

**DAKSHINANCHAL
VIDYUT VITRAN NIGAM LIMITED**

**BALANCE SHEET
AS AT
31.03.2009**

&

**PROFIT & LOSS ACCOUNT
FOR THE PERIOD FROM
01.04.2008
TO
31.03.2009**

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

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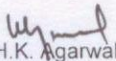
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DAKSHINANCHAL VIDYUT VITRAN NIGAM LIMITED
220 KV SUB STATION, BYE PASS ROAD, AGRA

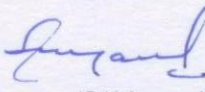
BALANCE SHEET AS AT 31.03.2009
REVISED

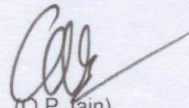
(Amount in Rs.)

PARTICULARS	SCH.NO.	AS AT 31.03.2009	AS AT 31.03.2008
SOURCES OF FUNDS			
Shareholder's funds			
Share Capital	(1)	3700690000	3700690000
Share Application Money	(1A)	11214437466	11119790766
Reserves and Surplus	(2)	6014153391	4430605213
		20929280857	19251085979
Loan Funds			
Secured Loans	(3)	7840027194	6392152096
Unsecured Loans		3331923922	3583947261
		11171951116	9976099357
Total		32101231973	29227185336
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	(4)	28090000605	23056160651
Less : Accumulated Depreciation		13159649007	11832549072
Net Block		14930351598	11223611579
Capital Work in Progress	(5)	5954358346	5564655447
		20884709944	16788267026
Current Assets, Loans and Advances			
Stores & Spares	(6)	2750337235	1443957923
Sundry Debtors	(7)	15408483756	14724057785
Cash & Bank Balances	(8)	3194432566	2751351560
Other Current Assets	(9)	496297952	345652520
Loans & Advances	(10)	79619545	218227952
Inter Unit Transfer		5772636010	6534427844
		27701807064	26017675584
Less : Current Liabilities & Provisions	(11)	64629286786	51725810552
Net Current Assets		-36927479722	-25708134968
Miscellaneous Expenditure			
Profit and Loss Account (Debit Balance)		48144001751	38147053278
Notes on Accounts	(22)		
Schedule 1 to 22 and Accounting Policies form integral part of Accounts			
Total		32101231973	29227185336


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


(P.K. Jauhari)
General Manager (FA & A)


(S.K. Agarwal)
Director


(O.P. Jain)
Managing Director

Date :
Place : Agra

Subject to our Audit Report of ~~xxxx~~ date ~~xxxx~~ separately annexed.
For M/S KASTOOR JAIN & COMPANY
CHARTERED ACCOUNTANTS



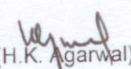
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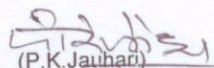
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220 KV SUB STATION, BYE PASS ROAD, AGRA

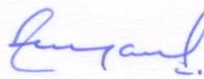
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31.03.2009
REVISED


(Amount in Rs.)

PARTICULARS	SCH.NO.	For the year ended on 31.03.09	For the year ended on 31.03.08
INCOME			
Revenue from Sale of Power (Gross)	(12)	22138565608	19175957310
Less : Electricity Duty		609454707	493392239
Energy Internally Consumed		21529110901	18682565071
Revenue Subsidies and Grants	(13)	123164498	126932319
Other Income	(14)	2968200000	2950900000
		753001639	809692816
Total		25373477038	22570090206
EXPENDITURE			
Purchase of Power	(15)	30476311920	29586352050
Repairs and Maintenance Expenses	(16)	1501740376	1032141148
Employees Cost	(17)	897949387	841142972
Administrative, General & Other Expenses	(18)	218402736	198630256
Interest and Finance Charges	(19)	1421456366	1025399419
Depreciation	(20)	1375808344	1222737620
Provision for Bad and Doubtful Debts	(21)	95589388	140319284
Total		35987258517	34046722749
PROFIT/ (LOSS)		(10613781479)	(11476632543)
Net Prior Period Income/(Expenditure)		620812897	(17926984)
Net PROFIT/(Loss) Before Tax		(9992968582)	(11494559527)
Provision for Fringe Benefit Tax		3979891	3277601
Net PROFIT/(Loss) After Tax		(9996948473)	(11497837128)
Accumulated Loss Brought Forward		(38147053278)	(26649216150)
Loss Carried Over to Balance Sheet		(48144001751)	(38147053278)
Earning / (Loss) per share		(2701)	(3107)
Notes on Accounts	(22)		


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


(P.K. Jauhari)
General Manager (FA & A)



(S.K. Agarwal)
Director


(O.P. Jain)
Managing Director

Date :
Place : Agra

Subject to our Audit Report of even date separately annexed.
For M/S KASTOOR JAIN & COMPANY
CHARTERED ACCOUNTANTS




23/8/12

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

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SCHEDULE-1

SHARE CAPITAL

(Amount in Rs.)

PARTICULARS	AS AT 31.03.2009	AS AT 31.03.2008
A. AUTHORISED	5000000000	5000000000
5000000 Equity Shares of Rs 1000/- each		
B. ISSUED SUBSCRIBED AND PAID UP		
i) 3700190 Equity Shares of Rs1000/- each fully paid up allotted to UPPCL for consideration other than cash pursuant to DISCOMS Transfer Scheme, 2003	3700190000	3700190000
ii) 500 Equity Shares of Rs 1000/- each fully paid up allotted to Promoters	500000	500000
Total	3700690000	3700690000

SCHEDULE-1A

SHARE APPLICATION MONEY

(Amount in Rs.)

PARTICULARS	AS AT 31.03.2009	AS AT 31.03.2008
SHARE APPLICATION MONEY		
Pending for allotment to UPPCL	11214437466	11119790766
Total	11214437466	11119790766

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220 KV SUB STATION, BYE PASS ROAD, AGRA

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SCHEDULE-2

RESERVES AND SURPLUS

(Amount in Rs.)

PARTICULARS	AS AT 31.03.2008	Additions	Deductions/ Adjustments	AS AT 31.03.2009
A. CAPITAL RESERVE				
i) Consumers Contribution towards Service Line and Other Charges	3128602081	1295875852	232651219	4191826714
ii) Subsidies towards Cost of Capital Assets	1302003132	605244800	96608633	1810639299
iii) Re-Structuring A/c	0	11687378	0	11687378
Total	4430605213	1912808030	329259852	6014153391

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SCHEDULE-3

LOAN FUNDS

(Amount in Rs.)

PARTICULARS	AS AT 31.03.2009	AS AT 31.03.2008
A. SECURED LOAN :		
(a) TERM LOANS		
FINANCIAL INSTITUTIONS		
(i) Power Finance Corporation Ltd. (Secured against hypothecation of lines & substations etc under APDRP Scheme and against receivables of specified receipt accounts through escrow arrangements)	1183896526	820811314
(ii) Rural Electrification Corporation Ltd. (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)	1575869692	1045247692
(b) WORKING CAPITAL LOAN		
(i) Power Finance Corporation Ltd. (Secured against receivables of specified receipt accounts through escrow arrangement)	1807533695	1857592281
(ii) Rural Electrification Corporation Ltd. (Secured against charge on current assets and receivables of specified receipt accounts through escrow arrangement)	3272727281	2668500809
Sub total - (A)	7840027194	6392152096
B. UNSECURED LOAN :		
(a) TERM LOANS :		
(i) Govt. of U.P. (T/Scheme)	25000000	846247000
Govt. of U.P. (APDRP)	457285000	
Govt. of U.P. (World Bank)	403271000	885556000
(ii) FINANCIAL INSTITUTIONS		
REC (T/Scheme)	2006776974	2202546758
REC (By UPPCL)	52003193	
(Guaranteed by Govt. of UP)		
Interest accrued and due	192283249	2251063416
		200509174
		2403055932
PFC (T/Scheme)	111287382	277019607
PFC (By UPPCL)	49610124	160897506
(Guaranteed by Govt. of UP)		
(iii) MISCELLANEOUS INSTITUTIONS		
U.P.State Industrial Development Corporation Ltd.	0	3432458
Housing Development Finance Corporation Ltd.	0	6854
National Capital Region Planning Board (Guaranteed by Govt. of UP)	34407000	45876000
(iv) FINANCIAL PARTICIPATION BY CONSUMERS		
	0	6173410
(v) OTHER LOANS		
	0	2136000
Sub total - (B)	3331923922	3583947261
Total (A) + (B)	11171951116	9976099357

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220 KV SUB STATION, BYE PASS ROAD, AGRA

SCHEDULE-4**FIXED ASSETS**

(Amount in Rs.)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 01.04.08	Additions	Deductions	As at 31.03.09	As At 01.04.08	Additions	Deductions	As at 31.03.09	As at 31.03.09	As at 31.03.08
Land & Land Rights	631743	0	0	631743	0	0	0	0	631743	631743
Buildings	90678248	104003313	0	194681561	3283508	1478055	0	4761563	189919998	87394740
Plant & Machinery	1650536386	3546660159	2331794877	2865401668	-798488403	122218599	343552667	-1019822471	3885224139	2449024789
Lines, Cables, Net work etc.	6250764238	3863693365	154931677	9959525926	497872829	462855383	33501647	927226565	9032299361	5752891409
Furniture & Fixtures	2866954	5598770	0	8465724	304367	181478	0	485845	7979879	2562587
Office Equipments	2534446	507011	0	3041457	96887	410834	0	507721	2533736	2437559
Jeep & Motor Car	-1351364	553890	450000	-1247474	-954821	0	405000	-1359821	112347	-396543
Total	7996660651	7521016508	2487176554	13030500605	-297885633	587144349	377459314	-88200598	13118701203	8294546284
Fixed Assets as per Transfer Scheme	15059500000	0	0	15059500000	12130434705	1117414900	0	13247849605	1811650395	2929065295
Grand Total	23056160651	7521016508	2487176554	28090000605	11832549072	1704559249	377459314	13159649007	14930351598	11223611579

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220 KV SUB STATION, BYE PASS ROAD, AGRA

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CAPITAL WORKS IN PROGRESS

SCHEDULE-5

(Amount in Rs.)

PARTICULARS	AS AT 31.03.2009	AS AT 31.03.2008
Capital Works in Progress *	5954358346	5564655447
Total	5954358346	5564655447

Notes :

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

STORES & SPARES

SCHEDULE-6

(Amount in Rs.)

PARTICULARS	AS AT 31.03.2009	AS AT 31.03.2008
Stock of materials *	2831837235	1525457923
Less : Provision for Obsolete Stores	81500000	81500000
Total	2750337235	1443957923

Note:- * Include material issued to fabricators, obsolete material, scrap, transformers sent for repair and store excess/ shortage pending for investigation.

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SCHEDULE-7

SUNDRY DEBTORS

(Amount in Rs.)

PARTICULARS	AS AT 31.03.2009	AS AT 31.03.2008	
Sundry Debtors			
Secured & Considered good*	2241038460	1860968501	
Unsecured & Considered good	13167445296	12863089284	
Considered doubtful	16368576671	16272987282	30997045067
Less: Provision for Bad and Doubtful Debts	16368576671	16272987282	
Total	15408483756	14724057785	

Note :- * Secured against security deposit from consumers.

SCHEDULE-8

CASH AND BANK BALANCES

(Amount in Rs.)

PARTICULARS	AS AT 31.03.2009	AS AT 31.03.2008	
CASH IN HAND			
Cash in Hand (Including Imprest with Staff)	1320356085	909022332	
Balances with Scheduled Banks			
In Current and other Accounts	1864076481	1802329228	
In Fixed Deposit Account	10000000	40000000	1842329228
Total	3194432566	2751351560	

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220 KV SUB STATION, BYE PASS ROAD, AGRA

SCHEDULE-9**OTHER CURRENT ASSETS**

(Amount in Rs.)

PARTICULARS	AS AT 31.03.2009	AS AT 31.03.2008
Other receivables	111595341	77329811
<u>Receivables from</u>		
Poorvanchal Vidyut Vitran Nigam Limited	306308120	237945020
Paschimanchal Vidyut Vitran Nigam Limited	5125526	9681006
KESCO	4479735	4328735
U.P Rajya Vidyut Utpadan Nigam Limited	88583	96067
U.P Power Transmission Corporation Limited	68700647	16271881
Total	496297952	345652520

SCHEDULE-10**LOANS AND ADVANCES**

(Amount in Rs.)

PARTICULARS	AS AT 31.03.2009	AS AT 31.03.2008
<u>ADVANCES (Unsecured)</u>		
Suppliers/ Contractors	79619545	218227952
Total	79619545	218227952

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220 KV SUB STATION, BYE PASS ROAD, AGRA

SCHEDULE-11

CURRENT LIABILITIES AND PROVISIONS

(Amount in Rs.)

PARTICULARS	AS AT 31.03.2009	AS AT 31.03.2008
<u>CURRENT LIABILITIES</u>		
Liability for Purchase of Power	48955684422	40570530186
Liability for Transmission Charges	410166090	0
Liability for Capital Supplies/ Works	4485925938	2868403647
Sundry Liabilities	2986585911	2910135266
Staff Related Liabilities	57147057	37634032
Deposits and Retentions from Suppliers & Others	255251292	244033569
Electricity Duty and Other Levies payable to Govt.	589178883	390996341
Deposit for Electrification Works	211056899	102698425
<u>Liabilities towards UP Power Sector Employees Trust</u>		
Provident Fund Liabilities	1886861410	1840271674
Pension & Gratuity Liabilities	-80576224	-124948779
Interest accrued but not due on Borrowings	62166349	46782097
<u>Amount Payable to :</u>		
U.P Power Corporation Limited	2108168588	527819000
Madhyanchal Vidyut Vitran Nigam Ltd.	459591096	449524204
Security Deposits from Consumers	1850094506	1549792802
Add : Interest on Security Deposits from Consumers	390943954	311175699
<u>Provisions</u>		
Provision for Audit Fees Expenses (Net)	1040615	962389
Total	64629286786	51725810552

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

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SCHEDULE-12

REVENUE FROM SALE OF POWER

(Amount in Rs.)

PARTICULARS	For the year ended on 31.03.09	For the year ended on 31.03.08
Large Supply Consumers		
Industrial	6498765011	5202635255
Traction	740060102	895668395
Irrigation	262640261	301239853
Public Water Works	565112685	517127415
	8066578059	6916670918
Small and Other Consumers		
Domestic	5206468906	4566024682
Commercial	3103852768	3150535406
Industrial Low and Medium Voltage	2241707920	1915720413
Public Lighting	266565479	171327849
STW & Pump Canals	1093735614	633139157
PTW & Sewage Pumping	1412138343	1138109215
Miscellaneous Charges from Consumers	261228310	317969750
Less : Energy Internally Consumed	123164498	126932319
Sub Total	21529110901	18682565071
Add : Electricity Duty	609454707	493392239
Total	22138565608	19175957310

SCHEDULE-13

REVENUE SUBSIDIES AND GRANTS

(Amount in Rs.)

PARTICULARS	For the year ended on 31.03.09	For the year ended on 31.03.08
Subsidies		
RE Subsidy from Govt. of U.P.	650200000	645200000
Revenue Subsidy from Govt. of U.P.	2311200000	2305700000
Subsidy for Power Looms	6800000	0
Total	2968200000	2950900000

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220 KV SUB STATION, BYE PASS ROAD, AGRA

SCHEDULE-14**OTHER INCOME**

(Amount in Rs.)

PARTICULARS	For the year ended on 31.03.09	For the year ended on 31.03.08
Interest from :		
Loans to Staff	79827	132251
Banks (Other than on Fixed Deposit)	3013296	2426326
Fixed Deposits	1303326	4396449
Delayed Payment Charges from Consumers	695543200	1755971
Income from Contractors / Suppliers	31229531	4314548
Rental from Staff	292915	741074703
Miscellaneous Receipts	21539544	47534227
		310222
		16459116
Total	753001639	809692816

SCHEDULE-15**PURCHASE OF POWER**

(Amount in Rs.)

PARTICULARS	For the year ended on 31.03.09	For the year ended on 31.03.08
Power Purchased from :		
Uttar Pradesh Power Corporation Limited	29176934280	27381878760
Wheeling Charges (UPPTCL)	1299377640	2204473290
Total	30476311920	29586352050

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220 KV SUB STATION, BYE PASS ROAD, AGRA

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SCHEDULE-16

REPAIRS AND MAINTENANCE

(Amount in Rs.)		
PARTICULARS	For the year ended on 31.03.09	For the year ended on 31.03.08
Plant & Machinery	672867422	491168018
Buildings	5618410	6918071
Lines, Cables, Net works etc.	817504193	532156965
Vehicle Expenditure	44915497	27855549
Less:- Transferred to different Capital and O&M Works / Administrative Expenses	44915497	27855549
	0	0
Furniture and Fixtures	353875	239900
Office Equipments	5396476	1658194
Total	1501740376	1032141148

SCHEDULE-17

EMPLOYEES COST

(Amount in Rs.)		
PARTICULARS	For the year ended on 31.03.09	For the year ended on 31.03.08
Salaries and Allowances	867008659	828290234
Dearness Allowance	430940503	331457745
Other Allowances	63812581	59688092
Bonus / Ex-gratia	23736372	22576124
Medical Expenses (Re-imbusement)	12156657	8726522
Leave Travel Assistance	39084	612525
Earned Leave Encashment	69203553	43989213
Compensation	6194431	3863767
Staff Welfare Expenses	3462886	1041215
Pension and Gratuity	212372555	189173481
Other Terminal Benefits	13723134	9816748
Sub Total	1702650415	1499235666
Less - Expenses Capitalised	804701028	658092694
Total	897949387	841142972

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

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SCHEDULE-18

ADMINISTRATIVE, GENERAL & OTHER EXPENSES

(Amount in Rs.)

PARTICULARS	For the year ended on 31.03.09	For the year ended on 31.03.08
Rent	2313470	1815035
Rates & Taxes	362976	58942
Insurance	2168237	4729044
Communication Charges	25776632	23992140
Legal/Professional Charges	11380676	8335098
<u>Auditors Remuneration & Expenses</u>		
Audit Fees	153213	141575
Travelling Expenses	216512	180622
Consultancy Charges	64785	322197
Travelling & Conveyance	17138286	694995
Printing & Stationery	13794936	13121685
Advertisement Expenses	16429547	13680486
Electricity Charges	123164498	12867313
Water Charges	80734	126932319
Miscellaneous Expenses	151812906	183271
		100472800
Sub Total	364857408	307205325
Less - Expenses Capitalised	154667882	114616917
Sub Total	210189526	192588408
<u>Other Expenses</u>		
Compensation (Other than Staff)	8213210	2019845
Preliminary Expenses written off	0	4022003
		6041848
Total	218402736	198630256

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

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SCHEDULE-19

INTEREST & FINANCE CHARGES

(Amount in Rs.)

PARTICULARS	For the year ended on 31.03.09	For the year ended on 31.03.08
Interest on Loans :		
Govt. of U.P.	128402511	128863972
PFC	260937751	28050599
UPSIDC	0	2808
REC	351125771	138967683
IDBI	0	3447923
HDFC	0	5254
NCRPB	<u>3068675</u>	<u>3985948</u>
	615132197	174460215
Interest to Consumers	133182996	126284980
Bank Charges	371609	1335233
Discount to Consumers	0	2040048
Interest on Working Capital Loan	539931479	587219776
Guarantee Charges	4435574	5195195
Total	1421456366	1025399419

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

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SCHEDULE-20

DEPRECIATION

(Amount in Rs.)

PARTICULARS	For the year ended on 31.03.09	For the year ended on 31.03.08
Depreciation	1704559251	1455272433
Less : Equivalent amount of Depreciation on Assets acquired out of the Consumer's Contribution and GO UP's Capital Subsidy	328750907	232534813
	1375808344	1222737620

SCHEDULE-21

PROVISION FOR BAD & DOUBTFUL DEBTS

(Amount in Rs.)

PARTICULARS	For the year ended on 31.03.09	For the year ended on 31.03.08
<u>PROVISION</u> Bad and Doubtful Debts (Sale of Power)	95589388	140319284
Total	95589388	140319284

Wjnd

Divyanshu

Amrind

Ch



DAKSHINANCHAL VIDYUT VITRAN NIGAM LIMITED

SIGNIFICANT ACCOUNTING POLICIES

1. GENERAL

- (a) The financial statements are prepared in accordance with the provisions of the Companies Act 1956. However, where there is a deviation from the provisions of the Companies Act, 1956 in preparation of these accounts, the corresponding provisions of Electricity (Supply) Act, 1948 have been adopted.
- (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 the Transfer Scheme, 2003 and the additions as well as deductions made during the years 2003-04 to 2008-09.
- (b) All costs relating to the acquisition and installation of fixed assets till the date of commissioning are capitalized.
- (c) Consumers 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 function at particular unit, employees cost and general & administration expenses are capitalized @ 15% on distribution rural electrification and deposit works, 11% on other works on the amount of total expenditure.
- (f) Borrowing cost during construction stage of capital assets, which was directly attributable to the construction of qualifying assets have been capitalised as per AS-16.

3. DEPRECIATION

- (a) Depreciation is charged on straight line method at the rates prescribed by the Companies Act, 1956.
- (b) Depreciation has been provided on fixed assets in use at the beginning of the year.
- (c) Fixed assets are depreciated up to 90% of original cost after taking 10% 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.

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5. REVENUE / EXPENDITURE RECOGNITION

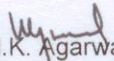
- (a) Revenue from sale of energy is accounted for on accrual basis.
- (b) Late payment surcharge recoverable from consumers on energy bills is accounted for on cash basis due to uncertainty of realisation.
- (c) The sale of electricity does not include electricity duty payable to the State Government 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, over due interest, commitment charges and incentive/ rebates on loans are accounted for on cash basis after final ascertainment.

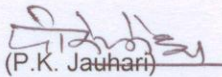
6. POWER PURCHASE

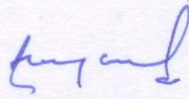
The bulk power purchases from UPPCL is accounted for on the basis of bills raised by the UPPCL, the Holding Company.

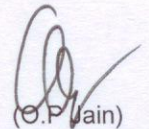
7. RETIREMENT BENEFITS

- (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
(In Part Time)


(P.K. Jauhari)
General Manager (FA&A)


(S.K. Agarwal)
Director


(C.P. Jain)
Managing Director



DAKSHINANCHAL VIDYUT VITRAN NIGAM LIMITED
SCHEDULE NO. 22

NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31.03.2009 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

1. The Nigam was incorporated under the Companies Act, 1956 on 01.05.2003 and commenced the business operation 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.
2. The Nigam is a subsidiary of U.P. Power Corporation Ltd. The annual accounts for the year 2008-09 are based on the balances of assets and liabilities received as per Transfer Scheme, 2003. (Annexure-A) 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 2008-09. The final transfer scheme is yet to be issued and the balances in the accounts will be adjusted accordingly.
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.
4. The energy is being purchased as bulk supply from UPPCL.
5. The liability for GPF, Pension and Gratuity Contribution during the period have been discharged to U.P. Power Sector Employees Trust partly by UPPCL and shown as payable to UPPCL by the Nigam. The liability have partly been discharged by the Nigam.
6. In the absence of asset wise break up of Plant and Machinery, Lines, Cables and other assets taken over as on 12.08.2003, the depreciation on these assets have been charged @ 7.42% on the value transferred under the Transfer Scheme, 2003 being the maximum rate prescribed for majority of the items in the Companies Act, 1956.
7. (a) Age-wise classification of Sundry Debtors could not be given for want of age-wise details of receivables transferred under the Transfer Scheme, 2003.
(b) The Provision for bad & doubtful debts against revenue from sale of power has been made @ 5 % on the incremental basis.
8. Difference between the loan transferred under provisional Transfer Scheme 2003 and actual loan has been shown in Restructuring Reserve Account.
9. The loan received by UPPCL on behalf of the Nigam during the year 2008-09 amounting to Rs Nil and repayment made by U.P.P.C.L. amounting to Rs. 234338925.00 have been accounted for in the books of the Nigam accordingly.
10. Government dues in respect of Electricity Duty and other Levies amounting to Rs. 589178882.74 shown in Schedule-11 includes Rs. 13275042.00 on account of Other Levies realised from consumers.
11. Necessary action for capitalisation of borrowing cost pertaining to APDRP Scheme has been taken as per AS-16.
12. Liability towards Medical Expenses, Leave Encashment and LTC have been provided to the extent established.
13. Based on actuarial valuation report submitted by M/s Price Waterhouse Coopers to UPPCL (the Holding Company) provision for accrued liability on account of Pension and Gratuity for the period from 01.04.2008 to 31.03.2009 has been made @16.70% and 2.38% respectively on the amount of basic pay and DA paid to employees.
14. Amount due to SSI units could not be ascertained and interest there on could not be provided for want of complete information. Efforts are being made to segregate this information.

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15. Employees cost includes remuneration to Managing Director and Director as under.

Particulars	2008-09	2007-08
Salary and Allowances	Rs. 10.30 Lacs	Rs. 3.17 Lacs
Contribution to Gratuity/ Pension	-	-

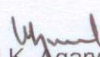
16. Debts due from Directors were Rs. NIL. (Previous year – NIL)
17. Payment to Directors and Officers in foreign currency towards foreign tours was NIL. (Previous year – NIL)
18. Information pursuant to provision of Para II of Schedule VI of Companies Act, 1956 are as under :-
(a) Quantitative Details of Energy Purchased and Sold :-

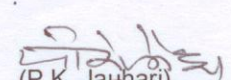
Sl. No.	Details	2008-09 (Units in M.U.)	2007-08 (Units in M.U.)
(i)	Total number of units purchased	11812.524	11602.491
(ii)	Total number of units sold	8781.989	8087.130
(iii)	Distribution Losses	25.65%	30.30%

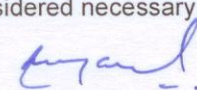
- (b) Contingent Liabilities :-


Sl. No.	Details	Amount (Rs. In lacs)	
		2008-09	2007-08
1	Claims against the company not acknowledged as debts.	59.33	29.22
2	Estimated amount of contracts remaining to be executed on capital account and not provided for.	5337.17	1229.90
3	Other money for which the company is contingently liable.	94.13	126.64

19. 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.
20. 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 regards related party relationship with other state-controlled enterprises and transactions with such enterprises."
21. Due to carry forward losses / depreciation and uncertainty to recover such losses in near future, accounting of deferred tax assets as required by AS-22 issued by ICAI, New Delhi has not been made.
22. The figures shown in the Balance Sheet, Profit & Loss Account and Schedules have been rounded off to the nearest rupee.
23. Previous year figures as shown in the Balance Sheet, Profit & Loss Account and Schedules have been regrouped and rearranged, wherever considered necessary.


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


(P.K. Jauhari)
General Manager (FA&A)


(S.K. Agarwal)
Director


(O.P. Jain)
Managing Director



DAKSHINANCHAL VIDYUT VITRAN NIGAM LIMITED

IN REFERENCE TO PARA NO. 2 OF NOTES ON ACCOUNTS (SCHEDULE - 22)
ANNEXED TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2008

Statement showing the transfer of Assets & Liabilities to AGRA DISCOM as per
Schedule - A (Part-II) of the Uttar Pradesh Power Sector Reforms
(Transfer of Distribution Undertakings) Scheme, 2003 vide Uttar Pradesh Shasan Urja Anubhag 1,
Notification No. 2740/P-1-2003-24-14P-2003, Dated August 12, 2003

	Amount (Rs in Crores)
Fixed Assets	
Gross Fixed Assets	1505.95
Less: Accumulated depreciation	671.94
Net Fixed Assets	834.01
Cap. Expd. in progress	52.98
Investments	-
Total Fixed Assets	886.99
Current Assets:	
Cash and Bank Balances	115.95
Total Stocks	27.72
Less: Provision for Obsolete Stores	8.15
Net Stock	19.57
Gross Receivables for Sale of Electricity	1785.00
Less: Provision for Bad & Doubtful debts	1565.29
Net Receivables for sale of Power	219.71
Other Receivables	3.24
Total Current Assets	358.47
Total Assets	1245.46
Net Worth	
Paid up and Subscribed Share Capital	346.19
Retained Earning (Losses)/Reserves	-
Consumer's Contributions	83.75
Capital Reserves	-
Grants - RE	22.90
Grants - APDRP	2.50
Total Net Worth	455.34
Long Term Debts	
GoUP Loans	2.50
IDBI - Deferred Credit	12.49
REC	225.79
Commercial Banks (SPA)	-
HDFC	-
PFC	38.78
NOIDA	-
UPSIDC	1.37
Urban Co-operative Bank	-
Others	12.42
IBRD	-
Working Capital Borrowings	-
GPF Liability	171.18
Total Long Term Loans	464.53
Current Liabilities	
Accounts Payable	240.94
Security Deposits from consumers	84.65
Accumulated Interest on Govt. Loans	-
Accumulated Interest on other IFI's	-
Overdue Principal not Paid	-
Total Current Liabilities	325.59
Total Liabilities	1245.46

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

BALANCE SHEET ABSTRACT AND NIGAM'S GENERAL BUSINESS PROFILE

1 Registration details

Registration No.	20-27460	State Code	20
Balance Sheet Date	31	2009	
	Date	Month	Year

2 Capital raised during the year

(Amount in Rupees Thousands)

Public Issue	NIL	Bonus Issue	NIL
Rights Issue	NIL	Private Placement	NIL

3 Position of Mobilisation and Development of Funds

(Amount in Rupees Thousands)

Total Liabilities	32101232	Total Assets	32101232
Sources of Funds :		Reserves & Surplus	6014153
Paid Up Capital	3700690	Unsecured Loans	3331924
Secured Loans	7840027	Miscellaneous Expenditure	0
Applications of Funds :		Net Current Assets	(-) 36927480
Net Fixed Assets	20884710		
Accumulated Losses	48144002		

4 Performance of the Company

(Amount in Rupees Thousands)

Turnover (Gross Revenue)	25373477	Total Expenditure	36612051
(+/-) Profit/Loss before Tax	(-) 9992969	(+/-) Profit/Loss after Tax	(-) 9996948
Earning per Share (in Rupees)	(-) 2701	Dividend rate in %	NIL

Product/Service Description

- (i) Purchase & Transmission of Electricity
- (ii) Distribution and Sale of Electricity

Item Code No.

NA
NA

Wymud *Chidambaram* *Kumar* *As*



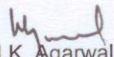
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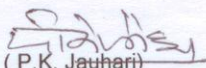
DAKSHINANCHAL VIDYUT VITRAN NIGAM LIMITED
220 KV SUB STATION, BYE PASS ROAD, AGRA

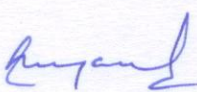
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March, 2009


(Rs. In Crores)

	2008-09	2007-08
A Cash Flow from operating activities		
Net Loss before prior period expenses	(1061.78)	(1147.99)
Adjustment for :		
a Depreciation	137.58	122.27
b Provisions including Bad Debts	9.56	14.03
c Interest expenses (Financing)	128.35	89.05
d Interest income	(0.44)	(0.43)
e Deferred Cost	0.00	0.00
f Prior Period Adjustment(Net)	62.08	(1.79)
SUB TOTAL	337.13	223.13
Operating profit before working capital changes	(724.65)	(924.86)
Working Capital changes		
a Sundry Debtors	(78.00)	(271.14)
b Stores & Spares	(130.64)	25.26
c Other Current Assets	(15.06)	(25.34)
d Loans & Advances	13.86	19.88
e Preliminary Expenses	0.00	0.40
f Inter Unit Transfers	76.18	(3.39)
g Current Liabilities	1290.35	1426.29
SUB TOTAL	1156.69	1171.96
Net Cash from operating activities - A	432.04	247.10
B Cash Flow from investing activities		
a Addition to fixed assets & WIP	(547.23)	(568.58)
b Interest Received	0.44	0.43
Net Cash Flow from investing activities - B	(546.79)	(568.15)
C Cash Flow from financing activities		
a Proceeds from Share Capital	9.46	489.43
b Proceeds from Borrowings (Net)	119.59	(195.14)
c Proceeds from Consumer's Contribution and GoUP Capital Subsidy	158.35	129.67
d Interest paid on borrowings	(128.35)	(89.05)
Cash Flow from financing activities - C	159.05	334.91
Net increase in Cash and Cash equivalents (A+B+C)	44.30	13.86
Cash and Cash equivalents at the beginning of the year	275.14	261.28
Cash and Cash equivalents at the end of the year	319.44	275.14


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


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General Manager (FA & A)


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Director


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Managing Director



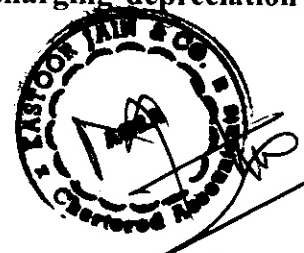


REVISED AUDITORS REPORT

To

The Members of Dakshinanchal Vidyut Vitran Nigam Ltd.

1. We have audited the attached Revised Balance Sheet of M/s Dakshinanchal Vidyut Vitran Nigam Ltd. as on 31st March, 2009 and Revised Profit & Loss Account for the year ended on that date annexed thereto, in which the accounts of Z.A.O Kanpur, Z.A.O Agra and Z.A.O Jhansi audited by other auditors appointed by Comptroller & Auditor General of India and Electricity Stores Division – Kanpur, Agra, Jhansi, Aligarh, EE- Administration Office and G.M. Finance Office audited by us are incorporated. These financial statements are the responsibility of the Nigam's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain the reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Company Law Board in terms of Sec.227 (4A) of the Companies Act, 1956 we enclose in the Annexure statement on the matters specified in the paragraphs 4&5 of the said order.
4. Further to our comments in the annexure referred to in Paragraph 3 above, we report that:
 - (I) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (II) In our opinion proper books of account as required by law have been kept by the Nigam so far as appears from our examination of those books;
 - (III) The Revised Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - (IV) In our opinion, the Revised Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3c) of section 211 of the Companies Act, 1956; except AS-2 on valuation of Inventory, AS-6 on Depreciation and AS-10 on Accounting for Fixed Assets valuation, wherein the Nigam is not charging depreciation as

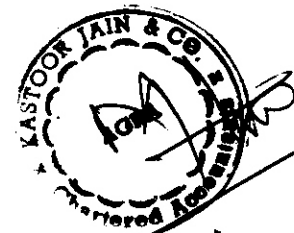


per AS-6, the system of valuation of inventory is at variance with AS-2 and system for Accounting of Fixed Assets is at variance with AS-10. The quantification of the total effect on the Profit & Loss Account of the Nigam is not ascertained.

- (V) Being the Govt. undertaking, proviso of section 274(1) (g) of the Companies Act regarding disclosure of disqualification of Directors is not applicable to the Nigam.
- (VI) 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 state as under:-

AGRA ZONE:-

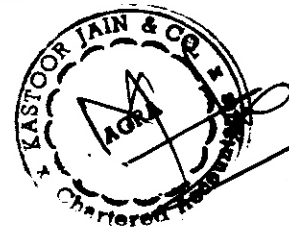
1. Some of the divisions have not completed/updated the 4S & 4T registers.
2. Most of the divisions are preparing the Bank Reconciliation Statements of revenue and works but it was observed that in some of the units, the unreconciled entries have not been reconciled properly. Further uncashed cheques have become time barred.
3. The billing to the customers is not proper. In some of the units, it was noticed that bills are pending more than one year. In some of the cases it was observed that the PDC (Permanent Disconnection) proceedings have been initiated but the billing in the name of concerned consumers is still continued.
4. As per the present practice, the revenue receipt books are issued to cash collectors for collecting the cash/ revenue from the consumers. It is observed that these receipt books are not received back by the concerned office after their use in some divisions.
5. In some of the divisions T.D.S. is not deposited properly and timely.
6. Some of the divisions are not properly maintaining /updating contractor register, stock register, deposit & security register, dishonoured cheque register, work register, & fixed assets register.
7. There are some accounts transferred from UPSEB which are being carried forward since their transfer which requires reconciliation.
8. Divisions keep ATC and ATD registers. Though in these registers entries for the issue of materials and receipts (cash & stock outstanding) to / from different divisions are made but the acceptances of the relevant material have been pending since long time.



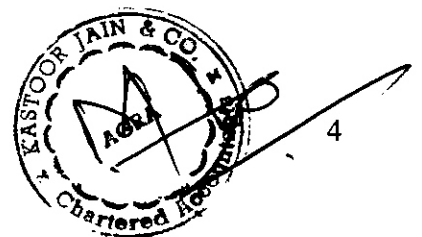
9. The most units under zone have not maintained records of fixed assets showing full particulars, their quantitative details and value of fixed assets during the year.
10. Physical verification of the fixed assets has not been done in most of the units.
11. Physical verification of stocks & stores at various divisions and sub-divisions of the zone has not been carried out by the Management. Further the procedure laid down for physical verification appears to be reasonable and adequate in relation to the size of the company but the same is not complied with.
12. As per AS-10 Fixed Assets discarded/retired from active life should be valued at lower of net book value or net realizable value and shown separately in the financial statements. Though the transformers, plant and machinery and transmission lines are regularly discarded/rendered useless owing to faults/Fire/ non repairable damage but still no such adjustment/provision for the discarded assets have been made in the Fixed Assets.
13. The opening stock is not valued at lower of cost or net realizable value which is in contravention to AS-2 valuation of Inventories. However we observed that certain items in the closing inventory consist of items carried forward from the opening inventory which have not been valued at cost or net realizable value whichever is lower, Further Zone has not determine obsolete and dead stock.
14. As per the details provided to us and on the basis of informations and explanations given to us, none of the debtors have been shifted to In operative debtors during the current year despite huge arrears thereby continuing to book revenue (Sales and late payment surcharge) on otherwise genuine inoperative debtors. Hence the Zone is wrongly recognizing revenue on such debtors (inoperative by nature) even when there is no reasonable certainty that the ultimate collection will be made there by contravening the provisions of AS-9 on revenue recognition.
15. Since the balance of debtors remain unconfirmed or non reconciled, hence the correctness of delayed payment charges from customers could not be ascertained.

JHANSI ZONE:-

1. Physical Verification of the fixed assets has not been carried out by Divisions / Sub-Divisions.
2. The Zone has not maintained any records of fixed assets showing quantitative details and situation of fixed assets.



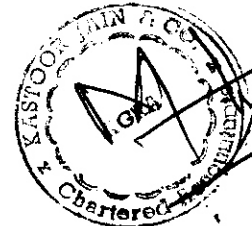
3. **Bank Reconciliation Statement either has not been made or produced before Auditors of Orai, Chitrakoot, Mahoba & Banda Divisions.**
4. **In many divisions, details of party wise security have not been maintained.**
5. **There are instances where previous period items have been accounted for in the current year i.e., 2008-09.**
6. **Contingent Liability register & PD register is not completed / properly maintained.**
7. **In few cases additional security to be taken but has not been taken by the division.**
8. **TDS has not been deducted on interest payable on security deposit.**
9. **Third parties bills for supplies or services availed by the company are not being accounted for at the time of supplies or services availed .Rather these are being accounted for at the time of payment. Thus most of the transactions are being accounted for on cash basis instead of mercantile basis. Hence 'matching concept' Principle of AS-1 has not been followed.**
10. **Revenue Account Reconciliation Statement is also not being prepared by some of the divisions since long.**
11. **No proper record showing heavy line losses and measures taken to control them are maintained.**
12. **Inter unit reconciliation of entries with respect to transfer of funds or transfer of inventories is not done. Most of the balances are not tallying with each other.**
13. **In most of the cases, stock register in the prescribed format 3-S, 3-T, & 4-S, 4-T is not being maintained at divisions/sub divisions of the Zone.**
14. **In many of the cases, TDS has neither been properly deducted nor timely deposited by the various divisions.**
15. **Physical verification of stocks & stores at various divisions and sub-divisions of the zone held by JE's has not been carried out by the Management.**
16. **In many cases, outstanding liabilities as at 31.03.2009 have not been accounted for.**
17. **In many cases, overdue payments are outstanding to be recovered from parties since long and no effective steps are being taken to recover the same.**



KANPUR ZONE:-

1. For repairing of Fixed Assets, cost net of estimated depreciation is reduced from the fixed assets and transferred to Inventory and after repairing, it is recapitalized by an amount plus repairing cost. The Fixed Assets pending for recapitalization at the end of the year is remaining in Inventory. The aforesaid accounting treatment is not in accordance with AS-10.
2. Depreciation on assets not in use is being provided @20% which is not in accordance with the provisions of Schedule XIV of the companies Act, 1956.
3. In some of the units, TDS deducted from Salary & Payment to Contractors has not been timely deposited.
4. Bank Reconciliation Statements have either not been reconciled or where reconciled carried huge outstanding unreconciled items .In EDD Akbarpur & EDD Auraiya, no Reconciliation of Bank A/c with the actual Bank Balance has been done.
5. The Accounts with HO Agra is subject to reconciliation and confirmation.
6. The method of valuation of stocks is at variance with normally accepted accounting principles and as per the AS-2 (Valuation of Inventory).
7. In most of the units, the Age wise & Employee wise details of Amount recoverable from employees under the head AG-28.401A & B are not available. Further no proper records regarding consumer security deposit have been made at the various units. Hence the provision of interest on security deposits may not be correct.
8. Except Zonal Office, no unit of Zone is maintaining the Fixed Asset Register. However Register does not contain full quantitative details and situation of Fixed Assets.
9. The Internal Audit reports at Zone level were not made available for framing the Audit Report. So we can not comment on the adequacy of the Internal Audit System.
10. The provision made for gratuity and Pension is not in accordance with AS-15.
11. At E.D.D. Auraiya, no amount of contribution towards CPF has been deposited. In respect of some other units, either it was not deposited or if deposited then it was either late or short deposited.

Subject to comments in foregoing and adjustment that may arise in respect of matters referred to therein and its consequential effect on the Loss for the



year and other items of assets and liabilities in Revised Balance Sheet, 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 manner so required and give a true and fair view in conformity with the accounting policies generally accepted in India.

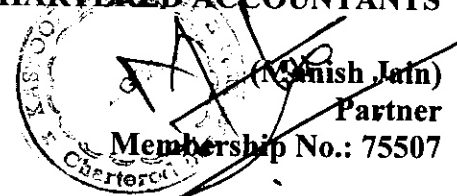
1) In the case of the Revised Balance Sheet of the state of affairs of the Nigam as at 31st, March 2009.

2) In the case of the Revised Profit and Loss Account, of the Loss of the Nigam for the period ended on that date; and

3) In the case of cash flow statement, of the cash flows for the year ended on that date.

Place: Agra
Date: 23.08.2012

For M/S KASTOOR JAIN & CO.
CHARTERED ACCOUNTANTS



Annexure referred to in paragraph 3 of our report of even date

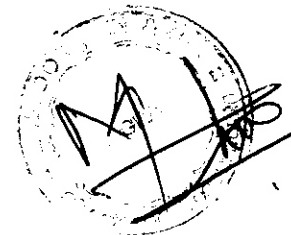
Re: Dakshinancal Vidyut Vitran Nigam Ltd. ('The Company')

- i. a)* Company is not maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- b)* Fixed Assets have not been physically verified by the management at reasonable intervals and as such we are unable to determine whether any discrepancies existed or not.
- ii.* According to information and explanation given to us, the Nigam has not granted or taken any loans, secured or unsecured to/from companies, firms or other parties covered in register maintained under section 301 of the Act.
- iii.* There is not an adequate internal control procedure to suffice with the size of the Nigam and the nature of its business, for the purchase of inventory, fixed assets and for the sale of electricity. There needs to be some strengthening of the internal control procedure in commensurate with the size of the business and its operation.
- iv.* (a) According to information and explanation given to us, there is no transaction that needs to be entered into the register in pursuance of section 301 of the Act hence this clause is not applicable.
- b)* Due to above this clause is not applicable.
- v.* The Nigam has not accepted any deposit from the public during the year, therefore, provisions of section 58A and 58AA of the Act and the rules framed there under are not applicable.
- vi.* In our opinion, the Internal Audit System of the Nigam requires strengthening keeping in view the size of the units and the nature of its business as reported by the branch auditors and as observed by us.
- vii.* According to the information and explanation given to us, we are of the opinion that the Nigam has not defaulted in repayment of dues to financial institutions, banks or debenture holder.
- viii.* According to the information given to us we are of the opinion that the Nigam has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- ix.* The provisions of any special statue applicable to chit fund are not applicable.
- x.* According to the information and explanation given to us, the Nigam is not dealing or trading in shares, securities, debentures and other investments, therefore this clause is not applicable.



- xi.* According to the information and explanation given to us by the Management, the Nigam has not given any guarantee for loans taken by others from bank or financial institutions.
- xii.* According to the information and explanation given to us Nigam has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act 1956.
- xiii.* The company does not have any outstanding debentures during the year.
- xiv.* According to the information and explanation given to us the Nigam has not raised any money by public issue during the year.
- xv.* As per previous Auditor's Report it was noticed that an employee of the company had misappropriated funds amounting to Rs. 14,83, 884.00 during the last financial year. Out of this amount, he had returned Rs.2, 40,000.00 in the Division during the last year. Investigation in the matter is in progress and case has been filed against him.
- xvi.* The following points are observed during the course of our audit of Agra, Kanpur, Jhansi and Aligarh Stores and Administration Section:-

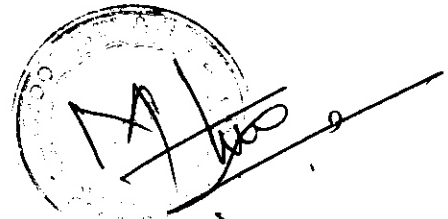
1. The TDS Quarterly Returns 24Q and 26Q generally have not been submitted timely for the Financial Year 2008-09
2. The T.A. Advance has been given by the Administration section to their staff since 2005 but not adjusted till date
3. TA/TI has been generally issued again before closure of first TA/TI.
4. In some of the instances, The TDS has not been deducted on contractor's payment by the Administration Section.
5. In some instances, The Sale Tax Returns has not been submitted timely.
6. In the case of Salary, Contractor's Payment & Others, the Monthly TDS challans have not been deposited on due dates during the Financial Year 2008-09.
7. In some Store centres, negative balances of some items were found while random verification of 2-S register. Moreover, the balance of the stock items of first half has not been properly carried forward to next half.
8. In all Store Divisions, Security Deposit register and EMD registers are not maintained properly and even unreconciled.
9. In Kanpur Store Division, ATD register has not been maintained properly. Also Form 55 and 56 not matched properly.



10. It is found on random basis that while making payments to contractors / suppliers, proper scrutiny of documents was not done regarding matching of Challans, Excise Gate pass, Invoice, Inspection Report by DVVNL officials etc.
11. In Aligarh Store Division, Following type of discrepancies were found:
- Balances not properly carried forward.
 - Posting mistakes in stores record.
 - Cuttings in records and White Ink were mainly used.
 - Proper documents were not made available to us for verification.
 - Negative closing balances in store records.
 - 3S and 4S were under preparation and not available for matching with March (Final) Trial Balance.
12. In DVVNL, the TDS has been deducted at the time of payment not at the time of receipt of Bills where as it should be deducted at the time of payment or at the time of credit which ever is earlier. This time duration (i.e. from the receipt of Bills to the time of payment) varies from 2 to 10 months. In this manner, the deduction has been done late.
13. In many cases, TCS have not been deducted on the auctions cases or if deducted then at lower rates where as no such Income Tax exemption certificate was found for verification.
14. 3S and 4S registers were not updated in all stores.

Other Observations on Nigam Compiled Balance sheet.

- In the case of stock excess/shortage pending for investigation under Accounting Code (22.830) pertaining to Agra Zone having balance of Rs.1,92,75,313.25 out of which Rs.41,04,194.60 has been increased during the Year 2008-09. Individual person wise detail of the same has not been provided by the Nigam to us.
- The unit wise aging details of interest free advance given to suppliers/contractors under accounting code (25.50 & 26.50) has not been provided by the Nigam, so we are unable to comment on it.
- The age wise detail of amount recoverable from employees (28.4.401A and 28.4.401B) has not been provided by the Nigam, so we are unable to comment on it.
- The age wise detail under the accounting code (46.910) of Stale cheques have not provided by the Nigam and in the same head old cheques amount need to be transferred to Head office.
- The proper details of Addition in Fixed Assets have not been verified through purchase bills, completion certificates etc. So we are unable to comment on it.



6. In case of Trial Balance Head code no. 22.7.770 (Scrap Material) has a credit balance of Rs.10, 37, 13,863.49 and under code 46.9.922 (Sale of Scrap) having credit balance of Rs.6,85,92,982.38 which seems to be income as excess received from sale of scrap Material.
7. In case of Trial Balance Head code no. 22.7.780 (Transformer Sent for Repair) has a credit balance of Rs.72,74,07,400.46 which seems excess material received from supplier which is not possible.
8. In the accounting code 24.2.220, Cash imprest with Staff, no person wise detail of the same has been provided by the Nigam to us. So we are unable to comment on it.
9. In the accounting codes 25.7.7 and 26.7.7 (Contractor Material Control a/c), no Supplier wise detail of the same has been provided by the Nigam to us. So we are unable to comment on it.
10. The Nigam has been continuously receiving Share Application money from many years but the Nigam has not done the allotment of shares process which is not a healthy practice and this money may be treated as deposits.
11. IUT and HO reconciliations are still pending in the year 2008-09. So we are not able to comment on it.
12. The provision of leave encashment has not been provided in the Books of Accounts.
13. The provision of Gratuity is not as per Accounting Standard as issued by The Institute of Chartered Accountants of India.
14. The revised Balance Sheet has been drawn on the basis of accumulated details (as provided by UPPCL holding company) instead of individual transaction wise vouchers.
15. The Capital Reserve of Rs.1,16,87,378.00 has been created due to difference in Balances of Loan accounts (Provisional Transfer Scheme Balances) and Balances provided by UPPCL needs to be written off.
16. The Revision has been made due to corrections and provisions in various accounting heads related to current year and previous years as per details, directions & balance confirmation certificates provided by UPPCL.

Place: Agra
Date: 23 .08.2012

For M/S.KASTOOR JAIN & CO.
CHARTERED ACCOUNTANTS


(Manish Jain)
Partner
Membership No.: 75507

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE REVISED ACCOUNTS OF DAKSHINANCHAL VIDYUT VITRAN NIGAM LIMITED FOR THE YEAR ENDED 31 MARCH 2009.

The preparation of the Financial Statement of the **Dakshinanchal Vidyut Vitran Nigam Limited** for the year ended 31 March 2009 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these Financial Statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their audit Report dated 23 August 2012.

I, on behalf of Comptroller and Auditor General of India have conducted a supplementary audit under section 619(3) (b) of the Companies Act, 1956 of the Financial Statements of **Dakshinanchal Vidyut Vitran Nigam Limited** for the year ended 31 March 2009. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 619(4) of the Companies Act, 1956 which have come to my notice and which in my view are necessary for enabling a better understanding of the Financial Statement and the related Audit Report:

BALANCE SHEET

Sundry Debtors (Schedule 7): ₹ 1540.85 crore

1. Above includes ₹ 3.03 crore towards the dues pertaining to August 2005 to June 2007 recoverable from M/s Real Cement Private Limited, Orai. Though these dues were waived/ written off in April 2010 by the Settlement Committee of the Company as the matter of dispute was settled out of court under OTS scheme, the Company has not made

any adjustment in the Accounts. This has resulted into overstatement of Sundry Debtors and understatement of Prior Period Expenditure by ₹ 3.03 crore each.

Despite this being pointed out in the Accounts for the year 2007-08, no corrective action has been taken by the Management.

Current Liabilities and Provisions (Schedule 11)

Staff Related Liabilities: ₹ 5.71 crore

2. The Accounting Policy No 7 (b) indicates that leave encashment is accounted for on the basis of claim received and approved during the year. The Accounting Policy followed by the Company is in violation of Accounting Standard 15 (Retirement Benefit) according to which the liability for leave encashment amount to be paid at the time of retirement should be provided for in the Accounts every year.

On the basis of information made available in respect of 29 employees, the liability for leave encashment worked out to ₹ 48.18 lakh as at March 2009 which should have been provided in the Accounts. Non-provision of liability for leave encashment resulted in understatement of Current Liability as well as Loss for the year by ₹ 48.18 lakh each.

Liability towards U.P. Power Sector Employees Trust: ₹ 180.63 crore

3. Reference is invited to Significant Accounting Policy No. 7 (a) which states that Liabilities for Pension and Gratuity in respect of employees has been determined on the basis of actuarial valuation and has been accounted for on accrual basis.

The Provisions for Liabilities towards Gratuity has been made @ 2.38 per cent of Pay and DA on the basis of Actuarial Valuation Report dated 09 November, 2000 submitted by M/s Price Water House Coopers to UPPCL (the Holding Company) which was valid for three years. Thereafter, the actuarial valuation has not been carried out and therefore, the provision for Gratuity was not in accordance with the disclosed accounting policy. This is also in violation of Accounting Standard 15 which provides for provision towards Gratuity on accrual basis.

Interest Accrued But Not Due On Borrowings: ₹ 6.22 crore

4. The above does not include liability of payment of interest earned amounting to ₹ 3.87 crore which was payable to REC being the interest earned between April 2005 to November 2005 on the funds released to Company by REC under the RGGVY Scheme. This amount of interest earning was to be adjusted by REC from final payment to be released to the Company.

As such Current Liabilities and Provisions as well as Accumulated losses are understated by ₹ 3.87 crore each.

No corrective action has been taken by the Company despite the same was pointed out in the Accounts for the year 2007-08.

**PROFIT & LOSS ACCOUNT
EXPENDITURE**

Employees Cost (Schedule 17): ₹ 89.79 crore

5. Despite the Comment of the Comptroller & Auditor General of India on the Accounts of the Company for the year 2007-08, the Company has not taken corrective action to provide for liability towards arrears of Sixth Pay Commission from 01 January 2006 to 31 March 2009. Non provision of the above has resulted in understatement of Losses as well as Current Liabilities to the extent of ₹ 65.04 crore (₹ 45.03 crore for the period 01 January 2006 to 31 March 2008 and ₹ 20.01 crore for the period 01 April 2008 to 31 March 2009).

Depreciation (Schedule 20): ₹ 137.58 crore

6. Reference is invited to Significant Accounting Policy no. 3(b) which states that depreciation has been provided on the opening balances of Fixed Assets at the beginning of the year. The above Accounting Policy is in contravention of Schedule VI to the Companies Act 1956 which provides that 'where during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, the depreciation on such asset shall be calculated on pro rata basis from the date of such addition or as the case may be up to the date on which such asset has been sold, discarded, demolished or destroyed'.

Therefore, non-charging of depreciation on additions to assets during the year 2008-09 resulted into understatement of depreciation and overstatement of fixed assets by ₹ 27.60 crore (calculated on the basis of six months average).

General

7. Section 383 A of the Companies Act, 1956 provides that the Companies having paid up share capital of more than ₹ 2 crore are to appoint a full time Company Secretary. Although the paid up share capital of the Company was more than ₹ 2 crore, no full time Company Secretary was appointed. Violation of the provision of Section 383 A of the Act was not reported by the Statutory Auditor in their Audit Report.

Impact of Audit Comments on the Revised Accounts

8. The original Accounts of the Company for the year ended 31 March, 2009 were received on 26 December, 2011 and Comments were issued to the Company Management on 29 March, 2012. The Company carried out necessary corrections/amendments and submitted the revised Accounts on 27 August, 2012. Based on our Comments on the original Accounts, there has been understatement of loss and Liabilities by ₹ 0.92 crore in each relevant head.


Accountant General