII- CASH FLOW STATEMENT**

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

#### **XIV- FINANCIAL ASSETS**



**Initial recognition and measurement:**

Financial assets of the Company comprises, Cash & Cash Equivalents, Bank Balances, Trade Receivable, Advance to Contractors, Advance to Employees, Security Deposits, Claim recoverables etc. The Financial assets are recognized when the company become a party to the contractual provisions of the instrument.

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 investments in entities are measured at fair value through P & L (FVTPL) as the same is not held for trading.

Impairment on Financial Assets- Expected credit loss or provisions are recognized for all financial assets subsequent to initial recognition. The impairment losses and reversals are recognised in Statement of Profit & Loss.

**XV- 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 are existing is treated as EIR. Trade and other payables are shown at contractual value/amortized cost.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

**XVI- MATERIAL PRIOR PERIOD ERRORS**

Material prior period errors are corrected retrospectively by restating the comparative amount for the prior periods presented in which the error occurred. If the error occurred before the earliest period presented, the opening balance of assets, liabilities and equity for the earliest period presented, are restated.



(Pradeep Soni)  
Company Secretary  
(In Part Time)



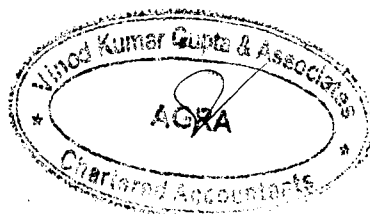
(D.K. Agarwal)  
General Manager (FA&A)



(K.C. Pandey)  
Director (Finance)  
DIN - 07890679



(S.K. Verma)  
Managing Director  
DIN - 07568362



# DAKSHINANCHAL VIDYUT VITRAN NIGAM LIMITED

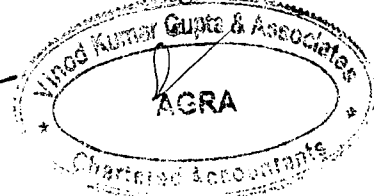
## 1B. NOTES ON ACCOUNTS

1. Dakshinanchal Vidyut Vitran Nigam Limited (the "Company") is a Company domiciled in India and limited by shares (CIN: U31200UP2003SGC027460). The Company is a wholly owned subsidiary of U.P Power Corporation Limited, Lucknow (a State Govt. Company) and engaged in the Distribution of Electricity in its specified area. The address of the Company's registered office is Urja Bhawan 220 KV Sub-Station, Agra-Mathura Bye Pass Road, Sikandra, Agra, Uttar Pradesh-282007.
2. The Company was incorporated under the Companies Act, 1956 on 01.05.2003 and commenced business operation w.e.f 12.08.2003 in term of Govt. of U.P Notification No. 2740/P-1/2003-24-14P/2003 dated 12.08.2003.
3. The Share Capital includes 500 Equity Shares of Rs.1000 each allotted to subscribers of Memorandum of Association and shown separately in Balance Sheet in Note No. 10.
4. The amount of Loans, Subsidies and Grants were received from the State Government by the Uttar Pradesh Power Corporation Limited centrally, being the Holding Company and distributed by the Holding Company to the DISCOMs, which have been accounted for accordingly.
5. The loan taken by the Company during the financial year 2017-18 amounting to 494958.82 lacs out of which 25248.82 lacs directly and 469710.00 lacs by Holding Company i.e. UPPCL for and on behalf of DVVNL as per details given below:-

(Amount In Lakh)

Sl.No.	Particulars	DVVNL	UPPCL	Total
1	REC	17885.34	50000.00	67885.34
2	PFC	7363.48	78900.00	86263.48
3	RATED BOND	0.00	340810.00	340810.00
	<b>Total</b>	<b>25248.82</b>	<b>469710.00</b>	<b>494958.82</b>

6. The Board of Directors of Dakshinanchal Vidyut Vitran Nigam Limited has escrowed all the Revenue receipt accounts in favour of U.P. Power Corporation Limited, Lucknow. The Holding Company has been further authorized to these escrow revenue accounts for raising or borrowing the funds for & on behalf of Dakshinanchal Vidyut Vitran Nigam Limited for all necessary present and future financial needs including Power Purchase obligation.
7. Accounting entries after reconciliation (IUT) have been incorporated in the current year. Reconciliation of outstanding balances of IUT is under progress and will be accounted for in coming years.
8. (a) The Property Plant & Equipments including Land remained with the company after notification of final transfer scheme are inherited from erstwhile UPSEB which had been the title holder of such Non Current Assets. The title deeds of new Property, Plant & Equipment created/purchased after incorporation of the company, are held in the respective units where such assets were created/purchased.  
(b) Where historical cost of a discarded/retired/obsolete Property, Plant & Equipments is not available, the estimated value of such asset and depreciation thereon has been adjusted and accounted for.  
(c) In term of powers conferred by the Notification no. GSR 627(E) dated 29 August 2014 of Ministry of Corporate Affairs, Govt. of India, the depreciation/amortization on Property Plant & Equipments/Intangible Assets have been calculated taking into



consideration the useful life of assets as approved in the orders of UPERC (terms & conditions for determination of distribution tariff) Regulation, 2006.

9. (a) Capitalisation of Interest on borrowed fund utilized during construction stage of Property, Plant & Equipment (i.e. Capital Assets) has been done by identifying the Schemes/Assets and the funds used for the purpose to the extent established.  
(b) The Borrowing Cost capitalised during the year ended 31.03.2018 is Rs. 11626.30 lakh and Previous year Rs. 10737.59 lakh.
10. The Provision for Bad & Doubtful Debts against revenue from sale of power has been made @ 5 % on the incremental debtors during the year and shown in Note No. 06 of Balance Sheet.
11. Bill of Power Purchase and transmission charges are being taken in to account as per the bill raised by UPPCL/UPPTCL after due verification.
12. Government dues in respect of Electricity Duty and other Levies amounting to Rs. 107636.33 lakh shown in Note No. 16 include Rs. 61620.75 lakh on account of Other Levies realised from consumers.
13. Liability towards medical expenses and LTC has been provided to the extent established.
14. Some balances appearing under the heads 'Current Assets', 'Loans & Advances', 'Unsecured Loans', 'Current Liabilities', Material in transit/under inspection/lying with contractors are subject to confirmation/reconciliation and subsequent adjustments, as may be required.
15. Basic and diluted earnings per share has been shown in the Statement of Profit & Loss in accordance with Ind AS-33 "Earnings per Share". Basic earnings per share have been computed by dividing net loss after tax by the weighted average number of equity shares outstanding during the year. Number used for calculating diluted earnings per equity share includes the amount of share application money (pending for allotment).

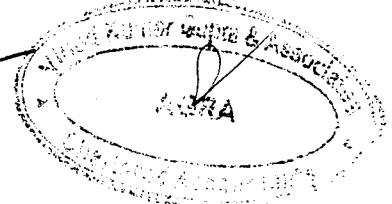
(Amount in Lakh)

	<b><u>Earnings per share:</u></b>	<b><u>31.03.2018</u></b>	<b><u>31.03.2017</u></b>
(a)	Net loss after tax (numerator used for calculation)	236649.85	157764.99
(b)	Weighted average number of Equity Shares* (denominator for calculating Basic EPS)	458.47	458.47
(c)	Weighted average number of Equity Shares* (denominator for calculating Diluted EPS)	458.47	458.47
(d)	Basic earnings per share of Rs. 1000/- each	(516.18)	(344.11)
(e)	Diluted earnings per share of Rs. 1000/- each	(516.18)	(344.11)

(As per Para 43 of Ind AS-33 issued by Institute of Chartered Accountants of India, Potential Equity Shares are treated as Anti-Dilutive as their conversion to Equity Share would decrease loss per share, therefore, effect of Anti-Dilutive Potential Equity Shares are ignored in calculating Diluted Earnings Per Share)

\* Calculated on monthly basis.

16. Based on actuarial valuation report dt. 09.11.2000 submitted by M/s Price Waterhouse Coopers to UPPCL (the Holding Company) provision for accrued liability on account of Pension and Gratuity has been made @16.70% and 2.38% respectively on the amount of Basic pay, Grade pay and DA paid to employees.
17. Amount due to Micro, Small and medium enterprises (under the MSMED Act 2006) could not be ascertained and interest thereon could not be provided for want of sufficient related information. However, the company is in process to obtain the complete information in this regard.



18. Provision for Employees Cost has been made amounting to Rs. 3300724.00 for the period 01.04.2017 to 30.06.2017 regarding 7th Pay Commission order no. 999/काविनी एवं वे०प्र०-29/पाकालि/2017-5-काविनी एवं वे०प्र०/16 dated 01.09.2017
19. Debts due from Directors were Rs. NIL (previous year Nil).
20. Payment to Directors and Officers in foreign currency towards foreign tour was NIL (Previous year NIL).
21. Additional Information required under the Schedule-III of the Companies Act, 2013 are as under:-

(a) Quantitative Details of Energy Purchased and Sold:-

Sl. No.	Details	2017-18 (Units in M.U.)	2016-17 (Units in M.U.)
(i)	Total number of units purchased	25009.710	22244.678
(ii)	Total number of units sold	18735.574	16811.271
(iii)	Distribution Losses	25.09%	24.43%

(b) Contingent Liabilities and Commitments:-

Sl. No.	Details	Amount (Rs. In lakh)	
		2017-18	2016-17
1	Claims against the company not acknowledged as debts.	251.48	230.23
2	Estimated amount of contracts remaining to be executed on capital account and not provided for.	9337.86	7008.84
3	Other money for which the company is contingently liable.	239.07	107.53
4	TDS Default	20.69*	20.69*

\* As per 26 AS Statement of Income Tax

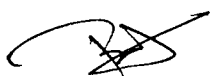
22. Since the Company is principally engaged in the distribution business of Electricity and there is no other reportable segment as per Ind AS-108, hence the disclosure as per Ind AS-108 on segment reporting is not required.

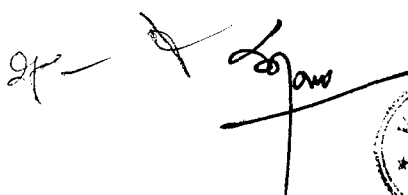
23. Related Party Disclosure as per Ind AS 24

A-List of Related Parties

(a) List of Parent, Subsidiary and Associates of Parent Company:-

Name of Related Party	Nature of Relationship
Uttar Pradesh Power Corporation Ltd.	Holding Company
Paschimanchal Vidyut Vitran Nigam Ltd	Subsidiary of Holding Company
Madhyanchal Vidyut Vitran Nigam Ltd	Subsidiary of Holding Company
Poorvanchal Vidyut Vitran Nigam Ltd	Subsidiary of Holding Company
Kanpur Electricity Supply Company	Subsidiary of Holding Company
Sonebhadra Power Generation Company Limited	Subsidiary of Holding Company
Southern Power Transmission Corporation Limited	Subsidiary of Holding Company
Yamuna Power Generation Company Limited	Associates of Holding Company

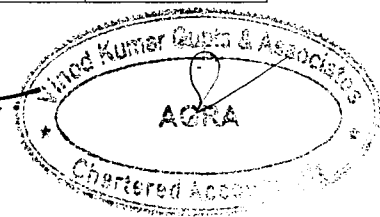






## (b) Key management personnel:-

S.N	Name	Designation	Working Period (For FY 2017-18)	
			Appointment	Retirement/ Cessation
<b>Key management personnel of the Discom</b>				
1	Sri. Sanjay Agarwal	Chairman	17.05.2013	20.05.2017
2	Sri Alok Kumar	Chairman	20.05.2017	Working
3	Smt Aparna Upadhyayula	Director	26.10.2017	Working
4	Sri Sudhanshu Dwivedi	Director	30.06.2016	Working
5	Sri. S.V.S Rathore	Managing Director	04.02.2016	10.04.2017
6	Sri S.K Verma	Managing Director	10.04.2017	Working
7	Sri. K.C Pandey	Director (Finance)	21.06.2017	Working
8	Sri. S.C Bharti	Director (Technical)	24.03.2015	10.04.2017
9	Sri Rakesh Kumar	Director (Technical)	04.01.2018	Working
10	Sri. S.V.S Rathore	Director (Commercial)	24.03.2015	10.04.2017
11	Sri D.K Singh	Director (Commercial)	22.06.2017	Working
12	Sri. N.C Agarwal	Director (P&A)	24.03.2015	24.03.2018
<b>Key management personnel of Parent Company</b>				
1	Sri Sanjay Agarwal	Chief Secretary (Energy) and Chairman	17.05.2013	20.05.2017
2	Sri Alok Kumar	Chief Secretary (Energy) and Chairman	20.05.2017	Working
3	Sri Vishal Chauhan	Managing Director	25.03.2017	30.09.2017
4	Smt Aparna Upadhyayula	Director	26.10.2017	Working
5	Sri Sudhanshu Dwivedi	Director (Finance)	30.06.2016	Working
6	Sri Satya Prakash Pandey	Director (PM & A)	01.07.2016	Working
7	Sri Krishna Murari Mittal	Director (Distribution)	06.12.2014	05.12.2017
8	Sri Vijay Kumar	Director (Distribution)	06.01.2018	Working
9	Sri Ramanand Yadav	Director (Corp. Planning)	23.02.2015 Dt 06.12.2017 to 01.01.2018 Additional Charge Director (Distribution)	01.01.2018
10	Sri V.P Srivastav	Director (Corp. Planning)	04.01.2018	Working
11	Sri Sanjay Kumar Singh	Director (Comm.)	06.03.2013	12.02.2018
12	Sri Vishal Chauhan	Nominee Director (UPPTCL)	18.06.2015	29.06.2017
13	Sri Kamran Rizvi	Nominee Director (UPPTCL)	30.06.2017	31.12.2017
14	Sri Amit Gupta	Nominee Director (UPPTCL)	22.01.2018	Working
15	Sri Neelratan Kumar	Nominee Director (Finance Department)	16.04.2013	Working
16	Smt. Manju Shankar	Nominee Director (Bureau of Public Enterprise)	10.12.2015	Working



- (c) The Company is a State Public Sector Undertaking (SPSU) controlled by State Government by holding majority of shares through its holding company. Pursuant to Paragraph 25 & 26 of Ind AS 24, entities over which the same government has control or joint control, or significant influence, then the reporting entity and other entities shall be regarded as related parties. The Company has applied the exemption available for Government related entities and has made limited disclosures in the financial statements. Such entities from which Company have significant transactions includes but not limited to:-

1. U.P Power Transmission Corporation Limited

- (d) Post-Employment Benefit Plan:-

1- Uttar Pradesh Power Sector Employees Trust.

**B-Transactions with related parties are as follows:**

- (a) Transaction with Holding and fellow Subsidiary of Holding Company:

(Amount In Lakh)

Particulars	Holding Company		Fellow Subsidiary	
	2017-18	2016-17	2017-18	2016-17
(i) Power Purchase	1073408.91	950584.48		
(ii) Loan Taken	469710.00	426203.00		
(iii) Equity Contribution received	221027.81	240883.58		
(iv) Other Transaction	288.82	2863.95	249.73	343.84

- (b) Remuneration and Benefits paid to key management personnel:

(Amount in Lakh)

Particulars	2017-18	2016-17
Salary & Allowances	71.41	73.89
Leave Encashment	66.66	0.00
Contribution to Gratuity/Pension/PF	0.62	5.99

- (c) Transaction with related parties under the control of same government:

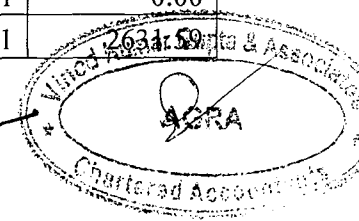
(Amount in Lakh)

S.No	Name of The Company	Nature of Transaction	2017-18	2016-17
1	UP Power Transmission Corporation Limited	Power Transmission	44847.98	37010.01

- (d) Outstanding Balances of Holding, Fellow Subsidiary & Companies under the control of same government :

(Amount in Lakh)

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017	1 <sup>st</sup> April, 2016
<b>Amount Payable</b>			
➤ To Holding Company	248502.29	304314.79	318504.69
➤ To Fellow-Subsidiary Companies	9332.28	9321.58	9462.64
➤ UP Power Transmission Corporation Ltd	94805.37	100565.74	107667.08
<b>Amount Receivable</b>			
➤ From Holding Company	95194.37	65804.31	0.00
➤ From Fellow-Subsidiary Companies	3018.76	2828.01	



24. Due to heavy carried forward losses/depreciation and uncertainties to recover such losses/depreciation in near future, the deferred tax assets have not been recognized in accordance with Para 34 of Ind AS-12 issued by ICAI.

**25. Financial risk management**

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include advances, trade and other receivables and cash and cash equivalents that derive directly from its operations.

The Company's activities expose it to following risks from its use of financial instruments:

**(a) Regulatory Risk**

The Company's substantial operations are subjects to regulatory interventions, introductions of new laws and regulations including changes in competitive framework. The rapidly changing regulatory landscape poses a risk to the Company.

Regulations are framed by Central/State Regulatory Commission as regard to Standard of Performance for utilities, Terms & Conditions for determination of tariff, obligation of Renewable Energy purchase, grant of open Access, Deviation Settlement Mechanism, Power Market Regulations etc. Moreover, the State/Central Government are notifying various guidelines and policy for growth of the sector. These Policies/Regulations are modified from time to time based on need and development in the sector. Hence the policy/regulation is not restricted only to compliance but also has implications for operational performance of utilities, return of Equity, Revenue, competitiveness, and scope of supply.

To protect the interest of utilities, State Utilities are actively participating while framing of Regulations. ARR is regularly filed considering the effect of change, increase/decrease, in power purchase cost and other expenses in deciding the Tariff of Sales of Power.

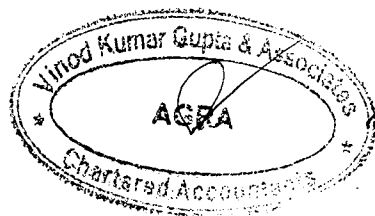
**(b) Market rate risk - Interest rate risk management**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates is negligible as primarily to the Company's long-term debt obligations with fixed interest rates.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments are as under:

(Amount in Lakh)

Particulars	31.03.2018	31.03.2017	01.04.2016
<b>Financial Assets</b>			
Fixed Interest Rate Instruments- Deposits with Bank	104836.14	93557.23	88340.94
<b>Total</b>	<b>104836.14</b>	<b>93557.23</b>	<b>88340.94</b>
<b>Financial Liabilities</b>			
Fixed Interest Rate Instruments- Financial Instrument Loans	1880151.84	1444598.79	1461583.63
Variable Interest Rate Instruments- Cash Credit from Banks	0.00	0.00	0.00
<b>Total</b>	<b>1880151.84</b>	<b>1444598.79</b>	<b>1461583.63</b>



### **Fair value sensitivity analysis for fixed-rate instruments**

The company's fixed rate instruments are carried at amortized cost. They are therefore not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

#### **(c) Market rate risk - Foreign Currency Risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income/loss. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return. The Company has no material foreign currency transaction hence there is no Market Risk w.r.t foreign currency translation.

#### **(d) Credit risk management**

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligation resulting in a financial loss to the Company. Credit risk arises principally from cash & cash equivalents and deposits with banks and financial institutions. In order to manage the risk, company accepts only high rated bank/FIs.

#### **(e) Liquidity risk management**

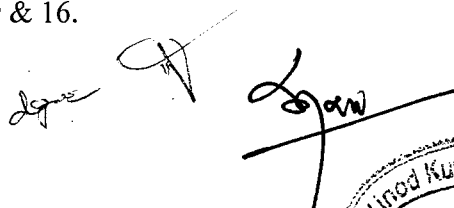
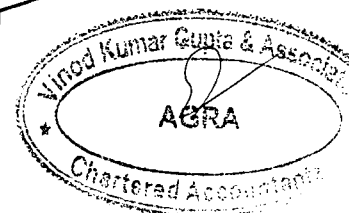
Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are required to be settled by delivering the cash or another financial asset. The Company manages liquidity risk by maintaining sufficient cash and cash equivalents including bank deposits and availability of funding through an adequate amount of committed credit facilities to meet the obligations when due. The management prepares annual budgets for detailed discussion and analysis of the nature and quality of the assumption, parameters etc. Daily and monthly cash flows are prepared, followed and monitored at senior levels to prevent undue loss of interest and utilize cash in effective manner.

### **26. Capital Management**

The company's objective when managing capital is to safeguard its ability to continue as going concern so that the company is able to provide maximum return to stakeholders and benefits for other stakeholders and Maintain an optimal capital structure to reduce the cost of capital.

The Board of Directors has the primary responsibility to maintain a strong capital base and reduce the cost of capital through prudent management in deployment of funds and sourcing by leveraging opportunities in domestic and international financial markets so as to maintain investors, creditors & markets' confidence and to sustain future development of the business.

27. In the opinion of management, there is no specific indication of impairment of any assets as on balance sheet date as envisaged by Ind AS 36 of ICAI.
28. The figures as shown in the Balance Sheet, Statement of Profit & Loss, and Notes shown in (xxxx) denotes negative figures.
29. Receivables and payables from/to Inter Company/Inter DISCOM/Holding Company have been shown as net of receivables and payables. The details of receivable and payables have been shown in inner column in Note No. 09 & 16.

## 30. Disclosure as per Ind AS-37 is as under:-

(Amount in Lakh)

Particular	Movement of Provisions			
	Opening Balance as on 01.04.2017	Provision made during the year	Withdrawal/adjustment of Provision during the year	Closing Balance as on 31.03.2018
Provision for Doubtful Debts	143063.77	9499.25	0.00	152563.02
Provision for Theft of Fixed Assets	3720.28	91.71	0.00	3811.99
Provision of Obsolete Stores	7808.59	0.00	0.00	7808.59
Provision for Doubtful advances	57.59	0.00	0.00	57.59

31. The Annual Accounts of F.Y 2015-16 & 2016-17 are yet to be adopted in Annual General Meeting as final comments of C&AG for F.Y 2015-16 are awaited and supplementary audit by C&AG for F.Y 2016-17 is yet to be started.



(Pradeep Soni)  
Company Secretary  
(In Part Time)



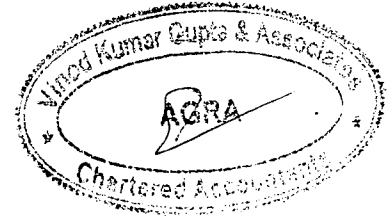
(D.K. Agarwal)  
General Manager (FA&A)



(K.C Pandey)  
Director (Finance)  
DIN - 07890679



(S.K Verma)  
Managing Director  
DIN - 07568362



**DAKSHINANCHAL VIDYUT VITRAN NIGAM LIMITED**  
220 KV SUB STATION, BYE PASS ROAD, AGRA  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2018**

(Amount in Lakh)

	2017-18	2016-17
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Loss Before Taxation & Extraordinary Items	(236649.85)	(144348.34)
Adjustment For		
a Depreciation and amortization expenses	21029.16	6406.72
b Finance Cost	125515.71	84576.41
c Bad Debts & Provision	9590.96	12664.26
d Interest Income	(1147.27)	(1624.01)
<b>Sub Total</b>	<b>154988.56</b>	<b>102023.38</b>
Operating Profit Before Working Capital Change	<b>(81661.29)</b>	<b>(42324.96)</b>
Adjustment For		
a Inventories	(20995.66)	2597.30
b Trade Receivable	(189985.03)	(207564.37)
c Other Current Assets	(30775.49)	(67581.98)
d Loans & Advances	393.49	(407.69)
e Inter Unit Transfer	(60005.99)	(22449.09)
f Other Current Liabilities	115710.72	(847744.54)
g Borrowings	0.00	(2081.00)
h Trade Payable	(61861.70)	181226.73
<b>Sub Total</b>	<b>(247519.66)</b>	<b>(964004.64)</b>
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<b>(329180.95)</b>	<b>(1006329.60)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
a Decrease (Increase) In Property Plant & Equipment	(140139.86)	(95233.18)
b Decrease (Increase) In Capital Work In Progress	(17089.72)	(16688.91)
c (Increase)/Decrease In Investments	0.00	0.00
d Decrease/(Increase) In Other Non Current Assets	(53735.78)	(47327.09)
e Decrease/(Increase) In Long Term Loans & Advances	0.00	0.00
f Interest Income	1147.27	1624.01
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES (B)</b>	<b>(209818.09)</b>	<b>(157625.17)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
a Proceeds from Borrowing :		
Increase from Borrowing	398681.41	715677.62
Repayment of Borrowing		
b Proceeds from Share Capital	0.00	100231.19
c Proceeds from Share Application Money	221027.82	140652.39
d Proceeds from consumers contribution & Go UP capital subsidy (Reserve & Surplus)	48590.70	285184.94
e Other Long term liabilities	4163.06	5138.48
f Interest & Financial Charges	(125515.71)	(84576.41)
g Accumulated losses as per transfer scheme transferred to PTCL		
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES (C)</b>	<b>546947.28</b>	<b>1162308.21</b>
<b>NET INCREASE (DECREASE) IN CASH &amp; CASHEQUIVALENTS (A+B+C)</b>	<b>7948.24</b>	<b>(1646.56)</b>
<b>CASH &amp; CASHEQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>100269.45</b>	<b>101916.01</b>
<b>CASH &amp; CASHEQUIVALENTS AT THE END OF THE YEAR (Note No.1)</b>	<b>108217.69</b>	<b>100269.45</b>

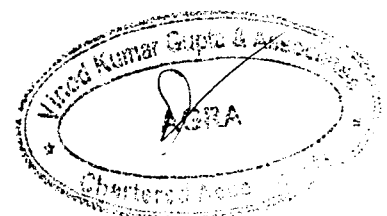
**Notes to the Cash Flow Statement**

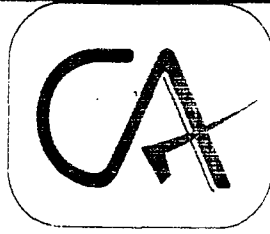
1. Cash and Cash Equivalent

Cash and cash equivalents consist of cash on hand and balances with banks, and investments in money-market instruments. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts.

Cash on hand and balances with banks	102191.11	93016.70
Short-term investments	6026.58	7252.75
<b>Cash and cash equivalents</b>	<b>108217.69</b>	<b>100269.45</b>
Effect of exchange rate changes	0.00	0.00
<b>Cash and cash equivalents as restated</b>	<b>108217.69</b>	<b>100269.45</b>

*[Handwritten signatures]*



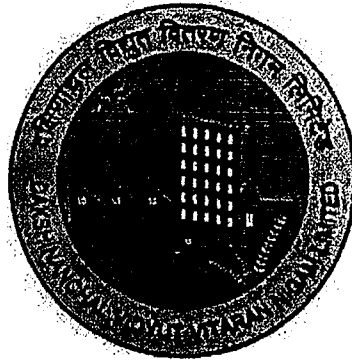


# AUDIT REPORT

OF

DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD.

UrjaBhavan, Agra - Delhi Bypass Road, Sikandra, Agra, Uttar Pradesh



for the Financial Year 2017-18

\*\*\*\*\*

Audited By:

Vinod Kumar Gupta & Associates

Chartered Accountants

Block No. 31/F/9 Opp.L.I.C.Building

Sanjay Place, Agra – 282002

Ph. Off. 2520211, 2522129

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E-mail. vinodguptafca@gmail.com

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e-mail: vinodguptafca@gmail.com  
Website: www.vkgandassociates.com

# VINOD KUMAR GUPTA & ASSOCIATES

CHARTERED ACCOUNTANTS

Block No. 31/F/9  
Opp. L.I.C. Building  
Sanjay Place  
Agra-282002

## INDEPENDENT AUDITOR'S REPORT

To

The Members Of Dakshinanchal Vidyut Vitran Nigam Ltd.  
Urja Bhavan, Agra - Delhi Bypass Road, Sikandra,  
Agra, Uttar Pradesh

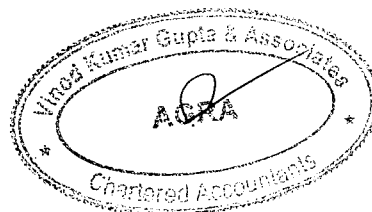
### Report on the Standalone financial statements

We have audited the accompanying Ind AS standalone financial statements of **DAKSHINANACHAL VIDYUT VITRAN NIGAM LTD** ("the Company"), which comprise the **Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss** (including Other Comprehensive Income), **the Statement of Changes in Equity and the Statement of Cash Flows** for the year then ended and a summary of the significant accounting policies and other explanatory information, annexed there to in which the Accounts of Z.A.O Kanpur, Z.A.O Agra, Z.A.O Aligarh and Z.A.O Jhansi including their stores Audited by other auditors appointed by Comptroller & Auditor General of India and EE-Administration office, RGGVY, IPDS, DDUGJY, SAUBHAGYA and G.M. Finance office audited by us are incorporated.

### 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 Companies Act, 2013 ("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 including other comprehensive income, cash flows and changes in equity 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 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





## AUDIT REPORT OF DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD.

accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our **qualified audit opinion** on the standalone financial statements.

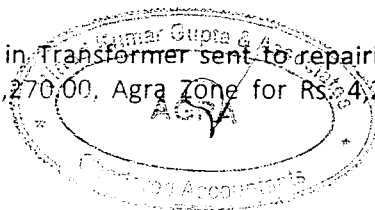
### **Basis for Qualified Audit Opinion**

#### **1. Ind AS 2 valuation of Inventory:-**

The company is required to value its inventories at lower of cost or net realizable value. We observed that stock of company has been valued at cost. The company does not consider the net realizable value of its inventories. The impact of such deviation from the Ind AS-2 is not ascertainable.

There is negative balance in Scrap material with AG head 22.770 of Jhansi Zone for Rs. 11,42,38,884.70 and of Kanpur zone for Rs. 50,05,644.47 which is not in confirmation with the nature of account and hence Stock Value is reduced by Rs. 11,92,44,529.17 during the year and loss has been increased by Rs. 11,92,44,529.17 for the year under audit.

There is negative balance in Transformer sent to repairing with AG head 22.780 of Jhansi Zone for Rs. 6,92,00,270.00, Agra Zone for Rs. 4,29,25,294.59 and of Aligarh





## AUDIT REPORT OF DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD.

Zone for Rs. 3,86,28,681.23 which is against normal accounting principles and these balances have been shown by deduction from inventory in Standalone financial statements. And hence Stock Value is reduced by Rs. 15,07,54,245.82 during the year. In absence of information, we are unable to quantify its financial effect.

There is negative balance in LED Bulb with AG head 22.791 of Agra Zone for Rs. 1,80,96,649.00 and of Aligarh Zone for Rs. 1,12,04,147.00 which is against normal accounting principles and these balances have been shown by deduction from inventory in Standalone financial statements. And hence Stock Value is reduced by Rs. 2,93,00,796.00 during the year and loss has been increased by Rs. 2,93,00,796.00 for the year under audit.

### **2. Ind AS 16 Property Plant Equipment :-**

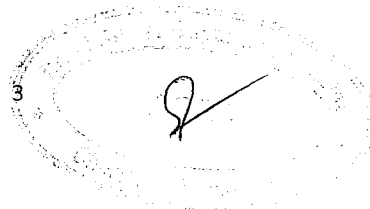
The company is required to de-recognize assets on their disposal and record gain/loss arising from disposal of asset. However the company is not recognizing gain/loss arising from disposal of Property, Plant and Equipment. The company is capitalizing assets at net value i.e. additions less deductions in the books of account. Due to this there are many assets with negative values in fixed assets of the company and negative depreciation has been charged on that amount. The quantification of total effect on the Profit & Loss Account of the company is not ascertainable as required documents for calculating effect on Profit & Loss Accounts are not maintained properly.

During the year, the company has capitalized employee cost to the property, Plant and Equipment @ 15% on deposit works, 13.5% on distribution works and 9.5% on other capital works on the amount of total expenditure on ad-hoc basis. Such capitalization is contrary to the principles of Ind AS-16. In absence of information, we are unable to quantify its financial effect. During the year the company has capitalized employee cost of Rs. 2,42,83,19,141/- out of total employee cost of Rs. 3,74,35,90,702/-

Depreciation of Rs. 92,62,762.00/- have been charged in case of some assets of AG head 10.621 while correct depreciation amount is Rs. 1,00,03,783.00/- short depreciation charged Rs. 7,41,021.00/- and also in some assets of AG head 10.611 depreciation have been charged Rs. 5,87,00,239.00/- while correct depreciation is Rs. 5,70,15,387.00/- extra depreciation charged Rs. 16,84,852.008/- Effects of the errors of above mentioned depreciation have been given in books of account for the year 2017-18.

### **3. Ind AS 18 Revenue Recognition :-**

The company is required to recognize revenue from sale of Led Bulbs with AG head 22.791 and sale of Scrap material with AG head 22.770 but the company is not recognizing revenue from sale of these items in profit & Loss A/c but is showing these items as deduction from its inventory.





**AUDIT REPORT OF DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD.**

Revenue booked on account of sale of power does not match with CS-3/4 which contains information regarding energy sold and energy billed. However as per management CS-3/4 is just a MIS report and It doesn't have any financial impact. The quantification of total effect on the Profit & Loss Account is not ascertainable as required documents are not maintained properly.

**4. Ind AS 19 Employee Benefits :-**

As per IndAS-19, An entity shall determine the net defined liability(asset) with sufficient regularity that amounts recognized in the financial statements don't differ materially from the amounts that would be determined at the end of the reporting period. We have observed that the company has provided Provision for Retirement Benefits based on actuarial valuation report dated 09.11.2000 which is not representing accurate liability as on date. In absence of information, we are unable to quantify its financial effect.

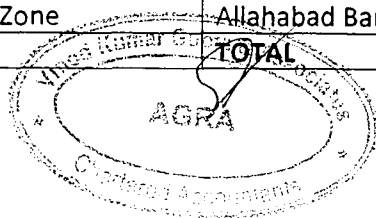
**5. Ind AS 7 Cash Flow Statement:-**

A sum of Rs. 3.60 Crores communicated to EDD 1stEtawah as subsidy through credit note for credit to local Authority VIZ Nagar Palika, Jal Nigam, Palika Avas Vikas, Etawah and Bunkar Consumers, Etawah A/C which was to be adjusted towards dues of above beneficiaries but the said amount was treated as cash received under orders of then EE, EDD-I Etawah for the purpose to achieve target of recovery. Accordingly in cash receipts were issued resulting the amount stands in cash Book as on 31.03.2018. Due to this, cash & cash equivalents has been increased by Rs. 3,60,00,000/- and debtors have been reduced by Rs. 3,60,00,000/-.

There is negative balance in Bank accounts of the company as on 31.03.2018 which is against general accounting principles. Due to this, cash & cash equivalents has been decreased by Rs. 24,67,05,036.07/- and debtors have been increased by Rs. 24,67,05,036.07/-.

The list of accounts given below:-

S.No.	Name of Zone	Bank Name	Balance as on 31.03.2018
1.	Jhasi Zone	State Bank of India	-7,27,85,992.56
2.	Jhasi Zone	State Bank of India	-5,65,83,484.07
3.	Jhasi Zone	Bank of baroda	-10,32,14,561.91
4.	Jhasi Zone	Bank of Baroda	-34,19,761.60
5.	Kanpur Zone	Central Bank of India	-70,19,013.67
6.	Kanpur Zone	Central Bank of India	-3,41,576.00
7.	Aligarh Zone	Bank of Baroda	-6,47,023.16
8.	Aligarh Zone	Oriental Bank of Commerce	-13,98,910.00
9.	Agra Zone	Bank of Baroda	-6,97,624.10
10.	Agra Zone	Allahabad Bank	-5,97,089.00
		<b>TOTAL</b>	<b>-24,67,05,036.07</b>





## **AUDIT REPORT OF DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD.**

### **6. Ind AS 20 Accounting for Government Grants and Government Assistance:-**

- The treatment done for the Government Grant received in form of **waiver off of Loan provided under UDAY Scheme and interest thereon** amounting **Rs 2196004780.48** is transferred to AG code: 55.203 as capital reserve in FY-2016-17 which is inappropriate , since this subsidy was provided with a view to mitigate the losses of company , this amount should be adjusted to retained earnings.
  - As per IndAS -20 government grant should be written off to the profit and loss A/c in the ratio of depreciation of fixed asset against which grant have been received while company is writing off government grant on basis of weighted average rate of depreciation on fixed assets .which is not in accordance with IndAS-20.
7. There is debit balance in liability for payment of service tax under head sundry liabilities of Rs. 1,12,59,137/- this should be treated as expenses in the profit & loss account as this is an unrecorded expense. Hence loss for the year under audit is reduced by Rs. 1,12,59,137/- and sundry liabilities are reduced by Rs. 1,12,59,137/-
8. There is debit balance in the ledgers of CGST and SGST in the books of the company while these ledgers should have either credit balance or nil balance as no ITC is claimed, so it should be treated as expense. The quantification of total effect on the Profit & Loss Account of the company is not ascertainable as required documents for calculating effect on Profit & Loss Accounts are not maintained properly.
9. It has been observed that certain accounting entries are recorded in wrong heads and wrong accounts like entering payment to creditors as amount receivable in assets side etc due to this the liabilities of company has been increased and assets are also increased by that amount.

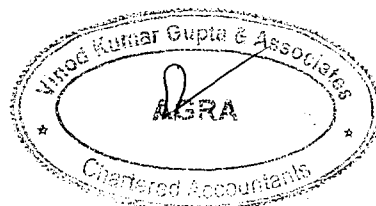
### **Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion Paragraph the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its loss, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

### **Emphasis of Matters**

We draw attention on certain matter stated in "Annexure A" attached to this report, which are of such importance that it is fundamental/relevant to users understanding of the standalone financial statements.

Our opinion is not modified in respect of these matters.





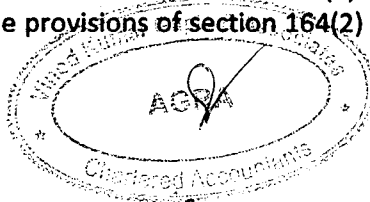
## **AUDIT REPORT OF DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD.**

### **Other Matters**

The comparative financial information of the company for the year ended March 31, 2017 included in these standalone financial statements, have been audited by predecessor auditor who had audited the standalone financial statements for the relevant period.

### **Report on Other Legal and Regulatory Requirements**

1. The company is governed by the provisions of Electricity Act, 2003 read with the rules and regulations issued thereunder. The section 1(4)(d) of the Companies Act, 2013 provides that the provisions of this Act shall apply to companies engaged in the generation or supply of electricity, except in so far as the said provisions are inconsistent with the provisions of electricity Act 2003.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the order") issued by Central Government of India in terms of section 143(11) of the Act, we give in the "Annexure B", a statement on the matters specified in the paragraph 3 and 4 of the order.
3. As required by Section 143(3) of the Act, based on our audit we report that except for the matters described in the basis for Qualified Opinion Paragraph and Other Matter Paragraph :
  - a) 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.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, Companies (Indian Accounting Standards) Rules, 2015, as amended; except for the matters described in the Basis For Qualified Opinion Paragraph and Other Matter Paragraph, we are not able to comment on statutory compliance of other Ind AS as proper documents are not maintained by the company. The quantification of total effect on the Profit & Loss Account of the company is not ascertainable as required documents for calculating effect on Profit & Loss Accounts are not maintained properly.
  - e) According to the Notification No. G.S.R. 463(E) dated 05.06.2015 issued by Government of India, the provisions of section 164(2) of the Act are not applicable to the company;





**AUDIT REPORT OF DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD.**

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- The Company has not disclosed the impact of pending litigations on its financial position in its standalone financial statements.
  - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
4. As required by C & AG of India through direction/sub-direction issued under section 143(5) of the Companies Act, 2013, we give our report in the attached "Annexure D".

The reports on accounts of branches/units audited by the other auditors have been forwarded to us and we have considered the same in preparing our report and annexed with this report.

**For Vinod Kumar Gupta & Associates  
Chartered Accountants**

**Nikhil Gupta  
(Partner)  
M. No. 403014  
F.R.N. 002377C**



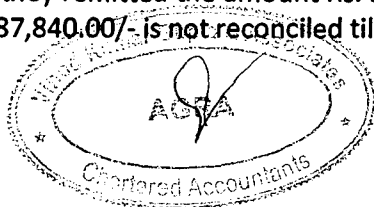
**PLACE: AGRA  
DATE: 25-10-2018**

## **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in our report of even date to the members of DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD)**

### **JHASI AND BANDA ZONE**

1. The opening balances of the company's trial balance do not match with the previous year's closing balance. While quoting the opening balances in the trial balance, the company added the closing balances of the electricity store division which was merged with the Jhasi and Banda Zone from the current financial year 2017-18, and also entered the belated entries suggested by the Central Statutory Auditor of the preceding financial year 2016-17.
2. The sundry debtors under head 23.108 & 23.109, Scrap Material under head 22.770 and transformers sent under head 22.780 are showing negative balances.
3. Physical verification of inventory has not been conducted by the divisions and sub-divisions of the zone during the year.
4. The division and sub-division of the zone have not adopted any procedure of physical verification of inventory with regards to size of the zone and nature of the business. We have observed material discrepancies in inter unit transfer of stock in books of account. When consolidating the trial balance of all the units, the inter-unit transfer of stock should be nullified while the same amounted to Rs: 46,69,94,107.81 in consolidated trial balance of the zone for the year 2017-18.
5. Stock registers including Inter-Unit Transfer registers (ATC & ATD), Stock Register (1S & 2S) are not updated. And reconciliation of stock (number of units and amount) with the stores department was not done. Thus the physical verification of stock was not possible during the period of conduction of audit.
6. It has been observed from zonal trial balance that the amount is recoverable from Employees Rs. 10,05,55,163.94 under head 27.4 while there is opening balance of Rs 5,44,28,016.76 this means advances are given to employees without recovering the amount on timely basis.
7. **IN EDD-I Orai-** we have observed that funds were diverted from main receipt a/c no. 106 to SLC a/c No. 060 with net effect of Rs. 64,00,000.00/- which is not permitted by the company.
8. **IN EDD-I Orai-** we have found from the scrutiny of the bank statement (A/c No. 11114895060) that the division has remitted Rs 4,47,38,048.00/- to MD Agra. but as per final trial of division they remitted the amount Rs. 5,32,25,888/- to MD Agra and the difference of Rs. 84,87,840.00/- is not reconciled till date.





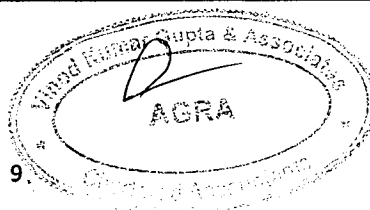
## AUDIT REPORT OF DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD.

9. **IN EDD-I Orai-** We have found from the trial that the revenue from the D&R fee (Head 61.502) is Rs. 1,61,565.00/- but the same amount had not been deposited in SBI D&R A/c No. 30415210765 ( Amount Deposited Rs. 1,52,265.00/-) and the difference of Rs. 9,300.00/- had not been deposited in bank.
10. **IN EDD-II Orai-** We observed that the funds were diverted from Main Receipt A/c to Expenditure A/c which is against company policy.
11. **IN EDD-II Orai-** We have observed that the cash book was not reconciled with final trial.
12. **IN EDD-II Jhasi-** We have checked that the division had paid interest on consumer's security deposit at the rate of 7.75% per annum to the HV-1, HV-2 consumers. But as per latest regulation, the rate of interest on consumer security deposit is 6.75% p.a. which is applicable for financial year 2017-18.
13. **IN EDC Orai-** We have found that the division has refunded tender fees of Rs. 80,931.00/- to contractor M/s Thanks Power Pvt. Ltd. Against Tender No. 125 & 126/EDC/2017-18 while tender fee is nonrefundable as per company policy.

### KANPUR ZONE

1. Following works awarded under turnkey Basis by C E office, Agra

S.No.	Agreement No.	Date	Value of works	Name of work	Validity	Name of contracts
1.	3332/SE (MM/DVVNL- MM/1675- 2016(Erection)	01.04.2016	3,74,44,350.00	Supply of construction of superintendent 33 KA Feeder Unit transported for supply to plot covered Etawa	3 Months	M/s Creative Entrepreneurs LLP, A-3/332 Sec-8, Rohini Delhi-85
2.	3333/SE (MM/DVVNL- MM/1675- 2016(Supply)	01.04.2016	25,09,820.50	Supply of construction of superintendent 33 KA Feeder Unit transported for supply to plot covered Etawa	3 Months	M/s Creative Entrepreneurs LLP, A-3/332 Sec-8, Rohini Delhi-85
	<b>Total Value of Agreement</b>		<b>3,99,54,170.50</b>			





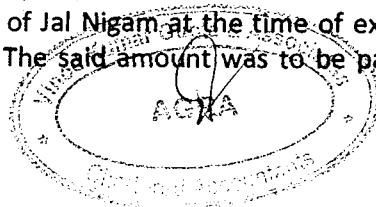
**AUDIT REPORT OF DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD.**

Value of work executed : Rs. 4,53,26,068.00  
Variation : Rs. 53,71,497.50 (13.44 % above not approved by competent Authority.

2. Date of completion is not obtained from M/s Sushil Kumar, Etawah and M/s Mahalaxmi Infra Power. Hence Clause pertain to penalty not complied with.

S.No.	Agreement No.	Date	Value of works	Name of work	Validity	Name of contracts
1.	3335/SE (MM/DVVNL- MM/1675- 2016(Supply)	19.09.2016	1,66,96,807.60	Shifting/ construction of 11 KV/LT lines due to rd. widening from JalaunChaur aha(Auraiya ) to PhaphoodC hauraha (Auraiya)	3 Months (31.12.2016)	M/s Shusil Kumar Etawah (Proprieto rship Firm)
2.	3146(A) & 3146(B)	03.05.2014	4,50,10,602.33	Constructio n of 33 KV link line from 132 KV sub stn. To 33/11 KV Sub stn. (from Rai Nagar, Jaswant Nagar to balrai respectively )	4 Months (31.08.2014)	M/s Mahalaxm i Infra Power Pvt. Ltd. B 33 to 36 V.S. Plaza, sector 3 AvasVikas colony Agra- 282007

3. Documentary evidence relating to supply/purchase of materials are not available in concerned SE Office, Auraiya/ Etawah. Documents regarding dumping materials at site store & its issuance to contractor for execution of work at site by JE is not available in concerning circle office, Etawah/Auraiya.
4. An amount of Rs. 36.50 lacs was detained from creative entrepreneurs in compliance of A.G. Auditor's para on account of penalty for late completion of work. This amount should be debited in contractor a/c and credited in penalties a/c. Apart from the above a sum of Rs. 6,87,277/- was also detained from bills of contractors on account of damaging pipe line of Jal Nigam at the time of execution of work which should also be accounted for. The said amount was to be paid to Jal Nigam (Refer





**AUDIT REPORT OF DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD.**

letter NO. 1649 dated 15.09.2018 written to SE by EE-1<sup>st</sup>, Etawah) which has not been paid till 31.03.2018.

5. In case of M/s Mahalaxmi Infra Power Pvt. Ltd. The work has been spillited in three sets of BOQ. Each BOQ contained supply & erection separately valued around Rs. 1.50 crores clubbed in one agreement amounting to Rs. 4.50 Crores.
6. The terms and conditions of the agreement are not generally complied with by the concerning SE Office.
7. There are many defaulters for heavy amount. Some instances are as under:

DIVISIONS NAME AND CITY	AMOUNTS (Rs. In Crores)
EE, EDD III, Safai, Etawa	2.19
EE, EDD II, Dibiapur, Auraiya	167.96
EE, EDD Ist, Etawah	61.35
EE, EDD I, Auraiya	158.76
EE, EDD I, Kannauj	88.76
EE, EDD II, Chibramau	(*)
<b>Total</b>	<b>479.02</b>

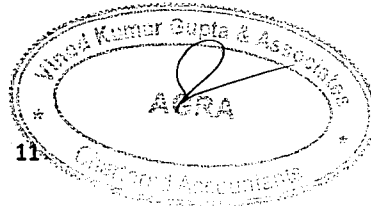
(\*) The Astric mark denotes the list of defaulters for which value is not quantified.

8. Rs. 9,83,04,222.00 advanced to contractor by EDD, Kannauj is not adjusted till 31.03.2018 while as per terms of agreement for the work awarded on Turnkey Basis no mobilization advance/any type of advance is to be given to contractors against supply/Erection of work.
9. There is lot of difference between Reconciliation of inflow of funds in case of remittance to headquarters. No any reconciliation statement has been prepared.

Particulars	Code	Amounts (in Rupees)
Remittance to Headquarters	33.07	4,61,86,744.00
Funds Transfer From Headquarter	34.01	8,64,57,000.00

10. During course of audit it has been observed that there are some cheques deposited by consumers against payment of electricity bills not encashed the same. The send cheques are lying with Distribution Divisions. In this respect it is suggested to realize the amount of cheques through legal proceedings against the consumers.

It is also observed that there are some heavy defaulters in the different divisions against notices served to the effects of issuance of R.C. for recovery of dues but no R.C. are reported has been issued, so appropriate action to be initiated by the management of the Co. as early as possible.





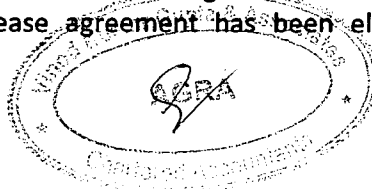
## **AUDIT REPORT OF DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD.**

### **GENERAL OBSERVATIONS**

- 1) We have observed that in most of the divisions, bank accounts are not reconciled. In absence of reconciliation, we are unable to comment that how many cheques have been dishonored and what is the total value of dishonored cheques. Following are the examples, in which Bank Reconciliation is still pending at division:-
  - a) EDD- Kannauj
  - b) FDD-Farrukhabad
  - c) EDD- Pukhrayan
  - d) EDD- Farrukhabad
  - e) EWC-Ghatampur Upto Dec 2017
  - f) EDD- Auraiya
  - g) EDC- Farrukhabad
  - h) EWD- Kanpur
- 2) T.I./P.I. register is not maintained properly. There is no proper system for recovery or adjustment of T.I./P.I. It is general practice that without adjusting the previous imprest, further imprest is given.
- 3) It has been observed that all the bank accounts are being operated by single signature of head of division i.e., SE of EDC or Ex. Engg. A joint signature for operating any bank account is highly recommended as it is a fraud prone area.
- 4) It was observed that TDS is not being deducted on interest on Security Deposit paid to customers. As per the provisions Income Tax Act, 1961 TDS is to be deducted by the corporation on interest on security deposit. The practice of issuing letters to the consumers and asking them to deposit the amount of TDS does not appear to be correct. The corporation should deduct the TDS and remit only the balance amount of interest to the consumers.

### **AGRA ZONE**

1. The zone has provided provision for retirement benefits like leave encashment, gratuity etc. on estimation basis which is contrary to Accounting Standard 15- Employee Benefits, which requires the actuarial valuation to be made every year. The impact of such deviation from the accounting standard is not ascertainable.
2. DVVNL has taken the land having Survey No. 161 (Allabaksh Sub-station, Sadar), Survey No. 329A, 320A and 525 (Bijlighar Substation) on lease from Army (Raksha Sampda Vibhag) and has later on given these lands on sub-lease to Torrent Power Ltd. The main Lease agreement has been elapsed so many years ago.

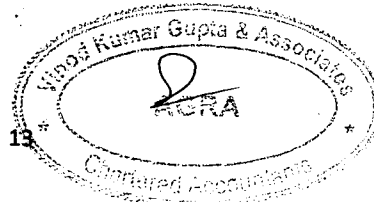




**AUDIT REPORT OF DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD.**

However, company has not yet renewed the lease agreement. This may create some rental or other liability in future which are not yet provided in the books.

3. Stock registers prescribed viz 4S & 4T have not been maintained at many divisions of Agra Zone. We are unable to comment on the discrepancies between physical stocks and book records as no physical verification of inventory has been made by the Agra Zone during the year.
4. As per accounting policy being followed by the company, the cost of fixed assets is recognized after receiving Assets Commissioning Certificate from the relevant technical authority. However, no asset commissioning certificate has been shown to us for the assets capitalized during the year.
5. The fixed assets withdrawn from active use are taken back in the store after deducting only one year's depreciation from its cost irrespective its actual used period. Moreover, the cost is also taken on the basis of its replacement cost rather than historical cost. Both the above discrepancies lead to over valuation of item taken back to store and in some cases also lead to negative balances in Fixed Assets Account. In the absence of specific data regarding above, we are unable to quantify its effect.
6. As per the information and explanations provided to us and as per the test check conducted by us, we found that in some cases, fixed assets amounting to Rs. 11,60,985.00 were found theft/misappropriated during year under audit and also in previous years but investigations were pending against such thefts/misappropriation even by the end of finalization of our audit.
7. There are many unreconciled entries in the Bank Reconciliation Statements of the division of Agra zone since very long period. In the absence of any information as to the nature of such entries, we are unable to comment on the impact of these on the state of affairs of Agra Zone.
8. There are many instances of cheques received against the dues of the company but not realized in the bank accounts of the company due to one or other reason. Such cheques and related entries are not being reversed in the books of account regularly. These entries should be reversed as validity period of cheques has been expired.
9. All balances of advances to suppliers, contractors & staff, all sums due to contractors/suppliers on account of works contracts or supplies and all money received from contractors/suppliers on account of security deposits, Earnest money, other like items are subject to confirmation. The Zone has not maintained any control registers containing the information party wise regarding above advances. This is fraud prone area and the Zone may be exposed to high level of Fund





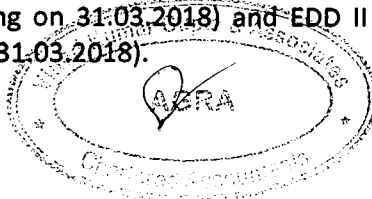
**AUDIT REPORT OF DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD.**

Embezzlement, if control registers are not maintained. Moreover, in the absence of control registers, the correctness of these balances are highly doubtful. In many divisions, the balances under these heads are negative which is fundamentally not possible. However, the Zone management is unable to provide any satisfactory reply in this regard.

10. Most of the units failed to comply with the provisions of "the Building and Construction Worker's welfare Act, 1996" which requires to deduct Labour welfare cess @1% of the cost of construction works from the bills of contractors payable for such works and remit the same to cess authorities.
11. The balance standing at various Units of the Zone with other zones of the Head Office, Head Office as well as other Divisions of Distribution/Transmission are subject to confirmation. They are in process.

Inter-unit accounts within Zone are also not tallied. This is a serious irregularity and is a highly fraud prone area and the zone may exposed to huge amount of loss, if inter-unit accounts are not tallied. As per the trial balance, Rs. -59,02,02,691.68 (Account Group Code 31.01) of balance is not tallied at Zone level and need to be reconciled.

11. There are many accounting heads in the liability side and assets side where major part of balances is pending from a long time (more than 5 Years). These are fraud prone area and it is hereby recommended to adjust these balances with appropriate account heads or otherwise write off to profit and loss account as income, if they are effectively not payable under the Limitation Act or are not recoverable. Some of such accounting heads are AG code No. 44.406, 44.407, 44.411, 44.410, 44.509, 42.101, 46.101, 46.103, 46.104, 46.123, 46.124, 28.401 A & B, 25.50, 25.70, 26.50 and 26.70.
12. Some units have not followed the prescribed procedures and process of Open Tender Policy. No signature of tenderers appears on the tenderer attendance register. In some units, Tenderer Attendance Register is not maintained which does not confirms the of tenderers at the time of opening tenders. Hence, the whole process cannot be termed as open tender process and the unit incumbent should not exercise the financial powers granted in case of open tender policy. Tenders are allotted on the basis of simply sealed quotation which is a clear cut case of violation of financial powers.
13. There are many long pending TIs in many divisions. These are not timely and regularly adjusted. Some such cases are reported here in case of EDD I Mainpuri Division (TIs amounting Rs. 98500.00 are pending on 31.03.2018), EDD III Mathura (TIs amounting Rs. 71050.00 are pending on 31.03.2018), UDC I Agra (TIs amounting Rs. 34792.72 are pending on 31.03.2018) and EDD II Kosikalan (TIs amounting Rs. 1300.00 are pending on 31.03.2018).





## **AUDIT REPORT OF DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD.**

14. During the audit it was noted that, many divisions have not taken sufficient security amount as per the norms (**Twice of average of last 12 months bills**) of department from heavy consumers and in case of any default by consumers, division will not be able to recover arrear amount from consumers.
15. As per the information and explanations provided to us and on the basis of test check done by us, we found that many divisions are not deducting the amount of security deposit @ 10% while making payments to contractors.

### **ALIGARH ZONE**

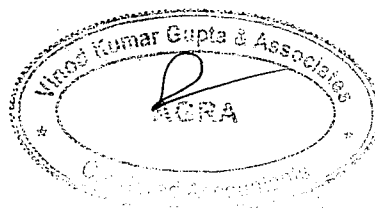
1. As per the direction of head office, store division Aligarh which was outside the Aligarh Zone up to 31.03.2017 have been Merged in the accounts of Aligarh zone w.e.f. April 2017. Due to merger, opening balances coming in the store division have also been added in the opening balances of the Aligarh zone accounts. in the context, merged opening balances shows differences with the closing balance of the last year audited financial statements of Aligarh Zone.

### **Fixed Assets, Capitalization and Cost of Assets**

1. In case of work done of capital assets during the year, some divisions at the first hand book work in 'Capital work in Progress' head (Code 14) & then Capitalize it in their respective assets heads at the year end. Further, Zone have suggested all the division to capitalize work on monthly basis.
2. Some existing divisions have been demerged and new division come in existence, but assets allocations have not been made from old division to new divisions due to lack of information of assets mapping at sites.
3. Fixed assets disclosed in financial statements for the current year are not supported with the fixed assets register because registers are not updated. With the help of units, zone is doing efforts to make fixed assets register as per voucher and stock account but it requires more attention.
4. During the course of audit we found that civil works for buildings have been done for the divisions but capitalization of such expenditure is yet to be done in the accounts. As per explanations given to us, the expenditure is not capitalized because payment has not been made to contractors.

### **Depreciation**

1. As per the Schedule II of Companies act 2013, Deprecation should be levied on straight line method @ 2.38% on transmission lines, Cables & Other network assets





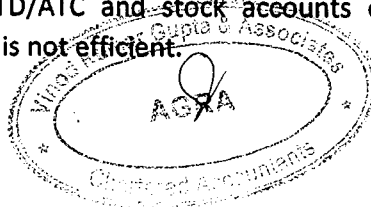
**AUDIT REPORT OF DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD.**

and @2.71% on Electric distribution plant and WDV basis @7.22% & 8.20% respectively. However the units made provision of depreciation @7.84% on returned assets value of transformer and 90% on overhead lines. Further all units in the zone have not followed a unique rate of provision of depreciation and charged different rate of depreciation as per practice.

So units in zone have not complied with the significant accounting policies and also not complied with the schedule II of Companies act 2013. However explanation provided to us that depreciation is charged at head quarter level as per prescribed rates.

**Material and Store**

1. ATC and ATD registers have not been properly maintained and updated on timely basis. Due to this many outstanding ATD/ATC were pending as at 31/03/2018. Further huge outstanding balances are shown in code 46.521/46.522 are under reconciliation.
2. At divisions, huge amount of store are lying in code 22. Units do not have any system of physical verification of material lying with the division and sub-divisions. We are unable to comments on the material & store at divisions. However physical verification of store division has been made and certificate for the same provided to us.
3. We observed that certain item in closing inventory consist of items carried forward from the opening inventory which have not been valued at cost or NRV whichever is lower. Units have not complied with the AS-2 Issued by ICAI. Further, closing inventory of some of the units are unreconciled and details of these are not with the units.
4. We have observed that in some units, opening & closing stock of material A.G. Code22 is negative and units are issuing materials to stores, sites and contractors regularly. It means at the time of stock inward, proper booking of stock not made.
5. In the course of audit we observed that no internal controls exist to verify the material issued or received from store and workshop to division with the proper communication concurrently. ATD/ATC and stock accounts of JE's are only the method to verify but this process is not efficient.





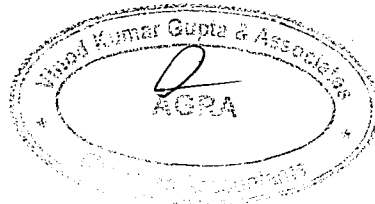
## **AUDIT REPORT OF DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD.**

### **Assessment of Electricity Charges**

1. The Divisions have been ordered to make assessment for electricity as per reports of billing agencies. But some divisions are not complying with the order. In some divisions we found that assessment was booked in rounded figures in thousands.
2. During the course of audit of many units we found that higher realization or over assessment have been made either due to bifurcation mistakes of realization or under assessment in respective LMV's. Therefore outstanding amount of realization which stands in respective LMV's cannot be assured. We strongly suggest that assessment and realization of particular LMV's is to be made carefully. But at zone level some adjustment entries has been made in final accounts of the zone to rectify the above mentioned mistakes.
3. During the course of audit we found that assessment for substation in EDD-I Aligarh and EDD-III Hathras are either not booked or booked in the other accounts head. Further huge amount of electricity charges of offices are booked in the EDD-IV Iglas, EUDD-I Aligarh, EUDD-II Aligarh, EUDD-III Aligarh and EDD Kasganj.

### **Electricity Duty & Regulatory Surcharge**

1. Explanation is made to us that PTW, STW are exempted from charging electricity duty. However, some divisions have charged electricity duty on PTW, STW. ED charged from PTW is Rs. 1.53 Crores and STW Rs. 3.64 Crores.
2. The rate of regulatory Surcharge as per notification no. 200/HC/UPPLCL/5-1974-1204-C/2016 dated 06.08.2016 is 4.28%. In some divisions regulatory surcharge is not commensurate with electricity charges and going very high rate or low rate. This may be bifurcation mistake between regulatory surcharge, delayed interest and miscellaneous charges charged from the customer. We also found that some divisions have not been bifurcated its regulatory surcharge in assessment therefore no booking exists in respective code. Unit should take care about the assessment of regulatory surcharges and its realization booking. Due to this mistake direct impact on the profit and loss of the company.
3. In some divisions delayed interest is not commensurate with their current average dues. Overall percentage of delayed interest is going very high/low. This may be bifurcation mistake between delayed interest, regulatory surcharge and other miscellaneous charges. This mistake has direct impact on the profit and loss of the company.





## **AUDIT REPORT OF DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD.**

### **Cash & Bank**

1. Bank reconciliation position in units is very bad and most of the units have not prepared its bank reconciliation at the year end. After several reminders given by the zone to units, bank reconciliations have not been prepared. Further huge debit and credit differences are coming in cash book and bank statements which require proper reconciliation of accounts.
2. T.I. opened during the year for amounting Rs. 2.15 crore which is a heavy amount. Most of the temporary imprests have been closed at the year end except the EDD Kasganj which stands to Rs. 1, 84,400.

### **Advance and Retention Money of Suppliers and Contractors**

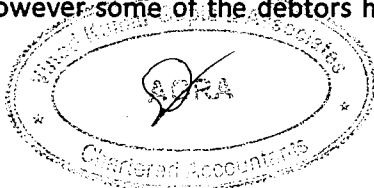
1. Huge amount have been shown as advance to contractors and retention money of contractors. Divisions have not maintained records and information in support of the balances to verify with ledger. This amount is subject to reconciliation and confirmation. In some divisions we found that final bill have been submitted and paid but retention money is still outstanding in the heads.
2. During the course of audit we found that material issued to contractors during the year of Rs. 16.33 Crore and returned. Balance amount stands in the hand of contractors. In retention to this no sufficient information are available with the divisions.

### **Security Deposit from Customers**

1. Details of security deposit from customers are not maintained properly. As per accounts, no amount of security deposit is refunded by the division during the year however many of the customers connection are disconnected and final settlement bill have been made during the year. It seems that consumers claimed for their security amount, had been adjusted with the security deposit head. This practice effect the realization of the divisions and security deposit account do not show the actual position.

### **Revenue Recognition and realization**

1. Outstanding debtors are increasing year to year. Balance of debtors are completely unconfirmed and non verifiable. Large amount of debtors are under dispute in various competent courts and there is no certainty about recovery. Divisions have not classified its debtors age wise however some of the debtors has been outstanding for the long period.





## **AUDIT REPORT OF DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD.**

### **Prior Period Expenses**

1. There must be mercantile system of accounting for expenditure as per policy. Most of the units have followed accounting system on cash basis instead of mercantile basis for payment which is not the policy of the company. So units have not complied with AS-1 "Disclosure of accounting Policies". There are instances of prior period items accounted for during the year which in contravention of AS-5 "Accounting for prior period items". We are not in a position to quantify overall effect due to large number of prior period transactions which need full vouching.

### **Liabilities for Capital Suppliers**

1. In relation to capital supply, outstanding balances of vendors are increasing year to year. Following are the divisions in which huge balances are outstanding but some payments has been made in future periods and also full information regarding the amount due to party is not available to us:-
  - (i) EUDC, Aligarh Rs. 23.95 Crore
  - (ii) ESWD, Aligarh Rs. 43.74 Crore
  - (iii) EDD-I, HathrasRs. 16.38 Crore

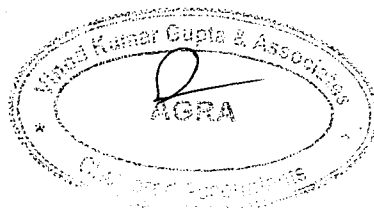
### **Liabilities for other Payables**

In the past when 6<sup>th</sup> pay commission implemented, a provision for the arrear made in the code 44.350. Now most of the arrear are paid but balance in the liability code exist to Rs. 12.66 Crore which are required to be reversed. The above amount should be reconciled and adjusted. Due to this profits of the division have been affected.

### **Statutory Liabilities**

#### **Tax Deducted at Source:**

1. **Code 44.401 TDS on Salary** -Balances in TDS accounts are not reconciled by the some units, i.e. balances in TDS account has piled up with other heads of TDS. On the other hand there are some credit/debit balances coming in the opening TDS account and not cleared during the year. Proper reconciliation should be made.
2. **Code 46.924 TDS on Contractors** - Balance in TDS accounts are not reconciled by the some units i.e. balances in TDS account has piled up with other heads of TDS, Cess etc. on the other hand there are some credit/debit balances coming in the opening in TDS account but are not cleared during the year. Proper reconciliation should be made.





## **AUDIT REPORT OF DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD.**

### **Life Insurance Premium:**

Balance in LIP accounts are not reconciled by the some units, balance in LIP account has piled up with other head. On the other hand there has been credit/debit balances in LIP account. Proper reconciliation should be done for the same.

### **Goods and Service Tax**

1. Many units have not complied with the Goods and Service Tax rules due to lack of knowledge and updates, especially on reverse charge mechanism. There has been a provision for reverse charge mechanism for which units are liable to pay tax liability. We have followings observations:

- A. We found in most of the units that contractor charging service tax or vat on bill raised before the inception of GST but at the time of payment divisions have paid by the struck down the service tax or vat and added back GST in invoice. Therefore excess amount of taxes have been paid by the most of the divisions.
- B. Balances in Goods and service tax accounts are not reconciled by the most of the divisions on the other hand there are some credit or debit balances coming in the opening in service tax account and not cleared during the year. Proper reconciliation should be made.
- C. Distribution divisions have levied and collected charges in the name of reconnection and disconnection (hereinafter called RC/DC charges) from consumers. As per our opinion in the ambit of Goods and Service Tax 2017, above services are covered under the above act and are required to collect and pay GST on said services.

However Letter No. 09/UP (TAX)/GST Cell/2018 dated 24.03.2018 issued by UPPCL in this regard said that recovery of charges from consumers by the DISCOMS as per State Electricity Act is Exempt from GST.

### **Inter Unit Account**

1. Some Balances in code 31, 36, 37 are carried in divisional accounts and are subject to inter reconciliation and confirmation. However as informed to us, these balances will be reconciled at Headquarter Level.

### **Last Year Balances (Opening Balances)**

1. In assets and liabilities many of the last year balances have been carrying to this year, for which there is no information and certification have been made to us. Their certainty and effects cannot be ascertained and we are not able to comment on these figures.





## **AUDIT REPORT OF DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD.**

2. **Inventory Lying With Third Parties:** Most of the works are done through the contractors and materials are issued to work on the site but proper record for the same are not available to verify stock position in the hand of contractor.

The following points are observed during the course of our audit of Admin section, Company Head Quarters:-

### **EXECUTIVE ENGINEER (ADMINISTRATION)**

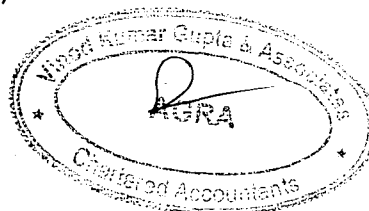
#### **FINANCIAL STATEMENTS:**

- It was observed that an amount of Rs.11297750.00 is outstanding in the AG code 28.919 (other deposits) in form of FDR submitted by organization as Security against Litigation which should also form part of our Contingent Liability as a footnote in financial statements, effects of above has been incorporated in financial statements.
- There are certain amounts which are persisting since so long in financial statements of the organization which should be adjusted or written off as earliest as possible.

Instances are as under:

AG CODE	Head Of Accounts	Outstanding amount as on 31.03.2018
31.520	IUT Material Kanpur	172000.00
31.540	IUT Material Jhansi	129000.00
31.750	IUT Material Agra	-135786.00
43.1	Liability for supply of Material/Work	-1493487.26

- It has been observed that organization's treatment regarding Goods & service Tax is inappropriate as type of GST is charged accurately in proper AG Code but adjustment while payment is done through a single AG code which reflects incorrect view of GST ledgers from portal.
- Inauguration expenditures of Saubhagya Scheme amounting Rs. 15,92,355.00 is made through AG code 74.207 i.e Repairs & Maintenance of officers Building while in our view these should not be charged in AG code 74.207.
- Expenditure made on AMC through UPDESCO is taken in AG code 76.155 of Advertisement expenses while in our opinion it shall form part of Repair & Maintenance AG code 74.207, which has been rectified now.
- It was observed that expenditure made for Man power supply from Thanks Power is taken in Honorariums AG code 76A.126 under Professional charges which is an incorrect head to consider such expenses, which is now rectified in the accounts for the year under audit.





## AUDIT REPORT OF DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD.

- A TDS Demand of Rs. 251, 89, 29,119.00 is reflecting at portal of TRACES, as per organization this litigation has been settled and decision favors the organization while it is still reflecting at portal. It is advised to send a letter to department to dispose off it from portal also.
- There are various litigations pending about which no details has been provided by organization hence we cannot comment upon that.

### TENDERS:

- **Tender no- DVVNL-ADMIN/05-2017-18- M/S SHRI SHAKTI POWER CORPORATION, AGRA**
- Two Bidders – Lawania electrical & contractors & Shri Shakti Power corporation have applied for the tender but in order of authority approval it is mentioned that Bid is only made by a single bidder i.e ShriSakti Power Corporation which seems to be a suspicious & the management is advised to follow up that.

### RAJIV GANDHI GRAMEEN VIDYUTIKARAN YOJANA (RGGVY)

#### TENDERS:

#### Tender no.2579-17 -- M/S HARVITECH ENTERPRISES PVT LTD, KANPUR

- As per the terms the work should be completed in 9 months while it was observed that work has not been even started in 9 months.
- Reasons for granting extension in period of work were not found.
- PERT chart is not authenticated & does not forms any basis.

### INTEGRATED POWER DEVELOPMENT SCHEME (IPDS)

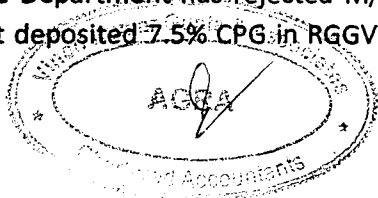
#### TENDERS:

- We observed a case of Discrepancy in Contract Performance Guarantees which are as under:

Tender No.	Party Name	BG No.	Remarks
DVVNL-MM/1774	YASH URJA	L44GPGE161840004	➤ Original stamp paper of renewed Bank Guarantee is not found.

- **Tender no. 1539-2015 --- M/S LAKSHMI TRANSFORMERS & ELECTRICALS**

- a) The Department has rejected M/s East India Udyog on the basis that it has not deposited 7.5% CPG in RGGVY scheme even though the department self





**AUDIT REPORT OF DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD.**

has provided extension period upto 30.06.2016 for that East India udyog has also submitted a request & assurance letter to open the bid. It was observed that department has not provided valid reasons to reject the Bid.

- b) ERDA has severally reported Discrepancies in the work of **M/S LAKSHMI TRANSFORMERS & ELECTRICALS** but the Cell regularly makes payment to the party. As per the last report of ERDA there were 2837 defects which were still persist in the work.

**DEEN DAYAL UPADHYAYA GRAM JYOTI YOJANA (DDUGJY)**

**TENDERS:**

- It was observed that terms of Agreement are not rigidly followed by the Cell. Certain cases of weakness in documentation was also observed .There were certain areas observed of for Discrepancies in agreement terms & documentation which are as under :
  - I. **Agreement** should be done with in prescribed time else eligibility for entering into tender would be cancelled. But in many cases agreement is entered after prescribed date.
  - II. **Contract Performance guarantee** has been accepted for the lesser period than prescribed in Letter of Intent.
  - III. **MAAT** calculated for the purpose of evaluation of eligibility for technical Bid is made on thumb rule basis for which no supporting documents are not annexed.
  - IV. In case of RK industries tender no's 1629, 1631, 1634 bank confirmation is not authenticated by bank.
  - V. Department does not have any record of Progress Report of work even though it is an agreement term.
  - VI. Cell is not in practice of taking Blue print/ Work plan from the party at the time of award of tender.

**GM FINANCE**

- There were certain items which are persisting in Trail Balance since long which are unreconciled. In our opinion these items should be accounted for properly:

AG CODE	HEAD OF ACCOUNT	AMOUNT OUTSTANDING AS ON 31.03.2018
36.01	IUT PERSONNEL WITH IN ZONE	21765.20
37.1	CENTRAL RECEIPT ON BEHALF OF DIVISION	53435134.00





**AUDIT REPORT OF DAKSHINANGHAL VIDYUT VITRAN NIGAM LTD.**

37.31	IUT CASH WITH IN ZONE	34462400.00
47.411	DEPOSIT FOR OTHER ELECTRIFICATION WORKS (OTHERS)	758297005.00

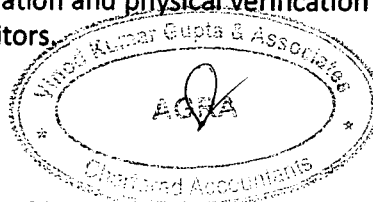
- The treatment done for the Government Grant received in form of waiver off of Loan provided under UDAY Scheme and interest thereon amounting Rs 2196004780.48 is transferred to AG code: 55.203 as capital reserve in FY-2016-17 which is inappropriate , since this subsidy was provided with a view to mitigate the losses of company , this amount should be adjusted to retained earnings

**COMPANY HEAD QUARTERS:**

1. In Financial Year 2015-16 company has decided to bifurcate old balances i.e. balances at the time of transfer scheme of financial year 2003-04 to each head separately out of which few heads are unreasonable. AG head 12.101 provides provision for depreciation over land, AG head 20.280 provides an fixed deposit in books which is not held by department, AG head 22.760 having stock of obsolete material which should be charged to profit and loss account, AG head 27.8 showing excess recovery of loans and advances which need to be verified, AG head 28.101, 28.103, 28.401, 28.402 showing old balances not recovered yet, AG head 42.4, 43.2, 44.503, 44.505, 44.509, 53.611, 53.612 and 53.620 are heads of various liabilities but showing debit balance instead of credit balance. Explanation provided by management for these balances is that these balances have been received in Transfer Scheme and reconciliation is under process.
2. The Cess amounting Rs. 65, 22,359/- was outstanding on 31.03.2018 for payment.
3. We observed that during the financial year, The Company has regrouped various accounting Heads as per advised by the UPPCL Lucknow.
4. GST has not been charged on sale of LED bulbs by company, this may result in heavy interest and penalties under Goods and Services Tax act 2017.

**COMPANIES COMPILED BALANCE SHEET**

1. In the unsecured loans, no documentary evidence (Loan Agreement) has been provided to us which can prove its maturity pattern (whether they are current or Noncurrent in nature).This bifurcation has been done in the Balance Sheet On the Basis of details provided from UPPCL, Lucknow as Reported to us.
2. Fixed Assets Registers under preparation and physical verification of the same is pending as reported by branch Auditors.





**AUDIT REPORT OF DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD.**

3. There are so Many unreconciled entries and stale cheques are outstanding in the BRS of Divisions as on 31st March, 2018 which need to be reconciled.
4. The liability for pension and gratuity in respect of employees should be determined on the basis of actuarial valuation and should be accounted for on accrual basis. The above said provision has been made on the basis of PWC Actuarial Valuation Report of 2000 whereas this report was valid for three years. Further the period of the report has expired long back. The company has been doing provisions as per this report which is violation of Ind AS-19.

**CURRENT STATUS OF FRAUDS (EMBEZZLEMENT) AS REPORTED TO US IS AS UNDER:**

**1) EDD-1ST/EDD 11ND, ALIGARH**

In the year 2004-2005 embezzlement was made by Shri T. K. Goswami clerk & FIR was also lodged now as reported amount of embezzlement was Rs 798265.00/- beside, the uncertain amount collected though four receipt books not return by Mr. T.K. Goswami has been terminated from service. As per current status case is still pending in High Court.

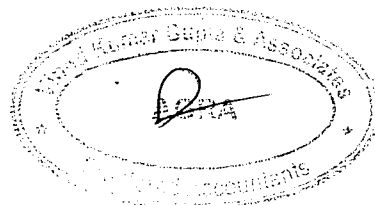
**2) EUDD-V, SHAHGANJ AGRA**

In the year 2005-2006 Manoj Jouhary O.A. 2nd under SDO 1st & 3rd Avas Vikas Colony, Agra collected cash from the consumers in the month of July & October 2006. from the total collected cash realization of these two months he deposited less amount in the bank & the records were sealed by the department, the finding of enquiry committee was that a recovery of Rs 1248834.00/- along with annual interest @ 18% from his salary & he will not posted either on sensitive post or at revenue related work. As per current status recovery proceeding has been initiated by Rs 8062.00/- per month with interest since January 2012.

**3) EDD-2; MAINPURI**

In the year 2009 it was found that during the period 29-10-2007 to 31-07-2009, total 143 revenue receipt books have been issued to Shri Manik Chandra out of which 133 revenue receipts books were utilized for cash collected for the consumers. Shri Manik Chandra has been short deposited sum of Rs 920415/-. FIR has been lodged against Manik Chandra and he has been terminated from service on 21.11.2011. Above amount have been accounted as sundry advances in monthly account 02/2011 and RC No. 4788 date 22.06.2017 has bee issue for recovery which is still pending. This case is pending in High Court, Allahabad.

**4) EUDD-V1, KAMLA NAGAR, AGRA**





**AUDIT REPORT OF DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD.**

In the year 2008, it was found that Shri Mahaveer Singh, T.G. 2, was indulged in the malpractices by way of issuing incorrect receipts of higher amount, wherein he embezzled of estimated total amount of Rs 22.33 lacs, police complaint has been lodged and civil and criminal suit for the recovery of the embezzled amount has been filled, In October 2009 he was terminated. As per current status case is still pending in High Court.

**ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD of even date)**

**1. In respect of the Company's fixed assets:**

- (a) The Company has not maintained proper records showing full particulars, including quantitative details and situation of fixed assets.-
- (b) Fixed assets have not been verified by management at reasonable intervals and as such we are unable to determine whether any discrepancies existed or not.
- (c) Govt. of UP, vide notification No.1528/24-पी-2-2015-एसए० (218)-2014 dated 3rd Nov. 2015 notified the final opening Balance Sheet of the Company as on 12 Aug 2003 Whereby certain assets and liabilities of the erstwhile UPSEB has been transferred to the Company, DVVNL. As informed to us the company has recieved Land of Rs. 90,35,024.72 and Building of Rs. 41,24,11,702.89 as on Vide said notification.

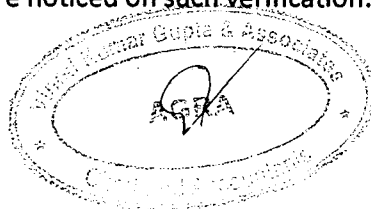
**1. Land Purchased/Acquired on or After Rs. 34,38,499.27**

According to the information and explanations given to us and on the basis of examination of records of the company, the title/lease deeds of immovable properties are held in the name of the company.

**2. Building Constructed/Acquired on or After Rs. 1,93,54,35,235.45**

According to the information and explanations given to us all the existing buildings of the company are constructed on the land either acquired/purchased by the company itself or allotted by erstwhile UPSEB and its group companies.

2. According to the information and explanations given to us, the management of the company has conducted physical verification of inventory at the year end and no material discrepancies were noticed on such verification.

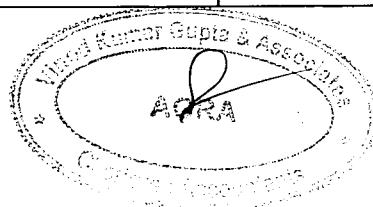




**AUDIT REPORT OF DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD.**

3. The Company has not granted any secured/unsecured loan to any parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly the provisions of Clause 3(iii) of the order are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments, guarantees, and securities.
5. According to the information and explanations given to us, The Company has not accepted deposits during the year as defined in the companies (Acceptance of Deposits) Rules 2014. Accordingly, the provisions of the clause 3 (v) of the Order are not applicable to the Company.
6. We are of the opinion that prima facie the prescribed accounts and records have been maintained and being made.
7. (a) According to the information and explanations given to us and on the basis of our examination of records of the company, The Company is generally regular in depositing undisputed statutory dues with the appropriate authorities except in case of TDS, CST, Trade Tax and labourcess and service tax. And company has arrears of such outstanding statutory dues as at 31<sup>st</sup> March, 2018 for a period more than six months from the date they become payable.

Sr No	Unit Name	Nature Of Payment	Amount(in Rs.)
1	TT-II AGRA	TDS Salary	20429.00
2	ELECT. STORE DIVISION	TDS Salary	740505.50
3	EDC AGRA	TDS Salary	38745.00
4	EDD- FIROZABAD	TDS Salary	93435.30
5	UDD I FIROZABAD	TDS Salary	35709.00
6	EUDC FIROZABAD	TDS Salary	40000.00
7	EDD IV KIRAWALI	TDS Salary	229085.00
8	EDD-III MATHURA	TDS Salary	3296.00
9	EDD-I MAINPURI	TDS Salary	44025.00
10	UDC-I AGRA	TDS Salary	60895.88
11	UDD-I AGRA	TDS Salary	39223.50
12	UDD-IV AGRA	TDS Salary	111000.00
13	EWD AGRA	TDS Salary	754.00
14	TT-II AGRA	TDS Contractor	368085.00
15	ETD AGRA	TDS Contractor	14937.00
16	EDD IV KIRAWALI	TDS Contractor	62009.00
17	UDC MATHURA(APDRP)	TDS Contractor	40581.00
18	UDD-II VRINDABAN	TDS Contractor	4388.00
19	EDD-I MAINPURI	TDS Contractor	3300.00
20	UDD VIII AGRA	TDS Contractor	43229.81
21	UDD IV AGRA	TDS Contractor	13898.00
22	UTD III AGRA	TDS Contractor	7487.00
23	UTD AGRA	TDS Contractor	577.00
24	UTD II B AGRA	TDS Contractor	4595.00
25	PA(M) TO GM AGRA	TDS Contractor	422.00
26	UDD-III AGRA	TDS Others	222893.00
27	EDD-I MAINPURI	CST	28631.00





**AUDIT REPORT OF DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD.**

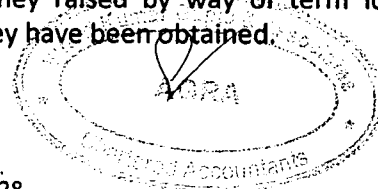
28	ETD AGRA	Trade Tax & Labour Cess	4791.00
29	EDC FIROZABAD(APDRP)	Trade Tax & Labour Cess	87533.00
30	EDD-IV KIRAWALI	Trade Tax & Labour Cess	15970.00
31	EDC MATHURA(RGGVY)	Trade Tax & Labour Cess	750.00
32	EDD-I MATHURA	Trade Tax & Labour Cess	2700.00
33	UDD-I MATHURA	Trade Tax & Labour Cess	1679.00
34	EDD-III MATHURA	Trade Tax & Labour Cess	11365.00
35	UDC MATHURA	Trade Tax & Labour Cess	126.00
36	EDC MAINPURI(APDRP)	Trade Tax & Labour Cess	234038.00
37	EDD SHIKOHABAD	Trade Tax & Labour Cess	43350.00
38	EDD SIRSAGANJ	Trade Tax & Labour Cess	322064.00
39	EDD-III MAINPURI	Trade Tax & Labour Cess	644348.00
40	UDD-I AGRA	Trade Tax & Labour Cess	2166.00
41	UDD-V AGRA	Trade Tax & Labour Cess	100.00
42	EWC AGRA	Trade Tax & Labour Cess	11350.00
43	E. CIVIL CIRCLE AGRA	Trade Tax & Labour Cess	302.00
44	ETD AGRA	Service Tax	26638.00
45	UTD FIROZABAD	Service Tax	5447.00
46	EDD-I MATHURA	Service Tax	256802.00
47	EDD-II KOSIKALAN	Service Tax	5577.00
48	ETD- MAINPURI	Service Tax	15270.00
49	ELECT. CIVIL DIV. AGRA	Service Tax	17307.00
50	E. CIVIL CIRCLE AGRA	Service Tax	209443.00

(b) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2018 on account of disputes are given below:

Nature of the statute	Nature of dues	Form where dispute is pending	Period to which the amount relates	Amount(in Rs.)
Sales Tax Act and Vat Laws	Vat	Commercial Tax Tribunal	2006-07	1,23,129.00
Sales Tax Act and Vat Laws	Vat	Commercial Tax Tribunal	2007-08	7,34,146.00
Sales Tax Act and Vat Laws	Vat	Commercial Tax Tribunal	2008-09	6,45,424.00

However, with respect to TDS, there is some disputed amount of demand raised as per CPC (TDS) intimations. But we are unable to quantify it for want of information.

8. In our opinion and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution, Bank or government.
9. The Company has not raised money by way of initial public offer or further public offer during the year. However money raised by way of term loans have been applied for the purposes for which they have been obtained.



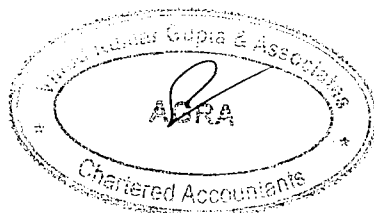


**AUDIT REPORT OF DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD.**

10. To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
11. According to notification No G.S.R. 463(E) dated 05.06.2015 issued by Govt. of India; the provisions of section 197 of the Companies Act 2013 are not applicable to the company. Accordingly, paragraph 3(xi) of the order is not applicable.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
13. According to the information and explanations given to us, transactions with related parties are in compliance with sections 177 and 188 of the Act read with Notification No G.S.R. 463(E) dated 05.06.2015 issued by Govt. of India and details of transaction have been disclosed in the financial statements as required by the applicable accounting standards.
14. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
15. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Vinod Kumar Gupta & Associates  
Chartered Accountants

Nikhil Gupta  
(Partner)  
M. No. 403014  
F.R.N. 002377C



PLACE: AGRA  
DATE: 25-10-2018

**ANNEXURE "C" TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 3(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD of even date)

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



## **AUDIT REPORT OF DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD.**

We have audited the internal financial controls over financial reporting of **DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD** ("the Company") as of March 31, 2018 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**

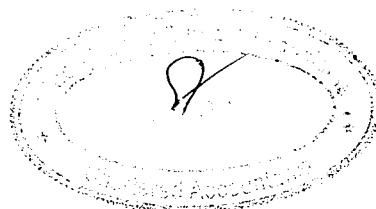
The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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, 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 standalone 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.





## **AUDIT REPORT OF DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD.**

### **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 reliability of financial reporting and the preparation of standalone 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 standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

### **Limitations of Internal Financial Controls Over Financial Reporting**

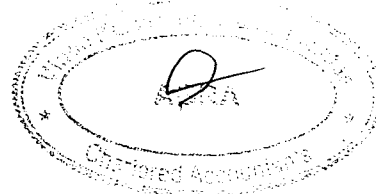
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls 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.

### **Qualified Opinion**

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31, 2018:

- a) The Company's internal financial controls over recording of accounting entries in wrong heads and wrong accounts like entering payment to creditors as amount receivable in assets side etc due to this the liabilities of company has been increased and assets are also increased by that amount.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented





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or detected on a timely basis.

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting as of March 31, 2018, 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, and except for the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively as of March 31, 2018.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2018 financial statements of the Company, and these material weaknesses do not affect our opinion on the financial statements of the Company.

**For Vinod Kumar Gupta & Associates  
Chartered Accountants**

**Nikhil Gupta  
(Partner)**

**M. No. 403014  
F.R.N. 002377C**



**PLACE: AGRA  
DATE: 25-10-2018**

**ANNEXURE "D" TO THE INDEPENDENT AUDITOR'S REPORT  
(Referred to in our report our report to the Members of DAKSHINANCHAL VIDYUT  
VITRAN NIGAM LTD of even date)**



**AUDIT REPORT OF DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD.**

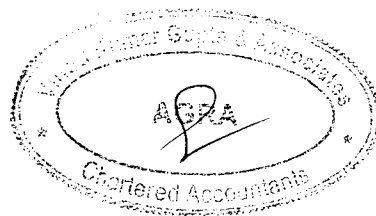
Directions under section 143(5) of Companies Act (Revised) Applicable from the year 2015-16 and onwards

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.	According to the information and explanations given to us and on the basis of our examination of records of the company, the title/lease deeds for freehold and leasehold land are held in the name of the company.
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.	As informed by management there are no such cases of waiver/write off of debts/interest etc. during the year of audit.
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Government or other authorities.	On the basis of information and explanation produced before us, the company has stock lying with third parties for which proper records are maintained by the company. Further it has not received any assets as gift from Govt. and other authorities.

**For Vinod Kumar Gupta & Associates  
Chartered Accountants**

**Nikhil Gupta  
(Partner)**

**M. No. 403014  
F.R.N. 002377C**



**PLACE: AGRA  
DATE: 25-10-2018**



**AUDIT REPORT OF DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD.**

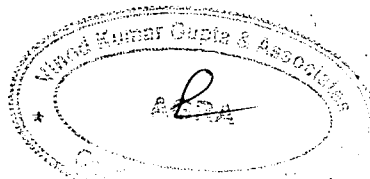
**COMPLIANCE OF DRAFT COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF DAKSHINANCHAL VIDYUT VITRAN NIGAM LIMITED FOR THE YEAR ENDED 31 MARCH 2016**

Sl. No	Draft Comments	Reply of Management/status of compliance
	<p>The preparation of financial statements of <b>Dakshinanchal Vidyut Vitran Nigam Limited for the year ended 31 March 2016</b> in accordance with the financial reporting framework prescribed under Companies Act, 2013 (Act) is the responsibility of the Management of the Company. 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 Companies 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 by their <b>Audit Report dated 22December 2017.</b></p> <p>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 <b>Financial Statement of Dakshinanchal Vidyut Vitran Nigam Limited for the year ended 31 March 2016.</b> This supplementary audit has been carried out independently without access to working papers of the statutory auditor and is limited primarily to enquiries of the statutory auditors and company personnel and selective examination of some of the accounting records. Based on my supplementary audit I would like to highlight the following significant matters under section 143 (6)(a) of the Act which have come to my attention and which in my view are necessary for enabling better understanding of the financial statement and the related audit report.</p>	<p>-No Comments-</p>
A. 1.	<p><b>Comments on Profitability</b> <b>Statement of Profit and Loss</b> <b>Revenue from Operations (Note 19): ` 7537.77 crore</b></p> <p>The above does not included ` 43.81 crore (EUDD-I, Aligarh: ` 31.70 crore; EUDD-II, Aligarh: 6.55 crore; EUDD-III, Aligarh: ` 5.56 crore) on account of electricity internally consumed. This resulted in understatement of Revenue from operation as well as overstatement of Loss for the current period to the extent.</p>	<p>Accountal will be made in next year. It is requested that the para may kindly be dropped.</p>
2.	<p><b>Statement of Profit and Loss</b> <b>Revenue from Operations (Note 19): ` 7537.77 crore</b></p> <p>The above does not include ` 6.90 crore on account of Energy sold but not billed in EDD-II, Kosikalan due to omission in consolidation.</p>	<p>Noted for future. It is requested that the</p>



**AUDIT REPORT OF DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD.**

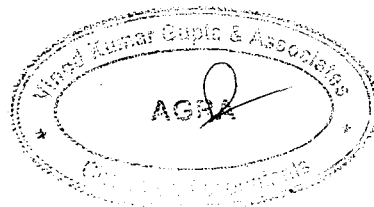
	This resulted in understatement of Revenue from operation as well as overstatement of Loss for the current period to the extent.	para may kindly be dropped.
3.	<p><b>Statement of Profit and Loss</b> <b>Other Income (Note 20): ` 3336.56 crore</b> The above includes ` 255.14 crore as Subsidies against Loan; the amount of subsidy received from GoUP against the reimbursement for the payment of principal as well as interest against the loan Under Government Cover (UGC). Since the subsidy was inter-alia received for repayment of principal also, ` 52.31 crore utilised for repayment of principal should have been accounted for as Capital grant under head 'Capital Reserve' instead of accounting for as other income. This resulted in understatement of Loss for the Year as well as Capital Reserve by ` 52.31 crore.</p>	Above amount received from Govt. (Incl. Interest and Principal portion) under head 2801. Which is of revenue nature not of Capital hence same has been booked in Income. It is requested that the para may kindly be dropped.
4.	<p><b>Other current liabilities (Note-08)</b> <b>Electricity Duty and Other levies Payable to Government: `735.76crore</b> The company made payment of `594.77crore(`404.48+`190.29crore) to contractors during April/May 2015 to March 2016 against works executed by them under RAPDRP and RGGVY 11<sup>th</sup>&amp;12<sup>th</sup> plan. The company deducted labour cess from the bills of contractors amounting to `1.18 crore (`0.99crore+`0.19crore) @1per cent on erection portion only. However, as per provisions of Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 and Labour Cess Rule, 2009 labour cess is deductible @1per cent on the total cost of work. Thus, labour cess has been short deducted by `4.76 (`3.05crore=4.05-0.99&amp;`1.71crore(`1.90crore-0.19crore). The company neither made payment to this to the Board nor made provision to this in the account. Due to this, other current liabilities and loss is under stated by `4.76crore.</p>	The contract for Labor Portion and Supply portion has been made separately accordingly labor cess has been deducted and deposited @ 1% on erection portion only. As per the direction received vide letter no. 05/DGM (Tax)/GST Cell/2017-18 dated 20.09.2017 of DGM (Tax) UPPCL, Lucknow bills produced after 30.06.2017 deduction of labor cess has been made on total amount including supply and labor portion. It is requested that the para may kindly be dropped.
5.	<p><b>Other Income</b> <b>Other non-operating Income</b> <b>Income from Contractors/ suppliers: `9.77crore</b> The above includes the amount of penalty deducted from the bills of the Turnkey contractors executing the work under the RGGVY 11<sup>th</sup> plan/RAPDRP. Any income earned in the scheme should have been treated as the part of the Scheme fund not as the income of the Company, hence; the Company should have not been shown penalty</p>	Compliance will be made in next year. It is requested that the para may kindly be dropped.





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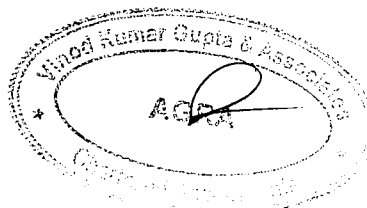
	deducted `1.10crore (`0.11crore RAPDRP) as income in statement of profit & loss account. This resulted in understatement of loss for the year and overstatement of Capital Work in Progress by `1.10crore.	
6.	<b>Other income (note-20): `3336.56crore</b> <b>Other Non-operating income</b> <b>Miscellaneous Receipts: `3.72crore</b> This includes `0.50crore forfeited Earnest Money/Security Money of contractors. This was due to non-performing contracts by the contractors (M/s SPML and M/s Varigate) awarded under the RGGVY 12 <sup>th</sup> plan. Due to this, loss is understated by `0.50 crore and Capital Work in Progress is overstated to the same extent.	The forfeited Earnest Money related to Pre-Agreement process. The amount collected before the agreement is treated as income of the company i.e Tender Fees etc. It is requested that the para may kindly be dropped.
7.	<b>Statement of Profit and Loss</b> <b>Finance Cost</b> <b>Provision of Interest on ED/License/GPF: Rs.114.62crore</b> The company is required to make interest provision on the outstanding amount of CPF contribution (Employee Contribution and employer contribution) for the year 2015-16 @ 8.7per cent per year. The company has not made the provision of interest on the amount of CPF contribution, due to this, provision of interest and loss for the year is understated by `15.85 lakh.	Provision has been made in F.Y 2016-17. It is requested that the para may kindly be dropped.
B.	<b>Comments of Financial Position</b> <b>Liabilities</b> <b>Current Liabilities</b> <b>Other current liabilities (note-08)</b>	
8.	<b>Electricity Duty and Other levies Payable to Govt: `735.76 crore</b> <b>Trade Receivables: (Note-15): `8813.39crore</b> The PTW and STW consumers are exempted from Electricity Duty (ED), therefore, these consumers should not be charged ED. However, the company has accounted for `11.73crore ED receivable from PTW consumers and `36.10crore ED receivable from STW & Pumpset up to 100H.P. Due to above, Trade Receivables and other current liabilities are overstated by `47.83crore (`11.73crore+`36.10crore).	Matter will be examined and suitable action regarding accountal will be made thereafter. It is requested that the para may kindly be dropped.





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9.	<p>Due to incidence of fire at Electricity Store Centre, Orai (23 May 2013) material valuing `18.84 crore were burnt/damaged. The Statutory Auditors though reported the matter it in their report but did not quantify the impact.</p>	<p>Provision has been made in F.Y 2016-17 vide J.V No. A-03 03-2017 (Final). It is requested that the para may kindly be dropped.</p>
10.	<p>Despite the comment of the C&amp;AG on the Accounts of the Company for the years 2013-14 &amp; 2014-15, no corrective action has been taken by the Management.</p> <p>The above included ` 3.93 lakh being the amount of 15 cheques received in three divisions of different Zones of the Company from the consumers against sale of power and deposited in the banks during October 2004 to September 2011. As these cheques remained uncashed and became time barred, this should been written back in the Sundry Debtors. This had resulted in overstatement of Cash &amp; Cash Equivalent and understatement of Sundry Debtors by ` 3.93 lakh each.</p> <p>Matter was reported to Management of the Company through Management Letter of C&amp;AG of India in respect of Annual Accounts for the 2014-15. Management had adjusted only 3 cheques of total amount `134379.00 during 2015-16 and remaining cheques are still pending amounting to `2.58 lacs.</p>	<p>Necessary compliance will be made in next year. It is requested that the para may kindly be dropped.</p>
11.	<p><b>Capital Work-in-progress (Note 10) ` 296.09 crore.</b></p> <p>The above includes an amount of capital WIP pertaining to the Scheme namely RGGVY. As per the funding mechanism of the scheme, 90 per cent is being funded as grant and balance 10 per cent is being funded as loan from REC to State Government, (the interest is being reimbursed by the State Government to the Company as subsidy).</p> <p>Audit noticed that the Company paid interest ` 12.16 crore to REC till FY 2015-16 and got reimbursement from Government of UP. Since, the loan was released to create assets/infrastructure under the scheme, hence, the interest on loan pertaining to the scheme should have been booked under the head 'Capital WIP' and amount of subsidy should have been shown under the head 'Capital Reserve'.</p> <p>This resultantly led to understatement of both Capital WIP and Capital Reserve by ` 12.16 crore.</p>	<p>As per the Para 8.3 of the AS-12-“ Under one method, the grant is shown as a deduction from the gross value of the asset concerned in arriving at its book value. The grant is thus recognised in the profit and loss statement over the useful life of a depreciable asset by way of a reduced depreciation charge. Where the whole, or virtually the whole, of the cost of the asset, the asset is shown in the balance sheet at a nominal value.” Hence the treatment of interest made by Company does</p>





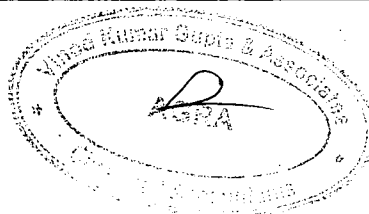
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		not have any understatement either in Capital WIP or Capital Reserve. (Copy Enclosed) It is requested that the para may kindly be dropped.
12.	<p><b>Capital Work-in-progress (Note 10) ` 296.09 crore.</b> The above does not include `13.30 crore against payment made to M/s HCL during 2015-16 for work of System Integration Project covering software, hardware, field survey and networking (agreement made on February 2010) and work of GIS change Management (agreement was made on August 2015) which covered under R-APDRP scheme. We noted that the Company made payment of `13.30 crore during 2015-16, however the same has been included in IUT instead of CWIP. This resulted in understatement of Capital Work in Progress.</p>	<p>The above payments has been made centrally on behalf of Divisions and the same has includes expenditure of capital nature as well as revenue nature like expenses for GIS change management are O&amp;M expenses. IUT has been raised for booking in respective divisions. Respective divisions accept the IUT and book the amount in CWIP and O&amp;M respectively. For example, list of acceptance made by some of the divisions is attached herewith. It is requested that the para may kindly be dropped.</p>
13.	<p><b>Current Assets</b> <b>Cash and Cash Equivalent (Note 16) ` 1019.16 crore</b> The above includes ` 32.62crore being the amount of cheques received at five divisions under ZAO Aligarh (EUDD-III, Aligarh, EDD-II, Aligarh, EDD-III Aligarh, EDD-Etah and EDD-Kasganj) of the Company from the consumers against sale of power. As these cheques remained uncashed as on 31 March 2016 and became time barred, the same should have been written back in the accounts. This resulted in overstatement of Cash and Cash Equivalent and understatement of Sundry Debtors by ` 32.62 crore each.</p>	<p>Corrective action will be made in next year. It is requested that the para may kindly be dropped.</p>
14.	<p><b>Current Assets</b> <b>Cash and Cash Equivalent (Note 16) ` 1019.16 crore</b> The above includes `1.02 crore being the amount of payment through</p>	<p>Necessary action will be taken in future year.</p>



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	<p>cheques at five divisions under ZAO Aligarh (EUDD-III, Aligarh, EDD-II, Aligarh, EDD-III Aligarh, EDD-Etah and EDD-Kasganj) of the Company to its various trade payables. As these cheques remained uncashed as on 31 March 2016 and became time barred, the same should have been written back in the accounts.</p> <p>This resulted in understatement of Cash and Cash Equivalent and Liabilities by ` 1.02crore each.</p>	<p>It is requested that the para may kindly be dropped.</p>
<p>C. 15.</p>	<p><b>Auditors' Report</b></p> <p>(i) Para 21 of the SA-700 states that 'the auditor's report shall have a title that clearly indicates that it is the report of independent auditor. However, the same has not been written on the face of auditor's report.</p> <p>(ii) Introductory paragraph of the Auditor's report is not as per the 'Para A17 of SA' which states that 'We have audited the standalone financial statements ...and a summary of significant accounting policies and other explanatory information; However, the same has not been shown on the face of auditor's report.</p> <p>(iii) SA-700 (point 34) stipulates that the auditor's report shall include a section with the heading 'Opinion'. Point 36 of the SA states that 'When expressing an unmodified opinion on financial statements prepared in accordance with the compliance framework, the auditor's opinion shall be that the financial statements are prepared, in all material aspects in accordance with the applicable financial reporting framework. However, auditor's opinion has not been given in the head 'Opinion' which has been shown in point no (VII) in the report.</p> <p>(iv) Point 38 of SA-700 states that 'If the auditor addresses other reporting responsibilities in the auditor's report on the financial statements that are in addition to the auditor's responsibility under the SAs to report on the financial statements, these other reporting responsibilities shall be addressed in a separate section in the auditor's report that shall be sub-titled 'Report on Other Legal and Regulatory Requirements'. However, the legal and regulatory requirements have not been shown in the same title.</p> <p>(v) Auditor's report neither included the statement nor otherwise specified the statement 'We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion on the standalone financial statements.' in its report as per requirement of SA-700.</p> <p>(vi) The term 'Nigam' used in auditor's report/financial statements is</p>	<p><b>(Reply Point No. (i to xi)</b> Compliance/Report received from Auditor attached herewith. It is requested that the para may kindly be dropped.</p>





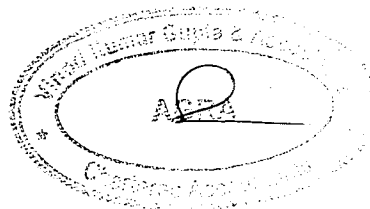
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<p>not correct since DVVNL is a 'Company' registered under Company Act 1956.</p> <p>(vii) The statement used 'These financial statements are the responsibility of the Nigam's Management.' Should have been shown under the Title 'Management's Responsibility for the Standalone Financial Statements'.</p> <p>(viii) The paragraph used in report 'As required by the Companies (Auditor's Report) Order, 2013 issued by the company law Board' is not correct due to applicability of CARO 2016 since April 2015. Moreover, this should be shown under the head 'Report on Other Legal and Regulatory Requirements'</p> <p>(ix) The statement given by Auditors 'the reports on accounts of branches/units audited by the other auditor.....' should have been incorporated under the requirements of Section 143(3) of Act which is the part of that.</p> <p>(x) The compliance of directions issued under Section 143(5) of the Act has not shown in the Auditor's report as per the requirement of the Companies Act.</p> <p>(xi) The MCA has issued the CARO 2016 on 29<sup>th</sup> March 2016 which was used in supersession of the CARO 2015. CARO 2016 is applicable from FY 2015-16 and the matters specified therein shall be included in each report made by the auditor under Section 143 of the Companies Act 2013. However, compliance to provisions of CARO has not shown to in auditor's report.</p> <p>(xii) Branch Audit Report of Aligarh Zone revealed that in EUDD-III, Aligarh, EDD-II, Aligarh, EDD-III, Aligarh, EDD, Etah and EDD, Kasganj have many un-cashed cheques which become time barred have not been reversed during 2015-16. The total amount of these cheques is `9.49 crore. Though, the matter was reported by Auditors but not quantified by Auditors in its report.</p> <p>(xiii) A reference is invited to the Annexure of the Auditor's report. In Aligarh Zone, at Point no. 4 in title Material and Store, it has been mentioned that 'closing inventory of some of the units are un-reconciled and details of these units are given in annexure', however annexure is missing in Auditor's report. Moreover, in title 'Cash &amp; Bank', it has been mentioned that many un-cashed cheque which become time barred have not been reversed and</p>	<p>-No comment-</p> <p>The detailed annexure is given in Branch Auditor report and copies of all Branch Audit reports</p>
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	<p>statements are enclosed', however, annexure is missing here too (b) in title 'Tax Deducted at Source', AG code 46.926 regarding TDS on others has not been mentioned. (c) in title 'Life Insurance Premium', it has been mentioned that the details of credit/debit balances in LIP account are enclosed. However, enclosure is missing. In view of the same,</p> <p>the Statutory Auditor's report is deficient to that extent.</p>	<p>hasbeen provided to audit. It is requested that the para may kindly be dropped.</p>
<p>D 16</p>	<p><b>General</b></p> <p><b>(i) Statement of Profit and Loss</b></p> <p><b>Other Income (Note 20): ` 3336.56 crore</b></p> <p>Para 18 of Accounting Standard 12 pertaining to 'Accounting for Government Grants' read that Government grants that are receivable as compensation for expenses or losses incurred in a previous accounting period or for the purpose of giving immediate financial support to the enterprise with no further related costs, should be recognized and disclosed in the profit and loss statement of the period in which they are receivable, as an extraordinary item if appropriate.</p> <p>Accounting Standard 5 pertaining to 'Net Profit or Loss for the Period, Prior Period in Accounting Policies' defines (Para 4.2) Extraordinary items as income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the enterprise and, therefore, are not expected to recur frequently or regularly.</p> <p>The above includes ` 2352.18crore on account of subsidies received from GoUP as financial support to the company, which should be accounted for as extraordinary item on the face of Profit and Loss account instead of other income.</p> <p><b>(ii) Statement of Profit and Loss (Note 19)</b></p> <p><b>Supply in Bulk</b></p> <p><b>Torrent Power Limited: ` 836.67 crore</b></p> <p>The company entered (May 2009) into an agreement for bulk supply of energy. As per clause 5.8.1 M/s Torrent Power Limited, Agra (Distribution Franchisee) was to achieve a level of 15 per cent ATC Losses within seven years from the effective date, failing to which the Distribution Franchisee was liable to pay a penalty equivalent to 10 per cent of the revenue lost due to non-achievement of the target of ATC Losses level of 15 per cent.</p> <p>The above includes ` 26.36 crore received (2015-16) from M/s Torrent Power Limited, Agra on account of AT&amp;C improvement liability for financial year 2014-15.</p>	<p>The above Subsidy includes Revenue Subsidy, RE Subsidy, Subsidy against ED &amp; Subsidy for Operation Losses. All these subsidies are received by the Company regularly. Hence the same has been shown in Other Income not as extra ordinary item. It is requested that the para may kindly be dropped.</p> <p>The above penalty has been levied after obtaining the AT &amp; C loss report from CRISIL during the year 2015-16. Hence the amount has been accounted for in the year 2015-16 in Other Income. The same could not be treated as Prior Period</p>





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	<p>As the receipt pertained to financial year 2014-15, it should have been accounted for as prior period item. Due to accounting of prior period income as income of current period, Profit/ Loss Before Prior Period and Exceptional item and Tax (V) is overstated as well as presentation is deficient to the extent.</p>	<p>item because there is no any error or omission for determining the above amount in F.Y 2014-15.</p> <p>It is requested that the para may kindly be dropped.</p>
<p>17. <b>Notes on accounts</b></p>	<p>(i) In its Significant Policy, Company stated that Depreciation is charged on Straight Line Method as per Schedule II of the Companies Act 2013. Moreover, in terms of powers conferred by the Notification no. GSR 627(E) dated 29<sup>th</sup> August 2014 of Ministry of Corporate Affairs, Govt. of India, the Company calculated the depreciation on Fixed Assets taking into consideration the useful life of assets as approved in the orders of UPERC (terms &amp; conditions for determination of distribution tariff) Regulation, 2006. The said notification stated further (i) the useful life of an asset shall not ordinarily be different from the useful life specified in Part C and the residual value of an asset shall not be more than five per cent of the original cost of the asset. Provided that where a company adopts a useful life different from what is specified in Part C or uses a residual value different from the limit specified above, the financial statements shall disclose such difference and provide justification in this behalf duly supported by technical advice”</p> <p>The above requirement is mandatory for financial statements in respect of financial years commencing on or after the 1<sup>st</sup> April 2015. The Company adopted different useful life rates as from Schedule-II, however, the Company has not made disclosure of such difference, impact thereof (AS-I requirement) and provide justification in this behalf duly supported by technical advice.</p> <p>(ii) Point no.20 of the AS-1 states that ‘It would be helpful to the reader of financial statement if they are all disclosed as such in one place instead of being scattered over several statements, schedules and notes. However, the Company in its significant accounting policies at point no.3 on ‘Depreciation’ has not included the fact that ‘the depreciation on Fixed Assets have been calculated taking into consideration the useful life of assets as approved in the orders of UPERC (terms &amp; conditions for determination of distribution tariff) Regulation 2006’ and the same has been shown in notes to accounts. Being an integral part of significant policy on depreciation, the same should have been disclosed at one place i.e. Significant accounting</p>	<p>The useful life has been taken as per the UPERC (terms &amp; conditions for determinations of Distribution tariff) regulations 2006. Above fact has been disclosed in Note no. 10(c) of Note to Accounts along with reason for such difference. There was no change in Accounting Policy during the F.Y 2015-16, hence the requirement of AS-1 in not applicable.</p> <p>It is requested that the para may kindly be dropped.</p> <p>For the purpose of Depreciation the policy adopted by the Company has been disclosed in Significant Accounting Policy- However the fact for different useful life disclosed in Notes on Accounts.</p> <p>It is requested that the para may kindly be dropped.</p>



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policies.

(iii) Para 42 of AS-2 Cash Flow Statements stipulates that 'An enterprise should disclose the components of cash and cash equivalents and should present a reconciliation of the amounts in its cash flow statement with the equivalent items reported in the Balance Sheet'. However, it has been noticed that the Company has not disclosed the same in its accounts.

Disclosure of the component of Cash & Cash Equivalent will be made in next year.

It is requested that the para may kindly be dropped.

(iv) A reference is invited to note no. 25-Administrative, General & Other Expenses `1286424277 includes Compensation (Other than Staff) `15165193{`17939852(previous year)}. The expenses capitalized has been deducted 'nil' during 2015-16 and `413348830 (previous year). Since, Compensation paid (other than staff) is not part of Administrative, General & Other Expenses hence, should not have been shown under the head Note-25 for capitalization purpose. Hence, notes is deficient to that extent.

Capitalisation of Administrative, General and Other Expenses has been discontinued from Financial Year 2015-16 onwards (refer point no. 2(e) of Significant Accounting Policy). So there is no impact of such presentation as no capitalisation has been made.

It is requested that the para may kindly be dropped.

(v) There is no uniformity in unit of figures presented in financial statements. e. g. in note 24 'Rs in Lakhs', in Note 25 'amount in Rs'.andRs. incrore in Cash Flow Statements has been presented which is not as per the Schedule-III requirement. Hence, presentation of figures in financial statements is deficient to that extent.

Due care will be made in next year.

It is requested that the para may kindly be dropped.

(vi) As per requirement of the Schedule, on the face of the Balance Sheet and Statement of Profit & Loss, 'See accompanying notes to Financial Statements should be mentioned. However, the same has not shown on the face of the same.

Noted for future years. It is requested that the para may kindly be dropped.

(vii) Schedule-III of the Company Act, 2013 stipulates that 'Each item on the face of the Balance Sheet and Statement of Profit and Loss shall

Cross referencing to related information in the Notes to Accounts will be



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be cross-referenced to any related information in the notes to accounts. However, following information given in Notes to accounts 29B has not been linked with relevant items on the face of Balance Sheet(a) Point no. 4 with Share Capital (b)Point no17 with Earning per Equity Share (c)point no.5 with Current Liabilities(d)point12with Revenue from Operations(e) Point 16(a&b) related to Current Assets, Loans &Advances, Unsecured Loans, Current Liabilities (f)Point No.25 etc.Deferred Tax Liabilities (Net).

- (viii)Short Term Borrowing shall be classified as (a) Loans Payable on demand (A) From banks (B) From other Parties,(b) Loans and advances from related parties (c) deposits (d) other loans and advances, However, the presentations of short term borrowings have not been made as per Schedule-III requirement.
- (ix) Other long term liabilities shall be classified as (a) Trade Payables (b) Others. However, the presentation of the same in the accounts has not been made accordingly.
- (x) Short Term loans and advances shall be classified as (a) loans and advances to related parties (b) others. The same should be sub-classified as (a) Secured, Considered Good (b) Unsecured, Considered Good (c) Doubtful. However, the presentations of short term borrowings have not been made as per Schedule-III requirement.
- (xi) Other Non-current Assets shall be classified as (i) Long Term Trade receivables (ii) others. Long term Trade receivables shall be sub-classified as (a) (a) Secured, Considered Good (b) Unsecured, Considered Good (c) Doubtful. However, the presentation of the same in the accounts has not been made accordingly.
- (xii) Point 2(A) stipulates that 'In respect of Company other than a finance company revenue from operation shall disclose separately in the notes revenue from- (a) sale of Products (b) sale of services (c) other operating revenues Less: Excise Duty. However, the presentation in notes to accounts has not been made as per requirement of Schedule-III.
- (xiii)The commercial tax department has raised a demand of `4,09,29,261 towards the levy of VAT on "deemed sale of meters (transfer of rights to use goods) and on sale of cable for the year 2010-11 against M/s Torrent Power Limited (TPL), an input based franchisee of Company. As per terms and conditions of the agreement executed with TPL, the Company was responsible to pay the taxes and duties.
- (xiv)The Company has neither provided for nor disclosed liability on

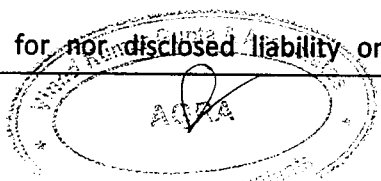
made, wherever required. There was no such incidence point where the Cross referencing was required, but note made. It is requested that the para may kindly be dropped.

**Point No. (viii to xii)**

Profit & Loss and Balance Sheet has been prepared according to the format provided by UPPCL. The same format needs to be followed by the Company as the CFS will be prepared at UPPCL and the information of all the Discom's will be in identical form. The above points be communicated the UPPCL for the compliance in future years. It is requested that the para may kindly be dropped.

**Point No. (xiii to xiv)**

Although the Trade Tax Authorities raised a demand towards VAT on Torrent Power Ltd., however the fact that whether there was deemed sale of meter and sale of cable, is yet to be





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<p>account of VAT of `4.09 crore demanded by Commercial Tax department on deemed sale of meters and cables. The Matter was communicated through Management Letter during 2014-15, however, no action taken by the Management.</p> <p>(xv) A reference is invited to Accounting Policy No.7 (a) which stated that liability for pension &amp; gratuity in respect of employees has been determined on the basis of actuarial valuation and has been accounted for on accrual basis. The aforesaid provision was made based on PWC Actuarial Valuation Report of November 2000. This report was valid for three years viz. November 2003. Consequent to Comment of the C&amp;AG on the accounts of the Company for the year 2011-12 to 2015-16, no corrective action was taken by the Management.</p> <p>(xvi) EDC, Jhansi issued purchase orders valuing `5.49 crore in 55 cases during 2010-11 to 2012-13 against such tenders which were neither floated nor the tender forms were sold to the firms to whom the purchase orders were placed. The amount being significant should have been disclosed in the accounts. Despite comment of the C&amp;AG of India on the Accounts of the Company for the year 2012-13 to 2014-15, no corrective action was taken by the Management.</p> <p>(xvii) A fire incidence has occurred in Electricity Store Division (ESD) Aligarh on 13.07.2010. In this incidence, 460 tri-vector meters had been fully burnt while 70 meters had been partly burnt. Due to this fire, Company has to bear loss amounting to `46.34 lakh. These meters were transferred from ESD Agra to ESD-Aligarh on the same date while any demand of ESD-Aligarh for these meters was not found on records. The Company has set up an enquiry at their own level and decided (December 2011) that no departmental</p>	<p>decided by the competent level of VAT/Trade Tax Authority. Whenever the matter would be resolved, the necessary treatment will be made in the Financial Statement accordingly. It is requested that the para may kindly be dropped.</p> <p>Necessary action for Actuarial Valuation will be taken in future years. It is requested that the para may kindly be dropped.</p> <p>The above matter pertains to department procedure lapse in tendering hence requires no accounting treatment. It is requested that the para may kindly be dropped.</p> <p>Provision has been made in F.Y 2016-17 vide J.V No. A-03 03/2017 (Final). It is requested that the para may kindly be dropped.</p>
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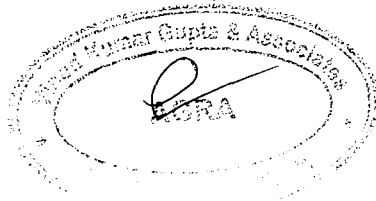
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<p>officer/officials are responsible in this case. Despite of being intimated to Management of the Company through Management letter of C&amp;AG of India on the Accounts for the year 2013-14 to 2015-16 for taking remedial action during subsequent years' accounts, this fact has not been disclosed by the Company in the Notes to Accounts.</p>	
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For Vinod Kumar Gupta & Associates  
Chartered Accountants

Nikhil Gupta  
(Partner)

M. No. 403014  
F.R.N. 002377C



PLACE: AGRA  
DATE: 25-10-2018