

पश्चिमांचल विद्युत वितरण निगम लि०

PASCHIMANCHAL VIDYUT VITRAN NIGAM LTD.



ANNUAL ACCOUNTS FOR THE YEAR 2010-11

Registered Office : Urja Bhawan Victoria Park, Meerut

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PASCHIMANCHAL VIDYUT VITRAN NIGAM LTD.,
VICTORIA PARK, MEERUT

BALANCE SHEET As at 31.03.2011

(Amount in Rs.)

PARTICULAR	SCHEDULE	As at 31.03.11		As at 31.03.10	
<u>SOURCES OF FUNDS</u>					
<u>Shareholders funds :</u>					
Share Capital	(1)	8050280000		5599536000	
Share Application Money	(1A)	10341183096		9751540656	
Reserve & Surplus	(2)	9356657005	27748120101	8024256614	23375333270
<u>Loan Funds</u>					
Secured Loans	(3)	7556842312		11109343407	
Unsecured Loans		5099208737	12656051049	4722403500	15831746907
TOTAL			40404171150		39207080177

APPLICATION OF FUNDS

Fixed Assets

Gross Block		50246255616		45120781270	
Less-Accumulated Depreciation	(4)	22852125347		21216483127	
Net Block		27394130269		23904298143	
Capital Work in Progress	(5)	1769162410	29163292679	1766023567	25670321710

Current Assets, Loans & Advances

Stores & Spares	(6)	2385198951		1812942798	
Sundry Debtors	(7)	16920384321		10940084241	
Cash and Bank Balances	(8)	6978076984		6205918843	
Other Current Assets	(9)	5890618581		4499552370	
Loans & Advances	(10)	1764156849		1774126498	
Inter Unit Transfer		892722825		595802116	
		34831158511		25828426866	
Less : Current Liabilities & Provisions	(11)	66470065007		50644615917	

Net Current Assets			(31638906496)		(24816189051)
Profit & Loss Account (Debit Balance)			42879784967		38352947518

Notes on Accounts (23)

Schedule 1 to 23 and Accounting Policies form integral part of Accounts.

TOTAL			40404171150		39207080177
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(H.K. Agarwal)
Company Secretary
Part Time


(P.K. Agarwal)
Dy. G.M.(Accounts)


(R.P. Gupta)
Director(Finance)


(Vijay Vishwas Pant)
Managing Director

Place : Meerut


Date :

04 MAR 2013



Subject to our report of even date

For S.K. Kumar & Co.
Chartered Accountants


CA AQUIL SHABBIR FCA
Partner

**PASCHIMANCHAL VIDYUT VITRAN NIGAM LTD.,
VICTORIA PARK, MEERUT**

PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 01.04.10 TO 31.03.11

(Amount in Rs.)

PARTICULAR	SCHEDULE	FOR THE PERIOD FROM 01.04.10 TO 31.03.11	FOR THE PERIOD FROM 01.04.09 TO 31.03.10
<u>INCOME</u>			
Revenue from sale of power (Gross)		58564321578	46203597389
Less Electricity Duty	(12)	<u>1265305299</u>	<u>1051852087</u>
Energy internally Consumed		75311532	64695748
Revenue Subsidies & Grants	(13)	5796900000	5494600000
Other income	(14)	1269853876	805049359
TOTAL		64441081687	51516090409

EXPENDITURE

Purchase of Power	(15)	59115235130	48145431840
Wheeling Charges		2474591238	2297850156
Repair & Maintenance Expenses	(16)	1434234256	1236285433
Employees Cost	(17)	1959214637	1664247256
Administrative, General & Other Expenses	(18)	293789510	202325076
Interest and Finance Charges	(19)	1666382846	1610803957
Depreciation	(20)	1890392022	1712821082
Provisions	(21)	93999384	95840672
TOTAL		68927839023	56965605472

Profit/(Loss) For the Year (4486757336) (5449515063)

**Net prior period
Income/(Expenditure)** (22) (40080113) (836080691)

Net Profit/(Loss) for the year (4526837449) (6285595754)

Accumulated loss brought forward (38352947518) (32067351764)

**Net Profit/(Loss) Carried Over to Balance
Sheet** (42879784967) (38352947518)

Notes on Accounts (23)

Earning per share (562) (1123)


(H.K. Agarwal)
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Director(Finance)

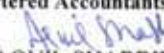

(Vijay Vishwas Pant)
Managing Director

Place : Meerut
Date :

04 MAR 2013



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**PASCHIMANCHAL VIDYUT VITRAN NIGAM LTD.,
VICTORIA PARK, MEERUT**

SCHEDULE - 1

SHARE CAPITAL

PARTICULARS	(Amount in Rs.)	
	As at 31.03.11	As at 31.03.10
A. AUTHORISED	20000000000	20000000000
20000000 Equity Shares of Rs.1000/-each		
B. ISSUED SUBSCRIBED AND PAID UP		
(i) 8049780(5599536) Equity Share of Rs.1000/- each fully paid up	8049780000	5599036000
(ii) Promotors' Shares (500 Equity Share of Rs. 1000/- each)	500000	500000
TOTAL	8050280000	5599536000

SHARE APPLICATION MONEY

SCHEDULE - 1A

PERTICULARS	(Amount in Rs.)	
	As at 31.03.11	As at 31.03.10
SHARE APPLICATION MONEY		
(Pending for allotment to UPPCL)	10341183096	9751540656
TOTAL	10341183096	9751540656

RESERVES AND SURPLUS

SCHEDULE - 2

PARTICULARS	(Amount in Rs.)	
	As at 31.03.11	As at 31.03.10
A Capital Reserve		
i) Consumers Contributions towards Service Line and other charges	8493324863	7106304389
B Grants	857087415	911707498
B Restructuring reserve account	6244727	6244727
TOTAL	9356657005	8024256614


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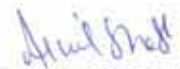

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**PASCHIMANCHAL VIDYUT VITRAN NIGAM LTD.,
VICTORIA PARK, MEERUT**

SCHEDULE - 3

LOAN FUNDS

(Amount in Rs.)

PARTICULARS	As at 31.03.11	As at 31.03.10
A. SECURED LOAN -		
(a) TERMS LOAN		
i) APDRP (PFC) (Secured against hypothecation of all the assets created under the loan)	1519222752	1746683371
ii) R-APDRP (PFC)	1320198600	609033600
iii) Power Finance Corporation Ltd. (Against theft prevention scheme. Secured against hypothecation of assets created)	323630011	373419243
iv) REC (For replacement of Overhead conductor with ABC conductor) (Secured against hypothecation of all the assets created under the loan)	372929601	261656000
v) REC (Construction of 33 KV s/s. Secured against hypothecation of assets created under the loan and charge on receivable of specified receipt accounts through escrow arrangements)	187528000	
(b) SHORT TERMS LOAN-		
Rural Electrification Corporation Ltd.	3833333348	4378787886
i) (Secured against hypothecation of stores and charge on receivables of specified receipt accounts through escrow arrangements)		
ii) Power Finance Corporation Ltd. (Charge on Receivables of specified receipt accounts through escrow arrangements)		3739763307
Sub Total (A)	7556842312	11109343407
B. UNSECURED LOANS - (Transfer Scheme)		
(a) TERM LOANS :		
i) Govt. of U.P.	37500000	37500000
FINANCIAL INSTITUTIONS		
ii) Rural Electrification Corporation Ltd. (Guaranted by U.P. Govt.)	1997785223	2137302354
Interest accrued & due	<u>9769719</u>	<u>183441098</u>
	2007554942	2320743452
iii) Power Finance Corporation Ltd. (Guaranted by U.P. Govt.)	93106944	116744367
iv) NCRPB	12424750	24849500
Sub Total (B)	2150586636	2499837319


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


**PASCHIMANCHAL VIDYUT VITRAN NIGAM LTD.,
VICTORIA PARK, MEERUT**

SCHEDULE – 3 (continue)

LOAN FUNDS

PARTICULARS	As at 31.03.11	As at 31.03.10
C. <u>LOAN TAKEN BY UPPCL ON BEHALF OF</u>		
<u>PVVNL</u>		
i) <u>Rural Electrification Corporation Ltd.</u>		31342687
ii) <u>Power Finance Corporation Ltd.</u>		11339494
iii) <u>U.P. Govt.(APDRP)</u>		
Loan	425165000	425165000
iv) <u>U.P. Govt.(W.B. Aided Project)</u>		
Loan	855544000	855544000
v) <u>HUDCO</u>	1667913101	899175000
Sub Total D	2948622101	2222566181
TOTAL	12656051049	15831746907


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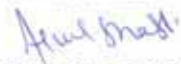

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**PASCHIMANCHAL VIDYUT VITRAN NIGAM LTD.,
VICTORIA PARK, MEERUT**

SCHEDULE - 4 - Fixed Assets

Particulars	Gross Block				Depreciation				Net Block	
	As at 31.03.10	Additions	Deductions/ Adjustments	As at 31.03.11	As at 31.03.10	Additions	Deductions/ Adjustments	As at 31.03.11	As at 31.03.11	As at 31.03.10
	Land & Land Rights (i) Unclassified (ii) Freehold Land	10045794			10045794					10045794
Buildings	290190944	75539193		365730137	26695162	10953883		37649045	328081092	263495782
Plant & Machinery	8972594456	6573745585	4479008483	11067331558	-1351179338	605468189	748292444	-1494003593	12561335151	10323773794
Lines, Cable Network etc.	11947495009	3510738754	560054307	14898179456	1215570987	679259007	484600050	1846369944	13051809512	10731924022
Vehicles	1707557		227422	1480135	584496	162218	204680	542034	938101	1123061
Furniture & Fixtures	10599702	116888		10716590	1678620	674661		2353281	8363309	8921082
Office Equipments	8947808	4624138		13571946	3739354	1819436		5558790	8013156	5208454
Transfer Scheme	23879200000			23879200000	21319393846	1134262000		22453655946	1425544154	2559806154
Total	45120781270	10164764558	5039290212	50246255616	21216483127	2432599394	796957174	22852125347	27394130259	23904298143

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**PASCHIMANCHAL VIDYUT VITRAN NIGAM LTD.,
VICTORIA PARK, MEERUT**

SCHEDULE - 5

CAPITAL WORKS IN PROGRESS

PARTICULARS	(Amount in Rs.)	
	As at 31.03.11	As at 31.03.10
Capital Work in Progress*	1769162410	1585764088
Add revenue expenditure pending for capitalisation**		180259479
TOTAL	1769162410	1766023567

Notes :

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

** It includes borrowing cost only related to works.

SCHEDULE - 6

STORES & SPARES

PARTICULARS	(Amount in Rs.)	
	As at 31.03.11	As at 31.03.10
Stock of Materials	2848298951	2276042798
Less: Provision for unserviceable store	463100000	463100000
TOTAL	2385198951	1812942798

Notes : Stock of material includes capital, and O&M material, obsolete material, scrap transformer sent for repair, material found excess/shortage pending for investigation.


(H.K. Agarwal)
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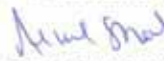

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**PASCHIMANCHAL VIDYUT VITRAN NIGAM LTD.,
VICTORIA PARK, MEERUT**

SCHEDULE - 7

SUNDRY DEBTORS

(Amount in Rs.)

PARTICULARS	As at 31.03.11	As at 31.03.10
Sundry Debtors	33688384321	27708084241
Unsecured & considered good	16920384321	10940084241
Considered doubtful	16768000000	16768000000
	33688384321	27708084241
Less - Provision for Bad & Doubtful Debts	16768000000	16768000000
TOTAL	16920384321	10940084241


SCHEDULE - 8

CASH AND BANK BALANCES

(Amount in Rs.)

PARTICULARS	As at 31.03.11	As at 31.03.10
<u>CASH IN HAND</u>		
Meerut Zone	352824638	885754551
Ghaziabad Zone	709902921	
Moradabad Zone	413723130	304646605
Saharanpur Zone	563786951	307358009
Head Office	217185	321261
	2040454825	1498080426
<u>Balances with Scheduled Banks</u>		
Meerut Zone	401372946	2445261847
Ghaziabad Zone	2268090130	
Moradabad Zone	453085016	426346054
Saharanpur Zone	267290124	248043155
Head Office	1547783943	1588187361
	4937622159	4707838417
TOTAL	6978076984	6205918843


(H.K. Agarwal)
Company Secretary
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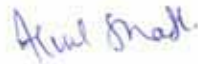

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(Vijay Vishwas Pant)
Managing Director



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**PASCHIMANCHAL VIDYUT VITRAN NIGAM LTD.,
VICTORIA PARK, MEERUT**


SCHEDULE - 9

OTHER CURRENT ASSETS

(Amount in Rs.)

PARTICULARS	As at 31.03.11	As at 31.03.10
Income accrued but not received	12188300	15470616
<u>Receivables</u>		
UPPCL	4257905650	2721507007
UP Rajya Vidyut Utpadan Nigam Ltd		
UPPTCL	43307173	32754152
<u>Receivables on Account of Loan</u>		
UPPCL	3171455295	2860507194
Less Liabilities against Loan	<u>-2004150679</u>	<u>-1493585952</u>
<u>Other Receivables</u>		
Employees	154977316	132338285
Less Provision for doubtful Receivable	<u>-16209536</u>	<u>-13956793</u>
Receivables as per Transfer Scheme	219800000	219800000
Prepaid Expenses	2188563	2043738
Misc. Receivable	33140108	10119221
Receivable from Insurance Company	136416	136416
Theft of fixed Assets pending investigation	438470219	346723578
Less Provision for Estimated Loss	<u>-438470219</u>	<u>-346723578</u>
<u>Deposits</u>		
Tax deducted at source	15879975	12418486
TOTAL	5890618581	4499552370


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**PASCHIMANCHAL VIDYUT VITRAN NIGAM LTD.,
VICTORIA PARK, MEERUT**

SCHEDULE - 10

LOANS AND ADVANCES

(Amount in Rs.)

PARTICULARS	As at 31.03.11	As at 31.03.10
<u>A. LOANS (Secured/considered good)</u>		
Employees (including advances) (Recoverable from salary)	140959	232201
<u>B. ADVANCES (Unsecured)</u>		
Suppliers / Contractors	1764015890	1773894297
TOTAL	1764156849	1774126498


(H.K. Agarwal)
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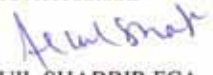

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**PASCHIMANCHAL VIDYUT VITRAN NIGAM LTD.,
VICTORIA PARK, MEERUT**

SCHEDULE - 11


CURRENT LIABILITIES AND PROVISIONS

(Amount in Rs.)

PARTICULARS	As at 31.03.11		As at 31.03.10	
Liability for Purchase of Power : M/S UPPCL		38362830310		26855229790
Wheeling Charges : M/S UPPTCL		3730491259		2082126634
Liabilities As per Transfer Scheme 2003	4148800000		4148800000	
Staff Related Liabilities	902692943		963130280	
Sundry Liabilities	(1089542)		(1358347)	
Liabilities for Expenses	33820643		45339210	
Power Purchase Liab. Dhampur Sugar Mill	(372923)		(372923)	
Liability for Capital and O&M Supplies/Works	2831806865		2420145173	
Financial contribution by consumers	(1512)	7915656474	(1512)	7575681881
Deposits & Retentions from Suppliers & Others		446054637		351394924
Electricity Duty & Other Levies payable to Govt.		1742839455		1328576356
Deposit for Electrification works		225372058		58158168
Other Liabilities payable to :				
UPPCL		3619176926		3062859401
Madhyanchal Vidyut Vitran Nigam Ltd		77809973		77945120
Purvanchal Vidyut Vitran Nigam Ltd		36002655		14349655
Dakshinanchal Vidyut Vitran Nigam Ltd		23785352		23574412
KESCO		97651		
General Provident Fund	2860462459		2734714589	
Pension and Gratuity	472493893	3332956352	473008112	3207722701
CPF		9446191		5968719
Interest Accrued but not Due on Borrowings		69357275		95198443
Security Deposits from Consumers	6433423030		5680526718	
Interest on Security Deposits from Consumers	439619451	6873042481	221930276	5902456994
Provisions :				
Provision for Audit Expenses		5145958		3372719
TOTAL		66470065007		50644615917


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**PASCHIMANCHAL VIDYUT VITRAN NIGAM LTD.,
VICTORIA PARK, MEERUT**

SCHEDULE - 12

REVENUE FROM SALE OF POWER

	(Amount in Rs.)	
PARTICULARS	2010-11	2009-10
<u>Large Supply Consumers</u>		
Industrial	27323909077	21440712103
Irrigation	1084792	3594991
Public Water Works	1022640750	851155243
<u>Small & Others Consumers</u>		
Domestic	14446233377	11206711859
Commercial	5045833460	3813166903
Industrial Low & Medium Voltage	4509292359	3670457792
Public Lighting	694527657	473808437
STW & Pump Canals	872906432	741567927
PTW & Sewage Pumping	2221618572	2018192618
Institution	825292315	716185133
Railway	107965563	6633600
Assessment against Theft	245802213	225680681
Miscellaneous Charges from consumers	57221244	48573763
Less - Energy internally Consumed	(75311532)	(64695748)
Sub Total	57299016279	45151745302
Electricity Duty	1265305299	1051852087
Gross Sale of Power	58564321578	46203597389
Less Electricity Duty	1265305299	1051852087
Net Sale of Power	57299016279	45151745302

REVENUE SUBSIDIES AND GRANTS

SCHEDULE - 13

	(Amount in Rs.)	
PARTICULARS	2010-11	2009-10
A. Subsidies		
R.E. Subsidy from Govt. of U.P.	978300000	978300000
Revenue Loss & Tariff Subsidy from Govt. of U.P.	4818600000	4516300000
TOTAL	5796900000	5494600000

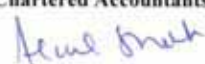

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**PASCHIMANCHAL VIDYUT VITRAN NIGAM LTD.,
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SCHEDULE - 14

OTHER INCOME

PARTICULARS	(Amount in Rs.)	
	2010-11	2009-10
Interest from loan to Staff *	65991	99425
Delayed Payment Charges from consumers	1204383946	762558224
Interest from Bank	37816465	19515453
Income from Contractors/Suppliers	16170134	8742929
Rental from Staff	460345	1003277
Rebate for timely repayment of Loan	8626952	9071359
Miscellaneous Receipts	2330043	4058692
TOTAL	1269853876	805049359

*Pertains to loan amount advanced during UPSEB period

SCHEDULE - 15

PURCHASE OF POWER

PARTICULARS	(Amount in Rs.)	
	2010-11	2009-10
UPPCL		
Power Purchase	59115235130	48145431840
Wheeling Charges	2474591238	2297850156
TOTAL	61589826368	50443281996

H.K. Agarwal
(H.K. Agarwal)
Company Secretary
Part Time

P.K. Agarwal
(P.K. Agarwal)
Dy. G.M.(Accounts)

R.P. Gupta
(R.P. Gupta)
Director(Finance)

Vijay Vishwas Pant
(Vijay Vishwas Pant)
Managing Director



For S.K. Kumar & Co.
Chartered Accountants
Aquil Shabbir
CA AQUIL SHABBIR FCA
Partner

**PASCHIMANCHAL VIDYUT VITRAN NIGAM LTD.,
VICTORIA PARK, MEERUT**

SCHEDULE - 16

REPAIR & MAINTENANCE

PARTICULARS	(Amount in Rs.)	
	2010-11	2009-10
Plant & Machinery	646628982	632570972
Buildings	20776145	13641593
Lines, Cables net works etc.	764420115	587964481
Furniture & Fixtures	819549	449968
Office Equipments	1589465	1658419
TOTAL	1434234256	1236285433

SCHEDULE - 17

EMPLOYEES COST

PARTICULARS	(Amount in Rs.)	
	2010-11	2009-10
Salaries & Allowances	1685132637	1650244353
Dearness Allowance	681686383	482409738
Other Allowances	139063478	139555664
Bonus	24927174	15169968
Medical Expenses	44489012	24461074
Leave Travel Assistance	5423	
Earned Leave Encashment on retirement	156578555	138816062
Compensation	945812	1293710
Staff Welfare Expenses	1843427	2296732
Pension & Gratuity	342831506	356231277
CPF	32997331	23924614
Expenditure on Trust	3600516	3784795
Sub Total	3114101254	2838187987
LESS - Expenses Capitalised	1154886617	1173940731
TOTAL	1959214637	1664247256


(H.K. Agarwal)
Company Secretary
Part Time

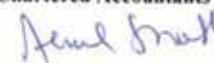

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Chartered Accountants


CA AQUIL SHABBIR FCA
Partner

**PASCHIMANCHAL VIDYUT VITRAN NIGAM LTD.,
VICTORIA PARK, MEERUT**

SCHEDULE - 18

ADMINISTRATIVE, GENERAL & OTHER EXPENSES

	(Amount in Rs.)	
PARTICULARS	2010-11	2009-10
Rent	2462909	4549996
Rates & Taxes	526567	620841
Insurance	3669140	3765755
Telephone	24339284	22415083
Postage	3453129	3725061
Legal Charges	18113416	15795741
Audit Fee	2807945	2752992
Traveling Expenses (Audit)	137750	168409
Consultancy Charges	501512	4843000
Fees & Subscription	26255108	29850901
Traveling and Conveyance	21634017	21242145
Printing and Stationery	25919884	17893676
Advertisement Expenses	19407547	27841990
Electricity Charges	75311532	64695748
Water Charges	451603	142339
Meter Reading & Billing Expenses	112680534	52231783
Miscellaneous Expenses	68000260	54436606
SUB TOTAL	405672137	326972066
LESS - Expenses Capitalised	122975287	129889452
SUB TOTAL	282696850	197082614
<u>OTHER EXPENSES</u>		
Compensation staff	336000	470613
Compensation (Other than staff)	10756660	4771849
SUB TOTAL	11092660	5242462
TOTAL	293789510	202325076


(H.K. Agarwal)
Company Secretary
Part Time

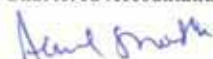

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

CA AQUIL SHABBIR FCA
Partner


**PASCHIMANCHAL VIDYUT VITRAN NIGAM LTD.,
VICTORIA PARK, MEERUT**

SCHEDULE - 19

INTEREST AND FINANCE CHARGES

	(Amount in Rs.)	
PARTICULARS	2010-11	2009-10
Interest on Loans		
Government of UP	189810553	189810553
PFC	168830897	209754574
Others	1643650	1124038
APDRP	232883694	225635204
HUDCO	86609070	51702454
REC	665327989	677538079
REC ABC	36429632	16659805
REC 33 KV	3549745	
Interest to Consumers	340831604	292381420
Finance Charges	1600149	
<u>Bank Charges</u>		
Others	954976	641488
SUB TOTAL	1728471959	1665247615
LESS - Interest Capitalised	62089113	54443658
TOTAL	1666382846	1610803957


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**PASCHIMANCHAL VIDYUT VITRAN NIGAM LTD.,
VICTORIA PARK, MEERUT**

SCHEDULE – 20

DEPRECIATION

PARTICULARS	(Amount in Rs.)	
	2010-11	2009-10
Depreciation	2391051867	2126622798
Less – Equivalent amount of Depreciation on Assets acquired out of the Consumer's Contribution and GOUP's Capital Subsidy	(500659845)	(413801716)
GRAND TOTAL	1890392022	1712821082

SCHEDULE – 21

BAD DEBTS & PROVISIONS

PARTICULARS	(Amount in Rs.)	
	2010-11	2009-10
Provision for Loss against theft of Fixed Assets pending investigation	91746641	93546499
Provision for Bad & Doubtful Dues from Staff on accounts of various reasons.	2252743	2294173
GRAND TOTAL	93999384	95840672


(H.K. Agarwal)
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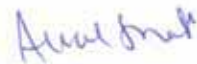

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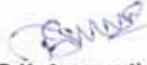
**PASCHIMANCHAL VIDYUT VITRAN NIGAM LTD.,
VICTORIA PARK, MEERUT**


SCHEDULE – 22


NET PRIOR PERIOD INCOME/(EXPENSES)

	(Amount in Rs.)	
PARTICULARS	2010-11	2009-10
A. INCOME		
SUB TOTAL		
B. EXPENDITURE		
i) Wheeling Charges		572099389
ii) Operating Expenses	17949	29970
iii) Employees Cost	2453854	33038914
iv) Depreciation Prev. Years	41547527	3053047
v) Interest & finance charges	(3939217)	
vi) Short Provision for loss against theft of fixed assets		227859371
SUB TOTAL	40080113	836080691
GRAND TOTAL	(40080113)	(836080691)


(H.K. Agarwal)
Company Secretary
Part Time


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Managing Director



For S.K. Kumar & Co.
Chartered Accountants


CA AQUIL SHABBIR FCA
Partner

PASCHIMANCHAL VIDYUT VITRAN NIGAM LIMITED
SCHEDULE No. 23

NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31.03.2011 AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

- 1)– (a) The Company was incorporated under the Companies Act 1956 on 01-05-2003 and commenced the business operations w.e.f 12-08-2003 in terms of Government of U.P Notification No. 2740/P-1/2003-24-14P/2003 dated 12-08-2003.
- (b) The Company is a subsidiary of U.P. Power Corporation Ltd. The annual accounts for the year 2010-11 are based on the balances of assets and liabilities received as per Transfer Scheme 2003 as well as the transactions pertaining to distribution business during the period 12-08-2003 to 31-03-2004 and the financial years 2004-05 to 2010-11. The final transfer scheme is yet to be finalised and the balances in the accounts will be adjusted accordingly.
- (c) The share capital includes 500 Nos. Equity Shares of Rs. 1000 each allotted to subscribers of Memorandum of Association and shown separately in Balance Sheet.
- (d) The Authorised Capital of the Company is Rs. 2000.00 crores.
- (e) Difference of Loan transferred under provisional Transfer Scheme 2003 and actual loan amounting to Rs. 6244727.00 has been shown in Restructuring Reserve Account "Schedule No. 2".
- 2) (a) The Company is making efforts to recognize and identify the location of fixed assets, transferred under the Transfer Scheme-2003 for the purpose of maintaining the Fixed Assets Register. Till such time the assets as mentioned in the Transfer Scheme, are taken into accounts.
- (b) During the year the depreciation has been provided as per the Schedule-XIV of Companies Act 1956 on SLM basis.
- (c) In absence of asset wise break up of Plants & Machinery, Lines & Cables and other assets taken over as on 12-08-2003, the depreciation on these assets has been charged @ 4.75% on the value transferred as per transfer scheme 2003, being the rate prescribed for majority of items as per Companies Act 1956.
- (d) Due to multiplicity of nature of capital works and difficulty in establishing the correct date of installation of assets, the depreciation on addition of

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fixed assets during the year has been provided on pro-rata basis by taking average six months period.

- 3) The loan received by UPPCL on behalf of the Company during the year 2010-11 amounting to Rs. 958038101 and repayment made by UPPCL amounting to Rs. 407561485 have been accounted for in the books of the Company.
- 4) Necessary action for capitalisation of borrowing cost has been taken as per AS-16.
- 5) Age-wise classification of Sundry Debtors could not be given as the same is under process.
- 6) The provision for bad and doubtful debts against revenue from sale of power has not been made since the sufficient provision already exists in the Transfer Scheme-2003.
- 7) The provision for doubtful receivable from employees have been made @ 10 % on the incremental basis appearing at the close of financial year under the head "Other Current Assets- Other Receivables-Employees" have been made.
- 8) Provision of loss on account of theft of fixed assets, pending investigation, has been made @ 100% of the balance appearing at the end of the year.
- 9) (a) 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.
(b) On an overall basis the current assets, loans and advances have a value on realisation in the ordinary course of business, at least equal to the amounts at which they are stated in the Balance Sheet.
- 10) 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 sites is treated as part of capital work in progress but the material lying in stores is grouped under the head "Stores & Spares".
- 11) (a) The energy is being purchased as a bulk supply from UPPCL (The Holding Company).
(b) UPPTCL has charged the Transmission charges @ Rs. 0.126 per KWH.
- 12) Amount due to SSI units could not be ascertained and interest thereon could not be provided for want of complete information. Efforts are being made to segregate the same.
- 13) Based on actuarial valuation report submitted by M/s Price Waterhouse Coopers to UPPCL (the Holding Company) and adopted by their Board of Directors, the provision for accrued liability on account of Pension and Gratuity

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during the year has been made @ 16.70% and 2.38% respectively on the amount of Basic Pay and DA paid to the employees.

- 14) Liability towards Staff training expenses, Medical expenses, Leave Encashment and LTC has been provided to the extent established.
- 15) The reconciliation of Inter Unit Transfer balances amounting to debit Rs. 89.27 crore (previous year debit Rs. 59.58 crore) is in process and the effects of reconciliation, if any, will be provided for in the forthcoming years.
- 16) Rebate received against timely repayment of loan has been accounted for on cash basis.
- 17) Expenditure on UP Power Sector Employees Trust amounting to Rs. 36.01 (previous year 37.85) lacs, distributed on prorata basis has been accounted for as intimated by the Holding Company.
- 18) The recovery of advances to employee granted before the incorporation of Company is being accounted for in the books of the Nigam.
- 19) Employees cost includes remuneration to Managing Director and Directors as under.

	Amount (Rs. in Lacs)	
	2010-11	2009-10
Salary and Allowance	21.92	17.35
Contribution to Gratuity/Pension	2.32	2.58

- 20) Payment to Directors and Officers in foreign currency towards foreign tour was Nil. (previous period - NIL)
- 21) Debts due from Directors were Rs. NIL. (Previous period - NIL)
- 22) Information pursuant of provision of Part I & II of Schedule VI of Companies Act, 1956 are as under :-

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

Sl.No.	Details	2010-11	2009-10
(i)	Total no. of Units Purchased (MU)	19639.613	18236.906
(ii)	Total no. of Units sold (MU)	14329.77	13007.610
(iii)	Transmission & Distribution Losses	27.04%	28.67%

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- (b) Contingent Liabilities under different categories i.e. Claims against the company not acknowledged as debts, Capital commitment and Contingencies for the year is Rs. 10.49 crore (previous year Rs. 0.57 crore).
- (c) The details of auditor's expenses is as under :-

(Rs. In lacs)		
Details	2010-11	2009-10
(i) As auditor	-	-
(x) Audit fees	28.07	27.53
(y) T.A. expenses	1.37	1.68
(ii) As advisor	-	-
(x) Taxation matters	-	-
(y) Company law matters		
(iii) In any other manner		

- 23) Cash Flow Statement has been prepared by following the Indirect Method.
- 24) Government dues in respect of Electricity Duty and other levies amounting to Rs. 174.28 crore shown in schedule -11 includes Rs. 52.68 crore on account of compounding charges realised from consumers.
- 25) Since the Company is principally engaged in the distribution business of electricity and there are no other reportable segment as per AS-17, hence the disclosure as per AS-17 on segment reporting is not required.
- 26) The disclosure required as per AS-18 issued by ICAI on related parties transactions is not applicable as the Accounting Standard provides that " no disclosure is required in the financial statement of state-controlled enterprises as regard related party relationship with other state-controlled enterprises and transactions with such enterprises"
- 27) Due to heavy carried forward losses/depreciation and uncertainties to recover such losses/depreciation in near future, accounting of deferred tax assets as required by AS-22 issued by ICAI is not made.
- 28) AS-28 required estimation and provision for impairment loss represented by amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is higher of the assets net selling price and its value in use based on the present value of estimated future cash flows expected from the use of assets and its disposal at the end of its useful life. It is worth mentioning here that assets of the Company have been accounted for at their historical cost and most of the assets are very old. Thus the impairment of assets is unlikely in the Company because of the fact that the recoverable amount of the assets is higher than its present accounted value.

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- 29) The figures shown in the Balance Sheet, Profit & Loss Account and Schedules have been rounded off to the nearest Rupee.
- 30) Previous year figures have been regrouped, rearranged and reclassified wherever considered necessary.


(H.K. Agarwal)
Company Secretary
Part-time


(P.K. Agarwal)
Dy. G.M.(Accounts)


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Director(Finance)


(Vijay Vishwas Pant)
Managing Director



PASCHIMANCHAL VIDYUT VITRAN NIGAM LIMITED
VICTORIA PARK, MEERUT

SIGNIFICANT ACCOUNTING POLICIES

1) GENERAL

- (a) The financial statements are prepared in accordance with the provisions of the Companies Act 1956.
- (b) The accounts are prepared under historical cost convention, on accrual basis unless stated otherwise and on accounting assumption of going concern.
- (c) Subsidy, Grants etc are accounted for on cash basis. Interest on loans to staff is accounted for on receipt basis after the recovery of principal in full.

2) FIXED ASSETS

- (a) Fixed Assets are shown at the value transferred as per transfer Scheme, 2003 as opening balance.
- (b) All costs relating to the acquisition and installation of fixed assets till the date of commissioning are capitalized.
- (c) Consumers Contribution, Grant 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 function at particular unit, employees cost and general & administration expenses to capital works are capitalized @ 15% on distribution and deposit work, 11% on other works on the amount of total expenditure.

3) DEPRECIATION

- (a) Depreciation is charged on straight line method as prescribed in the schedule XIV of Indian Companies Act 1956.
- (b) Fixed assets are depreciated up to 95% of original cost after taking 5% as the residual value of assets.

4) STORES & SPARES

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

5) REVENUE/EXPENDITURE RECOGNITION

- (a) Revenue from sale of energy is accounted for on accrual basis.
- (b) Late payment surcharge recoverable from consumer on energy bills is accounted for on cash basis due to uncertainty of realisation.

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- (c) The sale of electricity does not include electricity duty payable to the State Government, as the same is not the income of the Nigam.
- (d) Assessment of own energy consumption is done on the basis of connected load/hours of supply/meters.
- (e) Sale of energy is accounted for based on tariff rates approved by U.P. Electricity Regulatory Commission.
- (f) In case of detection of theft of energy, the consumer is billed on laid down norms irrespective of actual realisation from the consumer.
- (g) Penal interest, overdue interest, commitment charges, restructuring charges and incentives/rebates on loans are accounted for on cash basis after final ascertainment.

6) POWER PURCHASE

The bulk power purchase from UPPCL, is accounted for on the basis of bills raised by the UPPCL, the holding company.

7) RETIREMENT BENEFITS

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


(H.K. Agarwal)
Company Secretary
Part-time


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Dy. G.M.(Accounts)


(R.P. Gupta)
Director(Finance)


(Vijay Vishwas Pant)
Managing Director




**PASCHIMANCHAL VIDYUT VITRAN NIGAM LTD.,
VICTORIA PARK, MEERUT**

CASH FLOW STATEMENT

(Rs. in Crore)

	Year 2010-11	Year 2009-10
Cash Flow from operating activities		
Net Loss before prior period expenses	-448.68	-544.95
<u>Adjustment for</u>		
Depreciation	189.04	171.28
Provisions including Bad Debts	0.94	0.96
Interest expenses (Financing)	166.64	161.08
Interest income		
Deferred Cost		
Prior period adjustments (Net)	-4.01	-83.61
SUB TOTAL	-96.07	-295.24
Operating profit before working capital change		
<u>Working Capital changes</u>		
Sundry Debtors	-598.03	-243.92
Stores' Spares	-10.92	-1.42
Other Current Assets	-140.04	-115.19
Loans & Advances	0.99	17.49
Inter Unit Transfers	-29.69	-2.85
Current Liabilities	1536.24	729.83
Current Assets/Liabilities transferred from UPPCL		
SUB TOTAL	758.55	383.94
Net cash from operating activities- A	662.48	88.70
Cash flow from investing activities		
Additions to fixed assets & WIP	-538.34	-595.03
Investment in Discoms (Subsidiaries)		
Interest received		
Fixed assets transferred from UPPCL		
Net Cash flow from investing activities- B	-538.34	-595.03
Cash flow from financing activities		
Proceeds from Share Capital	304.05	336.26
Proceeds from borrowings (Net)	-317.56	421.89
Proceeds from consumers' contribution and GoUP Capital Subsidy	133.23	138.06
Interest paid on borrowings	-166.64	-161.08
Restructuring Account		
Loans/Liabilities transferred from UPPCL		
Net Cash flow from financing activities- C	-46.92	735.13
Net increase in Cash and Cash equivalents (A+B+C)	77.22	228.80
Cash and Cash equivalents at the beginning of the Year	620.59	391.79
Cash and Cash equivalents at the end of the Year	697.81	620.59


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Company Secretary
Part Time


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Dy. G.M.(Accounts)


(R.P. Gupta)
Director(Finance)


(Vijay Vishwas Pant)
Managing Director

Place : Meerut

Date : 04 MAR 2013



PASCHIMANCHAL VIDYUT VITRAN NIGAM LTD.,

Urja Bhawan, Victoria Park, Meerut

1 Registration details

Registration No. -	20 - 27458		State Code	20
Balance Sheet Date	31	3	2011	
	Date	Month	Year	

2 Capital raised during the year

(Amount in Rupees Thousands)

Public Issue	Bonus Issue
-	-
Right Issue	Private Placement
-	-

3 Position of Mobilisation and Development of Funds

(Amount in Rupees Thousands)

Total Liabilities	Total Assets
40404171	40404171
Sources of Funds :	
Paid Up Capital	Reserves & Surplus
8050280	9356657
Share App. Money pending for allotment	
10341183	
Secured Loans	Unsecured Loans
7556842	5099209
Applications of Funds :	
Net Fixed Assets	Miscellaneous Expenditure
29163292	0
Accumulated Losses	Net Current Assets
42879785	-31638906
	Investments
	-

4 Performance of the Company

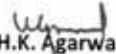
(Amount in Rupees Thousands)


Turnover (Gross Revenue)	Total Expenditure**
64441082	68967919
(+/-) Profit/Loss before Tax	(+/-) Profit/Loss after Tax
-4526837	-4526837
Earning per Share (in Rupees)	Dividend rate in %
-562	NIL

Product/Service description
 (i) Purchase of Electricity
 (ii) Distribution and Sale of Electricity

Item code No.
 NA
 NA

** Including Prior Period Expenditure


 (H.K. Agarwal)
 Company Secretary
 Part Time

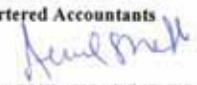

 (P.K. Agarwal)
 Dy. G.M.(Accounts)


 (R.P. Gupta)
 Director(Finance)


 (Vijay Vishwas Pant)
 Managing Director

04 MAR 2013



For S.K. Kumar & Co.
 Chartered Accountants

 CA AQUIL SHABBIR FCA
 Partner

To
The Members of
Paschimanchal Vidyut Vitran Nigam Ltd
Urja Bhawan, Victoria Park
Meerut

1. We have audited the attached Balance Sheet of PASCHIMANCHAL VIDYUT VITRAN NIGAM LTD MEERUT as at 31-03-2011, the Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto wherein accounts of 4 Zones audited by the respective Zonal Auditors are incorporated. These financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain responsible assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and overall financial statement's presentation. We believe that our audit provides a responsible basis for our opinion.
3. As required by the Companies (Auditors Report), Order 2003 issued by the Government of India in terms of Subsection (4A) of section 227 of the Companies Act, 1956, we enclose the ANNEXURE 1, a statement on the matter specified in paragraph 4 and 5 of the said order.
4. We draw the attention to ANNEXURE-2.
5. The Annual Account for the Financial Year 2009-10 after completion of audit are yet to be approved by the Board of Director and yet to be adopted in *Annual General Meeting of Share Holders*.
6. Further to our comments in the Annexure referred to in para 3 and also para 4 above we report that :-
 - (i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit except those which are mentioned in the Report or annexure to the report;
 - (ii) In our opinion proper books of Account as required by law have been kept by the Company as required by law so far as appears from our examination of these Books and returns (audited by Zonal Auditors) received from the zones except those which are mentioned in the Report or annexure to report;
 - (iii) The Company for working purpose is bifurcated into four zones namely Meerut, Ghaziabad, Moradabad and Saharanpur Zone, the Report of these zonal auditors/ branch auditors have been forwarded to us and the Report have been prepared by incorporating the observations of the branch auditors.



- (iv) The Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with this report are in agreement with the books of account and with the returns received from the Zones; subject to para 1 of Annexure-2 .
- (v) In our opinion the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by the report are in agreement with the books of account and comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 except those which are mentioned in Annexure- 2.
- (vi) Being a Government company, pursuant to the General Circular no. 8 of 2002 dated 22nd March 2002 issued by the Company Law Board, provisions of clause (g) of sub section (1) of section 274 of the Companies Act, 1956, are not applicable to the company.
- (vii) In our opinion and to the best of our information and according to the explanations given to us the said accounts give the information required by the Companies Act, 1956, in the manners so required and give a true and fair view in the conformity with the accounting principles generally accepted in India.
- a) In the case of the Balance Sheet, of the state of the affairs of the Company as at 31-03-2011
- b) In the case of the Profit and Loss Account of the Loss for the year ended on that date and
- c) In the case of the Cash Flow Statement of the Cash flows for the year ended on that date

FOR S.K. KUMAR & CO
CHARTERED ACCOUNTANTS

Aquil Shabbir
CA AQUIL SHABBIR FCA
CHARTERED ACCOUNTANT
PARTNER
M.NO. 400805
PLACE: MEERUT
DATE: 04/03/2013



ANNEXURE- 1 TO THE AUDITOR'S REPORT

Statement referred to in paragraph (3) of our report of even date to the members of PASCHIMANCHAL VIDYUT VITRAN NIGAM LIMITED on the accounts for the year ended 31st March 2011.

i)

- a) The Company has not maintained proper records showing full particulars including quantitative details and situations of fixed assets.
- b) The Company has not carried out physical verification of the fixed assets.
- c) No fixed asset has been disposed off during the period, which affects the going concern assumption.

ii)

- a) The stock of stores and spare parts have been physically verified by the management. The Zonal Auditors have stated that the procedure of physical verification of stock of stores and spares is reasonable and adequate.
- b) Some of the divisions and sub-divisions of Zones have not adopted proper procedure in relation to the physical verification of inventory having regards to the size of the Company and nature of its business.
- c) Though the Company is maintaining the records of inventory at unit level but in our opinion these needs further improvement. Stores ledgers (3S & 4S) and Tools & Plant Registers (3T & 4T) in Saharanpur Zone are not maintained at divisional office.
- d) Stocks have been physically verified by the management during the last year and treatment of discrepancies in the books of account has been done by the units.

iii) The Company has not granted nor taken any loans, secured or unsecured to or from Companies, firms or other parties to be covered in the register required to be maintained under section 301 of the Companies Act, 1956.

iv) Although there is an adequate internal control system commensurate with the size of the company and nature of its business for the purchase of inventory, fixed assets and for the sale of electrical energy but the internal control system needs further improvement to eliminate the discrepancies in the internal controls.

v) As informed to us, there are no such contracts or arrangements, the particulars whereof are required to be entered in the register required to be maintained under section 301 of the Companies Act, 1956.



- vi) The Company has not accepted any deposits from public during the year.
- vii) The Company has an internal audit system but having regard to the size and nature of business of the Company, the internal audit system needs further strengthening.
- viii) The company has not maintained the cost records prescribed under section 209(I)(d) of the companies Act, 1956.
- ix) (a) As per the records produced before us and according to the information and explanations given to us the company is generally regular in depositing undisputed statutory dues applicable to it like Provident fund, Income Tax, Customs Duty, Cess etc. with the appropriate authorities and there are following arrears:

S.No	Particulars	Amount (Rs. in Crores)	Amount payable to
1	Electricity Duty and other levies	174.28	U.P. Govt.
2	GPF, Pension and Gratuity	333.30	Employees Trust
3	CPF	0.94	Employees Trust

- (b) According to the records of the Company and explanation and information given to us there are no dues of Sale Tax, Income Tax, Custom Duty, Wealth Tax, Excise Duty which have not been deposited on account of any dispute.
- x) The company has been registered for a period not less than five years and its accumulated losses at the end of the financial year are not less than 50% of its net worth.

The accumulated losses of the company at the end of the financial year are 4287.98 Crores and its net worth at the end of the financial year is (-)1513.17 Crores. Therefore, accumulated losses are (-) 283.37 % of its net worth. The company has cash losses of 295.24 Crores in the immediately preceding financial year.

- xi) As per informations and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions or banks or debenture holders.
- xii) The company has not granted any loan and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the company is not a chit fund / nidhi / mutual benefit fund / societies, hence Clause (XIII) of para 4 of the order is not applicable.
- xiv) In our opinion the Company is not dealing or trading in shares, debentures or other investments hence clause XIV of para 4 of the order is not applicable.
- xv) As informed to us company has not given any guarantee for loans taken by others.



- xvi) As per the information and explanation given to us the loan fund have been utilized for the purpose they were received.
- xvii) As per the information and explanation given to us the fund received on short-term basis have not been used for long-term investment.
- xviii) The Company has not made any preferential allotments of shares, hence clause XVIII of para 4 of the order is not applicable.
- xix) As per the records of the company, the company has not issued any debentures, hence clause XIX is not applicable.
- xx) The company has not raised any money by public issue; hence clause XX is not applicable to the company.
- xxi) It was explained to us that a fraud of Rs. 4790874.00 has been reported in EUDD-IV, Meerut during the year. Which is under investigation.

FOR S.K. KUMAR & CO
CHARTERED ACCOUNTANTS

Aquil Shabbir



CA AQUIL SHABBIR FCA
CHARTERED ACCOUNTANT
PARTNER
M.NO. 400805
PLACE: MEERUT
DATE: 04/03/2013

ANNEXURE-2 TO THE AUDITOR'S REPORT

Statement referred to in paragraph-5 (iv & v) of our report of even date to the members of PASCHIMANCHAL VIDYUT VITRAN NIGAM LIMITED on the accounts for the year ended 31st March, 2011.

1. In the Books of accounts of Zones and Units/Divisions, the Opening Balance as on 12-08-2003 in respect of assets and liabilities has been taken on the basis of existed balance as on 11-8-2003 in the Books of U.P.P.C.L. but Balance Sheet and profit and Loss Accounts are prepared by taking Opening Balance as on 12-08-2003 in respect of Assets and Liabilities on the basis of balances provided in the Transfer Scheme 2003. The details of breakup of individual assets and liabilities are under finalization. In absence of item wise detail of individual assets and liabilities transferred to company and pending reconciliation of balances, the correctness of the book balances and the effect of the same on the assets and liabilities and profit and loss account cannot be ascertained.
2. The approval of Commissioner of Income Tax for the registration of Uttar Pradesh Power Sector Employees Trust for GPF has not been provided.
3. As regards to Balance confirmation from Debtors/Creditors, Lenders, Bankers etc. for Head Office letter has been sent but no reply is yet received.
4. The company is working as per business plan approved for this purpose.
5. The company has purchased 19639.613 MU and sold 14329.77 MU there is a Distribution/Transmission loss of 27.04 %.
6. Party wise ledgers are not maintained. However the company has a system of maintaining various sectional journal where in vouchers relating to day to day transactions are recorded and the final Trial Balance, the Balance Sheet and the Profit and Loss Account is drawn on the basis of transactions recorded in these sectional journals.
7. The power is purchased through U.P. Power Corporation Limited the Holding Company, at the rates approved by Uttar Pradesh Electricity Regulatory Commission.
8. Sundry Creditors are not classified into micro and small enterprises and other than micro and small enterprises so as to ascertain the dues to micro and small enterprises.
9. As stated in paragraph no-7(b) of Significant Accounting Policy Leave Encashment, Medical Expenses and LTC is accounted for on the basis of claim received and approved during the year.
10. As stated in para-13 of Notes on Accounts (Schedule-23) and paragraph no-7(a) of Significant Accounting Policy, provision for pension and gratuity, Contribution in respect of employees has been made on the basis of actuarial valuation report dated 09.11.2000 adopted by UPPCL. As per AS-15 actuarial valuation should be made at intervals not exceeding three years and the Actuarial Valuation on which company is relied was made in 2000, and fresh Actuarial Valuation is required.



11. The Company has contravened the provisions of section 383 A of the Companies Act, 1956 by not appointing the whole time Company Secretary.

12. Points observed by Zonal Auditors.

(A) Meerut Zone

- (i) Additional Security is pending to be recovered from consumers in the EUDD-II, Meerut, EDD-I, Baraut & EUDD-I, Meerut.
- (ii) Bank Reconciliations statements are prepared by the units but old entries in some divisions are lying and these outstanding entries in bank reconciliation are required to be reconciled.
- (iii) Misc. advance against employees are lying outstanding in EDD I & EUDD II Meerut since long and no action has been taken by the division for adjustment of advances. It is recommended that the management should take necessary steps for the recovery.
- (iv) *It was explained to us that a fraud of Rs. 4790874.00 during the year has been reported in EUDD-IV, Meerut. Which is under investigation.*

(B) Ghaziabad Zone

- (i) Fixed Assets Registers showing details and situation of assets have not been maintained in the divisions.
- (ii) most of the divisions, TDS has been deposited after the stipulated due date. Interest and penalty may arise.
- (iii) Bank Reconciliation statements are prepared by the units but, old entries were not reconciled in some divisions.

(C) Saharanpur Zone

- (i) *Branch Auditors has informed that the capital work in progress/ fixed assets of Rs. 203,51,71,861.75 as on 11.08.2003 shown by UPPCL as closing balance in the duly audited accounts were taken over as opening balance by PVVNL on 12.08.2003. Branch Auditors have been informed that no fixed assets register as of 11.08.2003 was provided by UPPCL to PVVNL and in absence of which individual assets could not be worked out.*
- (ii) *We were explained that employee's cost and general & administration expenses to capital works are capitalized @ 15% on distribution and Rural Electrification Works and on other works and on deposit works on the amount of total expenditure as per accounting policies.*
- (iii) The valuation of the stock has following discrepancies :-
 - a. In absence of 3S & 4S Registers and in absence of code no. of items of stocks compilation of stock at division level may lack accuracy in quantity and stock.
 - b. There are damaged items in the stock lists. The rates of the same are not provided in the central list. In absence of any central list, the rates of damaged items adopted at divisional offices are not verifiable being technical in nature.
 - c. Manual system of valuation and compilation of stock is not appropriate in view of the size and nature of activities conducted at divisional level.



- d. It is advised to have proper internal control over the differences of stocks between valuation of stock as per amount and the valuation of stock as per stock inventory i.e. Material Cost Variance.
- (iv) *Recovery of misc. advance of 4,64,356.22 is pending from the claims of Sri. C.V. Tyagi (J.E.) Ex-employee.*
- (v) Branch Auditors of the Zone has observed that in some of the bank accounts normal unexplained amounts debited by the bank are appearing in the reconciliation. Similarly, some of the cheques deposited are not credited by the bank in the accounts of divisional office. In some cases the bank charges debited by the bank have not been recognized in the books of accounts. The details of such debit entries made by the bank, bank charges not entered and cheque deposited but not cleared are given in Schedule-A.

(D) Moradabad Zone

- (i) Most of the units of the Moradabad zone has done physical verification of the stock and stores, as we have relied on the internal auditors report to the extent of measurement of stock quantities and their physical verification by them, we do not rely on the accuracy of the physical verification reports due to the qualifications made by the internal auditors on measurement of stock items.
- (ii) Since no confirmation/Statements are produced before us in respect of balances under sundry debtors, advances, current liabilities including advances to contractors, advance to employees, security deposits by consumers, material with contractors etc: we are unable to comment upon the impact, if any, on account of reconciliation of balances.
- (iii) The Divisions except Urban Construction Division, Moradabad, do not maintain Works register which is very essential for the control over receipt & issue of material. In the absence of such register a clear reflection of all receipt & issue of material against particular work (either deposits work or plan work) can't be ascertained.
- (iv) Title deeds of Land & building are not produced before us for our verification. We are advised that the said documents are under the jurisdiction of Civil Division, which is not part of the zone.
- (v) We are informed that Leave Encashment & other retirement benefits are accounted for on the basis of claim received from employees and approved during the year.
- (vi) There are unresponded entries as per bank reconciliation either debited or credited by the bank or by the units/division. The adjustment for the same have not been made during the year. However efforts are made and as explained to us some of the entries are responded/corrected in subsequent years.
- (vii) Bill revision in the business of Electricity Distribution is a regular process. We have observed that on revision, the amounts of bills are not adjusted in the relevant financial year. The impact of the same could not be ascertained.
- (viii) Almost in all the divisions, we observed that report 11 reflects very large number of cases where consumer is not billed for long (two years or more) because of temporary disconnection. Arrears against such consumers are due for same period.
- (ix) In most of the divisions, report 8 reflects large number of consumers who are billed provisionally due to meters being found defective or due to no reading.



- (x) Depreciation on old meters is charged @ 4.75% P.A. irrespective of the period of use of the meters.
- (xi) *In Electricity Distribution Circle, Bijnor Retention Money of Rs. 1881307.00 relating to contracts, which has been completed is lying pending the payment/adjustment Necessary action should be taken for payment/clearance.*
- (xii) Substantial difference exists between balances of debtors as per commercial diary (MIS) and as per Debtors balances in books of account. The management does not ascertain the exact amount of difference and its financial implication on reconciliation. However based on our test checking, transaction occurred during the year in case of Electricity charges and Electricity duty(sale of power) are reconciled with Commercial Statement-4.
- (xiii) Balances of the units/ divisions/ zone accounts with head office are subject to reconciliation/ confirmation.
- (xiv) Branch Auditors of the Zone have reported that in Bank Reconciliation of various divisions there are huge outstanding entries out of which most entries have been reconciled in subsequent years.
- (xv) Amount Rs. 645670.00 is lying in the form of advances to the employees the recovery of which is not satisfactory, therefore it is recommended that the management should take necessary steps for the recovery of advances which are pending from long period.
- (xvi) TDS Return in some divisions has been filed late.

13. *The Company has partly complied with AS-2 "Valuation of Inventions" AS-6 "Depreciation Accounting" AS-9 "Revenue Recognition" AS-10 "Accounting of fixed assets" AS-12 "Accounting of Government Grants" AS-15 "Accounting of Retirement Benefits" AS-16 "Borrowing Cost" AS-22 "Accounting of Deferred tax assets" AS-26 "Intangible Assets" AS-28 "Impairment of Assets" and AS-29 "Accounting of Provisions, Contingent liabilities and Assets".*

14. *The loss of the company as reported in the Balance Sheet amounts to Rs. 452.68 Crores may increase due to qualification raised by the Auditors.*

FOR S.K. KUMAR & CO
CHARTERED ACCOUNTANTS

Aquill Shabbir
CA AQUIL SHABBIR FCA
CHARTERED ACCOUNTANT
PARTNER

M.NO. 400805
PLACE: MEERUT
DATE: 04/03/2013



SCHEDULE-A

**BANK RECONCILIATION DETAILS
PASCHIMANCHAL VIDYUT VITRAN NIGAM LTD.
FOR THE YEAR ENDING ON 31.03.2011 (SAHARANPUR ZONE)**

Sl.	Name of Unit	Place	Bank A/c	CHEQUE DEPOSITED BUT NOT CREDITED BY BANK			Other Amounts debited by Bank					Remarks
				O/S before 1.4.2010	O/S C.Y More than 6 months	O/S C.Y less than 6 months	Bank Charges L.Y	Bank Charges C.Y	Other Debits L.Y	Other Debits C.Y		
1	2	3	4	5	6	7	8	9	10	11	12	
				Provision recommended			Provision recommended	Provision recommended	Provision recommended			
1	EUDD-I	SRE	ICICI Exp ICICI Receipt ICICI Capital	- 528879.00 -	- 1000.00 -	- 606956.00 149123.00	- 49338.00 -	3945.81 133877.00 -	- 105507.12 21153.08	- 4210.00 -		
2	EUDD-II	SRE	ICICI Receipt ICICI Capital	19823.42 -	- -	1896258.00 -	- -	- -	219599.92 24721.22	94399.60 580.00		
3	EDD-I	SRE	CBI Exp CBI Receipt	- -	- -	- 2062778.00	- -	1709.00 -	- -	2317.00 -		
4	EDD-I-I	SRE	CBI Receipt	-	-	-	-	1709.00	1129685.06	-	Note 1	
5	EDD	DEOBAND	PNB Receipt PNB Receipt PNB Receipt	- -	- -	- -	- -	21238.00 -	- -	7599.00 -		
6	EUDD-I	MZN	SBI Capital SBI Receipt	245535.00 -	- -	- 2227189.00	- -	679.14 -	1190.00 -	- -	Note 2	
7	EUDD-II	MZN	CBI Receipt	-	-	-	-	-	45943.00	1456.00		
8	EDD-I	MZN	CBI Exp CBI Receipt	- 666137.82	- -	- 4811551.00	- -	770.00 -	22834.97 404798.27	- -	Note 3	
9	EDD-I	SHAMLI	CBI Capital PNB Exp PNB Receipt	20000.00 - 241996.00	- 16055.00 -	- 69602.00 -	5331.00 262120.00 6275.00	1218.00 19406.00 1658.00	59258.00 19909.21 493738.00	- -	Note 4	
10	EDD-II	SHAMLI	PNB Receipt SBI Receipt	- -	- -	- -	27769.00 279675.00	1400.00 1128.00	330364.00 1687165.00	23325.00 4914355.00		Note 5
Total				1722371.24	17055.00	11823457.00	630508.00	188218.95	7401455.69	5514931.60		

General Point Provision recommended Rs. 9942553.88 in colour no (5,8,9,10)
Note 1 Rs. 4917244.64 is old difference upto 03/2009 out of which Rs. 2400000.00 is cleared but no such details is provided to us
Note 2 Rs. 26887 cash deposited in capital a/c for which is till now unknown whether it is exist or not
Note 3 Rs. 373703 a/c is ceased by bank & Rs. 13494.75 is ceased in court case
Note 4 Cash robbery of Rs. 15710 is shown in reconciliation from march 1991
Note 5 Cheque of Rs. 2000000 was dishonoured and reduced from the bank but no entry is passed in the account of the party.

